

AUDIT AND GOVERNANCE COMMITTEE

DATE	16th April 2026
REPORT OF	Interim Section 151 Officer
SUBJECT	Value for Money - Annual Report 2025/26
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 2025/26 and identifies additional actions for 2026/27 and beyond.

Overall, the combination of strengthened financial planning, improved governance, service transformation and performance management arrangements provides the Council with a robust framework for securing Value for Money. On the basis of the evidence set out in this report, the Council is well placed to demonstrate ongoing compliance with the Value for Money expectations, and members can take assurance that appropriate arrangements are in place to secure economy, efficiency and effectiveness in the use of resources.

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.

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.

The focus of work in relation to VFM during 2025/26 has been on supporting delivery of the Council Plan through continued transformation and targeted change, which is essential in ensuring the Council achieves the right outcomes and maintains financial sustainability over the medium term.

The financial environment in which the Council is operating remains challenging, including an ageing population, increasing complexity and demand in social care, persistent health inequalities and increased demand in relation to children with special education needs (SEND). Whilst the 3-year financial settlement has allowed the council to present a balanced financial position over the medium term, the focus of work in relation to VFM continues to be aligned with delivering financial sustainability and supporting delivery of the Council Plan

1.3 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 most recent HOIA report provides satisfactory assurance on the overall arrangements for governance, risk and the internal control framework.

1.4 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.

- 1.5 The Council has received its VFM commentary for the year ended 31 March 2025. The independent audit report confirms that there was nothing to report in this respect, removing the previous qualified VFM conclusion based upon the inadequate Ofsted inspection of Children Services. This reflects the continued improvement and successful transformation of the service.
- 1.6 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.
- 1.7 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.
- 1.8 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/>

LGA Inform VFM profiles are actively utilised within the MTFP process, providing comparative insight to help prioritise transformational activity and drive stronger value for money outcomes.

- 1.9 A range of activities have been undertaken to support improved VFM during 2025/26. Examples include:

Area	Activity
Resources	The council maintained a digital focus, utilising the latest technology to improve process efficiencies examples includes the IMaR project which has successfully reduced Cloud storage requirements by 72%. A targeted AI pilot for minute taking has demonstrated potential to improve efficiency, accuracy, and support for Business Support colleagues. Further initiatives have included piloting digital tools such as Nelson forms and exploring the ethical use of AI, with oversight from the NELC AI Group.
Environment	<i>Our Green Future</i> brings together the Waste Strategy, Carbon Roadmap and Natural Assets Plan within a

	<p>single, well governed framework, with defined workstreams. Value for Money is strengthened through the securing of external grant funding, including decarbonisation funding, and by targeting investment at buildings with the highest carbon emissions and energy costs to maximise financial and environmental returns. Early discovery work on post 2029 waste disposal options and the refresh of the strategic waste function ensure the Council is well placed to manage future costs and service risks efficiently. Work continues optimizing recycling; high performing results were seen in quarter 3 of 2025/26 with zero waste to landfill. For comparison in 23/24 the mean for NEL CIPFA family group was 5.35% and NELC ranked 6th out of 16 at 0.34%.</p>
Regeneration	<p>39 successful funding bids and sponsorships, with circa £3M investment levered in through arts, culture and heritage funding.</p>
Infrastructure	<p>The Local Transport Plan provided a clear, prioritised framework for highways and transport investment; this has been further bolstered by the allocation of the Local Transport Grant. The framework ensures resources are targeted effectively across the network and supported by external funding, reducing pressure on core Council budgets. The Bus Service Improvement Plan continues to deliver targeted improvements that increase bus reliability, accessibility and usage, supporting economic growth while improving the efficiency and sustainability of local transport services</p>
Safer and Stronger	<p>The Safer Streets initiative delivered a targeted and balanced approach that combined preventative interventions with visible, cost effective safety measures. There has been a decrease in all ASB reports when comparing Q3 24-25 to Q3 25-26 by 27.5% (-131) from 476 to 345. Investment in initiatives such as the Youth Hub, expanded CCTV capacity, Safer Street Ambassadors and enforcement activity improved perceptions of safety, supports local businesses and helped reduce longer term demand on services. Collaborative working with partners, alongside preventative work to tackle violence against women and girls, maximises impact while making efficient use of limited resources.</p>
Children's	<p>Children's Services continues to deliver improvements through its transformation programme, strengthening</p>

	<p>outcomes for children and families while reducing longer term demand on services, as recognised by the ILACS inspection rating of <i>Good with Outstanding leadership</i>. A strong focus on early intervention and partnership working has led to a safe reduction in referrals and numbers of children in care, improving outcomes while containing costs. The refreshed local offer for care leavers further supports effective, sustainable provision through a coordinated partnership approach. The % of permanent social work qualified staff has increased from 76% Qtr 3 2024/25 to 89% Qtr 3 2025/26, reducing the reliance on agency staff and associated higher costs. Additionally, the number of children in our care has reduced from 440 Qtr 3 2024/25 to 395 Qtr 3 2025/26.</p>
Education	<p>The ongoing recruitment of permanent members of the Education Psychology team reduces the reliance on costly interim arrangements whilst building sustainable in-house capacity. Appointing permanent senior leadership and replicating the successful children's leadership recruitment model has helped support service continuity, improve outcomes, and delivers longer term cost efficiency.</p>
Adults	<p>The reablement and rehabilitation review programme continues with phase 1 complete and phase 2 on track against the agreed plan.</p> <p>The North East Lincolnshire Practice framework has been developed and launched which underpins a consistent approach to social work practice (strengths based) across the Health and Care Partnership.</p> <p>We continue to see high numbers of people being signposted to low level advice and information (80.2% Qtr 3 25/26 vs. 69.7% Qtr 3 24/25) This allows people to make preventative decisions based on information made available to them</p>
Housing	<p>A housing service review has informed a targeted housing transformation programme, commencing in 2025/26 and continuing into 2026/27, ensuring resources are focused on the areas of greatest pressure and opportunity. The introduction of front facing housing advice and support in community settings is aimed at improving early intervention, accessibility, and outcomes for residents.</p>
Public Health	<p>The Council's ambition to achieve Marmot Place recognition by March 2027 reflects a preventative, whole system approach to tackling health inequalities,</p>

	<p>focusing resources on the social determinants of health to reduce longer term demand on public services. In 2025/26, additional grant funding was secured to strengthen smoking cessation, enabling targeted digital engagement, expanded access to nicotine replacement therapies and alternative treatments, delivering cost effective interventions that improve health outcomes and reduce future healthcare costs.</p>
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- 1.10 A range of improvements are planned across all areas of the Council's activities in 2026/27. These are detailed within the Council's latest approved Finance and Business Plans. Examples include:

Area	Activity
Resources	<p>Continued emphasis on digital transformation, including automation, digitalisation and system enhancements, to improving efficiency, productivity and consistency across services, while enabling the effective adoption of emerging technologies such as AI. Continued expansion of the AcademyNEL programme to support workforce sustainability and succession planning, reducing recruitment and agency costs while strengthening skills, capacity and long term value. Work will continue, in conjunction with Housing, to reduce the unregistered housing providers that result in a Housing Benefit Subsidy shortfall, with a cost reduction of £0.8M targeted for 2026/27.</p>
Environment	<p>Focus continues on full cost recovery to ensure services maximise cost recovery opportunities. Planning continues for future waste collection and disposal arrangements post 2029, including the impacts of Extended Producer Responsibility and the Emissions Trading Scheme, to manage long term cost and risk, whilst supporting compliance and improving efficiency.</p>
Regeneration	<p>Continue to apply for external funding from a range of sources to maximise benefits.</p>
Infrastructure	<p>A review of existing assets, maintenance and renewal will help to identify opportunities to reduce costs and deliver ongoing savings. Alongside this, a more commercial approach to fees and charges will be embedded following the transfer of Equans staff, with regular monitoring to ensure full cost recovery and inflationary uplifts where appropriate. This will help support improved income generation and the focus on financial sustainability. A specific review of street works</p>

	income is targeted to generate an additional £0.05M of income for 2026/27.
Safer and Stronger	The Pride in Place programmes for Grimsby and Immingham & Habrough will direct £40m of investment over the next decade into locally prioritised projects, ensuring resources are targeted where they deliver the greatest community, economic and place-based impact. Strong programme governance and management capacity will be critical to maintaining oversight, maximising benefits, and ensuring delivery remains efficient and on track. In parallel, a comprehensive review of the Safer & Stronger service will strengthen the Council's place-based approach to safety and regeneration, ensuring resources are used effectively to deliver better outcomes.
Childrens	Embedding revised foster carers offer and sufficiency strategy, focusing on enhanced support and training to boost recruitment and retention, thereby increasing placements with local carers and reducing costly external provision. Improvements and expansion to children's homes and accommodation, joint funding models with partners, and continued workforce development—such as local qualification routes and reduced reliance on agency staff—are also central to delivering financial savings and better outcomes for children and young people. Implementation of the Kinship Carer Pilot to support ambitions in relation to the above and deliver improved outcomes for young people.
Education	Delivery of the SENDAP strategies remains key and this will be actioned in reference to the SEND Reform white paper. Phase 1 of new resource specialist provisions has completed, which has reduced reliance on costly out-of-area placements. Ongoing development of additional provisions and the planned opening of a free school are expected to further mitigate education transport costs over the next few years. Reviews of alternative provision and commissioning arrangements aim to ensure timely support for children at risk of exclusion, maximising the effectiveness of resources.
Adults	During 2026/27 shared lives, extra care and market shaping of bed-based services for older people will be completed, further offering breadth of support options to people that draw on care and support.

	<p>Strengths based practice and a focus on progression will continue to be a significant opportunity to enhance outcomes and further reduce reliance on care packages. Targeted cost reductions of £0.6M are reflected in the budget for 2026/27 in relation to reducing the number of short stay and high cost working age packages.</p> <p>There will be focus on the development of a health and social care digital roadmap, to support neighbourhood health, alongside completion and embedding of phase 2 of the reablement transformation programme.</p>
Housing	<p>A programme of housing transformation is being implemented to improve overall service effectiveness including earlier intervention through the “call before you serve” approach, relocation of the service front door into community settings, and a trial of an Artificial Intelligence assistant to support homelessness applications. The introduction of a new Housing Related Support framework will better target support to those with the most complex needs while managing housing subsidy risk. In parallel, a review of the Home Choice Lincs allocations policy and management of the housing register is expected to reduce pressure on temporary accommodation, alongside the development of new strategic partnerships to support the delivery of affordable and social housing.</p>
Public Health	<p>Progress towards achieving Marmot Place designation will continue, embedding Marmot principles to address health inequalities through action on the wider determinants of health. The implementation of the new Health and Wellbeing Strategy will strengthen a coordinated, partnership based approach to improving outcomes. In addition, there will be a continued focus on ensuring that corporate budgets supported by Public Health grant funding are delivering effective interventions to reduce health inequalities, with particular emphasis on investment in leisure services.</p>

2. RISKS, OPPORTUNITIES AND EQUALITY ISSUES

- 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.
- 2.4 Any significant VFM risks would normally be escalated through the corporate risk management framework

3. OTHER OPTIONS CONSIDERED

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

Failure to demonstrate VFM could negatively impact upon the reputation of the Council.

5. FINANCIAL CONSIDERATIONS

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

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

7. CLIMATE CHANGE, NATURE RECOVERY 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. PUBLIC HEALTH, HEALTH INEQUALITIES AND MARMOT IMPLICATIONS

Specific value for money implications in respect of Public Health, Health Inequalities and Marmot are considered within sections 1.9 and 1.10.

9. FINANCIAL IMPLICATIONS

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.

10. LEGAL IMPLICATIONS

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 does not give rise to any new legal decisions or implications and should assure that the Council is striving to comply with its statutory duty.

11. HUMAN RESOURCES IMPLICATIONS

There are no direct HR implications contained within this report

12. WARD IMPLICATIONS

Applicable to all wards

13. BACKGROUND PAPERS

- 13.1 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>
- 13.2 Budget and Medium Term Financial Plan 2026/27 – 2028/29
<5.-Budget-and-Medium-Term-Financial-Plan.pdf>

14. CONTACT OFFICERS

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