

Audit and Governance Committee

10 August 2020

Approach to value for money

For Decision

Portfolio Holder: Cllr P Wharf, Corporate Development and Change

Local Councillor(s): All

Executive Director: Aidan Dunn, Executive Director, Corporate Development

Report Author: Bridget Downton
Title: Head of Business Insight and Corporate Communications
Tel: 01929 557268
Email: bridget.downton@dorsetcouncil.gov.uk

Report Status: Public

Recommendation:

Audit and Governance Committee recommends that Cabinet develop a value for money framework and timeline setting out how it will implement value for money benchmarking of all services to feed into a prioritisation exercise for conducting fundamental value for money reviews of the all the council's services.

Reason for Recommendation:

To ensure that the council is delivering value for money in all its services.

- 1. Executive Summary** Dorset Council has not yet developed a systematic approach to ensuring that its services are delivering value for money (VfM). Before local government review, a range of arrangements were in place across the predecessor councils. Work is now needed to implement an effective and systematic review of the value for money across all of the council's services. Work has been delayed on progressing this as a result of the current pandemic but the current financial challenges mean that this work now needs to be prioritised.
- 2. Financial Implications:** With scarce resources, it is essential that the council ensures that it secures best value for all of its expenditure and that it reports VfM performance systematically and accurately.

3. **Climate implications:** no specific implications from this report although value for money reviews will need to take account of climate impacts.
4. **Other Implications:** None in relation to this report
5. **Risk Assessment**

Having considered the risks associated with this decision, the level of risk has been identified as:

Current Risk: Medium

Residual Risk: Medium

6. **Equalities Impact Assessment:** The fundamental service reviews will need to include equalities impact assessments where changes to services are proposed as a result of the reviews.
7. **Appendices:** None
8. **Background Papers:** None

9. Further information

What is value for money?

- 9.1 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.**
- 9.2 In addition to the traditional three “E”s, a fourth “E” is applied in some places:
 - **Equity:** the extent to which services are available to and reach all people that they are intended to – **spending fairly.** Some people may receive differing levels of service for reasons other than differences in their levels of need.
- 9.3 Dorset Council does not yet have a single, corporate approach to VfM. A range of approaches existed in the predecessor councils and some activity has been carried forward into Dorset Council. Previous internal and external reviews will provide useful insight into the strengths and weaknesses of these approaches to enable Dorset Council to develop a

comprehensive approach to VfM. In an ideal world, more work would have been done on this ahead of local government reorganisation but there was not time for this – councillors will remember that the focus was on safe and legal for day one. Diversion of resources into responding to the coronavirus pandemic has also impacted on progress with this work. Ironically, the financial impacts of the pandemic mean that this work takes on a renewed importance.

- 9.4** A range of activity contributes to ensuring that Dorset Council delivers value for money but more needs to be done to demonstrate this more clearly.
- 9.5** Significant savings were delivered as part of local government reorganisation. Value for money considerations are implicit in a range of routine council activity such as budget setting, budget monitoring and contract management. In the autumn, the council will be considering a new procurement strategy which will be a key component of securing value for money.

Proposed approach

- 9.6** The council is in the process of developing and implementing a robust approach to performance monitoring and management. This work has been delayed because of resources being diverted into dealing with the coronavirus pandemic but work has recently restarted including the recent agreement of the council's performance management framework. Regular performance reporting is now underway. The Portfolio Holder for Corporate Development and Change will be chairing a monthly meeting of portfolio holders and executive directors which will examine service performance alongside budget performance. The next logical step will be to review these alongside the value for money of the council's services. The council does not currently have all the information needed to do this.
- 9.7** The proposal is to develop a value for money framework and timeline setting out how to implement value for money benchmarking of all services to feed into a prioritisation exercise for conducting fundamental value for money reviews of all the council's services. The fundamental service reviews will need to include activity around:
- Comparing ourselves to the best in terms of both performance, cost and value for money.
 - Challenging whether Dorset Council is best placed to provide the service and also the best way to provide the service including different ways of working; different service delivery options; and exploring commercial market options. This could also include reviewing any currently outsourced services.
 - Consulting our customers (be they internal or external) to find out what they want from the service.

- 9.8** A key piece of work will be a systematic benchmarking exercise across all of the council's services to identify strong and weak areas of performance and cost. This will enable a prioritisation exercise to deliver a timeline for fundamental service review.
- 9.9** The approach to fundamental service review will be overseen by the Portfolio Holder for Corporate Development and the council's Corporate Leadership Team. It will be worked up by officers from finance; business intelligence & performance; and digital & change.
- 9.10** As part of local government reorganisation, the Dorset Council restructured its corporate support services. This resulted in business partners being set up to support the frontline business teams. Business partners are in place to provide support to frontline services in relation to the following corporate functions:
- Business Intelligence and Performance
 - Communications
 - Digital and Change
 - Finance
 - HR
 - Procurement
- 9.11** The business partner role is a new one. They are there to:
- influence strategy and business outcomes,
 - collaborate with managers to further policy goals,
 - offer expert analysis and interpretation,
 - present options to resolve problems and exploit opportunities,
 - develop understand and inform decision making:
- 9.12** The business partners will be key to providing data, information, support and challenge through the fundamental service review process.

Footnote:

Issues relating to financial, legal, environmental, economic and equalities implications have been considered and any information relevant to the decision is included within the report.