KENSINGTON AND CHELSEA PARTNERSHIP

14 November 2007

VALUE FOR MONEY AND EFFICIENCY

This paper;
- updates the Steering Group on current issues concerning 'Value for Money' (VfM) and how this applies to the Partnership.
- asks the Steering Group to endorse further activities to identify and realise future VfM opportunities.

FOR CONSIDERATION AND APPROVAL

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1. Background

1.1 As part of the previous Spending Review (SR 04) all government departments were given efficiency targets of 2.5% (1.25% cashable). The Government has already announced its intention to see efficiency gains of 3% a year across the public sector as part of the next Comprehensive Spending Review (CSR 07). VfM and efficient use of resources has been identified as a way to deal with the increasing demands on all statutory organisations.

1.2 The concept of VfM and efficiency are not new ideas to members within the Kensington and Chelsea Partnership (KCP). One of the key aims of the partnership is to ensure joined up, good quality services for residents and to achieve this is a need to ensure resources are being used effectively and efficiently.

2. What is meant by VfM and efficiency in partnerships?

2.1 VfM can be defined as "the optimum combination of whole life costs and benefits to meet the customers requirements" (Audit Commission). When broken down it can be considered in terms of the relationships between economy, efficiency and effectiveness.
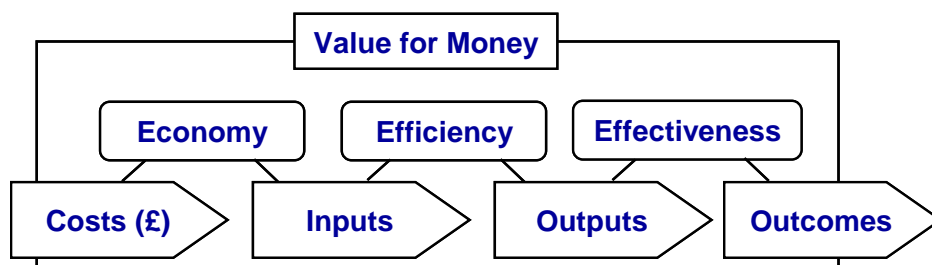
2.2 For example, work in the area of procurement considers whether we are getting the right level of inputs for our costs. Whilst focusing on improving the input/output equation considers how efficiently we are using our resources. Effectiveness is considered by asking whether the services meet the needs of local people at the right time.

2.3 Considering VfM across the different organisations in a partnership can become difficult to determine. For the KCP, a proposed definition of VfM in partnership is:

"Any work that is undertaken between two or more partners where resources are being used more economically, effectively and efficiently"

With Steering Group member's endorsement, this initial definition would be used to capture where we are achieving VfM but would also develop as the relationship and working patterns of the partnership continues to mature.

3. What would the benefits of VfM in partnerships look like?

3.1 Below are some examples of different types of VfM that could be gained through partnership working and what the benefits from this would look like:

Synergies from co-ordination of undertaking similar activities	Benefits from sharing of ideas and approaches
Efficiency and Effectiveness of the Partnership	Benefits achieved through the smooth running of partnerships themselves
Financial / Efficiency gains	Gains from being able to use fewer inputs for the same outputs and the same inputs for more outputs. Some may be gains that could potentially release financial resources
Performance improvements	Improvements in the outputs and outcomes due to the joining up of activities

3.2 When measuring the use of resources in a partnership it is important to acknowledge the difference between the funding linked to the particular partnership and the total resources that may be used to deliver an outcome. So for example we can measure the investment into the Community Safety via the Community Safety Programme Board but it would have been wider resources that will have achieved the target outcome.

3.3 The KCP and other partnerships across the borough have already identified some examples of VfM and efficiency gains. Steering Group members will recall Council led work that provided information about

the significant partnerships within the Council. An outline of this work is at Annex A.

3.4 There are also some examples (although limited) of good practice ideas around VfM in partnerships, which are being undertaken nationally (some of which we already undertake). These are at Annex B.

4. What more can we do?

4.1 With the continuing pressures from central government to ensure that VfM is being achieved and that resources are being used economically, efficiently and effectively, the KCP should continue to consider these issues and address them.

4.2 Officers recommend that the KCP endorse these key principles:

Consider VfM implications during new partnership opportunities As well as identifying opportunities in existing arrangements, where new partnership opportunities arise, the KCP will consider the approach adopted to ensure the partnership is maximising VfM.
For the overall benefits of the Kensington and Chelsea Community When considering VfM implications in partnership working, the KCP will look at the VfM benefits for the overall public sector locally and other organisations within the partnership, rather than just that of one particular partner.

4.3 There are also a number of actions which partner organisations could undertake to further progress this agenda:

Identifying ways to improve and deliver VfM and efficiency in existing partnerships - As part of day to day activity for all partners this means identifying opportunities to improve the way in which resources are utilised at the disposal of the partnership. Partners should collectively endorse undertaking a wide search for VfM and efficiency opportunities within their organisations.
To ensure the KCP can measure where VfM has been achieved - Ensuring the KCP understand where VfM improvements have already been achieved and capture them. This is currently undertaken by all partners through LAA and Community Strategy monitoring.

4.4 If the Steering Group are able to endorse the above, the information outlined will be collected from partners through the LAA and Community Strategy monitoring process.

5. Conclusion and recommendations

5.1 The Steering Group is asked to consider the content of the report and:

- Agree the definition of 'Value for Money' for the KCP as outlined at 2.3.
- Endorse the principles that have been put forward in considering VfM as outlined at 4.2.
- Agree to provide regular information through the LAA and Community Strategy monitoring process on what is being planned and what has been achieved from a VfM perspective, as outlined at 4.3.
- Review the good practice ideas as outlined at Annex B and consider if any could be applicable to partnerships that Steering Group members are involved in.

FOR CONSIDERATION AND APPROVAL

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ANNEX A – Outline of some of the achievements in partnership

We have already undertaken work in ensuring that our partnerships are providing value for money.

The council led audit of our partnerships in 2006 provided us with valuable information about it's significant partnerships. It identified that there are 26 significant partnerships with a combination of financial, operational and strategic decision making responsibilities. Looking at the information available for 2007/08 budgets these partnership are estimated to have £25 million controlled by the partnership, with a value of around £61 million which is influenced by these partnerships.

The Council has also ensured that strong mechanisms are in place to achieve value for money through allocation of resources. During the 2007/08 round of the Council's Corporate Services Voluntary Sector grants a scoring process was used to assess the allocation of resources. Criteria within this included considering VfM by looking at organisation's accounting processes and historical spending track record. The KCP have adopted similar approaches when allocating funding streams such as the Neighbourhood Renewal Programme and negotiating Local Area Agreement stretch targets.

Other successful examples of partnerships delivering improved outcomes through the more effective use of resources, includes money allocated via the Community Safety Programme Board (CSPB). The CSPB invested £2.2 million in 2006/07 into community safety leading to closer working between the Police, the Fire Services, the Council and other partners such as voluntary sector organisations. This has lead to a reduction in crime levels.

Annex B – Examples of good practice in partnerships –
Source Audit Commission website and Learning from CPA report

In **Stockport** there is effective support to help children and young people to develop socially and emotionally, especially through difficult times in their lives. Partnership working is encouraging more positive contributions from children and young people at risk of offending. Youth offending and re-offending has reduced to the national average. This improvement is particularly striking among looked after children.

In **Teeside** partnership working is becoming increasingly effective in tackling drug misuse. A number of agencies and local bodies are involved in working together to tackle drug problems, including local councils, primary care trusts, the police and probation service. Stronger partnership has also improved how arson and deliberate fires are tackled across Teeside. The main agencies involved in this work are the fire authority, police and the four local councils. With the fire authority taking the lead, the partners have made a real impact, achieving significant improvements in reducing the level of arson and deliberate fire setting.

In **Slough**, improving health and reducing health inequalities is a theme which underpins many services such as children and young people, housing and culture. Health partnerships work well, with good outcomes for local people such as success in encouraging healthy eating through schools and increased awareness of diabetes among the more susceptible Asian population.

Through joint working with the health service, **West Sussex County Council** identified schools where teenage pregnancies were high, so that social and health education could be enhanced. This resulted in teenage pregnancies decreasing between 1998 and 2003 at nearly double the national rate.

Staffordshire County Council's work with partners on 're-abling'(Re-ablement services help individuals to regain or learn new skills to support independence) and assistive technology (AT) allows frail older people, including those suffering from dementia, to remain living independently for longer. This reduces care home costs as well as promoting choice and peace of mind for relatives. AT sensors linked to local control centres form part of the standard offering of aids and adaptations in most areas of the county. Intensive, holistic, multi-agency rehabilitation enables many elderly and disabled people discharged from hospital to return home with AT support, rather than to residential care.

Rochdale Council has been instrumental in developing a shared community intelligence website through the Rochdale Interagency Information Group. This provides up-to-date data about the borough, including health, crime and employment, with extensive analysis at neighbourhood level.

Work within the **Bournemouth Partnership** reviewed arrangements for setting and monitoring targets under the local public service agreement (LPSA). This led to agreement of data sharing protocols, and improved reporting of performance against the 12 targets by partners.