

Value for money

Authority	Kennet District Council
Chief Executive	Mark Boden
Key contacts	Karen Cook
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The Audit Commission is an independent body responsible for ensuring that public money is spent economically, efficiently and effectively, to achieve high-quality local and national services for the public. Our remit covers more than 12,000 bodies which between them spend nearly £100 billion of public money every year. Our work covers local government, housing, health, community safety and fire and rescue services.

As an independent watchdog, we provide important information on the quality of public services. As a driving force for improvement in those services, we provide practical recommendations and spread best practice. As an independent auditor, we monitor spending to ensure public services are good value for money.

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Guidance

- 1 You are asked to complete the self-assessment pro-forma and return it, along with referenced supporting evidence, to your local appointed auditor. This will be reviewed along with any supporting evidence prior to the fieldwork. The key lines of enquiry, which are the basis of this assessment, along with further Guidance for Councils, can be found www.audit-commission.gov.uk. The Guidance covers the whole use of resources assessment and includes interpretation and expectations of good performance in relation to value for money. The key lines of enquiry (KLOE) include descriptions of typical performance equivalent to scores of 2, 3 and 4 (see Guidance - Introduction for an explanation of the scores). You should read and understand these before you complete this self-assessment.
- 2 The self-assessment pro-forma is for you to complete to show how well the Council manages and uses its financial resources and achieves value for money. Cost data is also required to support your assessments – please make use of the ‘VFM Profiles’ report and web-based tool that we are providing for this. The VFM Profiles tool can be found at www.audit-commission.gov.uk from 17 June 2005.
- 3 In addition, please append your backward looking Efficiency Statement covering 2004/05.
- 4 The questionnaire has been designed to invite the Council to assess its current performance in achieving and delivering value for money by answering a series of questions and providing brief supporting details. Fieldwork on site will follow-up on areas identified within the self-assessment.
- 5 Significant emphasis will be placed on evidence of outcomes in the assessment and this should be clearly reflected in the self-assessment. The pro-forma also includes a series of sub-questions that relate to the key questions to enable you to tailor your response. Use column 2 to reference key supporting documentation or provide links to the documentation. Please do not provide hard copy documents – a reference to the document/information/electronic copy will be best. Hard copy documentation should only be provided where this is the only available source. Providing these references will assist auditors and should make the audit process less onerous on the Council.
- 6 Your self-assessment (excluding Efficiency Statement and references, but including contextual information) should not exceed 5,000 words. We will be placing examples of suitably completed self-assessments on our website at the end of June 2005.
- 7 There is a final section to allow you to make reference to any contextual or other information you feel may be of assistance in the assessment.

- 8 We want this to be your self-assessment. Your relationship manager and auditor will provide advice should you need help in understanding the assessment approach. They will not however, be able to directly support you in contributing to the self-assessment, for example by reviewing content or acting as a critical friend.
- 9 Please put the name of the person responsible for completing this self-assessment in the box provided on the front cover.
- 10 We would like to take this opportunity to thank you in advance for your assistance. For single tier authorities and counties please return the completed pro-forma to your appointed auditor by 31 July 2005. For district councils please return the completed pro-forma to your appointed auditor by 30 September 2005.

Value for money key lines of enquiry

5.1 The Council currently achieves good value for money

What is the purpose of this section of the self-assessment?

This section provides the authority with an opportunity to demonstrate how it achieves good value for money including how current costs compare with others. Local fieldwork will focus on the extent to which the authority understands, compares and reviews its costs in relation to both performance and priority. This section will draw significantly on the evidence provided in the standardised VFM Profiles report.

Completing the self-assessment.

Please provide short statements using the pro-forma which address the key line of enquiry and each of the key sub-questions.

5.1 How well does the Council currently achieve good value for money?

5.1.1 How well do the Council's overall and service costs compare with others?

5.1.2 How do external factors affect costs and how do adjusted costs compare?

5.1.3 To what extent are costs commensurate with service delivery, performance and the outcomes achieved?

5.1.4 To what extent do costs reflect policy decisions?

KLOE 5.1 How well does the Council currently achieve good value for money?

Reference to evidence source

8 Use of Resources: Value for Money Example Self-Assessment | Value for money key lines of enquiry

Please provide brief details and evidence to support your assessment with focus on:

- how the Council challenges value for money through services and corporately; and
- the relationship between local taxation, overall expenditure and costs; and
- the level and performance of services provided, taking account of local priorities.

“Proper arrangements for the governance of the authority’s affairs and the stewardship of the resources at our disposal” and “delivering services to the highest possible level within the resources available”.

(1). Are seen as key to delivering the long term visions set out in our Best Value performance Plan and Corporate Strategy. Value for Money has been demonstrably challenged now for many years, including a long standing annual Budget Reduction Sub Committee (2). Our Best Value Review process (3) and programme which has been published in our BVPP&CS since 2000.

Action plans are produced for each BVR and progress against these is monitored by Overview & Scrutiny Management Board. Recent examples of reviews that have led to improved value for money through cost savings and/or improvements in service quality include Public conveniences (4), Tourism (5) and benefits (6).

The medium term financial strategy (7) sets out the framework under which we operate, including the annual budget planning process, the allocation of resources against our corporate priorities, our efficiency saving strategy and the assessment of bids for capital resources.

(1) – Best Value Performance Plan & Corporate Strategy. (BVPP&CS).

(2) Budget Reduction Sub Committee agenda and report

(3) Best Value Review Process (extract below)

(4) Public Conveniences review

(5) Tourism review

(6) benefits

(7) medium term financial strategy

“The Inspectors will be looking at how your service compares with other comparable ones in the top quartile against relevant and measurable government standards (BVs). They will seek evidence that you and your team have information on:

- Stakeholder views about the service
- Levels of customer satisfaction compared with national satisfaction rates
- Demonstrable application of Best Practice and

KLOE 5.1 How well does the Council currently achieve good value for money?	Reference to evidence source
<p>Performance indicators are monitored on a regular basis by Management Team, Leaders Policy Panel and Overview & Scrutiny Management Board</p> <p>Costs are challenged through our annual budget setting process. This process starts with a report to Resources Executive committee (8) on the issues and cost drivers for the coming year. A Budget Reduction Sub Committee is normally appointed in June. This allows time to consider budget options and service delivery plans are fed into the autumn committee cycle (9) to ensure any service developments can be considered in time for the budget to be prepared. This ensures that service changes are accommodated within the budget.</p> <p>Council tax levels are low compared to other districts (10), and our services compare well with other districts with 55% of our indicators for 04/05 in top quartile and 28% above the median compared to 03/04 quartile information. We are also improving on the services we provide with 48% of indicators improving between 03/04 and 04/05 and 19% staying the same. However of those that stayed the same 70% cannot improve any further because we are already achieving 100%.</p>	<p>(8) Budget prospect report</p> <p>(9) council work plan</p> <p>(10) Comparative council tax levels</p>

5.1.1 How well do the Council’s overall and service costs compare with others?	Reference to evidence source
<p>Please provide brief details and evidence to support your assessment – please attach the VFM Profiles Summary Report provided. Key areas of focus are:</p> <ul style="list-style-type: none"> • the current level of overall costs and costs for key services; • the planned spending in relation to others; and • the level of overheads and how they are accounted for. <p>Our costs per head of population are generally higher for services that compared to our profiled group (11). There are several reasons for this. We have a relatively small population, and large geographic area to cover which results in losses of economies of scale.</p> <p>Through the prudent management of our investment portfolio and sound financial management, we have been able to offer a high level of quality discretionary services, which many local authorities have been unable to do so. For example we provide three high quality Leisure Centres, because we put access to services across the district as a priority. (identified as good in the Best Value inspection of leisure undertaken by the audit commission) for a population of under 80,000.</p> <p>Our VFM profile ranks us at very low for unapportionable central overheads, corporate & democratic core and central services and other. This has been achieved through prudent financial management and management of resources has enabled us to secure value for money from streamlined and efficient systems.</p> <p>We consistently receive good audit and inspection letters regarding our financial arrangements. (12)</p>	<p>(11) - VFM Profiles Summary Report at www.audit-commission.gov.uk</p> <p>(12) Audit & inspection letter</p>

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5.1.1 How well do the Council's overall and service costs compare with others?	Reference to evidence source

5.1.2 How do external factors affect costs and how do adjusted costs compare?	Reference to evidence source
<p>Please provide brief details and evidence to support your assessment:</p> <ul style="list-style-type: none"> • external local contextual factors that influence costs (such as deprivation, geography, demography); and • demand and supply levels. <p>The district is sparsely populated. This has a major impact on cost and the services we provide. For example our refuse and recycling freighters have to travel much greater distances for the tonnage of waste collected and all our front line staff such as development control, building control, environmental health officers have to travel significantly greater distances between appointments.</p> <p>Whilst deprivation is relatively low, there are pockets of deprivation within the district particularly in the village communities and some of our towns. Because those areas are isolated we do not attract grant from central government to tackle issues in these areas and therefore, any services we provide are paid for by the local tax payer direct, rather than from central government funding, which many of the larger authorities enjoy the benefit of. We do lose out on economies of scale when comparing per head of population figures.</p>	

5.1.3 To what extent are costs commensurate with service delivery, performance and the outcomes achieved?	Reference to evidence source
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Please provide brief details and evidence to support your assessment in relation to the key areas of focus – please refer to the VFM Profiles tools for evidence:

- quality and standards achieved, including targeted investment to improve poorer services and quality of life;
- results of service inspections; and
- range of discretionary services provided.

Through our regular performance monitoring (13) we have been able to identify low performing services and taken corrective action. This has included providing increased investment in some services, particularly housing benefits and recycling which were both underperforming. The VFM profiles charts shows us to be in the top quartile compared to our nearest neighbours for cost per head of population for waste. By reviewing our waste minimisation & recycling strategy (14), we should retain this position and increase recycling itself.

The VFM profile chart for street cleaning show us to be relatively high cost for street cleaning, but also top quartile for BV199. This evidences the fact that the investment in the service has directly impacted and produced high performance.

Investment in planning has yielded dividends through consistently high achievements on key performance indicators which has in turn yielded reward in the shape of £1,359,000 in planning delivery grant over the last 3 Years, (which is not taken account of in the cost per head of population).

Similar top quartile performance can be seen in housing and other services, where costs per head of population are higher than average.

(13) performance monitoring report

(14) Waste minimisation & recycling strategy

5.1.3 To what extent are costs commensurate with service delivery, performance and the outcomes achieved?

Reference to evidence source

The council consistently strives to achieve value for money at the same time as delivering high performing services. Managers and staff are continually reviewing service delivery achieve cost savings and improve service delivery. Examples are evidenced here. (15)

- Building control faced a particular challenge with its services and needed to fundamentally challenge its service delivery. A case study is evidenced here. (16) Responses within 15 days rose to 96.75% in 2004/05.

As previously mentioned national and local PI's are used to drive service improvements. Our PI's (17) Examples include:-

- Environmental Health are one of the top performing council's in the country for BV166 (97%) for service standards. They also undertake satisfaction surveys for all their services to ensure the investment we put into the service is reflected in the experience of the customer. Overall satisfaction with the service was 91% in 2004/05 and all services scored above 84% for satisfaction.
- Despite a small population we have always recognised that domestic violence is an issue and have enabled Domestic Violence units (BV176), which puts us in the top quartile for their provision. This achievement was recognised by the audit commission inspection of Community Safety.
- Affordable housing has been at the top of our priorities for a number of years. We exceeded our target of 500 homes during the course of the previous corporate strategy and are on course to achieve our current target of 400 homes enabled between 2004 and 2008, this is despite changes to government funding, the cost of housing land in the district and other factors that work against us.

(15) Examples of efficiency and other VFM initiatives.

(16) Building control turn around performance

(17) BVPP PIs

5.1.4 To what extent do costs reflect policy decisions?	Reference to evidence source
<p>Please provide brief details and evidence to support your assessment in relation to the key areas of focus:</p> <ul style="list-style-type: none"> • how costs are assessed when decisions are made; • the extent to which higher spending is in line with stated priorities; and • the extent of long-term cost considerations with major investments or partnerships. <p>All committee reports are required to detail the financial implications of the report. Therefore Members always know these implications when taking decisions.</p> <p>The annual budget process includes reviewing and updating the forecast of likely costs, forecasting inflation on pay and prices, reviewing the level of reserves, forecasting investment income and carrying out a review of base budgets to identify areas where savings might be made.</p> <p>Annual Service Delivery Plans are developed by each service and are fed into the budget process to ensure all new costs/resources are properly considered during the budget making process.</p> <p>A detailed capital appraisal system (20) has been in place for several years now that prioritises resources to the key priority areas in line with the BVPP&CS. All bids are considered by a cross council team against the objectives set out on the assessments submitted by Service Managers.</p> <p>The council balances high performance with the relatively higher cost of providing services to a sparsely populated rural district. High spending (relatively speaking) may be necessary to achieve highest performance, but this is always budgeted for, planned, aimed at priority services and agreed in advance.</p>	<p>(20a 20b 20c 20d) – Assessment of bids for capital resources & guidance.</p>

5.2 The Council manages and improves value for money

What is the purpose of this section of the self-assessment?

This section provides the authority with an opportunity to demonstrate how it manages and improves value for money including its processes for monitoring and reviewing its costs. Local fieldwork will focus on the extent to which the authority identifies and pursues opportunities to reduce costs or improve quality within existing costs. Please provide evidence of outcomes achieved from any processes described.

Completing the self-assessment

Please provide short statements using the pro-forma to address the key line of enquiry and each of the key sub-questions.

5.2 How well does the Council manage and improve value for money?

5.2.1 How does the Council monitor and review value for money?

5.2.2 How well has the Council improved value for money and achieved efficiency gains (limited to the last three years)?

5.2.3 Do procurement and other spending decisions take account of full long-term costs?

KLOE 5.2 How well does the Council manage and improve value for money?

Reference to evidence source

Please provide brief details and evidence to support your assessment focusing on:

- how the Council manages its costs, whilst maintaining the quality of services and responding to local needs.

The council closely monitors the budget versus actual expenditure all cost centre managers are sent monthly reports (21) and have to account for any variances. These reports are reported on a quarterly basis to Management Team.

Budgets are profiled in order to provide comparison throughout the year and each budget is assigned to a cost centre manager who is responsible for monitoring that budget. All cost centre managers have online access to the financial management system that provides up to date information on income and expenditure.

Invoices are approved online to ensure expenditure is managed efficiently and effectively.

We have an asset management team led by the two service directors, who ensure that our investment portfolio is regularly reviewed.

On major projects teams are set up to ensure the project is managed effectively and efficiently, for example the Customer First Programme Board who have overseen the establishment of the contact centre.

Public consultation is important to us. We have a Citizens' Panel – People's Voice (22) which we run in conjunction with the county council, the police and the other district council's in the county. In addition, we participate in "Tomorrows Voice" which is the "youth" element. Key documents are consulted on and our citizens views are taken into consideration in all aspects of the council's work. The audit commission's recently published report on customer focus recognised that " there are well developed arrangements to consult with local people and evidence of how the council uses customer feedback to improve its services".

(21a 21b) – Budget monitoring report

(22) example of people's voice questionnaire and feedback – link here:-

<http://www.kennet.gov.uk/policy/consultation/peoples-voice/index.htm?OpenPage>

5.2.1 How does the Council monitor and review value for money?	Reference to evidence source
<p>Please provide brief details and evidence to support your assessment.</p> <ul style="list-style-type: none"> • Current processes for monitoring and reviewing costs, including: <ul style="list-style-type: none"> • consideration of value for money in the annual budget process; • internal reviews (including best value reviews); and • cost indicators. <p>The council has recently adopted an efficiency strategy (23) which sets out our processes for seeking efficiencies. This strategy is linked to the medium term financial strategy, which set out our annual budget planning process.</p> <p>As mentioned previously, best value and other service based reviews are used to to seek out further improvements.</p> <p>Our processes for monitoring and reviewing costs have been described in other sections particularly 5.1 and 5.1.4.</p>	<p>(23) – Efficiency strategy</p>

5.2.1 How does the Council monitor and review value for money?	Reference to evidence source
<p>Service proposals form part of our Service Delivery Planning cycle. These proposals are developed during the first 6 Months of the year preceding the following budget year. They are then the subject of close scrutiny by the Management Team and key issues will be sent to Leaders Policy Panel and/or the appropriate committee prior to adoption in the autumn cycle of meetings. The council then has the proposals in place in time for the budget setting meetings in the New Year.</p> <p>All service plans are adopted by the council in the autumn preceding the budget setting cycle and can therefore feed into the budget setting process. This also ensures that the council clearly has its plans in place for the following year. A few years ago the council changed from an annual to a three year service delivery planning process to ensure we had medium term plans for all our services.</p>	

5.2.2 How well has the Council improved value for money and achieved efficiency gains over the last three years?	Reference to evidence source

Please provide brief details and evidence to support your assessment. Please append your backward looking Efficiency Statement covering 2004/05:

- council targets for value for money and efficiency gains; and
- the achievement of efficiency gains.

Our backward looking efficiency statement (24), identifies savings achieved of over £370,000 under gershon efficiencies.

As part of the service delivery planning process, each service must now provide details of likely efficiency gains they expect to achieve over the next three years.

Our Gershon efficiency strategy was adopted in June 2005, this highlights the level of savings we expect to achieve over the next three years and how we expect to achieve them.

We regularly monitor prudential indicators to ensure capital investment plans are affordable, prudent, sustainable and follow good practise. (25)

(24) Backward looking efficiency statement

(25) Prudential report to Members August 2005

5.2.2 How well has the Council improved value for money and achieved efficiency gains over the last three years?	Reference to evidence source
<p>As outlined in previous sections, the delivery of savings has been a long standing part of the budget process, through the establishment of the budget reduction sub-committee, our best value, scrutiny and other service reviews and also through the ongoing commitment by all our managers to deliver improving services.</p>	

5.2.3 Do procurement and other spending decisions take account of full long-term costs?	Reference to evidence source
<p>Please provide brief details and evidence to support your assessment:</p> <ul style="list-style-type: none"> • how value for money is built into the Council’s procurement practice; • the extent to which a ‘whole life’ approach is taken to spending and procurement decisions; • identifiable savings achieved through procurement; and • use of external funding to deliver council priorities. <p>The council adopted a new procurement strategy (26) in 2004 . We have more recently strengthened our Procurement by identifying a dedicated unit to deal with procurement (27).</p> <p>Best Value for money is integral to our Procurement Strategy. To achieve best value through procurement the council acquires goods, works and services through competitive tendering except in the circumstances set out in contract standing orders.</p> <p>Our contract standing orders are set out in the constitution which is reviewed on a regular basis to ensure it is up to date and our working practises are appropriate.</p> <p>The Chair of Resources Executive committee is the member champion for procurement and also efficiency and is therefore able to drive these two agendas simultaneously.</p> <p>We have established an efficiency working group, comprising senior officers from across the council to lead on the efficiency agenda. This comprises of service managers, in particular those responsible for finance, procurement and HR to drive the agenda forward.</p>	<p>(26) Procurement strategy</p> <p>(27) Report on review of procurement & admin</p>

<p>5.2.3 Do procurement and other spending decisions take account of full long-term costs?</p>	<p>Reference to evidence source</p>
<p>One of the first tasks of the new procurement team will be to review all contracts held by the council and the service action plan identifies the establishment of corporate guidance documents on when and how to prepare tender documents based on whole life costs and quality.</p> <p>Recent examples of projects, which have looked at whole life costs include.</p> <p>The council's review of mobile phone procurement, which reduced monthly line rental from £6.00 to £4.50 equal to a 25% saving, enabled us to upgrade all the phones at nil cost to the council, reduced call charges by 33% and all old handsets were either recycled/refurbished and a donation made to charity.</p> <p>The council has reviewed the use of operational leases for the purchases of goods. This will result in significant savings in IT, where key boards and screens will no longer need replacing every 3 years, and hard drives will be replaced according to need.</p> <p>The fleet manager has reviewed the procurement of all aspects of the council's fleet. (28)</p>	<p>(28) Vehicle fleet procurement.</p>

5.2.3 Do procurement and other spending decisions take account of full long-term costs?	Reference to evidence source
<p>In order to maximise funding opportunities the council takes opportunities to lever in external funding whenever possible and has a long history of doing so. (29)</p>	<p>(29) External funding list 2002/03 – 2004/05</p>

Contextual information

Please provide any other information you feel is relevant.	
Comments	Reference to evidence source