

**AUDIT AND GOVERNANCE COMMITTEE**

<b>DATE</b>	3 <sup>rd</sup> April 2025
<b>REPORT OF</b>	Sharon Wroot Executive Director, Place and Resources
<b>SUBJECT</b>	Value for Money - Annual Report 2024/25
<b>STATUS</b>	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 2024/25 and identifies additional actions for 2025/26 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.
- 1.2 Value for Money (VfM) is defined as the relationship between:
  - Economy (cost) - the price paid for providing a service/a good;
  - Efficiency (performance) - how much is obtained for what is paid; and
  - Effectiveness (quality) - the impact of the service/investment, how successful it is.
- 1.2 Value for Money is not an 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. It should not be seen in isolation from day to day activities.
- 1.3 The focus of work in relation to VFM during 2024/25 has been on supporting delivery of the Council Plan through transformation and change in targeted areas.
- 1.4 The financial environment in which the Council is operating remains challenging, noting key risks such as demand, interest rates and inflation. As a consequence Years 2 and 3 of the Medium Term Financial Plan currently show gaps. The focus of work in relation to VFM therefore needs to be aligned to delivering financial sustainability and supporting delivery of the Council Plan.
- 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 latest HOIA report provides satisfactory assurance on the overall arrangements for governance, risk and the internal control framework.
- 1.6 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 to be considered. 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.
- 1.7 The Council has received its VFM commentary for the year ended 31 March 2024. The VFM Conclusion is qualified based upon the current inadequate

Ofsted inspection. However, it is acknowledged the Council is making progress in addressing the underlying issues. The current position will remain unchanged until the service is formally reassessed by Ofsted.

- 1.8 To support improved VFM, the Council operates an integrated 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.
- 1.9 VFM information and contextual data 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.
- 1.10 A key source of intelligence relates to the LGA Inform VFM profiles which brings together data about the costs, performance and activity of local councils. The profiles help to understand the costs of delivering local services, and to get an overview of comparative spend and performance over time and relative to others. There are a very limited number of areas where the Council sits out of line with its peer but include areas such as the higher than average number of Children Looked After. Further information can be found here.

<https://vfm.lginform.local.gov.uk/>

- 1.11 A range of activities have been undertaken to support improved VFM during 2024/25. Examples include:

Area	Activity
Resources	Within Local Taxation and Benefits, Housing Benefits performance has improved and delivering to expectations after a focused effort to reduce the backlog of cases. In addition, a review of Single Person Discounts has been undertaken resulting in a £0.9M increase in Council Tax billed.
Environment	New Border Target Operating Model implemented 30th April 2024 with successful transfer of operations to Immingham BCP with new 7-day extended hours operation. Significant increase in throughput requiring official controls.
Economy	46 successful funding bids and 5 successful sponsorship bids with £5M+ investment levered in through arts, culture and heritage funding.
Housing/Highways	Bus Service Improvement Plan continues to implemented with the council delivering on bus improvement measures across the Borough and funding spending commitments. Measures such as bus priority; concessionary fares; ticket promotions; signal box priority; and ride to work month have all been completed this year.

Safer and Stronger	The Safer Streets initiative has been received positively by local retailers and businesses in the town centre. The project has established a Youth Hub, introduced 8 additional cameras and increased CCTV operative capacity, introduced Safer Street Ambassadors and additional Enforcement patrols to enforce the Public Space Protection Order.
Childrens	There has been a sharpened focus on the recruitment of permanent social workers using a range of creative methods. This has led to a reduction in the use of agency staff from 74 agency workers in 2023 to 21 in February 2025 meaning children benefit from continued relationships
Education	Mainstream school workforce development has been a significant area of focus, particularly in relation to inclusive practice, speech and language, strengthening skills, knowledge and practice in relation to identified themes including autism, trauma informed practice and behaviour support. Training has been identified following evaluations of 60 settings in relation to their inclusive practice, with action plans developed for each.
Adults	Reablement and rehabilitation review programme continues to progress and phase one has been completed resulting in some in significant improvements in outcomes and productivity.
Public Health	A new Northern Lincolnshire Integrated Sexual Health contract and the Sexual Health contracts with the pharmacies have both been successfully commissioned during 24/25.

- 1.11 A range of improvements are planned across all areas of the Council's activities in 2025/26. These are detailed within the Council's latest approved Finance and Business Plans. Examples include:

Area	Activity
Resources	Key opportunities relate to digital technology, particularly AI development; a strategic review of assets including both the corporate and commercial estate; the on-going drive to maximise the taxbase; and the on-going improvements to recruitment, learning and development offers aimed at making NELC an employer of choice and improving recruitment and retention.
Environment	Waste Collection and Disposal Options and Extended Producer Responsibility: Consider future waste disposal options post 2029, including potential risks following introduction of Emission Trading Scheme.
Economy	Continue to apply for external funding from a range of sources to maximise benefits.

Housing/Highways	A full review of housing service provision to address the multiple service pressures the council faces such as temporary accommodation, homelessness, housing related support and the housing register. It will also identify where stronger links with partners will help to tackle in year pressures and address preventative measures to reduce future risk and service demands.
Safer and Stronger	Introduction of Selective Licensing with plans to achieve full cost recovery over a 3-year period.
Childrens	Embedding the sufficiency strategy for children in care and care leavers. This focuses on enhancing and sustaining a robust sufficiency landscape including foster carers, children's homes and supported accommodation for 16/17 year olds that enables children and young people to be in a family care setting and in our local community wherever possible.
Education	The Council is currently participating in the Delivering Better Value in SEND national DfE programme to explore and implement creative solutions to some of the current challenges that the Local Authority face regarding appropriate support and provision for children with SEND. The aim of this programme, is to begin to create sustainability across the SEND system.
Adults	Telecare/digital - the recent reprocurement of the telecare contract gives the platform to further expand the use technology to further enhance the delivery of care and support. The new support at home framework, commencing in October 2025 also specifies the use of digital solutions to support with the management of demand as well as enhancing outcomes for people.
Public Health	A continued focus on those corporate budgets which receive public health grant investment to ensure that they are effectively tackling health inequalities, with a particular focus on investment into leisure services.

## 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 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>
- 12.2 Budget and Medium Term Financial Plan 2025/26 – 2027/28  
<https://www.nelincs.gov.uk/assets/uploads/2024/06/4.-Budget-and-Medium-Term-Financial-Plan-Feb-25-1.pdf>

## **13. CONTACT OFFICERS**

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

**Sharon Wroot**  
**Executive Director – Place and Resources**