



Value for Money Policy

Introduction

Value for Money (VFM) is defined as the relationship between **economy**, **efficiency** and **effectiveness** ("3E's"). Achieving VFM means achieving a balance between all three: relatively low costs, high productivity, and valued outcomes.

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 the local **context**.

VFM Principles

The principles of VFM comprise of Effectiveness, Efficiency, and Economy. The Audit Commission defines these as:

- **Effectiveness** – assesses the impact of spend by reviewing outcomes. For demand-led services, it reviews whether demand is being managed effectively.
- **Efficiency** – assess productivity – how much you get out for what you put in. It covers the efficiency of the service model, for example, where there is a choice, are services used that are most efficient, with the best outcomes.
- **Economy** – assesses the resources used to provide a service. Obtains wherever three quotations for the provision of a contract.

Putting the principles into Action

To demonstrate VFM, the Council will seek to achieve the optimum balance between the above principles and strive for continuous improvement in all aspects of service delivery by the following means:-

a) Identifying Local Needs and Priorities

We will:

- Ensure that community needs and priorities are reflected in our plans and strategies;
- Involve stakeholders through the use of user satisfaction surveys and other customer feedback;

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- Identify priorities to meet the needs of our community, both as an individual service provider and a partner.

b) Security Resources at the Appropriate Price Having Regard to the Level of Quality Required.

We do:

- Implement our Procurement to secure the most advantageous combination of price and quality;
- Consult, and work in partnership with, as appropriate, other public and private sector service providers;
- Use all appropriate methods to achieve economies, including e-procurement, joint working, shared services and market testing;
- Strive to attract external funding to supplement our own resources where appropriate.

c) Allocating Resources in Accordance with Agreed Aims

We will:

- Allocate our resources in line with the Council's priorities, plans and strategies.
- Continuously seek to identify opportunities for increased efficiency without adversely affecting service quality.

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

- Adopt working practices, independently and in partnership – to support the drive for increased efficiency and effectiveness, including promoting the use of electronic service delivery and working with other service providers as appropriate.
- Challenge our own performance by a variety of methods.
- To consider the STC Green Community Investment Plan when making decisions in relation to carbon emissions, locality of contractor etc.

e) Consider the Social Value

We will:

- Where projects, or ongoing expenditure, are aimed at creating community value they will be managed in ways which ensure that the intended value is delivered or improved on. This may not always be measurable in financial terms, but the criteria for value will be set out. The same is true for projects which have climate or environmental impacts.