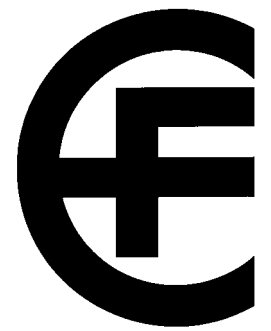


**Value for Money
Review
July 2008**



Epping Forest District Council

1. Introduction :

Introduction

1.1 Towards the end of 2007, the Council received the Audit Commission's 'Use of Resources Auditor Judgements 2007'. That report set out the Commission's assessment of the Council's performance against the Key Lines of Enquiry (KLOEs) which make up the Use of Resources assessment framework. The Audit Commission concluded that it felt the Council had, in overall terms, improved its performance to a score of 3 'Consistently above minimum requirements – performing well'.

1.2 In its judgement, the Commission recognised that there has been continuous improvement in EFDC's performance against the KLOEs. With regard to value for money, for KLOE 5.2 ("The Council manages and improves value for money") EFDC had shown consistent improvement over the three years of the assessment, from scoring just 1 in 2005 to 3 in 2007. However, it was also noted that, under the Value for Money KLOEs overall, the Council only attained a score of 2: 'Only at minimum requirements – adequate performance'. This score was supported by the comment:

'The Council's costs are higher than comparable councils, although they are reducing'

1.3 The Commission's VFM Profile Tool (on its website) provides a significant amount of information which is published in order to enable local authorities to compare their costs and performance with other local authorities and to assist local authorities in the development of value for money. This information also supports the judgements made by the Commission on each Authority's progress in this area.

Audit Commission Comparator Groups

1.4 The Commission's VFM Profile Tool enables local authorities to compare their costs and performance with a range of groups or clusters of authorities. Whilst the Council can compare itself in the tables to all other district councils in England, given the diversity of these bodies, it is not considered helpful to use this global comparator. Instead, the following comparators are considered most useful in comparing the Council's costs:

- **Nearest Neighbours** – those Districts (not London Boroughs) which are deemed to be similar to EFDC, and generally speaking lie just inside or outside the M25;
- **Office of National Statistics (ONS) Local Authority Cluster** – those District Councils which the ONS considers to be similar to EFDC in key ways; and
- **Crime and Disorder Reduction Partnership (CDRP) Family Group** – those District Councils which are considered to have a similar crime profile to EFDC

2. Purpose of the Review

2.1 The purpose of this report is therefore to:

- Examine and comment on the Council's costs, as stated in the Audit Commission's Value for Money (VFM) Profile Tool, and how they compare with other local authorities in comparator groups;
- Examine and comment on the Council's performance in respect of the performance data within the Audit Commission's VFM Profile Tool;

- Reach conclusions on the Audit Commission's value for money assessment of the Council
- Consider the nature and limitations of the comparative data, particularly issues that could significantly affect the data and the Council's ranking;
- Assess EFDC's Council Tax levels; consider how they compare with other councils; and consider the value for money provided by the Council from the "citizen's perspective"; and
- Consider the most cost effective future strategy to continuously improve value for money in terms of reduced costs, higher performance, or both.

2.2 This VFM Review is separated into two main parts:

Part One – EFDC's Current Position on Value for Money; and

Part Two – EFDC's Future Approach to Value for Money.

PART ONE – EFDC’S CURRENT POSITION ON VALUE FOR MONEY

3. Comparison of the Council’s Costs with other Local Authorities and Commentaries – Individual Services

3.1 The following tables provide details of all the costs included in the VFM Profile Tool for the three comparator groups set out above, and compares the Council’s costs with the other local authorities in the groups. The highest and lowest cost authority in each of the three comparator groups is given, together with EFDC’s ranking. A commentary is then given. The intention is to establish a clear understanding of the information used by the Commission in its Value for Money judgement on the Council.

3.2 For all the tables:

A ranking of 1 = The highest cost (i.e. worst position)
The lowest ranking = The lowest cost (i.e. the best position)

Table One: Transport total spend £/head 2007/08

Comparator Group	Highest Cost/Value	Lowest Cost/Value	EFDC Cost/Value and Ranking
Nearest Neighbours (April 2007)	22.01 Broxbourne BC	-18.23 Tun Wells DC	5.11 6/16
ONS Local Authority Cluster	12.44 Three Rivers DC	-3.98 Sevenoaks DC	5.11 3/5
CDRP Family Group	12.44 Three Rivers DC	-18.23 Tun Wells DC	5.11 7/15

Commentary:

3.3 The main expenditure covered by this table is Road Maintenance, Parking and Concessionary Fares.

3.4 This Council has made a policy decision to retain car parking charges at a relatively low level, whereas many other councils have significantly higher charges. The Council has also decided, in order to support the economic viability of its towns, to provide free car parking in long stay and combined car parks on Saturdays as well as in all car parks in the three weeks before Christmas each year. Similarly, the cost of a short stay for 30 minutes is just £0.10p. The Council has therefore decided to forego a higher overall income for car parking charges, and a reduction in overall net expenditure on services, in order to support the local economy

3.5 The higher the overall income for car parking charges, the more it reduces overall net expenditure on services. For example, the figure for Tunbridge Wells in the above table (the lowest cost in two of the comparator groups) is distorted by their income of £27.25 per head for car parking, compared to the EFDC figure of only £3.58. If parking income is excluded, the Tunbridge Wells figure changes from -£18.23 to £9.02 and the EFDC figure is lower than that at £8.69.

Table Two: Housing (General Fund) total spend - £s/per head 2007/08

Comparator Group	Highest Cost/Value	Lowest Cost/Value	EFDC Cost/Value and Ranking
Nearest neighbours (April 2007)	15.07 Broxbourne BC	-3.83 Dacorum DC	6.74 13/16
ONS Local Authority Cluster	10.48 Sevenoaks DC	4.45 Hertsmere BC	6.74 4/5
CDRP Family Group	13.84 Tun Wells BC	-3.83 Dacorum DC	6.74 11/15

Commentary:

3.6 The main expenditure covered by this table is Homelessness, Supporting People and other General Fund housing costs. It **excludes** housing costs for landlord services, which are accounted for separately in the housing revenue account (HRA)

3.7 The Council's housing costs are comparatively low – in the best quartile for each grouping – especially considering the high cost of housing in the District and the high demand for both public and private sector housing.

3.8 The lowest cost in two of the groupings (Dacorum) is clearly incorrect, showing a negative figure. Contact has been made with officers at Dacorum who were not only "baffled" at their figure, but also confirmed that it was incorrect.

Table Three: Culture total spend £/head 2007/08

Comparator Group	Highest Cost/Value	Lowest Cost/Value	EFDC Cost/Value and Ranking
Nearest Neighbours (April 2007)	38.57 Dacorum DC	10.17 South Oxfordshire DC	30.37 9/16
ONS Local Authority Cluster	43.68 Chelmsford DC	11.93 Sevenoaks DC	30.37 3/5
CDRP Family Group	46.07 East Staffs BC	11.93 Sevenoaks DC	30.37 9/15

Commentary:

3.9 The main expenditure covered by this table is Culture & Heritage, Recreation & Sport, Open Spaces, Tourism and Licensing

3.10 As discretionary services, local authorities very often have Cultural Services expenditure as a low priority. The provision of these services is a judgement based on local need and priorities for individual councils. Furthermore, the services are provided in diverse ways in Councils, making cost comparisons alone very difficult.

3.11 The Council's Arts, Play and Heritage provision operates largely on a community development basis, which does not incur the Council in high capital and revenue costs associated with managing buildings and sites. For example, in the area of the arts the Council does not have a theatre or arts centre, rather EFDC utilises other people's buildings and premises. In addition, the Council provides grant aid to other providers at a modest level of £4,000 per annum (e.g. Harlow Playhouse Theatre and Great Stony Arts and Resource Centre). The Council also has only a small museum in Waltham Abbey, but uses₅ this as a springboard to provide an outreach/educational service across the District. The

costs and relative ranking of EFDC in the above table reflects the Council's policy and budgetary decisions.

3.12 The geography and demography of the Epping Forest District has a bearing with respect to Cultural Services. For example, 50% of the population of the District live in an area comprising 5.2% of the District total, close to the boundaries with London. North/South transport links in the southern area of the District are adequate, but east/west links and transport in the rural parts are poor. It is noted later in this VFM Review that there is no obvious centre to the District, but six main conurbations.

3.13 In terms of overall culture provision, but particularly in relation to sports and recreation, this presents significant problems for access. Whereas many of EFDC's neighbouring authorities, such as Harlow and Brentwood, have provided large multi-use Leisure Centres in a central location, the pre-1974 Urban and Rural Councils each provided their own facilities of varying scale/type, serving discrete communities. Following local government reorganisation, this pattern of provision has continued, which clearly provides a higher level of expenditure than other authorities of a similar size. That said, it is recognised that the catchment area of a medium sized Leisure Centre is approximately a 20 minute drive.

3.14 Therefore, it can be argued that EFDC does not have an overprovision, but provision within a particular geographic and socio-demographic context. These factors account for EFDC's higher than average costs on sport and recreation.

Table Four: Environment total spend £/head 2007/08

Comparator Group	Highest Cost/Value	Lowest Cost/Value	EFDC Cost/Value and Ranking
Nearest Neighbours (April 2007)	62.84 EFDC	21.16 Hertsmere BC	62.84 1/16
ONS Local Authority Cluster	62.84 EFDC	21.16 Hertsmere BC	62.84 1/5
CDRP Family Group	62.84 EFDC	21.16 Hertsmere BC	62.84 1/15

Commentary:

3.15 The main expenditure covered by this table is Street Cleansing, Waste Collection, Economic & Community Development, Food Safety, Public Conveniences, Environmental Health and Community Safety.

3.16 An analysis of Hertsmere's budget and various strategic documents shows that the cost of providing the waste collection service alone at Hertsmere was £20.69 per head for 2007/08. In effect, using the comparator data from the Audit Commission, this suggests that all the remaining services in the environment block are delivered at virtually nil cost to the local community – something which is difficult to reconcile especially given that the 2007/08 approved budget for waste and street scene alone was £5.2 million (£55.05 per head). A discussion with the relevant Hertsmere Director confirmed this broad analysis of costs but he was unable personally to shed any light on the data presented on the VfM website, other than to confirm that he believed that it originated from the CIPFA return process. He did undertake to look further and provide more information if possible.

3.17 EFDC's costs are higher than other comparator groups and this is acknowledged. However, they mainly derive from waste management and one of the key reasons is the cost of green waste collection, which is a popular and well used service. It is acknowledged that, prior to the waste management contract being competitively tendered (the period to

which these costs refer), the cost of the service was relatively high. The Council carefully assessed these costs, leading up to inviting tenders for the new contract, and considered the cost implications for different levels of service that could be sought through the specification. It would have been possible to reduce these costs through the new contract. However, following extensive customer consultation, consideration of current environmental expectations from waste management and a detailed options appraisal, the Council agreed a specification that it knew it could afford within the resources available, but that would have a relatively high associated cost. The higher costs are commensurate with a higher service level.

3.18 In addition, there are other local factors affecting the cost of the service. These include the geography and demographic make up of the District and that the long distances travelled to collect waste reduce efficiency and add to fuel costs. There are also long distances to the tip, incurring greater freighter downtime. The large proportion of rural roads lead to high mileages, and the roads themselves are difficult and expensive to keep clean. The same roads have high vehicle usage due to the District's proximity to London and the M11/M25, causing damage to highway surfaces, which also makes them difficult to keep clean. There is also an ageing population, which, with the introduction of the wheeled bin and additional kerbside collections, has resulted in more assisted collections, which adds to costs.

3.19 As noted above, the new waste management contract has enhanced service standards built into it, which are an improvement on the previous contract, and were brought about following significant public consultation. Its higher price reflects the improvements, such as street cleansing standards above those required by the Government Code of Practice, special cleansing arrangements in areas where there is a 'night time economy', plus payment based upon the achievement of key performance indicators.

3.20 A key area of achievement is the level of recycling in 2006/07. This stood at 37.09% and was the second highest in Essex. The recycling performance for 2007/08 is 41.67%, which is in the top quartile.

3.21 Therefore, the Council is aware of its higher unit costs in this area of service delivery, which have come about because of deliberate policy decisions reflecting public consultation, as well as local conditions in the District.

3.22 Costs also increased in 2007/08, through the effects of the former waste management contractor going into Administration. This resulted in the need to appoint a new contractor on an 'emergency' basis, plus the associated costs of an EU procurement exercise. These additional costs will fall out of the budget for 2008/09.

3.23 Now that the new waste management contract is operating, the additional costs which affected the budgets in 2006/7 and 2007/8 no longer apply. The total cost for 2008/9 of the Environment Block is £59.22 per head which, if a 4% increase is applied to the other councils as an inflationary increase, would place the Council as having the fourth highest cost, rather than the highest. It is also worth noting the comparison between this figure and that of Hertsmere DC's for waste and street scene alone of £55.05 (using Hertsmere DC's published 2007/8 budget data and agreed by the relevant Hertsmere Director – See Paragraph 3.16 above).

Table Five: Planning total spend - £s/head 2007/08

Comparator Group	Highest Cost/Value	Lowest Cost/Value	EFDC Cost/Value and Ranking
Nearest Neighbours (April 2007)	27.89 Tun Wells DC	6.18 Broxbourne BC	18.53 7/16
ONS Local Authority Cluster	23.45 Sevenoaks DC	13.89 Hertsmere BC	18.53 4/5
CDRP Family Group	27.89 Tun Wells DC	11.09 Brentwood BC	18.53 8/15

Commentary:

3.24 The main expenditure covered by this table is Planning Policy and Building & Development Control.

3.25 The cost of delivering planning services in EFDC is again increased by the rural and suburban nature of the District, and the need for enforcement action to be taken in order to protect the Green Belt, as well as the special character of the area, including its historical architecture and trees. There is also a large gypsy and traveller population, which often has its own unique needs and demands: these are often resource intensive. That said, the costs shown in Table Five indicate that the District's performance is average in two comparator groups, whilst being low in one.

3.26 Audit Commission data shows that spend per head on planning has fallen from £20.94 in 2006/07 to £18.53 in 2007/08. In that time, performance in Planning has also improved in terms of meeting target times for decisions.

3.27 The figures of spend per head are somewhat misleading, given the higher number of applications received in Epping Forest compared to other authorities (above average in all three groups). Using the information provided by the Audit Commission, it would appear that spend on Planning per head is three times higher in Epping Forest than in Broxbourne. However, the figure for Broxbourne does not look reliable, since the next lowest spend per head is £11.09, and 13 of the 16 nearest local authorities have costs that are more than double Broxbourne's spend.

3.28 EFDC's Director of Planning and Economic Development has spoken to Broxbourne BC, to establish how it was able to consider certain elements of their lower costs. Broxbourne's BC's Policy Section shows a significant income. However, this is not actual income 'earned', since the only income stream in the policy budget is the sale of hard-copy documents (a few hundred £ per year). In this case, the income is the contribution of Planning Delivery Grant, to meet expenditure commitments in Broxbourne BC's Policy Section. Broxbourne BC's transport costs are low, as they are a smaller and more densely developed Borough than Epping Forest.

Table Six: Benefits Administration Costs - £s/per head 2007/08

Comparator Group	Highest Cost/Value	Lowest Cost/Value	EFDC Cost/Value and Ranking
Nearest neighbours (April 2007)	14.06 Brentwood BC	2.96 Spelthorne BC	14.06 2/16
ONS Local Authority Cluster	14.06 EFDC	9.46 Sevenoaks BC	14.06 1/5

CDRP Family Group	19.04 Lewes DC	8.99 North Herts DC	14.06 2/15
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Commentary:

3.29 The main expenditure covered by this table is Housing Benefit & Council Tax Benefit Administration.

3.30 Brentwood and EFDC are jointly the most expensive authorities in the Nearest Neighbour Group for the cost per head of benefits administration, at £14.06. However, the lowest cost figure of £2.96 for Spelthorne is questionable, since 13 of the 16 authorities have costs that are at least three times greater than Spelthorne's. An examination of the figures shows that 10 of the 16 authorities have costs of £9.95 per head or more.

3.31 EFDC's Director of Finance and ICT has spoken to Spelthorne DC, to ascertain how it achieved such a low cost per head. This established that Spelthorne had already identified issues with their RA figures (the returns that all local authorities have to produce, and which the Audit Commission uses for its Value for Money profiles).

3.32 Spelthorne explained that its Benefits figure in particular was artificially low, due to an over-allocation of costs to homelessness (Spelthorne appears to have the second highest spend on homelessness in the Nearest Neighbour Group, at £8.75 per head of population, compared to the EFDC's figure of £2.29 per head).

3.33 Spelthorne's service costs, in general, appear lower than they should be. This is due to high levels of cost allocation to;

(a) the Corporate and Democratic Core (CDC - see Paragraphs 7.16–7.20 for more information on the CDC). Spelthorne allocates £26.17 per head of population to the CDC, compared to EFDC's £14.60 per head); and

(b) contingencies and other services – Spelthorne allocates £19.61 per head, compared to EFDC's £11.99 per head).

3.34 The Chief Finance Officer at Spelthorne stated that methods of cost allocation had now been reviewed and that their RA forms for 2008/9 paint a rather different picture of the authority to its 2007/8 returns.

3.35 The statistics in Table Six above paint a somewhat false picture of Epping Forest's relative position. Alternative comparisons can be done with EFDC's geographical neighbours and Essex districts. In comparison with EFDC's geographical neighbours, the Council has the fifth lowest costs of a group of 11 authorities (the range being from £31.94 for Waltham Forest to £9.22 for Broxbourne). In comparison with other Essex districts, EFDC has the fourth lowest costs of a group of twelve authorities (the range being from £20.90 for Harlow to £9.30 for Braintree). However, there are four other authorities whose cost per head are within 4p. This demonstrates that, for the area in which the Council operates, the costs of the Benefits Division are far from excessive.

Table Seven: Central & other total spend £/head 2007/08

Comparator Group	Highest Cost/Value	Lowest Cost/Value	EFDC Cost/Value and Ranking
Nearest Neighbours (April 2007)	52.45 Hertsmere BC	19.69 East Hampshire DC	35.46 10/16

ONS Local Authority Cluster	52.45 Hertsmere BC	27.89 Three Rivers DC	35.46 3/5
CDRP Family Group	55.92 Maidstone BC	21.09 Lewes DC	35.46 10/15

Commentary:

3.36 The main expenditure covered by this table is the Corporate and Democratic Core (CDC), Local Taxation, Flood Defence, and Other Central Services to the Public.

3.37 The Best Value Accounting Code of Practice requires that overheads and assets, such as the Civic Offices, must be charged to service accounts in full. EFDC allocates in full all its support service costs, and these reflect the high value of the Civic Offices, which is a modern building. Equally, it is acknowledged that EFDC's allocation of support service costs to the Housing Revenue Account (HRA) may be lower than others, since there is a reasonably high level of judgement that councils are able to exercise on the allocation of central services.

3.38 However, crucially, the table 'Unapportionable Central Overheads, £s/head' on the Commission's website shows that 33% of councils did not fully allocate costs to services. Indeed, the highest unapportionable costs were £18.50, £13.93 and £11.93 per head which, if multiplied up by the populations for these authorities, give costs of £2.1 million and two of £1.5 million not being apportioned. EFDC's figure for unapportionable costs is zero. This discrepancy has a significant impact on the unit cost of services and it is felt that the Audit Commission should be taking up the non-apportionment of costs with these other authorities.

4. Landlord (Housing Revenue Account) Costs and Comparisons

4.1 The Audit Commission's Value for Money Profile Tool does not provide any comparative data on local authority landlord costs, which are accounted for within the Housing Revenue Account (HRA). However, these costs comprise a significant part of the Council's overall costs. Therefore, it is considered appropriate to consider and compare these costs as part of this VFM Review.

4.2 A useful indicator of the Value for Money being obtained from a local authority's housing service as landlord at the macro level is the cost of Supervision and Management (General) per property. For 2006/07, this cost was £480 per property. According to CIPFA, this was the lowest in Essex, which averaged £760 per property (almost 60% higher than EFDC's). The national average for non-metropolitan authorities was £610 per property (almost 30% higher than EFDC's).

4.3 Although a local authority's approach to Value for Money cannot be assessed by rent levels (because they are set by reference to a Government formula linked to property prices), local authorities do have some control over their approach to annual rent increases. According to CIPFA, EFDC had the lowest average rent increase in Essex in 2006/07. This was £2.06 per week, the average being £2.63, with the highest at £3.05. Furthermore, despite being in a high cost area, the Council's rent increase was also well below the non-Metropolitan Council average of £2.52 per week, and the all-England average of £3.92 per week.

4.4 Therefore, it appears that the Council provides good value for money for its landlord services through the HRA.

5. Comparison of the Council's Costs with other Local Authorities and Commentaries – All General Fund Services

5.1 The above tables show the costs for individual services. The table below provides the net costs for all General Fund services:

Table Eight: Net revenue expenditure on general fund services - £/per head 2007

Comparator Group	Highest Cost/Value	Lowest Cost/Value	EFDC Cost/Value and Ranking
Nearest Neighbours (April 2007)	170.07 EFDC	111.99 Test Valley DC	170.07 1/16
ONS Local Authority Cluster	170.07 EFDC	127.74 Hertsmere DC	170.07 1/5
CDRP Family Group	170.07 EFDC	104.57 Tewkesbury BC	170.07 1/15

Commentary:

5.2 It should be noted that this table;

- (a) refers to **net** expenditure (i.e. gross expenditure, less income from all sources). Therefore, the figures are affected by levels of fees and charges. Information on the effect of fees and charges is given in Sections 7.3 – 7.4 and 9.3;
- (b) **includes** parish expenditure. The effect of this on comparative costs, bearing in mind that the Epping Forest District is fully parished, whilst others have no parishes, is discussed in Sections 6.2 – 6.4;
- (c) is based on **estimated** expenditure set by councils before the commencement of the year (not actual expenditure, at the end of the year). The effect of this on EFDC is explained in Section 6.8; and
- (d) **excludes** net expenditure on housing, which is accounted for in the Housing Revenue Account.

5.3 As can be seen, EFDC has the highest estimated net costs in all three groupings. It is likely that this comparative information has been used by the Audit Commission to reach its judgement about the high costs associated with EFDC's service delivery. However, it should be noted that 3 out of the 16 authorities in the "Nearest Neighbours" group are within the 9 authorities that have the lowest costs for **all** district councils. This demonstrates that, unfortunately for EFDC, its main comparator group generally comprises "low-cost" authorities.

5.4 However, having undertaken the detailed examination within this VFM Review, it has become clear that, in fact, the costs of most individual services are not particularly high, but that the Council's costs in the two largest General Fund services (Environment and Benefits Administration) are the highest or relatively high in the Groupings. This, therefore, has a disproportionately adverse effect on the overall net cost of General Fund services.

5.5 Moreover, it is important to note that this raw data does not provide any context to the reasons for EFDC apparently having the highest costs in the groupings. This VFM Review has identified that there are two main factors that explain why EFDC's costs are relatively high:

- (a) **"Artificial Costs"** - There are a number of EFDC's costs that are "artificially high", compared to other local authorities, and if the comparison exercise was undertaken in a different way, would undoubtedly result in a different ranking; and
- (b) **"Explainable Reasons"** – There are a number of explanations for the Council having relatively high costs, compared to other councils.

5.6 The effect of these two factors are set out in the next two sections.

6. “Artificial Costs” included in EFDC’s Total Costs for General Fund Services

6.1 There are three main factors that detrimentally effect EFDC’s costs, which do not apply to all other councils in the comparator groups:

Parish Precepts

6.2 The whole of the Epping Forest District is parished. The parish precepts for all parishes are included within the net cost of General Fund services for the districts. Clearly, an authority that has no parishes, or less parishes than EFDC, will have less costs, since parish costs include the costs of democracy in each parish/town council and the additional services that are provided at this third tier. Moreover, the overall cost of services provided by a multitude of parish/town councils (e.g. grounds maintenance) will be far higher than if they were all provided by the District Council.

6.3 EFDC has undertaken an analysis of the effect of parish precepts on district council costs, and has established that:

- (a) 2 of the councils in the “Nearest Neighbour” Group do not have **any** parishes; and
- (b) EFDC has the 4th highest parish precept per head of population in the “Nearest Neighbours” Group.

6.4 It is accepted that those councils that are un-parished, or only partly parished, would have to incur the costs of providing some services normally provided by parish/town councils, but, **if EFDC’s total cost for all General Fund services excluded the parish precepts, it would reduce EFDC’s costs by £22.68 per head of population.**

District Development Fund

6.5 As part of the Council’s prudent approach to financial management, it separates General Fund expenditure into two elements;

- Continuing Services Budget (CSB) = Ongoing annual costs in the General Fund
- District Development Fund (DDF) = One-off expenditure in 1-3 years for specific projects

6.6 Unlike many other councils, due to careful financial management, the Council has historically been able to allocate significant resources to the DDF - above and beyond the resources required to fund ongoing services - to fund one-off projects to enhance service delivery further. However, DDF expenditure is included within the net cost of General Fund services. If EFDC didn’t have these resources, it would still be able to fund its core services. Alternatively, EFDC could have retained the DDF resources in balances, which would have increased its investment income and reduced its net General Fund costs (in two ways – the gross expenditure would be less and the income (interest) would be higher).

6.7 The cost of utilising DDF expenditure represents around £4.55 per head of population.

Effect of Using Estimated Expenditure

6.8 Due to the Council's ongoing efficiency drive, savings were achieved in 2007/08 which resulted in an under-spend of £1.022m within the Council's CSB. However, the data used by the Audit Commission in its VFM Profiles Tool is based on the Council's RA Form, which relates to **estimated** expenditure and not actual expenditure. This, therefore, assumes that the CSB was fully expended, and does not take account of these significant savings. Consequently, the data does not represent the Council's **true** costs.

6.9 If the Audit Commission's net cost of General Fund Services included this saving, EFDC's costs would be reduced by £8.32 per head.

Effect of EFDC's "Artificial Costs" on the Audit Commission's Ranking

6.10 The three preceding sub-sections identify three "artificial costs" for EFDC, which amount to £35.55 per head of population. If these "artificial costs" are deducted from EFDC's total cost of General Fund services provided in Table Eight (£170.07 per head), it would result in a more accurate figure of £134.52 per head. With the exception of the cost of parish precepts, it is considered unlikely that many other councils in the Group would have these artificial costs, and those that do are unlikely to be as high as EFDC's.

6.11 An exercise has therefore been undertaken to compare EFDC's costs with the other councils in the Nearest Neighbours Group, after deducting these "artificial costs". To ensure a level playing field, this comparison exercise also deducted the cost of parish precepts from all the other councils in the Group. **This resulted in EFDC's ranking for the net cost of General Fund services per head falling seven places, to only the 8th highest in the group of 16 councils, which is around the median point.** It should also be remembered that, as explained earlier, 3 of the councils in the group have low costs when compared nationally – they are in the lowest 9 councils of all district councils in England.

6.12 It has not been possible to accurately determine where EFDC would rank amongst all district councils in England, because it would be too time consuming to deduct parish precepts from all district councils' costs. However, as a guide, EFDC's net General Fund costs (after deducting the "artificial costs") would be 4p less than Dacorum DC's (after deducting its parish precepts too). Dacorum DC's net General Fund costs within the Audit Commission's VFM Profile Tool (which includes parish precepts within councils' cost) are ranked 62nd lowest of all District Councils – within the best quartile.

6.13 This suggests that, after excluding the "artificial costs" identified above, EFDC's costs could well be into the best quartile of total costs nationally.

7. "Explainable Reasons" for EFDC's Total Cost for General Fund Services Being Relatively High

Reasons for High Individual Service Costs

7.1 Section 3 of this VFM Review provides commentaries on each of the costs for individual services; where they are high, explanations are provided.

7.2 However, there are a number of other reasons why EFDC's costs are relatively high, which effect all individual service costs, as well as the total net cost of General Fund services. These are explained below:

Fees and Charges

7.3 As mentioned earlier in this VFM Review, the cost data used by the Audit Commission relates to **net** costs, which is gross expenditure, less income. Therefore, a council that obtains significant additional income through high fees and charges can result in low net costs. However, this net cost is achieved at the expense of residents and other service users having to pay higher fees and charges.

7.4 Although there is no empirical data available, EFDC believes that, generally, its fees and charges relating to the following main income sources are comparatively low:

- Car parking
- Building control
- Local land charges

Geography

7.5 The pattern of six discrete population centres in the District without an overriding town centre focus makes the provision of services more problematic and expensive. The following table has been produced using the Audit Commission's VFM Profile Tool.

Table Nine: Local Authority Population Density per sq km – persons/sq km (2007)

Comparator Group	Highest Cost/Value	Lowest Cost/Value	EFDC Cost/Value and Ranking
Nearest Neighbours (April 2007)	1769 Spelthorne BC	181 Test Valley BC	363 9/16
ONS Local Authority Cluster	963 Three Rivers DC	307 Sevenoaks DC	363 4/5
CDRP Family Group	963 Three Rivers DC	190 Tewkesbury DC	363 7/15

7.6 Although this comparative information generally indicates that the Council has an average population density compared to similar authorities, this masks the reality. The south east of the District has a concentration of population in suburban areas with significant out-commuting. The remainder of the District has concentrations of population in market towns, but also has a very dispersed rural population, making the delivery of services more difficult and expensive (e.g. higher travelling costs and costs associated with providing dispersed services).

7.7 It should also be noted that, due to the District's geography, EFDC has 16 separate operational premises, including area-based housing offices, cash offices and information offices, as well as a number of depots in different locations. Clearly, the cost of providing many operational premises is higher than if all services could be provided from a small number of premises, which is possible in smaller districts, especially those with one central town.

7.8 It is interesting to note that the comparator groups within which EFDC is put have resident populations of between 70,900 and 138,400 (EFDC: 122,900). Therefore, arguably, it is difficult to make meaningful comparisons with such a diversity of population. Similarly, population density ranges from a low of 181 to a high of 1,796. Again, meaningful comparisons are difficult.

Demography

7.9 The demographic make-up of the resident population can also have an effect on the cost of services, especially if there are high levels of deprivation within a district's area. The following table has been produced using the Audit Commission's VFM Profile Tool.

Table Ten: Index of Multiple Deprivation – Average Score 2007

Comparator Group	Highest Cost/Value	Lowest Cost/Value	EFDC Cost/Value and Ranking
Nearest Neighbours (April 2007)	14.72 Broxbourne DC	6.29 East Herts DC	13.33 2/16
ONS Local Authority Cluster	13.33 EFDC	8.55 Chelmsford BC	13.33 1/5
CDRP Family Group	18.54 East Staffs BC	6.29 East Herts DC	13.33 2/15

7.10 As can be seen, in each comparator group, the Council has the highest or 2nd highest level of multiple deprivation. Whilst in some wards this deprivation relates to economic, health and education issues, in the rural areas of the District this is related to lack of access to essential services, due to poor public transport or the remote location.

7.11 As with the population figures in Table Nine, there is a spread within the cluster groups between a figure of 6.29 (low deprivation levels) and 14.72 (high deprivation levels). Again, this highlights the disparity between members of supposedly similar family groups.

High Cost Area

7.12 There is no doubt that, being located on the borders of London, Epping Forest is a "high cost" area, which affects the cost of EFDC's services. The following are examples of these effects:

Revenue Support Grant

7.13 The Government recognises, through the provision Revenue Support Grant, that the Council operates in a high cost area. However, this grant does not reduce EFDC's costs. Although it increases EFDC's income, in order to meet the higher costs, this is not recognised or reflected in the Commission's cost data. Of the 16 authorities in the Nearest Neighbour Group, EFDC receives £74.54 per head of population in grant, and only Hertsmere and Broxbourne receive more at £80.19 and £75.57 respectively. Mid Sussex is lowest with £48.60, and Reigate has £51.88. Thus, central government clearly recognises the higher cost of providing services in the District. Furthermore, of the 16 authorities in the Nearest Neighbour Group, 7 receive less assistance through the Area Cost Adjustment than EFDC and therefore are assumed to have lower costs.

Human Resources Factors

7.14 The Council's staff are eligible to receive 'Inner Fringe Allowance' due to EFDC's proximity to London. This adds an additional 4% to the paybill (approximately £800,000 pa), and therefore directly increases the cost of delivering services, given the fact that most local government services are people-intensive. On this point, it is interesting to note that Inner Fringe Allowance does not apply in many of the authorities with which EFDC is compared (e.g. East Hampshire DC, South Oxfordshire DC, Tewkesbury DC, East Staffs DC and Mid Sussex DC), which enables them to reduce their staffing costs, irrespective of staffing numbers or normal salary levels.

Cost of Introducing “Single Status” Amongst all of EFDC’s Workforce

7.15 Nationally, it has been agreed that the salaries for all posts within a local authority should be job evaluated to ensure that employees undertaking equivalent jobs should receive the same salary. This is a huge exercise, which inevitably results in increased staffing costs, due to the need to provide appropriate pay protection to employees whose salary is decreased. The Council concluded its arrangements for a Single Status workforce in July 2003, and this increased the paybill by approximately £250,000 per annum, which is reflected in EFDC’s costs. However, many councils have still not yet completed this exercise, and their staff costs have not yet increased - but their costs in the future will reflect this fact.

Apportionment of Costs for the “Corporate and Democratic Core (CDC)”

7.16 One reason which may affect cost comparisons between councils is different allocations of the costs for councils’ “Corporate and Democratic Core (CDC)” between the General Fund and the Housing Revenue Account (HRA). The CDC represents the “cost of democracy”, which is not incurred by a non-public authority (e.g. committees and services to councillors)

7.17 As explained in Section 4 above, the Council’s landlord housing costs are relatively low, whilst Table Eight shows a relatively high net cost of General Fund services. Therefore, it is possible that the Council allocates a lower proportion of CDC costs to the HRA than other authorities.

7.18 Whilst this would not affect the overall net cost of General Fund and HRA services combined, if EFDC apportioned more CDC costs to the HRA, the net cost of all EFDC General Fund services (Table Eight) would be lower, and the net cost of EFDC’s housing (landlord) services would be higher.

7.19 Of the Nearest Neighbour Group, EFDC has the second lowest cost per head of population for CDC. There are three authorities which have a spend per head on CDC that is more than double the EFDC figure of £14.60. If these costs per head are multiplied up by the populations, then spending of £2.1 million, £1.5 million and £1.1 million in excess of the EFDC level is revealed. If EFDC was to allocate additional costs to CDC, it could reduce the unit costs of individual General Fund services, detailed in Tables One – Seven.

7.20 If the areas of Unapportionable Central Overheads and Corporate and Democratic Core are combined, eight of the Nearest Neighbour Group spend more than £11 per head of population than EFDC on these items. The amounts by which these authorities exceed the EFDC spend per head in these areas ranges from £11.24, up to the highest two at £21.89 and £20.15 per head more than EFDC.

8. The Council’s Performance

8.1 “Value for Money” represents the relationship between costs and performance. Therefore, in order to consider EFDC’s value for money, consideration also needs to be given to the Council’s performance.

8.2 The Audit Commission’s overall view of the Council’s performance and improvement is contained in the Commission’s ‘Performance Information Profile’ for EFDC, which considers improvement since 2002/03, which date acts as the baseline.

8.3 Appendix 2 sets out comparisons between the Council’s performance for individual services and the performance of other local authorities’ in comparator groups. It also provides a commentary on the Council’s performance.

8.4 However, this VFM Review needs to consider the Council's improvement against **all** performance indicators (not only those referred to in Appendix 2). This is set out in the Commission's "Performance Information Profile" for EFDC as follows:

- 52% of all EFDC's performance indicators improved over the period 2002/03 to 2006/07;
- The average improvement for all districts was 54.7% to 57.3% over the same period. Therefore, EFDC's level of improvement is just under average; and
- EFDC ranked 157th out of 238 districts for the percentage of performance indicators that improved since the base year. This places the Council in the third quartile.

8.5 In EFDC's 'Direction of Travel' Statement (contained in the April 2008 'Annual Audit and Inspection Letter') the Audit Commission states:

'In 2006/07, the Council improved its performance in 56% of a selected range of [Audit Commission-selected] key indicators, which is just below the average rate of improvement for all district councils. For 29% of those indicators, the Council was in the best performing 25 per cent of all Councils, which although an improvement on the previous year, is still below the average of 33% for all district councils. However, the Council's own un-audited data for 2007/08 shows further, significant improvement in performance in priority areas such as waste management and planning.'

8.6 As part of EFDC's approach to performance management, the Council adopts a range of **Key** Performance Indicators (KPIs). For 2007/08, 43 PIs were selected. KPIs are selected on the basis that the Council considers them important to its core business and its corporate priorities. Until April 2008, KPIs comprised both Best Value Performance Indicators (BVPs) and Local Performance Indicators (LPs). From April 2008, they comprise a selection of the new National Indicator (NI) set and LPs. The aim of selecting key indicators is to focus improvement actions on key areas and to move performance against each into the top quartile of performing local authorities (where appropriate) and to then maintain or improve further on that level of performance.

8.7 The year-end position with regard to the KPIs for 2007/08, was as follows:

- (a) 23 (53.5%) achieved the performance target for 2007/08;
- (b) 6 (13.9%) did not achieve the performance target for 2007/08, although outturn performance was within 5% of the target for the year; and
- (c) 23 (53.5%) improved in performance compared with 2006/07, or maintained the level of performance achieved for 2006/07.

8.8 The Council's overall conclusion on its performance is that, **for individual services, performance is mixed. Generally, performance is improving, but not at the same rate as the best performing authorities.**

9. Concerns about the Audit Commission's Value for Money (Cost & Performance Data)

9.1 Undertaking this thorough VFM Review has raised a number of concerns about the accuracy and reliability of comparing the Council's costs with other councils, using the Audit Commission's VFM Profiles Tool. Some of these concerns are set out below:

Lack of Commentary

9.2 There is no commentary attached to the data on the Commission's website to assist councils in understanding it. Most of the data requires explanation in order to understand its significance. Although it is understood that all the cost and performance data within the VFM Profile Tool is provided by local authorities themselves (with most of the cost data provided in local authority RA returns), some of the data is clearly incorrect (see below), which corrupts the rankings. Without detailed explanations, the use of the Commission's data when making judgements about value for money needs to be treated with care.

Use of Net Costs

9.3 As explained earlier, all of the Audit Commission's data is based on *net* expenditure and not gross expenditure. This has the effect of distorting the true (gross) cost of council services, since a high gross cost service could easily be masked by high fees and charges, which increase income and therefore reduce the net expenditure. An example is the cost of car parking. The gross cost of a council providing a car park could be high (suggesting inefficiency). However, if a council then charged relatively high parking fees, the net cost could be low, suggesting an efficient service (at the cost of the user).

Significant Difference Between Local Authorities in Comparator Groups

9.4 The approach generally taken by the Audit Commission is to compare local authorities within groups of councils that the Commission believes are generally similar. This is to avoid comparisons being made between councils that are significantly different (e.g. population and tier), which is understandable. However, even a brief comparison between the authorities in, for example, the "Nearest Neighbours" group shows significant different factors between councils in a number of areas. Apart from potentially affecting the overall net cost of General Fund services, it undoubtedly affects the comparisons between individual services, which has been referred to throughout Section 3 of this VFM Review.

Data quality and accuracy

9.5 Within Section 3, there are a number of examples where costs provided by local authorities, and used by the Audit Commission to compare and rank authorities, have been proved to be wrong, following contact with EFDC offices. These are:

Housing Costs	– Dacorum BC (See Paragraph 3.8)
Waste Management Costs	– Hertsmere DC (See Paragraph 3.16)
Benefits Costs	– Spelthorne DC (See Paragraphs 3.31-3.34)

9.6 Worryingly, EFDC has only contacted a small number of other councils to discuss their costs (i.e. those with very low costs, to see if there is anything EFDC can learn on how they are so efficient). It therefore questions the validity of the information provided by local authorities generally, and casts extreme doubt over the appropriateness and relevance of the Audit Commission relying so heavily on this data, particularly bearing in mind the importance of local authorities' Use of Resources Assessments and Direction of Travel Statements (of which value for money is a key component).

9.7 It is somewhat ironic that, quite rightly, the Audit Commission places great emphasis on ensuring that local authorities have processes in place to ensure good data quality - which the Audit Commission audits - yet the Audit Commission itself appears to be relying so heavily on poor quality data, some of which can be seen to be obviously wrong, without too much investigation.

9.8 It is suggested therefore, that a recommendation should be made to the Audit Commission that, if it intends to assess local authorities' value for money through its VFM Profiles, the Audit Commission should audit the cost data provided by local authorities, in the same way as it audits the performance data provided by local authorities for BVPIs, LPIs and NIs.

Effect of internal recharges

9.9 It has already been noted that assets and overheads should be charged to service accounts in full under CIPFA guidance. However, the Commission's own data shows that a third of local authorities in England have not allocated all of their costs in full and that, for one Authority, the highest unallocated cost was £23.19 per head. This has the potential to significantly distort unit costs in a way that disadvantages EFDC's ranking.

Low Level of Unit Costs for the Delivery of Some Services

9.10 Some councils' unit costs are so low that, if they are accurate (see Section 9.5 above), it raises concerns about the quality of the service that can be provided at the stated cost. An example is Benefit Administration costs (Table Six). It is difficult to see how this complex service could be provided by Spelthorne Borough Council for £2.96 per head, particularly when another comparator group has its lowest cost (North Herts District Council) at £8.99 per head.

Un-audited Cost Information

9.11 Whilst it is known that performance indicator data supplied to the Audit Commission by councils is independently audited, this is not the case with the cost information. Therefore, the data is likely to be less reliable. The earlier comments about the apportionment of internal recharges are of key concern here.

Completeness and Scope of Performance Indicators within VFM Profile Tool

9.12 An analysis of the Audit Commission's website shows that there are a number of indicators referred to in the VFM Profile Tool which had no data against them. It is possible that this is available elsewhere, but gives the impression of incompleteness.

9.13 Furthermore, some indicators against which EFDC's performance is judged appear to have little or no relevance to the Council. An example is Indicator 28 in Appendix 2: BV119d 'User Satisfaction with Theatres and Concert Halls'. EFDC's performance is lowest in all three comparator groups. However, this is not surprising, since EFDC does not have these facilities, given the District's proximity and easy access to the facilities available in London.

Make-up of Comparator Groups

9.14 It is accepted that benchmarking against comparable authorities is a useful exercise. However, the inclusion/exclusion of authorities must be appropriate for meaningful comparison to be made. For example, Indicator 29 in Appendix 2 (BV119c 'User Satisfaction with museums and galleries') shows Tunbridge Wells as having the highest satisfaction levels. This is not surprising given the cultural and historical amenities of that town. However, to compare it with EFDC's six market towns is unhelpful, as there is no cultural similarity.

Performance Indicator Definitions

9.15 The inter-relationship of PIs with other business activity is not always clear and helpful in the set of indicators used by the Audit Commission. For example, performance

against Indicator 11 (Non decent homes tackled in 2006/07) in Appendix 2 is dependent on the number of non-decent dwellings held by the Council in the first place. If, in the past, there has been successful activity in tackling this issue (as in EFDC's case), performance for this indicator is now likely to be poorer, as there are less non-decent homes left to be improved.

Relationship Between Cost and Performance

9.16 The Commission's data indicates that some councils have very low costs for the delivery of certain services. However, it is not possible to make comparisons on the relationship between cost and service delivery/performance issues for each council. For example, Spelthorne Borough Council delivers culture and heritage services at a cost of £0.69 a head (contained within the costs set out in Table Three), but it is not possible to make links with performance data in order to analyse what is achieved for this cost. Without this link, comparative judgements about value for money between councils cannot be made.

10. The Council's Conclusions on the Audit Commission's Assessment of the Value for Money Provided by EFDC

10.1 Having undertaken this detailed VFM Review, the Council has tried to reach an objective view on the Audit Commission's assessment of the value for money provided by the Council in the provision of services, taking account of EFDC's costs and performance.

Conclusion on the Audit Commission's Assessment of EFDC's Costs

10.2 The Council agrees with the Audit Commission's view that the Council's **net costs, based on estimates**, generally, "are higher than comparable councils", using the Audit Commission's VFM Profile Tool.

10.3 However, as explained in Section 6, the Council feels that some of these costs are artificially high; if these artificial costs were excluded, it would reduce EFDC's total cost of General Fund services by around £35.55 per head. This would result in EFDC being ranked higher, probably above the median of all district councils, or even in the top quartile.

Section 6 explained that these artificial costs relate to:

- The inclusion of parish precepts within the net cost of General Fund services – If EFDC's parish precepts were excluded, it would reduce EFDC's costs by around £22.68 per head;
- The Council's operation of a District Development Fund (DDF), the costs of which are included within the net cost of General Fund Services – The cost of utilising DDF expenditure represents around £4.55 per head; and
- The effects of the Audit Commission using **estimated** expenditure to assess councils' costs – If EFDC's actual costs were used, it would reduce EFDC's costs by around £8.32 per head.

10.4 In addition, the Council has identified - and now better understands – a number of justifiable reasons why its net costs are relatively high. These are detailed in Section 7, but in summary are due to:

- The geography/demography of the District;
- The generally low fees and charges made by the Council (e.g. car parking), which affect income and therefore EFDC's net costs;
- The District being a high cost area, due to its close proximity to London;

- The costs and effects of introducing “single status” amongst all of EFDC’s workforce;
- The way the Council apportions its costs; and
- The fact that the Council’s HRA (landlord) costs are excluded by the Audit Commission, bearing in mind that the Council’s HRA costs are comparatively very low.

*Conclusion on the Audit Commission’s View of **EFDC’s Performance***

10.5 The Council considers that, although there are examples of both good and poor performance at individual service level, overall, both EFDC’s performance and rate of performance - compared with other local authorities - is average. Therefore, the Council does not disagree with the Audit Commission’s assessment of EFDC’s performance, set out in its Direction of Travel Statement for the Council, which is summarised in Section 8.5.

Feedback to the Audit Commission

10.6 In view of the findings from this VFM Review, it is essential that these conclusions are drawn to the attention of the Audit Commission when it next undertakes an assessment of the value for money provided by the Council, as part of the Use of Resources Assessment.

10.7 At the same time, the Audit Commission’s attention (both at a local and national level) should also be drawn to the Council’s serious concerns (summarised in Section 9) about the accuracy and reliability of comparing the Council’s costs with other councils, using the Audit Commission’s VFM Profiles Tool. It is also suggested that, in future, the Audit Commission should audit cost data provided by all councils, before making comparative judgements.

PART TWO – EFDC’S FUTURE APPROACH TO VALUE FOR MONEY

11. Introduction

11.1 Part One of this VFM Review sets out the Council’s assessment of its Value for Money, based on the use of the Audit Commission’s VFM Profiles Tool and EFDC’s current performance. With this information, the Council now needs to determine the best way to continuously improve value for money. In simple terms, the Council could seek to:

- (a) Reduce its costs;
- (b) Improve performance; or
- (c) Reduce costs and improve performance.

11.2 Whilst, ideally, (c) would be the preferred choice, this may not be possible in reality, or at least not in the short term. This is because there is usually a direct link between costs and performance. There is a danger that a reduction in costs could lead to a commensurate reduction in performance. Moreover, it may be more appropriate to re-invest cost savings in improving performance.

11.3 Firstly, consideration needs to be given to whether or not there is any pressure on the Council to reduce its overall costs. In order to do this, it is appropriate and necessary to examine EFDC’s Council tax levels, how they compare to other councils and the effect that reduced costs would have.

11.4 It is also helpful to consider action that the Council has taken over recent years to improve value for money.

12. EFDC’s Council Tax Levels

12.1 EFDC has the second lowest Council Tax level in Essex, and is likely to have the lowest Council Tax level next year. Moreover, EFDC is in the bottom half of the group for Council Tax per head of population when considering EFDC’s Nearest Neighbours group; Reigate and Bansted have the highest level of charge per head of population at £77.97, which compares to the EFDC figure of £61.01 and the lowest figure of £42.83 for Broxbourne.

12.2 This means that the Council is able to deliver the full range of statutory services, and a wide range of discretionary ones, within a very low precept. Indeed, some other Essex councils have set Council Tax levels at approximately £100 per annum higher than EFDC for the current financial year (2008/9). If this level of Council Tax was charged in the Epping Forest District, it would raise around an additional £5.4m to spend on services. However, this level of expenditure is not deemed necessary in order for the Council to deliver the services required by the community.

12.3 Appendix 3 shows EFDC’s Council Tax levels and percentage increases over the last four years, compared with all other Essex districts. This shows that, over this period of time, EFDC had consistently set low increases. Indeed, for the current financial year, EFDC set the lowest increase amongst all Essex districts.

Commitment on Future Council Tax Increases

12.4 Due to the Council’s healthy financial position, EFDC has been able to make a public commitment on Council Tax increases in the medium term, that Council Tax will not increase by more than the rate of increase in the Retail Prices Index each year for at least the next three years. This commitment has been given after the Council has taken a prudent and

realistic longer-term view on likely Exchequer support (including the removal of “floor support”) and likely balances.

13. Reasons for Low Council Tax – Cost-Saving Initiatives

13.1 There are a number of reasons why the Council is able to set such a comparatively low Council Tax, some of which are explained below:

Good Financial Management

13.2 The Council has always had a prudent and effective approach to financial management, which has been recognised by the Audit Commission on a number of cases in its Annual Audit Letter. The concept and introduction of a District Development Fund (DDF), separate from the Continuing Services Budget (CSB), is a good example of how the Council has utilised surpluses to fund one-off projects - in a set number of years - rather than introducing new ongoing services, or increasing the cost of existing services, that cannot be funded in the longer term.

The Council’s Debt Free Status

13.3 EFDC has been debt free since 31 March 2003. Since that time £42m of capital receipts have arisen through effective asset management, including the identification and disposal of surplus and under-performing assets, which attract investment income that has enabled EFDC to keep Council tax low, as well enabling the Council to invest in better service provision.

13.4 Many other councils have achieved debt free status by the sale of their housing stock. However, this Council still retains its housing stock (in accordance with tenants’ wishes), which means that, unlike these other councils, EFDC has not had to rely on this source of capital receipt to achieve debt free status, or to receive significant investment income. In addition, the Council has also been able to retain other significant assets - that either perform well now, or have good potential - including North Weald Airfield.

Relatively High Exchequer Support

13.5 The Council recognises that it receives relatively high Exchequer support, which reduces the amount of income required from Council Tax. Although most of this financial support is due to the Government’s recognition that the Epping Forest District is a high cost area, it is also recognised that it includes an element of “floor support”, which is additional income to the amount the Council should receive according to the Government’s calculations. However, by the end of the current Comprehensive Spending Review period, the annual value of the floor support will have reduced to £32,000.

Balances

13.6 Again, due to good financial management, EFDC has accumulated significant General Fund balances. This enables the Council to take a medium term view of likely expenditure (i.e. five years) and utilise balances to:

- even out predicted troughs and peaks;
- increase appropriate revenue expenditure in a planned way; and
- obtain investment income from the balances;

that enables the Council Tax to be kept low.

13.7 The table below is taken from the Council's Medium Term Financial Strategy and shows the planned use of balances over the next four years:

General Fund Balances Forecast				
	2008/9	2009/10	2010/11	2011/12
Opening Balance	6,875	7,093	6,865	6,478
Surplus/(Deficit)	218	(228)	(387)	(371)
Closing Balance	7,093	6,865	6,478	6,107

Efficiency Gains

13.8 The Council has always strived to ensure that its services are efficient and effective. However, from 2005, following a national review by Sir Peter Gershon, local authorities were encouraged to achieve efficiency gains from their services – either to provide the same level of service at a lower cost, or to provide a better level of service at the same cost.

13.9 In recognition of the fact that local authorities, like this Council, have been achieving efficiency gains over a number of years in advance of the efficiency requirements introduced in 2005, a concession was made by Government that allowed efficiency gains achieved in 2004/05 to be included in the overall process. Table Eleven below summarises the £5.34m efficiency gains achieved up to April 2008 and shows that the Council's savings target of £1.23m by 31 March 2008 was achieved two years early, and has been exceeded by some £4m.

Table Eleven – Efficiency savings

Year	Annual Efficiency Gains	Cumulative Efficiency Gains
2004/05	£0.29m	£0.29m
2005/06	£1.17m	£1.46m
2006/07	£1.76m	£3.22m
2007/08	£2.12m	£5.34m

13.10 A number of initiatives that have contributed towards these efficiency gains, and/or will contribute in the future, are set out below:

Corporate restructuring

13.11 The Council has recently completed a full restructuring of its staffing complement, with the aim of re-aligning services to improve delivery to customers, and making efficiency savings. The initial phase of the restructuring focused on the chief officer level and generated ongoing savings of £200,000 per annum. Below this level, further savings of £300,000 per annum were made.

13.12 The majority of these savings are being used to fund the Council's new "Safer, Greener, Cleaner" initiative, which should result in improved performance in the areas of waste and environmental management, and community safety.

Assets Disposals

13.13 The Council's Asset Management Plan for the period 2007/2012 highlights the importance of effective management of the Council's land and property assets to ensure

maximum benefit and minimum risk. As an important element of the corporate asset policy, the Council seeks to maximise the performance of the investment properties, that currently produce an income of some £3.95 million per annum, through full implementation of rent reviews, lease renewals, re-letting of vacant properties as they arise and pursuing opportunities to improve asset values.

13.14 In addition, the Council maintains a continuous property review programme to identify surplus or underused land and property assets to raise capital receipt income for the achievement of the Capital Strategy and the Capital Programme. Major land sales including the Lorry Park and T11 sites; Langston Road, Loughton; the former Lambs' Garage site, High Road, Loughton; and the former Parade Ground, North Weald have been completed within the past four years producing capital receipts of £20.5 million.

Procurement Savings

13.15 The efficiency savings summarised in Table Eleven above include £1.2 million of procurement savings. Now a Procurement Officer is in post, and further collaborative work is being undertaken with the Essex Procurement Hub, further savings should arise.

Externalisation of Leisure Centres

13.16 The externalisation of the Council's leisure centres has brought about:

- revenue savings of £1.1m over the contract period
- the transfer of financial risk to the contractor
- £1.3m of additional external investment in new facilities; and
- an increase in user participation.

Housing Efficiencies

13.17 Efficiency gains achieved by the Housing Directorate during the period 2004/05 to 2007/08, totalled £1.1m, which were made through 20 separate efficiency initiatives. These efficiency gains accrue from either providing the same service at a lower cost, or a better service at the same cost.

Use of Resources Working Party

13.18 A Use of Resources Working Party has been established for the past three years, comprising senior officers from a number of services, chaired by the Director of Housing. This Working Group has overseen an improvement in the Council's Use of Resources, including value for money issues.

Value for Money Strategy

13.18 To support the Council's improvement, a Value for Money (VFM) Strategy has been developed and implemented across the Council. This seeks to achieve and, where possible, improve value for money by ensuring that:

- costs compare well with other local authorities, and where appropriate other sectors, allowing for external factors;
- costs are commensurate with service delivery, performance and outcomes achieved;
- costs reflect policy decisions;
- performance in relation to value for money is monitored and reviewed;
- improved value for money and efficiency gains are achieved;

- full long term costs are taken into account when making procurement and other spending decisions; and
- external funding and partnership opportunities are sought in order to enhance funding by the Council.

13.19. The VFM Strategy sets out the Council's approach to achieving these aims, including the responsibilities of members and officers for the delivery of value for money.

Value for Money Analysis Tool

13.20 A detailed VFM Analysis Tool has been introduced, the aim of which is to identify and compare/benchmark costs and performance for all key Council services, both internal and external. It is separated into the all the Council's services that have BVPIs and LPIs. For each service, there are three distinct groupings of data, relating to each service area activity, as follows:

- Clutches of BVPIs and LPIs
- Clutches of cost information
- A short commentary on performance and cost

13.21 The VFM Analysis is reviewed by the Finance and Performance Management Scrutiny Panel, which has the responsibility of using the VFM Analysis to carry out a scrutiny of the Council's performance and costs, compared to national/regional/local benchmarks where available, and to the links to KPI, BVPI and LPI performance, on an annual basis.

13.22 As part of this process, the Scrutiny Panel considers whether any of the information provided by the VFM Analysis should be brought to the attention of the Council's Overview and Scrutiny Committee for further and more detailed analysis. For example, in the past, at the Scrutiny Panel's recommendation, the Overview and Scrutiny Committee has set up a Task and Finish Panel to investigate and analyse the value for money obtained from planning services. It has also asked for a detailed report in the past on the value for money obtained from the externalisation of leisure centres.

14. The Citizen's Perspective

14.1 It is possible – and indeed important - to consider the Council's costs, and Value for Money, from the citizen's perspective, by considering how much citizens receive, in terms of services, for each £1 of Council Tax they pay.

14.2 This can be calculated, firstly, by deducting the parish precepts figure from the net spend data, to obtain a purely "district council spend per head". A Council Tax per head figure is obtained by multiplying up the Band D charge by the taxbase, and then dividing by the population. If the district spend per head is then divided by the Council Tax per head, the ratio of service provided per pound of Council Tax paid is calculated.

14.3 For EFDC, the district spend per head is £147.39 and the Council Tax per head is £61.01. This gives a ratio of 2.42 or, expressed differently, for every £1 of Council Tax paid the people of the District get back £2.42 in services.

14.4 For the Nearest Neighbour Group, it has been calculated that Broxbourne BC provides the best VFM for their taxpayers, with a ratio of 2.82, followed by Hertsmere DC and Tunbridge Wells DC with 2.68 and 2.46 respectively. The EFDC ratio of 2.42 places this Council 4th in the group of 16. At the bottom of the table, Reigate & Bansted have a ratio of only 1.8, followed by South Oxfordshire and East Hertfordshire with 1.83 and 1.85 respectively.

14.5 On this basis, it can be concluded that - from the perspective of the Council Tax payer - EFDC provides reasonable value for money.

15. Conclusion on the Need to Reduce EFDC's Costs

15.1 EFDC's Council Tax is currently very low, and will remain relatively low for at least the next three years, due to a number of reasons, including significant efficiency gains. The Council is in a healthy financial position and does not have a funding problem. Therefore, there is no reason or need to reduce EFDC's overall net expenditure on services, in order to simply reduce the overall cost of General Fund services.

16. Improving Performance

16.1 Although there is an ongoing need to seek cost reductions through improved efficiency, the preceding sections identified that there is no need to reduce overall costs unnecessarily. Consideration now needs to be given to whether or not there is a need to improve performance.

16.2 Section 8 sets out the Audit Commission's assessment of the Council's performance, with which the Council agrees. There is clearly a need to improve the Council's overall performance, as well as its performance in specific areas.

16.3 Notwithstanding this, the Council has introduced a number of initiatives to improve performance, some of which have an "investment lag" between the time significant additional resources are invested in a new or improved service provision, and the time associated improvements in performance are achieved.

16.4 Performance initiatives include:

Improved Waste Management and Street Cleansing Performance

16.5 The new waste management contract has a range of features to enhance performance and provide enhanced services. The contract is performance-based with the contractor receiving profit and overhead payments only if KPIs are attained, these being set on a monthly and annual basis. Street cleansing standards exceed those required by the "Litter Code of Practice", with enhanced standards of cleanliness and response in high activity areas such as town centres and where there is an active night time economy.

Improved Planning Performance

16.6 In 2003/4, EFDC's performance on its planning service (in respect of on BVPI 109) was such that the Council was made a Standards Authority by the Government. However, by 2007/8, the EFDC's BV 109 figures had significantly improved - well above the Government target and are just below top quartile. Further improvements have been agreed by the Council to improve performance, for example, moving to a three-week Committee cycle to determine planning applications throughout the year. The following table shows the improvements over the last four years (between 2003/4 and 2007/8):

BVPI No	Definition	2003/4	2004/5	Improvement (%)
The percentage of planning applications determined in line with the Government's new development control targets to determine:				
109 (a)	60% of major applications in 13 weeks	48 %	79 %	65 %
109 (b)	65% of minor applications in 8 weeks	57 %	78 %	37 %
109 (c)	80% of other applications in 8 weeks.	78%	89 %	14 %

16.7 The Council has also established a Scrutiny Panel to consider value for money within the development control function in particular. The Scrutiny Panel's conclusions included the following points:

- There has been a general upwards increase in workload (an increase of 20% between 2000/1 and 2007/8);
- An investment in planning services of around an additional £100,000 has removed a substantial backlog in applications; and
- The Council's professional planning staff continue to have very considerable average case loads, compared to the suggested Government figure of 150 cases.

Reduction in Staff Sickness and Turnover

16.8 Last year, there was a significant reduction in sickness levels through the introduction of a carefully managed sickness absence policy, which increased productivity. In 2007/8, staff sickness reduced by an average of 2.5 days per employee, amounting to an efficiency gain valued at around £200,000.

16.9 Improved value for money has also been obtained from its staff resource, by reducing EFDC's annual staff turnover to approximately 12%, from 15% four years ago. This has resulted in savings, through reduced costs associated with advertising, recruitment, training and staff development.

16.10 The Council is also about to enter into an innovative contract with Capita for the recruitment of permanent and temporary staff, which should reduce recruitment costs in the future, due to it being a shared recruitment initiative with the majority of other Essex councils.

Use of Key Performance Indicators and Key Action Plans

16.11 As explained in Section 8.6, the Council has introduced "key performance indicators" (KPIs), in order to focus the Council's attention on those areas of performance that are the most important to achieving the Council's objectives.

16.12 For each of these KPIs, action plans are formulated to either maintain or achieve top quartile performance. These action plans are approved by members.

Quarterly Monitoring of Performance Indicators

16.13 As part of the Council's Value for Money Strategy, all performance indicators are monitored by Directors on a quarterly basis, and action required to improve performance is identified.

16.14 KPIs are monitored quarterly by members through the Council's Finance and Performance Management Scrutiny Panel, with reports provided on each KPI.

17. Conclusion on the Future Focus of the Council's Value for Money Strategy

17.1 It is very important that the Council strives to continuously improve value for money. However, this VFM Review has established that:

- Although the Council's net costs are comparatively high (using the Audit Commission's VFM Profiles Tool) there is no need to reduce the Council's overall costs, but
- There is a need to improve the Council's overall performance and the performance in specific areas.

17.2 Therefore, the Council has concluded that it will continue to seek and implement efficiency gains, and reduce costs at service levels where possible. Rather than reduce costs, it will then continue to re-invest the savings, in a targeted way, to help improve performance further.

17.3 To justify EFDC's level of spend, and the re-investment of efficiency gains, EFDC must improve its performance.

18. Summary of Findings and Conclusions

The findings and conclusions from this VFM Review can be summarised as follows:

- 18.1 Use of the Audit Commission's VFM Profile Tool needs to be treated with caution, especially when comparing EFDC's performance with other councils.
- 18.2 Although the costs of a number of individual services are relatively low, they are countered by a smaller number of high-expenditure services that are comparatively high (i.e. waste management and benefits administration), resulting in a relatively high net cost of General Fund services overall.
- 18.3 The Council agrees with the Audit Commission's view that the Council's overall net costs, based on estimated income and expenditure, "are higher than comparable councils", using the Audit Commission's VFM Profile Tool.
- 18.4 The Council's perceived costs shown within the Audit Commission's VFM Profile Tool are artificially high for a number of reasons, including the inclusion of parish precepts, the Council's operation of a District Development Fund (DDF) and the effects of the Audit Commission using **estimated** expenditure to assess councils' costs.
- 18.5 If these artificial costs were excluded, it would reduce EFDC's total cost of General Fund services by around £35.55 per head, which would result in EFDC being ranked higher, probably above the median of all district councils, or even in the top quartile.

- 18.6 The Council knows where its costs are high compared to other councils, and understands the reasons.
- 18.7 Despite apparently high costs, EFDC's Council Tax is very low - for a number of good reasons, including prudent financial management - and will remain relatively low for at least the next three years. The Council is in a healthy financial position and does not have a funding problem.
- 18.8 From the perspective of the Council Tax payer, the Council believes EFDC provides good value for money.
- 18.9 The costs of landlord housing services within the Housing Revenue Account, compared to other stock-holding councils are low.
- 18.10 Performance is mixed, with good performance by some services, and poor performance in others. Overall, performance can only be regarded as "average", compared to other councils.
- 18.11 Performance has improved over time, but not at the same rate as a number of other councils.
- 18.12 There is no reason or need to reduce EFDC's expenditure on services, in order simply reduce the overall cost of General Fund services.
- 18.13 The Council has successfully achieved efficiency gains over a number of years, and is continuing to make further savings and improve performance, although there will be an "investment lag" before some of these savings result in improved performance.
- 18.14 The Council's approach to Value for Money for the future should focus on continuing to seek efficiency gains and a reduction in costs at service levels, and to then re-invest savings, in a targeted way, to help improve performance further.
- 18.15 It is essential that the Council's conclusions and findings are drawn to the attention of the Audit Commission when they next undertake an assessment of the value for money provided by the Council, as part of the Use of Resources Assessment.
- 18.16 The Audit Commission's attention - both locally and nationally - should also be drawn to the Council's serious concerns about the accuracy and reliability of comparing the Council's costs with other councils, using the Audit Commission's VFM Profiles Tool, and the fact that a third of all local authorities in England have not allocated all their costs in full, which significantly distorts all the rankings. It is also suggested that the Audit Commission should audit local authorities submitted cost data, in the same way as submitted performance data is audited.

Appendices

Local Authority Groupings Used in the Audit Commission's Comparator Tables

Groupings of Local Authorities for all Data and Indicators other than Housing

Nearest neighbours

Borough of Broxbourne
Epping Forest District Council
Hertsmere Borough Council
Tunbridge Wells Borough Council
Spelthorne Borough Council
North Hertfordshire District Council
Sevenoaks District Council
Dacorum Borough Council
Three Rivers District Council
Reigate and Banstead Borough Council
Brentwood Borough Council
Test Valley Borough Council
East Hampshire District Council
South Oxfordshire District Council
Mid Sussex District Council
East Hertfordshire District Council

ONS LA Cluster

Epping Forest District Council
Hertsmere Borough Council
Sevenoaks District Council
Three Rivers District Council
Chelmsford Borough Council

CDRP Family Group

East Staffordshire Borough Council
Epping Forest District Council
Lewes District Council
Hertsmere Borough Council
Maidstone Borough Council
Tunbridge Wells Borough Council
North Hertfordshire District Council
Tewkesbury Borough Council
Sevenoaks District Council
Tonbridge and Malling Borough Council
Dacorum Borough Council
Three Rivers District Council
Brentwood Borough Council
Chelmsford Borough Council
East Hertfordshire District Council

Local Authority Groupings Used in the Audit Commission's Comparator Tables

Groupings of Local authorities for Housing Performance Indicators Only

Note - Different local authority groups are included in the Housing Performance Indicator tables for some specific indicators. These are shown below here. The reason for the variance is that local authorities that have transferred their stock are excluded from indicators relating to the landlord function. However, they have not been excluded from indicators which relate to other local authority functions such as homelessness.

Nearest Neighbours

Three Rivers District Council
Epping Forest District Council
Dacorum Borough Council
Brentwood Borough Council

ONS LA Cluster

Three Rivers District Council
Epping Forest District Council

CDRP Family Group

Three Rivers District Council
Epping Forest District Council
Dacorum Borough Council
Lewes District Council
Brentwood Borough Council

Performance Indicators used by the Audit Commission in its Value for Money Assessment of the Council

INTRODUCTION

Set out below are details of the performance indicators used to evaluate the performance of individual services by the Audit Commission. This data has been extrapolated from the Commission's Value for Money website. As with the information provided in the main body of the report, the comparator groups used are Nearest Neighbours, Office of National Statistics Local Authority Cluster and the CDRP Family Group. Given the large number of indicators included on this site, the comparative ranking of EFDC within the relevant Council grouping has been given, along with details of performance in the 'Nearest Neighbour' group, rather than all comparator groups.

It should be noted that the local authorities grouped within each comparator group are smaller in number for some of the Housing related performance indicators. A list of these groups is included at Appendix 1. The reason for the smaller groups is that some Authorities have externalised their housing stock, and the indicators are therefore not always applicable to them.

It should also be noted that although a large number of indicators are shown on the site, performance data for many of them has been omitted. The reason for this is not known, although it is possible that the Commission is relying on data from other parts of its website. Finally, care should be taken with the polarities/ranking of authorities in each indicator. A ranking of 1/5 may indicate either good performance or poor performance, depending on the indicator definition itself. The "best" polarity is stated in each table. Also, some indicators are designed to express volume of activity only, and the ranking given is simply to compare volume between one authority and another. In short, the ranking given needs to be considered carefully against the specific definition for each indicator when the data is interpreted.

PLANNING PERFORMANCE INDICATORS

1. Planning appeals – number of decisions made in year (2006/07) *(nb. This is an indicator of volume of activity, not performance).*

Local Authority Comparator Group	Ranking of EFDC within Group
Nearest Neighbour Top – Reigate & Banstead: 125 Bottom – Spelthorne DC: 35 EFDC: 110	2/16
ONS Local Authority Cluster	1/5
CDRP Family Group	1/15

Commentary:

The number of planning appeals has increased by 17.2% over the previous year, and corresponds to 5.9% of all applications decided. The high number of appeal decisions clearly indicates an increased propensity for applicants to appeal against refusals of planning permissions compared to comparator groups. The effect of this higher level of appeals is to increase the cost base of Planning in Epping Forest compared to other

authorities, as it is necessary to fund the work on these appeals, in terms of officer time, consultant time or specialist advice.

2. Appeal decisions in a year: % of appeals allowed (2006/07)

LOW ranking is best	
Local Authority Comparator Group	Ranking of EFDC within Group
Nearest Neighbour Top – Brentwood BC: 53% Bottom – Dacorum DC: 19% EFDC : 30%	11/16
ONS Local Authority Cluster	5/5
CDRP Family Group	10/15

Commentary:

The ranking in this measure indicates that Epping Forest District Council Planning Services was amongst the more effective of authorities in the comparator groups in terms of the percentage of appeal decisions decided in the Council's favour. This would reflect that the expenditure on contesting these appeals effectively does result in a better level of performance than in comparison authorities.

3. Planning delivery grant as a % of budget (2006/07)

HIGH ranking is best	
Local Authority Comparator Group	Ranking of EFDC within Group
Nearest Neighbour Top – Broxbourne BC: 80.10% Bottom – Tun Wells BC: 9.30% EFDC: 11.5%	10/16
ONS Local Authority Cluster	3/5
CDRP Family Group	10/15

Commentary:

The use of PDG as a % of budget is not an indicator of performance, rather, the key issue is how PDG has been used. At EFDC it has been used in addition to existing funding to fund new projects and future improvement, whereas at Broxbourne it would appear from these figures to have been used to replace existing funding. Another issue with this measure is the actual use of PDG, which was not ring fenced to Planning. In EFDC most of the funding was used by Planning, whereas at other authorities, despite having a higher percentage of PDG compared to Planning Budget, this may not have been the case.

4. Planning applications: number of applications decided (2006/07)

Local Authority Comparator Group	Ranking of EFDC within Group
Nearest Neighbour Top - S Oxfordshire DC: 2,3995 Bottom - Broxbourne BC: 868 EFDC - 1863	7/16
ONS Local Authority Cluster	3/5
CDRP Family Group	6/15

Commentary:

This shows that EFDC deals with a substantially higher number of applications than most other authorities. This in some ways shows why EFDC has a higher cost base than other authorities in the comparator groups. In the year ending April 2008 the number of applications determined has increased further.

5. Planning applications: % of applications decided in target time (2006/07)

HIGH ranking is best	
Local Authority Comparator Group	Ranking of EFDC within Group
Nearest Neighbour Top – East Hants DC:95.2% Bottom – BrentwoodBC: 71.3% EFDC: 85.8%	7/16
ONS Local Authority Cluster	3/5
CDRP Family Group	8/15

Commentary:

Performance in 2006/07 was continuing to improve, and this improvement has continued further in 2007/08. EFDC's performance in terms of the Nearest Neighbour Group has seen a major change in 2006/7, compared to 2005-6; the ranking of EFDC has moved from 15/16 up to 7/16, which reflects that the number of applications decided in time this year was some 11.2% greater than the previous year .

HOUSING PERFORMANCE INDICATORS

6. Average number of households in Bed and Breakfast accommodation (2006/07)

LOW ranking is best	
Local Authority Comparator Group	Ranking of EFDC within Group
Nearest Neighbour Top – EFDC: 24 Bottom – Broxbourne: 0	1/16
ONS Local Authority Cluster	1/5
CDRP Family Group	1/15

Commentary:

All of the households accommodated by EFDC in B&B accommodation are single households.EFDC's performance has improved dramatically since these figures were collated. At the end of March 2008, there were only 11 households in B&B (a reduction of 54% since 2007). The Housing Directorate is working on reducing this figure further, to a small core number, representing a small number of individual households for whom it would be inappropriate to accommodate in EFDC's Homeless Persons Hostel and are best accommodated in B & B.

7. Average number of households accommodated in hostels (including women's refuges): Annual (2006/07)

LOW ranking is best	
Local Authority Comparator Group	Ranking of EFDC within Group
Nearest Neighbour Top – N Herts DC: 100 Bottom – S Oxfordshire DC: 0 EFDC: 41	2/16
ONS Local Authority Cluster	1/5
CDRP Family Group	2/15

Commentary:

All of the households accommodated by EFDC in hostel accommodation are at Norway House, North Weald. It would be a poor use of resources if EFDC did not maximise occupancy of the Hostel. Indeed, because of concerns raised by Essex Supporting People that the hostel is not utilised to maximum capacity (to ensure that there are always vacancies to accommodate an abnormal number of homeless families at any one time), Essex County Council has penalised EFDC by not providing an inflationary increase in the Supporting People grant that EFDC receives for the provision of support at the hostel in 2008/9. This is currently being challenged by housing officers.

It should be noted that EFDC's overall use of temporary accommodation for homeless families is very good. EFDC met the Government's target - of reducing the number of homeless households in temporary accommodation by 50% - one year early, in April 2007. Therefore, EFDC would argue that, taken in the round, the apparent high usage of hostel accommodation should not be considered as poor performance and that the use of hostel accommodation forms an important part of EFDC's overall Homelessness Strategy.

8. Average number of households accommodated in temporary accommodation: Annual (2006/07)

LOW ranking is best	
Local Authority Comparator Group	Ranking of EFDC within Group
Nearest Neighbour Top – EFDC: 211 Bottom – Dacorum BC: 24	1/16
ONS Local Authority Cluster	1/5
CDRP Family Group	1/15

Commentary:

EFDC reduced the total number of households in (all types of) temporary accommodation significantly in April 2007, and has reduced it further (by 61% from the figure reported in the table above) to 83 at the end of March 2008. As referred to in (7) above, EFDC met the Government's target - to reduce the number of households in temporary accommodation by at least 50% - one year early, in April 2007.

9. BV213 Number of homelessness cases prevented (2006/07)

HIGH ranking is best	
Local Authority Comparator Group	Ranking of EFDC within Group
Nearest Neighbour Top – EFDC: 10 Bottom – T Wells BC: 1	1/16
ONS Local Authority Cluster	1/5
CDRP Family Group	1/15

Commentary:

As can be seen, EFDC has the best performance amongst all the councils in the three comparator groups. EFDC's high figure of 10 (per thousand population) was maintained for 2007/8.

10. BV74a Satisfaction of all tenants with overall service (2006/07)

HIGH ranking is best	
Local Authority Comparator Group	Ranking of EFDC within Group
Nearest Neighbour Top – EFDC: 85% Bottom – Three Rivers DC: 76%	1/4
ONS Local Authority Cluster	1/2
CDRP Family Group	1/5

Commentary:

As can be seen, EFDC has the best performance amongst all the councils in the three comparator groups.

It should also be noted that the national average for all district councils in the country is 77%. Since the lowest performance in the nearest neighbour group is 76%, it can be seen that nearly all of the councils in this comparator group are above the national average – and EFDC's performance is the best.

11. Non decent dwellings tackled during 2006/07

HIGH ranking is best	
Local Authority Comparator Group	Ranking of EFDC within Group
Nearest Neighbour Top – Dacorum BC: 231 Bottom – EFDC: 44	4/4
ONS Local Authority Cluster	1/2
CDRP Family Group	5/5

Commentary:

This is a very misleading and unfair indicator. The ability to “tackle” non-decent dwellings is dependent on the number of non-decent dwellings in the first instance. If there is a low number (due to good performance in reducing the number of non-decent dwellings in previous years), the number of non-decent homes needing “tackling” will be less.

EFDC has an excellent track record in reducing and minimising the number of non-decent homes. As at the end of March 2008, only 3.6% of the Council's 6,527 dwellings were non-decent. The national top-quartile threshold for all district councils in the country for 2006/7 was 10%, with the average being 10%, which confirms EFDC's performance on tackling decent homes is excellent. EFDC's target for the end of March 2009 is just 1.5% non-decent dwellings, for which a planned programme of works is being put in place.

12. Money spent tackling non-decent dwellings in 2006/07 (£000s)

HIGH ranking is best	
Local Authority Comparator Group	Ranking of EFDC within Group
Nearest Neighbour Top – Three Rivers DC: £2544 Bottom – EFDC: £177	4/4
ONS Local Authority Cluster	2/2
CDRP Family Group	5/5

Commentary:

Again, this is an unfair and misleading indicator. The need to spend money “tackling” non-decent dwellings is dependent on the number of non-decent dwellings in the first instance. If there is a low number (due to good performance in reducing the number of non-decent dwellings, accompanied by high levels of investment, in previous years), the amount of money required to be spent to “tackle” the problem will be less.

See the commentary in (11) above on the Council's track record in reducing and minimising the number of non-decent homes.

13. % of expenditure on repairs work that was responsive (2006/07)

LOW ranking is best	
Local Authority Comparator Group	Ranking of EFDC within Group
Nearest Neighbour Top – Three Rivers DC: 80% Bottom – Brentwood DC: 35% EFDC – 71%	2/4
ONS Local Authority Cluster	2/2
CDRP Family Group	2/5

Commentary:

This is another misleading and unfair indicator - due to the definition used. The indicator compares % of expenditure on responsive repairs with the overall expenditure on maintenance (including planned maintenance). However, the indicator only refers to **revenue** expenditure on responsive and planned maintenance expenditure. EFDC consciously capitalises as much maintenance expenditure as possible, whereas most other councils do not. Therefore, capital expenditure on planned maintenance (which would improve the true performance if included) is excluded.

Overall, the Council's ratio of planned expenditure: responsive expenditure is around 70:30, which is recommended is the Audit Commission's optimum ratio.

14. % of expenditure on repairs work that was planned (2006/07)

HIGH ranking is best	
Local Authority Comparator Group	Ranking of EFDC within Group
Nearest Neighbour Top – Brentwood BC: 65% Bottom – Three Rivers DC: 20% EFDC: 29%	3/4
ONS Local Authority Cluster	1/2
CDRP Family Group	4/5

Commentary:

Another misleading and unfair indicator – due to the definition used. This figure is simply the balancing difference between the figure in (13) above and 100%. The same issue of excluding capitalised expenditure on maintenance referred to in (13) above applies.

15. Average weekly cost of management per unit (2006/07)

LOW ranking is best	
Local Authority Comparator Group	Ranking of EFDC within Group
Nearest Neighbour Worst – Brentwood BC: £20.46 Best – Dacorum BC: £12.48 EFDC: £20.38	2/4
ONS Local Authority Cluster	1/2
CDRP Family Group	2/5

Commentary:

It is not clear what costs have been taken into account in calculating this cost per unit, and it is likely that the inclusion of different costs will vary between authorities. However, a useful indicator of the value for money being obtained from a local authority's housing service, as landlord, is the cost of Supervision and Management (General) per property. For 2006/7, the Council's cost was £480 per property.

According to CIPFA's latest "Housing Revenue Account Statistics", the Council's cost per property was the lowest in Essex, the average of which was £760 per property. The national average for all authorities was £824 per property, and the national average for all non-metropolitan authorities was £610 per property.

Therefore, it appears that, despite the cost data in the above table, the Council's housing management costs are low.

16. Average weekly cost of maintenance per unit (2006/07)

LOW ranking is best	
Local Authority Comparator Group	Ranking of EFDC within Group
Nearest Neighbour Worst - Dacorum BC: £18.23 Best – EFDC: £15.40	4/4
ONS Local Authority Cluster	2/2
CDRP Family Group	5/5

Commentary:

EFDC has the lowest weekly maintenance cost per unit, coupled with one of the lowest percentage of non-decent homes in the country. This represents excellent value for money.

17. Average relet times (days) (2006/07)

LOW ranking is best	
Local Authority Comparator Group	Ranking of EFDC within Group
Nearest Neighbour Worst – Dacorum BC: 87.60 days Best – Three Rivers DC: 18 days EFDC: 51.0 days	2/4
ONS Local Authority Cluster	1/2
CDRP Family Group	2/5

Commentary:

EFDC fully accepts that its performance in re-letting empty properties is poor and needs to improve. To this end, an officer Voids Working Party has been set up to review all re-let policies and procedures to streamline the performance. Furthermore, one of the main problems has been with the amount of time taken to repair voids properties. From May 2008, responsibility for this function has been passed to EFDC's Housing Directorate. The processes adopted will now be subject to intense scrutiny by the Housing Directorate, and it is anticipated that improvements will result.

18. % of urgent repairs completed within Government time limits (2006/07)

HIGH ranking is best	
Local Authority Comparator Group	Ranking of EFDC within Group
Nearest Neighbour Best – Brentwood BC: 98.90% Worst – EFDC: 89.0%	4/4
ONS Local Authority Cluster	2/2
CDRP Family Group	5/5

Commentary:

EFDC fully accepts that its performance in undertaking urgent repairs within the Government's time limits needs to improve.

From May 2008, responsibility for this function has been passed to EFDC's Housing Directorate, which means that the Housing Directorate now has full control of the process. The processes adopted will now be subject to intense scrutiny by the Housing Directorate, and it is anticipated that improvements will result.

19. Average time taken to complete non-urgent repairs (days) (2006/07)

LOW ranking is best	
Local Authority Comparator Group	Ranking of EFDC within Group
Nearest Neighbour Worst – EFDC: 28 days Best – Brentwood BC: 15.50 days	1/4
ONS Local Authority Cluster	2/2
CDRP Family Group	1/5

Commentary:

Again, EFDC fully accepts that its performance in undertaking non-urgent repairs within a reasonable timescale needs to improve.

See the commentary for No. 18 above detailing the proposed way forward.

20. Satisfaction of tenants with the repairs and maintenance service provided by their landlord (2006/07)

HIGH ranking is best	
Local Authority Comparator Group	Ranking of EFDC within Group
Nearest Neighbour Top – EFDC: 84% Bottom – Three Rivers BC: 74%	1/3
ONS Local Authority Cluster	1/2
CDRP Family Group	2/4

Commentary:

As can be seen, EFDC has the best performance amongst all the councils in two of the three comparator groups.

21. Average rent per dwelling (2006/07)

LOW ranking is best	
Local Authority Comparator Group	Ranking of EFDC within Group
Nearest Neighbour Top - Three Rivers BC: £69.48 Bottom – EFDC £64.86	4/4
ONS Local Authority Cluster	2/2
CDRP Family Group	4/5

Commentary:

Although, on the face of it, the data suggests EFDC’s “performance” on rent levels is good (by having the lowest average weekly rents), this is not a true performance indicator. This is because rent levels are set by reference to a Government formula linked to property prices and average wages. Therefore, rent levels should be higher in areas of higher property prices.

However, local authorities do have some control over their approach to annual rent increases (and how quickly property rents reach target levels), which is therefore linked to

VFM and performance. According to CIPFA, the Council had the lowest average rent increase in Essex in 2006/7 (£2.06 per week). The average was £2.63, with the highest (Uttlesford) at £3.05 per week (a council known to be experiencing financial difficulties). Furthermore, despite being in a high cost area, the Council's rent increase was also well below the non-Metropolitan Council average of £2.52 per week, and the all-England average of £3.92 per week.

22. BV66a: % of rent collected (2006/07)

HIGH ranking is best	
Local Authority Comparator Group	Ranking of EFDC within Group
Nearest Neighbour Top – Three Rivers DC: 98.91% Bottom – Dacorum BC: 98.22% EFDC: 98.83%	2/5
ONS Local Authority Cluster	2/2
CDRP Family Group	3/5

Commentary:

Although not the highest rent collection rate amongst the comparator groups, the Council's ongoing rent collection performance is very good. Furthermore, it should be noted that, in 2007/8 (the most recent full year), the Council's rent collection rate increased significantly to 99.41%, which is not only the highest amongst the three comparator groups (for 2007), it is also well within the top quartile of all district councils, the threshold of which for 2006/7 (last available) was 98.81%.

23. Rent written off as not collectable, as a % of a Local Authority's rent roll (2006/07)

LOW ranking is best	
Local Authority Comparator Group	Ranking of EFDC within Group
Nearest Neighbour Top – EFDC: 0.34% Bottom – Brentwood BC: 0.11%	1/5
ONS Local Authority Cluster	1/2
CDRP Family Group	1/5

Commentary:

It is felt that this is not a useful indicator of performance, since it depends on an individual authority's approach to writing off rent arrears. Some do not regularly write-off areas, some (like EFDC) write off arrears regularly for cases assessed as being unrecoverable.

24. % of rent lost through vacancies (2006/07)

LOW ranking is best	
Local Authority Comparator Group	Ranking of EFDC within Group
Nearest Neighbour Worst – Three Rivers: 1.71% Best – EFDC: 1.01%	4/4
ONS Local Authority Cluster	2/2
CDRP Family Group	4/5

Commentary:

As can be seen, EFDC has the best performance amongst all the councils in two of the three comparator groups.

In 2006/7, according to CIPFA's Housing Revenue Account Statistics (last available), the Council's rental loss for voids, as a percentage of the gross rent, reduced further to 0.97%. This was the third lowest in Essex, and compares very well to the Essex average for 2006/7 of 1.50%. The average for all non-Metropolitan districts was 2.07%, and the average for all councils was 2.33%.

SPORTS AND LEISURE INDICATORS

25. BV119a – Satisfaction with sports and leisure facilities (2006/07)

HIGH ranking is best	
Local Authority Comparator Group	Ranking of EFDC within Group
Nearest Neighbour Top – Hertsmere BC: 70% Bottom – Reigate & Banstead BC: 46% EFDC – 59%	10/16
ONS Local Authority Cluster	3/5
CDRP Family Group	10/15

Commentary:

Performance against this indicator has improved significantly over the last three years. During this time there has been significant investment of £1.3 million by the Leisure Management contractor in new facilities, which was one of the key objectives of externalisation.

The District Council is only responsible for a limited range of sports and leisure facilities, some of which in the District are the responsibility of the private or voluntary sector or Town and Parish Councils.

26. BV119c User Satisfaction with parks and open spaces (2006/07)

HIGH ranking is best	
Local Authority Comparator Group	Ranking of EFDC within Group
Nearest Neighbour Top – Brentwood BC: 87% Bottom – Sevenoaks DC: 73% EFDC: 76%	9/16
ONS Local Authority Cluster	3/5
CDRP Family Group	10/15

Commentary:

The District Council has largely transferred the management and provision of Parks and Open Spaces (including playgrounds, allotments and cemeteries) to Town and Parish Councils, so this indicator is not a true measure of EFDC's performance.

27. % of adults participating in at least 30 minutes moderate intensity sport and active recreation on 3 or more days a week (2006/07)

HIGH ranking is best	
Local Authority Comparator Group	Ranking of EFDC within Group
Nearest Neighbour Top – Test Valley BC: 26.90% Bottom – Broxbourne BC: 17.73% EFDC: 20.87%	13/16
ONS Local Authority Cluster	45
CDRP Family Group	12/15

Commentary:

The data from Sport England's Active People Survey shows that EFDC has the second highest participation level in Essex. This survey was used as the basis for this indicator.

CULTURE AND HERITAGE PERFORMANCE INDICATORS

28. BV119c User Satisfaction with museums and galleries (2006/07)

HIGH ranking is best	
Local Authority Comparator Group	Ranking of EFDC within Group
Nearest Neighbour Top – Tun Wells BC: 54% Bottom – Reigate & Banstead BC: 15% EFDC: 24%	10/16
ONS Local Authority Cluster	3/5
CDRP Family Group	10/15

Commentary:

We do not provide gallery space, other than a small temporary exhibition space at the Museum. This is partly due to the District's proximity to London, with its wide range of galleries. Our museum is relatively small and targeted on young people/outreach education work. This means that the audience for our activities is a discrete one, reflecting our cultural and other objectives. In light of this, it is not surprising that this indicator registers average levels of satisfaction.

29. BV119d User Satisfaction with Theatres and Concert Halls (2006/07)

HIGH ranking is best	
Local Authority Comparator Group	Ranking of EFDC within Group
Nearest Neighbour Top - Tunbridge Wells: BC 62% Bottom: EFDC 18%	16/16
ONS Local Authority Cluster	5/5
CDRP Family Group	15/15

Commentary:

We have no theatres or concert halls in the District, so our satisfaction rating will be low. It is arguable that this indicator should be excluded in light of this. That said, we support Harlow

Playhouse our sub regional theatre. Given the District's proximity to London theatres, it is difficult to justify a local provision.

HOUSING AND COUNCIL TAX BENEFIT PERFORMANCE INDICATORS

30. BV80g – Overall satisfaction with the Benefits Office (2006/07)

HIGH ranking is best	
Local Authority Comparator Group	Ranking of EFDC within Group
Nearest Neighbour Top – Spelthorne BC: 87% Bottom – S Oxfordshire DC: 72% EFDC: 77%	10/15
ONS Local Authority Cluster	3/4
CDRP Family Group	10/14

Commentary:

Whilst EFDC is in 10th place with 77%, it is worth setting the context by saying that only 5 of the 15 nearest neighbour group have a score above 80. Or put another way if you go plus or minus 3% of the EFDC score you include 9 of the 15 authorities. Having set the context, it is also true that the Benefits Division is seeking to improve user satisfaction and has worked on improving the claim form and expanding the information on the Council's website.

31. HB and CTB processing: workload measure for benefits administration (2006/07)

Local Authority Comparator Group	Ranking of EFDC within Group
Nearest Neighbour Top – Test Valley BC: 38,091 Bottom – Brentwood BC: 14,090 EFDC: 25,909	6/16
ONS Local Authority Cluster	3/5
CDRP Family Group	7/15

Commentary:

This indicator measures the workload of the benefits department not the performance of the department. It usefully highlights the difference in scale of the benefits operations run by those in a supposedly similar family group. EFDC is in the middle of the group and one must question the usefulness of being compared with authorities that either have only half of our workload or nearly one and a half times our workload.

32. BV76a – HB security: Number of claimants visited per 1000 caseload (2006/07)

HIGH ranking is best	
Local Authority Comparator Group	Ranking of EFDC within Group
Nearest Neighbour Top – Test Valley BC: 453.87 Bottom – Sevenoaks DC: 165.60 EFDC: 215.98	8/15
ONS Local Authority Cluster	4/5
CDRP Family Group	8/15

Commentary:

Performance here is broadly in the middle of the range for the nearest neighbour and CDRP family groups. However, it is important to remember that the DWP set the targets that authorities had to achieve for visits and these varied considerably between authorities. Those authorities given higher targets for visits will have allocated more resource to achieving their targets. Therefore it may be more useful to compare performance here against the DWP targets rather than against other authorities. In this respect EFDC has done well against this indicator by exceeding the number of visits required by the DWP.

ENVIRONMENT PERFORMANCE INDICATORS

33. Household Waste Collected/arising – tonnes (2006/07)

HIGH ranking is best	
Local Authority Comparator Group	Ranking of EFDC within Group
Nearest Neighbour Top – Dacorum BC: 59,697.55 Bottom – Brentwood BC: 28,983.78 EFDC: 49,935.84	11/16
ONS Local Authority Cluster	4/5
CDRP Family Group	9/15

Commentary:

This indicator measures activity in waste collection, rather than being a specific performance measure.

34. Minimum % of waste which must be sent for recycling or composting (2006/07)

Local Authority Comparator Group	Ranking of EFDC within Group
Nearest Neighbour Top – Sevenoaks DC: 30% Bottom – East Herts DC: 18% EFDC: 30%	8/15
ONS Local Authority Cluster	4/5
CDRP Family Group	8/15

Commentary:

These are statutory targets set by the Government, and therefore not comparable for performance purposes.

35. BV89 % of people satisfied with the cleanliness standard of their area (2006/07)

HIGH ranking is best	
Local Authority Comparator Group	Ranking of EFDC within Group
Nearest Neighbour Top – Brentwood BC: 78% Bottom – Dacorum BC: 59% EFDC: 65%	13/16
ONS Local Authority Cluster	4/5
CDRP Family Group	13/15

Commentary:

Satisfaction data is regrettably low, but this is considered to be a consequence of the timing of the survey which coincided with the introduction of the wheeled bin service alongside alternate weekly collections leading to an expressed overall dissatisfaction with the waste service generally. This period also coincided with the demise of the former waste contract and the operation of temporary arrangements with an interim service provider which led to some service irregularities. The newly let contract has enhanced standards and strict performance criteria.

36. BV82 (i)a and BV82 b % of waste recycled or composted (2006/07)

HIGH ranking is best	
Local Authority Comparator Group	Ranking of EFDC within Group
Nearest Neighbour Top – Three Rivers BC: 45.6% Bottom – Spelthorne BC: 19.5% EFDC: 37%	4/16
ONS Local Authority Cluster	2/5
CDRP Family Group	4/15

Commentary:

. This is not relevant to the indicator described. The Council's recycling rate continues to increase being near to the best performers in all comparator groups and this level of performance does lead to increased costs. However, within those increased costs are the effects of the former contract Administration, the emergency interim arrangements and the costs of procuring a new contract.

Council Tax Levels and Increases – Essex (2005/6 – 2008/9)

Authority	Band D 2005/06	Increase	Band D 2006/07	Increase	Band D 2007/08	Increase	Band D 2008/09
	£	%	£	%	£	%	£
Uttlesford	122	4.5	127	2.5	130.14	5	136.62
EFDC	131	2.46	134	3.5	139.50	2.5	143.01
Tendring	126	4.9	132	4.9	138.58	4	144.12
Chelmsford	136	3.7	141	2.95	145.08	4.7	151.92
Braintree	137	4.3	143	3.8	148.59	4.3	154.98
Maldon	144	4.7	151	3.52	157.00	4.46	164.00
Brentwood	148	3.8	154	3.98	159.93	4	166.32
Colchester	152	2.7	156	3.5	161.73	2.9	166.41
Rochford	163	4.9	171	4.9	179.28	4.87	188.01
Castle Point	199	2.7	204	2.44	204.30	3.96	212.40
Basildon	214	4.5	224	3.5	231.66	4.5	242.01
Harlow	224	2.9	230	1.9	235.26	2.9	242.10

