



# Measuring and Reporting Value for Money Gains

## **A Guide to Compiling the Data for National Indicator 179**





# Measuring and Reporting Value for Money Gains **A Guide to Compiling the Data for National Indicator 179**

Information for Chief Financial Officers, Efficiency Champions and Officials  
Measuring or Reporting VfM Gains

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# Contents

	Page
Summary of Changes from March 2007 Issue	2
1 Introduction	3
2 Six Eligible VfM Gains And Six Ineligible Activities	6
3 National Indicator 179	9
4 Basic Principles in Measuring VfM Gains	12
a. General Principles	13
b. Measurement Principles	17
c. Reporting & Monitoring Principles	22
5 VfM Gains and Capital Expenditure	26
6 Fees and Charges	34
7 Partnerships and VfM Gains	38
8 Scrutiny and Good Practice	41
Annex A National Indicator 179 Template	45
Annex B Calculating the VfM Baseline	49
Annex C CSR07 Questions Answered	52
Annex D VfM Process Checklist	58

# Summary of changes from March 2007 issue

The following grid summarises the key changes from the previous issue of this guidance (then titled *Measuring and Reporting Efficiency Gains*) dated March 2007:

Page	Section	Summary of Changes
5	Submission deadlines	Full set of deadlines for NI179 during CSR07
6	Six eligible VfM gains and six ineligible activities	New short summary of which activities count towards NI179 and which do not
9	National Indicator 179	New short summary of the definition and reporting arrangements for NI179
12	Basic principles in measuring VfM gains	Principles fully updated to reflect terminology and requirements of NI179 (the only entirely new principles are b8 and c4)
39	Private sector co-funding/ sponsorship	Revised rules to show where such activities lead to cash-releasing gains
41	Scrutiny and good practice	Chapter fully updated to reflect NI179 requirements and current proposals for the Use of Resources assessment
45	NI179 definition template	Added NI179 template, reproduced from the handbook of National Indicator definitions
49	Calculating the VfM baseline	Added formula for calculating 2007-08 baseline expenditure using both outturn and forecast data
52	CSR07 questions answered	Added a Frequently Asked Questions section
58	VfM process checklist	Simplified version, reproduced from the Value for Money Delivery Plan

In addition, chapters and sections relating to the completion of the now discontinued Annual Efficiency Statement (AES) process have been deleted entirely (e.g. Quality Crosscheck process and Model AES).

# 1 Introduction

1.1 This guidance sets out all the basic information required by a local authority in order to calculate the data required for National Indicator 179 (NI179) on Value for Money (VfM) gains<sup>1</sup> during the 2007 Comprehensive Spending Review (CSR07) period. It is correct as of **15 September 2008**. It replaces the version dated March 2007.

1.2 This version of the guidance builds on the advice for, and experience of, measuring efficiency gains developed during the 2004 Spending Review (SR04) period, refreshing and enhancing that work and providing practical examples. It is underpinned by the assistance of the VfM Measurement Taskforce, whose members are drawn from a range of organisations<sup>2</sup> in local and central government. We are very grateful for their efforts.

1.3 Chapters 2 and 3 provide an overview of the measurement and reporting rules for VfM gains, chapter 4 describes the core principles and discusses each one in turn, while chapter 8 sets out the main issues to consider when putting in place arrangements for managing VfM within a council and the NI179 scrutiny requirements. The other chapters and annexes provide further advice on more technical and complex measurement and reporting issues.

## Background

1.4 In October 2007, the Department published *Delivering Value for Money in Local Government: Meeting the challenge of CSR07*<sup>3</sup> (hereafter referred to as the VfM Delivery Plan), which set out a route map for meeting the efficiency challenge during CSR07. It also included basic details about the measurement and reporting of VfM gains during CSR07, highlighting the changes from the current arrangements used to monitor progress against the 2004 Spending Review (SR04) targets.

1.5 In January 2008, with the help of the Measurement Taskforce, the Department published a short note<sup>4</sup> to expand on these themes and answer some of the frequently asked questions received to date. This edition of the guidance fully incorporates the points made in that note, which is entirely superseded.

<sup>1</sup> In CSR07, the term “value for money” is being used where “efficiency” was applied in SR04 for this agenda across the whole public sector

<sup>2</sup> The following organisations are represented on the VfM Measurement Taskforce: Department for Communities and Local Government, Audit Commission, Chartered Institute of Public Finance and Accountancy, DCMS, DCSF, Defra, DH, DfT, DWP, Highways Agency, HM Treasury, Improvement and Development Agency, Institute of Public Finance, Local Government Association (including the former Employers' Organisation), Office of Government Commerce, Society of Chief Architects of Local Authorities, Society of County Treasurers, Society of District Treasurers, Society of London Treasurers and Society of Municipal Treasurers.

<sup>3</sup> Available at: [www.communities.gov.uk/publications/localgovernment/deliveringvalueformoney](http://www.communities.gov.uk/publications/localgovernment/deliveringvalueformoney)

<sup>4</sup> Available at: [www.rce.gov.uk/rce/aio/47549](http://www.rce.gov.uk/rce/aio/47549)

## Sources of Assistance

1.6 For advice and assistance on the general principles behind the measurement and reporting of VfM gains you may contact:

Michael Read-Leah	michael.read-leah@communities.gsi.gov.uk	020 7944 3470
Neil Reeder	neil.reeder@communities.gsi.gov.uk	020 7944 6916

1.7 For more detailed information on how the basic principles set out in this document may be applied in each service sector or crosscutting workstream, you are referred to the series of measurement toolkits produced by individual departments. The current version of each toolkit may be found online<sup>5</sup>.

1.8 If you require further advice or assistance about measuring gains in a particular service sector or workstream or the use of a measurement toolkit, you should contact the appropriate person from the list in the table below:

Adult social services	Kevin Barr	kevin.barr@dh.gsi.gov.uk
Children's services	Brian Blagbrough	brian.blagbrough@dcsf.gsi.gov.uk
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Environmental services	Richard Ellsworth	richard.g.ellsworth@defra.gsi.gov.uk
Local transport	Highways Non-highways	Martin Stocker Carl Sutcliffe
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<sup>5</sup> Available at: [www.rce.gov.uk/rce/core/page.do?pageld=10106](http://www.rce.gov.uk/rce/core/page.do?pageld=10106)



















































































































