

AUDIT AND GOVERNANCE COMMITTEE

DATE	20 th April 2023
REPORT OF	Executive Director – Place and Resources
SUBJECT	Value for Money - Annual Report 2022/23
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 2022/23 and identifies additional actions for 2023/24 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 2022/23 has been on supporting financial sustainability and ensuring resources are being used to best effect. Despite this, a significant overspend has been recorded on the revenue budget largely linked to Children's Services, but also impacted by pay and general inflationary factors.
- 1.4 As acknowledged by the recent peer review of the Council, the financial environment remains extremely challenging, noting key risks such as demand and inflation and the fact that years 2 and 3 of the Medium Term Financial Plan are currently unbalanced. As a consequence, the focus of work in relation to Value for Money will continue to be aligned to delivering financial sustainability and ensuring finite resources are being maximised.
- 1.5 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.
- 1.6 At the time of writing, the Council has not received its VFM Conclusion from its External Auditor for the year ended 31 March 2022. However it is expected that the VFM Conclusion will be qualified as a result of the current Ofsted inspection of children's services which was graded as inadequate. No other significant issues or risks have been raised in relation to financial sustainability or governance.
- 1.7 To support improved value for money, the Council operates an integrated budget, finance and business planning process. This process is supported by a Strategy Policy and Resources (SP&R) team which incorporates people and culture, ICT and digital, customer and communications, business support and transformation.
- 1.8 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 business planning decisions, aid performance improvement and transformation planning.

- 1.9 As part of the development of the latest finance and business 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 annual business plans were developed. Specific focus was placed upon the value for money of service delivery within the context of a finite financial resources.
- 1.10 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 over the past year. This has included the introduction of post project appraisals and increased focus on the deliverability of individual projects and the overall capital programme.
- 1.11 A range of activities have been undertaken to support improved value for money during 2022/23. These included:
- Resources - The Customer Service Management Platform project commenced. This incorporates a community Portal for cases relating to Regulatory Services, Housing, Environmental Services (including. Waste, Grounds, Street Cleansing) and Highways.
 - Depot rationalisation - Work is progressing to redevelop the Doughty Road Depot site to allow delivery of all front-line services from a single location. It will deliver service efficiencies, in addition to savings on fuel, utilities, building repair & maintenance, and vehicle usage.
 - Assets – In order to support income growth, a series of rent reviews, lease changes and opportunities have been implemented in relation to the Council's Commercial estate.
 - Children's – To address issues in relation to the recruitment and retention of social workers and the resultant reliance on agency staff, the Council has introduced a social work academy and successfully recruited social workers from overseas.
 - Safer and partnerships – Investment to enable the Council to operate an effective modern CCTV capability utilising the latest technology and transmission infrastructure to improve community safety and reduce crime and fear of crime.
 - Adults social care – A series of savings and efficiencies totalling £1M have been brought forward which incorporate managing demand arising from projected growth and initiatives to get better value for money and use of funding from ring fenced grants.
- 1.11 A range of service reviews are planned across all areas of the Council's activities in 2023/24. These are detailed within the Council's latest approved Finance and Business Plans. Examples include:-
- Business support review - The review will focus on opportunities to design a model of business support that meets the changing needs of the organisation, maximises the use of technology to ensure processes are efficient, and continues to provide value for the Council.

- Fleet - Work has started to review fleet and vehicle usage across the Council, with an ambition to deliver efficiencies sharing vehicles between teams and trialling pool cars solutions.
- Economy and Growth - Work with partners to determine a new strategic approach to Library Services and the cultural offer, complete the Sport and Leisure Strategy and consider opportunities to achieve efficiencies in the delivery of provision within the Borough.
- Property rationalisation – Project to bring forward opportunities to optimise office space, release underutilised assets and invest in remaining buildings, modernising them, moving toward carbon neutral workplaces.
- Home to school transport - a Children’s Transport Review has been commissioned and is looking at understanding current SEND (Special Educational Needs and Disability) and children’s social care transport arrangements to identify issues, develop ideas, and solutions for future children’s services transport policies.
- Public health – scoping of options regarding the re-commissioning of the dental epidemiology surveys and the oral health promotion service for Northern Lincolnshire across a wider Humber and North Yorkshire footprint, working closely with ICB colleagues to maximise all opportunities for improving oral health.
- Children’s services – wide ranging improvement programme incorporating the safe reduction in the number of children in care, Improvement in the quality of social work practice, recruitment and retention of a high quality workforce and a new family hub model.

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 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). 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>
- 12.2 Budget, Finance and Business Plan 2023/24 – 2025/26
<https://democracy.nelincs.gov.uk/wp-content/uploads/2023/02/3.-Cabinet-Report-Budget-Finance-and-Commissioning-PlanPDF-105KBicon-namepaperclip-prefixfa.pdf>

13. CONTACT OFFICERS

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

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