

SWALE BOROUGH COUNCIL

**Service Improvement
and
Value for Money Strategy**

Status:	Draft
Version:	1
Date Ratified:	
Next Review Date:	June 2009
Accountable Member:	Portfolio Holder for Performance and Finance
Accountable Director:	Corporate Services Director
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1. Executive Summary

1.1 Our aim is to be a performance led organisation that delivers excellent public services, good value for money (VFM) and effective community leadership. To achieve this we need to be clear about our approach to VFM and improving services. In this respect the following strategy sets out where we are, where we need to be and how we intend to get there through:-

- Service Planning and Performance Monitoring
- Service Reviews
- Base Budget Reviews and the identification of growth and savings through the budget process.
- Making effective use of IT
- Effective corporate procurement
- Partnership and joint working
- Using customer feedback to ensure we are achieving value for money
- Creating and maintaining a Value for Money/ Performance culture

1.2 Current service review areas are Revenues, Cash Offices and Printing/ Graphics. Housing and Regeneration are regarded as priority areas for forthcoming service reviews. Further areas will be determined in accordance with the methodology set out in section 4.2 of this strategy.

1.3 Key milestones are as follows

Ref	Activity/ Milestone	Target Date
1.	Agree and Adopt this Value For Money and Service Improvement Strategy.	30 June 2008
2.	Cash Office Closure	11 July 2008
3.	Graphics and Print Room Review	To be advised
4.	Revenues Review	To be advised
5.	Annual Value for Money Report	30 September 2008
6.	Agree 2009/10 programme of Service Reviews following consideration of Annual Value for Money Report	31 October 2008
7.	Commence VFM reviews of Housing and Regeneration Services	1 January 2009

2. Background and Context

2.1 VFM is about achievement of the 5Es, namely:

Economy - is concerned with the cost of accessing resources such as premises, supplies (inputs) of appropriate quantity and quality to achieve the required outputs.

Efficiency - concerns how well inputs are used to achieve outputs ie. what the service produces. Classic efficiency indicators are cost per unit and output per person.

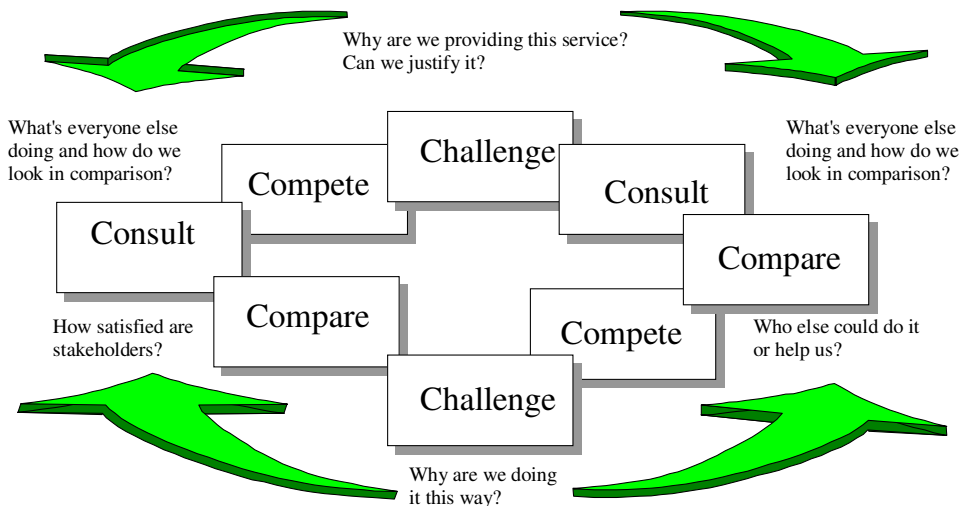
Effectiveness - is about whether the service achieves what it sets out to achieve (outputs and outcomes) and meets its objectives.

Equity and diversity - is about how effective the service is at achieving "equality objectives". Service planning will have to consider the way in which services impact on all sections of the community (including minority groups) and set targets to redress disparities in the provision of services to those that are socially, economically or geographically disadvantaged.

Environment - is about giving effect to the principles of sustainable development (summarised in *The Government's sustainable development strategy*: published in July 1999). Sustainable development is often defined as "development that meets the needs of the present without compromising the ability of future generations to meet their own needs".

2.2 Achieving VFM is not simply about one-off reviews. It is a process of continuous service review and improvement as illustrated below.

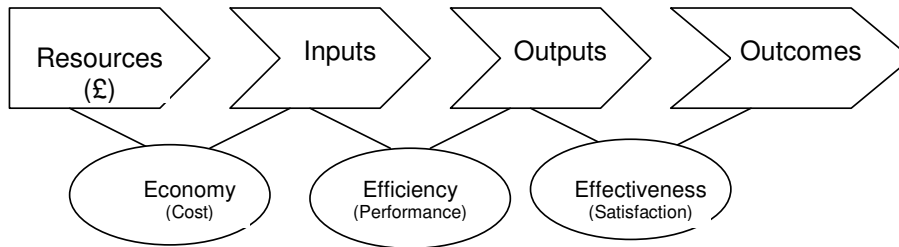
The Continuous Improvement Cycle



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2.2 VFM is achieved when there is optimum balance between economy, efficiency and effectiveness. The diagram below illustrates the relationship between these elements:



2.3 The basis of the improvement strategy at Swale Borough Council (SBC) since the inception of the Customer Service Centre (CSC) was with the aim of handling 70% of customers' calls at the first point of contact. Since that time nearly 100 service processes have been re-engineered to operate through the CSC and this development has received national acclaim and recognition. The CSC has reached its optimum level, dealing with most large volume areas. A more holistic approach is acknowledged to continue improvement of services from the customer's perspective. Work carried out in Benefits and Development Control using the "lean fundamentals" approach delivered significant improvements, efficiencies and increased customer satisfaction. The approach focuses on getting things right at the front end of service delivery to eliminate waste and unnecessary systems conditions to maximise value work.

3. Aims and Objectives

3.1 To achieve further value for money and service improvement, Swale Borough Council will:

- Integrate value for money principles within existing management, planning, review and scrutiny processes
- Acknowledge that there will be no further major service transfer to the CSC, only where there is a justified case will further refinement be permitted.
- Seek to apply Lean principles where appropriate to all areas of the authority's business.
- Implement a comprehensive and combined Performance Management, Risk Management and Service Planning framework using the Covalent Performance Management System that is fully aligned with the corporate plan and medium term financial strategy.
- Seek to release resources from areas that are not a priority

- Adopt recognized good practice where this makes sense
- Benchmark the Councils activities against other similar activities and organisations where this is considered useful
- Respond to opportunities to enhance the effectiveness, efficiency, economy, equity and environmental sustainability of activities
- Promote a culture of continuous improvement
- Demonstrate actively to both internal and external observers that the achievement of Value for Money is sought in all activities undertaken
- Ensure that all employees recognize their continuing obligation to seek value for money for the Council, and therefore the residents of Swale, as part of their routine activities
- Explore and where appropriate develop and engage in joint working and partnership arrangements to secure improved value for money

Approach

4.1 Service Planning and Performance Management

4.1.1 We are committed to playing our part in delivering the Community Strategy for Swale. To this end, our Corporate Plan sets out 4 priorities and 37 priorities for action. These 37 priorities for action are then translated into key performance measures and targets. In turn, the performance measures and targets are cascaded down through service plans into team plans and individual work plans and appraisals.

4.1.2 The achievement of targets is monitored through the routine line management and supervision of staff, and the measurement of actual performance against agreed milestones. Key performance management information is also drawn together at a corporate level through the Corporate Management Team, and reported through to the Performance Board, Scrutiny and Full Council.

4.1.3 Service planning is the cornerstone of effective performance management. Service Plans are a vital part of the 'golden thread', which clearly links corporate and community objectives through to financial planning and individual performance plans, so that each person in the council knows how they contribute to achieving the council's improvement objectives and corporate plan priorities. Service plans will:

- Provide a route map to the positive outcomes prioritised by the council and the community
- Help to identify and mitigate risks to planned service levels and improvements

- Outline and address customer needs
- Help to focus on key issues

4.1.4 Service Planning must arrive at the best value option for future delivery of services. This is essentially a **procurement decision** - that is, how to deliver or arrange for the delivery of a service. Options will include:

- **Service reduction** (all or part) eg limit demand/ reduce service eligibility
- **Service shift** eg the creation of a public-private partnership, the transfer or outsourcing of the service to another provider (with or without no in-house bid) or the joint commissioning or delivery of the service
- **Limit expenditure** eg. re-negotiation of existing arrangements with current providers, reduce overheads
- **Productivity shift/ efficiency gain** eg business process re-design, restructuring or repositioning of the in-house service
- **Revenue generation**

4.1.5 As part of the service plan process Heads of Service will self assess their service using the following criteria:-

1. Unit and total costs compare positively
2. Performance
3. service inspection results
4. efficiencies delivered through partnership working
5. efficiencies delivered through procurement initiatives
6. high levels of satisfaction
7. annual efficiency savings
8. external funding success
9. successful capital programme/ projects
10. track record of equalities and access considerations
11. innovation
12. benchmarking in place

4.1.6 A comprehensive framework of meetings is scheduled throughout the year to establish, review and monitor service plans and performance. A detailed table of reporting deadlines is set out in annex a. In identifying and registering forward look and backward look savings to inform the Annual Efficiency Statement Heads of Service will need to also identify and measure service quality cross checking indicators.

4.2 Service Improvement Reviews

4.2.1 Existing performance information, the Kent Price book, wider benchmarking activity and Audit Commission VFM tool will be used to establish a baseline of data to initially assess Value for Money issues across services.

4.2.2 From baseline data, a programme of individual service and corporate crosscutting VFM reviews will be considered. Baseline data will be placed in the following matrix to establish which are reviewed first (1) to last (4):

1. High cost and low quality
2. High cost and high quality
3. Low cost and low quality
4. Low cost and high quality

cost = cost of service compared to similar authority group
 quality = performance (e.g. BVPIs) or customer satisfaction (i.e. survey results)

Cost	↑ <u>High</u>	1	2	Formatted
	↑ <u>Low</u>	3	4	Formatted
		Low	High	
		Quality		

4.2.3 The matrix will be used to identify the order in which all other council services should be reviewed. A programme of Service reviews will be compiled by 30 September 2008. Planned priority of reviews and areas for improvement will be determined with due consideration to the services that contribute most to the Council's Strategic Objectives and those that do not. Consideration will also take into account the emerging opportunities arising from Mid Kent Partnership deliberations. Project leads for the reviews will be established and will be supported by the appropriate Head of Service. Sponsorship of each project will be at the highest level and progress and outcomes will be reported to the Performance Board. In order to provide a framework for carrying out such reviews and a checklist for audit purposes, a service inspection template and guidance notes (annex b and c) will be followed.

4.2.4 The inspection template is based on seven key themes; strategic relevance, customer satisfaction, performance management, value for money (use of resources), partnerships/shared services, lean fundamentals and key achievements.

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4.3 Base Budget Review and identification of growth and savings through the budget process

4.3.1 Targeted base budget reviews are an integral part of efficiency and management reviews. Furthermore, from time to time the Council will undertake base budget reviews.

4.3.2 Such reviews give rise to questions about the way in which we are presently delivering services and challenge us to undertake further service review work or value for money work to address the root causes of service problems which find expression in financial overspends. Through the Budget Task force the Council will undertake base budget reviews as one means of identifying areas where value for money could be improved.

4.3.3 Savings targets and growth proposals for each Directorate are presented annually to the Executive and Scrutiny Panels as part of the budget process. Growth and savings are assessed for the impact they will have on the delivery of our corporate aims and priorities. Each Directorate reviews its existing budget with a focus on identifying areas for potential savings.

4.3.4. The 2008/09 Budget has been developed using the prioritization matrix. Further enhancements to the matrix are planned, specifically to articulate:

- Acceptable savings with no major service delivery implications or compulsory redundancy implications (including delivering more or better services within existing budgets by adopting different service delivery and efficiency savings approaches).
- Savings which are achievable but have significant service delivery implications, redundancy implications, implications for partner organisations or other matters of concern.

4.3.5 Directorates' growth and savings proposals are analysed by the Council Management Team and a prioritised list of savings and affordable growth items is discussed with the Budget Task Force. The Leader, the Chief Executive and the Director of Corporate Services meet with each Director and Portfolio Holder to review and challenge growth and savings in each area and assess service implications. Proposals are then discussed with back-bench Members prior to presentation to the Executive and Scrutiny Panels and finally Full Council. There is also public consultation on these proposals together with consultation with partner organisations and the business community. We change our budget proposals to reflect the feedback we get from stakeholders and the local communities.

4.3.6 In addition the budget process is aligned to both the Medium Term Financial Strategy/Capital Investment Strategy and fees and charges strategy.

4.4 Making effective use of IT to Support Service Improvement

4.4.1 Effective and efficient ICT systems underpin the delivery and operation of many Council services. Swale Borough Council has a proven track record of applying its ICT assets in order to derive extra value and additionality

4.5 Effective corporate procurement

4.5.1 The primary objective of our Procurement Strategy is to procure services that are affordable, fit for purpose, meet the needs of local people and service users and provide best value. In so doing we take into account important issues such as equality and diversity and sustainability.

4.5.2 The key principles underpinning our approach to procurement are as follows:

- Achieving value for money in service delivery – our primary procurement principle.
- Maintaining a diversity of providers.
- Widen availability of specialist services (e.g. through Supporting People).
- Ensuring fair access to services across the county.
- Promoting equality and diversity.
- Maintaining probity.
- Seeking innovation and modernisation.
- Promoting sustainability.
- Managing and determining risk.
- Being accountable.
- Working in partnership.

4.6 Achieving economies through partnership working

4.6.1 The Council is committed to a mixed economy of service providers because, we believe, that services should be delivered by the provider that best meets local needs. The Council delivers a whole range of services through well established and monitored arrangements with partners. These arrangements may take a number of different forms:

- Formal tendered contracts (for example, the new waste contract)
- Service level agreements (for example,)

- Through a voluntary sector 'compact'.
- Through joint commissioning (for example,)
- Through contracts with not-for-profit organisations
- Through volunteers (for example, the community car scheme).

4.7 Using customer feedback to ensure that we are achieving Value for Money

4.7.1 A number of the performance indicators that the Council monitors contains an element of customer feedback. The Council has also used independent experts to conduct opinion polls. The results from consultation have informed the setting of our aims and priorities for improvement, and have had a direct impact on the allocation of resources between the different aims and priorities. We are in the process of setting up our first community cohesion forum which brings all sections of the community together and is due to meet on 4 June 2008. It is our aim to develop a community engagement strategy during 2008/09 which will formalise our approach to consultation.

4.8 Maintaining and Creating a Value for Money Culture

4.8.1 In achieving Value for Money, there are many objectives for organisational behaviour and activity to be taken into account. These include:

- The culture of the organisation, for example, continually striving to do more at the appropriate quality for less money.
- Adopting good practice.
- Clearly defining the organisation's aims, strategies and policies.
- Providing an organisational structure which promotes accountability, through placing power at the point where responsibility is required to be taken, together with appropriate control and oversight exercised at a higher level.
- Being committed to effective communication and staff development so that the culture and aims of the organisation permeate to, and are identifiable at, all levels within the organisational structure.
- Providing an appropriate infrastructure in systems, resources and training.

5. The role of scrutiny in delivering Value for Money

5.1 Scrutiny plays a key role in ensuring that the Council is achieving value for money. It does this through four key approaches; Scrutiny reviews, Budget Scrutiny (annual and ongoing), monitoring the impact of cost efficiencies on levels of service, and monitoring

implementation of management review action plans and scrutiny review recommendations.

Scrutiny Reviews

5.2 In their work reviewing policies and scrutinising services Scrutiny Panels assess and ensure that value for money is being delivered now and in the longer term. This includes comparing with the best performing providers of the same or similar services, consulting with service users to find out their needs, and considering other ways to deliver services to challenge current practices.

Budget Scrutiny

5.3 Led by the High Performing Scrutiny Panel, Scrutiny play and the Budget Task Force play an important and active role in the annual budget setting process and in the regular monitoring of both the capital and revenue budgets. The Scrutiny role includes holding the Executive to account and scrutinising the Budget Strategy to assess whether it will support the delivery of the Corporate Priorities. It also has a role in quarterly Capital and Revenue Budget Monitoring identifying issues for more in depth analysis.

Monitoring the impact of cost efficiencies on the level of service

5.4 In line with the guidance from ODPM¹ Scrutiny Panels have a role in ensuring value for money by monitoring the impact of cost efficiencies on the level of service. This is particularly significant where the quality of services has not been maintained. Scrutiny Panels will be commissioned to do this work by the Commissioning and Performance Panel and Cabinet following their consideration of the quarterly Corporate Performance Monitoring Report.

Monitoring implementation of scrutiny review recommendations

5.5 Scrutiny reviews consider value for money. In order to ensure that the recommendations and subsequent actions are delivered. Scrutiny Panels undertake six monthly monitoring of progress against action plans.

5.6 Scrutiny Panels receive exception reports that include how actions will be brought in line with targets and milestones. Where progress is not being made and/or the expected impact of the recommendations and actions is not being achieved Scrutiny Panels can request more detailed reports and/or undertake a scrutiny review (see above).

6. The role of internal audit in securing Value for Money

6.1 The role of Internal Audit is primarily to evaluate internal control systems. During each audit auditors have regard to the controls established by management to secure value for money.

6.2 In evaluating the control framework, Internal Audit has regard to whether the effectiveness, efficiency and costs of controls in place are commensurate with the

associated risk. Whilst Internal Audit are charged with evaluating and improving the control environment, Auditors are also required to question management control processes to identify duplicate or unnecessary controls and recommend more cost effective methods of working.

7. Other roles and responsibilities

All Staff

7.1 The responsibility for delivering value for money lies with all staff and is not restricted to those with resource or financial management responsibilities. The particular roles and responsibilities of staff when conducting reviews are set out in some detail in guidance notes.

Members

7.2 The Portfolio Holder for Finance and Performance is the member champion of this strategy. Generally all members have a role in challenging value for money of proposals put before them and as part of the scrutiny process.

Management Team

7.3 The Management Team is responsible both for ensuring that the Council delivers its services cost effectively and to a high standard on a day-to-day basis and for ensuring that those responsible for service delivery are motivated and challenged to consider change in the best interests of value for money.

The Head of Finance

7.4 The role of the Head of is to support the appreciation of the cost of services and how this compares with other providers.

The Head of Policy

7.5 The Head of Policy will co-ordinate service planning, performance management and improvement activity and support data quality framework

Heads of Service and Line Managers

7.6 Managers should maintain an appreciation of the cost and quality of their service and how this compares with other providers. This will involve an awareness of good practices in their own area of operation and to ensure that these are followed appropriately. Managers will ensure that value for money is given full consideration in planning and delivering their services – this will be evidenced in service plans and appraisals with relevant staff.

Service Improvement Teams

7.7 These will be task and finish cross-sectional teams set up to conduct service improvement reviews following the agreed service improvement template.

8. Data Quality and Performance Management

8.1 It is recognised that good data quality underpins this strategy, providing assurance that the strategic and operational decisions concerning its management and allied

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activities are based upon sound information. To achieve this, Heads of Service will be responsible for ensuring that all primary sources of evidence in their areas are maintained and that manual/computerised systems are configured to ensure data is accurately captured and recorded right, first time. Documented procedures, which reflect appropriate up to date guidance and formulae will be developed and significant variance from expected out turn (+/- 10%) will be investigated and reported to the Corporate Management Team who have overall responsibility for this strategy/plan/policy.

8.2 An annual report on value for money will be produced and considered following the annual publication of the Value for money toolkit by the Audit Commission. The report will be informed by local analysis of the toolkit in the context of performance information maintained on the Councils performance management system (Covalent).

May 2008

TIMETABLE FOR QUARTERLY REPORTS 2008-09								
Title	Performance Period Covered	Deadline for HOS to submit data and commentary to Policy	Meeting Reporting Dates					
			CMT	Despatch Performance Board Papers	Performance Board	Executive	Coordinating Scrutiny	Council
Performance Report: 4 th Qtr 2007/08	1 April 2007 to 31 March 2008	30 Apr 2008	8 May 2008	26 May 2008	2 June 2008	11 Jun 2008	4 June 2008	25 June 2008
Performance Report: 1 st Qtr 2008/09	1 April to 30 June 2008	11 Jul 2008	17 Jul 2008	21 July 08	28 Jul 2008	27 Aug 2008	16 Sept 2008	17 Sept 2008
Performance Report: 2 nd Qtr 2008/09	1 April to 30 Sept 2008	3 Oct 2008	9 Oct 2008	13 Oct 08	20 Oct 2008	19 Nov 2008	21 Jan 2008	3 Dec 2008
Performance Report: 3 rd Qtr 2008/09	1 April to 31 Dec 2008	23 Jan 2009	29 Jan 2009	2 Feb 2008	9 Feb 2009	11 Feb 2009	28 Jan 2009	25 Feb 2009
Performance Report: 4 th Qtr 2008/09	1 April 2008 to 31 March 2009	30 Apr 2009	7 May 2009	25 May 2008	1 June 2009	? Jun 2009	? June 2009	? June 2009

INTERNAL SERVICE INSPECTION

Guidance Notes

Against each of the following sections, a summary is required outlining the way in which the service review addresses each of the questions.

Where appropriate, references to supporting evidence are required. If applicable, these can be references to CPA and UoR evidence.

Demonstrate how service provision compares with the best, identifying who are the best, why they are the best, and what can be done to emulate and improve on the best.

Improvements (achieved and planned) together with resource implications should be included. Are these within existing resources, a diversion of resources or a growth item? How does this link with the Swale's corporate priorities?

Risk implications should be shown where appropriate, with links to relevant risk assessment documentation.

1) Strategic relevance

- a) How and what contribution is the service making to the Council's priorities
- b) What are the service critical success factors
- c) How does the Service Plan link to the Council's priorities
- d) Have future service risks been identified and planned for?

2) Customer Consultation, Satisfaction and Complaints

- a) Who are the service's customers and key stakeholders
- b) How do you know and understand the demands that your customers are placing upon the service
- c) What are the satisfaction levels
- d) What are previous, current and projected future trends for customer demands

- e) How are they able to influence policy and service standards
- f) Are there choices provided for accessing your service and considerations made in respect of equalities
- g) How has electronic delivery been incorporated into your service and what has been the impact?

3) Performance Management

- a) What service standards and performance indicators does the service have in place to measure its success
- b) How does your service rate against national and local performance indicators
- c) What new measures has the service put in place that will improve performance and give customer satisfaction
- d) What are the constraining factors in further performance improvement
- e) What are the opportunities for improvement
- f) Are there any system conditions or processes that get in the way

4) Value for Money and Use of Resources

- a) How does the service demonstrate it achieves VfM, in comparison with others (including other services, LA's, private sector)
- b) What has been the learning from others and what service improvements/outcomes has this lead to
- c) What methods are used to benchmark cost and quality of service
- d) How can it be demonstrated that additional (or reduced) investment has resulted in improved services
- e) How is Value for Money monitored and reviewed
- f) How can it be demonstrated that effective budget monitoring has resulted in savings
- g) How effective is financial planning
- h) How can effective use of procurement be demonstrated
- i) What efficiencies have been gained by process mapping and system reviews

- j) What assets and buildings are required to deliver the service, and can it be shown how efficient and effective these are
- k) Energy efficiency considerations in service provision

5) Partnerships, Shared Services and Outsourcing

- a) What partners does the service work with
- b) How are partners relationships developed and what are the shared objectives
- c) How does the service take on board the views of partners
- d) How has and can the service further improve through partnership working
- e) What do you do to identify and mitigate any detrimental impact your service has on other services
- f) What new relationships have been built, or existing relationships developed in view to sharing services
- g) Has all or part of the service been identified as having potential for shared service delivery? If so, what are the objectives? Who are potential partners?
- h) What potential benefits, efficiency gains have you identified for shared service delivery
- i) What alternatives have been considered to shared services

6) Lean Fundamentals

- a) Within the service what is done to ensure lean fundamentals and system thinking is embedded
- b) How do you establish what is happening within the service – What problems does the service experience on a day to day basis
- c) How good is the service at meeting the demand of the customer

7) Key Achievements/Innovations

- a) What have been the key achievements over the last three years and the related outcomes
- b) What innovations have been introduced within the service over the last three years

Annex C

INTERNAL SERVICE INSPECTION	
Head of Service:	Financial Year
Service:	Portfolio Holder:

Key Question	Response	Evidence	How does this compare with best	Improvements (including resource requirements)	Risk implications
1.Strategic relevance					
2. Customer satisfaction and consultation					
3.Performance management					
4.Value for Money and Use of resources					
5.Partnerships, Shared services and outsourcing					
6. Lean Fundamentals					
7. Key achievements and innovations					