



REPORT TO: Resources Overview and Scrutiny Commission

DATE: 19th September, 2005

DEPARTMENT: Corporate Policy and Improvement

REPORTING OFFICER: Strategic Policy Officer
(Mike Simpson)

SUBJECT: **CPA 2005: VALUE FOR MONEY**
SELF-ASSESSMENT: INITIAL DRAFT

WARD/S AFFECTED:

FORWARD PLAN REF:

1.0 PURPOSE OF REPORT

- 1.1 The purpose of the report is to present the initial draft Value for Money (VFM) self-assessment document for the Commission's consideration. The self-assessment provides an overview of the Council's costs and performance in 2004/05 compared to the other 15 Councils in the CIPFA family comparator group on the Audit Commission's vfm web-site (see Appendix 2).
- 1.2 The Value for Money self-assessment is a statutory requirement of the CPA 2005 process in District Councils and the final self-assessment document must be submitted to the Audit Commission by the end of September 2005. Value for Money is also part of the Strategic Priority Action on Resources and Priorities in the Council's draft Strategic Plan.
- 1.3 There are a variety of factors which impact on a Council's service costs and performance including the geographic size of the District, the population spread, the varied needs of local communities, etc. Also, the policy decisions of the Council directly affect service costs and performance. A vfm assessment enables the Council to compare its costs and performance with those of similar Councils in order to identify areas for further review and challenge.

2.0 RECOMMENDATIONS

- 2.1 That the Resources Overview and Scrutiny Commission consider the attached initial draft vfm self-assessment and makes comments as appropriate on the information to be forwarded to the Cabinet meeting on the 21st September, 2005 as part of the self-assessment process.

3.0 RECOMMENDED REASON FOR DECISIONS

- 3.1 To provide the Resources Overview and Scrutiny Commission with the opportunity to comment to the Cabinet on the initial findings of the Council's vfm self-assessment.

4.0 ALTERNATIVE OPTIONS CONSIDERED AND RECOMMENDED FOR REJECTION

4.1 No alternative options were considered.

5.0 THE REPORT

5.1 Value for Money (VFM) is defined as the relationship between economy, efficiency and effectiveness, ie what a Council achieves in service quality or performance as a result of its spending on service delivery.

5.2 The attached self-assessment (**Appendix 1**) is set out in line with the guidance and pro-forma issued by the Audit Commission in July 2005. Each vfm statement in the self-assessment must be linked to the Council's relevant evidence.

5.3 The guidance specifically refers Councils to the Audit Commission's vfm profiles on its website which sets out the comparative cost and performance data for councils to use in their self-assessment. The vfm information for this Council to use in the self-assessment is attached at **Appendix 2**, including the list of Councils in the comparator group.

5.4 District Councils are required to return their completed self-assessment pro-forma electronically to the Audit Commission by the 30th September 2005 at the latest. The Council's Annual Efficiency statement covering 2004/2005 must be appended to the pro-forma and the supporting evidence must be referenced and hyperlinked in the pro-forma. The Audit Commission will carry out their own on-site assessment of value for money in November 2005 using the information in the Council's vfm self-assessment to challenge our conclusions by looking at the evidence and talking to Members, residents and employees.

5.5 The structure of the vfm self-assessment is set out in the Audit Commission guidance and requires a short statement on each of the following two main and seven supplementary questions:-

Key Line of Enquiry (KLOE) 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?

Key Line of Enquiry (KLOE) 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 over the last three years?

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

5.6 The Audit Commission's 2005 assessment of value for money at Harrogate Borough Council will inform the CPA 2005 judgements on both the Council's use of resources and its "direction of travel" on improvements.

6.0 CONCLUSIONS

6.1 The Council is able to demonstrate through the vfm self-assessment that it has been delivering improvements in service costs and quality for a number of years and that it is achieving value for money over a range of services in line with its corporate priorities (**see Appendix 3**). There are also some areas where costs and quality are less than planned, highlighting vfm issues for further consideration and action in a later report.

6.2 In addition, the vfm self-assessment has confirmed that cashable savings of £439,160 were achieved by 31st March, 2005 in line with the Authority's Annual Efficiency Statement for 2004/2005 (**see Appendix 4**).

6.3 However, the self-assessment has also shown that the Council's current vfm monitoring and reporting arrangements are not sufficiently well co-ordinated to be as effective as they could be in support of the Council's management of value for money. These arrangements will be examined as part of the 2005 corporate planning process to ensure that the Council's new strategic priority action on Resources and Priorities is achievable following the adoption of the Strategic Plan in October 2005.

6.4 As part of the VFM self-assessment, it is proposed to put together an Action Plan on VFM for the Council's consideration which will include:-

- (a) the development of actions to inform a corporate Use of Resources Strategy in 2005/06 to overarch the Council's current strategies on procurement, Annual Efficiency Statements, partnerships, project appraisal etc and ensure that they are corporately co-ordinated to delivery one vfm agenda across the organisation, linked to the Resources and Priorities strategic priority action.

- (b) reviewing the current cost and performance monitoring and reporting arrangements to ensure they are effective at informing Member and Officer decisions on vfm as part of the Resources and Priorities strategic priority action.

OFFICER CONTACT: Please contact Mike Simpson if you require any further information on the contents of this report. The officer can be contacted at Department of Corporate Policy and Improvement, Council Offices, Crescent Gardens, Harrogate HG1 2SG by telephone on 01423 556065 or by Email – mike.simpson@harrogate.gov.uk

SUSTAINABILITY ASSESSMENT / POLICY CONSIDERATIONS

		Implications are		
		Positive	Neutral	Negative
A	Economy			
B	Environment			
C	Social Equity			
i)	General			
ii)	Customer Care / People with Disabilities			
iii)	Health Implications			
D	Crime and Disorder Implications			

If all comments lie within the shaded areas, the proposal is sustainable.