

WIRRAL COUNCIL

CABINET

3 SEPTEMBER 2009

REPORT OF THE DIRECTOR OF FINANCE

VALUE FOR MONEY PROFILES 2008/09

1. EXECUTIVE SUMMARY

- 1.1 This report provides details of the 2008/09 Audit Commission Value for Money profile of Wirral compared with its nearest neighbours. The nearest similar neighbour methodology makes it possible to identify councils with similar demographic features.

2. BACKGROUND

- 2.1 The 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 assessed this as part of the Comprehensive Performance Assessment (CPA) process with Wirral rated as 2 (adequate performance). The 2009 assessment under the Comprehensive Area Assessment (CAA) is presently being undertaken.
- 2.2 The Audit Commission provides value for money profiles that attempt to show how the costs of services compare to other local 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 judgement of value for money.
- 2.3 The value for money profile tool 2009 includes planned spending data for 2008/09 and performance data for 2007/08 wherever possible. Changes include the revised population estimates for 2007 produced by the Office of National Statistics. The comparison group of nearest neighbours remains unchanged from the 2007 grouping with Wirral being one of sixteen local authorities in its neighbour grouping.

3. AUDIT COMMISSION PROFILES

- 3.1 The profiles are only a tool for indicating possible areas for investigation and 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.

3.2 Cabinet has previously received reports of the results of the 2006/07 and 2007/08 Audit Commission profiles. These reports have shown a number of consistent areas where using the Audit Commission criteria the Authority appears to have high costs compared with its neighbouring group. From this a series of internal challenge sessions were undertaken to investigate the variances. Following the 2007/08 report a detailed report with supporting proformas was submitted to Cabinet on 25 September 2008 explaining reasons for the variations.

3.3 Cabinet on 25 September 2008 received details from Chief Officers on the following areas for investigation highlighted by the 2007/08 Audit Commission profiles:-

Lead Department	Profile Title
Finance	Council Tax collection and administration Administration of Housing and Council Tax Benefit Discretionary rate relief
Children & Young People	Special educational needs Children's social care Looked after children Strategic management/Pension costs
Adult Social Services	Older people's services Adults with learning disabilities Adults with mental health needs Adults with physical and sensory disability Service strategy
Technical Services	Waste collection Home Office services – Emergency planning
Corporate Services/ Regeneration	Economic and community development
Regeneration	Sport and Recreation

3.4 Cabinet was reminded that the Audit Commission tool is one of the ways of helping to address value for money which seeks to measure that:-

- Costs compare well with others as measured through Audit Commission profiles, CIPFA statistics and other benchmarking assessments
- Costs are commensurate with service delivery, performance and outcomes achieved in that the money allocated is producing the best results in terms of service delivery
- Costs reflect policy decisions in that high costs may be recognised as being the result of a Council decision
- The Council monitors and reviews value for money on a regular basis and this is embedded within the culture of the organization.

- The Council has improved value for money and achieved efficiency gains which exceed the Annual Efficiency Statement target. From 2008 the VFM gains are subject to National Performance Indicator NI 179 and are currently ahead of schedule
- Procurement and other spending decisions take account of full long-term costs
- The Council continually learns from best practice

3.5 A value for money pro-forma was produced to assist in providing a coordinated consistent approach to the issues raised by the profiles and to provide an audit trail and evidence for value for money. In terms of individual indicator 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)

3.6 The report to Cabinet on 25 September 2008 also highlighted a series of planned actions which were likely to improve the value for money position and/or result in improvements to the profiles.

3.6.1 Areas identified as high cost, although reducing, and where additional work and initiatives are being undertaken to improve costs are primarily within Adult Social Services and Children & Young People in respect of care services. Work being undertaken to address these areas which involves the Council working with other agencies including the Wirral Primary Care Trust and external providers includes:-

Adult Social Services

- Reform of out-of-home services
- Review of home care provision
- Renegotiation of residential and nursing home contracts
- Reduction in management and support costs
- Development of locality based integrated services
- Development of individual budgets

Children & Young People

- Continuing reduction in out of borough child placements
- Continuing work on preventative approach for looked after children
- On going budget reviews and programme of cost reduction
- Extension of the child concern model

- 3.6.2 New IT developments, extension of direct debit take up and continuing anti-fraud measures would assist in reducing Council and Housing Benefit administrative costs.
- 3.6.3 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.
- 3.7 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 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.
- 3.8 With profiles based solely on cost per population the factoring in of the level of actual performance may help prove value for money. For example, waste collection costs per head are high compared to the comparator group but the volume of waste collected is higher as is the recycling rate which reflects the new waste collection arrangements. In the case of Council Tax the collection rate is high which needs to be taken into account when considering the perceived high cost of collection.

4. AUDIT COMMISSION 2008/09 VALUE FOR MONEY PROFILES

- 4.1 The full Audit Commission 2008/09 Value for Money profile report for Wirral comprises 87 pages and contains a wide range of indicators. These indicators both bench mark performance externally with other similar councils but also internally with profiles based over time periods.
- 4.2 An analysis was undertaken of the profiles to identify variances. This year the variance analysis has been extended to also identify areas where the Authority is showing as low cost compared to similar authorities. Examining areas of low cost may provide a rounder view of the Authority. It is possible for example, that different accounting treatment between local authorities may result in linked indicators showing high and low costs for the Authority but when put together result in only an average cost. An emphasis only on high cost areas may miss this.

- 4.3 Although there are some improvements in particular indicators, the analysis continues to highlight a number of familiar high cost areas. The reasons for these costs have been investigated and reported to Members in previous reports. The profiles should only be viewed as a tool for meriting further investigation and not as a final arbiter of the achievement of value for money. It may therefore be the case that for the reasons outlined above some of these areas will continue to be high cost in the future and that no further work will alter this fact
- 4.4 The high cost areas identified within the 2008/09 profiles are detailed below. A commentary has been provided comparing the 2008/09 results against previous profiles. Appendix A contains further detail and explanation regarding these profiles and actions being undertaken.

Lead Department	Profile Title	Commentary
Finance	Council Tax collection and administration	as per 07/08
	Administration of Housing and Council Tax Benefit	as per 07/08
Children & YP	Discretionary rate relief	as per 07/08
	Special educational needs	as per 07/08
	Looked after children	as per 07/08
Adult Social Services	Strategic management/ pension costs	SM improved on 07/08 Pensions as per 07/08
	Adults with mental health needs	as per 07/08
Technical Services	Adults with physical and sensory disability	high as in 07/08
	Waste collection	as per 07/08
Corporate Services/ Regeneration Regeneration	Home Office services – Emergency planning	as per 07/08
	Economic and community development	now low quartile high quartile 07/08
	Sport and recreation Supporting people	as per 07/08 per 07/08 grant driven

- 4.5 Profiles which appear to indicate low spend compared to similar authorities were identified as follows:

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

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

4.6 As the lowest quartile indicators are being reported for the first time some further analysis is merited to investigate the reasons for this performance. This could identify certain costs not being included within profiles or alternative accounting treatments explaining the variances. It is possible these could mitigate some of the high cost profiles.

4.7 Several profiles previously categorised as high cost are no longer classed as high cost in the 2008/09 profiles. These are as follows:

Lead Department	Profile Title	Commentary
Children & YP	Children's social care	At mid-point per 07/08
Adult Social Services	Older people's services Adults with learning disabilities Service strategy	Improved to mid point Improved now low Improved to mid point

4.8 The improvement in these profiles reflects the work undertaken by departments to review service provision and costs. Work continues to identify efficiencies and to implement the strategic change programme which may lead to further improvements. The Baby 'P' case will lead to pressure upon Children's Social Care costs, although this is an issue affecting all Local Authorities.

5. ON GOING ACTIONS AND FUTURE DEVELOPMENTS

5.1 The report to Cabinet on 25 September 2008 outlined a series of explanations for high cost variances and also detailed actions being undertaken to ensure value for money was being enhanced. These actions continue and in addition the Authority continues to identify further efficiencies wherever possible.

5.2 The strategic change programme is continuing with a number of separate work streams contained within it. These are intended to provide further efficiencies which will have a positive impact upon later profile results.

5.3 The Authority has joined a recently created benchmarking club for single tier local authorities which is administered by PricewaterhouseCoopers. The club will provide deeper vfm analysis to enable better improvement targeting, access to on-line tools and the opportunity to share best practice.

5.4 It should again be emphasised that the Audit Commission profiles are only a tool for highlighting areas for possible further investigation. They do not determine whether areas are poor value for money and therefore some high cost areas will remain in future profile reports without being a cause for concern.

6. FINANCIAL AND STAFFING IMPLICATIONS

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

7. EQUAL OPPORTUNITIES IMPLICATIONS

7.1 There are none arising directly from this report.

8. HUMAN RIGHTS IMPLICATIONS

8.1 There are none arising directly from this report.

9. LOCAL AGENDA 21 IMPLICATIONS

9.1 There are none arising directly from this report.

10. COMMUNITY SAFETY IMPLICATIONS

10.1 There are none arising directly from this report.

11. PLANNING IMPLICATIONS

11.1 There are none arising directly from this report.

12. LOCAL MEMBER SUPPORT IMPLICATIONS

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

13. BACKGROUND PAPERS

13.1. Value for Money Profiles - Audit Commission - April 2009.

14. RECOMMENDATION

14.1 That Cabinet considers the findings outlined within the report.

14.2 That further investigation be undertaken on the reasons for the low cost profiles.

IAN COLEMAN
DIRECTOR OF FINANCE

VALUE FOR MONEY

SUMMARY OF FINDINGS FROM INVESTIGATION INTO AUDIT COMMISSION PROFILES

Profile Area	Comment	Actions
Council Tax collection and administration	Per dwelling a better measure and collection rates are high. Reflects Council policies on Fair Debt and Pensioner Discount scheme extended in 2009/10.	Note cost performance. Review policies at the appropriate time. Policy to fund extended discounts
Administration of Housing and Council Tax Benefit	Caseload a better measure as DWP uses complexity for allocating grant. Level of deprivation impacts upon claimant numbers. Unit costs per claimant are low.	Note performance by caseload.
Discretionary rate relief	Generous policy in support of local groups and organisations that is subject to regular review.	Note position in profiles. Review policy annually.
Special educational needs	Costs are reducing but scope for substantial reductions is dependent upon revising SEN policy.	Note position in profiles. Review policy at appropriate time.
Children's social care	2008/09 profile shows improvement to mid-point position. Progress made to reduce the numbers and costs with plans for further reductions.	Continued regular updates via Performance Report.
Looked after children	Progress in containing numbers and costs with Council now in median range. But baby 'P' likely to impact on all authorities	Regular reporting and monitoring .
Older people's services	2008/09 profile shows improvement to mid point. Costs are high but plans to reform out-of-home services and renegotiate contracts. Eligibility criteria agreed at substantial and critical.	Continued regular updates via Performance Report. Retain current eligibility criteria.

Adults with learning disabilities	2008/09 profile shows significant improvement to lowest quartile. Costs high and reviewing the supported living contracts with providers. Eligibility criteria agreed at substantial and critical.	Request regular updates via Performance Report. Retain current eligibility criteria.
Adults with mental health problems	Council costs high whilst Wirral PCT spending less than their comparators. Eligibility criteria agreed at substantial and critical.	Request regular updates via Performance Report. Retain current eligibility criteria.
Adults with physical and sensory disability	Costs high and reviewing contracts. Eligibility criteria agreed at substantial and critical.	Request regular updates via Performance Report. Retain current eligibility criteria.
Adult Social Services Service strategy	2008/09 profile shows improvement to mid point. Costs reflect allocation of management costs which has been revised for 2008/09.	Note actions taken.
Children Strategic management / pension costs	Other measures show costs are slightly above average. Pension costs reflect outcomes of Primary Schools review.	Note actions taken.
Waste collection	Performance improved in waste collection and recycling. Costs reflect policies around free bulky waste and garden waste collections. Contract under review for further improvements	Note performance. Confirm policies for bulky waste and garden waste.
Emergency planning	Costs reflect the wider service provided by Wirral which if excluded makes costs compare favourably.	Note.
Economic and community development	Identified costs include additional areas which if excluded the costs are comparable.	Note.
Sport and Recreation	The latest profiles include non-appropriate costs which when removed reduce from high cost area.	Note.
Supporting People	Expenditure is driven by grant funding. Therefore limited impact on bottom line. Efficiencies being generated in line with supporting people framework requirements	Note

AUDIT COMMISSION

VALUE FOR MONEY PROFILE REPORT 2008/09

WIRRAL METROPOLITAN BOROUGH COUNCIL

Authorities used for the Comparison group Nearest Neighbours

Blackpool
Bury
Darlington
Derby C ity
Doncaster
Dudley
Medway
North East Lincolnshire
North Tyneside
Plymouth City
Redcar and Cleveland
Sefton
Southend on Sea
St Helens
Stockton-on-Tees