

Report of:	Meeting	Date
Councillor Alan Vincent, Resources Portfolio Holder and Clare James, Head of Finance (s.151 Officer)	Cabinet	16 October 2019

Cost Profiles – Benchmarking Results 2019/20

1. Purpose of report

- 1.1 To consider the findings of the 2019/20 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 (Deloitte in 2018/19) 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.

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

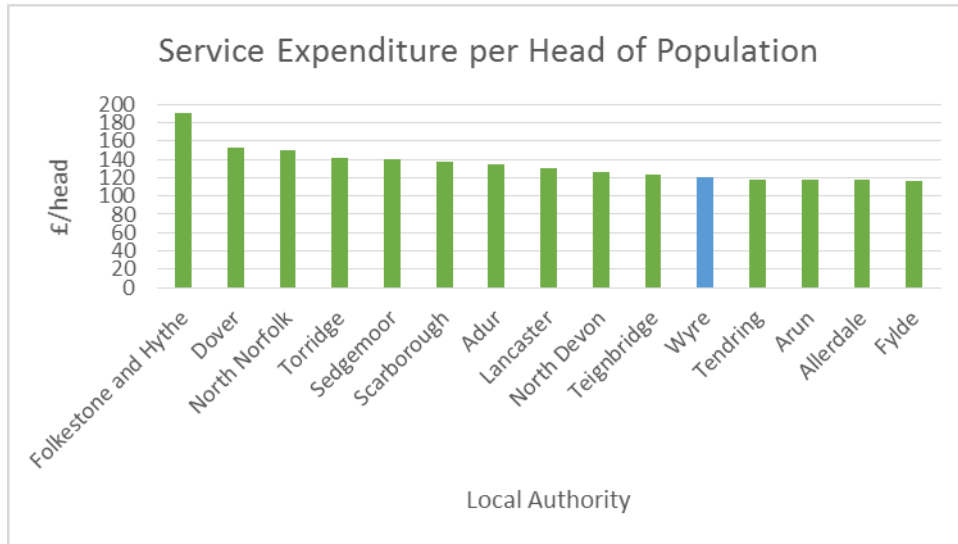
5.1 Statistics published by the Ministry for Housing, Communities and Local Government (MHCLG) have been analysed. These statistics allow us to analyse the money that councils plan to spend on their services each year. To put the spending into context, the information is expressed relative to a number 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 concentrates on comparing our costs to those local authorities (14 excluding Wyre that are considered to have similar characteristics, demographics, etc.). Note that Shepway District Council changed its name to Folkestone & Hythe District Council in April 2018. Former member of the Nearest Neighbour Group, Waveney District Council, was merged with Suffolk Coastal District Council to form East Suffolk Council in April 2019 and is no longer included within Wyre's benchmarking group.

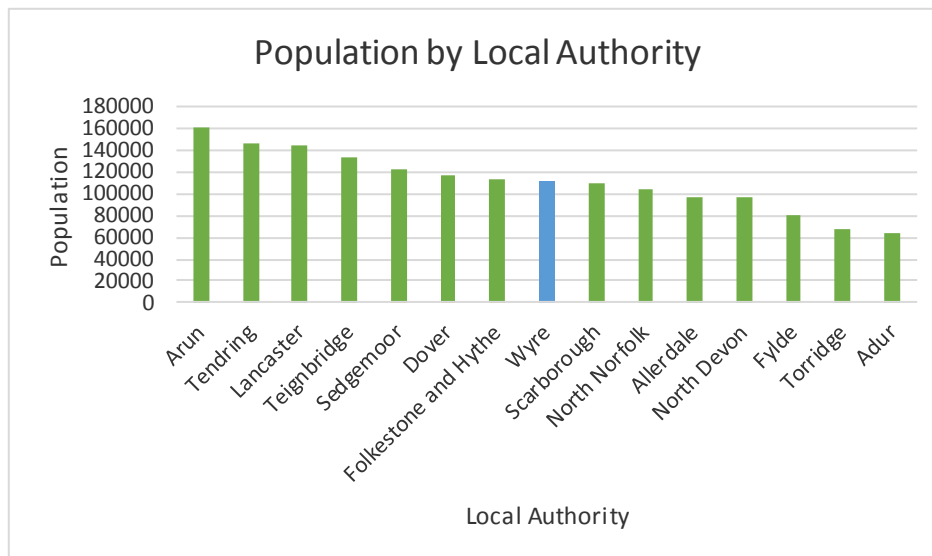
5.3 It is important to state that distinctive features of planned spending are not by themselves either right or wrong and circumstances can vary significantly even between nearest neighbour authorities, with the following questions being raised:

- 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 2019/20 is £121.14 and this places us as the 5th lowest spender in the group (compared to 4th lowest in 2018/19 at £120.40 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 2019/20 uses the Registrar General’s population estimate in June 2018 of 111,223 which places us as the 8th smallest authority out of the 15 in the group.



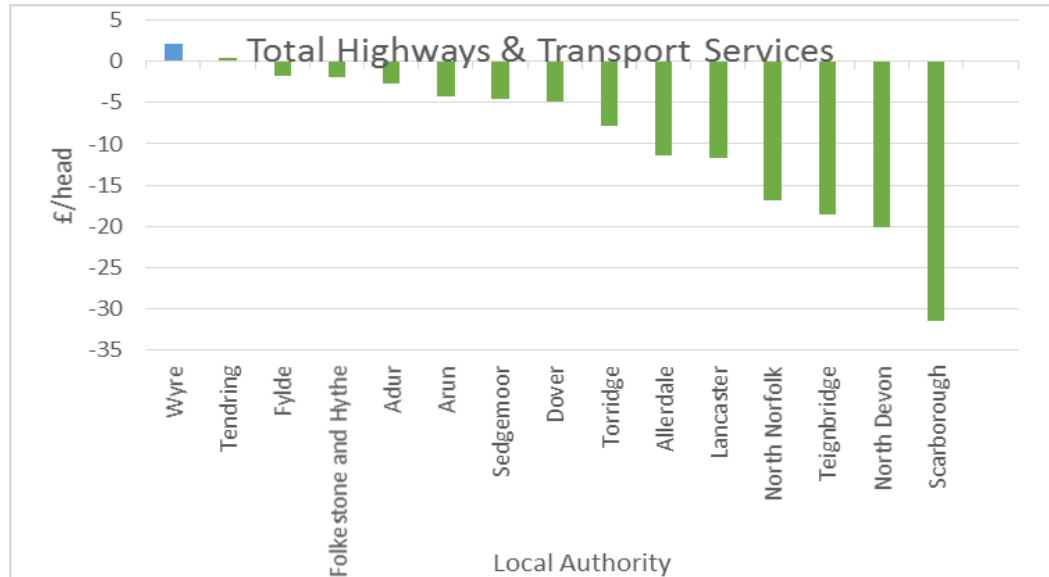
5.6 The total expenditure cost of £121.14 per head of population is made up as follows (figures in brackets show the 2018/19 equivalent):

	£	%
Highways and Transport Services	2.04	2 (2)
Housing Services	10.59	9 (8)
Cultural and Related Services	28.24	23 (22)
Environmental and Regulatory Services	45.18	37 (37)
Planning and Development Services	3.84	3 (5)
Central Services	31.24	26 (26)
Total	121.14	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 £2.04 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 £1.44 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 £31.06 per head with North Devon being the next highest and earning £20.22 and Fylde reporting earnings of £3.64. If we add back in the rental income for the two car parks now operated by Booths our income rises to £2.92 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 £1.34 per head. If the ferry is stripped out, our unit cost becomes £0.44 per head and our position remains 12th overall with three group members declaring a nil spend;
- Highways maintenance, including support for the LCC agency agreement and non-agency roads, are £1.83 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 adopted 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 not a cashable saving and is below the £30k threshold for further investigation.
- Of the eight authorities declaring expenditure against Street Lighting, Wyre is ranked as the joint 2nd lowest spender at £0.24 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 £10.59, 9% of the spending. Administration of housing benefit at £109.12 per Housing Benefit claimant (6,241) places us 9th in the group prior to the receipt of government grant, with the true cost to the council after grant being only £48.94 per claimant.



- The costs of the homelessness service at £141,667 per household accepted as homeless (3) place us as the second highest spender in the group. Fylde had 4 cases of households accepted as homeless, and their unit cost is significantly below Wyre's at £34,000. If the denominator is changed across the group to reflect homelessness prevention and relief cases then the costs of the homelessness service are £955 per case placing us as the 3rd lowest spending authority in the group (Fylde ranked as 7th best). North Devon at £397 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 £7.53 per Housing Benefit claimant place us as the 3rd lowest spender, with only Fylde reporting a surplus of £170.59, 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 2019/20 is expected to be £1.94 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 £0.32. Without government grants and contributions from Fylde to run their service, the cost would rise to £2.03. LCC have announced funding will cease beyond March 2020 and the future of these services is being reviewed.

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 £28.24

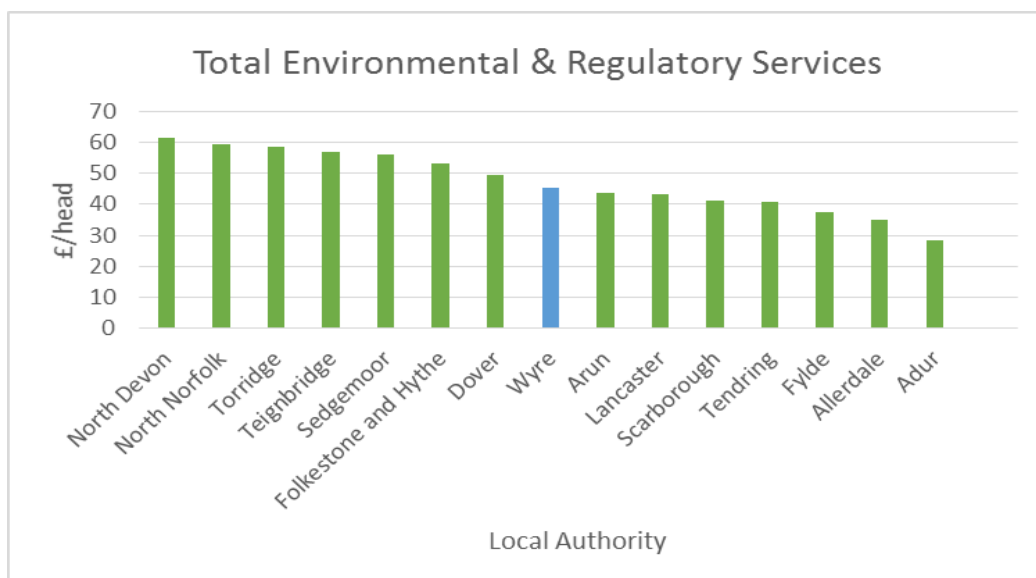
per head of population – 23% of spending. Only Scarborough and Folkestone & Hythe are spending more than Wyre, although the gap between the top spender and the 3rd place authority is greater than one third.



- Culture and heritage costs, incorporating the Marine Hall, Thornton Little Theatre, Marsh Mill, the Wyre Volunteer Project and Arts Development/Promotion, are the 5th highest spend in the family group at £5.53 with the highest spend being Scarborough at £13.14 and the second highest being Lancaster at £6.89;
- Recreation and Sport costs of £7.71 per head results in Wyre being the 10th 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 5th highest spender based on local authority area at £51.35. Dover and Tendring have comparable local authority areas in size and their unit costs are £26.15 and £19.54 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 undertaken last year;
- Tourism costs of £1.95 place us as the 6th highest spender with Allerdale reporting a £3.72 surplus.

5.11 Environmental and Regulatory Services

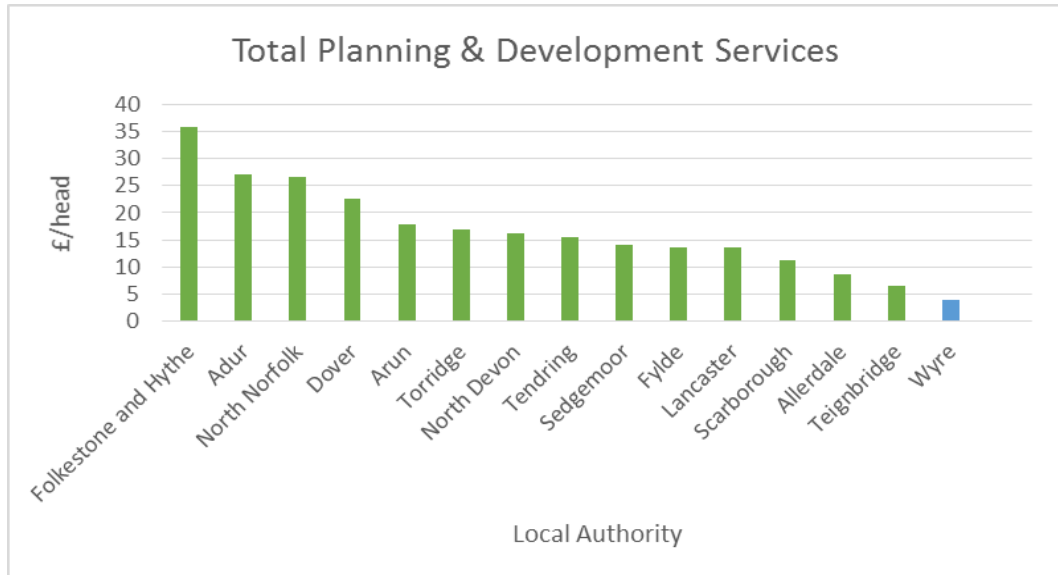
The cost profiles show Wyre as the 8th highest spender in the group with expenditure of £45.18 per head of population – 37% of spending.



- 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 £18.05 is the 6th lowest in the family group;
- Of the fourteen authorities within the group declaring expenditure, Wyre's Cemetery, Cremation and Mortuary Services spend at £0.10 per head is 7th best. The top performing authority is Fylde with net income of £9.95 per head;
- Regulatory Services spend is £10.18, meaning that Wyre ranks as the 3rd lowest spender per head of population within the Nearest Neighbour Group. Sedgemoor at £7.72 is the best performing Local Authority within the group;
- Wyre's Community Safety (includes CCTV) unit rate per head is £2.27, making it the 8th highest spender within the family group. The top ranked Local Authority is Allerdale at £0.17;
- Wyre is the 10th 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 £13.14 per head of population and both Allerdale and Adur generating surpluses of £5.65 and £3.32 respectively. In this category, Wyre's highest area of spend is in relation to sea defences (78%);
- Street Cleansing expenditure at £10.31 per head of daytime population for Wyre results in a ranking of 7th lowest spending Local Authority within the group. The lowest spending authority at £5.71 is Sedgemoor.

5.12 Planning and Development Services

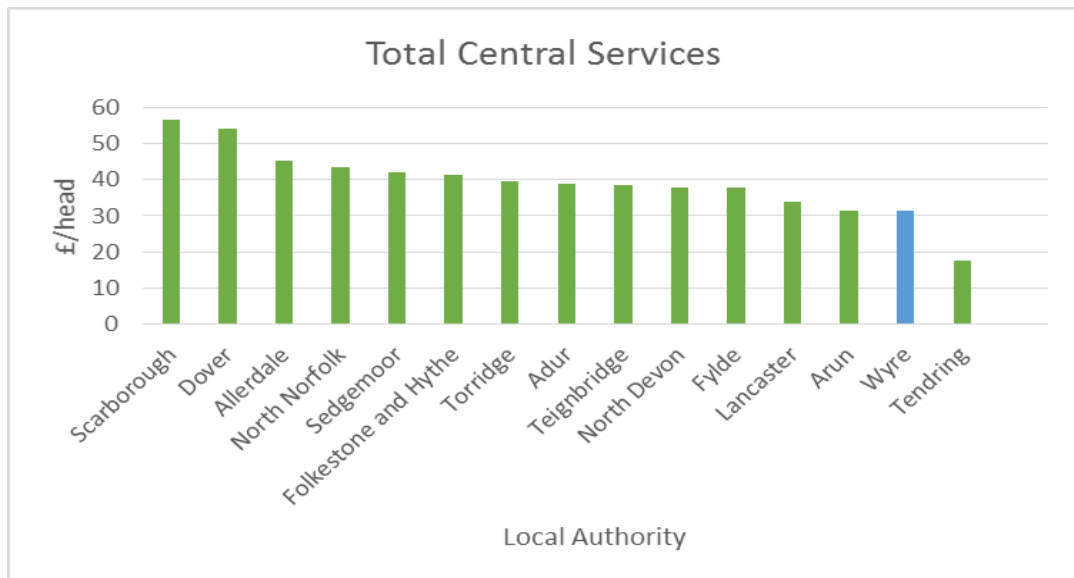
Wyre is the lowest spender on planning and development services within its family group at £3.84 per head – 3% of spending – primarily due to the income from the council's property portfolio.



- Of the fourteen authorities reporting spend against Economic Research and Economic Development, Wyre has a net income per head of -£3.20, making it the top ranking authority. This, however, includes investment income of c. £332k which, when stripped out, results in a net income of £0.21 and still makes Wyre the top ranking authority within the group;
- In terms of Building Control, Wyre's cost per planning decision is 6th best within the group at £106. The best ranked authority, Teignbridge, reported a net income of -£6 per planning decision;
- Wyre is ranked as the 5th best performer within its family group in terms of its Development Control cost per decision at £382;
- In terms of Planning Policy, Wyre's spend of £2.73 makes per head makes it the best ranking authority within the family group.
- Of the eleven authorities reporting spend on Community Development, Wyre is ranked as the best performer at £0.23 per head.
- Business Support includes Business Support and Wyred-Up at £21.09 per number of active businesses in Wyre (4,125). This reveals Wyre to be the 5th highest spender of 9 authorities who report expenditure, with 4 authorities reporting net income including Teignbridge, the highest at £146 per business.

5.13 Central Services

With expenditure of £31.24 for Central Services, approximately 26% of the budget, Wyre is the 2nd lowest spender in the family group.



- Wyre is ranked as the 5th best performer in terms of its spend per head on Corporate and Democratic Core at £11.41. The best performing authority is Arun at £7.70;
- Local Tax Collection, measured per taxable property within an authority, costs £15.54 for Wyre which is 6th lowest within the Nearest Neighbour Group. Adur was the best performing authority at £9.19 per taxable property;
- Wyre's Emergency Planning unit rate is £0.42 per head which places us as the joint 4th best performing authority within our family group. The lowest unit rate was £0.25 for Teignbridge;
- Other Central Services, essentially Electoral Registration, Elections, Land Charges and Grant Support costs £3.91 per head of population which places Wyre as the 6th 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 £8.20 per head place Wyre as the 5th best performing Local Authority within the group. The top ranked authority is Tendring at £0.29 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 2018/19

- Parking Services income, at £1.44 per head of population, ranks us as the 2nd lowest performer within our family group in 2019/20. This represents an improvement against our equivalent figure from 2018/19 of £1.25. A review of Residents Parking Permits is underway with a Portfolio Holder report expected this year. The trend for car parking income generally over the last couple of years has been downwards and O&S are scheduled to review the impact of the new fees and charges introduced in April 2019;
- Highways Maintenance, at £1.83 per head, places Wyre as the most

expensive performer within its family group in 2019/20. Although not a huge cost, 2018/19 data also placed us as the most expensive authority with a unit cost per head of £1.88. Last year, a review of the costs associated with the transfer of housing stock was recommended and a high level exercise has been undertaken. The results of this have shown that the impact is minimal and no further action is planned.

- Wyre’s spend per hectare on Parks and Open Spaces is £51.35, making us the 5th highest spending authority within our family group. This compares to the 2018/19 cost per hectare of £47.11, indicating that costs have increased year-on-year in the region of 9%. Last year it was recommended that we review the use of our parks and open spaces in order to maximise the potential to generate income. This is expected to generate only modest returns. As with highways costs above, a review of the costs associated with the transfer of housing stock was recommended and a high level exercise has been undertaken. The results of this have shown that the impact is minimal and no further action is planned.

Looking ahead

- Culture and Related Services – Wyre is ranked as the 3rd worst performer within the family group at £28.24 per head of population for 2019/20. As a Council we are committed to continuing to drive down the subsidy at both Marine Hall and the YMCA, with phased reductions to the subsidy at the leisure centres agreed for 2019/20;
- As mentioned above, Parking Services remains an area to be reviewed in order to assess the impact of the new fees and charges and a Portfolio Holder report is expected later this year on Residents Parking Permits with the expectation that changes to the scheme will support additional income generation across our car parks;
- Homelessness has received a significant amount of national attention and external funding in recent years. Our expenditure remains relatively high across this area, particularly when based on cases of households being accepted as homeless and it is recommended that further work is done to understand our level of costs compared to our nearest neighbours.

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 2019/20.

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.

Report Author	Telephone No.	Email	Date
Clare James	01253 887308	clare.james@wyre.gov.uk	25.09.19

List of Background Papers:		
Name of Document	Date	Where available for inspection
None		

LIST OF APPENDICES

None

arm/dems/cab/cr/1610cj2