

Value for money

Self-assessment proforma

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The Audit Commission is an independent body responsible for ensuring that public money is spent economically, efficiently and effectively, to achieve high-quality local services for the public. Our remit covers around 11,000 bodies in England, which between them spend more than £180 billion of public money each year. Our work covers local government, health, housing, community safety and fire and rescue services.

As an independent watchdog, we provide important information on the quality of public services. As a driving force for improvement in those services, we provide practical recommendations and spread best practice. As an independent auditor, we ensure that public services are good value for money and that public money is properly spent.

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Guidance

- 1 For 2007, no councils are required to submit a full self-assessment. We are asking you to provide an update only to previous self-assessments. This update should highlight any areas which have changed sufficiently for the auditor to re-assess the arrangements in place. This reflects that this is the third year of assessment and councils and auditors have a good knowledge of arrangements to achieve value for money. If you choose to submit a full self-assessment, the auditor will use it.
- 2 You should agree with your auditor the timing and the format of any submission you plan to make. When discussing timing, you will need to allow for sufficient time for auditors to complete the value for money assessment. Your submission will be reviewed along with any supporting evidence.
- 3 The self-assessment pro-forma is for you use to show how well your council manages its financial resources and achieves value for money. A high level cost analysis should support your self-assessment. The VFM profile tool is available to assist you in this. The updated Vfm Profile tool can be found at www.vfm.audit-commission.gov.uk and will be available by the end of April.
- 4 The pro-forma is designed to assist you in assessing current performance in achieving and delivering value for money by answering a series of questions and providing brief supporting details. If you are not completing a new self-assessment, you should concentrate on highlighting any areas which have changed sufficiently in your opinion for the auditor to re-assess the arrangements in place. Fieldwork on site will follow up on areas identified within the self-assessment.
- 5 Emphasis will be placed on evidence of outcomes and this should be reflected in your self-assessment. The pro-forma includes a series of audit focus questions that relate to the KLOE. Use column 2 to reference key supporting documentation or provide links to the documentation. Please do not provide hard copy documents – a reference to the document/information/electronic copy will be best. Hard copy documentation should only be provided where this is the only available source. Providing these references will assist auditors and should make the audit less onerous on the council.
- 6 The key lines of enquiry (KLOE), which are the basis of this assessment, along with *Guidance for Councils*, can be found www.audit-commission.gov.uk. The Guidance includes interpretation and expectations of good performance in relation to value for money. The KLOE include descriptors of typical performance equivalent to scores of 2, 3 and 4. You should read and understand these before you complete your self-assessment.
- 7 There is a final section for you to add any contextual or other information. You should append your backward looking annual efficiency statement for 2006/07.

- 8 Your self-assessment (excluding Efficiency Statement and references, but including contextual information) should not exceed 5,000 words. Please put the name of the person responsible for completing this self-assessment in the box provided on the front cover.
- 9 We want this to be your self-assessment. Your relationship manager and auditor will provide advice should you need help in understanding the assessment. They will not, be able to directly support you in contributing to the self-assessment, for example by reviewing content or acting as a critical friend.
- 10 Elements of the self-assessment may be relevant to the direction of travel assessment. If your submission for VFM covers some of the requirements for direction of travel, your auditor will carry it forward to the direction of travel assessment. It does not need to be re-submitted, but it would be helpful if you could indicate where you think it relates to both assessments.
- 11 We take this opportunity to thank you in advance for your assistance.

Value for money key lines of enquiry

What has been achieved to date?
5.1 The council currently achieves good value for money
<p>What is the purpose of this section of the self-assessment?</p> <p>This section provides the council with an opportunity to demonstrate how it achieves good value for money and how costs compare with other councils. Local fieldwork will focus on the extent to which the council understands, compares and reviews its costs in relation to both performance and its priorities. This section should draw on the evidence provided in the standardised VFM Profile tool report.</p> <p>Completing the self-assessment</p> <p>Please provide short statements using the pro-forma which address the KLOE and the audit focus questions:</p> <ul style="list-style-type: none">5.1 How well does the council currently achieve good value for money?5.1.1 How well do the council's overall and service costs compare with others, allowing for external factors?5.1.2 To what extent are costs commensurate with service delivery, performance and the outcomes achieved?5.1.3 To what extent do costs reflect policy decisions?

Introduction

In 2005 and again in 2006 Worcestershire County Council was assessed as achieving the maximum score of 4 in the Value For Money Assessment. The Council is not required to make a self-assessment in 2007. This update seeks to demonstrate that the Council continues to achieve high levels of performance at low cost. The Council achieves this through active management of resources and performance, constantly seeking opportunities to make Value for money improvements.

This update focuses on Value For Money activity during the financial year 2006/07 and should be considered alongside the self-assessments of 2005 and 2006.

KLOE 5.1 How well does the council currently achieve good value for money?	Reference to evidence source
<p>The Comprehensive Performance Assessment in 2006 concluded that Worcestershire “is a council that is improving well and demonstrating a 4 star overall performance.”</p> <p>Underpinning this maximum performance score were strong performance scores for each of the Council’s main services.</p>	<p>Comprehensive Performance Assessment 2006 www.audit-commission.gov.uk</p>
<p>The joint assessment by Ofsted and the Commission for Social Care Inspection (CSCI) of services for Children and Young People stated “The contribution of the local authority towards children and young people being healthy, staying safe, enjoying and achieving, making a positive contribution and achieving economic well being is excellent. The council’s management of its services for children and young people is also excellent.” For the second year running Worcestershire was rated one of the top performing Children’s’ Services in the country, and received top marks in all categories that were assessed.</p>	<p>Annual Performance Assessment of Service for Children and Young People in Worcestershire County Council http://www.ofsted.gov.uk/</p>
<p>The Annual Review of Performance by CSCI of Adult Social Care awarded Worcestershire a 3 star rating in November 2006, the highest rating possible. This represents a period of sustained improvement from 2002 when star rating was first introduced for Social Services and Worcestershire was awarded 1 star.</p>	<p>Performance Review Report for Adult Social Care www.csci.org.uk</p>

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<p>The Council's performance in Cultural Services was assessed by the Audit Commission, through the CPA process, to have improved from level 3 to level 4. Environmental Services maintained a level 3 assessment.</p>	
<p>The Council's Best Value Performance Indicators (BVPIs) are recorded in the Annual Report 2007. Where comparison can be made, 64% of BVPIs show improvement in 2006/07 compared with 2005/06.</p>	<p>Annual Report 2007 Worcestershire County Council Web link</p>
<p>The high standards of performance need to be seen in the context of the Council's funding position.</p>	
<p>Worcestershire's revenue spend per head of population is estimated to be the third lowest of all 34 counties in England for 2006/07, with the third lowest Band D council tax.</p>	<p>Audit Commission VFM Profile www.vfm.audit-commission.gov.uk</p>

5.1.1 How well do the council's overall and service costs compare with others, allowing for external factors?	Reference to evidence source
<p>The Council's planned spending for 2006/07 was the third lowest of all counties in England at £1077 per head of population. Of this, £638 per head of population was directed to spend on education. This spend is in the inter quartile range, reflecting the priority the council has given to raising standards in schools. Notwithstanding, the spend per pupil is the fifth lowest among county councils.</p>	<p>Audit Commission VFM Profile www.vfm.audit-commission.gov.uk</p>
<p>The Council's second largest area of spend is in respect of adult social services at £267 per head of population. Reflecting the Council's overall resource position, this is in the lower quartile, the third lowest in Worcestershire's nearest neighbours group.</p>	
<p>These limited resources are targeted to priorities. Spending on children and families per head (0-17 year old population) is inter-quartile, reflecting the council's priority to enhance services to young people. Spend on older people per head of population aged 65+ is also inter quartile. In pursuit of its priority of supporting older people to live independent lives, the Council was successful in securing grant funding to support the upper quartile spending of its Supporting People programme. This focussed approach enables the limited resources available to be targeted to priority areas of activity.</p>	
<p>Environmental Services costs remain comparatively high. As reported in previous years, this relates principally to the costs of waste disposal. Worcestershire was the first Council to enter a waste PFI contract, in 1998, which resulted in prices reflecting the lifetime costs of provision in infrastructure for the duration of the contract.</p>	

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The costs of the Council's central services are lower quartile. Service expenditure within Financial Services, Corporate Services and Planning Economy & Performance accounts for 1.7% of total service expenditure, lower than the average of 2.5% within the nearest neighbours group and 2.4% for all counties (2007/08 estimates).

Worcestershire County Council Statistical Review 2007, (IPF) [Link](#)

5.1.2 To what extent are costs commensurate with service delivery, performance and the outcomes achieved?	Reference to evidence source
Please provide brief details and evidence to support your assessment in relation to the key areas of focus –refer to the VFM Profile tool for evidence:	
<p>Worcestershire’s revenue spend per head of population is estimated to be the third lowest of all 34 counties in England for 2006/07, with the third lowest Band D council tax. Analysis of performance data for 2006/07 demonstrates that across all performance indicators, Worcestershire’s performance is amongst the best (upper quartile) in 27% of cases, and is good (second quartile) in a further 27% of cases: across all indicators the Councils performance is above average in respect of 54% of performance indicators. This is an improvement on 2005/06 when 32% of indicators were upper quartile and 16% were second quartile: 48% were above average.</p>	<p>PWC Local Authority Benchmarking Club Link</p>
<p>In overall terms the Council’s performance, whether by reference to the range of service inspections that gave rise to an excellent CPA rating in 2006, or by reference to performance indicators for 2006/07, is amongst the best, certainly above average, but with lower quartile funding.</p>	
<p>Turning now to particular services, the Council’s spend per pupil on educational services is the fifth lowest among county councils. For 2006/07, 27% of indicators of Pupils’ attainment are above average. This is an improvement on 2005/06 when 18% were above average. In 2006/07, pupils achieved the highest ever results for 11-year olds (Key Stage 2): English 81%, Mathematics 75% and Science 89%. The upward trend of pupils gaining 5 or more GSE grades A* - C continued, with the best ever results at 57.6%. Young people achieved the highest ever average points per pupil in A level examinations. Local implementation of the Primary and Secondary School Improvement Strategies was highly rated by the Government Office of the West Midlands.</p>	<p>Audit Commission VFM Profile www.vfm.audit-commission.gov.uk</p> <p>PWC Local Authority Benchmarking Club Link</p> <p>Annual Report 2007 Worcestershire County Council Web link</p>

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<p>Children’s services include social care provision as well as educational services. These services were merged within the Children’s Service Directorate in late 2005. Spending on children and families per head (0-17 year old population) is inter-quartile. Across the full range of performance indicators for children’s services (including educational and social care), for 2006/07, 48% of indicators were above average, an improvement on 40% in 2005/06.</p>	<p>PWC Local Authority Benchmarking Club Link</p>
<p>For Children’s Social Care 50% of performance indicators demonstrate an above average performance.</p>	
<p>For Adult Social Care, PAF indicators have been included in the performance benchmarking data for 2006/07. Across the full range of indicators, 50% are among the best, 67% are above average.</p>	
<p>Environmental Services performance (waste and trading standards) is amongst the best for 38% of indicators, and above average for 75% of indicators, an improvement on 2005/06.</p>	
<p>Performance in Transport is summarised by 50% of indicators being above average, as in 2005/06. There has been some decline though: 33% of indicators are in the lower quartile.</p>	
<p>65% of Corporate Health indicators are above average.</p>	

5.1.3 To what extent do costs reflect policy decisions?	Reference to evidence source
<p>Please provide brief details and evidence to support your assessment in relation to the key areas of focus:</p> <ul style="list-style-type: none"> • how costs are assessed when decisions are made; • the extent to which higher spending is in line with stated priorities; and • the extent of long term cost considerations with major investments or partnerships. 	
<p>The council continues to be informed by a detailed statistical analysis of costs and performance, shown in the context of comparable authorities. This helps to inform judgements about relative priorities.</p>	<p>Worcestershire County Council Statistical Review 2007, (IPF) Link</p>
<p>As a matter of routine, policy proposals give explicit consideration to financial implications. The proposed Worcester Library and History Centre is an example of a major investment, with partner organisations. Full consideration is given to long term cost consideration, with reports submitted to Cabinet (and partner bodies) at all key decision stages.</p>	<p>Cabinet Agenda 9 March 2006 Web Link 14 Sept 2006 Web Link</p>
<p>The 9.2% of the council's total service expenditure (2007/08 estimates) spent within Environmental Services is higher than the nearest neighbour average of 8.0% and all county average of 8.3%. Waste disposal costs remain the main reason for the relatively high overall spend within the directorate. Expenditure per head of population has remained relatively stable at £41 (2007/08 estimates) but is higher than the nearest neighbour and all counties averages (£34 and £35 respectively). This higher cost reflects the fact that Worcestershire is a PFI pathfinder and qualifies for a specific grant to help in meeting the substantial costs involved</p>	

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The proportion of total service expenditure allocated to Adult and Community Services of 23.9% (2007/08 estimates) is higher than the nearest neighbour average of 22.9% and all county average of 22.3%. This is consistent with the council's desire to strengthen the Adult Social Care budget. 2007/08 saw an increase in the cash limited budget of 6.3% (compared with 3.2% for other services overall). Notwithstanding, at £203 per head of population, the council's spend on adult social services is the third lowest within Worcestershire's nearest neighbours group.

How is value for money being delivered and improved?**5.2 The council manages and improves value for money****What is the purpose of this section of the self-assessment?**

This section asks you to demonstrate how the council manages and improves value for money including processes for monitoring and reviewing costs. Local fieldwork will focus on the extent to which the council identifies and pursues opportunities to reduce costs or improve quality within existing costs. Please provide evidence of outcomes achieved from any processes described.

Completing the self-assessment

Provide short statements using the pro-forma to address the key line of enquiry and each of the key sub-questions:

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

5.2.1 How does the council monitor and review value for money?

5.2.2 How well has the council improved value for money and achieved efficiency gains (limited to the last three years)?

5.2.3 Do procurement and other spending decisions take account of full long term costs?

KLOE 5.2 How well does the council manage and improve value for money?	Reference to evidence source
<p>Provide brief details and evidence to support your assessment focusing on:</p> <ul style="list-style-type: none"> • how the council manages its costs, while maintaining the quality of services and responding to local needs. 	
<p>The Cabinet has continued its practice of holding an Annual Corporate Strategy Workshop in late summer. The weeklong event gives the opportunity to consider informally the issues faced by each directorate. In 2006 this was done in a framework that sought to match resources to priorities and that developed the Medium Term Financial and Efficiency Strategy, in the context of anticipated financial scenarios and risks. A particular focus was given by the need to identify savings of £8.2 million in 2007/08, in accordance with a strategy that seeks to bring recurring expenditure in line with anticipated recurring income by 2010/2011. There was a desire to achieve savings through efficiencies rather than by service reductions.</p>	
<p>The Overview and Scrutiny Steering Committee conducted a scrutiny of the initial budget proposals that flowed from the Corporate Strategy Week, with a focus on the package of savings proposals. Cabinet Members and Directors were challenged to demonstrate that the efficiencies were achievable, that service levels would be maintained.</p>	
<p>Budget consultation meetings were held with stakeholders in December 2006. The savings proposals were shared and comment invited. Some proposals met public resistance and further review has been undertaken during the year.</p>	
<p>Budgets are cash limited. Finance staff in conjunction with service delivery managers monitor budgets on at least a monthly basis. Each month forecasts of financial outturn are made by reference to services activity levels. As and when budget pressures emerge, corrective action is taken, mindful of the need to maintain a focus of resources on priority activity areas.</p>	

5.2.1 How does the council monitor and review value for money?	Reference to evidence source
<p>Provide brief details and evidence to support your assessment:</p> <ul style="list-style-type: none"> • current processes for monitoring and reviewing costs, including: <ul style="list-style-type: none"> - consideration of value for money in the annual budget process; - internal reviews (including Best Value reviews); and - cost indicators. 	
<p>In preparation for the Corporate Strategy Week, the Council commissions a Statistical Review from the Institute of Public Finance Limited (IPF). The analysis adds further support and depth to the Audit Commission Value for Money Profile and incorporates more recent information. Both analyses enable comparison between costs and performance, relative to all other county councils and /or with a set of (statistically) nearest neighbours.</p>	<p>Worcestershire County Council Statistical Review 2007, (IPF) Link</p>
<p>The Council participates in the PriceWaterhouseCoopers Local Authority Benchmarking Club. This enables comparison of performance data over time and between authorities. It also enables the council to understand its improvements in performance relative to the improvements of others. The data analysis is timely: 2006/07 data has helped to inform this self-assessment. A presentation of 2006/07 data was made on 20th July at an Improvement Briefing to managers and members across the authority. The analysis will help to inform the Corporate Strategy Week in September.</p>	<p>PWC Local Authority Benchmarking Club Link</p>
<p>Such analyses help to indicate areas where there might be potential for efficiency improvements, for improved value for money, for budget savings. The budget setting process seeks cashable efficiency savings in order to achieve a balanced budget.</p>	

<p>The Council has sought to integrate performance management, the efficiency agenda (Gershon), budget processes, risk management and project management through its Improvement Agenda. An Improvement Toolkit available via the Council’s intranet makes available a range of data and improvement tools.</p>	<p>Improvement-Toolkit</p>
<p>A number of internal reviews have included value for money as a particular focus.</p> <ul style="list-style-type: none"> • A review of Communications activity resulted in a strengthening of the central communications team, to make it more effective. Scope for achieving efficiencies in communications activities across the organisation has been identified. • The Council currently subsidises three Outdoor Education Centres. A review has been undertaken to establish the most effective way of eliminating or reducing this subsidy. • An annual event, Skills on Show, was suspended for one year. A review has been undertaken to consider the effectiveness of the event in achieving council objectives. • A review of Property Services’ procurement of works has been undertaken to establish the effectiveness of procurement processes and the competitiveness of prices paid. • A review of library services is in progress. 	
<p>During 2006/07 Business Process Improvement techniques were used in the Environmental Services Directorate, seeking to ensure a focus on value adding activity, contributing to the council’s savings plans.</p>	
<p>The scope of scrutiny reviews undertaken by the Overview and Scrutiny Steering Committee will often include value for money as a consideration. This has included examination of Audit Commission Audit Profile data, and has gone on to consider the more complex aspects of judging the value for money achieved by spending on particular methods of service provision.</p>	<p>Report of the Passenger Transport Scrutiny Task Group Web Link</p> <p>Report of the Highways Maintenance Scrutiny Task Group Web Link</p>

5.2.2 How well has the council improved value for money and achieved efficiency gains over the last three years?	Reference to evidence source
<p>Provide brief details and evidence to support your assessment. Please append your backward looking Efficiency Statement covering 2006/07:</p> <ul style="list-style-type: none"> • council targets for value for money and efficiency gains; and • the achievement of efficiency gains. 	
<p>The Council's target for cumulative efficiency gains for 2006/07, as determined by the Department for Communities and Local Government, was £13.193 million. In June 2007 a Backward Looking Efficiency Statement was submitted recording cumulative efficiency gains of £15.200 million, £2.007 million ahead of target.</p>	<p>Annual Efficiency Statement 2006/07, Backward Look Web Link</p>
<p>The Council's approach to reporting efficiency gains has been cautious. There has been a focus on cashable efficiency gains, partly because of the link to budget processes, partly because of the difficulties associated with measuring non-cashable efficiency gains. Of the total cumulative efficiency gain, £11.340 million is cashable. The Council has sought to be realistic about the level of efficiency it can achieve. Starting from a low resource, high performance base, a target of 2.5% efficiency gains year on year has been challenging. The Annual Efficiency Statement process requires that service quality be maintained: value for money judgements allow for prioritisation of competing needs for limited resources.</p>	
<p>Substantial efficiencies have been achieved through initiatives to modernise services. In social care, for example, approaches to service delivery that promote independence, in pursuit of council priorities, have the effect of providing a better quality of service, with reduced reliance on high cost residential or agency placements.</p>	

<p>Engagement with the community supports the achievement of some efficiencies. In Environmental Services, implementation of the Waste Minimisation Action Plan has supported recycling and other waste diversion initiatives, which in turn have enabled re-negotiation of contract payments. The introduction of a Parish Lengthsman scheme has involved the community in minor maintenance in the locality, enabling a reduction in the use of contractors.</p>	
<p>The Worcestershire Hub Programme has been further rolled out, enabling efficiencies across services. During 2006/07 700,000 telephone calls were received, there were 800,000 visits in person and approximately 7,000 on line service requests were handled. 85% of all enquiries were resolved at the first point of contact. Allied to the Hub programme is a Shared Services initiative in respect of Revenues and Benefits. Working with District Councils, the County is supporting the development of a shared service, which in turn will enable Hub resources to be released to take on additional services.</p>	
<p>The property rationalisation programme continues, resulting in reduced maintenance expenditure and, combined with a strategy for Flexible and mobile working, enabled more effective use of the reduced accommodation.</p>	
<p>During the year, Registration Services were reorganised to enable births, deaths and marriages to be registered anywhere in the county.</p>	
<p>A joint financial assessment team was established between Adult and Community Services, the pensions service and local district councils. A single financial assessment is made shared by each agency providing services to a service user.</p>	

5.2.3 Do procurement and other spending decisions take account of full long-term costs?	Reference to evidence source
<p>Provide brief details and evidence to support your assessment:</p> <ul style="list-style-type: none"> • how value for money is built into the council's procurement practice; • the extent to which a 'whole life' approach is taken to spending and procurement decisions; • identifiable savings achieved through procurement; and • use of external funding to deliver council priorities. 	
<p>For the purposes of Contract Standing Orders, Best Value as a basis for awarding contracts is defined as "the optimum combination of whole-life cost and quality (or fitness for purpose) to meet the customer's requirement". The criterion to be applied is whole-life cost not lowest initial price.</p> <p>"Whole-life cost" takes into account all aspects of cost over time including, for example, capital, consultants, training, management, operation, energy, water consumption, security, facilities management and disposal costs.</p> <p>The Strategic Procurement Unit supports or leads all major procurements.</p> <p>An internal training programme has trained over 200 officers in procurement skills.</p>	<p>Worcestershire County Council Contract Standing Orders Web Link</p>
<p>The Council received a Waste and Resource Action Programme Award for recycling 25% of the materials from the old school to be included in the construction of the new Red Hill School and in June 2007 the Minister of State (Climate Change and Environment) attended the opening of the school, recognising it as a good example of designing for sustainability.</p>	

<p>The Chief Officers Members Board receives quarterly reports on procurement activities. The Corporate Procurement Group is well established and meets bi-monthly.</p>	
<p>The Council is an active member of the WMCoE Procurement Advisory Group.</p>	
<p>Corporate savings have been made in stationery/office supplies (£150k), telephones (£160k), rationalisation of external venues (£50k)</p>	
<p>A central staff recruitment team was established. This enabled improvements in the effectiveness and efficiency of recruitment processes achieving estimated savings in advertising costs of £400,000 against a target of £300,000.</p> <p>A Design and Print Strategy was implemented to improve procurement of Design and Print across the Council with projected savings of £150,000.</p> <p>An E-Tendering Portal was launched to improve opportunities and reduce advertising costs. 289 external organisations registered with the site.</p>	
<p>External funding to support delivery of its priorities is actively sought, particularly for projects that develop innovative methods of service delivery. The Council has a number of PFI contracts. The Outline Business Case for the development of a Worcester Library and History Centre jointly with the University of Worcester received approval as a PFI project in November 2006.</p>	
<p>The Worcestershire Integrated Neighbourhood Network Project (WiNN) was launched in April 2006. It is a two year pilot funded by the Department of Health to look at areas such as health and social opportunity for older people. During its first year WiNN supported over 900 older people with a variety of projects around Evesham, Worcester and Redditch.</p>	

Context

Please provide any other information you feel is relevant.	
Comments	Reference to evidence source