

# Member Briefing

Cultural Improvement Partnership East Midlands

## Value for Money and Efficiency

### Unlocking resources for better cultural services

#### Overview

Value for money (VFM) is defined as the relationship between economy, efficiency and effectiveness. The Audit Commission uses VFM profiles to support judgements about Council's effective use of resources, which is part of the Comprehensive Performance Assessment.

Whilst efficiency is part of VFM, an independent review of public sector efficiency was undertaken by Sir Peter Gershon in 2004. "Releasing Resources for the Front-line" sets out the scope for efficiencies within the public sector back office, procurement, transaction services and policy making functions.

#### Why it Matters

DCMS was set a target of £260m efficiencies, over 50% of which is to come from local authorities, to be achieved by 2007/08. Half of the savings target was to be in the form of cashable efficiency gains which could then be redirected towards improving and increasing culture and sports opportunities for all.

VFM and Efficiency matter because:

- They form part of the corporate assessment of local authorities.
- They are a requirement of Central Government.
- Improving the performance of the culture block of the Comprehensive Performance Assessment (CPA) is critical to improving and maintaining Cultural Services.
- Financial pressures on government and local authority spending mean that if we don't increase efficiency and value for money, services to the public will reduce or cease.
- Maximising the use of resources benefits everyone.

#### Key Messages

- **VFM profiles provide useful information – but should be treated with caution and supported by other evidence, as they only compare the performance of similar sized authorities and each authority has a number of variables affecting it which make its situation unique.**
- **Efficiency as proposed by Gershon is about re-investing efficiencies in the frontline (service delivery) or to hold down Council Tax. The efficiencies delivered should not adversely impact, directly or indirectly, on front-line service delivery. Members need to closely monitor the impact of achieving efficiencies within their council.**

#### Background

##### a) Value for Money

Councils spend a combined total in the region of £70 billion pounds per year. They are responsible for ensuring that they have put in place the proper arrangements to secure economy, efficiency and effectiveness in its use. The Audit Commission is tasked with providing assurance through a combination of its audit work and the CPA. The CPA methodology makes use of an annual judgement made by auditors on how efficiently councils are using their resources. This is known as the Use of Resources assessment. The profile reports produced help councils to review their own performance as well as to support auditors and help identify the key issues facing a particular council.

The profiles also contain contextual and performance information, for example population and performance information (e.g. percentage of residents satisfied with services or percentage of residents who have used services in the last six months).

##### b) Efficiency

Central Government guidance was that efficiency gains can be delivered by reducing inputs (money, people, assets, etc) for the same outputs; reducing prices (procurement, labour costs, etc) for the same outputs; getting greater outputs or improved quality (extra service, productivity, etc) for the same inputs; and getting proportionately more outputs or improved quality in return for an increase in resources. The first two produce cashable efficiency gains, while the last two gains are non-cashable.



The delivery of efficiency savings requires leadership and considerable planning and management. Councillors and Senior officers have needed to look beyond the technical requirements of delivering the Annual Efficiency Statement, and consider the positive opportunity it presents to reshape public services.

One of the first steps is to identify the 'gaps' that need to be addressed. This is likely to be a challenge for some services because performance indicators and data benchmarks relating to efficiency are not readily

available. In particular, getting a clear picture of the performance of corporate support services (the back office) is not as straightforward. In some cases, action planning may need to be preceded by a strategic review to identify the best way forward.

Councils are free to take any action they choose to deliver the required efficiency gains.

## Case Study: Reaching the Community Through Culture

Co-locating services in accessible venues is one way of reducing a local authority's overheads and getting services to work together more efficiently. In Derby a unique collaboration between partners and local residents resulted in the opening of Derwent Community Library in March 2007 in what is recognised as one of the city's poorest communities with high levels of social exclusion and disadvantage. In 2000 it became one of 22 areas in England to benefit from the second round of New Deal for Communities grants.

One of the largest projects supported by the Derwent Community Team, who administer New Deal in the area, has been the Revive Healthy Living Centre, where Derwent Community Library is to be found. The capital cost of Revive was met by grants from the Derwent Community Team and a range of other funders, and also supports the appointment

of a full-time Library Development Worker whose brief was to ensure that local residents were fully consulted as the project progressed. The level of community engagement has been unprecedented, with residents contributing to a wide variety of decisions including the appointment of a Library Manager and the buying of books.

Being an overwhelmingly residential area Derwent is not an obvious location for a new public library. However the Revive project has enabled the library to be built alongside a range of other community facilities, including the clinic, artists' studios, a community café and a variety of meeting rooms.

Dennis Tunnicliffe, Chair of the Derwent Library User Group says:

"We've sustained our enthusiasm over the past six years and learnt a lot on the way - it's been an educational journey and with Dave the Library Manager's expertise and the community's ideas and knowledge, we'll have a great library."

He also says that he felt proud that the library will be part of such a high-quality, multi-purpose building and that the partnership between residents and agencies has worked so well. "It's the way forward," he concludes.

Councillor Alan Graves, the Council's Cabinet Member for Leisure and Direct Services sums it up like this: "The enthusiasm of residents was a real incentive for us to put a library in an area where there was such strong support from local people. The process has been something new for us. The partnership has given us something far in excess of what we might otherwise have achieved."



Photo: Derby City Council

### Your next steps

- Consider how your council compares with other councils with similar Value for Money profile
- Find out if the differences in spending is associated with differences in service levels
- Find out if your council's profile has changed in the last three years in comparison with similar authorities.



Cultural Improvement Partnership  
East Midlands

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