

# **WIRRAL COUNCIL**

## **CABINET**

**26 NOVEMBER 2009**

### **REPORT OF THE DIRECTOR OF FINANCE**

#### **VALUE FOR MONEY PROFILES 2008/09**

##### **1. EXECUTIVE SUMMARY**

- 1.1 This report provides details of further work undertaken on the 2008/09 Audit Commission Value for Money profiles for Wirral following Cabinet on 3 September 2009. The report examines the work regarding low cost profiles and details actions that would be required to reduce high cost profiles to an average level for our statistical nearest neighbours.

##### **2. BACKGROUND**

- 2.1 Council is required to demonstrate that it provides good value for money and takes steps to manage and improve value for money. The Audit Commission assesses this as part of the Comprehensive Area Assessment (CAA) process with Wirral presently rated as 2 (adequate performance).
- 2.2 The Audit Commission provides value for money profiles that attempt to show how the costs of services compare to other authorities that share a similar make up and demography. This offers an indication to the Council of areas for further investigation when considering value for money. The profiles however, are not a definitive judgment of value for money.
- 2.3 Cabinet on 3 September 2009 considered a report on the 2008/09 profiles. The report detailed areas identified as being potentially high cost compared to similar authorities and provided explanations for these. The report also identified low cost areas and recommended that further work also be undertaken on these to ascertain the reasons behind them.
- 2.4 It should be stated that the profiles are only a tool for indicating possible areas for investigation for seeking explanations of cost differentials which may be as a result of alternative cost allocation processes by authorities. They are therefore not a definitive judgement of value for money as they use:-
- Budgeted expenditure rather than actual costs incurred
  - Performance data that does not relate to the same year as expenditure in many of the profiles
  - Population size rather than units of activity. High performance or outputs may therefore explain some of the reasons for perceived high cost.

2.5 In terms of individual indicator high cost results a number of reasons were provided to explain the perceived high costs. These included:

- Indicators chosen are simplistic and are not the best for reflecting the service (e.g. council tax collection and administration, the administration of housing and council tax benefit, waste collection)
- Costs reflect agreed Authority policy decisions (e.g. discretionary rate relief, special education needs, older people services, adults with learning disabilities, adults with physical and sensory disabilities)
- Partner organisations spending less than comparators elsewhere (e.g. adults with mental health problems)
- Accounting treatment/grouping of costs result in variances (e.g. Adult Social Services service strategy, waste collection, emergency planning, sport and recreation)
- Expenditure funded from external income grossing up costs but not impacting on council tax payer. (e.g. economic and community development)
- Level of performance outweighs additional cost (e.g. waste collection)

2.6 Where possible treatment of costs on returns used to underpin profiles would be reviewed. Although not itself reducing overall costs the allocation of some costs to more appropriate areas of activity may result in better comparative information.

2.7 The analysis of the previous VFM profiles did highlight a number of areas where Wirral is always likely to show as being high cost. The profiles are largely based upon a crude measure of cost divided by population and are designed to be a tool for highlighting areas for possible investigation rather than as a judgement of value for money in their own right. Population does not best reflect the circumstances in areas such as Housing Benefit administration when deprivation measures and the factoring in of complexity of caseloads would be a better measure. Wirral will consistently appear as 'high cost' in many areas if cost divided by population is used as the measure of cost.

### **3. AUDIT COMMISSION 2008/09 LOW COST PROFILE FINDINGS**

3.1 A number of profiles which appear to indicate low spend compared to similar authorities were identified as follows:

<b>Lead Department</b>	<b>Profile Title</b>	<b>Commentary</b>
Finance	Council Tax Benefit administration	lowest quartile (but high overall benefit admin)
Children & YP Adult Social Services	Behaviour support services Adults with learning disabilities	lowest in group 5 <sup>th</sup> lowest

Technical Services	Transport	lowest in group
	Waste disposal	low on tonnage basis high on £ per pop.
Corporate Services/ Regeneration	Planning	lowest in group reflects grant receipt

3.2 Further work has been undertaken to examine the data behind the profiles. The profiles were also examined in case the allocation of costs could be the reason for other profiles being high cost and as to whether the quality of output for these low cost areas actually ensured that value for money was being achieved. The results of this work is detailed below.

a) Council Tax Benefit Administration. Council Tax and Housing Benefit administration is provided by the same division within the Finance Department. The work is generically similar with staff working on both benefits. Therefore the split of costs between these two areas is based upon estimated resources used. Although for Council Tax Benefit administration Wirral showed as 3rd lowest from our group of sixteen authorities, in terms of Housing Benefit administration Wirral was the highest and in overall benefit administration the 2<sup>nd</sup> highest.

Although further work could be done to examine reallocating costs between Council and Housing Benefits administration the overall combined costs of benefit administration would continue to be high. This is a result of the more complex nature of the Wirral housing rented market which is reflected in the administration grant received from the Department for Work and Pensions and the impact of deprivation leading to a high number of claimants per head of population. Unit costs per claim are low.

b) Behaviour Support Services: The Authority has the lowest cost within the group of nearest neighbours. However behaviour in Wirral schools is judged to be good and therefore there has been less need for investment within this area with resources being deployed in other areas.

c) Adults with Learning Disabilities. An examination of data behind the profiles found that the average budget in our group of nearest neighbours was £106.02 per head of population aged 18-64. The Wirral budgeted cost was £99.51 which was 5<sup>th</sup> lowest. A number of authorities were just above Wirral in cost terms. This area was actually overspent in 2008/09. If this had been factored into the 2008/09 budget it is likely that Wirral would have been above the average.

d) Transport. Within the nearest neighbour group Wirral was shown as having the lowest cost. Within the Audit Commission profile definition transport is comprised mainly of highways expenditure, parking expenditure and income, and concessionary travel. Further investigation of the profiles for neighbour authorities showed that a number include significant amounts for the cost of concessionary fares. For Wirral these costs are reflected within the Merseyside Integrated Transport Authority levy charged to the Authority which falls outside of the revenue account line used by the Audit Commission to calculate the profile. Therefore for this area the cost comparisons between authorities are not on a like for like basis.

e) Waste disposal costs per tonne collected. The higher waste collection cost per head can be explained by the volume of waste collected and its high recycling rate. Therefore on a cost per tonne basis Wirral is low cost.

f) Planning: This definition includes costs relating to building and development control, planning policy and certain environmental initiatives. Wirral is showing significantly lower costs than its nearest neighbours within the Audit Commission profiles. Wirral has a cost of £0.74 per person against an average of £11.42. Analysis of returns revealed that Wirral allocates Forward Planning activities against the economic development category rather than the planning category. Reductions in fee income meant that the 2008/09 budget was severely pressured and adjusting to the actual level of fee income achieved would have increased costs further. Taking these factors into account the Wirral cost would be £6 per head of population below the average.

#### **4. AUDIT COMMISSION 2008/09 HIGH COST PROFILE FINDINGS**

4.1 A number of potential high cost areas identified within the 2008/09 profiles were reported to Cabinet on 3 September 2009. Those identified were largely similar to those detailed in the 2007/08 report. A number of 2007/08 high cost areas had improved and were therefore not reported upon in 2008/09. The 2008/09 high cost areas are detailed below.

<b>Lead Department</b>	<b>Profile Title</b>	<b>Commentary</b>
Finance	Council Tax collection and administration	as per 07/08
	Administration of Housing and Council Tax Benefit	as per 07/08
	Discretionary rate relief	as per 07/08
Children & YP	Special educational needs	as per 07/08
	Looked after children	as per 07/08
	Pension costs	as per 07/08
Adult Social Services	Adults with mental health needs	as per 07/08
	Adults with physical and sensory disability	high as in 07/08

Technical Services	Waste collection	as per 07/08
	Home Office services	
	– Emergency planning	as per 07/08
Regeneration	Sport and recreation	as per 07/08
	Supporting people	as per 07/08 grant driven

4.2 For each of the above areas a proforma has been completed which explains the context and reasons for the high cost areas. These are attached as Appendix A. A significant number of indicators are high either due to the simplistic basis of calculation not being the most appropriate or due to Council policy.

4.3 A brief summary of policies contributing towards costs and options for reducing costs are listed below.

<b>Profile Title</b>	<b>Policies Contributing To Costs</b>	<b>Options for reducing Costs</b>
Council Tax collection and administration	Fair Debt Policy Pensioner Discounts	Ceasing or amending Ceasing or amending
Administration of Housing and Council Tax Benefit		Cease discretionary payments – minimal impact
Discretionary rate relief	Discretionary awards Maximum top ups	Amending or limiting
Special educational needs	High level of central provision	Implementing Consultation
Looked after children Pension costs	High numbers in care Outcome of previous reviews	Reduce to LA average safely
Adults with mental health needs	Care set at substantial and critical	Renegotiated contracts
Adults with physical and sensory disability	Care set at substantial and critical	Renegotiated contracts
Waste collection	Garden Waste collected Replacement bins	Charge for Garden Waste Services Charge for all
Home Office services Emergency planning Sport and recreation	Number of facilities Free swimming	Reduction in facilities
Supporting people	Grant funded	Ceasing service would not reduce costs

- 4.4 A number of options, such as taking steps to safely reduce numbers of looked after children and renegotiate adult social care contracts are being implemented. However given the nature of these activities, which may involve the reductions in premises there will be a lead in time before the outcome of these initiatives will be reflected in cost profiles.
- 4.5 The Audit Commission profiles are only a tool to highlight areas for investigation rather than an absolute indicator of value for money. A number of limitations have been identified with the method of calculating some of the profile calculations. The Authority is currently assessing other sources of information such as the Pricewaterhouse Coopers (PWC) benchmarking club, to further refine the identification of high cost areas.
- 4.6 The HM Treasury Operational Efficiency Programme report published in April 2009 has recommended that public sector organisations publish value for money indicator information on back office functions. The Authority is currently working to produce these and will be joining a CIPFA/KPMG benchmarking group established to collate information on this area. The PWC site does not adequately cover this requirement.

## **5. FINANCIAL AND STAFFING IMPLICATIONS**

- 5.1 There are no direct financial or staffing implications arising out of this report.

## **6. EQUAL OPPORTUNITIES IMPLICATIONS**

- 6.1 There are none arising directly from this report.

## **7. HUMAN RIGHTS IMPLICATIONS**

- 7.1 There are none arising directly from this report.

## **8. LOCAL AGENDA 21 IMPLICATIONS**

- 8.1 There are none arising directly from this report.

## **9. COMMUNITY SAFETY IMPLICATIONS**

- 9.1 There are none arising directly from this report.

## **10. PLANNING IMPLICATIONS**

- 10.1 There are none arising directly from this report.

## **11. LOCAL MEMBER SUPPORT IMPLICATIONS**

- 11.1 There are no particular implications for any Members or wards arising out of this report.

## **12. BACKGROUND PAPERS**

- 12.1. Value for Money Profiles - Audit Commission - April 2009.
- 12.2. Operational Efficiency Programme – HM Treasury – April 2009.

## **13. RECOMMENDATION**

- 13.1 That Cabinet considers the findings outlined within the report.

IAN COLEMAN  
DIRECTOR OF FINANCE

FNCE/300/09

## APPENDIX A1

### **Audit Commission Value For Money Profiles 2008/09**

#### **Profile Description**

Council Tax Collection and administration.

#### **Performance per Audit Commission Profile (e.g. high cost, highest quartile etc)**

High cost but good collection rates.

#### **Basis of indicator (e.g. cost divided by population)**

Cost of Council Tax administration divided by head of population compared with collection rates and deprivation index.

#### **Source of indicator information (e.g. RA return, Sec 52, ONS population, etc)**

BV9 (up to 31/3/08)

#### **Lead Department for indicator**

Finance

#### **Any alternative Performance indicators for this area**

Cost of collection per dwelling, (a more relevant comparator for a property based tax) and cost of collection ranked against deprivation criteria.

#### **Reasons for performance (e.g. Council policies, definition basis etc)**

- Indicator definition is simplistic.
- Deprivation levels impact on collection levels.
- Cost of operating Fair Debt policy is £80,000 per annum and delivers up to £200,000 extra income.
- Cost of local pensioner discount policy to 7,000 over 75's is £260,000 per annum.

#### **Actions undertaken (if any) to improve performance/costs**

- New IT system has produced savings of £154,000 IT and £330,000 staffing costs per annum in tax and benefit administration costs
- Member of IPF benchmarking club with 135 members.
- Further increase in Direct Debit take up and use of e-citizen web access will help reduce direct administrative costs.
- Report to Cabinet 7 February 2008 VFM Comparisons benefits service
- High level of collection continues.

#### **Planned future actions to be undertaken**

On-going budget review/cost control

## **Audit Commission Value For Money Profiles 2008/09**

### **Profile Description**

Administration of Housing and Council Tax Benefit

### **Performance per Audit Commission Profile (e.g. high cost, highest quartile etc)**

High cost but relatively good processing time

### **Basis of indicator (e.g. cost divided by population)**

Cost of HB administration divided by head of population, compared with speed of processing new HB/CTB claims amongst similar authorities.

### **Source of indicator information (e.g. RA return, Sec 52, ONS population, etc)**

RA return and BV78 a performance indicator

### **Lead Department for indicator**

Finance

### **Any alternative performance indicators for this area**

A weighted caseload basis as used by the DWP. This reflects additional cost per type of claim. Wirral has higher than average private tenant cases which are more complex.

### **Reasons for performance (e.g. Council policies, definition basis etc)**

- Indicator definition is simplistic and does not take account of complexity of cases.
- Private tenant cases are more complex and costly to administer.
- Deprivation levels impact on claimant levels.
- Statutory Service with extremely limited scope for reducing benefit levels which impact on administration costs.

### **Actions undertaken (if any) to improve performance/costs**

- New IT system has produced savings of £154,000 IT costs and £330,000 staffing costs per annum in benefit and tax administration costs
- Use of e-citizen web access and use of Government Connect access will help reduce direct administrative costs
- Continued work of anti-fraud team to reduce fraudulent claims will benefit costs of administration
- Report to Cabinet 7 February 2008 VFM Comparisons benefits service
- Unit costs as opposed to costs per capita remain low.

### **Planned future actions to be undertaken**

On-going budget review/cost control

**Audit Commission Value For Money Profiles 2008/09**

**Profile Description**

Discretionary Rate Relief

**Performance per Audit Commission Profile (e.g. high cost, highest quartile etc)**

Amounts awarded higher than in other LA's

**Basis of indicator (e.g. cost divided by population)**

Sum of Discretionary Rate Relief awarded

**Source of indicator information (e.g. RA return, Sec 52, ONS population,etc)**

NNDR 3

**Lead Department for indicator**

Finance

**Any alternative Performance indicators for this area**

Collection Levels (BV10 up to 31/3/08). Awards as % of total debit.

**Reasons for performance (e.g. Council policies, definition basis etc)**

- Indicator definition simplistic and not recognising local policy decisions or level of occupation by relevant organisations
- Council policy to award maximum level for top up relief to mandatory relief organisations and discretionary relief awards reflects Government view of being generous to small clubs and voluntary organisations.
- Low level of take up of Community Amateur Sports Club status which would move 80% of award into mandatory relief (this is a national issue)

**Actions undertaken (if any) to improve performance/costs**

- 10 January 2008 decision to remove some organisations from discretionary rate relief is now in effect .
- Report to Cabinet 7 February 2008 VFM Comparisons NNDR Discretionary Rate relief awards

**Planned future actions to be undertaken**

On-going budget review/cost control

**Audit Commission Value For Money Profiles 2008/09**

**Profile Description**

Special Education Needs (SEN)

**Performance per Audit Commission Profile**

High cost

**Basis of indicator**

Cost / 3:19 pupils

**Source of indicator information**

Section 52

**Lead Department for indicator**

CYPD

**Any alternative Performance indicators for this area**

Comparison with OFSTED statistical neighbours – Wirral's spend is similar to above

**Reasons for performance**

- There is a high level of central provision in Wirral.

**Actions undertaken (if any) to improve performance/costs**

- Consultation with schools regarding statement values and delegation levels

**Planned future actions to be undertaken**

- Implementation of outcome of consultation as agreed by Cabinet.
- This will result in increased costs over the 3 year funding period.

**Audit Commission Value For Money Profiles 2008/09**

**Profile Description**

Looked After Children

**Performance per Audit Commission Profile**

High number / high cost

**Basis of indicator**

Children Looked After (0 -17) per 10,000 population.

**Source of indicator information**

903 return

**Lead Department for indicator**

CYPD

**Any alternative performance indicators for this area**

None

**Reasons for performance**

- Historically low levels of Social Workers, low spend on family support and high levels of children in care with a child protection plan protection.

**Actions undertaken (if any) to improve performance/costs**

- Embed CAF / team around the child / Area Teams
- Implement revised managerial structure
- Safely reduce the numbers of children placed in independent sector residential provision, particularly those out of borough.

**Planned future actions to be undertaken**

Planned safe reduction of LAC to local authority average.

## **Audit Commission Value For Money Profiles 2008/09**

### **Profile Description**

Strategic Management / Pension Costs

### **Performance per Audit Commission Profile**

High quartile

### **Basis of indicator**

Cost / 3:19 pupils

### **Source of indicator information**

Section 52

### **Lead Department for indicator**

CYPD

### **Any alternative Performance indicators for this area**

Comparison with OFSTED statistical neighbours – Wirral's spend is slightly above average and DCSF Local Authority Benchmarking Tables – Wirral's spend is similarly slightly higher than the Met. average for 2008-09

### **Reasons for performance**

- Strategic management includes pension costs. In overall terms strategic management has reduced from high in 2007/08 to only slightly above the average within the group of nearest neighbours. Pension costs reflect past decisions regarding school provision reviews.

### **Actions undertaken (if any) to improve performance/costs**

- Efficiency savings have significantly reduced costs in 2008-09
- Accounting policy changes in 2009/10 will result in pension costs for Children's Services being held centrally alongside other pension costs. Whilst not resulting in any cost reduction this may result in Wirral's strategic management profile being below average whilst the VFM children's pension indicator may cease to exist.

### **Planned future actions to be undertaken**

- Continued efficiency savings
- Achieve consistency of approach in the assignment of Pension Increase costs

**Audit Commission Value For Money Profiles 2008/09**

**Profile Description:**

Adults with Mental Health problems £'s per head

**Performance per Audit Commission Profile (e.g. high cost, highest quartile etc):**

In 2008/09 Wirral's budgeted spend on Mental Health Services was £42.03 per person aged 18-64 compared with an average of £35.41. Wirral currently ranks 5th highest, an improvement on last years ranking of 3rd highest. Spend per person in 2007/08 was £42.6 against an average of £31.92. This represents a reduction in budgeted spend of 1.3% against an average increase for the group of 10.9%. Expenditure for 2008/9, as reported in the PSSEX1 return, was slightly lower than budgeted giving an actual spend per head of £41.24 .

Wirral ranks joint highest in the group in terms of the average number of people supported in residential/nursing care at 8 per 10,000 population aged 18-64 and the number receiving home care at 0.9 per 1,000 population aged 18-64. The comparator group average is 4.9 and 0.34 respectively.

**Basis of indicator (e.g. cost divided by population):** Cost divided by population aged 18 to 64

**Source of indicator information (e.g. RA return, Section 52 ONS population stats etc):** Revenue Account Budgets 2008/09, ONS Population statistics.

**Lead Department for indicator:** DASS

**Any alternative performance indicators for this area:**

**Reasons for performance (e.g. Council policies, definition basis etc):**

- Council policy to set eligibility criteria for services under FACS at *substantial and critical*
- Health Services in Wirral show a different pattern with NHS Wirral spending less on Mental Health Services than its comparators.
- Wirral still funds too many people in residential care, but it will take time to change the profile. 85% of residential and nursing care placements for adults with Mental Health problems are outside the Borough due to a lack of capacity and suitable provision within Wirral.
- In 2008/09 Wirral paid above the NW average fee levels for residential and nursing care. This has been addressed through the renegotiation of residential and nursing contracts for 2009/10 bringing Wirral rates in line with those paid by other North West Authorities.

**Actions undertaken (if any) to improve performance/costs:**

- In 2008/09 Wirral paid above the NW average fee levels for residential and nursing care. This has been addressed through the renegotiation of residential and nursing contracts for 2009/10 bringing Wirral rates in line with those paid by other North West Authorities. Total savings for 2009/10 are estimated at £1.1m.
- The Department has renegotiated its contracts for Supported Living for 2009/10 using a Fair Price Model. Estimated overall savings are £600k.
- Domiciliary care contracts have also been renegotiated for 2009/10 and a standard fee rate implemented for all contracted providers.
- The Department restructured its Access & Assessment fieldwork teams in 2008/9, reducing the number Social Workers and changing the skill mix of staff. This should reduce assessment costs in 2009/10.
- A Review Team has been established within each of the Localities to focus on reviews.
- The development of Locality based, integrated services will mean more people access low level, preventative support rather than rely on statutory services.
- There has been an increase in the use of assistive technology, with additional funding from NHS Wirral, which is likely to impact in this area.

**Planned future actions to be undertaken:**

- The Department is developing Personal Budgets and is currently running a pilot with 17 individuals. It is proposed that phase 2 of the pilot will commence in November 2009 and tested on a minimum of 10% of people receiving community based services. The intention for phase 3 would be to roll out the new system and processes from August 2010. Indications from the pilot sights across the country evidenced that people who use services were making more efficient and effective use of their budget than may have been the case under current arrangements but no significant increase or decrease of expenditure has been reported to date.

**Audit Commission Value For Money Profiles 2008/09**

**Profile Description:**

Adults with Physical & Sensory Disabilities £'s per head

**Performance per Audit Commission Profile (e.g. high cost, highest quartile etc):**

In 2008/09 Wirral's budgeted spend on services for people with Physical Disabilities aged 18-64 was £60.35 per person against an average for the group of £48.96. Budgeted expenditure in 2007/08 was £55.58 against an average of £43.52. Although 2<sup>nd</sup> highest in the comparator group this represents an 8.5% increase from 2007/08 against an average increase of 12.5%. Expenditure for 2008/9, as reported in the PSSEX1 return, was significantly lower than budgeted giving an actual spend per head of £54.56.

Wirral ranks 2<sup>nd</sup> highest (the same ranking as 2007/08) in terms of the average number of people supported in residential/nursing care at 6.1 per 10,000 population aged 18-64 compared to a group average of 4.4. Wirral also ranks 8<sup>th</sup> highest in terms of the number of people helped to live at home per 1,000 population aged 18-64 at 3.1 compared to a group average of 3.2.

**Basis of indicator (e.g. cost divided by population):** Cost divided by population aged 18 to 64

**Source of indicator information (e.g. RA return, Section 52 ONS population stats etc):** Revenue Account Budgets 2008/09, ONS Population statistics.

**Lead Department for indicator:** DASS

**Any alternative performance indicators for this area:**

**Reasons for performance (e.g. Council policies, definition basis etc):**

- Council policy to set eligibility criteria for services under FACS at *substantial and critical*.
- Wirral still funds too many people in residential care but it will take time to change the profile. 34% of residential and nursing care placements for adults with Physical & Sensory Disabilities are outside the Borough due to a lack of capacity and suitable provision within Wirral.

**Actions undertaken (if any) to improve performance/costs:**

- In 2008/09 Wirral paid above the NW average fee levels for residential and nursing care. This has been addressed through the renegotiation of residential and nursing contracts for 2009/10 bringing Wirral rates in line with

those paid by other North West Authorities. Total savings for 2009/10 are estimated at £1.1m.

- The Department has renegotiated its contracts for Supported Living for 2009/10 using a Fair Price Model. Estimated overall savings are £600k.
- Domiciliary care contracts have also been renegotiated for 2009/10 and a standard fee rate implemented for all contracted providers.
- The Department restructured its Access & Assessment fieldwork teams in 2008/9, reducing the number Social Workers and changing the skill mix of staff. This should reduce assessment costs in 2009/10.
- A Review Team has been established within each of the Localities to focus on reviews.
- The development of Locality based, integrated services will mean more people access low level, preventative support rather than rely on statutory services.
- There has been an increase in the use of assistive technology, with additional funding from NHS Wirral, which is likely to impact in this area.

**Planned future actions to be undertaken:**

- The Department is developing Personal Budgets and is currently running a pilot with 17 individuals. It is proposed that phase 2 of the pilot will commence in November 2009 and tested on a minimum of 10% of people receiving community based services. The intention for phase 3 would be to roll out the new system and processes from August 2010. Indications from the pilot sights across the country evidenced that people who use services were making more efficient and effective use of their budget than may have been the case under current arrangements but no significant increase or decrease of expenditure has been reported to date.

## APPENDIX A9

### **Audit Commission Value For Money Profiles 2008/09**

#### **Profile Description**

Sport and Recreation

#### **Performance per Audit Commission Profile (e.g. high cost, highest quartile etc)**

Shown as high cost.

#### **Basis of indicator (e.g. cost divided by population)**

Cost of Sport and Recreation service divided by head of population.

#### **Source of indicator information (e.g. RA return, Sec 52, ONS population, etc)**

CIPFA returns

#### **Lead Department for indicator**

Regeneration

#### **Any alternative performance indicators for this area**

None – see comment below

#### **Reasons for performance (e.g. Council policies, definition basis etc)**

RA return figures include costs of £1.1million+ for community services £300K for Halls and £300K for beach lifeguard service. Other authorities may either not have these costs or account for these in other categories outside of Sport and Recreation. Wirral also has a high number of sports centres than others in grouping  
Free swimming initiatives also result in lost income and subsequent higher costs

#### **Actions undertaken (if any) to improve performance/costs**

#### **Planned future actions to be undertaken**

Review of cost classifications to ensure costs are allocated against most appropriate lines within RA return.

## APPENDIX A10

### **Audit Commission Value For Money Profiles 2008/09**

#### **Profile Description**

Supporting People £s per head

#### **Performance per Audit Commission Profile (e.g. high cost, highest quartile etc)**

Shown as high cost. However further analysis reveals that Wirral was 6<sup>th</sup> out of 16 authorities with 3 other authorities with costs only slightly below Wirral's.

#### **Basis of indicator (e.g. cost divided by population)**

Supporting people cost divided by head of population.

#### **Source of indicator information (e.g. RA return, Sec 52, ONS population, etc)**

RA return

#### **Lead Department for indicator**

Regeneration

#### **Any alternative performance indicators for this area**

Costs of support per client unit are below average except in very limited cases

#### **Reasons for performance (e.g. Council policies, definition basis etc)**

Measure is simplistic i.e. grant funded expenditure divided by population. Level of government grant largely determines level of expenditure

#### **Actions undertaken (if any) to improve performance/costs**

#### **Planned future actions to be undertaken**

Reduction in costs would result in reduced service provision and loss of grant in 2009/10.

**Audit Commission Value For Money Profiles 2008/09**

**Audit Commission VFM Profile Description:**

Cost of waste Collection per head of population

**Performance per Audit Commission Profile**

Third highest costs when compared to our “nearest neighbours” Second highest in 2007/08. The profile has Wirral £26.90 per head (£25.63 in 2007/8) against an average of £21.78 (£20.79 in 2007/08). The lowest cost reported was £13.53 (£13.60) and the highest was £28.05 (£27.92).

**Basis of indicator**

Cost of waste collection divided by total population

**Reasons for high waste collection costs**

Investment in waste infrastructure to improve recycling and composting performance to include revenue costs of 500K per annum for supply of recycling containers. Some local authorities will have lower annual costs of waste collection as they have no revenue implications due to past capital investment in infrastructure.

The new Environmental Streetscene Contract to deliver improvements in environmental quality and waste collection is an additional 3 million pounds/ annum. This recent procurement exercise demonstrated current market value for money.

In 2007/8 and 2008/9 Wirral did not charge residents for some waste services that we may legally levy a charge. This included garden waste collections and bulky waste collections, and waste container provision. Other Councils in the nearest neighbour group charge for some or all of these services, or have limited services available.

It is not possible to draw meaningful “value for money” assumptions for comparison data of other local authorities available from best value PI’s and waste data flow information. This is primarily due to the significant differences in service delivery methodology and the way local authorities calculate PI’s. Waste collection costs are typically calculated differently by different LA’s, meaning it is not a true comparable PI of value for money. For example, the apportionment of costs and charging of overheads back to activity centres is a common problem when making financial comparisons (Supported by research done by Coombs & Jenkins, 2002). I recently visited a small district council on behalf of APSE to audit their 07/08 APSE submissions and found that their management costs were under reported by over £120,000 due to incorrect apportionment of costs between Waste Collection,

Transport and Grounds Maintenance. In addition, when I examined their low “agency staff” expenditure, it became apparent that total staffing costs were suppressed as employees from other service areas were often drafted in to carry out waste collection duties in order to cover staff absence. The effect on the outputs of other services as a result of re-distributing staff would not be factored through this VfM profile.

Technical Services have attempted to compare costs between Nearest Neighbours, but only 4 out of 16 Councils in the group responded to requests for information. In many cases, the information was inconsistent with Waste Data Flow Returns, and therefore deemed unreliable. Finally, the Audit Commission figures do not take into account of related disposal costs. More effective recycling schemes may reduce disposal costs (as in Wirral’s case). The amount of investment in collection infrastructure will significantly impact on disposal and treatment costs not taken into account in these figures. Conversely, higher investment in treatment and disposal solutions may result in lower collection costs.

### Summary of VfM Analysis

The Audit Commission Value For Money Profile for 2007/08 had Wirral as having the third highest waste collection costs in its Nearest Neighbour grouping. With just several examples using the 2007/08 data, I can demonstrate that the reported figure of £25.63 could easily have been reduced to around £12.98 when making direct comparisons between other districts, moving Wirral from bottom end of the table to the very top. Furthermore, this exercise has demonstrated how it is possible to have such a large variation in waste collection costs between districts.

Potential reduction in costs of waste collection per head of population	
<b>07/08 cost of waste collection (Audit Commission)</b>	<b>£25.63</b>
<b>Issue</b>	<b>Reduction to cost</b>
Data error	£1.72
Capitalisation of wheeled bins	£1.51
Apportionment of costs – staff/comms budget	£0.98
Charge for bulky waste services	£1.70 (Now implemented)
Isolate costs of non-household waste collection from Council complexes	£0.25
Charge for Garden Waste Services	£5.45
Charge for replacement bins (+ bins to new-builds)	£0.56
Charge schools and other schedule 2 establishments for collection of household waste/ recycling	£0.30
Total reduction in cost of waste collection per head of population	£12.56
<b>Revised cost of waste collection</b>	<b>£12.98</b>

## **Actions undertaken to improve Wirral's own VfM performance**

The implementation of the new Environmental Streetscene Contract has resulted in a stepped improvement in recycling performance that has already resulted in significant positive impacts on the waste disposal levy. The increase in the Merseyside Waste Disposal Levy was 15.4%. Wirral's proportion of the levy for 2008/9 is only projected to increase by 11.4%.

Merseyside Districts have developed an inter authority agreement that will allow us to review the levy mechanism. Wirral Council welcome this review. In particular Wirral are keen to examine whether districts gaining from the sale of recyclates from kerbside sort operations are costing the partnership more as they are not making use of facilities available to them through the disposal contract. Currently, capacity at the only available MRF is full so this is not an issue. However, when the second MRF is built, the financial benefits for the partnership can only be maximised if all districts opt to use the MRF (or capacity is secured from elsewhere). Districts collecting co-mingled recycling share their income via the levy, in order to offset MRF running costs. The levy review must investigate whether the distribution of this income is fair and justified.

Since the award of the new Streetscene and Waste Contract in June 2006, Technical Services has identified 250k of waste collection efficiency savings, despite experiencing a growth in demand for some core aspects of the service. A further Value Engineering report is due to be presented at Cabinet in November 2009, identifying options leading to a further 400K of efficiency savings. From 2009/10 charges were introduced for bulky waste collections, saving approximately £485K per annum.

Wirral Council are part of a North West Consortium for joint procurement of wheeled bins, securing the lowest possible price for bins saving Wirral over £500K.

The procurement exercise for a new Garden Waste Treatment Facility has recently concluded. This has resulted in an annual saving of one RCV and crew (164K) due to securing a local delivery point. We will also expect a net annual saving of 50K on gate fee costs. In addition, there is more additional capacity on the new rounds to allow additional properties to be added to the service at no extra cost.

When comparing recycling and composting performance of our Nearest Neighbour Group, only five out of 16 other local authorities have reported a higher recycling performance for 2007/8 than Wirral. Continuing to improve recycling rates with the new investment will save the Council millions of pounds in future years on waste disposal costs.

## **Future Considerations for reducing costs of waste collection**

Most local authorities operate some form of trade waste collection service. All net income from these operations can be used to offset household waste collection costs. Wirral Council does not operate a commercial waste collection service in house, or out-sourced via the Environmental Streetscene Contract. Wirral may wish to consider offering this service in future, especially for the collection of recyclable waste, in order to take advantage of this income stream. A House of Commons

Report published in August 2008 recommends Council's consider increasing collections of recycling to the commercial sector. The tonnage of waste sent to landfill, disposal costs and LATS risk linked to this service will need to be considered.

The Service needs to consider its current position of offering free waste collection services to Council buildings and Schools, which falsely inflate the cost of waste collection per household.

The Council may wish to consider whether or not they continue to offer free garden waste collections. A full analysis on the effect of a range of indicators, including climate change indicators will need to be completed.

The most effective way of reduce the financial burden of waste collection and disposal is not to have to collect it in the first place. The Council, in partnership with the MWDA and other Merseyside Districts should develop a long term Waste Prevention Strategy and take the opportunity through the Joint Municipal Waste Management Strategy to re-prioritise this area of waste strategy.

The Merseyside Waste Partnership are seeking to join a purchasing consortium for the provision of low cost compost bin containers to residents, based on a Nation Procurement Framework currently being developed.

A study commissioned by the Waste Partnership, and supported by WRAP is to be carried out in 2010 to investigate joint procurement opportunities for the collection of food waste, should districts commit to segregating this waste stream in future.

## **Audit Commission Value For Money Profiles 2008/09**

### **Profile Description**

Home Office Services – Emergency Planning

### **Performance per Audit Commission Profile (e.g. high cost, highest quartile etc)**

Emergency planning costs are within Home Office services along with Police, Fire and Court services' costs because they relate to spending by the council on activities that support spending on protecting public safety by other public bodies.

### **Basis of indicator (e.g. cost divided by population)**

Cost of Local Authority Emergency Planning provision divided by head of population.

### **Source of indicator information**

No national indicator for emergency planning. Spend taken from estimates submitted by councils, the Department for Communities and Local Government (DCLG).

### **Lead Department for indicator**

Technical Services

### **Any alternative performance indicators for this area**

National Performance Indicator NI37. This is part of the new Place Survey. The new indicator will provide a % return ranging from very well informed to not very well informed.

### **Reasons for performance (e.g. Council policies, definition basis etc)**

1. The indicator is based on planned spend for the entire Health, Safety & Resilience Team which includes corporate health and safety, Construction, Design and Management Co-ordinators, Legislative Compliance and Environmental management officers as well as Emergency Planning Officers.
2. The actual costs of the emergency planning service have been assessed as £259,901. An attempt has been made to gather as much comparison data as possible from the Comparison Group and the 7 returns show a range of Emergency Planning spend from £102,000 to £492,000 (this is for a unit that services 3 other LA's). Wirral's costs appear to be in line.
3. Wirral's costs reflect the Chief Executive and Health, Safety & Resilience Operations Manager representing Merseyside at Regional and Local Resilience Fora and respective Working Groups and the fact that Wirral has 3 top tier COMAH sites within its district and these require an increased amount of budget to ensure that we are legally compliant.

### **Actions undertaken (if any) to improve performance/costs:**

1. Review underway of the possibility of a merged (shared-service) emergency planning function for Merseyside.

### **Planned future actions to be undertaken**

On-going budget review/cost control