

Somerset County Council Value for Money Statement

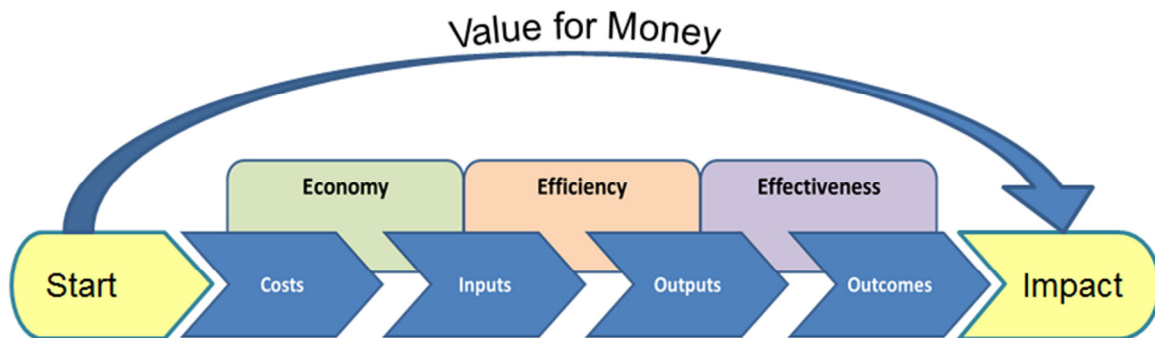
1. Introduction:

- 1.1. Somerset County Council aims to ensure that money is spent as carefully, wisely and efficiently as possible. This means constantly reviewing and adjusting the way that we work in order to continue to deliver appropriately for the citizens of Somerset.
- 1.2. Value for money is vital to all levels of government as the demand for services increases in conjunction with decreases in income.

2. What is Value for Money?

2.1. Value for money is about maximising the desired outcomes over time with the resources available. It is often defined as achieving the right balance between 'economy', 'efficiency' and 'effectiveness', in essence, spending less, spending well and spending wisely so that the Council ensures the best service at the lowest possible costs.

2.2. Value for money as a concept can be illustrated by the following diagram:



Economy – ‘Spending less’

Economy is the price paid for what goes into providing a service. This is about delivering services at optimum cost, through minimising the cost of resources.

Efficiency – ‘Spending well’

Efficiency is a measure of productivity and performance i.e., how much is achieved in relation to what is put in.

Effectiveness – ‘Spending wisely’

Effectiveness is a measure of the impact that has been achieved, which can be either quantitative or qualitative.

2.3. Value is not purely defined financially. It is not simply about reducing the level of service delivery and is not limited to being a mechanism of identifying areas to reduce costs although both can be legitimate outcomes from the evaluation process.

2.4. The holistic approach to achieving value for money attempts to find the correct balance so that if:

- costs are relatively low
- productivity is high and

➤ outcomes are successful, equitable and sustainable.
then value for money has been achieved.

2.5. Value for money offers the chance to identify opportunities to provide additional resources for new investment and the development of services to meet changing priorities. Value for money can identify where a small increase in resources can result in disproportionately large outcomes.

2.6. Value for money analysis enables benchmarking with comparators; however it requires a contextual approach and is achieved in different ways by different areas. What is value for money for one local authority or locality may not be for another. A key factor in assessing effectiveness is relevance to and impact on specific local priorities.

2.7. Each year SCC is independently assessed by its external auditors on how well we secure Value for Money. The conclusion is based on the following single evaluation criterion, supported by a number of sub-criteria:

Overall criterion: In all significant respects, the audited body takes properly informed decisions and deploys resources to achieve planned and sustainable outcomes for taxpayers and local people.

Sub-criteria:

- informed decision making
- sustainable resource deployment
- working with partners and other third parties.

Local government auditors will always issue a conclusion by reference to the above criterion and sub-criteria. The auditors VfM conclusion is published within the annual Audit Findings Report.

2.8. This value for money statement should not be read in isolation. Value for money is one of the Council's core values and is embedded in all plans and strategies, and in the commissioning and delivery of all services. The statement is set in the context of a challenging financial position for local authorities, and is closely linked to the Council's:

- [County Plan](#)
- [Medium-Term Financial Plan](#)
- Procurement Strategy & adherence to awarding of contracts on the Most Economically Advantageous Tender ([MEAT](#))
- [Social Value Policy Statement](#)
- [Equalities Policy](#)
- [Health & Wellbeing Strategy](#)

3. How Somerset County Council embeds Value for Money:

3.1. The Council understands the correlation between its performance and its costs, and ensures that costs and relative performance compare well with identified benchmarks, reflect priorities and policy decisions and are commensurate with service delivery and desired outcomes.

3.2. Value for Money is embedded in all stages of the commissioning cycle and in particular in the planning stages.

Somerset County Council's Commissioning Cycle



3.3. The Council engages with people who use its services to better understand the needs of the local community and assist in establishing priorities and service design. Where appropriate, the Council supports individuals and the community to ensure they can make their own VfM judgements in relation to their council services.

3.4. The Council ensures information on its spending and performance is available publicly, and in accessible formats, to assist the public's involvement in decisions about spending on services.

3.5. The Council has developed a Value for Money framework and the necessary activities, monitoring and review processes that enable value for money to be delivered across all of its services have been implemented. This means not only having the established foundations upon which value for money can be built, such as sound financial management and procurement procedures, budgetary control, performance management etc., but also having and using key monitoring information on what things cost, benchmarking, cost comparisons, outcome measurement etc., so that effective decisions can be made.

3.6. The Council will ensure that although it can be difficult to measure value for money in qualitative areas, value for money activity will not be focused simply on the quantitative aspects of service delivery, and that where a wider social value can be achieved, these opportunities are explored in full.

3.7. The Council will communicate news and information about best value initiatives in a regular and accessible way.

3.8. The Council will ensure that employees have access to the appropriate tools and training required to identify, deliver and monitor value for money throughout the Council's services.

3.9. The Council recognises its responsibilities as a custodian of public funds, and strives to achieve value for money in the delivery of services. It seeks to achieve, and where possible improve value for money, by ensuring that:

- a) services meet the needs of local communities within the limits of the available budget through the most economic, efficient and effective means;
- b) employees recognise the need to secure value for money as an integral part of their work;
- c) costs compare well with other local authorities, and where appropriate other sectors, allowing for external factors;
- d) costs reflect policy decisions, and are commensurate with service delivery, performance and outcomes desired and achieved;
- e) performance in relation to value for money is monitored and reviewed;
- f) efficiencies are achieved and savings reallocated against other priorities;
- g) value for money is taken into account when making commissioning, procurement and other spending decisions; and
- h) funding and partnership opportunities are sought in order to enhance the resources available to the Council to deliver services.