



**Melton
Borough
Council**

Value for Money Statement

Author:	Corporate Services Manager
Owner:	Director for Corporate Services
Version No:	1.0
Date:	Sept 2021

APPROVALS:

Designation	Title	Date of Approval	Version
SLT	SLT	5 th Oct 2021	1.0

DISTRIBUTION:

Title	Date of Issue	Version
SLT	14 th Oct 2021	1.0
OLT	14 th Oct 2021	1.0
MIKE	14 th Oct 2021	1.0

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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.

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

2. WHY IS VALUE FOR MONEY IMPORTANT?

The council has a clear vision – "We want to be a first-class council: on the side of our communities and providing great services, where the customer comes first. We want to help people reach their potential, support the most vulnerable, and protect our rural environment. We want to provide more and better homes, create better jobs and regenerate the town. We want to ensure Melton prospers, benefitting those who live here and attracting others to visit and invest"

As part of Vision, our corporate strategy 2020 to 2024, we have six key priorities:

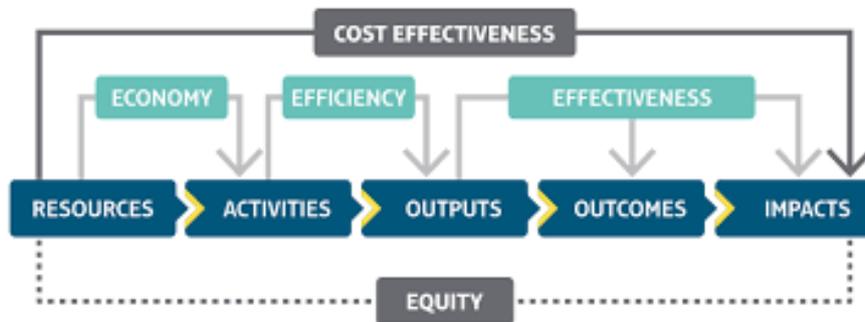
- Excellent services positively impacting on our communities
- Providing high quality council homes and landlord services
- Delivering sustainable and inclusive growth in Melton
- Protect our climate and enhance our natural environment
- Ensuring the right conditions to support delivery (inward)
- Connected and led by our community (outward)

For the council to achieve this vision and helping achieve its mission of **Helping People, Shaping Places**, we must ensure we achieve value for money in all our activities as we continuously strive to improve value for money in all the services we provide to you.

Value for money is about obtaining the maximum benefit from the resources available to the organisation – balancing inputs outputs and outcomes. In simple terms it measures costs, performance, and satisfaction, and is often defined as achieving the right balance between economy, efficiency, and effectiveness - spending less, spending well and spending wisely.

3. WHAT IS VALUE FOR MONEY?

The principles of VFM are illustrated in the following diagram:



Value for money is the relationship between economy, efficiency and effectiveness. These are defined as:

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

In addition to the traditional three “E”s, a fourth “E” is also applied which is important in the context of service delivery to our residents which is:

- **Equity:** the extent to which services are available to and reach all people that they are intended to – *spending fairly*

To improve value for money in each service we regularly look at:

- Economy: the cost of providing a service
- Efficiency: how much we get out for what we put in
- Effectiveness: the impact of that service, whether or not it meets the desired outcomes.

We achieve value for money or cost effectiveness when we achieve relatively low costs, get a lot out of a service and it meets your needs.

4. OUR STRATEGIC APPROACH TO VALUE FOR MONEY

To deliver services that are good value for money the council will:

1. Optimise the resources available for our services to:
 - Deliver the same output at reduced costs
 - Deliver more output for the same cost
 - Continuously exert downward pressure on costs
 - Ensure that service costs are commensurate with outcomes achieved
2. Review service standards provided, ensuring they fit with prevailing economic conditions
3. Further develop our commercial appetite through innovative asset management and new inventive ways of income generation
4. Utilise cost effective procurement methods
 - Regularly review services and look for continuous improvement
 - Benchmark service performance and costs against other organisations wherever possible
 - Explore opportunities for shared services and other collaborative arrangements
 - Embed VFM considerations into the culture of the council
 - Ensure that we build excellent business cases to apply for relevant funding to support services, recovery action and deprivation needs

5. PUTTING OUR APPROACH INTO ACTION

To embed VFM in the way we work we have strong processes in place in the following areas:

Governance

- VFM is a key part of any business case submitted and all decision-making groups take decisions with a focus on VFM – especially in the light of the current financial situation
- Cabinet have oversight of the revenue and capital budgets to ensure resources are reviewed, understood and allocated appropriately
- Scrutiny ensures that any changes to policy with financial aspects delivers VFM as part of the proposal
- The Annual Governance Statement focuses on all aspects of governance, but critically on processes around VFM in service provision
- The Councils Project Management Toolkit – this compulsory method of managing projects within the council contains key templates for financial assessments and risk management
- The Annual audit letter – contains an independent statement from the Council's external auditor on the council's 'arrangements to secure economy, efficiency, and effectiveness in our use of resources'
- 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

- Our consultation strategy ensures that we involve customers and thus enhance satisfaction
- Allocate our resources in line with the Council's priorities, as stated in its Corporate Plan including review and linkages to the Service Blueprints
- Development of the Way We Work Strategy and associated team charters to outline how we will operate, manage and delivery our services
- Member lead on finance and resources including VFM

Financial Stewardship

- The Medium-Term Financial Strategy (MTFS) – delivers a robust financial plan through a rigorous budget setting process. One of the key objectives of the MTFS is to provide cost effective services which demonstrate value for money.
- In response to the current financial situation, the council has developed a “Financial Sustainability Programme”. As part of this any projects developed must demonstrate evidence of how VFM savings can be achieved. The aim is to ensure the services we provide demonstrate continuous improvement as well as value for money.
- Ensure our Procurement Strategy is embedded throughout the council 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
- build on the existing successful shared services to deliver further shared services, including the development of the northern alliance with neighbouring authorities
- 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
- 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
- development of a Commercial Strategy to generate additional income to help meet our future funding needs; safeguarding existing and offering new services to support our social ambitions, and enabling us to more effectively deliver our Corporate vision and priorities.

Performance Management

Our performance framework includes the following:

- Regular monitoring of Corporate Strategy projects to ensure that the key aims of the council are progressed to budget, timescales, and outcomes. These boards include:
 1. Growth and Regeneration
 2. Customer and Digital Improvement
 3. Organisational Development
- Demand Management and Service Change Programme
 - Comprehensive review of customer demand and process effectiveness undertaken
 - Programme being developed to review end to end processes with services and eradicate waste and inefficiency
- Detailed performance monitoring covering:
 - Performance measures – e.g. throughput, time taken and outstanding work
 - Volumetric measures to add contextual background data
 - Customer satisfaction - feedback through satisfaction monitoring and complaints and compliments monitoring
 - Quarterly performance and budget management reports, reporting to Senior Leadership Team and Members
- Communication of VFM to customers and staff through:
 - The annual Council Tax booklet
 - The external website
 - Social Media
 - Satisfaction surveys
- External Review:
 - Peer Challenge review conducted by LGA, including a review of financial processes
 - Use of outside agencies to review specific services, such as MCHLG helping on review of homelessness

6. RESPONSIBILITIES

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

BODY	RESPONSIBILITY
Cabinet Executive and Council	Ensuring that their direction of the Council delivers VFM and Efficiency Policy.
Corporate Governance, Finance and Resources Portfolio Holder	Being VFM and Efficiency Champion Approving the VFM Statement (every other year)
Scrutiny Members	Holding the Executive to account in their duty to deliver VFM. Undertaking an annual programme of scrutiny reviews
Senior Leadership Team	Ensuring that the Council's strategic direction is consistent with the contents of this Policy.
Melton Leadership Team	Ensuring that services are delivered in the most cost-effective way and that services are kept under continuous review to identify efficiencies