

Report of:	Meeting	Date
Councillor Alan Vincent, Resources Portfolio Holder and Clare James, Corporate Director Resources (s.151 Officer)	Cabinet	18 November 2020

Cost Profiles – Benchmarking Results 2020/21

1. Purpose of report

- 1.1 To consider the findings of the 2020/21 benchmarking study, a key element used to demonstrate that the council has proper arrangements in place for securing value for money.

2. Outcomes

- 2.1 The demonstration of value for money and an understanding of how well the council's overall service costs compare with others ultimately leading to better value for money services for local people.

3. Recommendations

- 3.1 That the Cabinet considers the benchmarking information attached and uses the findings to influence future service reviews.

4. Background

- 4.1 The council's External Auditors have a statutory responsibility, as set out in the National Audit Office's (NAO) Code of Audit Practice 2015, to give a value for money conclusion each year as part of their audit of the financial statements. Essentially, the VFM conclusion considers whether the Authority "has made proper arrangements to secure economy, efficiency and effectiveness in its use of resources".
- 4.2 The External Auditors follow a risk based approach to target audit effort on the areas of greatest audit risk. They consider the arrangements put in place by the Authority to mitigate these risks and plan their work accordingly. No significant risks were identified in relation to the VFM conclusion, no additional work has therefore been completed and subsequently they have concluded that the Authority has made proper arrangements to secure economy, efficiency and effectiveness in its use of resources for the year ending 31 March 2019. The audit of the 2019/20 accounts has been delayed as a result of the pandemic and is currently in progress. No issues have been raised by the External Auditor at the time of writing this report and their conclusion is expected in November.

4.3 In the past, Overview and Scrutiny Committee have used the results of the benchmarking study to inform value for money reviews as part of their annual work programme.

4.4 This report has been based upon 2020/21 Original Budget Estimates. However, it is acknowledged that these estimates will not now reflect the outturn position in many areas owing to the changed nature of the council's operating activities throughout the pandemic and the impact of lockdown on income streams such as fees and charges.

5. Key issues and proposals

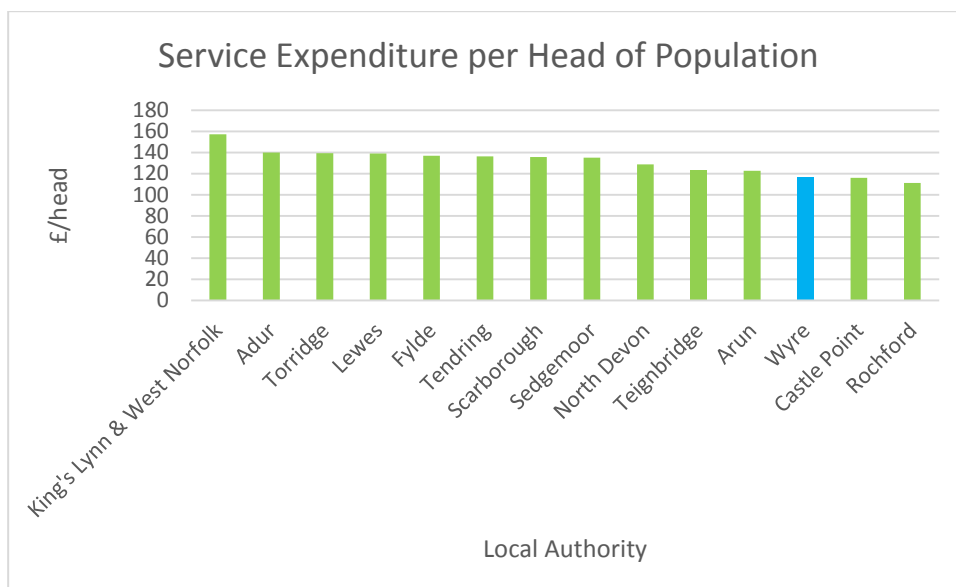
5.1 Statistics published by the Ministry for Housing, Communities and Local Government (MHCLG) have been analysed. These statistics allow us to analyse the money that councils plan to spend on their services each year. To put the spending into context, the information is expressed relative to a number of different denominators with the main one being the council's population.

5.2 Comparisons are based on the 'Nearest Neighbour Group' as recommended by CIPFA in 2019. This is the most recent freely accessible family group available and as such this report concentrates on comparing our costs to those local authorities (15 including Wyre that are considered to have similar characteristics, demographics, etc.). However data is unavailable for East Devon District Council and this council has therefore been excluded from the Nearest Neighbour Group for the purposes of this report.

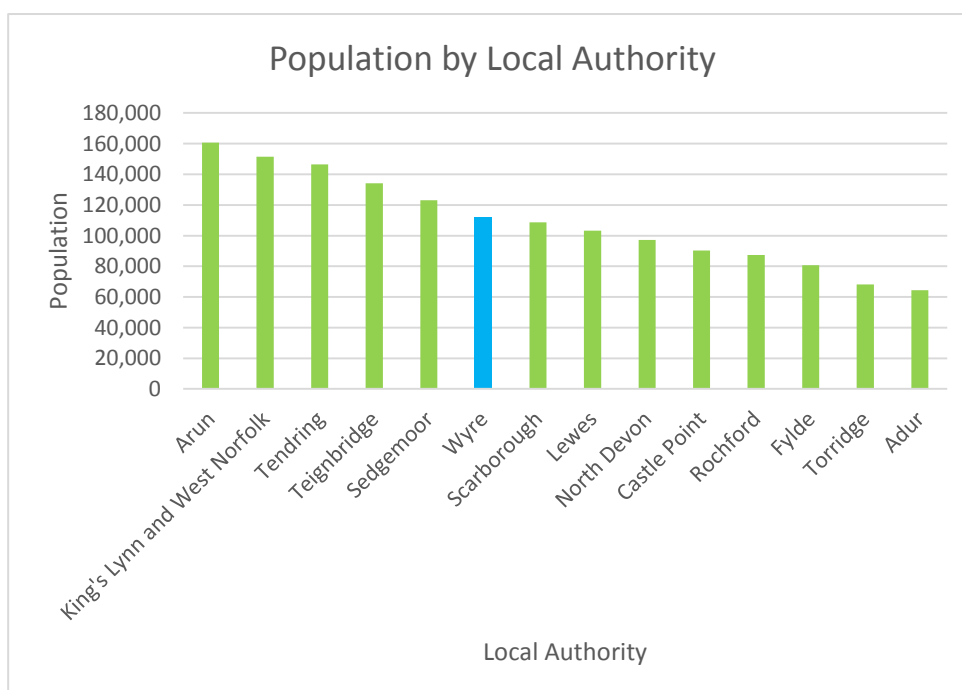
5.3 It is important to state that distinctive features of planned spending are not by themselves either right or wrong and circumstances can vary significantly even between nearest neighbour authorities, with the following questions being raised:

- Is the difference in the council's spending associated with differences in the level of service it provides?
- Is the council's spending consistent with that of other council's providing services in a similar way or quality?
- Has the council's spending changed compared to others in the last three years?
- Is the scale of the service large enough to justify making distinctions between councils?

5.4 The Council's budgeted total expenditure per head of population for 2020/21 is £116.46 and this places us as the 3rd lowest spender in the group (compared to 5th lowest in 2019/20 at £121.14 per head of population).



5.5 The population information used in the report is taken from the mid-year estimates of population published by the Office of National Statistics (ONS). Our spending plan for 2020/21 uses the Registrar General's population estimate in June 2019 of 112,091 which places us as the 6th largest authority out of the 14 in the group.



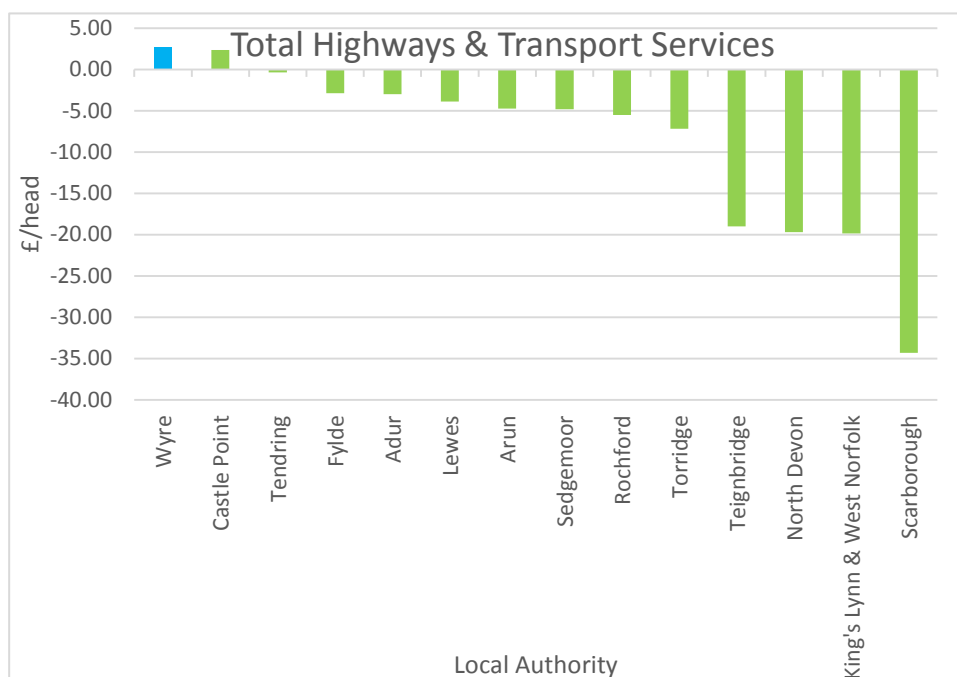
5.6 The total expenditure cost of £116.46 per head of population is made up as follows (figures in brackets show the 2019/20 equivalent):

	£	%
Highways and Transport Services	2.68	2 (2)
Housing Services	11.14	10 (9)
Cultural and Related Services	29.56	26 (23)
Environmental and Regulatory Services	43.54	37 (37)
Planning and Development Services	4.70	4 (3)
Central Services	24.84	21 (26)
Total	116.46	100 (100)

5.7 The following paragraphs of the report will take each area in turn and summarise any key findings.

5.8 Highways and Transport Services

At Wyre, net expenditure on highways and transport services is £2.68 per head of population, equivalent to just 2% of the total spend per head but is the most expensive in the group.

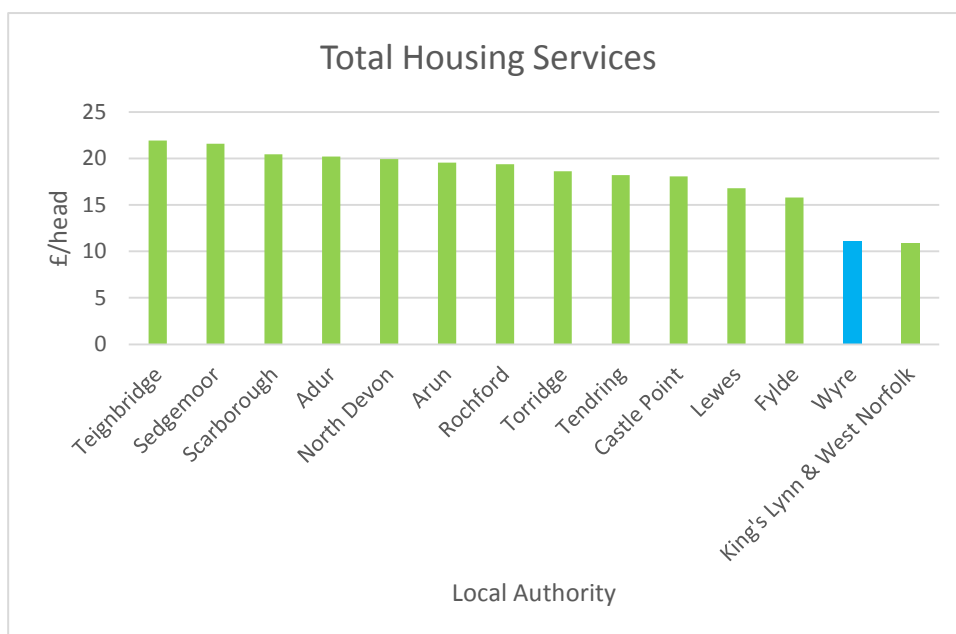


- The net income that we earn from car parking is £0.82 per head of daytime population with only one authority earning less than us. Scarborough is the highest earning authority in the group reporting net income of £32.49 per head with King's Lynn & West Norfolk being the next highest earning £21.08 and Fylde reporting earnings of £4.87. If we add back in the rental income for the two car parks now operated by Booths our income rises to £2.30 per head but our ranking stays the same;
- The cost for Public Transport, essentially the Fleetwood to Knott End Ferry, Bus Shelters and the Bus Station at Cleveleys is £1.22 per head. If the ferry is stripped out, our unit cost becomes £0.20 per head and our position improves from 10th to 6th overall with four group members declaring a nil spend;
- Highways maintenance, including support for the LCC agency agreement and non-agency roads, are £1.94 per head of population, the 3rd highest spend, with 7 authorities declaring a nil spend. This includes maintenance of roundabouts, shrub beds and other features installed on highway land owned by Wyre as well as the maintenance of adopted highways following the housing stock transfer;
- Transport Planning, Policy and Strategy encompasses support service recharges totalling £9,000 only and is not an easily cashable saving.
- Of the seven authorities declaring expenditure against Street Lighting, Wyre is ranked as the 3rd lowest spender at £0.25 per head. Tendring at £0.11 per head is the best performer within the group. This reflects the transfer of Street Lighting to Lancashire County Council (LCC) a

number of years ago leaving a modest budget mainly for festive lighting.

5.9 Housing Services

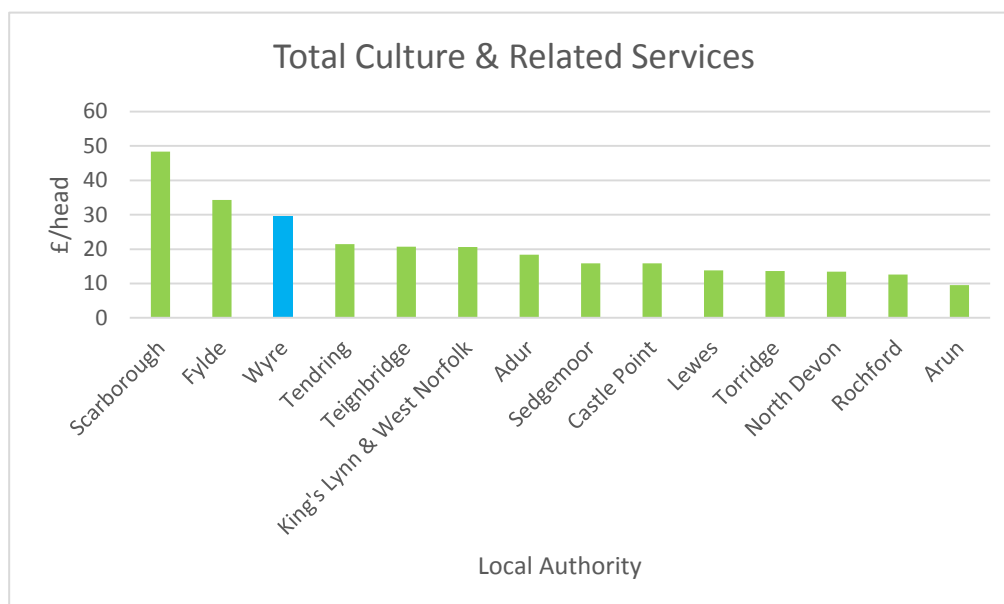
- Wyre is the 2nd lowest spender with expenditure on Housing Services of £11.14, 10% of the spending. Administration of housing benefit at £121.05 per Housing Benefit claimant (5,246) places us 6th in the group prior to the receipt of government grant, with the true cost to the council after grant being only £56.71 per claimant.



- The cost per household owed a 'homelessness relief or prevention duty' is £717 per case placing us as the lowest spending authority in the group. The worst performing member of the group is Adur at £6,305 per case of homelessness relief or prevention.
- Discretionary rent rebates and rent allowances, where we voluntarily disregard war disablement and war widows' pensions, at £9.53 per Housing Benefit claimant place us as the 3rd lowest spender. It should be remembered, however, that much of this cost is met by the government in the form of housing subsidy. The real cost to the council for local housing benefit schemes in 2020/21 is expected to be £2.46 per Housing Benefit claimant.
- Only Fylde and King's Lynn & West Norfolk, in addition to Wyre have categorised expenditure as 'supporting people' costs, with Wyre, reflecting its Care and Repair and Handy Persons Scheme, being the highest spender at £1.18 per head. Without the specific government grants to run their service, the unit cost would rise to £2.16. Whilst LCC funding has ceased for 2020/21, contributions from the council and Blackpool, Fylde & Wyre Clinical Commissioning Group has enabled the service to continue for this financial year. The scheme is currently operating as a pilot to see if it will be viable to continue with the service longer term and maintain costs within the agreed £30,000 subsidy level. Given the current position with regard to Covid

5.10 Cultural and Related Services

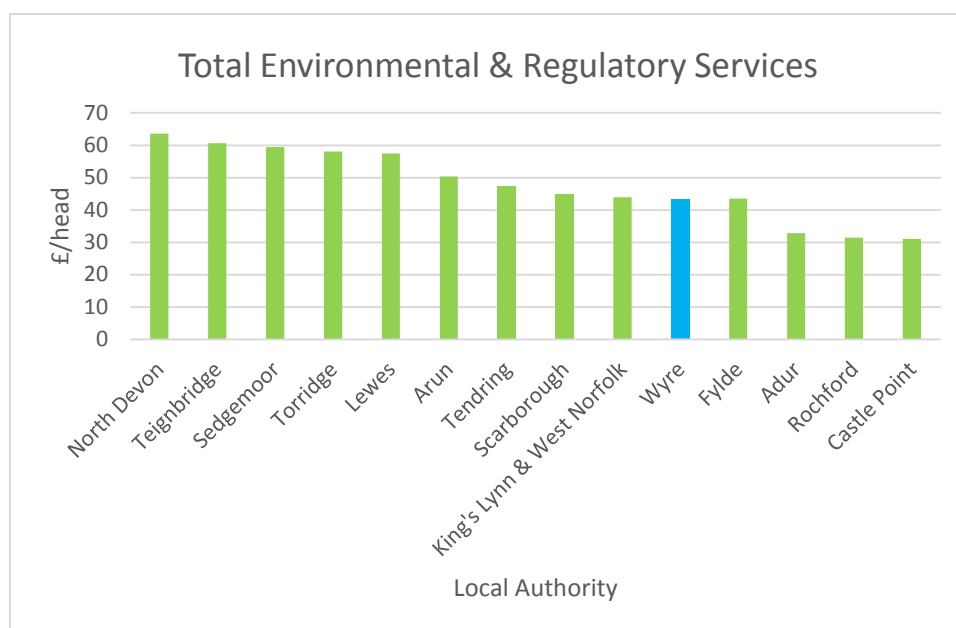
This includes culture and heritage, recreation and sport, open spaces and tourism. Wyre is ranked as the 3rd most expensive, with a cost of £29.56 per head of population – 26% of spending. Only Scarborough and Fylde are spending more than Wyre, although the gap between the top spender and the 3rd place authority is greater than one third.



- Culture and heritage costs, incorporating the Marine Hall, Thornton Little Theatre, Marsh Mill, the Wyre Volunteers and Arts Development/Promotion, are the 3rd highest spend in the family group at £5.41 with the highest spend being Scarborough at £12.99 and the second highest being North Devon at £5.45;
- Recreation and Sport costs of £6.93 per head results in Wyre being the 7th lowest spender within the group;
- Parks and open spaces costs which include Wyre Estuary Country Park, Rossall Point and the Allotments show us to be the 5th highest spender based on local authority area at £50.10. Lewes and Tendring have comparable local authority areas in size and their unit costs are £25.03 and £22.72 respectively (both mid-table). Also included here is the impact of areas that relate to the transfer of housing stock although this is not thought to be a significant factor following a high level review. It should also be noted that within the Nearest Neighbour group, some local authorities have devolved responsibility to parish and town councils for unadopted assets. Fylde Council is one such example in respect of some of its parks;
- Tourism costs of £2.52 place us as the 4th highest spender with Scarborough at £4.91 the highest spender within the group.

5.11 Environmental and Regulatory Services

The cost profiles show Wyre as the 5th lowest spender in the group with expenditure of £43.54 per head of population – 37% of spending.



- Owing to the difficulty in accurately identifying contractor and client costs for the different waste streams, these two service areas have been combined. When Waste Collection, Waste Disposal and Recycling are combined our total spend of £16.48 is the 5th lowest in the family group;
- Of the fourteen authorities within the group declaring expenditure, Wyre's Cemetery, Cremation and Mortuary Services spend at £0.12 per head is 5th highest. The top performing authority is Fylde with net income of £9.73 per head;
- Regulatory Services spend is £10.11, meaning that Wyre ranks as the 6th lowest spender per head of population within the Nearest Neighbour Group. Rochford at £7.70 is the best performing Local Authority within the group;
- Wyre's Community Safety (includes CCTV) unit rate per head is £2.07, making it the 6th lowest spender within the family group out of the thirteen authorities declaring expenditure. The top ranked Local Authority is Lewes at £0.25;
- Wyre is the 5th highest spender for Other Environmental and Regulatory Services which includes Trade Waste, Coast Protection, Flooding and Land Drainage at £4.12 per head of population, with King's Lynn & West Norfolk spending the most at £18.07 per head of population and Adur generating a surplus of £3.41. In this category, Wyre's highest area of spend is in relation to sea defences (74%);
- Street Cleansing expenditure at £10.62 per head of daytime population for Wyre results in a ranking of 6th highest spending Local Authority within the group. The lowest spending authority at £2.98 is Rochford.

5.12 Planning and Development Services

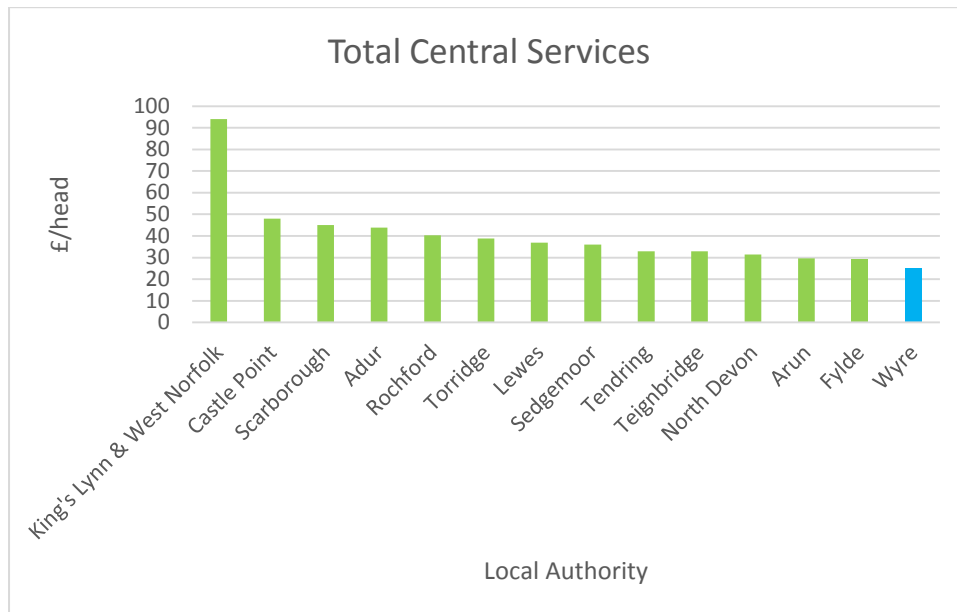
Wyre is the 2nd lowest spender on planning and development services within its family group at £4.70 per head – 4% of spending – primarily due to the income from the council's property portfolio.



- Of the thirteen authorities reporting spend against Economic Research and Economic Development, Wyre has a net income per head of -£2.57, making it the 2nd top ranking authority. This, however, includes investment income of c.£353k which, when stripped out, results in a cost per head of £0.58, slightly reducing Wyre's ranking to the 3rd best authority within the group;
- In terms of Building Control, Wyre's cost per planning decision is 4th best within the group at £132. The best ranked authority, Teignbridge, reported a net income of -£1 per planning decision;
- Wyre is ranked as the 3rd best performer within its family group in terms of its Development Control cost per decision at £336;
- In terms of Planning Policy, Wyre's spend of £3.19 makes per head makes it the 6th lowest ranked spending authority within the family group.
- Of the eleven authorities reporting spend on Community Development, Wyre is ranked as the best performer at £0.19 per head.
- Business Support includes Business Support and Wyred-Up at £24.09 per number of active enterprises in Wyre (4,110). This reveals Wyre to be the 5th highest spender of 9 authorities who report expenditure, with 3 authorities reporting net income including Sedgemoor, the highest at £465 per business.

5.13 Central Services

With expenditure of £24.84 for Central Services, approximately 21% of the budget, Wyre is the lowest spender in the family group.



- Wyre is ranked as the 6th best performer in terms of its spend per head on Corporate and Democratic Core at £12.96. The best performing authority is Arun at £7.83;
- Local Tax Collection, measured per taxable property within an authority, costs £14.83 for Wyre which is 7th highest within the Nearest Neighbour Group. King's Lynn & West Norfolk was the best performing authority at £9.26 per taxable property;
- Wyre's Emergency Planning unit rate is £0.75 per head which places us as the 4th highest spending authority within our family group. The lowest unit rate was £0.24 for Teignbridge;
- Other Central Services, essentially Electoral Registration, Elections, Land Charges and Grant Support costs £2.27 per head of population which places Wyre as the 5th lowest spending authority per head within the family group;
- Non-Distributed Costs retirement benefits - relates to costs associated with past service, settlements and curtailments i.e. anything other than current service pension costs - of £1.90 per head place Wyre as the 3rd best performing Local Authority within the group. The top ranked authority is Fylde at £1.31 per head.

5.14 Summary

Based on the above analysis and applying knowledge of Wyre's unique circumstances, a number of areas have been identified as potentially underperforming relative to our peers within the Nearest Neighbour Group.

Update on 2019/20

- Culture and Related Services – owing to strong competition in the local leisure services sector, our leisure centre operator endured a difficult year and the YMCA's outturn position was significantly higher than the original £147,500 subsidy agreed at the start of the year at £580,570. This was only marginally affected by the Covid-19 lockdown announced on 23 March. The key reasons for the disappointing financial performance were centred around lower than budgeted income driven

by new entrants to the leisure market and a new pricing structure which did not prove attractive enough to members. Core subsidy levels for 2020/21 were maintained at 2019/20 levels (£147,500) but have subsequently been increased using emergency Covid-19 funding by an additional £489,000;

- Parking Services income, at £0.82 per head of population, ranks Wyre as the 2nd lowest performer within our family group in 2020/21. This represents a significant deterioration against our equivalent figure from 2019/20 of £1.44 and largely reflects a general downward trend in car parking income, together with increased costs. The new fees and charges introduced in 2019/20 have not had the desired impact of increasing income although the downward trend has slowed. The new Residents Parking Permit scheme went live from 1 April 2020 and is proving popular and it is recommended that the overall position is looked at again post Covid-19.
- Homelessness expenditure, measured per household owed a relief or prevention duty, compares favourably with members of the nearest neighbour group, at £717 per household in Wyre. This represents a reduction in cost per incidence from 2019/20 when the unit rate was £955. Homelessness has received a significant amount of national attention and external funding in recent years. Our expenditure remains relatively high across this area though, particularly per household being accepted as homeless and it is recommended that further work is done to understand our level of costs compared to our nearest neighbours.

Looking ahead

- Culture and Related Services – Sport and Recreation. Wyre is ranked as the 3rd worst performer within the family group at £29.56 per head of population for 2020/21. The Covid-19 pandemic led to the temporary closure of our leisure centres with increased financial pressure on our service operator, YMCA. The future operating model is currently under review following the appointment of a specialist external leisure management consultant, supported by Sport England, with a final report and recommendations expected soon. This work will help to inform the future direction of the contract;
- Also within Culture and Related Services – Culture and Heritage. Costs see Wyre ranked as the 3rd highest spending member of the family group at £5.41 per head of population. Whilst this represents a slight reduction year-on-year (down from £5.53 per head), the key cost driver is the theatres and it is recommended that a strategic review is undertaken to determine the future direction of both Marine Hall and Thornton Little Theatre. It is important to note that owing to the Covid-19 pandemic, the vast majority of performances have been cancelled for 2020/21 with a resultant adverse impact upon income levels;
- Tourism costs, also within Culture and Related Services, are £2.52 per head, placing Wyre as 4th highest spender within the group. This represents a significant increase year-on-year (spend per head was £1.94 in 2019/20) and is largely owing to a revision in recharge apportionment. A review of the tourism service - perhaps comparing operating models with other members of our nearest neighbour group - may be warranted in order to deliver enhanced cost control.

5.15 Further Work

The scrutiny programme for the current year includes a review of income from charging. The findings outlined in this report will hopefully assist the council in selecting any future service areas for review in 2020/21.

Financial and legal implications	
Finance	The Council's Medium Term Financial Plan identifies the need to secure efficiency savings in future years. The delivery of value for money services will not only assist with our financial planning but will also aid the prioritisation of resources.
Legal	None arising directly from the report.

Other risks/implications: checklist

If there are significant implications arising from this report on any issues marked with a ✓ below, the report author will have consulted with the appropriate specialist officers on those implications and addressed them in the body of the report. There are no significant implications arising directly from this report, for those issues marked with a x.

risks/implications	✓ / x
community safety	x
equality and diversity	x
sustainability	✓
health and safety	x

risks/implications	✓ / x
asset management	x
climate change	x
ICT	x
data protection	x

Processing Personal Data

In addition to considering data protection along with the other risks/ implications, the report author will need to decide if a 'privacy impact assessment (PIA)' is also required. If the decision(s) recommended in this report will result in the collection and processing of personal data for the first time (i.e. purchase of a new system, a new working arrangement with a third party) a PIA will need to have been completed and signed off by Data Protection Officer before the decision is taken in compliance with the Data Protection Act 2018.

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List of background papers:		
name of document	date	where available for inspection
None		

List of appendices

None

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