

AUDIT AND GOVERNANCE COMMITTEE

DATE	24th June 2021
REPORT OF	Sharon Wroot Executive Director – Environment, Economy and Resources
SUBJECT	Value for Money - Annual Report 2020/21
STATUS	Open

CONTRIBUTION TO OUR AIMS

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. It also supports delivery of the Council's Financial Strategy.

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 2020/21 and identifies additional actions for 2021/22 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 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.

It is a compromise between cost, performance and satisfaction. It is an outcome of the Council's activities and not a process in its own right. It should not be seen in isolation from day to day activities.

1.2 The focus of work in relation to Value for Money during 2020/21 has been on supporting financial sustainability and ensuring resources are being used to best effect. However, it is important to note that the Council's activities have been undertaken within the context of COVID-19 which has brought additional financial and operational challenges during the year.

1.3 In support of its management of and approach to Value for Money, the Council has received the following assurance.

1.3.1 Head of Internal Audit Opinion on the effectiveness of the Council's control framework relating to 2019/20

1.3.2 Unqualified external audit opinion on the Council's Value for Money arrangements relating to 2019/20.

1.3.3 No significant risks in relation to value for money have been identified as part of the 2020/21 external audit plan to date.

1.4 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 budget and spending decisions, aid performance improvement and transformation planning.

1.5 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.

1.6 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 2020/21.

1.7 Despite the impact of COVID-19, a range of service reviews have been undertaken during 2020/21 which include:

- Progress with the supported living review to identify opportunities for improved efficiency, effectiveness and reduced cost to the adult social care budget.
- Completion of Community Safety and Youth Justice restructure enabling continued delivery of a targeted outdoor learning offer within a reduced budget envelope.
- Review and extension of the regeneration contract with ENGIE to deliver direct revenue savings through the service contract without impact on outcomes or quality.
- Development of key relationships and proposals to secure additional grant funding to continue to deliver the outcomes within the Culture and Heritage Framework.
- Transformation within waste collection service designed to deliver improved outcomes and value for money through route optimisation and changes in collection methods.
- Implementation of new management arrangements for the commercial estate to ensure the Council has the necessary capacity and commercial expertise to target increased income.

1.8 A range of service reviews are planned across all areas of the Council's activities in 2021/22. These are detailed within the Council's latest approved Finance and Commissioning Plans. Examples include:-

Adult services

- Getting better value from care by reviewing high cost placements and transitions from children's to adulthood.
- Delivery of a "plus model" for supported living clients to enable the diversification of the local housing and support market in NEL, reducing reliance on out of area placements.

Children's services

- Reducing the number of children looked after through change in practice, better signposting and encouraging families and children to access preventative and family support services.
- Development of an SEMH (Social/Emotional & Mental Health) provision within NEL to enable education for our children locally and reduce the need to send out of area.

Public Health

- Collaboration and joint working across the mandated functions for public health within Northern Lincolnshire making optimal use of resources under the leadership of a joint Director of Public Health.
- Review of the leisure offer to determine the potential suitability for more community ownership/operation and possible co-location of services and/or other alternative approaches.

Economy and Growth

- Completion of major highways and transportation infrastructure works outlined within the local plan to support the Council's economic growth agenda.
- Development of business cases in support of the recently announced Town deal to support regeneration in line with the Town Investment Plan.

Environment

- Improved efficiency of Port Health operations through investment to support increased demand and ensure that the Council can effectively support our food manufacturers, exporters and ensure that imported food and feed meet the UK's public and animal health standards.
- Review of fees and charges to support efficient delivery of bereavement services.

Resources

- Implementation of a new operating model to improve prioritisation, decision making, ensure best use of our data and intelligence, improve the way we commission both contracts and services we deliver.
- Implementation new HR and Finance systems to support efficient and effective processes and procedures for the end user, including improved information and internal control.

1.9 Inevitably COVID-19 will continue to have significant impact upon the Council's activities and the impacts are anticipated to continue well into 2021/22. Nevertheless, the pandemic has required the Council to work differently and in some ways more effectively. The Council plans to build upon these more effective ways of working to improve its overall value for Money.

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. 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. 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 The Audit & Governance Committee requires regular updates in relation to the strategic risk register as part of the discharge of its 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 will 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. CLIMATE CHANGE AND ENVIRONMENTAL IMPLICATIONS

- 6.1 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.
- 6.2 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. 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.

7. CONSULTATION WITH SCRUTINY

- 7.1 No requirement to consult with scrutiny but activities of audit and governance committee are summarised in annual report.

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 HR implications arising from this report

11. WARD IMPLICATIONS

11.1 Applicable to all wards

12. BACKGROUND PAPERS

- 12.1 Budget, Finance and Commissioning Plan 2021/22 – 2023/24
<https://democracy.nelincs.gov.uk/wp-content/uploads/2020/09/Budget-Finance-and-Commissioning-Plan-2021-22-2023-24.pdf>
- 12.2 Finance Strategy
<http://www.nelincs.co.uk/wp-content/uploads/2019/09/Finance-Strategy-August-2019.pdf>
- 12.3 Budget summary 2021/22
<https://www.nelincs.gov.uk/assets/uploads/2021/05/NELC-Budget-Summary-2021-22.pdf>

13. CONTACT OFFICERS

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