



Cabinet 25 June 2008

Use of Resources Assessment (Jun08/10)

1. Summary and Reasons for Recommendations
1.1 As part of the Comprehensive Performance Assessment (CPA) framework and forthcoming Comprehensive Area Assessment (CAA), all Councils are required to carry out an annual Use of Resources Assessment. The Assessment looks at how well the Council manages and uses its financial resources.
1.2 The purpose of this report is to outline the arrangements for the 2007 Use of Resources Assessment and to seek the Cabinet's approval of the value for money element.
2. Recommendations
2.1 It be noted that the Chief Finance Officer, in consultation with the Portfolio Holder for Resources and Efficiency, prepare and submit to the Audit Commission, the returns for the Council's Use of Resources Comprehensive Performance Assessment relating to financial reporting, financial management, financial standing and internal control (parts 1-4).
2.2 The self-assessment for the value for money element of the Use of Resources Assessment (part 5), attached as Appendix A to Report Z66, be approved and the Chief Finance Officer, in consultation with the Portfolio Holder for Resources and Efficiency, be authorised to carry out final editing, make any minor amendments required and submit it to the Audit Commission, together with any other background information and evidence required.
3. Corporate Objectives
3.1 The recommendations meet the following, as contained within the Corporate Plan:- (a) Corporate Priority : <i>'To raise corporate standards and efficiency'</i> ; and (b) Cabinet Commitment : <i>'Improving efficiency and value for money'</i> .

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4. Key Issues Background

- 4.1 In 2005, the Audit Commission introduced the Use of Resources (UoR) element of the Comprehensive Performance Assessment (CPA). This annual assessment focuses on financial management and how it is integrated with strategy and corporate management. Whilst the Portfolio Holder for Resources and Efficiency and the Director of Resources have the lead role in much of this work, the Audit Commission stresses that it should be a corporate responsibility.
- 4.2 Under the existing CPA methodology and forthcoming Comprehensive Area Assessment (CAA) judgement, the UoR assessment is a key evidence source in the Commission's decision on whether or not to undertake a corporate assessment. Indeed, our previous positive value for money judgements assisted in our achievement of a 'excellent' CPA score.
- 4.3 The overall UoR judgement is made up of an assessment of five themes:-
- (i) **Financial reporting** – How good are the council's financial accounting and reporting arrangements?
 - (ii) **Financial management** – How well does the council plan and manage its finances?
 - (iii) **Financial standing** – How well does the council safeguard its financial standing?
 - (iv) **Internal control** – How well does the council's internal control environment enable it to manage its significant business rates?
 - (v) **Value for money**
- 4.4 For each theme, there are a number of key lines of enquiry and areas of audit focus and evidence. Judgements will be made for each theme using the following scale:-
- 1 = below minimum requirements – inadequate performance;
 - 2 = only at minimum requirements – adequate performance;
 - 3 = consistently above minimum requirements – performing well; and
 - 4 = well above minimum requirements – performing strongly.
- 4.5 The five themes are based on statutory and professional requirements and best practice. The key lines of enquiry for these themes have been drafted with reference to the Chartered Institute of Finance and Accountancy (CIPFA) FM model (Improving Financial Management and Effectiveness in the Public Service). Auditors will ask for evidence to support the criteria when they complete the assessment. As in previous years, these four 'technical' returns have been completed by officers in the Resources Directorate, reflecting the adopted policies and procedures of the Council.
- 4.6 For theme (v) each council is also required to prepare a self-assessment showing how they deliver value for money for their communities. As St Edmundsbury scored 3 for the value for money theme in 2006 and 2007, we are only required to provide an update of the self-assessment that was submitted last year, identifying any significant changes. The draft self-assessment is attached as Appendix A. This needs to be completed and returned to the Commission by the beginning of July 2007.
- 4.7 The Cabinet is asked to approve the self-assessment at this meeting, subject to any minor corrections required.

4.8 The timetable for the Use of Resources Assessment is earlier than in previous years.

July 2008 Deadline for submission of UoR self-assessments.
 September 2008 Audit Commission Assessment fieldwork in district councils.
 December 2008 Scores published by the Audit Commission.

To meet this revised deadline, a draft copy of the self-assessment will need to be sent to the Commission before the end of the normal call-in period for Cabinet decisions.

5. Other Options considered

5.1 An assessment of the Council's value for money work is required to be submitted. The Audit Commission's suggested key lines of enquiry have been followed.

6. Community impact *(including Section 17 of the Crime and Disorder Act 1998 and diversity issues)*

6.1 General

6.1.1 The UoR assessment is designed to ensure that the Council manages public funds effectively and efficiently on behalf of local taxpayers, delivering good value for money in all services. This complements the Council's own commitments to improve efficiency and deliver sustainable increases in council tax.

6.2 Diversity

6.2.1 The assessment affects all members of the community equally, although it reflects the particular circumstances affecting St Edmundsbury's residents.

7. Consultation

7.1 The self-assessment has been prepared by an officer team in consultation with Portfolio Holders. The responses made by the Council reflect previous consultation on corporate priorities and policies.

8. Resource implications *(including asset management implications)*

8.1 The self-assessment reflects the Council's existing commitment to make significant Dynamic Review – Innovation, Value and Enterprise (DR-IVE) savings for the local taxpayer. Completing the self-assessment itself has required the input of a cross-cutting team of officers, led by the Corporate Director for Resources.

9. Risk Assessment *(potential hazards or opportunities affecting corporate, service or project objectives)*

9.1 Failure to complete the self-assessment or a poor judgement from the Audit Commission would carry strategic risks to the Borough Council, particularly in relation to CPA. However the main risk is an indirect one and relates to the Council's commitments to improve efficiency and to deliver sustainable increases in council tax; the Audit Commission's UoR judgement for the Council will reflect its ability to deliver these commitments.

Risk area	Inherent level of Risk (before controls)	Controls	Residual Risk (after controls)
External Inspection / Comparison	Medium	Strong focus on wide improvement agenda in Council Improvement Plan. Plan kept up to date to reflect changes and findings of external inspection (e.g. UoR). Cross-	Low

		directorate working to co-ordinate external inspections and CPA process.	
Demonstrating value for money, financial control/standing to citizens, politicians, CPA, DCLG	High	Use of Resources (UoR) programme team established to deliver the 2005, 2006 and assessment comprising SPU, Finance, Property, Audit and Procurement Officers	Medium
10. Legal or policy implications			
10.1 The self-assessment will reflect adopted policies and practices.			

Ward(s) affected	All	Portfolio Holders	Resources and Efficiency
Background Papers	2007 UoR Self-Assessment	Subject Area	Corporate Plans and Strategies Finance Property Management

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St Edmundsbury
BOROUGH COUNCIL

Value For Money

Self-Assessment

2008

(covering the financial year 2007/2008)

Last updated 5 June 2008

Authority	St Edmundsbury Borough Council
Chief Executive	
Key contact	
Date Completed	

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Summary of progress made since our last Value for Money Self-Assessment

- ✓ Efficiency savings of £860,150 achieved in 2007-2008.
- ✓ Council Tax increase below the retail price index.
- ✓ Achieved excellent council status from the Audit Commission with 58 points scored out of maximum of 60.
- ✓ Awarded £5m for Growth Area Status.
- ✓ Tourist Information Centre finalist in Enjoy England Visitor Attractions Award 2007.
- ✓ Awarded £694,000 under the Local Authority Business Growth Incentive Scheme in 2007/08.
- ✓ Public Service Village awarded 'green' status for Gateway Review 3 in 2007 (less than 12% of all projects nationally gain this status).
- ✓ Public Service Village awarded £35,000 by the Regional Centre of Excellence.
- ✓ Won Best Innovation East of England for Crime and Disorder Reduction Partnership art exhibition and awarded £5000.
- ✓ Won £20,000 in funding for the CB9 media hub project.
- ✓ Grant from Big Lottery Fund of £200,000 to implement new play strategy.
- ✓ Signed Nottingham Declaration, pledging to work with others to combat climate change
- ✓ Bury Festival finalist in Suffolk tourism awards.
- ✓ Secured grant from Low Carbon Trust for West Suffolk House green initiatives.
- ✓ Countywide partnership of legal teams won or were shortlisted for various regional and national awards.
- ✓ Countywide partnership of audit teams shortlisted for national award for innovation and excellence.
- ✓ Working with housing providers secured £3.5 million for 161 new affordable homes to be built over the next three years – with another 74 in the pipeline.
- ✓ Received wide local support and national media coverage for Zero Waste Week.
- ✓ Successfully introduced Homelink – choice-based lettings scheme giving people more choice about their homes – in partnership with west Suffolk and Cambridgeshire councils.
- ✓ Introduced innovative kerbside battery recycling – four tonnes collected within three months.
- ✓ Work started on £9.25 million five-screen cinema, three retail and restaurant units and a drive-through in Haverhill – due to open autumn 2008.

5.1 - The council currently achieves good value for money

[The council]... has adopted an innovative approach to achieving efficiencies through service reviews and the DR-IVE programme', Audit Commission, February 2008.

Securing efficiency and value for money remains a high priority for us. One of our four corporate priorities is 'to raise corporate standards and efficiency'. The Cabinet identifies a set of commitments each year and improving efficiency has been a Cabinet commitment since 2003.¹

As well as our DR-IVE (Dynamic Review - Innovation, Value, Enterprise) programme (see section 5.1.1), we challenge value for money in various ways, For example:

- **Public Service Village.** We are working in partnership with Suffolk County Council on the first phase, West Suffolk House, of this innovative project to provide a new purpose built facility for delivering St Edmundsbury and Suffolk County Council's western area services. The business case for this project identifies potential annual operational cost savings by year four in excess of £370,000 (before allowing for the financing costs of the scheme). After allowing for capital financing costs and the effects of annual inflation (at 3.5%), over a 25 year period the project should produce cumulative savings for the council of up to £5.9m. In addition to direct savings in the business case we expect the PSV to act as a catalyst for even more efficient service delivery through service integration.

- **System review of human resources.**

The purpose of this review was to ensure that we deliver a recruitment and appointment process that ensures that approved posts are filled in a timely and efficient manner. The review focused on mapping the existing 'as is' recruitment and appointment process, identifying opportunities to eliminate wasteful activities from the process in order to produce a streamlined 'to be' process thus generating service efficiencies. Recommendations from the review included providing more advice and guidance to recruiting managers and provision of short training courses for recruiting managers².

- **Delivering services in partnership.**

Joint working continues to be an important way of ensuring value for money. For example, we have a history of working together with Forest Heath District Council on waste management issues. Both councils recognise that improved customer service, economies of scale and the provision of a more robust and flexible waste management service could be achieved by working together under a partnering relationship to deliver Waste and Street Scene Services. In March 2008 both partners agreed a Business Plan³ which aims to achieve greater efficiency and financial gains and a joint committee has been set up for governance of the partnership.

We have a system review programme to improve the performance and efficiency of our major services. Customer demands on the service and internal processes are evaluated. The aim is to improve systems so that work is carried out more efficiently and customer satisfaction is improved.

¹ Corporate Plan 2007

² Report to Service Delivery Review Panel Y463, January 2008.

³ Cabinet report Y647 19 March 2008

Increased efficiency releases capacity which can be used for other priorities.

In April 2007 our Service Delivery Review Panel approved the adoption of activity based costing techniques to provide cost information for each system review. Rough cut activity based costing (RcABC) provides broad quantification of the costs of providing each service.

Case study – rough cut activity based costing of recruitment services. The RcABC model provided a breakdown of the total costs for the recruitment process. Cost driver information was collected for 2006/07 and this provided broadly indicative unit costs for recruiting both management grade and support staff. Unfortunately no benchmarking has taken place with other councils as we are unaware of any councils that have detailed cost information for their recruitment processes. However, industry comparisons have been made which indicate that the council's recruitment costs are substantially lower than the industry average.

*'The Council has clear measures which enable it to work with other providers to evaluate processes, costs and outcomes'.
Audit Commission, February 2008*

Performance management is another important tool in managing value for money. We monitor performance to ensure that we are on track to meet our targets. The Performance and Audit Scrutiny Committee monitors performance indicators which track the progress of our services.⁴ Corporate Management Team (CMT) monitors the performance indicators on a monthly basis.

⁴ KPI report to Performance and Audit Scrutiny Committee – April 2008

We have a robust medium-term financial strategy. Our aim is to maintain Council Tax increases to a maximum of 0.5% below the Retail Price Index, although this is partly dependent on the Revenue Support Grant. Budget development is open and transparent and consultation informs decisions about priorities and spending (see paragraph 5.1.4 and 5.2). DR-IVE is one of the ways in which we are managing a deliverable and sustainable budget.

Policy Based Budgeting (PBB) provides a corporate assessment approach for all growth bids and is led by the Policy Development Committee. Decisions about growth link back to the five-year model, medium-term financial strategy and Cabinet Commitments. As part of the ongoing efficiency drive, areas for new expenditure for 2008/2009 were contained to 'unavoidable growth' (for example, the additional cost of concessionary travel)). The Committee also considered proposals for new income streams and increased charges. Grants to voluntary bodies are subject to scrutiny by a separate Grants Panel.

5.1.1 - Do costs compare with others allowing for external factors?

Compared to our Audit Commission nearest neighbour group⁵, our level of spending in many areas is relatively high. It is, however, reducing. Our level of spending reflects the fact that we are an ambitious council and deliver a wide range of services and over 30 capital projects, in a largely rural area with two major centres of population.

For a number of years the council has looked at ways of investing its capital in

⁵ Audit Commission nearest neighbour group comparison Value for Money profile May 2008

projects which benefit its local communities. Areas of higher spending are in line with council priorities. The best example of this is the additional resources given to the cleansing service when this was identified as a Cabinet commitment. This additional spending resulted in improved performance (increased performance of best value performance indicator 199) and increased customer satisfaction.

The table below sets out a summary of our spending based on the Audit Commission's value for money tool.

Service	£/head in 2007/08	£/head in 2006/07
Environment, Planning and Transport	£67.50	£66.60
Housing services	£7.98	£6.81
Culture	£47.32	£53.28
Home Office Services (emergency planning)	£0.54	£0.44
Central Services and other	£39.47	£50.56
Overall expenditure per head	£176	£178

As already outlined, we are proactively tackling the efficiency agenda. In 2006/07 we were ranked 8th out of the 238 district councils for projected cashable savings.⁶ Our DR-IVE programme challenges all parts of the council to make savings and ensures that we are delivering value for money. Over a three-year period it has resulted in a reduction of over £3.4 million in our budget from the 2004 baseline. These are substantial efficiencies for an authority of our size. Our DR-IVE efficiency process has

⁶ 2006/7 Forward Looking Efficiency Statements (www.communities.gov.uk)

been identified as notable practice by the Audit Commission.⁷

'Financial processes work well and these are enhanced by an innovative approach to efficiency and value for money'. Audit Commission, February 2008.

We have a clear strategy for Council Tax. Ensuring 'sustainable Council Tax increases' is a key activity for the Cabinet, within its improving efficiency commitment. These increases are tracked through the five-year financial model and the Cabinet sets a target tax increase each spring for the DR-IVE programme.

Unapportionable overheads are incurred primarily in respect of early retirements costs (where efficiency savings are achievable) and other non distributable costs associated with unused shares of ICT facilities and other assets. Due mainly to a decrease in early retirement costs, unapportionable overheads decreased from £8.56 per head in 2006/07 to £5.37 per head in 2007/08.

St Edmundsbury has relatively low levels of deprivation. Some areas within the borough have pockets of disadvantage, and we are refocusing our resources towards these areas, such as our work in priority health areas.

There are two main towns in the borough, but around 43% of the population live in our rural areas. The rural nature of the borough increases the cost of delivery of some services such as waste collection and benefits, although we work hard to ensure that these services are as cost effective as possible.

⁷ Corporate Assessment Report, Audit Commission, February 2008

Case study – housing benefits value for money.

Recent value for money analysis carried out by SPARSE (a partnership for rural authorities) explored the relationship between benefits performance and cost data from the Audit Commission's value for money tool. The analysis shows that we are performing 8% better than expected for the average authority given our level of spend on benefits administration.⁸

Having two major towns in the borough, Bury St Edmunds and Haverhill, also has an impact on the way our services are delivered. Many services need to be duplicated, with obvious impacts on costs. There are two leisure centres, three office bases and two waste depots, all of which have a significant impact on property and staffing costs. There are high levels of demand in Bury St Edmunds and Haverhill and it would be unacceptable to our customers to withdraw services from either town. Both offices and depots have been the subject of asset management plan reviews and solutions have been found to minimise costs, work in partnership and retain services. Both towns act as service centres for the surrounding rural areas.

As a result of the town development arrangements with the Greater London Council during the 1970s and 80s, both towns experienced high levels of housing and industrial growth and there were high levels of expectation, particularly for leisure and culture services. Demand for services is being reassessed through the programmed service and asset management reviews, such as the Heritage Review carried out in 2005 and the Parks Review which concluded in 2007/08.

⁸ SPARSE performance profiling service housing benefit analysis 2008.

We award high levels of grants to voluntary community, art and cultural organisations. We have criteria for assessing grant applications against our priorities.⁹ In addition to the Rural Areas Community Initiative Fund (see below) in 2007/08 we awarded £61,765 in grants to 14 projects and organisations. We also provided core funding grants to 20 organisations which totalled £1,168,945. Importantly, we are one of very few districts which provides a Parish Support Grant to parish councils. This Support Grant totalled £175,000 in 2007/08.

Case study – funding rural projects

The Rural Areas Community Initiative Fund has been operating since September 2005. There is a total commitment of £200,000 to the fund which offers grants of between £500 and £5000 towards the costs of community projects. Seventeen rural projects benefited from this scheme in 2007/2008, with £47,839.50 being committed.

There is significant demand for affordable housing in the borough and escalating house prices has increased this demand. Our strategic housing team has had another successful year. Funding of £3.5 million, secured in March 2007 from the Housing Corporation, is enabling the provision of homes for rent or sale on a shared ownership basis.

5.1.2 - Are costs commensurate with service delivery, performance and the outcomes achieved?

Our recent Comprehensive Performance Assessment showed that we are an excellent performing council. We aim to improve the quality of life for our residents as well as attracting visitors and businesses.

⁹ Grant form

Although we are an excellent council, we know that there are always areas where we need to improve and we are tackling these through our Improvement Plan.¹⁰

We have invested in some underperforming services, with impressive results in terms of outcomes for our community.

'The Council has robust processes in place to improve service performance. Its business systems review process involves cross department officers and councillors. This has led to improvements in a number of underperforming areas, such as benefits and homelessness'. Audit Commission, February 2008.

We performed well in the 2006/2007 user satisfaction surveys, which is the latest available national data¹¹. We performed above average in all of the general survey indicators and several of the indicators are top quartile. We are the best in Suffolk when the planning and benefits indicators are compared.

Satisfaction with...	Our performance	National average	Top quartile	Suffolk average
the Council	57	53.2	58	55.6
complaints handling	40	33.8	37	33
cleanliness	76	67.4	73	73.9
waste recycling	78	70	75	73.1
sports/leisure facilities	62	57.9	63	60.9
theatres/concert halls	51	41.4	53	44
parks/open spaces	82	72.9	78	75.3

¹⁰ Council Improvement Plan 2007

¹¹ Performance and Audit Scrutiny Committee report July 2007

In 2006/2007, 60% of our performance indicators improved, which is well in excess of the district average of 47% to 49%. 65% of our performance indicators are above the national district average and 38% are in the best quartile.¹²

We have high levels of capital and revenue reserves and have agreed a programme of capital investment which will deliver benefits to the community and improved services. In the past we relied on investment income on reserves to reduce Council Tax increases, but our DR-IVE programme means that we are no longer reliant on reserves and can invest capital to meet the priorities of our community. Examples from our capital programme include:

- Cattle Market Development – £16.6 million
- Improvements in Haverhill – £10 million (over ten years)
- Affordable Housing provision – £1.4 million
- Improvements to Leisure Centres – £7 million
- Haverhill cinema – £10.3 million

We evaluate the outcomes of our capital programme expenditure to ensure it is achieving its objectives. This is carried out through a Programme Board that meets every month to review all our projects. Our capital programme is subject to an annual review as part of budget setting together with regular updates during the year to ensure the programme is meeting agreed targets.

Our ambitious capital programme involves a number of partners working together on high profile and high value projects such as the Cattle Market development in Bury St Edmunds and the cinema in Haverhill. The

¹² Annual Audit and Inspection Letter, March 2008.

development of a Public Service Village is a good example of how we are using capital investment with partners to challenge existing service models to transform service delivery.

In addition to delivering our statutory services, we provide a wide range of discretionary services for our community's benefit, including investment in culture, leisure and heritage services, bus station, CCTV, civic events, shopmobility, health and youth and community development work.

Any unintended high spending and emerging areas of budgetary pressure are identified through our budget process and five-year financial model. Monthly budget monitoring reports are provided to cost centre managers, heads of service and corporate management team. In addition, quarterly budget monitoring reports are presented to the Performance and Audit Scrutiny Committee and Cabinet. These reports include explanations for significant variances together with details of proposed corrective action and funding arrangements where appropriate¹³. Where these processes identify the need to make revenue savings our DR-IVE processes establishes areas where savings can be achieved.

5.1.3 - Do costs reflect council priorities?

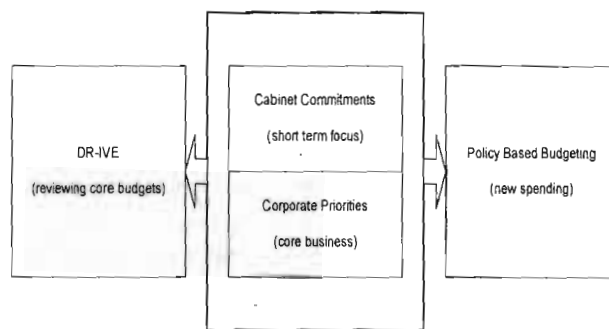
Strong corporate and financial management ensures that we are able to allocate resources where they are most needed and align them to priorities. A well-established budget setting and service planning process ensures that our published plans are realistic and funded, and that we are able to

¹³ Examples, Cabinet report Y557 includes an explanation regarding highways and car parking variances. Cabinet report Y404 concessionary bus fare scheme.

mobilise resources quickly to where they are most needed and in proportion to risk and outcome.

Cabinet Commitments provide a focus for short-term investment¹⁴. Corporate priorities reflect longer term aims and our core business. Our ongoing costs are managed through the DR-IVE process and the five-year model¹⁵.

The diagram below shows how corporate priorities influence our budget setting process.



We have a track record of making investments to deliver our corporate priorities. For example, the Cattle Market development in Bury St Edmunds has attracted some £100m investment in the town centre. We have invested £13.76m in the delivery of the new public venue and underground car park as part of this development. In addition, in Haverhill we are investing £9.25m in providing a new cinema and restaurant complex which will provide much needed leisure facilities and promote economic development of the area. The financial return on this investment is expected to cover the loss of interest on our capital expenditure.

The Asset Management Plan Action Plan helps us to achieve our strategic aims and identifies the most appropriate property

¹⁴ Annual report of the Cabinet 2006/2007

¹⁵ five-year model

portfolio to meet service delivery needs and helps to support major items within the Capital Programme. In March 2007, a case study by York Consulting for the Department for Communities and Local Government concluded that we were a 'strong performer on asset management and its approach to capital expenditure', offering much of what we do as good practice to others.

An assessment of value for money is part of the Asset Management Plan assessment process for reviewing both operational and non-operational properties.

The five-year financial model allows us to engage in scenario planning of potential future financial options. Regular scenarios are run with Councillors and officers with different assumptions of key variables such as expenditure on projects, levels of Council Tax or varying levels of capital receipts. The model is then used to decide the best course of action through the year and during budget setting process. For example, proposals for changes in the level of Housing Benefit Administration subsidy were factored into the financial model and thereby reflected in overall savings targets through the DR-IVE process.

Consultation influences our priorities and, consequently, spending is allocated to achieve these. One example of this is our continued focus on affordable housing which is supported by Suffolk Speaks data as well as consultation on various projects, including the rural services review and housing requirements study. These priorities have been reaffirmed by both the Suffolk Speaks survey and the User Satisfaction survey in 2006¹⁶.

'... [the council] has clear priorities that are based on local need and consultation with the community and partners. The Council is clear on what matters to local people and this has informed their community ambitions and priorities. It has allocated resources in line with priorities'. Audit Commission, February 2008.

5.2 – How well does the council manage and improve value for money?

We use budget monitoring and financial management to ensure that costs are managed. We have invested in resources for procurement work with partners to ensure that we manage costs whilst maintaining service standards. Our five-year model means that we can monitor the medium to long term impact of spending decisions.

As mentioned above in section 5.1. we have started to use activity based costing techniques to produce transactional costs information as part of our systems review process. Detailed analysis of transitional and unit cost information is used to identify where process improvements can be made and will attempt to quantify such benefits in terms of cashable savings and service improvements. Use of transactional costs information will form an important element of evaluating future service delivery models.

Our work around the efficiency agenda has resulted in significant savings. Our innovative DR-IVE programme is central to the way in which we manage costs. It allows us to challenge base budgets and examines the way we work to make sure it is as efficient as possible. DR-IVE is about making services more efficient, ensuring value for money and increasing performance.

¹⁶ Performance and Audit Scrutiny Committee report July 2007.

Through our systems review process we have been able to improve the efficiency of key services, planning, waste management, homelessness and revenues and benefits.

We plan for growth, and the Policy Based Budgeting process helps us to prioritise growth bids against our corporate objectives. The main drivers in this process are our five-year financial model and our commitment to provide services in a more cost effective manner.

As stated above, our priorities, and thus, spending decisions, are based on community need. This is reflected in a capital programme which has funded affordable housing schemes, a cinema and car parking investment in Haverhill and a number of rural initiatives. In addition, equality impact assessments are carried out on proposals for changing the way services are delivered. This ensures that we think carefully about the likely impact of our work on all people in St Edmundsbury. An example of this is the impact assessment which was carried out on the proposals to change the payment service¹⁷.

We collect information on the needs of our diverse communities in a number of ways. This information is used to improve access to services, outcomes and value for money. For example, we analyse our user satisfaction data by various demographics so that we can identify any differences. We also carry out targeted consultation with different groups such as consultation with Polish residents. Other consultation exercises are balances to ensure that a range of views are heard. For example, a budget consultation focus group included a mixture of people living in rural and urban area.

We recognise the importance of ensuring that we use and produce accurate and

¹⁷ EIA of payment options – July 2007

timely data. Our recently approved Data Quality Policy¹⁸ outlines our data quality standards and includes an action plan to ensure that data quality procedures are embedded throughout the council.

5.2.1 – Does the council monitor and review value for money?

We have effective processes in place to review and improve value for money. These processes build on private and public sector learning, to achieve our corporate priorities. Our efficiency processes are kept under review to ensure that they are fit for purpose.

Our corporate planning and performance cycle¹⁹ integrates service and financial planning. The annual budget proposals are scrutinised by the Policy Development Committee before being considered by Cabinet. The budget is then adopted by full Council in February each year.²⁰

Budget development is managed by the DR-IVE and PBB processes. Supplementary estimates are now rare as the majority of growth bids are considered through the PBB procedure so that all bids are assessed corporately. In 2005/06 there were five supplementary estimates relating to investment in our efficiency programme and to the delivery of key elements of new legislation. There were no supplementary estimates in 2006/07 and in 2007/08 there were only two supplementary estimates. These related to concessionary fares (£223,400) and legal costs for a tree preservation order (£55,000), both unexpected pieces of work that had to be dealt with using supplementary estimates.

¹⁸ Data Quality Policy, March 2008

¹⁹ Corporate Planning and Performance Cycle

²⁰ Budget Report to Council – February 2008

Our PBB process is outlined in 5.1.4 above. As part of the bid process, each application for growth must be accompanied by 'success criteria' indicating what benefits would be provided to service users. One year later these success criteria are re-visited by the Overview and Scrutiny Committee which investigates to what extent they have been met.²¹ This forms the final stage of the process, and monitors whether the money allocated has achieved the expected outcomes and that budget growth has delivered value for money.

In addition to our investment in major capital projects, our treasury management and non-operational property portfolio generate substantial returns which help us to deliver our priorities. It is estimated that in 2008/09 treasury management activity will generate income of £2,105,000, which is equivalent to £56 for each Council Tax band D property. Our non-operational property and assets portfolio will generate income of £2,238,850, which is equivalent to £59.56 for each Council Tax Band D property.

As well as internally reviewing our services using, for example our DR-IVE process, we seek external advice to help ensure that we are delivering value for money.

Case study – Gateway Review

We have used the external 4ps Gateway Review for the PSV project. The purpose of the review was to confirm the business case and check that all the necessary statutory and procedural requirements were followed throughout the procurement process. The independent review found that the project is being managed very effectively with close control of risk, cost, and quality in evidence. It found that the PSV project team has paid attention to issues of budget control and put sound measures in place to monitor costs and deliver value for money.

Several cost indicators are monitored quarterly by Performance and Audit Scrutiny Committee and monthly by Corporate Management Team. Any projected cost overruns can then be mitigated well before year end and closure of the accounts. We rely on earned income from investments and these are monitored daily and reported monthly to ensure targets are met.

5.2.2 – Has the council improved value for money and achieved efficiency gains?

An analysis of the medium to long term efficiency of the council was conducted in early 2004 with the result that our cost structure had to be addressed.

Our DR-IVE programme was launched in April 2004, one year ahead of the formal Gershon requirements placed on all local authorities to tackle efficiency.

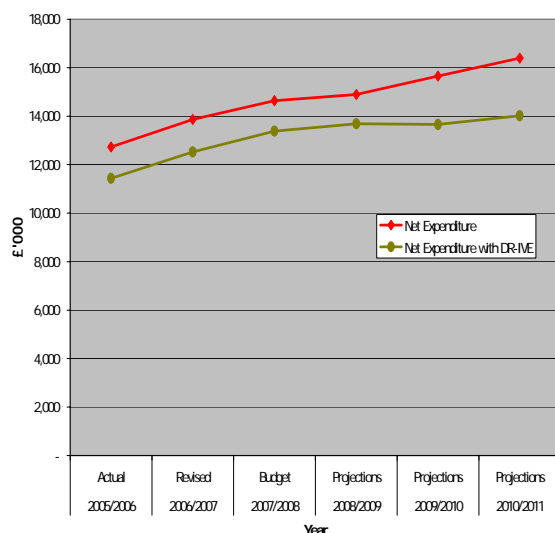
DR-IVE provides the framework for our work on efficiency and we have set ambitious targets. Significant savings targets have been achieved.

The table below shows the target savings of £4 million to be achieved over the three year period 2005 to 2008. These levels of savings represent a target of a 19.38% reduction in expenditure against the base line 2004/5 level of £20,636,000. All savings are cashable. Any unachieved savings target is carried forward to future years.

	2005/6	2006/7	2007/8	2008/9	2009/10
Target	£1.4 million	£1.3 million	£1.3 million	£850,000	£880,000
Actual	£1.3 million	£1.3 million	£860,000		
Cumm. % reductio	6%	13%	19%		

To ensure that Council Tax rises are maintained at an acceptable level we are delivering savings of £900,000 during 2008/09 with targets to achieve a further £2m savings over the period 2009/10 to 2011/12 through reduced costs and increased income.

The effect of these savings on our net expenditure is shown below. The projected net expenditure before DR-IVE is shown in red and climbs steadily. By delivering the DR-IVE savings committed to, net expenditure remains broadly at 2003 levels until 2007 (the green line). With equivalent or better levels of service provision, this represents value for money.



5.2.3 – Do procurement and other spending decisions take account of full long-term costs, including environmental and social costs?

We have very effective procurement practices. Our Procurement Strategy²² acknowledges the importance of collaborative and shared services, the need to embrace new procurement technology and the social and environmental impact of procurement decisions.

Savings of up to 33% have been achieved on some contracts. £75,000 savings were achieved in 2005/06, £52,000 in 2006/07 and £40,000 in 2007/08. These savings are in addition to the ongoing savings achieved as a result of staff training in negotiation skills and new contract rules, which include the appropriate references to equality legislation.

Along with two neighbouring authorities we employ a dedicated Procurement Officer who has extensive private sector commercial expertise. In 2007/08 we worked together on procurement activities as diverse as: cleaning materials, sanitation services, cash payment systems, tyre maintenance services, banking services and insurance. All of this work has generated either reduced costs or improved service delivery. For example, our new cash payment service will enable all our Council Tax and Business Rate payers to use their local post offices and shops to make cash payments.

²² Procurement Strategy Cabinet paper Y637

Case study – sub-regional choice based letting service. We have worked with colleagues across the Cambridge sub-region. All seven partners agreed a common allocations policy which means that someone looking for accommodation in one of the partner areas is assessed on the same basis if they try to find accommodation in another area. All seven partners committed to the procurement process for ICT to support the new service.

Whole life costing is considered as part of our project management and procurement processes. We provide guidance to support staff in their consideration of whole life costing²³.

We are increasing the knowledge and skills of all staff involved with procurement by providing training in key skills such as negotiation. We have updated our Constitution and Contract Procedure Rules. Standardised tender templates have been developed along with guidance on tender evaluation including life cycle costing and the use of objective tender assessment techniques.

The Public Service Village (PSV)²⁴ and the Cattle Market development²⁵ are two major projects where whole life costing is being used. This will help us to make the right decisions in terms of long term costs over a 25 year period. The PSV project has attracted external funding for feasibility work and a successful second bid for detailed designed project management from the regional centre of excellence.

²³ See Guidance on Evaluating Tenders, Guidance to the Project Initiation Forum as examples

²⁴ PSV – project objectives

²⁵ Report (and addendum) to Cattle Market Working Party (Business Plan)

We have an excellent track record of attracting external funding to support the delivery of our priorities. Some of the most recent external funding we have been awarded includes:

- £5m obtained for Growth Area Status
- Working with housing associations, we have secured £5.5 million from the Housing Corporation over the past two years to deliver affordable housing.
- £1.5m from the East of England Development Agency for the Cattle Market redevelopment
- £1.1m from Centros Miller for the Cattle Market redevelopment
- £500,000 from the Football Foundation for the relocation of Haverhill Community Football club.
- £270,000 from Low Carbon Trust for West Suffolk House.

We have a strong record of delivering corporate priorities and improved value for money through partnership working. At a regional and strategic level we engaged in multi-agency working through the West Suffolk Local Strategic Partnership (WSLSP) using the Performance Reward Grant to deliver a number of projects. We are also making a positive contribution to the Suffolk Strategic Partnership and the development of the new Local Area Agreement.

At a more local level we are working in partnership in a number of areas to improve service delivery and value for money.

These include:

- Suffolk Joint Waste Partnership.
- Joint Waste Partnership with Forest Heath District Council.
- Suffolk Joint Emergency Planning Unit.

We have always had a strong customer focus to the development and use of ICT. ICT system development is driven by

business need and our systems review process.

'The use of ICT and e-government is supporting the Council's priorities. The Council take a business case approach to ICT developments.' Audit Commission, February 2008.

We were one of the first councils to move to a fully converged voice and data architecture with the implementation of an Internet Protocol (IP) telephony system. As well as providing a strategic communications platform, which enables service benefit such as contact centre working and remote working, it has resulted in a direct revenue saving on line rental and maintenance of £28,000 per year.

Virtual Private Network (VPN) technology is used to enable remote working and is a key enabler to deliver flexible workstyles. We continue to use technology to improve customer access such as e-payments, and online applications.

Conclusion

Although a small rural district council we have big ambitions, and the capacity to achieve those ambitions – as demonstrated by our achievement of 'excellent' CPA status. We have a track record of achieving value for money. We have a well-managed capital programme investing in our community, strong performance, clear leadership and rising levels of satisfaction.

We have high local expectations and satisfaction levels are matching our investments. We have a keen eye for detail – with the DR-IVE process embedding the need for efficiency savings into our everyday working culture and performance monitored regularly – but do not lose sight of the big picture through our focus on longer-term needs.

We are experienced, and particularly strong, in working in partnership with other councils and Government organisations as well as the voluntary and private sectors. This emphasis on partnership working means we are delivering the better, joined up, great value for money services our community rightly demands from us.