

**GMWDA**

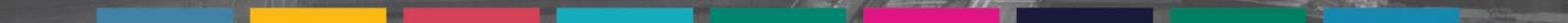
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**Greater Manchester  
Waste Disposal Authority**

# Value for Money Policy and Framework

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14th April 2016



## Introduction

The Authority recognises its responsibility to achieve value for money (VFM) and is committed to the pursuit of economy, efficiency and effectiveness from all its activities including:

- a) **the Waste Contract:** through the optimisation programme and the implementation of the 2020 Vision as part of 'our aim is zero waste'
- b) **internally:** by demonstrating value for money in the use of resources.

That commitment has been heightened by the Government Austerity measures and this framework seeks to ensure that VFM runs through everything that we do, and perhaps as importantly we can evidence why what we do is value for money to our stakeholders.

## Policy Statement

This policy will set the foundation, embedding VFM into the Authority culture.

The Authority's approach to delivering VFM underpins the areas identified in the Authority Business Planning, i.e. the Waste Contract, the Medium Term Financial Plan (MTFP), Asset Management. It also links to the Authority overall Performance Management and Procurement strategies.

Through the VFM approach we will be able to:

- a) review what we can do better;
- b) identify how we can improve; and
- c) demonstrate that we can obtain similar (or ideally) better results with the same resources.

## Objectives

To achieve VFM, the Authority has set itself these objectives:

- a) to integrate VFM principles within existing management, planning, performance management and review processes;
- b) to actively seek out and adopt recognised good practice where this makes sense;
- c) to undertake VFM studies, as part of our commitment to continuous improvement, on areas of activity identified as worthy of review;
- d) to benchmark the Authority's activities against other similar activities and organisations where this is considered appropriate;
- e) to ensure appropriate opportunities to enhance the economy, efficiency and effectiveness of activities are taken;

- f) to demonstrate actively to both internal and external observers that the achievement of VFM is sought in all activities undertaken; and
- g) to ensure that all staff recognise their continuing obligation to seek VFM for the Authority as part of their routine activities.

## Responsibility

The responsibility for VFM lies with all Members and staff and is not restricted to those with resource or financial responsibilities.

The Authority has the responsibility to put in place arrangements that will ensure VFM is being sought. To help discharge this responsibility, the Audit & Standards Committee and the Resources Committee will be responsible for providing advice on VFM issues to the Authority.

The Audit & Standards Committee will annually satisfy itself that satisfactory arrangements are in place to promote economy, efficiency and effectiveness. That assessment will take account of the requirements of the external auditors, currently Grant Thornton, for their annual reporting requirements upon the adequacy of arrangements for securing VFM. The Committee is required to relay its conclusions on the satisfactory nature (or otherwise) nature of arrangements for VFM to the Authority in its Annual Report.

The Business Management Team (BMT) members have the responsibility to maintain an awareness of good practices in their own area of operation and to ensure that these are followed appropriately. In so far as possible VFM will be integrated into the existing performance management arrangements. That will ensure that VFM becomes more effectively mainstreamed as part of the organisations “way of doing things”.

All staff should achieve VFM in all activities and to bring to management's attention to any opportunities for improvement.

The VFM Policy is subject to Authority approval, and will be kept updated by the Director of Contract Services on a regular basis (with any major changes being consulted upon via the Audit & Standards Committee, prior to approval by the full Authority).

## Value for Money Framework

VFM is the expression used to measure whether or not an organisation has obtained the maximum benefit within the resources available to it. It not only measures cost, but also takes account of quality and fitness for purpose to determine that the use of resources represent good value. The Authority describes VFM in terms of the 'three Es' - economy, efficiency and effectiveness.

The definition of the three E's is as follows:

**Economy** - careful use of resources to save expense, time or effort.

**Efficiency** - delivering the same level of service for less cost, time or effort.

**Effectiveness** - delivering a better service or getting a better return for the same amount of expense, time or effort.

### 1. Purpose

The Authority recognises that it has a responsibility to deliver Value for Money from all its activities. The VFM policy (the Policy) sets out the Authority's arrangements to achieve this and explains the Authority's underlying approach to VFM. It gives key aspects of the VFM arrangements and identifies the main reporting procedures.

### 2. Objectives

- a) Integration of VFM into decision making, planning and reporting;
- b) using VFM to continuously improve the Organisation ;
- c) monitoring of the achievement of VFM through ongoing activities which benchmark services and relevant reporting;
- d) ensuring that the principles of VFM are understood and that it is the responsibility of all staff to pursue VFM in the Authority's activities; and
- e) ability to demonstrate that VFM is being achieved.

### 3. Approach to VFM

The Authority has already adopted the principles of the Chartered Institute of Public Finance and Accountancy (CIPFA)/Society of Local Authority Chief Executives (SOLACE) Framework - Delivering Good Governance in Local Government. To further help demonstrate VFM the Authority has also adopted the National Audit Offices 2015/16 Auditor Framework which focuses on three key activity areas:

- a) Informed decision making (with 4 sub areas);
- b) sustainable Resource Deployment (with 3 sub areas); and
- c) working with Partners (with 3 sub areas)

These will be used by our External Auditors to help demonstrate that the Authority has put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources.

#### 4. Role of the Authority

The Authority has a significant role to play in VFM. Its role is to:

- a) set the tone and influence the culture of VFM within the Authority. This includes:
  - I. oversight of the activities of VFM; and
  - II. receiving reports from the Audit & Standards Committee on VFM activities (at least annually), as part of the Annual Report on Governance;
- b) satisfy itself that VFM extends to all areas of the Authority's activities; and
- c) review annually the Authority's approach to VFM and approve changes or improvements to key elements of its processes and procedures.

#### 5. Role of the Business Management Team (BMT)

BMT will ensure that VFM is adopted/ embedded in a pro-active way, with key roles of Heads of Service of:

- a) implement policies on VFM;
- b) provide agreed VFM information in a timely manner to the responsible member of the team, as and when required; and
- c) Give input to the VFM activities as part of the six-monthly review.

#### 6. Embedding into the Authority's day to day Activities

The Authority's VFM arrangements will encompass a number of elements. These include:

- a) **Policies**  
VFM considerations will be incorporated into policies and guidance will be developed to support the policies where appropriate.
- b) **Business planning and budgeting**  
The business planning and budgeting process is used to set objectives, agree action plans, and allocate resources. Progress towards meeting business plan objectives is monitored regularly. VFM considerations will be taken into account as part of this process.
- c) **Audit & Standards Committee**  
The Audit & Standards Committee reports to the Authority and alerts the Authority on any emerging issues. In addition, the Audit & Standards

Committee oversees internal audit, external audit and management as required in its review of activities. The Audit & Standards Committee will state formally in its Annual Report to the Authority whether or not it is satisfied that adequate VFM arrangements are in place.

**d) Internal audit programme**

VFM considerations will be built into the internal audit programme review.

**e) External audit**

External audit will include VFM considerations as part of the annual audit.

**f) Formal VFM Review**

From time to time VFM Reviews may be needed, especially to demonstrate VFM to external stakeholders. Such reviews will be informed by and build upon the VFM culture, and as such will only be undertaken where appropriate to meet specified requirements.

**g) Third party reports**

From time to time, the use of external consultants may be appropriate in VFM.

**h) Benchmarking**

We participate in benchmarking activities with other local Authorities in order to challenge ourselves against value for money principles.

## Annual Review of Effectiveness

The Audit & Standards Committee will, using the CIPFA/Solace Framework and the National Audit Office questions, undertake an annual review to consider:

- a) whether VFM policies are effective in achieving the Authority's objectives with regard to VFM;
- b) whether VFM considerations are embedded into ongoing operations;
- c) the scope and quality of the monitoring of VFM including such elements as the effectiveness of internal audit and other assurance functions;
- d) the incidence of any VFM failings or weaknesses identified at any point within the year and the financial impact that they have had or could have;
- e) the effectiveness of the Authority's VFM reporting processes; and
- f) the effectiveness of the overall approach and policy to VFM and whether changes or improvements to processes and procedures are necessary.