



Penrith Town Council

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VALUE FOR MONEY POLICY

Introduction

Value for Money (VFM) is defined as the relationship between **economy, efficiency and effectiveness (3 Es)**. Achieving VFM means achieving a balance between all three; relatively low costs, high productivity, and valued outcomes. This is consistent with the duty of 'Best Value' placed on the Council under the Local Government Act 1999 to "secure continuous improvement in the way in which [it] exercises [its] functions, having regard to a combination of economy, efficiency and effectiveness". The Council recognises its duty of 'Best Value' and its responsibility to achieve VFM in service delivery. It will seek to incorporate VFM principles in delivering services by taking account of costs, quality of services and local context during the procurement process.

As part of the annual audit the Council's external auditor is required to state whether, or not, the Council provides VFM.

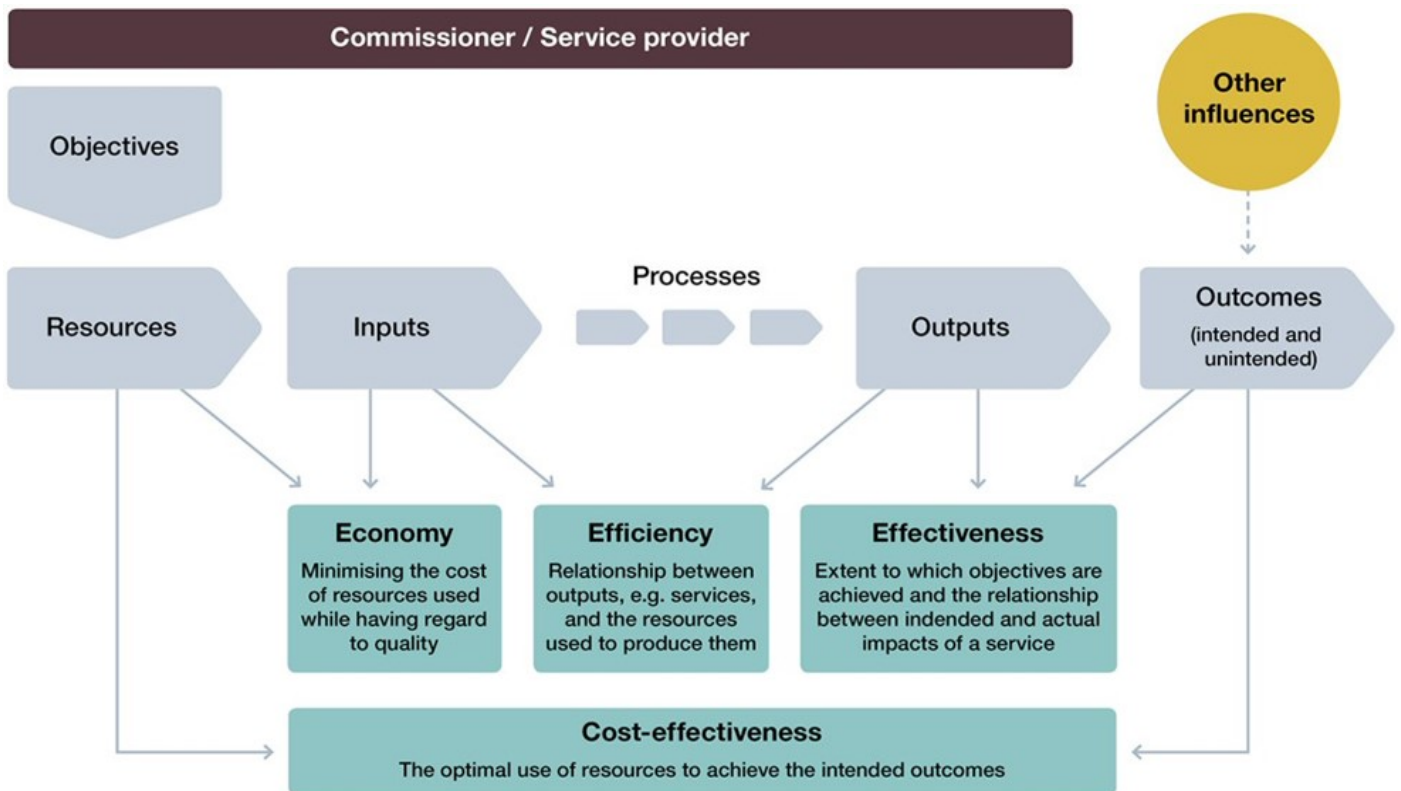
Objectives

The objectives of this Policy is to identify the principles of VFM and to ensure that these principles are reflected in the Council's service planning and delivery.

Value for money principles

VFM comprises Effectiveness, Efficiency, and Economy. The National Audit Office defines these as:

- Economy: minimising the cost of resources used or required (inputs) – spending less;
- Efficiency: the relationship between the output from goods or services and the resources to produce them – spending well; and
- Effectiveness: the relationship between the intended and actual results of public spending (outcomes) – spending wisely.



Putting the principles into action

Identify Local Needs and Priorities

The Council will:

- i. Identify priorities to meet the needs of the community, both as an individual service provider and a partner, and ensure that these take account of local, regional and national priorities;
- ii. Ensure that community needs and priorities are reflected in our plans and strategies.

Secure Resources at the Appropriate Price Having Regard to the Level of Quality Required

The Council will:

- i. Consult, and work in partnership with, other public and private sector service providers;
- ii. Strive to attract external funding to supplement our own resources where appropriate;
- iii. Ensure that long term ('whole life') costs are considered in the acquisition of resources;
- iv. Implement the Council's Procurement Policy to secure the most advantageous combination of price and quality .

Allocating Resources

The Council will:

- i. Allocate resources in line with the Council's priorities, as stated in the Council Plan;
- ii. Ensure that resources are allocated in accordance with the annual budget;
- iii. Seek to identify opportunities for increased efficiency without adversely affecting service quality.

Ensuring Services are delivered to Meet Customers' Needs, Utilising the Minimum Level of Resources Required and By the Most Appropriate Means

The Council will:

- i. Deliver services in accordance with the Council Plan;
- ii. Monitor cost levels to ensure they are commensurate with agreed service quality.

Reviewing Service Delivery to Ensure Good Practice is Adopted and to Secure Continuous Improvement

The Council will:

- i. Adopt working practices, independently and in partnership – to support the drive for increased efficiency and effectiveness, working with other service providers as appropriate;
- ii. Evaluate performance by a variety of methods, for example, through budget reviews, and compliance with corporate governance arrangements, as set out in the Annual Governance Statement, Council Plan monitoring, internal audit reports and external auditor reports.

Member Lead

The Council will:

- i. Ensure that VFM and efficiency is at the heart of the Council's activity, the Chairman is the Council's VFM and Efficiency Champion.

Responsibilities

While everyone within the Council has a general duty to ensure that the Council provides VFM services, responsibilities may be summarised as follows:

| BODY | RESPONSIBILITY |
|---------------------------|--|
| Council | Ensuring that the direction of the Council delivers the VFM Policy |
| Chair of the Town Council | Holding the Council to account in their duty to deliver VFM. |
| Chair Finance Committee | |
| Town Clerk | Ensuring that the Council's strategic direction is consistent with the contents of this Policy. |
| Officers | Ensuring that services are delivered in the most cost-effective way and that services are kept under continuous review to identify efficiencies. |

Adopted: May 2017

Review: 2021