



Report of:	Meeting	Date	Item No.
Cllr Alan Vincent, Resources Portfolio Holder and Clare James, Head of Finance	Cabinet	30 November 2016	5

### Cost Profiles – Benchmarking Results 2016/17

#### 1. Purpose of report

- 1.1 To consider the findings of the 2016/17 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. Recommendation

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

#### 4. Background

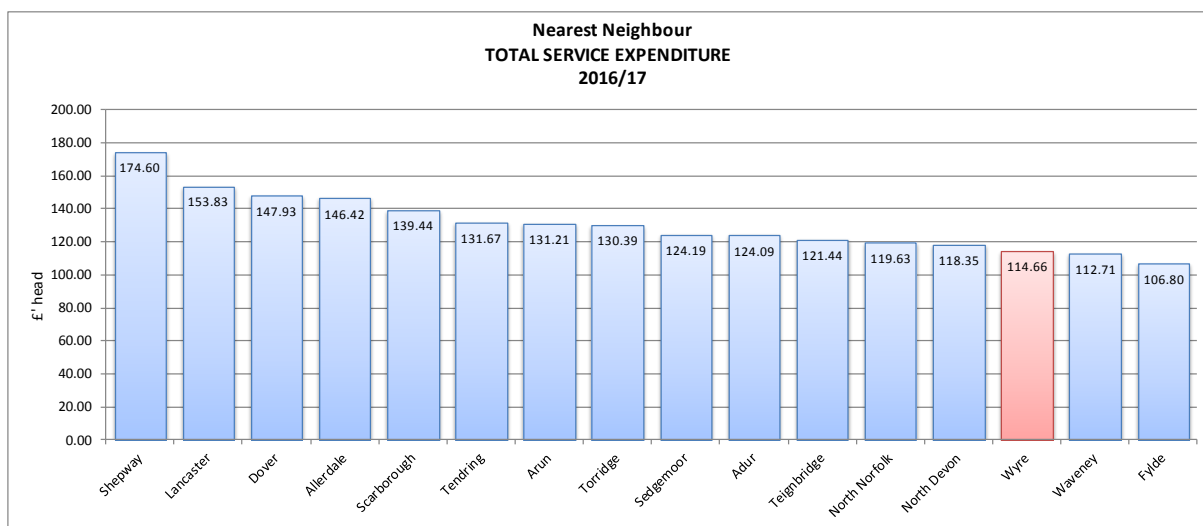
- 4.1 The Council's External Auditors (KPMG) have a statutory responsibility, as set out in the National Audit Office's (NAO) Code of Audit Practice 2015, to give a value for money conclusion each year as part of their audit of the financial statements. Essentially, the VFM conclusion considers how the Authority "has proper arrangements to ensure it takes properly informed decisions and deploys resources to achieve planned and sustainable outcomes for taxpayers and local people". For 2015/16 auditors were required to give their statutory VFM conclusion based on the single criteria above, supported by three sub-criteria. These consider whether the Authority has proper arrangements in place for:

- Informed decision making;
- Sustainable resource deployment; and
- Working with partners and third parties.

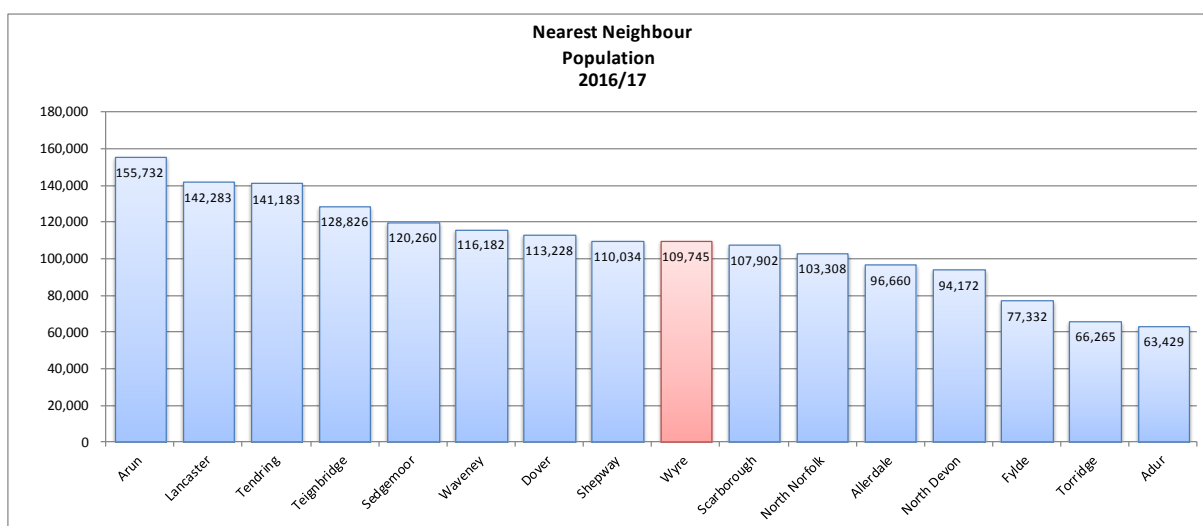
- 4.2** The External Auditors follow a risk based approach to target audit effort on the areas of greatest audit risk. They consider the arrangements put in place by the Authority to mitigate these risks and plan their work accordingly. No significant risks were identified in relation to the VFM conclusion, 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 2016.
- 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.

## **5. Key issues and proposals**

- 5.1** Information is available via statistics published by the Department for Communities and Local Government (DCLG) which allow us to analyse the money that councils plan to spend on their services each year, and to make it easier to put the spending into context, the information is expressed relative to the council's population.
- 5.2** Comparisons are based on the 'Nearest Neighbour Group' as recommended by CIPFA and last updated in 2014, with our costs being compared to those local authorities (15 excluding Wyre) that are considered to have similar characteristics, demographics, etc.
- 5.3** It is important to state that distinctive features of planned spending are not by themselves either right or wrong 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** There are a number of detailed charts which relate to individual service areas for the 2016/17 financial year (Original Estimate) and these will be made available for use by service managers.
- 5.5** The Council's total expenditure per head of population for 2016/17 is £114.66 and this places us as the 3<sup>rd</sup> lowest spender in the group as can be seen in the chart below.



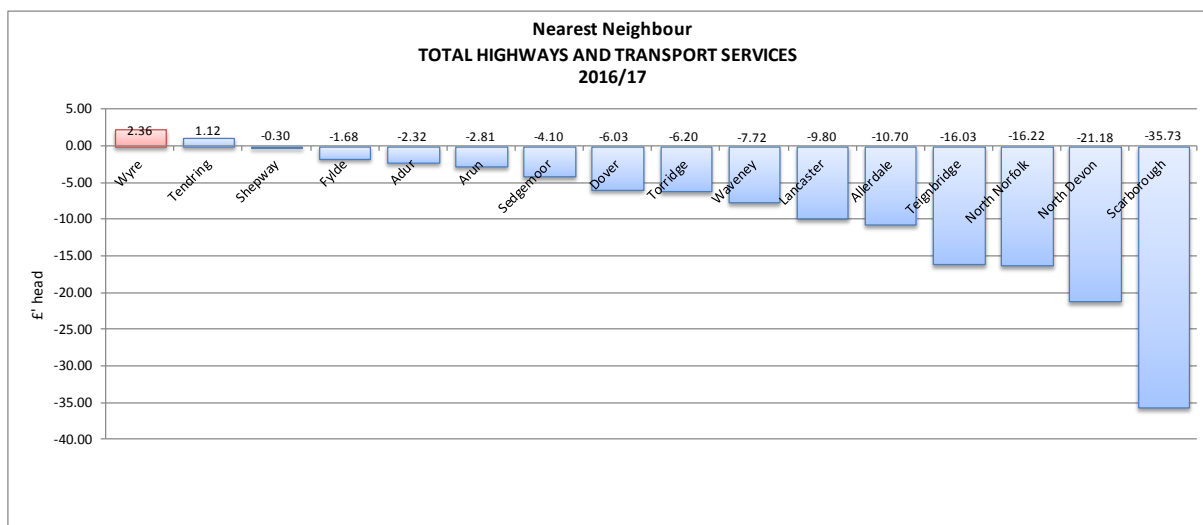
**5.6** The population information used in the reports is taken from the mid year estimates of population published by the Office of National Statistics (ONS). Our spending plan for 2016/17 uses the Registrar General's population estimate in June 2015 of 109,745 places us as the 8<sup>th</sup> smallest authority out of the 16 in the group.



**5.7** The total expenditure cost of £114.66 per head of population is made up as follows:

	£	%
Highways and Transport Services	2.36	2
Children's Social Care	0.01	0
Housing Services	11.03	10
Cultural and Related Services	26.95	23
Environmental and Regulatory Services	39.01	34
Planning and Development Services	3.49	3
Central Services	31.81	28
<b>Total</b>	<b>114.66</b>	<b>100</b>

## 5.8 Highways and transport services

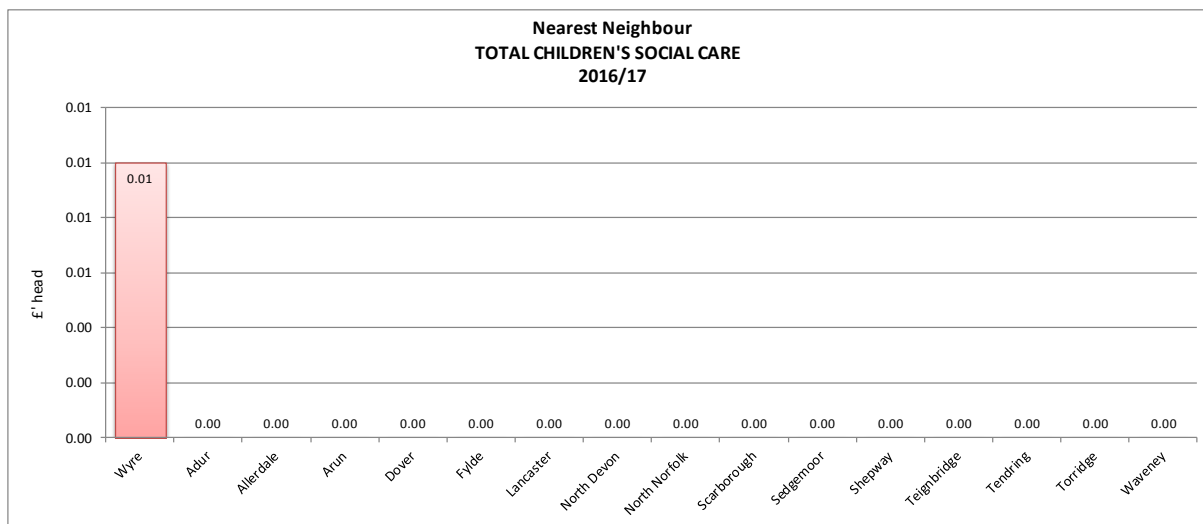


At Wyre, net expenditure on highways and transport services is £2.36 per head of population, equivalent to just 2% of the total spend per head but is the most expensive in the group.

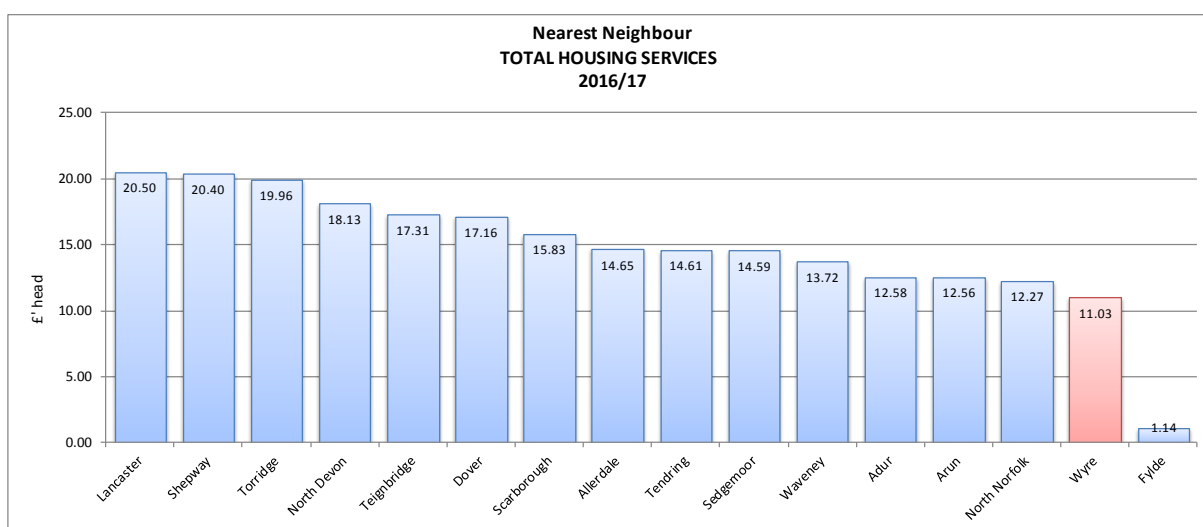
- The net income that we earn from car parking is £2.04 per head of population with 2 authorities earning less than us. Scarborough is the highest earning authority in the group reporting net income of £35.35 per head with North Devon being the next highest and earning £21.85 and Fylde report earnings of £3.52;
- The cost for Public Transport - support to operators, essentially the Fleetwood to Knott End Ferry, is £1.07 per head, with Lancaster, North Norfolk and Arun being the only other authorities to declare expenditure at £0.42, £0.16 and £0.12 respectively;
- Public Transport – coordination, essentially the maintenance of the bus shelters and the operation of the Bus Station in Thornton Cleveleys costs £0.56 per head and is the second highest spend after Adur with 6 authorities declaring a nil spend;
- Highways costs, including support for the LCC agency agreement and non-agency roads, are £2.52 per head of population, the 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 unadopted highways following the housing stock transfer;
- Street lighting, essentially the festive lighting grant support, costs £0.25 per head, the 2<sup>nd</sup> lowest of the 7 authorities reporting expenditure.

## 5.9 Children's social care

At Wyre, net expenditure on children's social care, namely our Working Together with Families project is £0.01 per head of population, with no other authorities in the group declaring any expenditure. (The Council took advice from DCLG before allocating expenditure to this service area).



## 5.10 Housing services

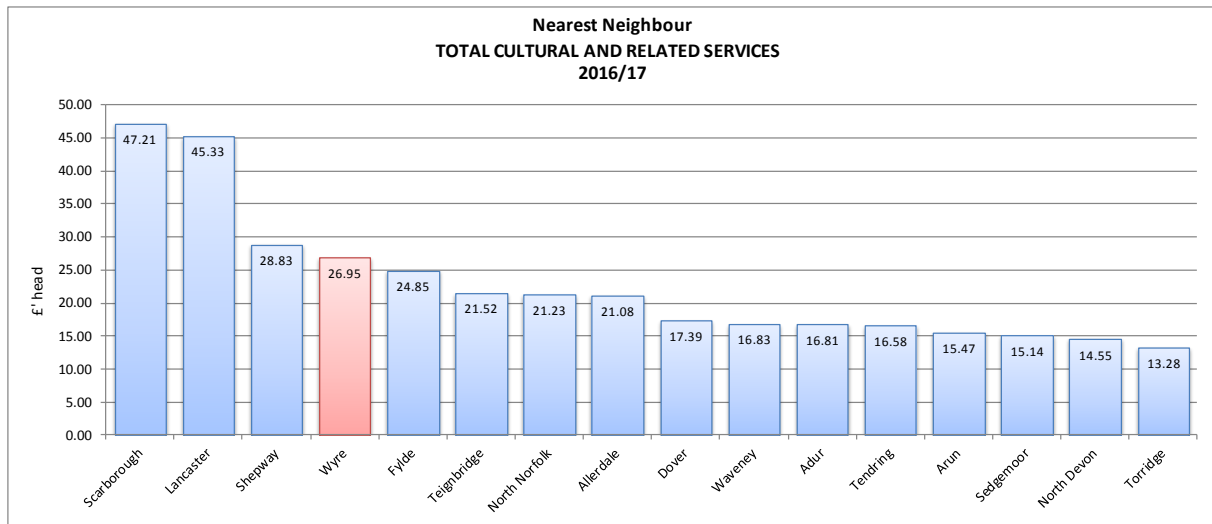


Wyre is the 2<sup>nd</sup> lowest spender with expenditure on Housing Services of £11.03, 10% of the spending. Administration of housing benefit at £7.19 per head is included in this figure prior to the receipt of government grant, with the true cost to the Council after grant being only £3.68.

- The costs of the homelessness service at £2.27 place us as the 3<sup>rd</sup> lowest spender in the group;
- Discretionary rent rebates and rent allowances, where we voluntarily disregard war disablement and war widows' pensions, at £0.46 per head place us as the 5<sup>th</sup> lowest spender, with Fylde reporting a surplus of £12.93, although this suggests it is an error. 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 2016/17 was £0.11 per head of population.
- Only Fylde in addition to Wyre has categorised expenditure as 'supporting people' costs, with Wyre, reflecting its Care and Repair and Handy Persons Scheme, being the highest spender at £0.29. Again, some of this cost is met by government grant, without which, the cost would rise to £2.21 per head; and
- Other housing costs, i.e. Housing Strategy, Housing Advice and administering House Renovation Grants, indicate that we are the lowest spender in the group at £0.82.

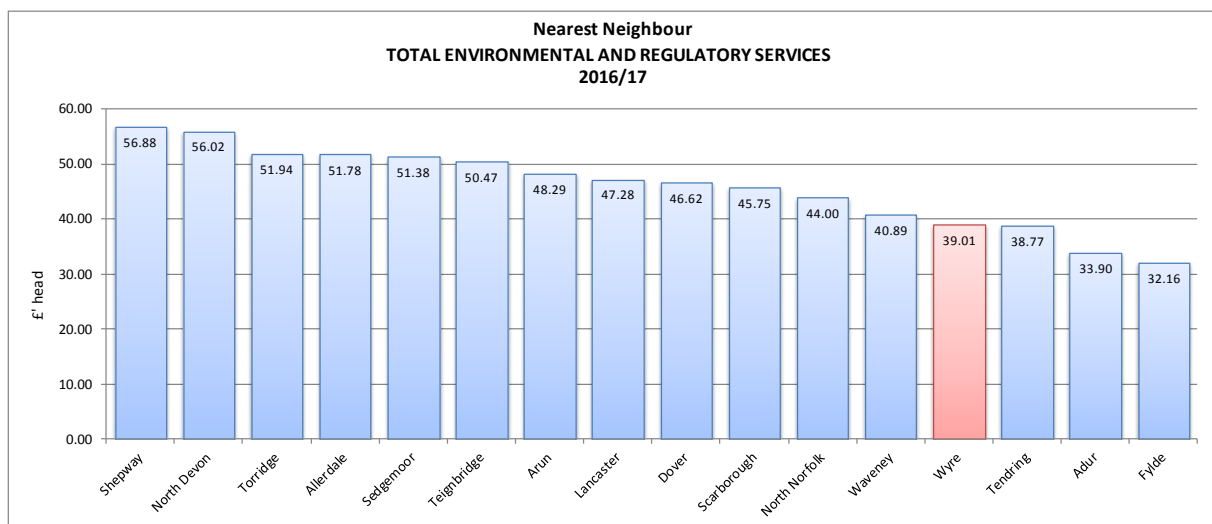
## 5.11 Cultural and related services

This includes culture and heritage, recreation and sport, open spaces and tourism. Wyre is ranked as the 4<sup>th</sup> most expensive, with a cost of £26.95 per head of population – 23% of spending, with only Scarborough, Lancaster and Shepway spending more than Wyre, although the gap between the top two spenders and the 3<sup>rd</sup> place authority is around one third.



- Culture and heritage costs, incorporating the Marine Hall, Thornton Little Theatre, Marsh Mill, the Wyre Volunteer Project and Arts Development/Promotion, are the 7<sup>th</sup> highest spend in the family group at £4.93 with the highest spend being Scarborough at £14.30 and the second highest being Shepway at £7.90;
- Sport and recreation costs at £8.25 indicate that we are the 6<sup>th</sup> highest spender;
- Parks and open spaces costs show us to be the 5<sup>th</sup> highest spender at £11.37;
- Tourism costs of £2.40 place us as the 5<sup>th</sup> highest spender with Allerdale reporting a £2.77 surplus.

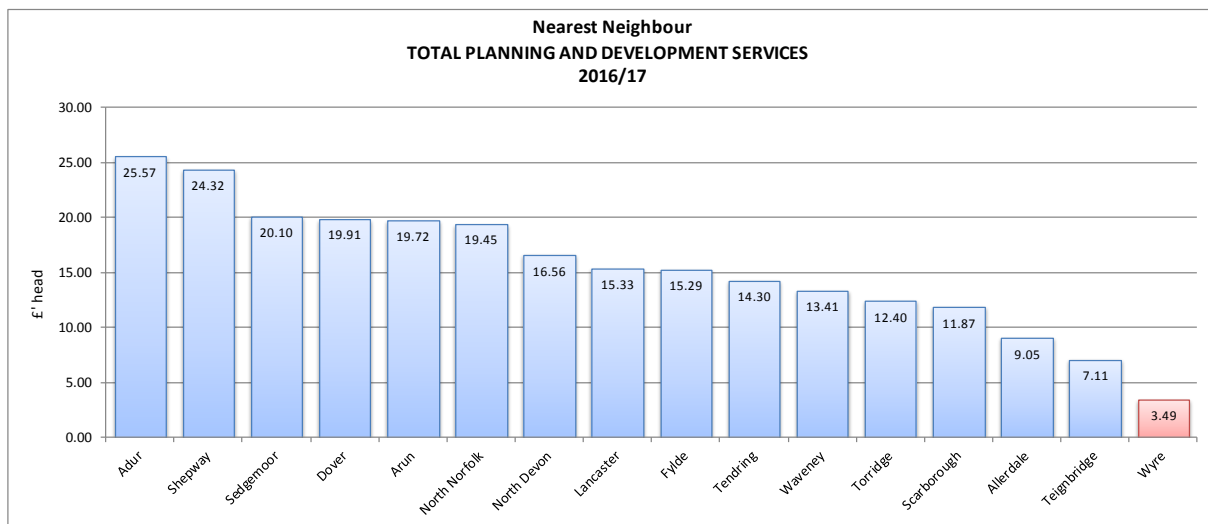
## 5.12 Environmental and regulatory services



The cost profiles show Wyre as the 4<sup>th</sup> lowest spender in the group with expenditure of £39.01 per head of population – 34% of spending. Within this grouping of services it can be seen that:

- When Waste Collection, Street Cleaning, Waste Disposal, Trade Waste, Recycling and Waste Minimisation are combined our total spend of £21.97 is the 3<sup>rd</sup> lowest in the family group. Prior to the waste management service being retendered and the street cleansing service being brought back in-house, costs in 2011/12 were reported at £40.48 per head;
- Cemetery, cremation and mortuary costs at £0.21 indicate that we are the 6<sup>th</sup> lowest spender, with 5 authorities reporting a surplus;
- Regulatory services, essentially licensing, environmental protection, water and food safety, health and safety, housing standards, consumer protection/advice, pest control, public conveniences and animal/public health cost £10.91 and place us as the 6<sup>th</sup> lowest spender, with no other councils reporting any spend on consumer protection/advice i.e. debt advice. Removing expenditure on debt advice results in a cost per head of £10.05 making us the 2<sup>nd</sup> lowest spender;
- Community safety costs (including CCTV) are £2.03 per head, the 7<sup>th</sup> lowest spender in the family group;
- Wyre is the 7<sup>th</sup> highest spender for Coast Protection, Flooding and Land Drainage at £3.89 per head of population, with Lancaster spending the most at £10.69 per head of population.

### 5.13 Planning and development services

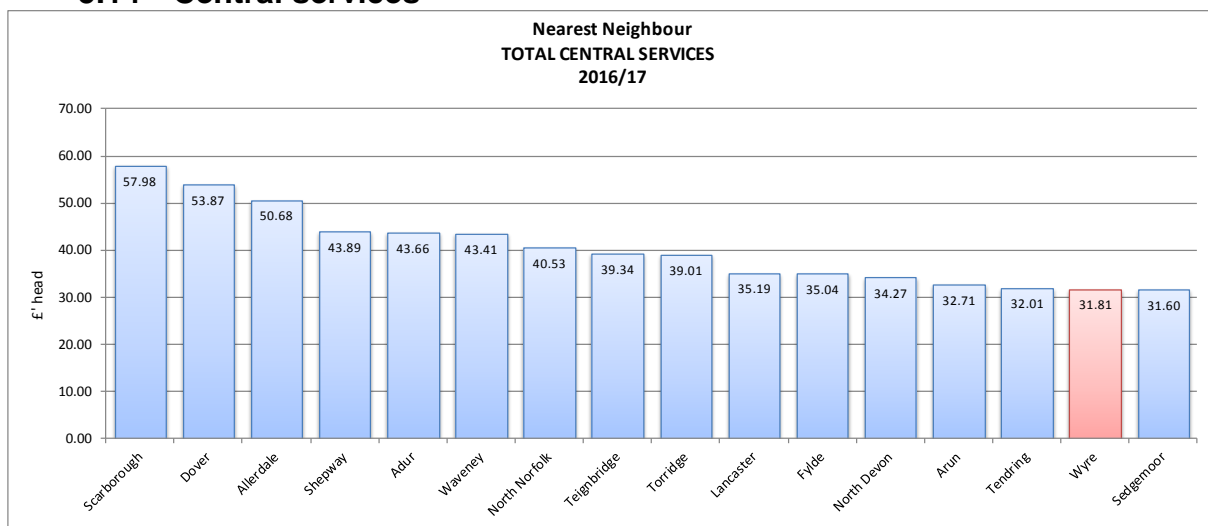


Wyre is the lowest spender on planning and development services at £3.49 per head – 3% of spending – primarily due to the income from the Council’s property portfolio.

- Economic Development reflects a net income of £4.82 per head of population reflecting our significant property portfolio rental and lease income with all other authorities reporting a cost, Shepway being the highest at £9.05;
- Building Control costs at £0.88 per head are the 6<sup>th</sup> lowest in the group with North Devon reporting a net cost of £0.15 per head and Teignbridge declaring a nil spend;

- Development Control costs at £2.01 per head are the 2<sup>nd</sup> lowest spend with Lancaster reporting a net surplus of £3.63;
- Planning Policy costs are £4.19 per head, the 8<sup>th</sup> lowest in the group with Lancaster being the highest at £13.15 per head;
- Environmental Initiatives, which at Wyre reflects expenditure on monuments and memorials, of £0.05 per head places us as the lowest spender with 7 authorities reporting a nil cost;
- Community Development, essentially our duty to promote economic and social well-being, involving work around social inclusion and to address issues such as domestic violence, is £0.46 per head, the lowest spender with 4 authorities reporting a nil cost; and
- Business Support, including Business start-up, Fleetwood Masterplan and Wyred-Up at £0.72 per head reveal Wyre to be the 5<sup>th</sup> highest spender of 11 authorities who report a spend, with 4 authorities reporting net income.

## 5.14 Central services



With expenditure of £31.81 for Central Services, approximately 28% of the budget, Wyre is the 2<sup>nd</sup> lowest spender in the family group.

- The costs of Corporate and Democratic Core, including Members Expenses, Corporate Management, Subscriptions, Civic and Ceremonial, Audit Fees, Bank Charges, Unused Office Accommodation and the Council Newspaper, at £13.99 place us the 8<sup>th</sup> highest spender with Allerdale incurring the highest spend at £25.86;
- Local Tax Collection costs, relating to Council Tax and NNDR, are £3.11 per head, the 2<sup>nd</sup> lowest in the group;
- Administration of Localised Council Tax Support (Previously Council Tax Benefit) costs £2.35 per head, the 3<sup>rd</sup> lowest of 14 authorities reporting a spend, with North Norfolk being the highest at £7.08. It should be remembered that much of this cost is met by the government in the form of a grant. The real cost to the Council for 2016/17 was £1.05 per head of population. The total cost for both housing and council tax benefit administration is £9.54 per head the 6<sup>th</sup> lowest spend in the family group which results in a cost to the Council after government grant of £4.73;
- Emergency Planning expenditure shows Wyre to be the 2<sup>nd</sup> lowest at £0.10 per head with Adur being the only authority to declare a nil



- spend;
- Central services to the public, essentially Electoral Registration, Elections, Land Charges and Grant Support, cost £2.64 per head, the 4<sup>th</sup> lowest spend, with Tendring reporting a surplus of £0.58 per head;
- Central services - non distributed costs – retirement benefits - relates to costs associated with past service, settlements and curtailments i.e. anything other than current service pension costs and is £9.62 per head, the 5<sup>th</sup> lowest in the group.

### 5.15 Changes year on year

The Value for Money Profiles also allows the Council to monitor variations between years and indeed reflects specific policy decisions that have been taken. The major shifts in anticipated spending between the financial years 2015/16 and 2016/17 can be identified as follows:

- The surplus on parking services has decreased by £206,290 largely owing to a reduction in pay and display income generally and the leasing of Teanlowe Car Park to Booths (£144,000) as well as the transfer of both Teanlowe and Windsor Road car park rentals to Economic Development (£85,000);
- Costs classified as 'Central Services to the public: other' have reduced by £118,090 and this is largely a result of the winding down of Shaping Your Neighbourhood grants (£71,150) and lower Elections/Electoral Registration costs (£38,270) with the introduction of IER and election costs falling in 2015/16 in relation to Borough elections in 2016/17;
- The surplus generated by Economic Development has increased from £3.68 per head to £4.82 or £174,750 which reflects the timing and transfer of Teanlowe and Windsor Road Car Park rental income (£160,000), increased income at Butts Close Industrial Estate (£17,290) and a reduced surplus at Fleetwood Market (£19,930).
- There has been a reduction in the cost for waste collection of £300,760 which includes the introduction of green waste charges (£239,610) and a reduction on the waste collection contract through the annual re-pricing formula (£46,190), reduced income primarily from cost sharing (£12,330), increased costs (£4,070) and reduced recharges (£31,360);
- The Working Together with Families initiative is now unfunded and as a result costs have reduced from £47,230 to almost nil. These costs were all support service recharges and have been reallocated accordingly in 2016/17.
- The cost of Housing Benefit Administration has reduced by £148,080 as a result of lower recharges (£144,310) following the restructuring and merging of several teams.
- Culture and Heritage spend has reduced overall by £37,540 and whilst there are some smaller ups and downs the majority is a result of Coastal Communities Funding dropping out (£37,000), The Volunteer Wyre Project winding down (£19,330) and increased costs at the theatres (£24,290) largely owing to changes to recharges.
- The cost of cemeteries has reduced by £38,210 primarily owing to lower recharges (£35,330) and reduced income on sale of grave space (£7,150).
- Housing Standards costs have reduced by £33,450 mainly as a result of a restructure in the Private Sector Housing Team.

- The cost of Street Cleansing has fallen by £44,290 made up of recharge reductions (£34,500) and lower fuel costs (£11,700).
- Local Plan costs have increased by £46,530 with consultants' fees rising (£58,910) and recharges falling (£12,330).
- Retirement Benefits have increased by £28,780 reflecting the increase in deficit recovery payments for past service pension costs.
- Local tax collection costs for both council tax and NNDR have increased £152,100 with recharges accounting for the vast majority (£144,380).
- The cost of Localisation of Council Tax Support has reduced for the second year running essentially owing to a reduction in recharges of £37,220.

**5.16** The cost profiles are formally reviewed each year. To date, work undertaken as a result of the annual benchmarking exercise has included:

- Waste Management;
- Corporate and Democratic Core;
- Parks and Open Spaces;
- Sport and Recreation;
- The Promotion of Tourism; and
- The Fleetwood to Knott End Ferry.

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 2017/18.

<b>Financial and legal implications</b>	
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.

<b>implications</b>	<b>✓ / x</b>
community safety	x
equality and diversity	x
sustainability	x
health and safety	x

<b>risks/implications</b>	<b>✓ / x</b>
asset management	x
climate change	x
data protection	x

report author	telephone no.	email	date
Clare James	01253 887308	<a href="mailto:clare.james@wyre.gov.uk">clare.james@wyre.gov.uk</a>	14.10.16

<b>List of background papers:</b>		
name of document	date	where available for inspection

**List of appendices**

None

arm/ex/cab/cr/16/3011cj2