

APPENDIX E

WAVERLEY BOROUGH COUNCIL

CORPORATE OVERVIEW & SCRUTINY COMMITTEE

16TH NOVEMBER 2009

Title:

SCOPING REPORT – UNIT COSTS AND SERVICE COMPARISON

[Wards Affected: All]

Summary and purpose:

This report asks Members of the Committee to consider and agree the scope of an in-depth review of the unit costs of some of Waverley's key services and functions. The review will aim to build on existing work and develop the comparison of services and unit costs with other organisations to support the identification of further opportunities for service improvements and efficiencies.

How this report relates to the Council's Corporate Priorities:

This report supports the key priority of securing good value for money. This review should also help identify potential service improvements, thus benefiting other Corporate Plan priorities.

Equality and Diversity Implications:

There are no direct implications.

Resource/Value for Money implications:

This scoping report proposes a review that will focus on identifying opportunities to improve value for money. The review will link to the budget setting process and support the development of service plan objectives for 2010/11.

Legal Implications:

There are no direct implications.

Background

1. At its June meeting, the Corporate O&S Committee considered its work programme and discussed subjects for potential in-depth reviews in 2009/10. The Committee considered that the proposal to investigate opportunities for joint and partnership working was very closely related to the suggested value for money review into determining the unit costs of key services. Comparing unit costs of the same or similar services provided by other local authorities would give some indication of where there might be efficiencies to be gained in joint or partnership working and the outcome of this work would inform a wider value for money review.
2. After some discussion, the Committee RESOLVED to undertake an in-depth review that examined the unit costs of key services and compared these with the unit costs of similar or the same services provided by other local authorities; and identified those areas that might benefit from joint or partnership working with other tiers of local government. Officers were asked to produce a scoping report.

Introduction

3. Delivering Value For Money (VFM) is a key priority for Waverley. VFM is a judgement that is based on a combination of factors such as cost, performance, satisfaction, quality and consistency of service. This judgement is often made after comparing to others.
4. The judgement about VFM is made by a range of individuals and organisations including council taxpayers, customers, tenants, local businesses, external inspectors, media, staff and Members.
5. This scoping paper focuses on the importance of understanding the costs of services and, initially, concentrates on 'back-office' and transactional services. However, it is recognised that comparisons of service, cost and performance in certain front-line services can also help identify potential service improvements.

Drivers for this review

- Cost savings and efficiency gains – to meet future pressures on the Council's resources
- To help inform the wider corporate consideration of partnership/joint working, with particular reference to current national and local developments ie. Surrey First* and Total Place projects
- Further Government or Audit Commission pressure/requirement to test services or demonstrate good VFM
- Understanding of costs and comparison is currently patchy across the Council

- To investigate opportunities to make technological improvements
- To identify if other delivery models could improve performance and reduce costs
- The need to improve external perception of value for money

* Surrey First is a project that has recently commenced involving SCC and most of the Surrey district and borough councils with the aim of identifying future opportunities for the joint provision of services, functions and systems across the County.

Initial group of services to analyse

The following services are suggested as the initial group to analyse as they are mainly transactional or process based and they can be broken down into quantifiable sub-functions and compared to others.

- Council Tax and Business Rates
- Payroll
- HR
- IT
- Exchequer – Creditor and debtor processing
- Building Control
- Housing benefit
- Planning application processing

Current/recent unit cost work

6. The accountancy and exchequer functions have detailed benchmarking information on costs, transactions and unit costs. These go back a number of years but Guildford BC, who coordinate this, may struggle to maintain the support in the future (which costs us nothing). Elmbridge have started a Revenues and Benefits comparison group but no data is available yet.
7. Waverley joined an IT benchmarking group coordinated by SOCTIM in 2006-07 and completed the information request but this did not progress and no report was produced. Some comparisons of costs and revenue are undertaken for the building control service.
8. CMT established a 'Meeting the challenge' working group in September to start focusing on specific services. So far, Environmental Health and Building Control have been examined and the respective service heads have been tasked with preparing reports on their costs and activities.
9. Surrey Chief Executives agreed that Woking would head a Joint-working project on behalf of all Surrey authorities and a one-off contribution of £5,000 was paid in March to provide the resources for this exercise.

Specific issues to consider

Key tasks where information is available

- Identify detailed base costs of each service
- Break down key activities
- Analyse transaction numbers from core systems
- Identify and quantify the added-value elements of in-house service eg. flexibility and responsiveness, and assess unnecessary elements
- Identify current performance and customer feedback

Risks and constraints

- Difficulty establishing new comparison partners and agreeing level base. Methodology needs to be well-thought out and comparisons made on a consistent basis
- Difficulty getting comparisons with non-local government providers eg. commercial operators
- Producing accurate analysis of staff activities where time records don't currently exist
- Different accounting and/or presentation of overheads and support costs across comparison partners
- Risk that partners can't maintain support and withdraw figures, thus diluting the comparison
- Providing the resources to maintain the work

How review will be undertaken and proposed timescale

November/December 2009

- CMT identify a lead officer and resources to support service managers to undertake analysis. Consider utilising the Service Improvement Team?
- For each service referred to above, service heads to identify data requirements and gaps
- Service heads to review existing data in place and report to CMT with proposals to fill gaps including how comparison partners will be selected and engaged
- Identify and agree with CMT the key measurable units and service elements for each service
- Inform staff via cascade

January 2010 to March 2010

- Implement any additional data capture required
- Identify all costs and activities of the current service and analyse unit costs, benchmarking with other authorities where possible

- Complete unit costs analysis based on 2008/09 actual costs and 2009/10 and 2010/11 draft budgets.

April/May 2010

- Reports prepared on unit costs and, where possible, activity/performance comparisons for services to the March meeting of Corporate O&S

Recommendations

That the Committee consider the proposed scope of the review of unit costs and service comparisons and instruct officers accordingly

Background Papers (DCEx)

There are no background papers (as defined by Section 100D(5) of the Local Government Act 1972) relating to this report.

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