

AUDIT AND GOVERNANCE COMMITTEE

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| DATE | 23/07/2020 |
| REPORT OF | Sharon Wroot, Director of Resources and Governance |
| SUBJECT | Value for Money - Annual Report 2019/20 |
| 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 which outlines how the Council will move from an organisation which is reliant on central Government funding to one which is funded from local revenues and is financially sustainable..

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 2019/20 and identifies additional actions for 2020/21 and beyond.

RECOMMENDATIONS

That 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.

In addition, sustainability is considered an important part of Value for Money. Sustainability is the impact on the environment, the local economy, equality and diversity, ethical and other socially responsible issues.

- 1.2 Value for Money 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.
- 1.3 As in 2018/19, the focus of work in relation to Value for Money during 2019/20 has been on supporting financial sustainability and ensuring resources are being used to best effect.

The key activities undertaken during the year have included:

- An update of the Council's Financial Strategy to take into account a range of factors including the current financial position and performance of the Council, a review of the local economy, proposed local government reform and external analysis relating to wider national economic and political developments.
- As part of the development of 2020/21 finance and commission plans, value for money information has been shared with services using 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.
- A refresh of the Outcomes Framework to review the Council's key priorities and associated indicators to ensure financial resources are focussed on achieving our agreed priorities.
- Updating finance and commissioning plans which set out our key areas of focus and help to decide how best to use the total resources available in order to achieve our outcomes in the most efficient, effective, equitable and sustainable way.
- Review of Capital Investment Strategy which outlines the Council's long term approach to economic investment. The Strategy identifies how stewardship, Value for Money, prudence, sustainability and affordability will be secured through capital investment.
- A review of the Council's approach to assessing and prioritising capital investment bids. From 2019/20 the HM Treasury 5 Case Methodology has been applied to all business cases regardless of whether they relate to capital, revenue or external funding.
- An update of financial reporting arrangements to include further information in relation to performance and key risks.
- Sharing of knowledge and best practice across the Council and partner organisations through forums such as Extended Leadership Team and the existing Talent and Leadership Academy.
- Review of the Council's accountability framework with increased emphasis on the management of resources, compliance with contract procedure rules, financial regulations and the delivery of Value for Money.
- Exploring options for further integration and making best use of digital opportunities to support system change.

1.4 In addition to the above, a range of specific service reviews have been undertaken which include:

- Implementation of changes within regulatory services to support the delivery a more focused approach around Environmental Crime, closer working with Street Cleansing and resilience in Port Health.
- A review of fees and charges has been conducted in respect of all services delivered by Environment within the borough and was implemented from 1st April 2019.
- Improved route optimisation in waste through better planning, transfer of resources from domestic to recycling rounds and use of a compacting vehicle, was implemented in June 2019 and has greatly improved resilience and performance of waste rounds.
- Independent review of ENGIE contract with the achievement of £1M savings and development of a new performance monitoring framework.
- In adult services, a review of rehabilitation and re-ablement service support to reduce the cost of short stay residential placements, reduce the likelihood of short stay placements becoming long stay, and improve individuals' mobility, independence and reduction in dependency on home care services.
- Within Children's services, a new model of in-house residential and educational service delivery to reduce out of area agency placement costs. This project is on-going and will make a significant contribution to reducing costs as well as improving outcomes for Children Looked After (CLA).
- Introduction of Valuing Care as part of our childcare assessments with identification of individuals who will benefit from different types of placement offered locally. Savings of £100k identified in year with further savings to follow.

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

- Head of Internal Audit Opinion on the effectiveness of the Council's control framework relating to 2018/19
- Unqualified external audit opinion on the Council's Value for Money arrangements relating to 2018/19.
- No significant risks in relation to value for money have been identified as part of the 2019/20 external audit plan to date.

1.6 A range of service reviews are planned across all areas of the Council's activities in 2020/21. These are detailed within the Council's latest approved Finance and Commissioning Plans. The key programmes of activity include:-

- Plans for adult services to work more effectively with children's services to offer a more holistic approach to families that need more support to remain together, safe and within their own communities. This work will ensure that the cost impacts of children transitioning to adult services are mitigated at

an earlier stage through stronger and more robust case work and commissioning.

- Continuation of the Valuing Care project to ensure social workers better understand the most effective type of placement and support that is needed for children and young people who are in our care.
- Review of culture and leisure facilities and future use of estate within the Borough. This review will include different models of library provision and options on future of key assets.
- Review of combined operating model, including proposals for Union leadership team revised management arrangements, exploring options for further integration and making best use of digital opportunities to support system change.

1.7 In March 2020, the Council's activities were severely impacted by the Coronavirus pandemic. The pandemic is having widespread socio-economic impacts both nationally and internationally. Inevitably the pandemic is having a significant impact upon the Council's activities at present and the impacts are anticipated to continue throughout 2020/21 and beyond. The financial pressures faced by the Council are significant and wide ranging and impact on all aspects of our activities. These presents a significant risk to our finance and commissioning plans.

1.8 As part of the Council's response to recovery, it will be necessary to revisit our current finance and commissioning plans, priorities and programmes to determine the full and detailed extent of the impact of the COVID19 emergency response. Inevitably this will require some tough decisions to be taken around service delivery. As part of that work we will explore opportunities to reduce or stop spending, and to build on some of the successes of different ways of working and how they could be factored into new operating models in future.

1.9 The pandemic is likely to impact upon the implementation and delivery of the Council's planned finance and commissioning plans and transformational savings programmes. Almost £5 Million of transformational savings were factored into the 2020/21 budget.

1.10 Nevertheless, the pandemic has required the Council to work differently and in some ways more effectively. It is important that the Council builds upon these more effective ways of working to improve its 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 and 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. FINANCIAL IMPLICATIONS

- 7.1 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.

8. LEGAL IMPLICATIONS

- 8.1 There are no specific legal issues arising from this report.

9. HUMAN RESOURCES IMPLICATIONS

- 9.1 There are no direct HR implications arising from this report.

10. WARD IMPLICATIONS

- 10.1 Applicable to all wards.

11. BACKGROUND PAPERS

- 11.1 Finance and Commissioning Plan 2020/21 – 2022/23

12. CONTACT OFFICER(S)

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