

VALUE FOR MONEY STATEMENT 2019/2020

Value for Money

Economy

Efficiency

Effectiveness

Equality



Our Environment | Our People | Our Future

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INTRODUCTION

Welcome to the Council's first Value for Money (VFM) Statement.

As a public authority, the Council has a duty to use its resources:

- ✓ **Economically**
- ✓ **Efficiently**
- ✓ **Effectively**
- ✓ **Equitably**

These are known as the 4 principles (or the 4 E's) of VFM.

Providing VFM may seem obvious given that the Council is spending Taxpayer's money.

In the public eye, councils can seem bureaucratic, who potentially waste public resources rather than using them wisely.

However, councils are democratically elected bodies and are required to have the highest standards of Governance, with appropriate checks and balances in place. Although this comes at a cost, these processes and procedures exist to ensure, amongst other things, that VFM is achieved.

VFM is not just about saving money or spending less, just considering the cost of everything. It should also consider the value and quality in service provision which may mean spending more if that is affordable and improves a service, etc. for residents

National Context

In recent years, overall resources for councils has fallen and the financial sustainability of several has come into question.

This has brought into focus the principle of achieving VFM in the use of public resources.

Financial Regulators and Auditors are once again focusing their resources on assessing the arrangements and delivery of VFM in councils.

Value for Money in South Derbyshire

VFM can mean different things to different people and people may not always agree that VFM has been achieved in every situation.

It is difficult for the Council to demonstrate that it provides VFM from every penny that it spends.

However, it should have a system in place which allows Members and Officers to pursue and demonstrate VFM in decision-making and service provision.

VFM should be at the heart of everything that the Council sets out to achieve.

This Statement sets out VFM in the context of the Council's priorities and key aims for South Derbyshire.

The Statement also provides some case studies over the previous financial year 2019/20, to demonstrate how the Council's System has been applied practically.



VALUE FOR MONEY: WHAT IT MEANS FOR SOUTH DERBYSHIRE

“Against the background of substantial growth in South Derbyshire, providing Value for Money (VFM) at the Council is set against the context of delivering and developing services in order to meet the needs of an increasing and changing population.”

Achieving the VFM Principles	Supported by Key Systems and Policies
Being Economic – “Spending Less” <ul style="list-style-type: none"> Providing improvements in a service within existing resources. Providing the same level of service at a lower cost. Getting the best price for a service or supply, etc. Generating additional income. 	<ul style="list-style-type: none"> Procurement Strategy. Financial Regulations Contract Procedural Rules and Guidance. <p><u>In Progress</u></p> <ul style="list-style-type: none"> Commercialisation/Income Generation Plan.
Being Efficient – “Spending Well” <ul style="list-style-type: none"> Developing services which have a minimal impact on current resources. Changing services to improve capacity and resilience. One-off capital investment which reduces long-term revenue costs. Transferring potential liabilities. Securing external funding to finance investment. 	<ul style="list-style-type: none"> Change Management Programme. Corporate Business Change Unit. Transformation Steering Group. Shared Service Arrangements. Developer contributions secured through Planning Applications (Section 106 Policy). Asset Management and Investment Plan External Bidding Policy.
Being Effective – “Spending Wisely” <ul style="list-style-type: none"> Developing services that meet the needs of service users. Providing services that are aligned to Corporate Plan priorities and improve key performance indicators. Changing services to mitigate risk for the Council. 	<ul style="list-style-type: none"> Corporate Plan Performance Management System. <p><u>In Progress</u></p> <ul style="list-style-type: none"> Customer Access and Digitisation Plan
Being Equitable – “Spending Fairly” <ul style="list-style-type: none"> Providing services which are accessible to all potential users. Improving services which have a beneficial impact on vulnerable groups. 	<ul style="list-style-type: none"> Equality and Fairness Scheme. Corporate Equalities Steering Group. <p><u>In Progress</u></p> <ul style="list-style-type: none"> Equality, Diversity and Inclusion Plan 2020 to 2024.



THE VALUE FOR MONEY TEST

When the Council previously considered proposals through its decision-making system for service development or change, etc. it was not always clear how VFM was to be achieved.

Therefore during 2019/20, a new requirement was introduced to specifically state in the report template considering any new proposals, how VFM was being achieved in accordance with the principles set out above.

This is effectively a Value for Money Test.

This Test is also used in the evaluation process which considers proposals for new Capital Projects.

The Council's Position

South Derbyshire is one of the fastest growing areas outside of London and the South East. Residential and business growth has been rapid, and this is set to continue well into this decade in accordance with the Local Plan.

Although as this Statement is being published, the impact of Covid-19 is having an effect in the local economy, the Council finds itself in a position where it has the financial resources to increase budgets.

Growth, although generating additional income in the form of Council Tax, Business Rates and the New Homes Bonus, increases demand for the Council's services, for example in Waste Collection, Leisure and Recreational facilities, Planning and Street Maintenance.

In addition, a growing population and business community is changing the traditional infrastructure and demographics of the District in many areas.

With technology also changing communication channels, the way in which the Council interacts with an increasing number of residents and stakeholders, is also changing.

Spending More, Not Less

Therefore, the Council is increasing budgets and spending in many areas to meet demand and increasing expectations.

This is being financed from growth budgets and reserves built up from additional income. This is a key component of the Council's Medium-Term Financial Plan.

Therefore, in some instances, demonstrating VFM for the Council takes another form.

Economy (i.e. Spending Less) is not met where more money is being spent.

So, it is vital that the other tests of VFM are satisfied to ensure that the additional spending is targeted to be efficient, effective and equitable in the longer-term.



Generating Budget Savings

There is a risk that with this additional spending, and relatively less pressure to reduce costs compared to other authorities, that the Council increases spending and pursues its VFM principles at the expense of seeking budget savings.

However, this is mitigated through Procurement, investment in technology and through a Transformation Programme.

These tools are designed to reduce costs and make budget savings, but not to reduce services.

For example, the Council regularly purchases supplies and services through Consortiums to obtain the best prices for its vehicles, fuel and IT equipment

It uses an Energy Broker to review and obtain the best tariffs for the supply of gas, electricity and water.

CASE STUDIES

As stated earlier, it is not easy to demonstrate or record how every penny spent provides VFM.

However, when considering services and proposals where more significant resources are being consumed or there is on-going, regular spending, VFM should be demonstrated as a matter of course.

As examples, a series of case studies follow which demonstrate how the Council applies the principles of VFM and delivers against them to achieve its objectives.

These case studies do not cover everything that the Council has delivered in the year, but give a flavour, big and small, front-facing and in the back-office, of the range of activities and projects that demonstrate VFM.

The case studies demonstrate how the Council:

- ✓ Transfers assets for community benefit
- ✓ Uses existing capacity and skills to generate income and improve performance
- ✓ Utilises capital resources
- ✓ Employs other agencies to provide services
- ✓ Reshapes services to increase capacity
- ✓ Uses back-office functions to improve front-line services
- ✓ Works in partnership and generates external financing

And

- ✓ Continues to sweat its assets to generate resources and provide community facilities.



1. **Transferring Assets: Sale of Public Conveniences to a Parish Council**
(Approved by Finance and Management Committee 13 June 2019)

Background

In 1975, the Council built these public conveniences on Parish owned land. The Council had then subsequently paid the Parish £2,000 per year to operate and maintain the toilets.

Overtime, the toilets had deteriorated in condition due to a lack of planned maintenance and became urgently in need of refurbishment. Following consultation with the Parish, the Council agreed to transfer its interest and responsibility for the toilets to the Parish Council.

The Council and the Parish negotiated a deal whereby the Council paid the Parish a one-off sum of £16,000 as a capital payment for the refurbishment and future operation of the toilets.

Value for Money Test

Economic Benefits	Efficiency Gains	Effectiveness	Equality
Longer-term, the transfer will save the Council money.	A future liability for the Council was mitigated.	A local asset has been improved and the local community can now directly manage and maintain it.	Local facilities have been modernised and have been made more accessible.

2. **Making better use of Capacity and Skills: Role of the Business Support Officer (Environmental Health)**
(Approved by Finance and Management Committee 25 April 2019)

Background

This post was made up from a part-time to a full-time post on the Council's Establishment. This was in recognition of the support required for local businesses and the more efficient processing of food export certificates arising from business growth in the District.

The investment was also aimed at releasing professional officers from administrative duties to engage more with local businesses and to generate additional income from consultancy work.



Value for Money Test

Economic Benefits	Efficiency Gains	Effectiveness	Equality
Additional income of £28,000 per year generated compared to an additional cost of £8,000 per year.	The increase in hours created greater capacity and resilience in service provision.	<p>Environmental Health Officers are empowered to be proactive to limit the scale of enforcement activity through the delivery of a Better Regulation Partnership Plan.</p> <p>As at April 2020, 86% of local food businesses in the District had the highest national hygiene rating, ranking South Derbyshire as one of the best performing areas in the Country.</p>	The Service is fully accessible and open to all potential users.

3. **Capital Investment: Purchase of 4 Bungalows in the Parish of Repton** (Approved by Finance and Management Committee 13 June 2019)

Background

The Council bought 4 new properties from a private developer. These homes were added to the Council's housing stock to provide affordable housing in a high need area for such accommodation.

Value for Money Test

Economic Benefits	Efficiency Gains	Effectiveness	Equality
The properties were purchased at 50% of open market value, i.e. £115,000 each, compared to an open market value of £225,000 each.	<p>The Council used contributions from a separate planning agreement to purchase the properties so there was no direct contribution from the Council.</p> <p>The Council will also receive rent income of £17,000 per year, with the cost of management and maintenance being absorbed within existing resources.</p>	<p>The four bungalows were built to a high specification and offer general needs accommodation for families wishing to remain in the village who cannot afford to access market housing.</p> <p>Two bungalows were allocated to existing social housing tenants already living in Repton in larger family homes who wished to downsize.</p>	<p>The bungalows are adapted to meet the needs of disabled applicants on the Housing Register.</p> <p>They are close to local amenities, shops and schools and enable newly forming households and downsizers to remain close to family support networks.</p>



4. **Using other Agencies:** Appointment of Nottingham City Council to undertake an Energy Efficiency Assessment of the Council's Housing Stock
(Approved by Finance and Management Committee 28 November 2019)

Background

The Council required data to enable it to direct future capital investment set-aside to improve the energy efficiency of its housing stock. Nottingham City Council (Energy Services) was directly appointed to undertake the work in their role as advisors to the Local Economic (D2N2) Regional Partnership.

Value for Money Test

Economic Benefits	Efficiency Gains	Effectiveness	Equality
<p>The Council obtained a competitive price for the assessment through a partnership arrangement without the cost of a separate tendering exercise.</p> <p>20% of the Council's stock was assessed at a cost of £63,000, approximately £105 per property.</p> <p>As a comparison, a general (non-specific) survey of the Council's Housing 12 months previously had cost £72,000 (£240 per property) for a 10% sample; this price had been obtained following a tendering exercise.</p>	<p>The Council did not have the resources internally to undertake this assessment. To employ additional resources or to employ external consultants would have proved more costly.</p> <p>The appointment of Nottingham City Council had a minimal impact on current resources as they had skills and experience readily available to undertake the assessment.</p>	<p>The expenditure was incurred as a one-off cost to supply data to enable informed investment in improving the condition of the Council's housing stock, together with improving the efficiency and environmental performance of homes for its tenants.</p> <p>These are both key priorities in the Council's Corporate Plan.</p>	<p>No issues directly from the assessment itself.</p> <p>However, it should be noted that the results of the assessment may help future spending to be targeted at reducing potential fuel poverty.</p>

5. **Reshaping Services:** A Structural Review of Organisational Development
(Approved by the Finance and Management Committee 28 November 2019)

Background

As part of a Senior Management Restructure in April 2019, the Council created a new post of Head of Organisational Development and Performance (HODP). Subsequently, a new Team was formed which amalgamated existing resources covering HR, Policy, Performance Management and Communications.

The new structure refocused priorities on Learning and Development, centralised HR and Policy support, together with strengthening resources for Health and Safety. A Modern Apprentice Post was also brought into the Team.



Value for Money Test

Economic Benefits	Efficiency Gains	Effectiveness	Equality
<p>Improvements were made in a service within existing resources.</p> <p><i>There was a small additional cost (0.6%) of £3,000 per year, on a total service cost of approximately £1/2 million.</i></p>	<p>The focus was changed to support Council Services and to provide greater capacity and resilience in the functions.</p>	<p>The Council's Corporate Plan and Governance Statement both identify organisational capacity and resilience as a risk to successful service delivery.</p> <p>The creation of a senior post to lead ODP, together with a refocus of resources to support learning and development, were aimed at mitigating this risk.</p>	<p>The restructure ensures that Council services remain accessible to all users through the creation of a new Equality, Diversity and Inclusion Plan.</p>

6. Using Back-office Functions: Transfer of Housing Repair calls to Customer Services (Approved by the Finance and Management Committee 13 February 2020)

Background

This entailed the transfer of Housing Repair calls (from the Housing Service) into the Council's Contact Centre. The Service received on average 60 calls a day regarding repair issues which was resourced by two employees, who also had other duties.

The aim was to reduce the amount of customer contact (for example repeat and missed calls) and to release front-line staff to focus on operational and management issues.

Value for Money Test

Economic Benefits	Efficiency Gains	Effectiveness	Equality
<p>None.</p> <p>The Council increased costs by £21,000 per year to meet demand for its services.</p>	<p>Service provision was enhanced to create capacity in the Housing Service and to create resilience in dealing with calls by transferring them to a pool of staff in the Contact Centre.</p>	<p>The aim was to improve the service to tenants by dealing with requests in a timely manner and ensuring resources were prioritised, deployed and monitored on a consistent basis.</p>	<p>The aim was to give priority to those tenants most in need at any one time.</p>



7. Working in Partnership and Generating External Finance: Appointment of an Active Schools Partnership (ASP) Provider (*Approved by the Finance and Management Committee 29 August 2019*)

Background

The ASP is a not for profit organisation supported by the Council. The appointment of a full-time officer to work with the ASP was in response to an enhanced physical education programme being extended from two schools to 14 across the District.

Value for Money Test

Economic Benefits	Efficiency Gains	Effectiveness	Equality
The Service was expanded at no cost to the Council.	External income was secured from other agencies to cover the cost of the post.	<p>The focus of the Officer is to promote the positive effects of physical well-being to young people and to get them involved.</p> <p>This is in accordance with a key priority in the Council's Corporate Plan, i.e. to promote and support health and well-being.</p>	The Service is open to all schools and engages all participants.

8. Regeneration

As a growth area, regeneration and redevelopment is rapid. The Council, as a landowner, has played its part by *sweating its assets* from land sales and renting space to generate income and to provide new community facilities.

The Council also uses "Section 106" to negotiate funding from developers towards the provision of affordable housing (as highlighted in an earlier example) and the building of new facilities.

For example, major redevelopment projects in Swadlincote, Midway and Stenson Fields have generated capital receipts for the Council and provided local community centres in those areas. This has also enabled the Council to provide a new purpose-built Depot.

Space in the current Civic Offices is rented to another Agency to provide an income stream. The Council is currently in the early stages of planning for a new "Civic Hub" which will be financed from the Council sweating its assets in the Town Centre.



Economic Benefits	Efficiency Gains	Effectiveness	Equality
In these instances, apart from some professional fees and internal costs, the Council is not spending anything to achieve major investment.	In addition, a net income of over £2 million has been received to-date, with £3 million expected by March 2022. In addition, more modern facilities which will cost less to run and maintain, have been provided.	The regeneration and the Council's input are key priorities in the Corporate Plan to <i>“support economic growth and infrastructure”.</i>	Facilities have been provided to those communities most affected by redevelopment.

CLOSING REMARKS

The Council's Corporate Plan is focused on the *Environment, its People and its Future*. This is supported by sound financial management and good governance, for which VFM is a key component.

This Statement provides an overview of the Council's approach to providing Value for Money for its residents and other stakeholders.

It is important that the Council's approach and delivery of VFM is evidenced as clearly as possible. This helps to demonstrate in practical terms, that in challenging times and against the background of rapid growth and development, the Council is using public resources as economically and efficiently, effectively and equitably as possible.

Therefore, the Council will keep a system in place which allows Members and Officers to pursue and demonstrate VFM in decision-making and service provision.

Value for Money will be at the heart of everything that the Council sets out to achieve and deliver.

