

AUDIT AND GOVERNANCE COMMITTEE

DATE	21 st April 2022
REPORT OF	Sharon Wroot Executive Director – Environment, Economy and Resources
SUBJECT	Value for Money - Annual Report 2021/22
STATUS	Open

CONTRIBUTION TO OUR AIM

A continued focus on Value for Money contributes to the Council's key priorities of Stronger Economy and Stronger Communities by improving the overall economy, efficiency and effectiveness of its activities.

EXECUTIVE SUMMARY

The responsibilities of the Audit and Governance Committee include seeking assurance on the effectiveness of the Council's Value for Money (VFM) arrangements. This report summarises activity during 2021/22 and identifies additional actions for 2022/23 and beyond.

RECOMMENDATIONS

The Audit and Governance Committee considers this report to enable it to gain sufficient assurance in relation to the Council's Value for Money arrangements.

REASONS FOR DECISION

The Audit and Governance Committee's responsibilities include obtaining assurance that the Council has effective arrangements in place for the achievement of Value for Money. This report focuses upon the activities carried out by the Council to promote and deliver improved Value for Money.

1. BACKGROUND AND ISSUES

- 1.1 Value for Money (VfM) is defined as the relationship between:
 - Economy (cost) - the price paid for providing a service;
 - Efficiency (performance) - how much is obtained for what is paid; and
 - Effectiveness (quality) - the impact of the service, how successful it is.
- 1.2 Value for Money is not an absolute end in itself and should be considered as a compromise between cost, performance and satisfaction. It is an outcome of the Council's activities and not a process in its own right. Furthermore, it should not be seen in isolation from day to day activities.
- 1.3 The focus of work in relation to Value for Money during 2021/22 has been on supporting financial sustainability and ensuring resources are being used to best effect. It is important to note that the Council's activities have continued to be affected by COVID-19 which has brought additional financial and operational challenges during the year.
- 1.4 In support of its management of and approach to Value for Money, the Council has received the Head of Internal Audit Opinion (HOIA) on the effectiveness of the Council's control framework. The HOIA report provided satisfactory assurance on the overall arrangements for governance, risk and the internal control framework, taking into account those areas where additional improvements have been identified.
- 1.5 The external auditor's review of Value for money arrangements concluded that there were no significant issues to report in relation to financial sustainability or governance. Whilst no significant weaknesses in relation to improving economy, efficiency and effectiveness were raised, reference was made to the Ofsted inspection of children's services which was graded as inadequate. This issue led to an 'except for' conclusion, indicating that whilst arrangements are generally satisfactory there are some specific service issues to be addressed.
- 1.6 No significant risks in relation to value for money have been identified as part of the 2021/22 external audit plan to date.
- 1.7 Value for money information and contextual information is shared with services through the Council's utilisation of the CIPFA/Grant Thornton CFO Insights tool. The tool provides key insights on service outcomes and socio-economic factors and has been utilised to support finance and commissioning decisions, aid performance improvement and transformation planning.
- 1.8 As part of the development of the latest finance and commission plans, Star Chamber sessions were held with attendance from the administration and leadership team representatives. The purpose of these sessions was to understand, challenge and provide support to service areas as budget plans were developed. Specific focus was placed upon the value for money of service delivery within the context of a finite financial resources.

1.9 The Council's approach to Value for Money is supported through its business case appraisal process which ensures that appropriate challenge and support is provided through the application of HM Treasury's 5 Case Methodology. The approach has been further refined during 2021/21. This has included the introduction of post project appraisals and increased focus on the deliverability of individual projects and the overall capital programme.

1.10 A range of commissioning reviews within services have been undertaken during 2021/22. These included:

- Rehabilitation and reablement review within adult services to ensure that the system offers efficient and effective re-ablement, reducing reliance on long term care packages and formal services.
- Children's Commissioning Team – To ensure social care and SEND expenditure is effective and that resources used to support children, young people and families are proportionate to need.
- Modernisation of Housing Related Support Model - Existing contract was rationalised and has been successfully tendered and implemented, delivering required improvements and efficiencies.
- Depot rationalisation - A 2-year project to condense the Council's depot services to one location to achieve more efficient, modern and energy saving working practices is in progress with a phased construction programme at the Doughty Road Depot.
- Port Health - An extensive programme continues to deliver improvements in the Port Health service to support trade following EU exit as well as encouraging continuing growth in import and export of food products. In partnership with ABP, the construction of a Border Control Post in Immingham is now complete.
- Bereavement Services - The 3-year service improvement programme has already delivered increased car parking, additional chapel space and a new pet cremation service.
- Estates & Valuation functions/commercial opportunities – Review to maximise efficiency across the existing portfolio and consider new commercial opportunities.
- Council Tax Single Discount Review Matching - Full review of all discounts to ensure households are paying their fair share towards the valued services provided and enabled by the Council.

1.11 A range of service reviews are planned across all areas of the Council's activities in 2022/23. These are detailed within the Council's latest approved Finance and Commissioning Plans. Examples include:-

- Implementation of next phase of extra care housing – Enabling people to remain supported in their own home for longer, contributing to their safety and wellbeing at the same time as delivering lower cost delivery.
- Redesign of fostering services - Reducing the reliance on external foster care placements and further reduce the need to utilise expensive external placements.

- Review and redesign of residential children's homes - Ensuring that there is some resilience in the homes in terms of staffing but also that the homes are cost effective in meeting the needs of our children.
- Re-Commissioning of the Oral Health Promotion Service - To ensure services are delivering best value for money and meeting need and supporting parents to access dental services for their children under five.
- Development of a shared public health leadership model across Greater Lincolnshire Footprint.
- Review of supplementary recycling provisions for building materials - Reduce the amount of building materials accepted for free at Community Recycling Centres and introduce a cost recovery scheme for larger quantities of inert materials which cannot be recycled and are subject to land fill charges.
- ICT - The implementation of Microsoft E5 licensing to provide enhanced cyber security and reduce costs in areas such as telephony across the whole organisation.
- Property Rationalisation - Explore ways to ensure the operational portfolio is running as efficiently as possible.

2. RISKS AND OPPORTUNITIES

- 2.1 Value for Money principles are embedded within the Council's strategic risk register. The risks to delivering these programmes have been identified and the implementation of actions designed to mitigate these risks are monitored.
- 2.2 Budget holders are accountable for managing and reporting the performance of services or contracts, and ensuring mechanisms are in place to give assurance that the data used for reporting is robust, and performance is reported regularly.
- 2.3 Budget holders are accountable for delivering Value for Money through continuous improvement activity to capture and report on efficiency gains including improved outcomes at no extra cost.

3. OTHER OPTIONS CONSIDERED

- 3.1 None. The Audit and Governance Committee requires regular updates in relation to value for money principles as part of the discharge of its overall responsibilities

4. REPUTATION AND COMMUNICATIONS CONSIDERATIONS

- 4.1 Failure to demonstrate Value for Money could negatively impact upon the reputation of the Council.

5. FINANCIAL CONSIDERATIONS

- 5.1 In all strategic and operational decision-making there are choices to be made regarding cost, performance and satisfaction. Value for Money principles help to ensure the Council offers the most appropriate level of service at a cost that it can afford and that delivers good outcomes for the community.

6. CHILDREN AND YOUNG PEOPLE IMPLICATIONS

- 6.1 The report includes examples of activities designed to improve the value for money of services directed towards Children and Young people.

7 CLIMATE CHANGE AND ENVIRONMENTAL IMPLICATIONS

- 7.1 No requirement to consult with scrutiny but activities of audit and governance committee are summarised in its annual report. Ultimately all resourcing decisions taken by the Council impact upon the environment. For this reason the Council must take climate change and environmental issues into account in the establishment of its finance and commissioning plans.
- 7.2 The Council's financial strategy looks towards consuming resources more efficiently, eliminating waste and supporting and developing the green economy and infrastructure. This includes recognising and realising the economic and social benefits of a high quality environment.
- 7.3 By working towards a low carbon economy, the area will be prepared for, and resilient to, the impacts of climate change. Environmental impact assessments are undertaken for individual budget proposals.

8 FINANCIAL IMPLICATIONS

- 8.1 Value for Money contributes towards delivery of the Council's financial strategy and is a critical aspect of the Council's approach to financial sustainability.

9. LEGAL IMPLICATIONS

- 9.1 As a best value authority the Council is under a statutory duty to make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness (s3 Local Government Act 1999).
- 9.2 The above report should assure that the Council is striving to comply with its statutory duty.

10. HUMAN RESOURCES IMPLICATIONS

- 10.1 There are no direct implications arising from this report.

11. WARD IMPLICATIONS

11.1 Applicable to all wards

12. BACKGROUND PAPERS

12.1 Budget, Finance and Commissioning Plan 2022/23 – 2024/25
<https://democracy.nelincs.gov.uk/wp-content/uploads/2021/05/6.-Budget-and-Medium-Term-Financial-Plan-2022-%E2%80%93-2024.pdf>

13. CONTACT OFFICERS

13.1 Guy Lonsdale – Head of Finance and Accountancy (Deputy S151)

Sharon Wroot
Executive Director – Environment, Economy and Resources