

Report to Overview and Scrutiny Committee

Date of Meeting: 12 July 2010



Portfolios: Performance Management; Leisure and Wellbeing

Subject: Overview and Scrutiny Reviews – Value For Money; Equality and Diversity

Officer contact for further information: S. Tautz (01992 564180)

Democratic Services Officer: A. Hendry (01992 564246)

Recommendations/Decisions Required:

- (1) That the Overview and Scrutiny Committee ensures that full consideration of Value For Money and Equality and Diversity issues are carried out as part of all future service, function or policy reviews commissioned by the Committee, to be undertaken by Task and Finish Panels or Scrutiny Standing Panels; and**
- (2) That members consider whether responsibility for Equality and Diversity matters should remain within the terms of reference of the Finance and Performance Management Scrutiny Panel, or be placed with the Overview and Scrutiny Committee.**

Executive Summary:

1. (Deputy Chief Executive) Pursuant to the Local Government Act 1999, the Council is required 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, the relationship between which is often defined as 'Value For Money'. Additionally, there cannot be quality of service without equality. Equality does not mean providing the same service to everyone, and is not about treating all people the same way, but rather adapting services to meet the needs of different groups and communities.
2. The Council has always carried out service reviews and, since the introduction of the its executive management arrangements in 2001, the authority has operated arrangements for the formal review of specific services, functions and policies, in order to demonstrate continuous improvement. With the introduction of 'Best Value' in 1999, all local authorities were required to undertake a series of fundamental service reviews over a five year period, and a number of extensive service specific and cross-cutting reviews were completed. Over time, the Council's approach to service review developed into the current arrangement managed by overview and scrutiny.
3. The Council's constitution provides for the Overview and Scrutiny Committee to establish time-limited scrutiny 'Task and Finish' Panels, charged with carrying out in-depth review or investigation into a specific service, function or policy. Reviews undertaken by the task and finish panels are generally non-cyclical in character, and have clearly defined objectives, terms of reference, membership and a work

programme approved by the Committee. Each panel works to a specific brief set by the Overview and Scrutiny Committee, although the 'scoping' of each review or investigation is relevant to each review. Membership of the panels is drawn from the Overview and Scrutiny Committee itself, and/or from other Members of the Council. Membership is dependent on the knowledge and expertise required to deal with the specific review or investigation, provided that the principle of independence is not compromised. The selection of matters for consideration by the task and finish panels is determined by the Overview and Scrutiny Committee, as there is a need to prioritise issues and workload. The Overview and Scrutiny Committee has adopted the 'PICK' criteria to assist it with the task of choosing topics for scrutiny, in order to establish priorities for the overview and scrutiny work programme each year. The Task and Finish Panels generally undertake the 'scoping' of each review or investigation, within the terms of reference set by the Overview and Scrutiny Committee. Specific service reviews are also occasionally undertaken by the scrutiny standing panels.

Reasons for Proposed Decision:

4. The Council has developed an overall approach to ensuring the provision of value for money services, building upon the work undertaken as part of a detailed corporate 'Value For Money Review' of the Council's costs and performance undertaken in 2008. The Council is also responsible for the development and coordination of an approach to its statutory equality duties, particularly in relation to specific responsibilities to tackle discrimination, promote equality of opportunity, and encourage good community relations. It is important that these issues are properly addressed through the authority's service review processes.
5. The Council's Use of Resources assessment report for 2008/08 recommended that a programme of Value for Money (VfM) Reviews be established, focusing equally on the effectiveness and efficiency of services. The Council has also recently participated in an informal 'Peer Challenge' to establish the its base-line position against the Equality Framework for Local Government. The report of the Peer Challenge recommended that the role of overview and scrutiny in relation to equality and diversity be reviewed, in order to ensure that positive outcomes are being achieved for communities and service users.
6. In the current financial climate, it is likely to be even more necessary for the Council to review services, functions and policies, with a view to securing efficiencies whilst also maintaining or improving the delivery of key services. It is considered that the recommendations of the Use of Resources assessment and Equality Peer Challenge could initially best be progressed through ensuring that full consideration of VfM and equality and diversity issues is carried out as part of all future service, function or policy reviews undertaken by task and finish panels or scrutiny standing panels.
7. This report has therefore been produced to ensure that a robust and consistent approach is taken to the assessment of VfM and the identification of equality impacts, when formal reviews of services, functions and policies are commissioned by the Committee.

Other Options for Action:

8. None. It is important that the Council understands its costs for individual services, and how these relate to performance and compare with other organisations. The Council is statutorily required to carry out a range of equality and diversity activities, including the undertaking of Equality Impact Assessments. Value for Money and Customer Impact Assessment processes are already part of the Council's business planning framework.

Report:

Value For Money

8. All service, function or policy reviews undertaken by the Council should include an assessment of Value for Money (VfM). The emphasis of VfM has changed over the years, from a focus on competition through Competitive Compulsory Tendering, to encompassing issues of quality and service improvement through 'Best Value', to achieving efficiencies and, more recently, to ensuring that issues of equality are addressed.
9. VfM is about obtaining the maximum benefit with the resources available, Decisions about VfM are a daily reality in all walks of life, and public services are no different. VfM is not an optional add-on, or something that can be achieved as a one-off, but is a way of doing things that needs to underpin everything an organisation does. Failure to identify arrangements for securing and improving VfM might mean that opportunities for improvement are lost, and could adversely affect the reputation of the authority. VfM is about achieving the right local balance between economy, efficiency and effectiveness, spending less, spending well and spending wisely, which is defined as:

Economy is what goes into providing a service;

Efficiency is a measure of productivity i.e, how much is got out in relation to what is put in; and

Effectiveness is a measure of the impact that has been achieved, which can be either quantitative or qualitative. Outcomes should be equitable across communities, so effectiveness measures should include aspects of equity, as well as quality.

10. When assessing VFM, it is important to consider the holistic value of the service. VFM assessments should not be stand-alone judgements, which only focus on price. Considering VfM involves looking at the quality of services, as well as costs, and assessing how costs contribute to outcomes. VfM is therefore high when there is an optimum balance between all three elements, when costs are relatively low, productivity is high and successful outcomes have been achieved. VfM not only measures the cost of goods and services, but also takes account of the mix of cost with quality, resource use, fitness for purpose and timeliness to judge whether or not, together, they constitute good value. VfM is not about cuts, and can be achieved in different ways, including:
 - reducing costs (e.g. better procurement and commissioning) for the same outputs;
 - reducing inputs (e.g., people, assets, energy, materials) for the same outputs;
 - getting greater outputs with improved quality (e.g. extra service or productivity) for the same inputs; and
 - getting proportionally more outputs or improved quality in return for an increase in resources.
11. The aim of a VfM assessment is to identify those services that appear to be particularly high cost or particularly low cost, however they are measured. In this way, very low cost (and therefore potentially vulnerable) services and very high cost (possibly providing poor value for money) services can be identified and investigated. Where the unit costs of a service are considered high according to the VfM assessment, these should be investigated. This could include providing more information on successful outcomes of the service and/or details of expenditure. If a high cost service is deemed to be acceptable, additional monitoring of performance or outcomes may be appropriate.

12. The aim of VfM assessment and comparison is not be to make all services cost the same or to reduce all costs to those of the lowest cost service. Instead it is to ensure that, overall, service users get the best outcomes from the Council's resources, avoiding the risks of:
 - money wasted on services that are more expensive than they need to be; or
 - by service users being disadvantaged by inadequate or insecure service provision.
13. The Audit Commission has developed a VfM 'Profile' tool for local authorities, police authorities, fire and rescue authorities and primary care trusts, designed to help auditors and assessors carry out organisational assessments, but these can also be used to help councils evaluate how well they deliver VfM. The VfM Profile provides a 'can opener' for assessing VfM, and its tools use comparative information about an organisation's performance in managing costs and delivering services and outcomes. The Profile also tracks performance over time, helping to assess the impact of improvements and whether performance is moving in the right direction. The respective service budget(s) will also be used as a tool for VfM assessment, alongside other benchmarking opportunities.
14. The Council's Value For Money Strategy was first adopted in 2006, and was reviewed during 2008/09 in light of the completion of the Value For Money Review undertaken during 2008. The Value For Money Strategy is due to be further reviewed during the current year, and seeks to bring together best practice within the Council in terms of the provision of value for money services. Consideration of the Council's VfM performance is undertaken by a Sub-Group of the Finance and Performance Management Scrutiny Panel each year, through the development of a Cost and Performance Benchmarking Analysis, which utilises data from the Audit Commission's VfM 'Profile' tool. The purpose of the analysis is to provide an initial indicator of the relationship between the Council's service costs and performance, in order to identify areas where further more detailed and targeted analysis or improvement activity may be required.
15. The Committee is requested to ensure that VfM assessments are carried out as part of all future service, function or policy reviews undertaken by task and finish panels or scrutiny standing panels, and that full consideration of VfM issues is addressed within each review.

Equality and Diversity

16. All service, function or policy reviews undertaken by the Council should include an assessment of equality impact. Local authorities and other public bodies have been subject to a range of duties to promote equality and diversity in respect of race, disability and gender equality for some time. In 2009, the former Government introduced new equality legislation in the form of the Equality Bill 2010, which both extends and simplifies the Council's responsibility towards equality and diversity.
17. The Equality Bill has extended the range of groups covered by existing equalities legislation (race, disability, gender) to include age, faith/belief, sexual orientation, and gender reassignment, and has placed two new duties on public bodies. The first of these new duties is the 'Equality Duty', which requires that people must be treated fairly and equally. The second duty is The 'Socio-Economic Duty', which requires public bodies to consider an individual's background and where they were born when providing services. The Equality Bill also requires public bodies to tackle discrimination, promote equality of opportunity and encourage good community relations across each of the seven equality strands.

18. In undertaking service reviews, the Council needs to assess whether the policies which guide its work, the procedures that it operates, and day to day working practices, are likely to have a positive or negative impact on different groups within the communities of the district. Having made this assessment, the Council can take action to prevent any identified discrimination and promote positive community relations.
19. The process of systematically analysing a proposed or existing service, function or policy to identify what effect, or likely effect, will follow from its implementation for different groups in the community, is known as an Equality (or Customer) Impact Assessment (CIA). CIAs can similarly be used to analyse the impact of the delivery of a service or function on different groups in the community, and are concerned with anticipating and identifying the equality consequences of policies and service delivery. CIAs are used, as far as possible, to ensure that any negative consequences for a particular group or sector of the community are eliminated, minimised or counterbalanced by other measures. CIAs should always be considered at an early stage in service, function or policy development or review, so that the results can be fully incorporated into any decisions made, and not just added to the end of the process. Working in this way helps the Council to integrate and mainstream equalities into its work and, when reviewing the effectiveness and performance of services or functions, CIAs can be used to identify equality issues and opportunities as an integral part of each review.
20. Local authorities have a legal responsibility under the current Race, Gender and Disability Equality Duties, to impact assess both their existing and new services, functions and policies, and to set out how they will monitor any possible negative impacts. The Equality Framework for Local Government (EFLG) requires the authority to impact assess for race gender and disability, and to demonstrate commitment to addressing the needs of and impact assessing around sexual orientation, age, and religion and belief. The Council is committed to principles of the EFLG, which provides a framework to measure progress against equality objectives. A key element of progression through the levels of the Equality Framework involves the carrying out of impact assessments on existing and new services, functions and policies.
21. There are many additional aspects to the impact assessment process. As well being a morally appropriate exercise, there is a clear business case for mainstreaming equality. An organisation that is seen to be putting the principles of equality and inclusion into practice, both in the workforce and in the services that it provides, is more likely to project a positive public image. Organisations with a diverse workforce are likely to better reflect and understand the community it serves, and provide a better, more tailored service to meet individual needs. The impact assessment process also has potential beneficial effects on for the perception of the Council in external audit and inspection processes.
22. The Council's CIA process has recently been reviewed to ensure that it provides maximum value. CIA awareness raising sessions have been held on a number of occasions over the last year, and will continue to be provided annually, allowing staff likely to be involved in the CIA process the opportunity to focus on understanding the processes necessary to produce an effective CIA. A screening exercise has also been conducted in order to identify and prioritise those activities and services for CIA within the three year period commencing in January 2010. Formal requirements for the 'identification' of equality implications on all Cabinet and Overview and Scrutiny reports were introduced in May 2009, following the identification of relevant case law , which ruled (*Kaur and Shah v London Borough of Ealing* (July 2008)) that in relation to race, it is illegal to introduce a policy without having first conducted an impact assessment.
23. The Committee is requested to ensure that CIAs are carried out as part of all future service, function or policy reviews undertaken by task and finish panels or scrutiny

standing panels, and that full consideration of equality and diversity issues is addressed within each review.

Equality and Diversity – Member Responsibility

24. The Leisure and Wellbeing Portfolio Holder has executive responsibility for equality and diversity issues. Overview and scrutiny responsibility for equality and diversity is currently placed with the Finance and Performance Management Scrutiny Panel.
25. Overview and scrutiny aims to improve the quality of decision making and the performance of the Council, to ensure that it is transparent and accountable, and also aims to engage the community and champion issues of local concern. Equality and diversity is a key driver for the work of overview and scrutiny, as it seeks to ensure that the Council's services are fair and accessible to all communities. In order to further address the recommendation of the recent equality peer challenge that the role of overview and scrutiny be reviewed to ensure that positive outcomes are being achieved for communities and service users, members may also wish to consider whether responsibility for equality and diversity matters would be better placed with the Overview and Scrutiny Committee itself, in view of the significant focus of the work of the Scrutiny Panel on financial and performance management issues.
26. The Scrutiny Panel has recently received a report outlining progress in relation to the development and implementation of the Council's approach to equality and diversity with regard to specific initiatives, a copy of which is attached as Appendix 1 to this report.

Resource Implications:

Value for Money and Customer Impact Assessment processes are already part of the Council's business planning framework. The undertaking of assessments would therefore be met from within existing resources.

Legal and Governance Implications:

There are no legal implications or Human Rights Act issues arising from this report, which seeks to ensure the development and coordination of a corporate approach to the Council's statutory equality duties, particularly in relation to the specific responsibility for promoting equality and diversity.

Safer, Cleaner and Greener Implications:

There are no legal implications arising from this report in respect of the Council's commitment to the Nottingham Declaration for climate change, the corporate Safer, Cleaner and Greener initiative, or any Crime and Disorder issues within the district.

Consultation Undertaken:

The actions proposed in this report arise from the reports of recent assessments of the Council's performance in terms of Use of Resources and the Equality Framework for Local Government. This report was issued to the Performance Management and Leisure and Wellbeing Portfolio Holders, and the Chairman of the Overview and Scrutiny Committee, in advance of the publication of this agenda.

Background Papers:

Use Of Resources report 2008/09 (PKF (UK LLP) (March 2010); Equality Framework for Local Government 'Peer Challenge' report (S. Elrick) (April 2010).

Impact Assessments:

Risk Management

Risk management issues arising from future service, function or policy reviews, will be identified as specific reviews are progressed.

Equality and Diversity:

Did the initial assessment of the proposals contained in this report for relevance to the Council's general equality duties, reveal any potentially adverse equality implications?

No. However, issues arising from future service, function or policy reviews, will be identified as specific reviews are progressed.

Where equality implications were identified through the initial assessment process, has a formal Equality Impact Assessment been undertaken? N/A

What equality implications were identified through the Equality Impact Assessment process?
N/A

How have the equality implications identified through the Equality Impact Assessment been addressed in this report in order to avoid discrimination against any particular group? N/A