

AUDIT AND GOVERNANCE COMMITTEE

DATE	18 th April 2024
REPORT OF	Sharon Wroot Executive Director, Place and Resources
SUBJECT	Value for Money - Annual Report 2023/24
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 2023/24 and identifies additional actions for 2024/25 and beyond.

RECOMMENDATIONS

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

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 Councils are required to maintain an effective system of internal control that supports the achievement of their policies, aims and objectives while safeguarding and securing value for money from the public funds and other resources at their disposal (NAO Code of Audit Practice).
- 1.2 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 VFM during 2023/24 has been on supporting financial sustainability through transformation and change in targeted areas.
- 1.4 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 VFM will continue to be aligned to delivering financial sustainability and ensuring the Council's finite resources are maximised.
- 1.5 In support of its management of and approach to VFM, 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.
- 1.6 However, the HOIA report acknowledged that the operation of effective control within Children and Family Services has continued to be challenging, and the Council has recognised there have been significant weaknesses in the design and/or operation of internal controls in a number of areas including commissioning, fostering, agency staffing and residential homes.
- 1.7 External audit is required to consider whether the Council has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources (VFM Conclusion). The NAO issues guidance to auditors that underpins this work and sets out the reporting criteria that we are required to consider. The reporting criteria are:
 - *Financial sustainability* - How the Council plans and manages its resources to ensure it can continue to deliver its services.
 - *Governance* - How the Council ensures that it makes informed decisions and properly manages its risks.
 - *Improving economy, efficiency and effectiveness* - How the Council uses information about its costs and performance to improve the way it manages and delivers its services.

- 1.8 At the time of writing, the Council has not received its VFM Conclusion for the year ended 31 March 2023. However, it is expected that the VFM Conclusion will be qualified based upon the current inadequate Ofsted inspection. However it is acknowledged the Council is making progress in addressing the underlying issues, but still with further work to go to demonstrate the significant weakness has been sufficiently addressed.
- 1.9 To support improved VFM, the Council operates an integrated budget, finance and business planning process. Business Plans provide detail about the activity that will support delivery of the Council Plan within agreed budget envelopes, enabling the Council to decide how best to use the total resources available to achieve our outcomes in the most efficient, effective, equitable and sustainable way.
- 1.10 VFM information and contextual information is shared with services in advance of the annual planning process. Use of key insights on service outcomes and socio-economic factors is utilised to support finance and business planning decisions, aid performance improvement and transformation planning.
- 1.11 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 VFM of service delivery within the context of a finite financial resources.
- 1.12 The Council's approach to VFM 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. Post project appraisals are also undertaken to ensure there is learning from earlier projects.
- 1.13 A range of activities have been undertaken to support improved VFM during 2023/24. Examples include:

Area	Activity
Resources	Property rationalisation programme, which aims to reduce our carbon footprint and building costs, is on track for delivery as planned with significant staff moves taking place between January and July 2024
Environment	Fees and charges reviewed to ensure that the Council operates on a full cost recovery basis which is in line with other Local Authorities
Economy	The first two ecological sites on the South Bank of the Humber, Cress Marsh and Novartis Ings are fully operational, supporting wider investment in the South Humber area
Housing/Highways	Bus Service Improvement Plan (BSIP) has been reviewed and agreed with Department of Transport (DfT) and is currently being delivered in conjunction with Stagecoach. An example of one of the improvements,

	is the introduction of CCTV, to George Street, Riverhead and Town Hall street
Childrens	Integrated Front Door has seen a reduction in safeguarding referrals and an increase in contacts for family help. This follows the launch of the new Early Help Strategy and assessment, as well as the multi-agency referral form being switched off
Education	One of only 55 councils to be selected to be part of a new project funded by the Department for Education dedicated to improving outcomes for children and young people with special educational needs and disability (SEND) in North East Lincolnshire.
Adults	Reablement and rehabilitation review programme continues to progress. The Council has established new data sets and has seen improvement in performance. The programme will continue throughout 2024/25
Public Health	The Northern Lincolnshire Integrated Sexual Health contract and the Sexual Health contract with pharmacies re-commissioned with a full health needs assessment informing the contract specifications

- 1.11 A range of service reviews are planned across all areas of the Council's activities in 2024/25. These are detailed within the Council's latest approved Finance and Business Plans. Examples include:

Area	Activity
Resources	Delivery of an effective solution to the engagement of agency workers, with considerations of cost, maintenance, quality, and assurance of compliance
Environment	Explore opportunities to reduce energy consumption at Bereavement Services and review operating model during periods of lower demand
Economy	Strategic review of library and archives service to develop a long-term plan for these services
Housing/Highways	Review of Street Lighting and opportunities to increase energy efficiency
Childrens	Children in Care Sufficiency review to better capture needs, cost and outcomes of our children in care
Education	Review post 16 transport offer alongside wider transport review, to ensure that a refreshed model enables young people to be sufficiently prepared for adulthood and accessing their local communities and education provision.
Adults	Embedding of strengths-based practice underpinned by the practice framework. This should be the foundation of managing demand and therefore delaying and avoiding the need for long term care packages

Public Health	Re-commissioning of the Substance Use contract and continued implementation of the 10 Year Drug Strategy for North East Lincolnshire
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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 VFM principles as part of the discharge of its overall responsibilities

4. REPUTATION AND COMMUNICATIONS CONSIDERATIONS

- 4.1 Failure to demonstrate VFM 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. VFM 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 business 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 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>
- 12.2 Budget, Finance and Business Plan 2024/25 – 2026/27
<https://democracy.nelincs.gov.uk/wp-content/uploads/2023/12/3.-Budget-Finance-and-Commissioning-Plan-Feb-24.pdf-PDF-4139KBicon-namepaperclip-prefixfa.pdf>

13. CONTACT OFFICERS

- 13.1 Guy Lonsdale – Assistant Director – Finance (Deputy S151 Officer)

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