

## **Report to the Finance & Performance Management Cabinet Committee**



**Epping Forest  
District Council**

**Report reference:** **FPM-004-2012**

**Date of meeting:** **25 June 2012**

**Portfolio:** Finance and Technology

**Subject:** Analysis of the Audit Commission's Value For Money Profiles

**Responsible Officer:** Mike Warr (01992 564472).

**Democratic Services Officer:** Rebecca Perrin (01992 564532).

### **Recommendations/Decisions Required:**

**That the committee note the content of the attached report and appendix detailing the Audit Commission's Value For Money Profiles for all Essex Authorities and the CIPFA Nearest Neighbour Authorities of the Council, and determine any further action, analysis, investigation or discussion considered appropriate.**

### **Executive Summary:**

The Value For Money analysis is intended to act in the first instance as a one-stop point of reference for much of the data contained in the 2010/11 version of the Audit Commission's Value For Money Profile Tool. Its primary purpose thereafter is to allow officers and members to identify any Value For Money indicators or issues which they consider appropriate for further in-depth consideration and review.

Despite a number of concerns around the comparability of all the data it is a useful pointer as to how the Council compares with its geographical and statistical neighbours and allows the Council to focus its value for money work on particular areas of concern. A number of key areas have been highlighted within this covering report.

### **Reasons for Proposed Decision:**

Epping Forest District Council is committed to delivering excellent services that meet the needs of its residents and customers. The Council has a corporate responsibility to achieve value for money in its operations and the Council must be able to show that its costs compare well with others, reflect priorities and policy decisions and that they are commensurate with service delivery, performance and the outcomes achieved.

The recent Audit Commission report ('Tough Times') recommended that councils use the Audit Commission's 'Value for Money Profile' tool to see how they compare to the national picture set out in the report, to identify councils facing similar challenges, and to learn from the approach of other councils.

### **Other Options for Action:**

No other options for action are considered relevant at this juncture.

## **Report:**

1. The Corporate Governance Group and Management Board have recently considered a report of the Audit Commission ('Tough Times'), which assesses the response of local authorities to the current challenging financial climate. The report looks at the impact on councils of a real terms reduction of £3.5 billion in government funding; and a £1.2 billion fall in local income from council tax and fees and charges. The report recommends that councils use the Audit Commission's 'Value for Money Profile' tool to see how they compare to the national picture set out in the report, to identify councils facing similar challenges, and to learn from the approach of other councils.
2. The Commission's Value for Money Profile has previously been used by the Council to undertake value for money analysis.
3. Whilst not all of the available Audit Commission data is presented within this document (for instance, a large amount of data around the budgetary plans of the authorities have been left out), there is considerable data included. In an attempt to make the document more useful, the VFM indicators have been thematically linked where possible and technical notes have been included throughout each section to explain where each data set has been drawn from.
4. With previous VFM exercises a lack of contextual data to inform the basic VFM data has been raised as an issue. To this end, and accepting that further contextual data may be relevant in subsequent detailed analysis, some contextual data including performance figures have been downloaded from the profile tool and are included in this document. Additional comments are made within this covering report in relation to particular VFM indicators and their relevance to a number of Key Performance Indicators (KPI).

## **Data Anomalies**

5. As in previous VFM exercises it is apparent that there are anomalies within some of the datasets e.g. councils with zero expenditure on recycling; councils with a negative or zero spend on back office services. Whilst these councils do appear out of step with the majority and this could call into question the overall accuracy of the data sets, it should be noted that each set of figures is drawn from the same source for each council and it is more likely to be an issue with the way a particular council accounts for that particular expense or income rather than any issue with the Audit Commission data.
6. Examination of the Revenue Outturn data that underlies many of the indicators has already highlighted some variations in approaches to accounting such as the way in which different councils classify their housing service income, fees and charges. In respect of EFDC, the figure for 2010/11 should be £471,000 which only covers Housing General Fund Fees and Charges.
7. It may be appropriate to exclude such outliers from further detailed analysis and concentrate on those which appear to more closely match the expected pattern. However, closer examination of the Revenue Outturn figures for these outliers may subsequently explain the figures reported and may offer the opportunity to identify alternative examples of good practice which could inform future work and approaches for the Council.

## **Value For Money Indicators and KPI Performance**

### Housing

8. EFDC's figure for "% of rent collected for LA owned housing in 2010/11" is incorrect.

It should be 98.14% and not 96.5%.

9. It is interesting to note that 7 out of the 9 stock-holding councils in Essex still have non-decent Council homes (in the case of Basildon and Southend – 51% and 40% respectively). Only EFDC and Thurrock have 0% decent homes. As members will be aware, the Council has recently agreed to spend around 50% per annum more on maintaining its housing stock, using the additional resources made available by HRA self financing, which will enable the Council's housing stock to be maintained to a full, modern standard.

10. Audit Commission good practice advocates that at least 60%-70% of spend on housing maintenance should be planned, and no more than 40% of spend responsive. It can be seen that EFDC has the best ratio of expenditure across Essex and the Nearest Neighbour Group, at 66%:34%.

11. EFDC's spend on homelessness is the 3rd lowest in Essex, at £3.01 per head.

### Benefits

12. The data as presented in the Audit Commission tool needs a little manipulation to make it more useful. As districts will have very different percentages of their populations making benefit claims to provide a cost per head of population is not very useful. However, if the total spend on administering council tax benefit and housing benefit is taken and divided by the total caseload a more meaningful comparison of cost per claim can be obtained.

13. Taking the cost per claim figure mentioned above gives a range for the fourteen Essex authorities from £99.06 (Tendring) to £224.51 (Chelmsford), with the EFDC cost of £201.05 being the fourth most expensive. For the nearest neighbour grouping of fifteen the range runs from £139.85 (Broxbourne) to £370.42 (Mid Sussex), with EFDC being the fifth most expensive. In the cost data Tendring is an outlier, being more than £30 per claim cheaper than any other Essex authority and more than £40 cheaper than any of the EFDC nearest neighbour group.

14. In terms of performance the comments below exclude Brentwood and Tendring as the new claims performance stated of six days is not credible, being half the time taken by the next best performing authority. For the remaining Essex authorities performance on new claims runs from twelve days (Southend) to thirty-one days (Rochford), with the EFDC performance of nineteen days giving a joint seventh quickest out of twelve. The performance on processing changes of circumstances is better with EFDC coming in joint fourth. For the nearest neighbour group the range on new claims runs from 13 days (Tunbridge Wells) to 30 days (Sevenoaks), with EFDC coming joint seventh of the fourteen. Again performance is better on changes of circumstance where EFDC comes joint sixth.

15. The cost and performance elements for EFDC are broadly consistent when compared to both Essex and nearest neighbour groupings. In Essex, whilst being the fourth most expensive performance on changes of circumstance is joint fourth. On new claims the performance is joint seventh at 19 days but the joint fourth placed authorities are only slightly better at 17 days. For the nearest neighbours group, whilst being the fifth most expensive performance on change of circumstances is joint sixth (with the joint fourth placed authorities being only one day better).

### Local Taxation

16. Unfortunately the cost data for local taxation does not look reliable. In isolation the council tax costs look odd as the amount per chargeable dwelling varies from £4.98 (Basildon) to £22.94 (Maldon). If this is combined with the spend per non-domestic dwelling

there appears to be some issues on inconsistent cost allocation between the two activities. The two most expensive authorities for NNDR collection (Brentwood £140.50 and Basildon £91.40) are the two cheapest for Council Tax. The NNDR costs also look odd in their own right with a range per property from -£33.80 to £140.50.

17. Whilst there needs to be some caution in cost comparison it is true that Local Taxation has relatively high costs. This is an issue that has been explored previously through benchmarking and one of the areas where the Council was relatively expensive was the cashing service. Many Councils have reduced or completely stopped providing cash offices whilst EFDC has continued to run three cash offices. This service was reviewed last year and Members decided to close the least used cash office, Waltham Abbey, and provide an automated payment facility in the town's library instead. The savings from this decision will start to reduce the costs of the service during 2012/13.

### **Value For Money Indicators and the Review of Income Generation at the Council**

18. Previously the Regional Improvement and Efficiency Partnership paid for one of their contracted consultants, PriceWaterhouseCoopers, to undertake a study on Revenue Income Optimisation (RIO). This study was reported to the Finance & Performance Management Cabinet Committee on 21 November 2011. The study highlighted that relative to many other authorities EFDC recovered a lower proportion of its costs through fees and charges and in some areas had charges much lower than other councils.

19. The findings from the RIO study are supported by this latest comparison work. Income from sales, fees and charges as a percentage of total spend is only 7.35% for EFDC, which compares with a range from 7.84% (Braintree) to 25.95% (Chelmsford) for Essex authorities. If the comparison is done with nearest neighbours relative performance is even worse as the percentage ranges from 14.59% (Dacorum) to 34.72% (East Hants).

20. Following the RIO study, Members decided additional work should be undertaken on parking charges. This work is currently being undertaken and the results should help inform a review of this key area of income where charges have been frozen for an extended period.

21. The Committee is requested to consider the value for money analysis and determine any further action or investigation required. The report will also be considered by the Finance and Performance Management Scrutiny Panel in September 2012.

### **Resource Implications:**

None. Any further work to investigate the Audit Commission Value For Money profiles and the data contained therein will be managed within existing resources.

### **Legal and Governance Implications:**

None. All data contained within the Value For Money analysis is publicly available.

### **Safer, Cleaner and Greener Implications:**

None

### **Consultation Undertaken:**

The Value For Money analysis has previously been submitted to Management Board for examination.

## **Background Papers:**

All supporting data for the Value For Money document has been downloaded from the Audit Commission's website and is held by the Performance Improvement Unit (PIU). In addition, Revenue and Capital Outturn data has been downloaded from the Department for Communities and Local Government to facilitate investigation of any outlying data and this is also held by the PIU.

## **Impact Assessments:**

### Risk Management

Respective service directors will identify any relevant risk management issues which arise from or are highlighted by the Audit Commission Value For Money profile data.

### Equality and Diversity:

Did the initial assessment of the proposals contained in this report for relevance to the Council's general equality duties; reveal any potentially adverse equality implications?

No

Where equality implications were identified through the initial assessment process, has a formal Equality Impact Assessment been undertaken?

N/A

What equality implications were identified through the Equality Impact Assessment process?

N/A

How have the equality implications identified through the Equality Impact Assessment been addressed in this report in order to avoid discrimination against any particular group?

N/A