

RECORD OF EXECUTIVE DECISION TAKEN BY AN EXECUTIVE MEMBER

This form **MUST** be used to record any decision taken by the Elected Mayor or an individual Executive Member (Portfolio Holder).

The form must be completed and passed to the Head of Members' Services no later than NOON on the second working day after the day on which the decision is taken. No action may be taken to implement the decision(s) recorded on this form until 7 days have passed and the Head of Members' Services has confirmed the decision has not been called in.

1. Description of decision

To approve the Value for Money Strategy 2017/2020

2. Date of decision

23rd January 2018

3. Reasons for decision

To ensure the Council's Value for Money Strategy being aa key element of the Council's corporate governance arrangements, remains current and effective.

4. Alternatives considered and rejected

Not Applicable.

5. How decision is to be funded

Not applicable

6. Conflicts of interest

Name of all Executive members who were consulted AND declared a conflict of interest.	Nature of interest	Did Standards Committee give a dispensation for that conflict of interest? (If yes, give details and date of dispensation)	Did the Chief Executive give a dispensation for that conflict of interest? (If yes, give details and the date of the dispensation).

The Mayor has been consulted on this decision

Not Applicable

Signed DAE Hodgson Date: 23rd/1/2018 Name of Decision Taker MAYOR DAE HODGSON

This is a public document. A copy of it must be given to the Head of Members' Services as soon as it is completed.

Date decision published: 23rd January 2018

Date decision can be implemented if not called in: 2nd February 2018

(Decision to be made exempt from call in.....NO)

Bedford Borough Council – Report to the Mayor

December 2017

Report by the Finance Portfolio Holder and Assistant Chief Executive & Chief Finance Officer

Subject: VALUE FOR MONEY STRATEGY 2017/2020

1. Executive Summary

To review the Council's Value for Money Strategy.

2. Recommendation

To approve the Value for Money Strategy attached at Appendix A to the report.

3. Reason for Recommendation

To ensure the Council's Value for Money Strategy represents a key part of the Council's corporate governance arrangements and remains current and effective.

4. Key Implications

4.1 Legal Issues

Local authorities have a fiduciary duty to their ratepayers and taxpayers. This fiduciary duty is aligned with the “best value” duty introduced by the Local Government Act 1999 which remains in force. Under this general Duty of Best Value, local authorities must “make arrangements to secure continuous improvement in the way in which its functions are exercised having regard to a combination of economy, efficiency and effectiveness”.

Best Value Statutory Guidance, issued in September 2011, reaffirmed the Duty of Best Value emphasising in particular that Best Value Authorities (including Local Authorities) should consider overall value including economic, environmental and social value when reviewing service provision. As a concept, social value is about seeking to maximise the additional benefit that can be created by procuring or commissioning goods and services above and beyond the benefit of the goods and services themselves.

As part of the audit opinion in respect of the Council's Financial Statements the Council's External Auditor is required to give a Value for Money assessment in line with the requirements set out National Audit Office Code of Audit Practice. The most recent report, in respect of the 2016/2017 financial year, was received from the external auditors, Ernst and Young, in September 2017. The value for money findings are detailed under section 4 of the report, Economy, Efficiency and Effectiveness, and conclude that "...in our view the Council has proper arrangements in place for seeking to achieve economy, efficiency and effectiveness."

4.2 Policy Issues

Value for Money is a key element in the Council's corporate governance arrangements and, to deal with this, the Council has established and must regularly review its Value for Money Strategy. The Strategy adopted by the Council is reproduced at **Appendix A** and is reviewed every 3 years.

4.3 Resource Implications

There are no direct resource implications arising from the report. The Strategy is, however, designed to target economy, efficiency and effectiveness in the use of resources.

4.4 Risk Implications

Focussing on value for money reduces the risk of public money not being used to best effect.

4.5 Environmental Implications

There are no environmental implications arising directly from the report.

4.6 Equality Analysis

The Strategy sets out the overarching approach the Council will take in achieving value for money. Adoption of this Strategy does not directly impact upon the Council's duty to promote equality of opportunity, promote good relations, promote positive attitudes and eliminate unlawful discrimination.

Implementation of the Value for Money Strategy may, however, lead to future proposals to change policies or service delivery that are relevant to the Council's equalities duties. If such changes are proposed consideration will need to be given to the equality impact of the proposals at that time.

5. Details

- 5.1 The Council has a general duty to deliver best value in the provision of its functions and services. Councils must, therefore, aim to continuously improve the economy, efficiency and effectiveness of service delivery. By doing so, the Council's stakeholders can be assured that Value for Money (VfM) is an essential element of the Council's decision making processes. Applying the principles of VfM is an integral part of ensuring that Council taxpayers receive the best possible services as cost efficiently as possible.
- 5.2 VfM can be achieved in different ways including:
- Reducing costs (for example staff costs, better procurement and commissioning) for the same outputs;
 - Reducing inputs (for example people, property assets, natural resources, materials) for the same outputs;
 - Getting greater outputs with improved quality (for example extra service or productivity) for the same inputs;
 - Getting proportionally more outputs or improved quality in return for an increase in resources (inputs).
- 5.3 There is a statutory responsibility on the Council's Appointed Auditors, as set out in the Code of Audit Practice, to give a conclusion in relation to VfM and that the Council "has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources"
- 5.4 The External Auditor has now completed the audit of the 2016/2017 financial statements and submitted the 2016/2017 Audit Results Report to the Audit Committee on 26 September 2017. The Auditor has, in respect of the Value for Money assessment, issued an unqualified conclusion stating that the Council had adequate arrangements to secure economy, efficiency and effectiveness in the use of resources.
- 5.5 The current funding of Local Government reflects the Government's Deficit Reduction Plan and as such has meant a significant reduction in Government Grants to Local Government. During this period there have been cost and service pressures not least in Social Care and in particular within Adults Social Care. The combination of reduced funding and increasing cost pressures has required the Council to (i) implement cost saving strategies that (ii) re-evaluate what are the Council's priorities. In terms of the

latter aspect the Council has refreshed its Corporate Plan and in terms of financial resilience the Council has put in place an Efficiency Plan (being a requirement of the multi-year settlement offer). Key strands of the Efficiency Plan are doing things in the most cost effective manner, i.e. investing in technology to develop new and more efficient delivery channels. The Efficiency Plan is embedded within the Council's transformation programme, Bedford Borough 2020, of which a major strand is the implementation of a Digital Operating Model (DOM). The DOM will reduce the cost of service delivery through the use of automated processes and at the same time improve customer journeys.

5.6 The refreshed Strategy is reproduced at **Appendix A**.

6. Summary of Consultations and Outcome

The following Council Units or Officers and/or other organisations have been consulted in preparing this report:

Management Team

No adverse comments have been received.

Report Contact Officer: Andy Watkins, Assistant Chief Executive & Chief Finance Officer
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Julie McCabe, Chief Finance Officer – Corporate Finance and Pensions
Email: Julie.mccabe@bedford.gov.uk

File Reference: C.3(n)

Previous Relevant Minutes: Executive Decision 1215: 31 October 2014

Background Papers: None

Appendices: A: Value for Money Strategy 2017/2020



BEDFORD BOROUGH COUNCIL

VALUE FOR MONEY STRATEGY **2017/2020**

1. INTRODUCTION

- 1.1 The Council has a general duty to deliver best value in the provision of its functions and services. Best Value means that local Councils must aim to continually improve the economy, efficiency and effectiveness of service delivery. By doing so the Council's stakeholders can be assured that Value for Money is being achieved through the use of resources at the disposal of the Council.
- 1.2 Value for Money underpins the Council's approach to financial resilience. The Council's Medium Term Financial Strategy (MTFS) sets out the Council's forecast resource and spending position over the medium term. In doing this the Council can plan how best to deploy resources in pursuit of its objectives as set out in the Corporate Plan and additionally plan for how best to deliver services in the most cost effective manner.

2. WHAT IS VALUE FOR MONEY (VfM)

- 2.1 VfM is about obtaining the maximum benefit with the resources available. Decisions about VfM are a daily reality in all our lives. We are constantly choosing which items or services to buy, and judging the right balance for us between quality and cost.
- 2.2 For Bedford Borough Council, this is no different. VfM is about achieving the right balance between economy, efficiency and effectiveness (the '3Es'), spending less, spending well and spending wisely.

Economy: minimising the cost of resources used or required (inputs) – spending less;

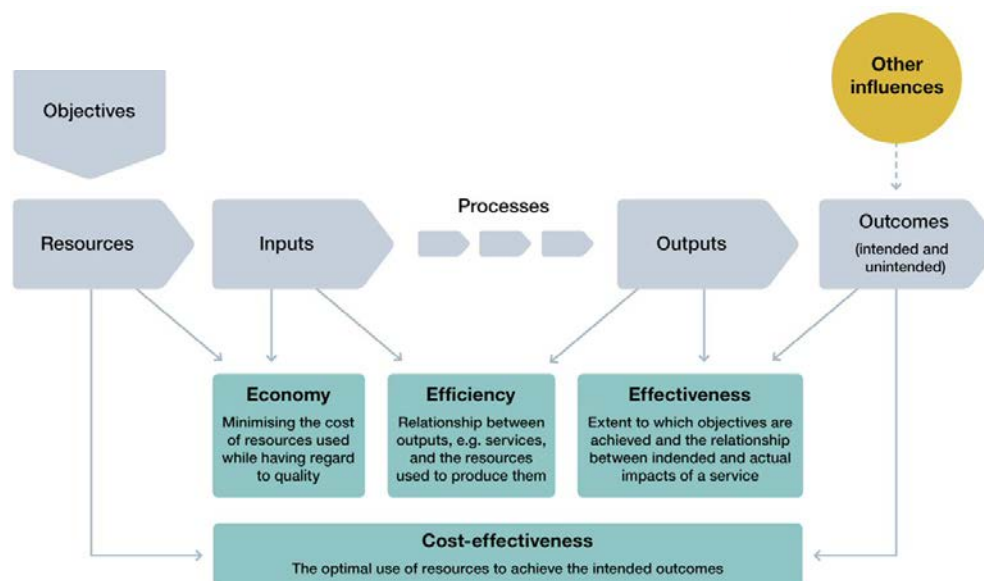
Efficiency: the relationship between the output from goods or services and the resources to produce them – spending well; and

Effectiveness: the relationship between the intended and actual results of public spending (outcomes) – spending wisely.

This essentially means that VfM not only measures the cost of goods and services but also takes account of the mix of cost with

quality, resource use, fitness for purpose and timeliness to judge whether or not, together, they constitute good value.

2.3 The Council needs to evidence that it receives value for money. The National Audit Office uses the following model to measure Value for Money:



2.4 VfM is high when there is an optimum balance between all three elements – when costs are relatively low, productivity is high and successful outcomes have been achieved.

2.5 VfM can be achieved in different ways including:

- Reducing costs (for example, labour costs, better procurement and commissioning) for the same outputs.
- Reducing inputs (for example, people, property assets, natural resources, materials) for the same outputs.
- Getting greater outputs with improved quality (for example, extra service or productivity) for the same inputs.
- Getting proportionally more outputs or improved quality in return for an increase in resources.
- Getting improved outcomes which can be achieved through more focused or targeted use of resources.

- 2.6 VfM is not an optional add-on, nor something that can be achieved as a one-off. It is a way of doing things that needs to underpin everything the organisation does, from performance management to procurement, from business planning to consultation.
- 2.7 Each service is encouraged to adopt and develop practices to achieve VfM that are suitable for the differing needs and specialisms involved.

3. HOW VALUE FOR MONEY WILL BE ACHIEVED BY THE COUNCIL

Corporate Commitment

- 3.1 The Council's Corporate Plan 2017-2021 not only sets out the ambition for the Council over this period but also sets out how the Council will deliver this ambition. The Council's transformation programme, Bedford Borough 2020, is therefore aligned with the Corporate Plan. The Corporate Plan sets out the changes to the operating model in relation to support and enabling activities and strategic core activities. How these are organised (structures), delivered (commissioned / procured) and process re-engineered (digital operating model) will reduce the cost of delivery.
- 3.2 The Council's delivery of successful outcomes is inextricably linked to a motivated and empowered workforce. The Council's Workforce Strategy 2017 – 2021 reflects this and sets out how the Council will engage, motivate and performance manage its staff and as such create a culture that underpins a high performing workforce.
- 3.3 As Strategies of the Council are reviewed / refreshed due consideration is given to ensure that the themes set out in this Strategy are properly reflected.
- 3.4 The Council has developed a Governance Manual which brings together its key strategies and policies, including the Value for Money Strategy. The manual is available to all employees through the Council's Intranet.

Internal Control

- 3.5 The Council maintains effective systems of internal control including financial management, performance management, risk management and internal audit. The internal control environment is the foundation upon which effective financial decision making is based. The Council's Chief Finance Officer is required to report to the Audit Committee on an annual basis as to the effectiveness of the Council's financial administrative arrangements.
- 3.6 The Council's Constitution sets out the scheme of delegation for financial decision making and incorporates Financial Procedure Rules and Contract Procedures rules that determine the framework within which the Council's system of internal financial controls operates. Detailed Financial Procedures are issued by the Chief Finance Officer in accordance with the Constitution.

- 3.7 The Council's operating model incorporates a Strategic Commissioning & Procurement function that is responsible for commissioning and procurement across the Council. This includes ensuring that procurement processes comply with the Contract Procedures rules and assisting the Council in achieving the best value for money when it procures goods and services.
- 3.8 The effective management of risk particularly financial risk is considered to be essential to achieving value for money. The Council has agreed a Risk Management Strategy which is reviewed annually to ensure that strategic and operational risks are identified and that appropriate and proportionate control measures are put in place to mitigate those risks. Fraud is considered to be a key financial risk for the Council and the Council has agreed an Anti-Fraud Strategy and Fraud Action Plan to ensure that it uses intelligence to identify key fraud risk, puts in place measures to minimise risks, and allocates resources to investigate suspected incidents of fraud and to take appropriate action against offenders.

Decision Making Protocol

- 3.9 The Executive complies with a decision making protocol which requires that the legal, policy, risk, environmental, equality and resource implications are taken into account before any decision is made. Additionally, the Executive either by appointing a Committee or through Portfolio Holders will ensure that each decision having resource implications has taken into account any opportunities for improving economy, efficiency or effectiveness.

Performance Management

- 3.10 The Council monitors performance in service delivery as a means of systematically assessing efficiency (i.e. unit cost performance indicators) and effectiveness (i.e. service satisfaction indicators). The Council uses benchmarking data with comparable unitary authorities with a view to continuously comparing costs and performance with those authorities after allowing for local circumstances and policy choices.

Budget Process

- 3.11 The Executive, when considering budget proposals will take into account:
- Information on comparative performance and cost.
 - Any opportunities to reduce the cost of these services without reducing the level of outcome required or alternatively opportunities to increase the level of outcome required for the same cost.
 - Any opportunities to release resource from low priority services to help ensure the sustainability of high priority services.

- The needs of local communities and compliance with the Corporate Plan (2017-2021) order to ensure that resources are targeted in liner with corporate priorities.

Capital Investment

3.12 The Council's approved Capital Strategy sets out its commitment to achieve value for money as follows:

- The assessment of each potential new scheme has regard to value for money by assessing needs against estimated costs in the criteria assessment and by recognising the importance of 'invest to save' schemes.
- Major capital schemes and any proposed major partnership schemes having material on-going revenue consequences will be subject to a "whole life" costing assessment to assist informed decision making.
- The delivery of each new scheme will be in line with the Council's approved Procurement Strategy, which is based on achieving best value in regard to cost and quality.

Asset Management

3.13 The Council has in place an approved Corporate Asset Plan which seeks to ensure VfM by adopting the approach outlined below:

- (i) to hold such land and property as is appropriate to ensure that the Council's statutory and key priority services can be delivered effectively in a manner that is sustainable;
- (ii) to support economic development objectives by maintaining and creating employment opportunities and offering a quality service to business through the provision of a significant commercial estate;
- (iii) to sustain and fund a planned maintenance programme of all Council property to ensure it remains fit for purpose and meets statutory requirements;
- (iv) to continuously review the optimisation of Council property and to identify opportunities for better utilisation and/or potential disposal of surplus assets;
- (v) to continuously review current and future needs and to identify new property investment needs for capital investment bids (in line with the Capital Strategy);
- (vi) to maximise the annual net income to the Council from its commercial property;
- (vii) to identify and plan for the Council's future property services requirements and to make best use of the resources and opportunities available to meet with future needs;

(viii) to develop sound and effective corporate asset management planning;

(ix) to identify surplus land assets available for development so that disposal prices (Capital Receipts) can provide direct funding for the Council's capital investment programme.

3.13.1 The Council understands clearly the extent to which the effective management of its corporate assets (whether day to day or strategic) has a direct impact on achieving its corporate goals and objectives and consequently value for money.

Needs Analysis

3.15 The Council recognises the need to develop effective community intelligence to ensure that resource is targeted toward meeting the needs expressed by the local community, and to ensure that analysis of such need properly informs the Council's commissioning strategies.

3.16 This enables the Council to ensure that its financial resource is expended intelligently, i.e. that the services procured or provided are not only worth having but are clear expressions of community need and have a measurable impact on the lives of the community. Economic considerations will be appropriately balanced with the need for environmental and social outcomes.

3.17 Sourcing and selecting the right providers is an integral part of the value for money strategy. All providers, throughout the tendering process, must be able to demonstrate value for money, effective use of resources and opportunities for efficiencies.

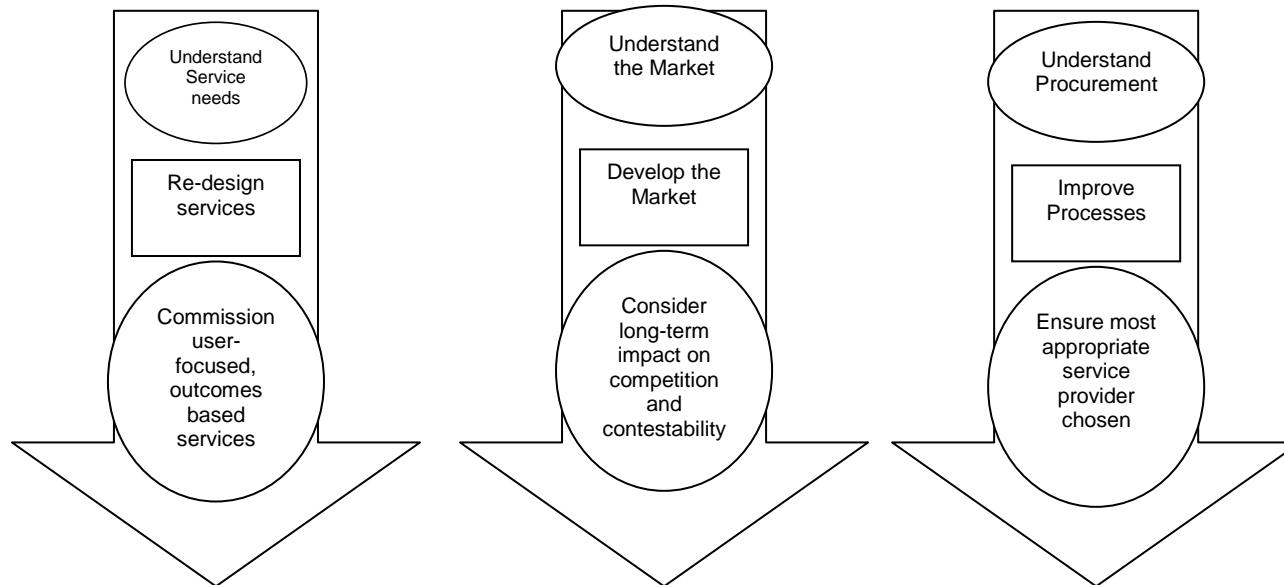
3.18 The Council is committed to building a diverse and competitive market that can supply the Council and its service users' requirements and ensure maximum value is achieved throughout the life of the contract.

3.19 Value for money must embrace "outcomes" to ensure that communities are provided with the levels of service that will improve their quality of life whilst living, working or visiting the Borough. Reviewing service delivery and constantly seeking service improvement is a critical role for the Council.

3.20 The Council accepts the community right to challenge and, where the Council receives an expression of interest, the Council will consider how this might promote or improve the social, economic or environmental wellbeing of the local area. If the expression of interest is accepted then a procurement exercise for the provision of the relevant service will be carried out.

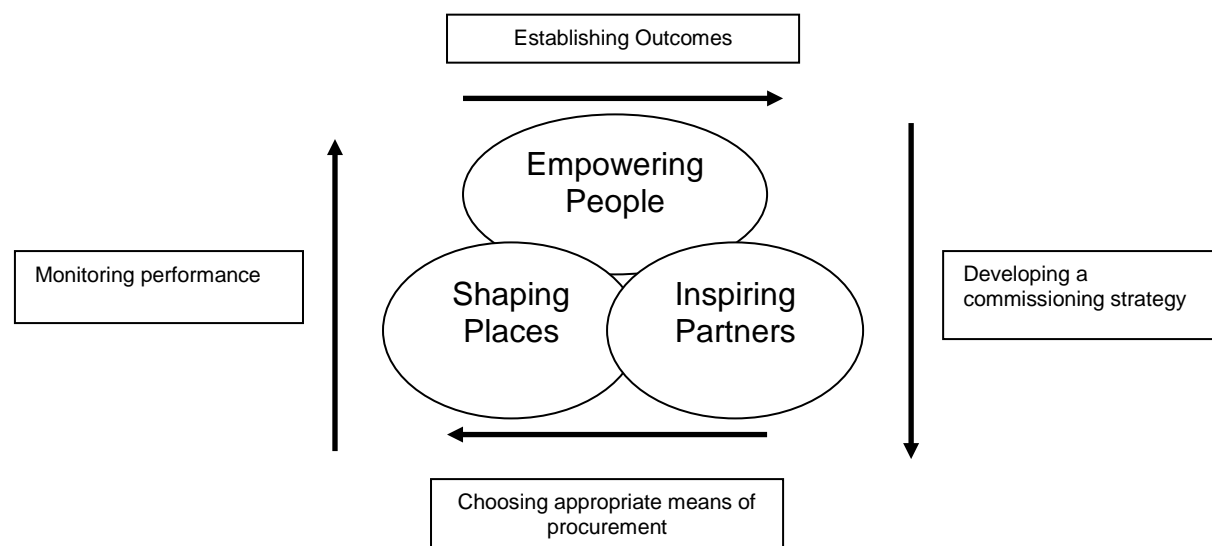
3.21 The Council will perform its Duty to Consult in accordance with Best Value Statutory Guidance and include local voluntary and community organisations and small businesses in such consultation, as early as possible and at all stages of the commissioning cycle, including when considering the decommissioning of services.

- 3.22 If there is the need to reduce or end funding (where ‘funding’ means both grant funding and any fixed term contract) or other support, to a voluntary and community organisation or small business, the Council will give an appropriate period of notice of the actual reduction to both the organisation involved and the public/service users.
- 3.23 The Council will make provision for the organisation, service users and wider community to put forward options on how to reshape the service or project.
- 3.24 The Council will, therefore ensure that procurement and commissioning strategies are integrated with community intelligence and consultations, and that outputs are effectively measured.
- 3.25 An ‘intelligent commissioning’ framework is set out below



3.26 Strategic Commissioning is about:

- Empowering People – individuals, communities and citizens to influence and co-produce services;
- Shaping Places – street, neighbourhood, parish, town, district and county;
- Inspiring Partners – Local government, Health, Fire & Rescue, Police, Community and Voluntary Organisations, Job Centre Plus, Private Sector and many more.



4. VfM – AN INTEGRATED APPROACH

- 4.1 VfM is an ongoing activity for the Council and is present in all financial related activities / decision making. Business transformation (Bedford Borough 2020) will be an on-going feature for the Council and all services will be required to constantly review and evaluate their effectiveness, efficiency and economic benefits. .