



**Corporate Policy and  
Resources Committee**

**Thursday 14 February 2019**

**Subject: Value for Money Strategy**

Report by:

Executive Director of Resources

Contact Officer:

Corporate Policy Manager & Deputy Monitoring  
Officer

Purpose / Summary:

To present Members with the Council's Value for  
Money (VfM) Strategy and outline action plan.

**RECOMMENDATION(S): That Members support the Council's commitment to securing greater Value for Money across service delivery, and approve the strategy as outlined in the report.**

## IMPLICATIONS

**Legal: None**

**Financial: FIN/202/19**

**Staffing: None**

**Equality and Diversity including Human Rights: None**

**Risk Assessment: None**

**Climate Related Risks and Opportunities: None**

**Title and Location of any Background Papers used in the preparation of this report:**

None.

### Call in and Urgency:

**Is the decision one which Rule 14.7 of the Scrutiny Procedure Rules apply?**

i.e. is the report exempt from being called in due to urgency (in consultation with C&I chairman)

**Yes**

**No**

**x**

### Key Decision:

A matter which affects two or more wards, or has significant financial implications

**Yes**

**No**

**x**

## **1. Introduction**

- 1.1 This report provides the Committee with an overview on the Council's approach to assessing and improving VfM money across the authority.
- 1.2 Since the exception report on Value for Money (VfM) in 2009/10 from the External Auditors, West Lindsey has made steady progress in this area. Their assessment indicates whether or not the Authority has the systems and processes in place to deliver VfM, as opposed to the actual delivery of VfM.
- 1.3 Over the last six years the Authority has received an unqualified report from the External Auditors.
- 1.4 Placing a greater focus on VfM formed part of the Council's Annual Governance Statement Action Plan for 2016/17. So that all aspects could be adequately addressed, this was rolled over into the 2017/18 Action Plan.

## **2. Background**

- 2.1 Good VfM is the optimal use of resources to achieve the intended outcomes. 'Optimal' means 'the most desirable possible given expressed or implied restrictions or constraints'. VfM is not about achieving the lowest initial price.
- 2.2 The National Audit Office (NAO) uses three criteria to assess the VfM of government spending i.e. the optimal use of resources to achieve the intended outcomes:
  - Economy: minimising the cost of resources used or required (inputs) – spending less;
  - Efficiency: the relationship between the output from goods or services and the resources to produce them – spending well; and
  - Effectiveness: the relationship between the intended and actual results of public spending (outcomes) – spending wisely.
- 2.3 To assist colleagues in gaining a deeper understanding of VfM, a handbook has been produced (available at Appendix 1). This acts as a source of reference and introduces some of the activities, concepts and considerations that need to be taken into account when assessing whether VfM is evident.
- 2.4 The Council considers that there are eight main activities which, when undertaken effectively, should combine and contribute to the achievement of VfM. They are:

- Adopting a commercial approach
- Having a Financial Strategy and robust financial stewardship
- Planning for the future and stakeholder engagement
- Partnership working
- Maximising the use of assets
- Effective commissioning and procurement
- Service planning
- Organisational Development

2.5 The Council undertakes activity across all eight elements and has conducted an assessment to determine how effectively each element is performing. A judgement criteria of Established, Initiated or Not Applicable has been used. Details of the assessment are available at Appendix 2.

2.6 From the assessment, a work plan has been devised based on the work still to be completed. Completion of this plan will strengthen the Council's overall appreciation and achievement of VfM. It is anticipated that this work will take between 18 and 24 months to fully complete. This will ensure that the Council's annual service and business planning cycle fully incorporates VfM considerations into its methodology.

2.7 Delivery of the work plan will be overseen by the Council's Management Team.

2.8 In addition, the VfM Handbook will be communicated to all staff and will be made available as a source of reference on the Council's intranet.

### **3. Summary**

3.1 The content of this report demonstrates that the achievement of VfM is a key consideration of the Council. The work plan highlights how officers intend to further strengthen and embed VfM across the authority.