

Report of:	Meeting	Date	Item No.
Alan Vincent, Deputy Leader and Resources Portfolio Holder and Clare James, Head of Finance (s.151 Officer)	Cabinet	17 October 2018	6

### Cost Profiles – Benchmarking Results 2018/19

#### 1. Purpose of report

- 1.1 To consider the findings of the 2018/19 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

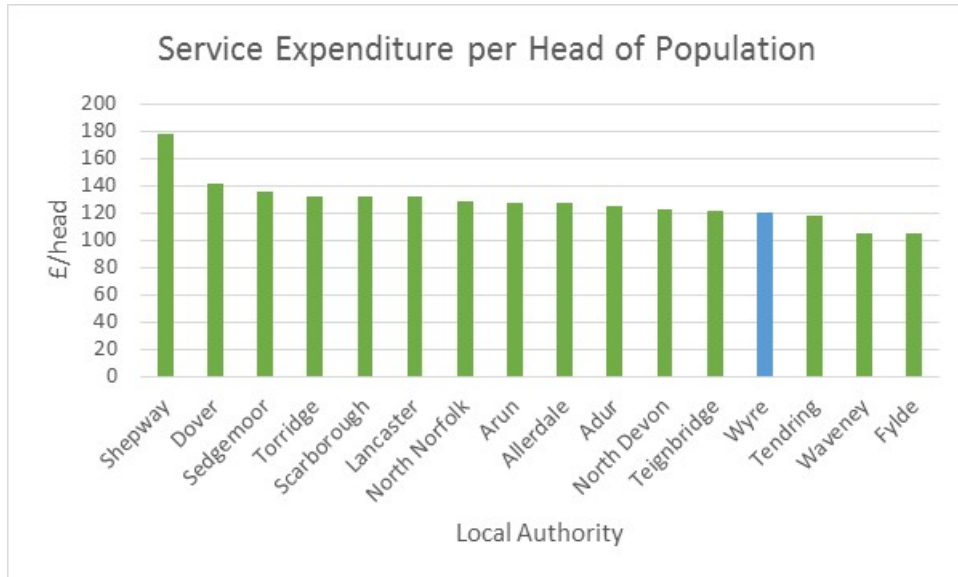
- 4.1 The council's External Auditors (KPMG in 2017/18) have a statutory responsibility, as set out in the National Audit Office's (NAO) Code of Audit Practice 2015, to give a value for money conclusion each year as part of their audit of the financial statements. Essentially, the VFM conclusion considers 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 2017/18 the 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.

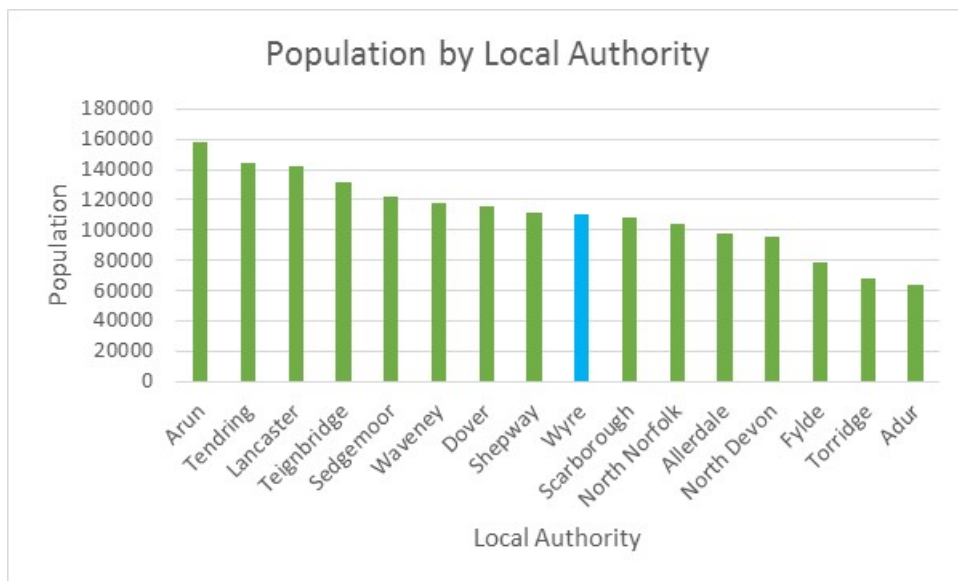
- 4.2** The External Auditors follow a risk based approach to target audit effort on the areas of greatest audit risk. They consider the arrangements put in place by the Authority to mitigate these risks and plan their work accordingly. No significant risks were identified in relation to the VFM conclusion, 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 2018.
- 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** 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 2016. This is the most recent freely accessible family group available and as such this report concentrate son comparing our costs to those local authorities (15 excluding Wyre that are considered to have similar characteristics, demographics, etc.).
- 5.3** The report commissioned by LG Futures last year has influenced the in-house approach adopted this year, with some of the denominators changing to reflect more meaningful comparison. However 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 2018/19 is £120.40 and this places us as the 4<sup>th</sup> lowest spender in the group.



**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 2018/19 uses the Registrar General's population estimate in June 2017 of 110,426 which places us as the 8<sup>th</sup> smallest authority out of the 16 in the group.



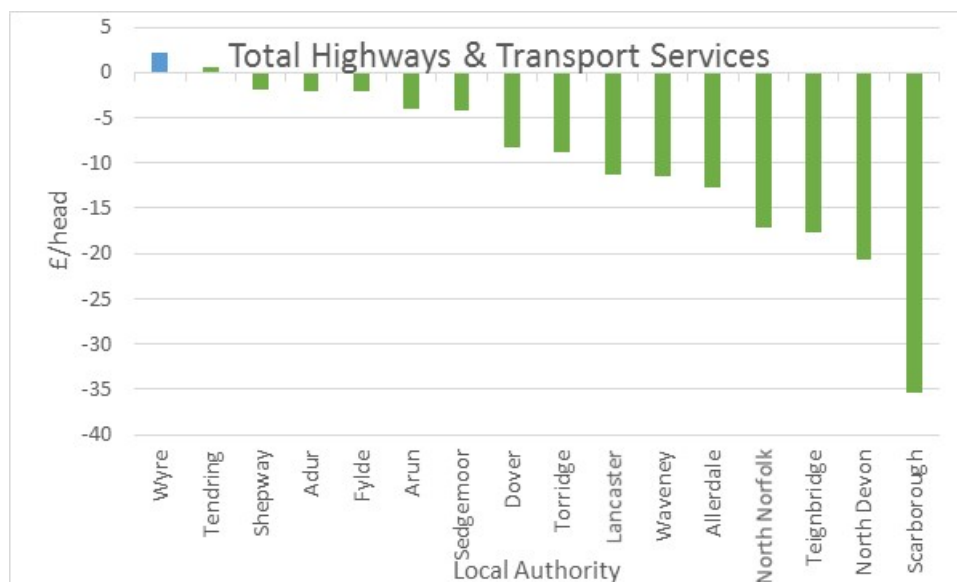
**5.6** The total expenditure cost of £120.40 per head of population is made up as follows:

	£	%
Highways and Transport Services	2.14	2
Housing Services	9.55	8
Cultural and Related Services	26.52	22
Environmental and Regulatory Services	45.25	37
Planning and Development Services	5.55	5
Central Services	31.39	26
<b>Total</b>	<b>120.40</b>	<b>100</b>

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 £2.14 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 £1.25 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 £33.68 per head with North Devon being the next highest and earning £20.81 and Fylde reporting earnings of £3.90. If we add back in the rental income for the two car parks now operated by Booths our income rises to £2.72 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 £1.19 per head. If the ferry is stripped out, our unit cost becomes £0.29 per head and our ranking moves to 6<sup>th</sup> overall with four group members declaring a nil spend;
- Highways maintenance, including support for the LCC agency agreement and non-agency roads, are £1.88 per head of population, the highest spend, with 8 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;
- Transport Planning, Policy and Strategy encompasses support service recharges totalling c.£8k only and although identified in the survey is below the £30k threshold for further investigation.
- Of the eight authorities declaring expenditure against Street Lighting, Wyre is ranked as the 2<sup>nd</sup> lowest spender at £0.24 per head. Tendring at £0.08 per head is the best performer within the group.

## 5.9 Housing services

- Wyre is the 3<sup>rd</sup> lowest spender with expenditure on Housing Services of £9.55, 8% of the spending. Administration of housing benefit at £105.39 per Housing Benefit claimant (6,557) places us 8<sup>th</sup> in the group prior to the receipt of government grant, with the true cost to the council after grant being only £54.86 per claimant.

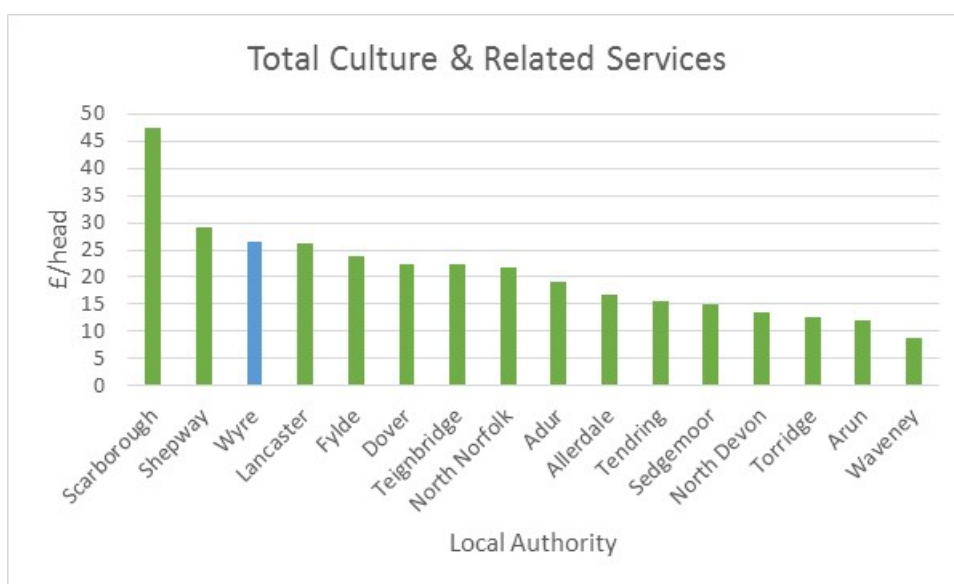


- The costs of the homelessness service at £55,333 per household accepted as homeless (6) place us as the second highest spender in the group. Fylde had 11 cases of households accepted as homeless, and their unit cost is significantly below Wyre's at £8,622. If the denominator is changed to reflect homelessness prevention and relief cases then the costs of the homelessness service are £858 per case placing us as the 4<sup>th</sup> lowest spending authority in the group. North Devon at £379 is the best performing member of the family group.
- Discretionary rent rebates and rent allowances, where we voluntarily disregard war disablement and war widows' pensions, at £8.08 per Housing Benefit claimant place us as the 8<sup>th</sup> lowest spender, with Fylde reporting a surplus of £135.77, although this suggests it could be 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 2018/19 is £1.98 per Housing Benefit claimant.
- 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 £0.25. Without government grants and contributions from Fylde to run their service, the cost would rise to £1.97. Work is ongoing to explore this area further to investigate its potential as a fully self-sustaining service area.

## 5.10 Cultural and related services

This includes culture and heritage, recreation and sport, open spaces and tourism. Wyre is ranked as the 3<sup>rd</sup> most expensive, with a cost of £26.52 per head of population – 22% of spending. Only Scarborough and

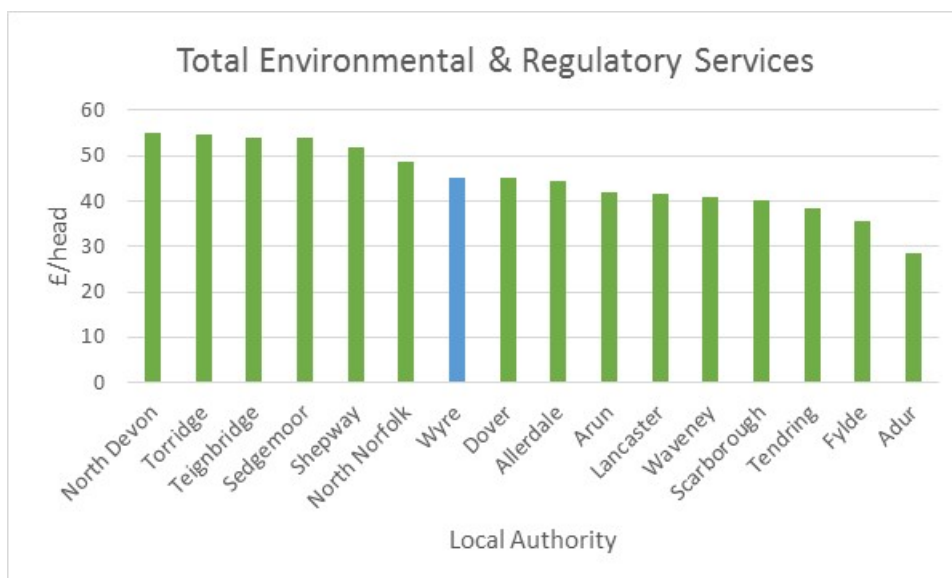
Shepway are spending more than Wyre, although the gap between the top spender and the 3<sup>rd</sup> place authority is around one third.



- Culture and heritage costs, incorporating the Marine Hall, Thornton Little Theatre, Marsh Mill, the Wyre Volunteer Project and Arts Development/Promotion, are the 6<sup>th</sup> highest spend in the family group at £5.18 with the highest spend being Scarborough at £13.96 and the second highest being Shepway at £7.45;
- Recreation and Sport costs of £7.36 per head results in Wyre being the 9<sup>th</sup> highest 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 4<sup>th</sup> highest spender based on local authority area at £47.11. Dover and Tendring have comparable local authority areas in size and their unit costs are £27.08 and £16.89 respectively (both mid-table). Also included here is the impact of areas that relate to the transfer of housing stock;
- Tourism costs of £1.92 place us as the 4<sup>th</sup> highest spender with Allerdale reporting a £3.94 surplus.

### 5.11 Environmental and regulatory services

The cost profiles show Wyre as the 7<sup>th</sup> highest spender in the group with expenditure of £45.25 per head of population – 37% of spending.

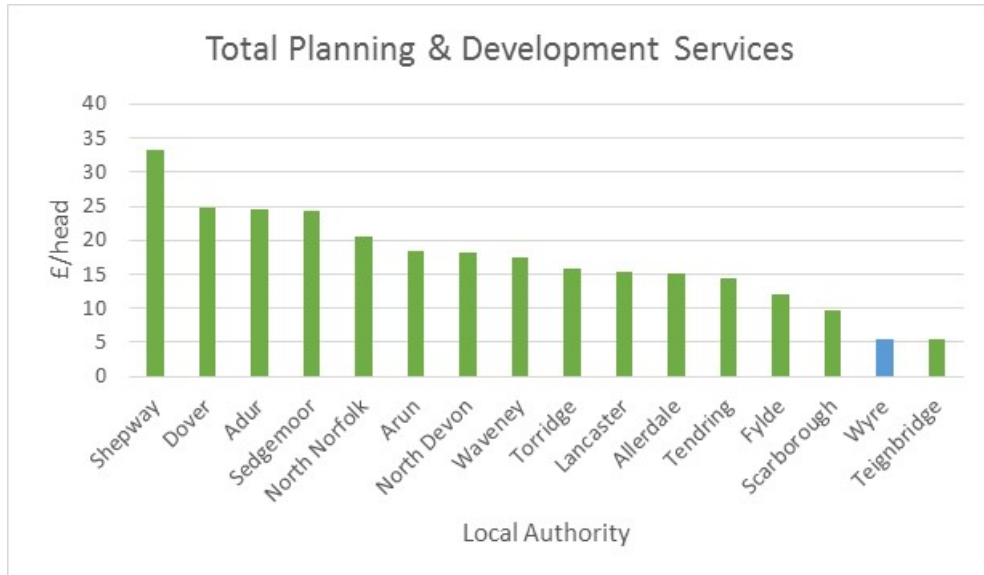


- Owing to the difficulty in accurately identifying contractor and client costs for the different waste streams, these two service areas have been combined. When Waste Collection, Waste Disposal and Recycling are combined our total spend of £17.79 is the 9<sup>th</sup> lowest in the family group. The equivalent rate for 2017/18, based on a denominator of population, was £8.07 and this sharp increase is largely owing to the impact of the loss of cost sharing income from Lancashire County Council;
- Of the fifteen authorities within the group declaring expenditure, Wyre's Cemetery, Cremation and Mortuary Services spend at £0.27 per head is 8<sup>th</sup> best. The top performing authority is Fylde with net income of £10.11 per head;
- Regulatory Services spend is £11.12, meaning that Wyre ranks as the 8<sup>th</sup> highest spender per head of population within the Nearest Neighbour Group. Sedgemoor at £7.08 is the best performing Local Authority within the group;
- Wyre's Community Safety unit rate per head is £1.60, making it the 10<sup>th</sup> highest spender within the family group. The top ranked Local Authority is North Norfolk at £0.30;
- Wyre is the 10<sup>th</sup> highest spender for Other Environmental and Regulatory Services which includes Trade Waste, Coast Protection, Flooding and Land Drainage at £4.27 per head of population, with Sedgemoor spending the most at £12.78 per head of population and both Allerdale and Adur generating surpluses of £2.95 and £3.20 respectively. In this category, Wyre's highest area of spend is in relation to sea defences (80%);
- Street Cleansing expenditure at £10.24 per head of daytime population for Wyre results in a ranking of 7<sup>th</sup> lowest spending Local Authority within the group. The lowest spending authority at £5.89 is Waveney.

## 5.12 Planning and development services

Wyre is the 2<sup>nd</sup> lowest spender on planning and development services within its family group at £5.55 per head – 5% of spending – primarily due to the income from the council's property portfolio.



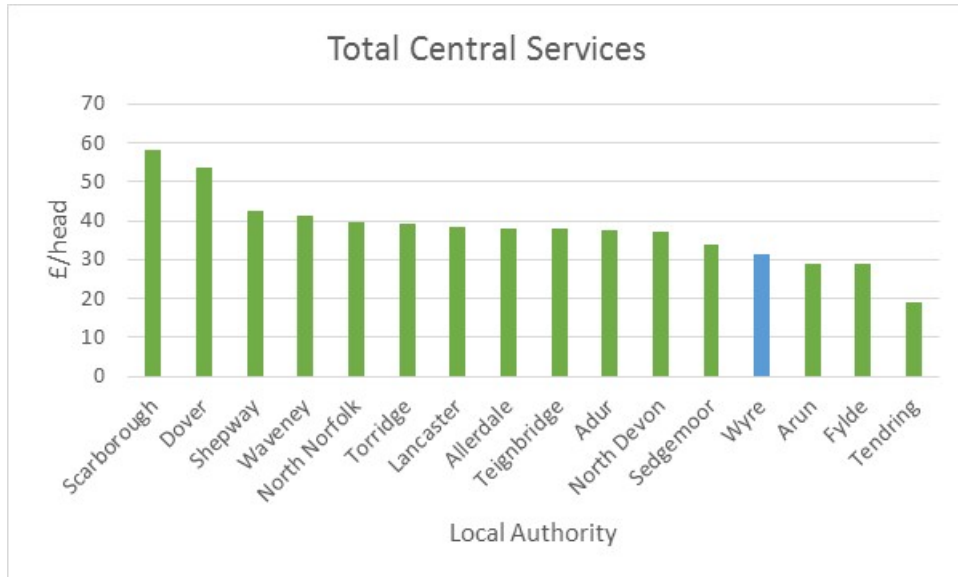


- Of the fifteen authorities reporting spend against Economic Research and Economic Development, Wyre has a net income per head of -£2.45, making it the top ranking authority. This, however, includes investment income of c. £315k which, when stripped out, results in a unit rate of £0.40 and a ranking of second best authority within the group;
- In terms of Building Control, Wyre's cost per planning decision is 8<sup>th</sup> highest within the group at £149. The best ranked authority, North Devon, reported a net income of -£36 per planning decision;
- Wyre is ranked as the 5<sup>th</sup> best performer within its family group in terms of its Development Control cost per decision at £394;
- In terms of Planning Policy, Wyre's spend of £3.12 makes per head makes it the 4<sup>th</sup> best ranking authority within the family group.
- Of the twelve authorities reporting spend on Community Development, Wyre is ranked as the second best performer at £0.35 per head.
- Business Support includes Business Support and Wyred-Up at £19.68 per number of active businesses in Wyre (4,065). This reveals Wyre to be the 6<sup>th</sup> highest spender of 10 authorities who report expenditure, with 4 authorities reporting net income including Teignbridge, the highest at £158 per business.

### 5.13 Central services

With expenditure of £31.39 for Central Services, approximately 26% of the budget, Wyre is the 4<sup>th</sup> lowest spender in the family group.





- Wyre is ranked as the 6<sup>th</sup> best performer in terms of its spend per head on Corporate and Democratic Core at £12.96. The best performing authority is Arun at £7.60;
- Local Tax Collection, measured per taxable property within an authority, costs £14.61 for Wyre which is 7<sup>th</sup> lowest within the Nearest Neighbour Group. Allerdale was the best performing authority at £7.67 per taxable property;
- Wyre's Emergency Planning unit rate is £0.33 per head which places us as the 4<sup>th</sup> best performing authority within our family group. The lowest unit rate was £0.23 for Tendring;
- Other Central Services, essentially Electoral Registration, Elections, Land Charges and Grant Support costs £2.62 per head of population which places Wyre as the 5<sup>th</sup> 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 £8.33 per head place Wyre as the 5<sup>th</sup> best performing Local Authority within the group. The top ranked authority is Tendring at £0.44 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.

- Parking Services income, at £1.25 per head of population, ranked us as the 2<sup>nd</sup> lowest performer within our family group. This also compares unfavourably against our equivalent figure from 2017/18 of £1.87. A review of charging structures is underway with a Portfolio Holder report expected in the new year;
- Highways Maintenance, at £1.88 per head, places Wyre as the most expensive performer within its family group. Although not a huge cost, 2017/18 data also placed us as the most expensive authority with a unit cost per head of £2.42. This represents a reduction per head of c.22% year-on-year which demonstrates that as a council we have taken some measures to address our performance over the course of the past year

and this includes a new Public Realm agreement with Lancashire County Council. Further exploration of the impact of unadopted roads in relation to the transfer of housing stock many years ago is warranted;

- In terms of Cultural and Related Services, Wyre's spend per hectare on Parks and Open Spaces is £47.11, making us the 4<sup>th</sup> highest spending authority within our family group. This compares to the 2017/18 cost per hectare of £48.38, indicating that costs remain broadly consistent year to year. A project has been established to review the use of our parks and open spaces in order to maximise the potential to generate income that contributes towards running costs but this is expected to generate only modest returns. Linked to the issue raised above in relation to highways, an exercise to evaluate the cost of the transferred housing stock and the open spaces areas we still maintain in relation to them is recommended.
- Public Transport, whilst an area of modest expenditure, the majority of which relates to the relatively unique arrangement with the Ferry is worth further investigation. A decline in the number of operators using the bus station at Cleveleys and the frequent vandalism of bus shelters indicates that there is justification for a project to review this area.

### 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 2018/19.

<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

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<b>List of background papers:</b>		
name of document	date	where available for inspection
None		

**List of appendices**

None

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