



HOW DO YOU BALANCE YOUR BUDGET WHILST PROTECTING ESSENTIAL SERVICES?

VALUE FOR MONEY REVIEW

Setting a balanced budget whilst protecting essential services is nothing new for local government. But the current level of financial pressure is greater than for many years: the economic climate has reduced income and increased the demand for services, whilst funding levels are expected to become much tighter.

A key challenge will therefore be for authorities to balance their budget over the medium term, whilst ensuring that resources are directed to priority areas. At the same time, authorities will want to be confident that all services are operating at optimum value for money.

LG Futures has worked with over 100 individual local authorities and our consultants have also previously worked as senior finance officers within large local authorities. This wide-ranging experience provides us with in-depth practical knowledge of the public sector financial environment and how local government services are managed and delivered.

We have recently been focusing on delivering **rapid strategic financial reviews** for local authorities. These reviews enable us to quickly identify options for using your available resources in the most effective way; in particular, **identifying sustainable savings**. Our reviews encompass the following key elements:

Relative VFM of services. We can create specifically tailored comparator groups for benchmarking purposes, using benchmarking as a starting point to help identify where there are differences in costs/income and activity/performance. This will produce an initial 'snapshot' of the **relative VFM** of services and where future savings can be focused.



Checklist of savings. Based upon our extensive work with local authorities, we have developed a range of savings areas that can **initially be explored** with your authority; with many of these savings being 'tried and tested'. These include quick wins, more in-depth savings proposals, and cost effectiveness measures, to offset future potential budget pressures.

Understanding cost drivers. We have a range of tools to **analyse service budgets** in greater detail and show further potential areas for savings. These include: analysing spend by corporate objective; classifying budgets into fixed and demand-led elements; specifying key service cost drivers; and forecasting/costing future service demand.

Option appraisals. We use option appraisals to create practical and achievable savings scenarios. Appraisals consider a range of possibilities, from **simple changes** through to **radical transformation**. We have been highly successful in using these appraisals to obtain buy-in from a wide range of stakeholders, including members and service managers.

Realistic savings proposals. Based upon the above analysis, we will develop a comprehensive **prioritised and costed** list of proposals to balance the budget over the medium term. This will also include an assessment of risk and achievability, in addition to your authority's capacity to deliver change and transformation.

If you require any further information or would like to discuss how our Value for Money review could potentially assist your authority, please contact Jude Ranasinghe, Director of Consultancy and Training, at jude.ranasinghe@lgfutures.co.uk or on 01908 424387.