KPMG

VFM Mapping

Oxford City Council

September 2008

AUDIT

Contents

The context for Value for Money

- The Authority's auditors (the Audit Commission) annually assess the Authority's arrangements over its use of resources. This Use of Resources (UOR) assessment includes an assessment of Value for Money (VFM) in two parts:
  - the Authority's achievement of VFM; and
  - how the Authority aims to improve VFM.
- In the 2007 UOR assessment, Oxford's score for achievement of VFM was 1, the lowest banding, whilst its score for how VFM is developed was 2 – "meeting minimum requirements". Both scores were unchanged since the previous assessment.
- The auditor's assessment of VFM is based on information provided by the Authority and by the Audit Commission. This means that, if there are gaps in performance or financial information, there may be a presumption that VFM is weak.
- Other drivers for improving VFM and how it is achieved include:
  - Efficiency requirements (eg. Comprehensive Spending Review)
  - Desired council tax levels
  - Service planning process
  - Service reviews and audits

Some good processes in place but…

- Different levels of understanding of VFM across service areas

- Level of information varies: some services have a wide range of information whereas others may rely on BVPIs

- Some services proactive in comparing and reporting performance, whereas others may have information which is not reported through to members

- Need to realise the benefits of presenting cost and performance information together to give a picture of VFM

- Need to prioritise management action on those services in an apparently weak position

Our objectives and approach

Objective

- To produce a corporate VFM profile which will enable the Authority to identify target areas for cost/performance improvement
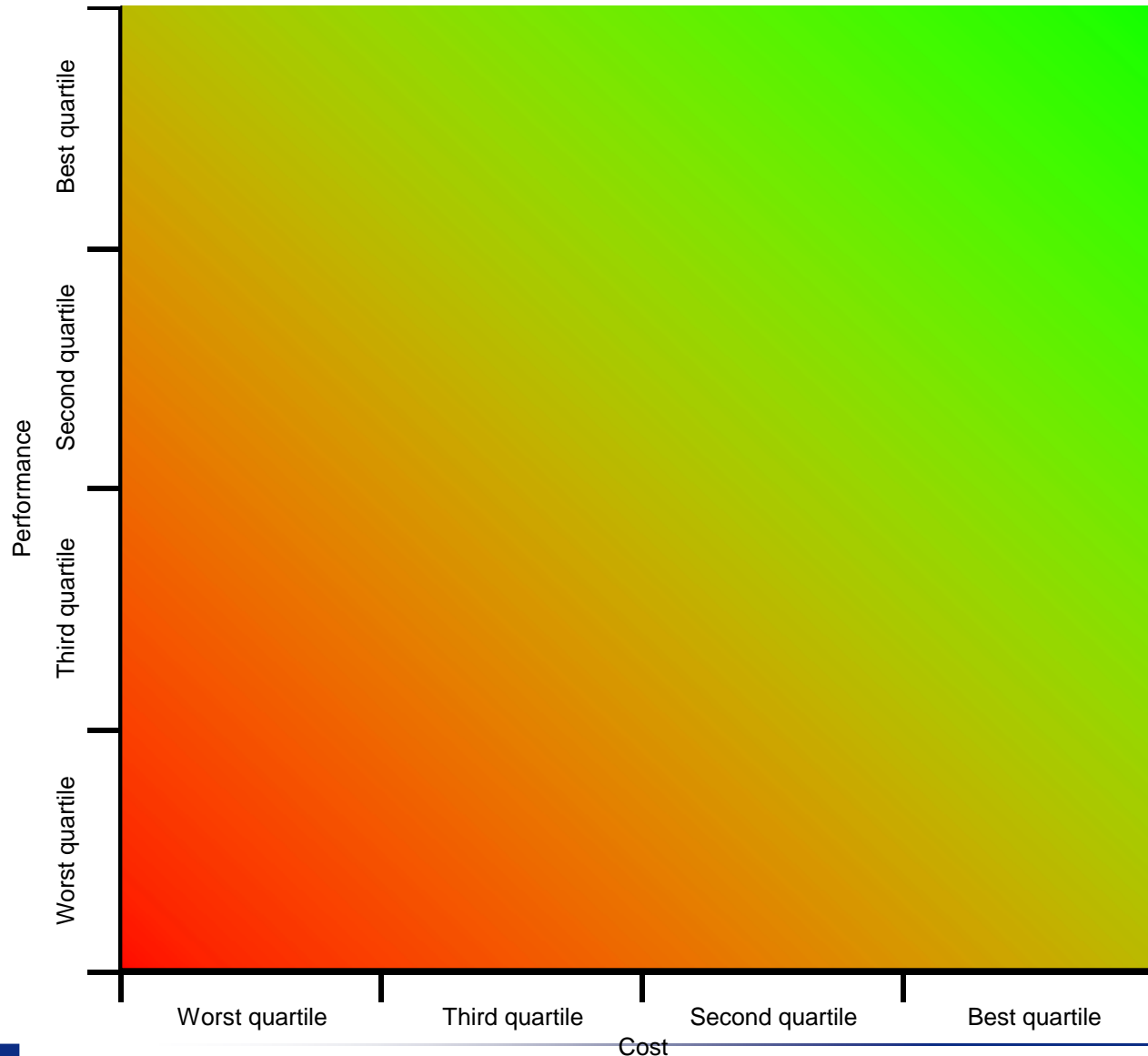
Approach

- Break down costs and performance data available by service
- Identify other publicly available cost and information data
- Plot the relative position of each service to produce a corporate profile

Limitations

- In some areas, the conclusions will be more robust than in others as a result of the extent of information available and the range of indicators used.
- To determine the overall corporate profile, we have made judgements about the relative position of a service based on the basket of indicators used. In some areas, where there is both top and bottom quartile performance, an average has been used.

Our methodology is set out in more detail in Appendix 1.

Corporate VFM profile

Notes

1. Our methodology and approach is set out in Appendix 1.

2. Services which are assessed as providing good VFM will be located in the green areas (top right of graph)

3. The data for some services is more robust than for others

Summary of performance

Overall position:

- Generally, performance comparisons show Oxford in a better light than cost comparisons.

- There is a wide variation in performance between service areas, with some high performing and others poor.

- Costs are generally higher than average, though there are some exceptions.

- There are no services in the best quartile for cost and performance.

Housing – landlord functions:

- Performance is good across rent collection and management/maintenance and the Authority is making progress in addressing the Decent Homes Standard.

- However, costs are above average, particularly for rent collection.

Housing - homelessness

- The costs of the homelessness service per head of population are high, though the Authority's own Housemark benchmarking exercise shows good performance in reducing expenditure. Some aspects of performance have shown good improvement, but lengths of stay are still comparatively long.

Summary of performance

Environment:

- The cost of Waste Collection has increased; however, this investment has already helped recycling performance to improve.

- The costs of the Street Cleansing service are high and both measured performance and satisfaction are below average.

Planning:

- The cost of the planning service is just below average but performance on some indicators has deteriorated in 07/08.

Highways:

- Highways costs are below average, though the costs of concessionary fares are high. This is offset by a high level of income from car parking compared to other districts.

Leisure/culture:

- High level of satisfaction with parks, with costs just above average. Culture and heritage similarly show good satisfaction and usage, with costs below average.

- Sport and recreation facilities are in the highest quartile for cost, with performance below average.
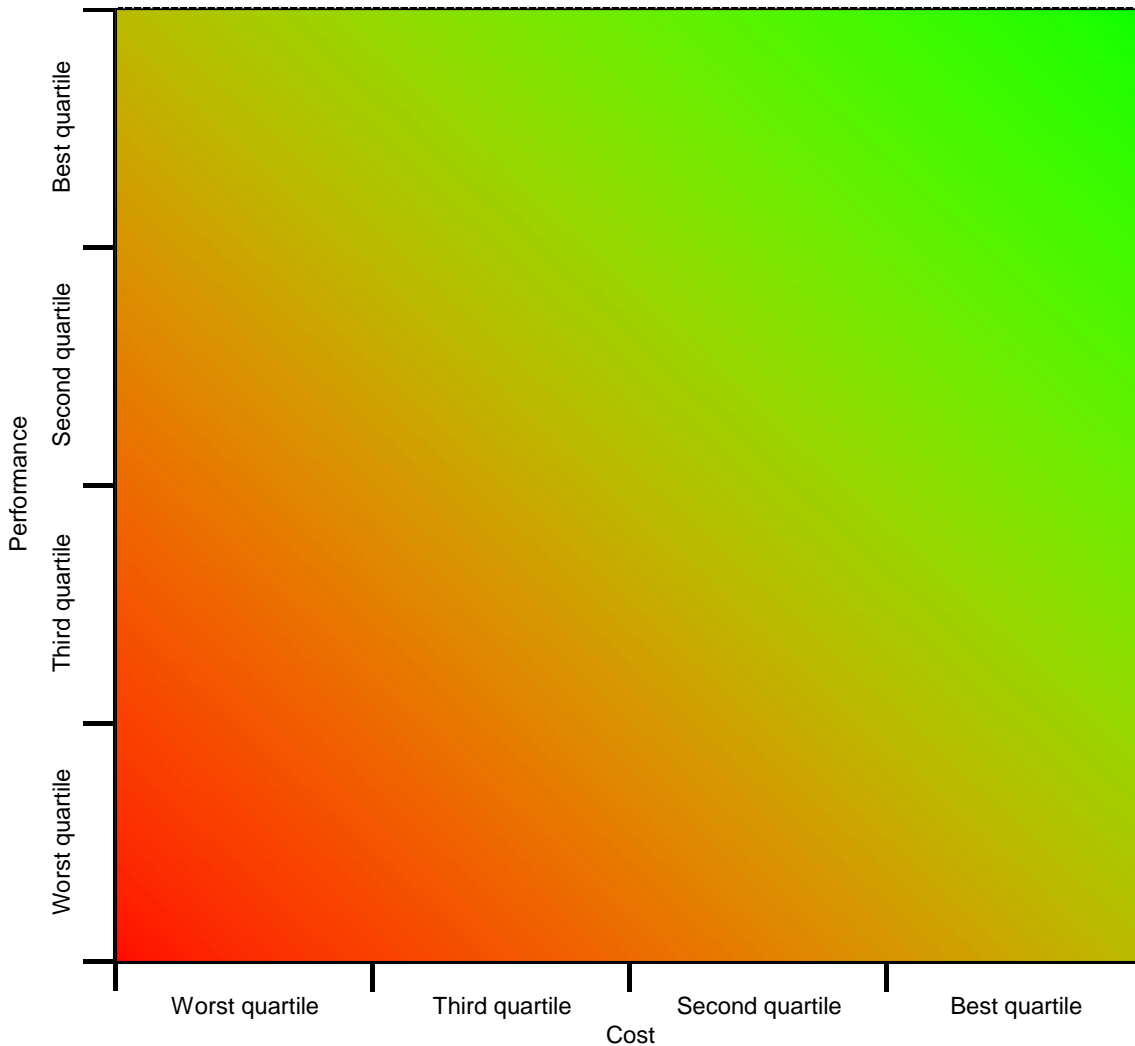
Summary of performance

Benefits and local taxes:

- The Benefits service is close to average for both cost and performance.

- Costs of local tax collection are below average and performance improved in 2007/8 to around average

Support services:

- The cost of the Authority's HR function is below average, but performance is variable – for example, sickness absence remains stubbornly high

- The cost of the finance function is just below average, and the creditor payments section is low cost. Performance varies with very good performance on creditor payments but a poor Use of Resources score

- The ICT service's costs are just above average, though satisfaction with the service is good, with over 80% of staff rating the service good, very good or excellent in an internal survey.

Housing – landlord functions

Key to cost data	Key to performance data:
Rent collection:	
- Cost of rent collection (VFM profile)	- BV66a Proportion of rent collected
	- BV66b Arrears over 7 weeks
	- BV66c NSPs
	- BV66d Evictions
Management and maintenance	
- Weekly cost of management (VFM profile)	- BV212 Average re-let time
	- Satisfaction with repairs (VFM profile)
- Weekly cost of maintenance (VFM profile)	- Time to complete non-urgent repairs
	- Urgent repairs within time limits
Housing capital and decent homes:	
- Decent homes expenditure v number of properties addressed	- BV184a Proportion of non-decent homes
- Planned v responsive repairs	- BV184b Change in proportion of non-decent homes
	- BV063 SAP rating

Commentary

•**Cost direction of travel - housing landlord services: Sustained.** The Authority's costs of maintenance and rent collection have remained static compared to its peers (all authorities comparator). Good progress has been made on rent collection, arrears recovery, void relet times and the Decent Homes Standard.

Housing – homelessness
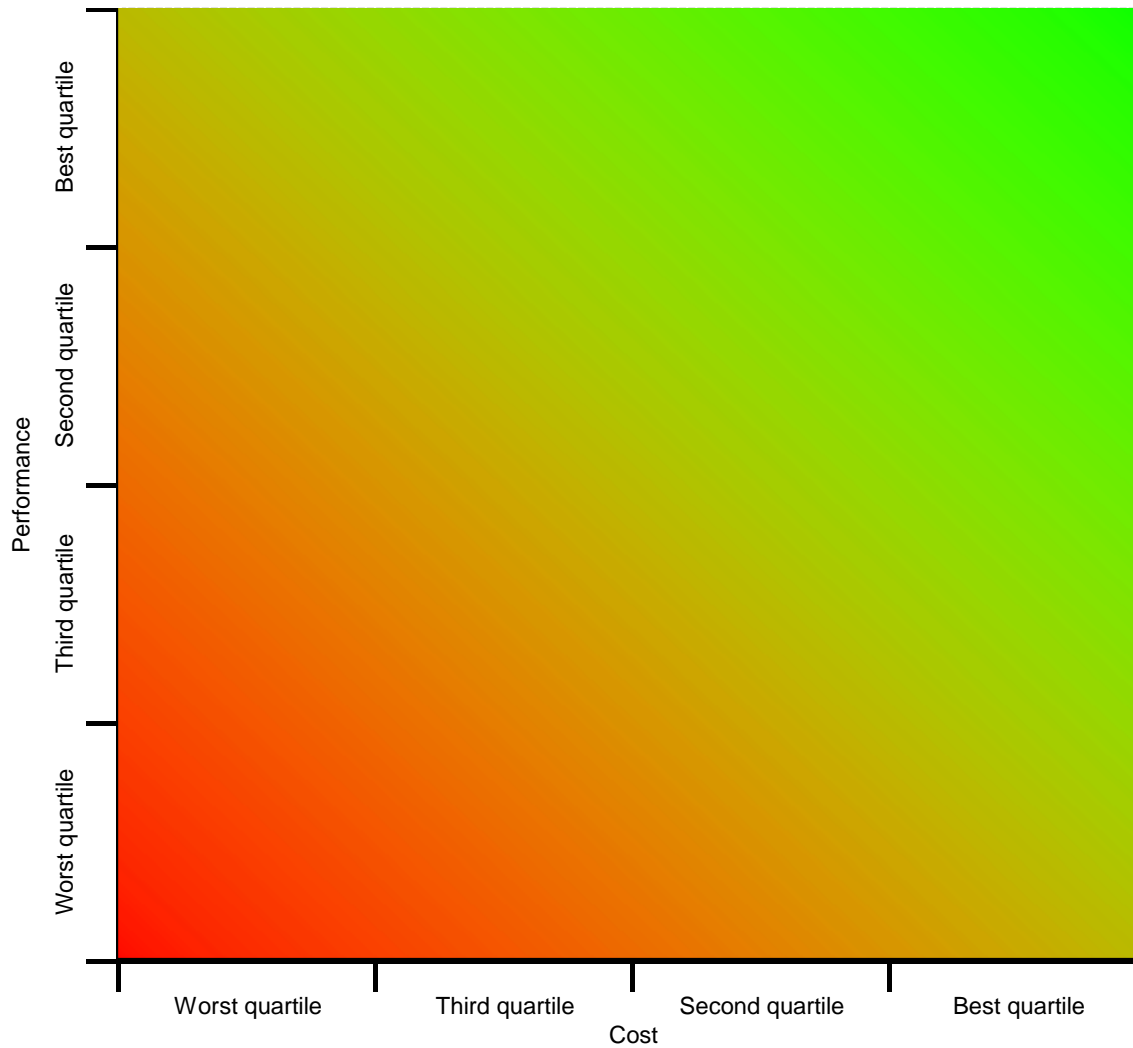
Key to cost data	Key to performance data:
- Homelessness cost per head (VFM profile)	- BV183a Average length of stay - B&B (06/07 data) - BV183b Average length of stay – hostel - BV202 Number of rough sleepers - BV203 Reducing use of temporary accommodation (06/07 data)
	- BV213 Homelessness prevention - BV214 Repeat homelessness

Commentary

•**Cost direction of travel - homelessness: Sustained**. The Authority's costs remain high in this area relative to its peers. However, the Authority has used Housemark to benchmark cost reduction; this shows that the Authority is making good progress in reducing its costs.

•Performance in a number of areas, such as homelessness prevention (BV213) compares well to the Authority's peers but length of stay in hostel accommodation has increased.

Environmental services
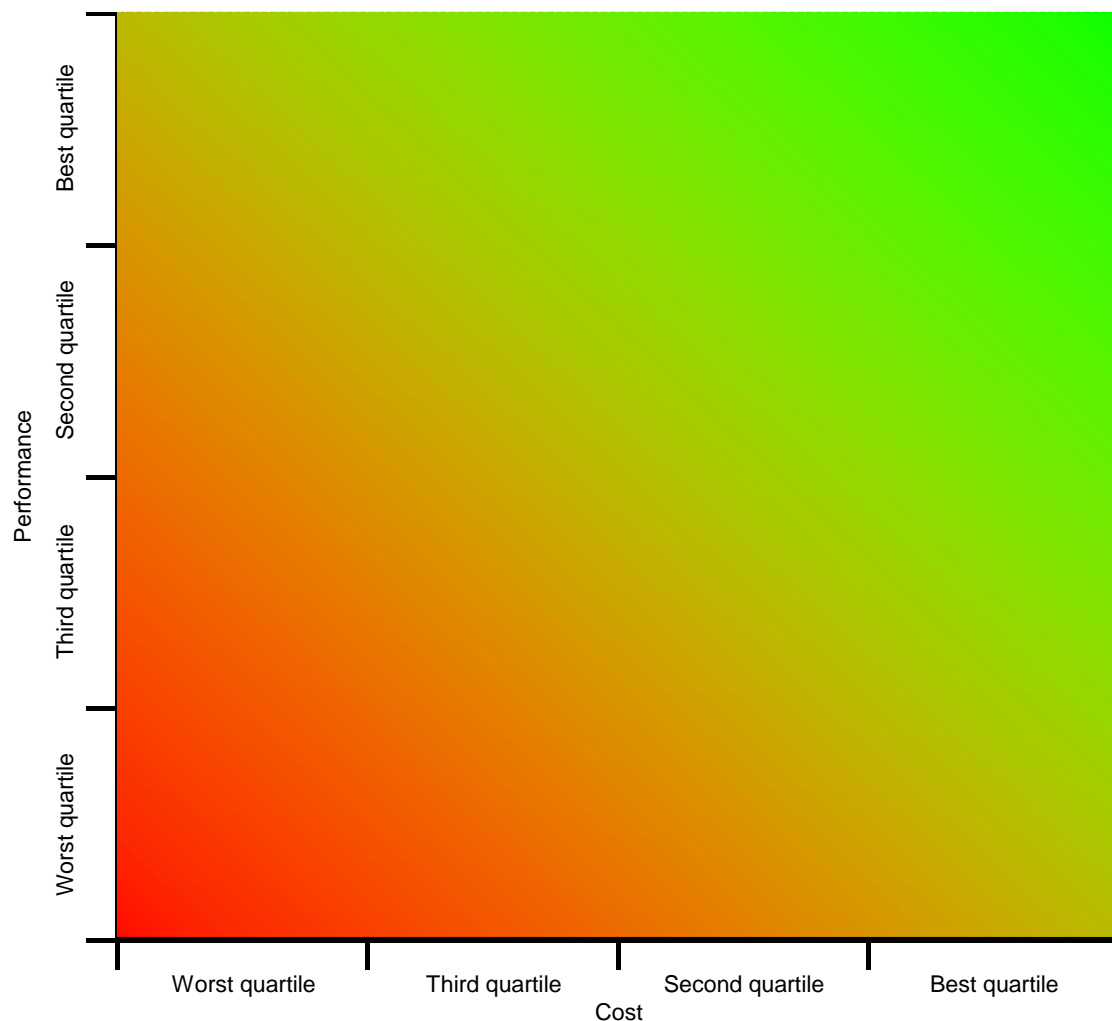
Key to cost data	Key to performance data:
Street cleansing:	
- Street cleansing relative cost per head	- Satisfaction with street cleansing - BV199a Litter - BV199b Graffiti - BV199c Fly-posting - BV199d Fly-tipping
Waste collection:	
- Waste collection relative cost per head	- Waste collection satisfaction - BV82a Percentage of waste recycled - BV82b Percentage of waste composted - BV84a Waste collected per household

Commentary

Cost direction of travel – Waste collection: deteriorated. The Authority's costs compared to other authorities have increased significantly, though this investment has been accompanied by significant improvement in recycling performance over the period.

Cost direction of travel – Street Cleansing: sustained. The Authority's costs remain high in this area, though measured performance (BV199a-d) and satisfaction are below average.
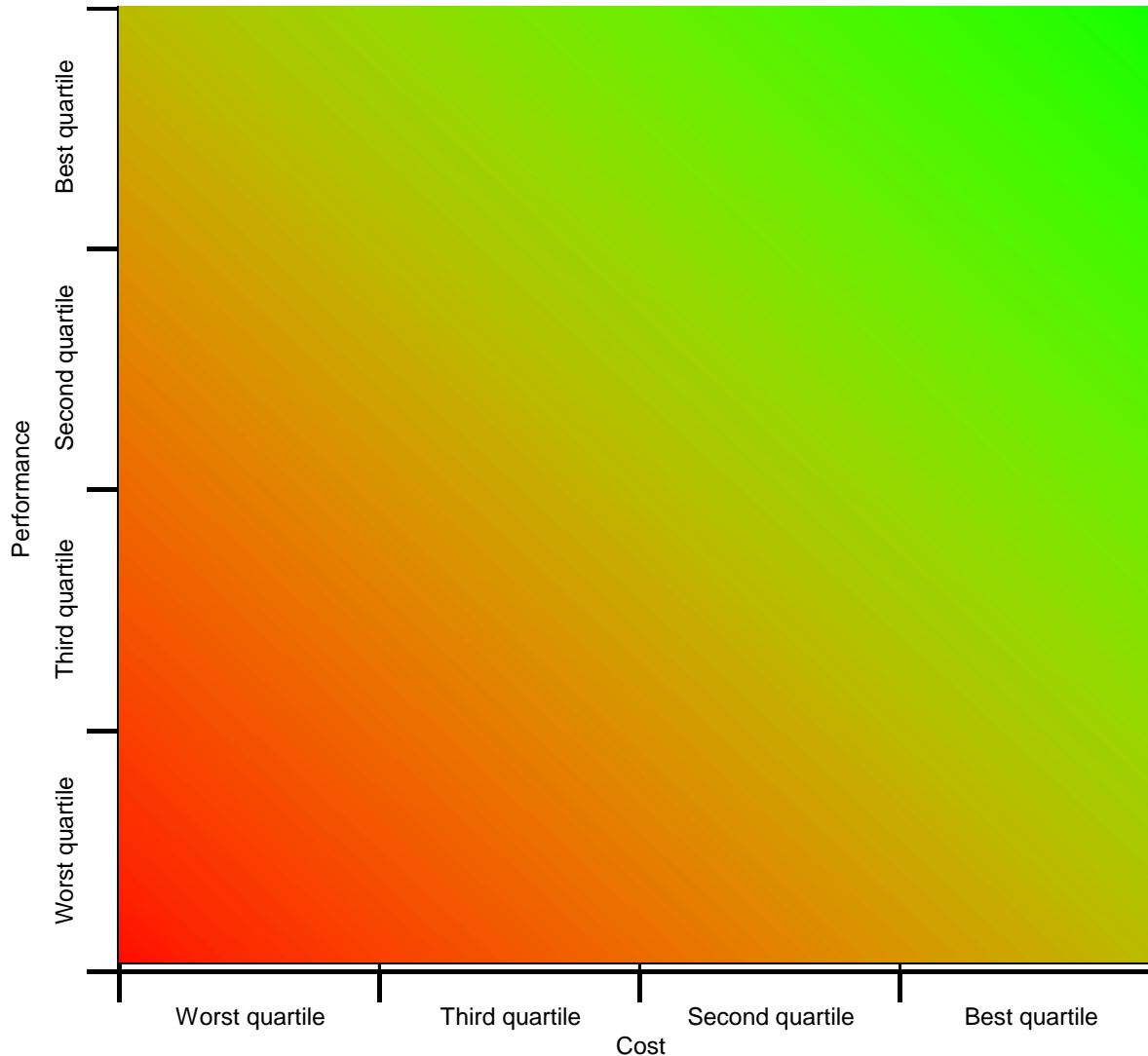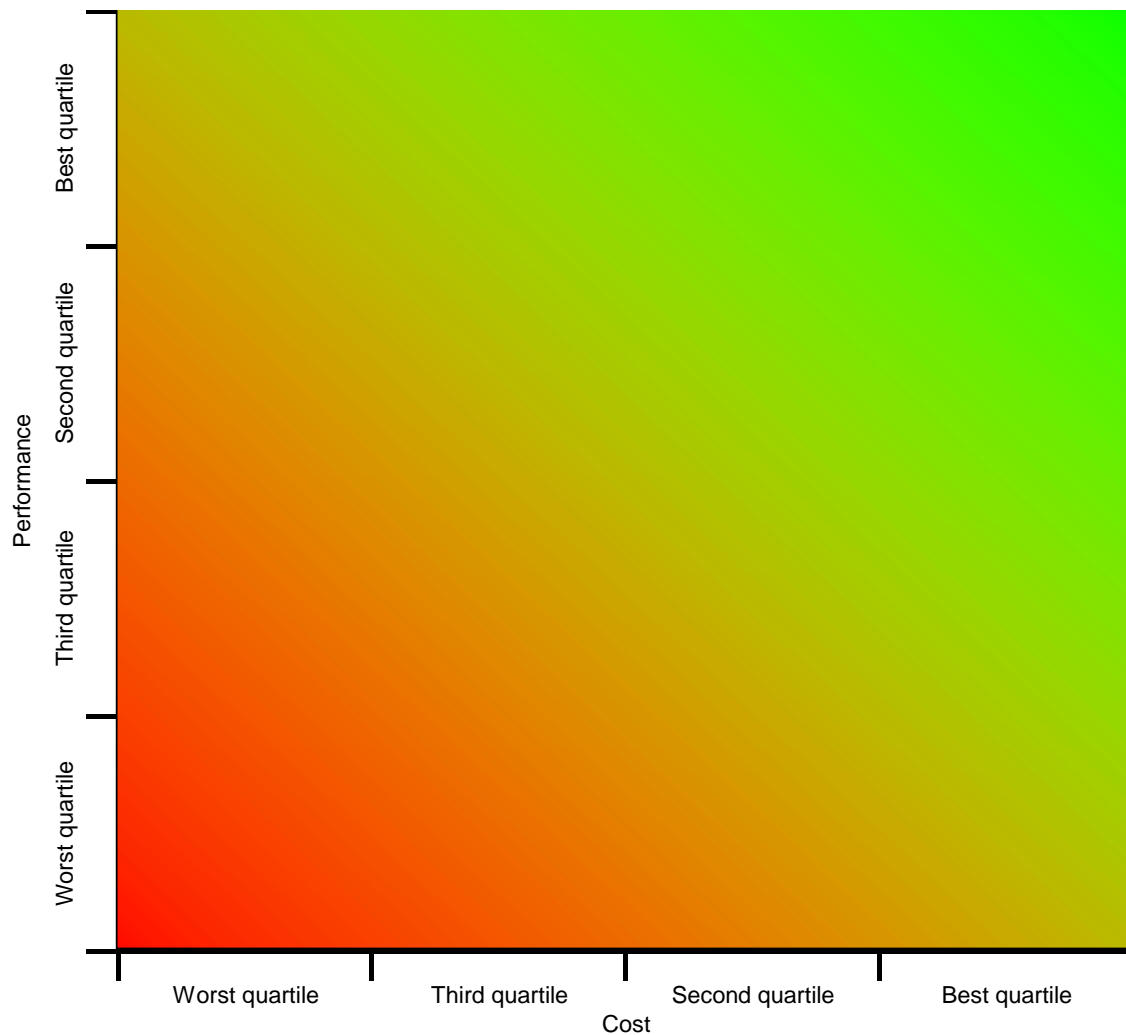
Key to cost data	Key to performance data:
- Relative planning cost per head (VFM profile) - Relative building control cost per head (CIPFA statistics)	- BV109a Applications in target time: major - BV109b Applications in target time: minor - BV109c Applications in target time: other - BV204 Successful appeals - BV205 Planning checklist

Commentary

- **Cost direction of travel: Sustained.** The Authority's costs are just below average for the planning service. Performance deteriorated in 07/08, especially in relation to the proportion of successful appeals
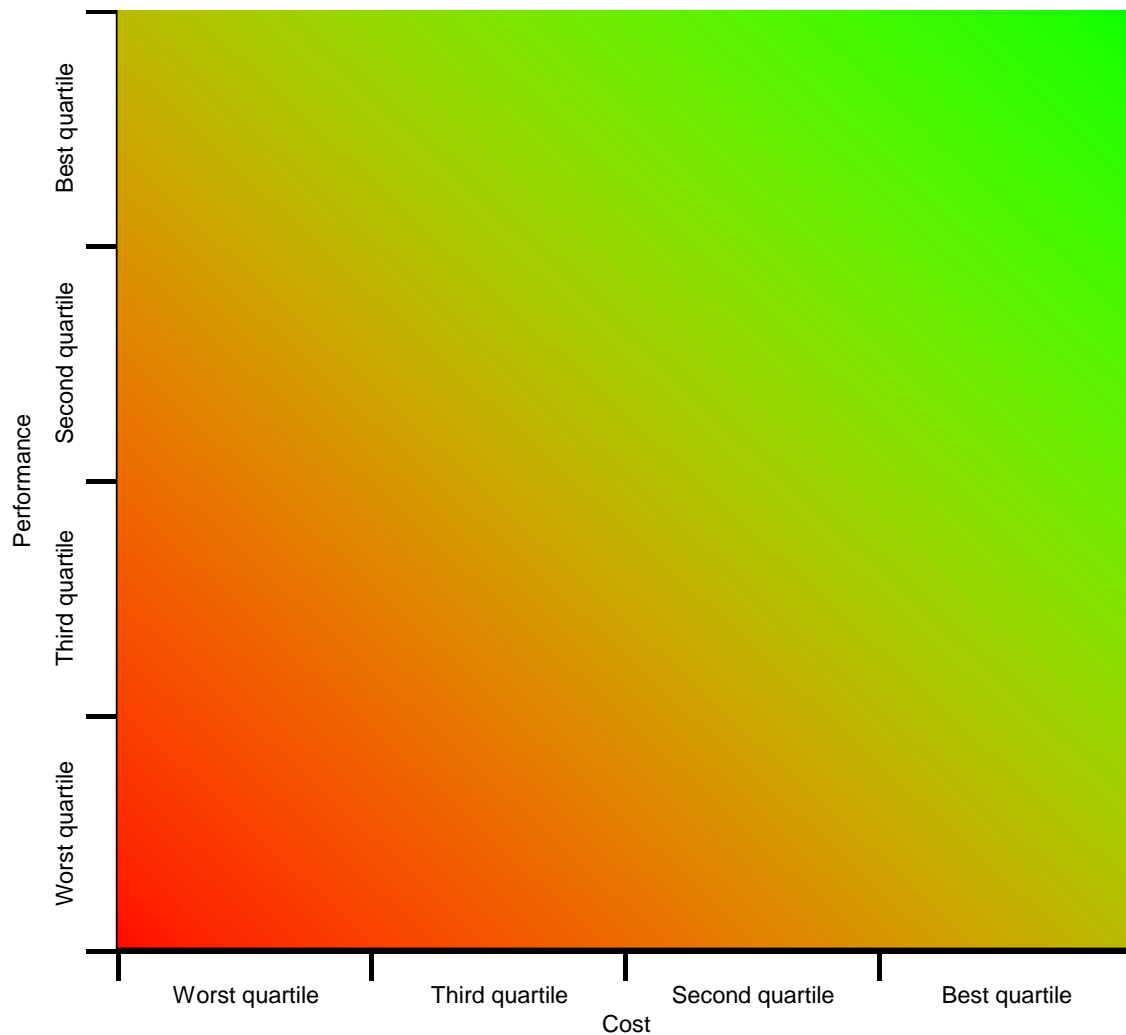
Key to cost data	Key to performance data:
- Highways total relative expenditure - Concessionary fares expenditure - Car parking net income	- BV218a Abandoned vehicles – investigation - BV218b Abandoned vehicles – removal (06/07 data)

Commentary

- This area contains a range of services. The Authority's expenditure on highways is low compared to all districts, though this may reflect the level of work delegated from the County Council to the Authority. The Authority's expenditure on concessionary fares is high. This is offset by the high level of income achieved from parking.

- Performance of the abandoned vehicles service is significantly above average, but these performance measures cover only a small proportion of the activities included in this service block.
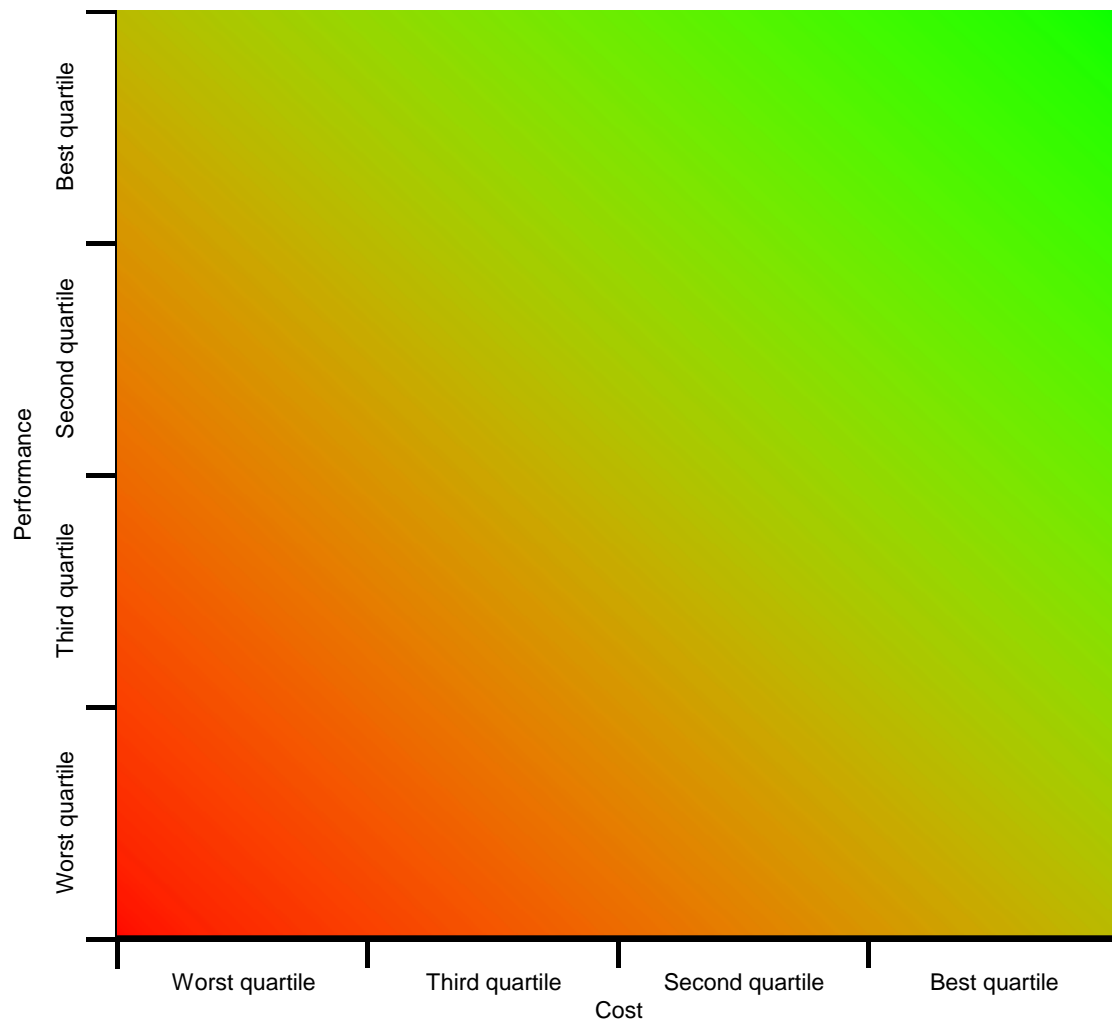
Leisure and Cultural services

Performance (y-axis): Best quartile, Second quartile, Third quartile, Worst quartile

Cost (x-axis): Worst quartile, Third quartile, Second quartile, Best quartile

Key to cost data	Key to performance data:
Culture and Heritage:	
- Culture and heritage relative cost per head (VFM profile)	- BV119c Satisfaction with museums and galleries - BV170a-c Visits to museums
Sports and Recreation:	
- Sports and Recreation relative cost/head (VFM profile)	- BV119a Satisfaction with sports facilities
Parks:	
- Parks and open spaces relative cost/head (VFM profile)	- BV119e Satisfaction with parks and open spaces

Commentary

• **Cost direction of travel: sustained**.

• Satisfaction varies between the three service blocks, with a good level of satisfaction with both parks and museums, reflecting Oxford's status as an historic city, but lower with sport and recreation facilities.

• Our findings are consistent with the Audit Commission Inspection report on Cultural Services (February 2008).

Benefits and local taxes

Chart axes: Performance (vertical, from bottom to top: Worst quartile, Third quartile, Second quartile, Best quartile) and Cost (horizontal, left to right: Worst quartile, Third quartile, Second quartile, Best quartile)

Key to cost data	Key to performance data:
Benefits	
- Benefits administration cost per head (VFM profile) - Benefits administration cost compared to workload (VFM profile)	- BV78a: Time to process new benefit claims - BV78b: Time to process changes of circumstance - BV79a: Accuracy of calculation - BV79bi: Overpayments recovered - BV79biiCY and PY overpayments recovered - Satisfaction with the benefits service (VFM profile)
Local taxes	
- Council tax collection cost per head (VFM profile) - Overall local tax collection cost per head (VFM profile)	- BV9: Percentage of council tax collected - BV10: Percentage of Non-Domestic Rates collected

Commentary

•**Cost direction of travel: sustained**. Costs have decreased for local tax collection and are now below average. Benefits costs are above average when caseload is considered.

•Benefits performance is average, though satisfaction and accuracy measures are relatively low. Local tax collection performance has improved considerably and is now close to average

Support services
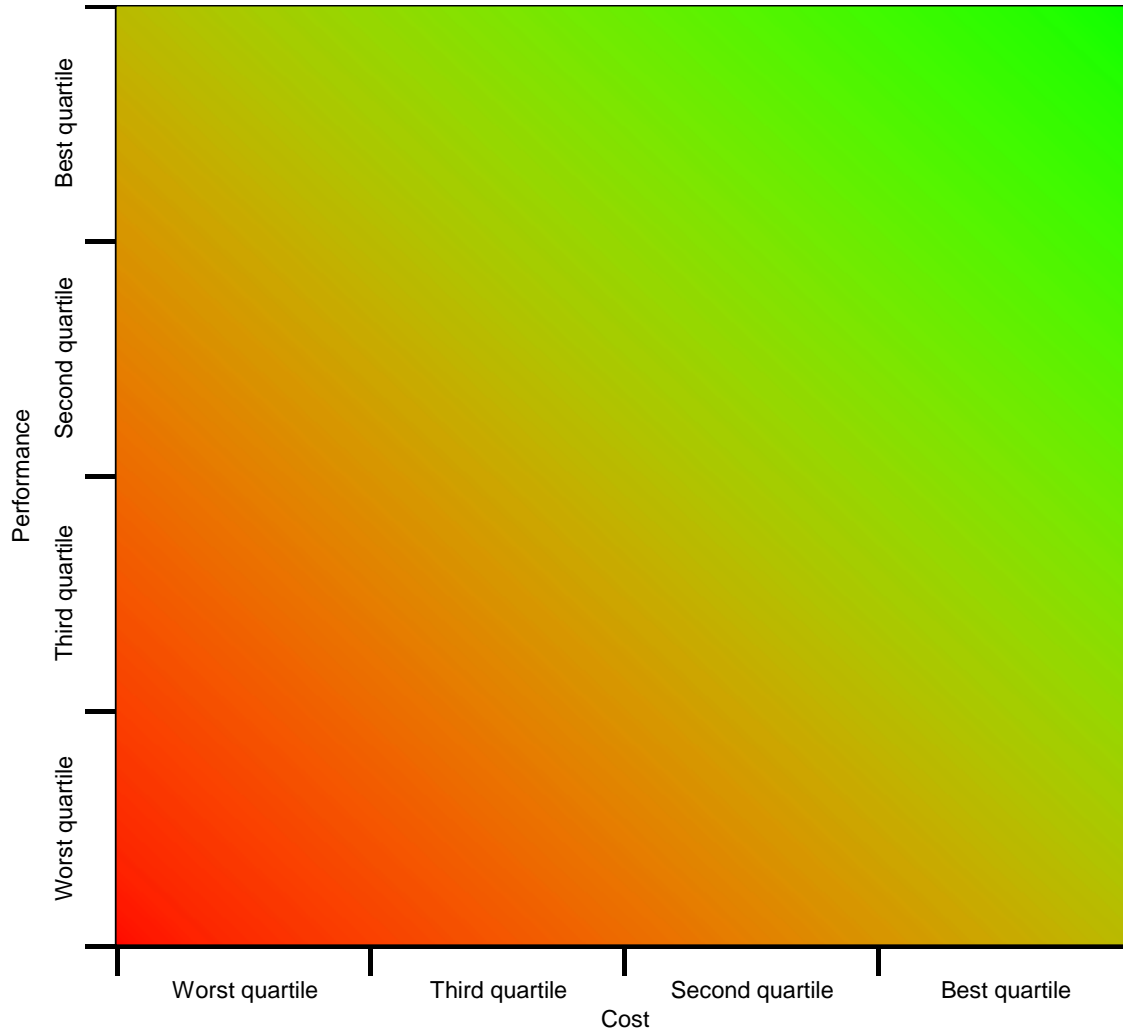
Key to cost data	Key to performance data:
Finance:	
- Cost per £000 revenue expenditure (IPF) - Cost of creditor payments function per invoice (IPF)	- Use of Resources scores - KLOES 1-3 (IPF) - BV8 Payment of invoices - Financial outturn compared to budget (IPF) - Timeliness of RO and RA returns (IPF) - Average return on investments (IPF) - BV8 Payment of invoices
HR:	
- HR staff cost per FTE (IPF)	- BV12 Sickness absence - BV14 Early retirements - BV15 Ill-health retirements - Staff turnover (IPF)
ICT:	
- ICT running costs (CIPFA/KPMG) - ICT infrastructure costs (CIPFA/KPMG)	- Support calls: Proportion of ICT support calls addressed (CIPFA/KPMG) - Satisfaction with the ICT service (internal survey; overall response "good" service)

Questions for you and next steps

Next steps:

- Understand the picture of cost and performance set out in each chart

- Consider how any "information deficit" can be made good

- Track progress over time

- Share experience across service

- Target areas for review

Our approach involved:

- Discussions with heads of service, performance and finance staff

- Breaking costs down by service

- Reviewing available comparative cost data – eg. VFM profiles, CIPFA statistics

- Identifying the Authority's performance measures – eg. BVPIs, local benchmarking together with available comparatives

Spend should reflect priorities and VFM; good performance is:

  – low spend with average performance

  – medium spend with higher performance

  – high spend with excellent performance
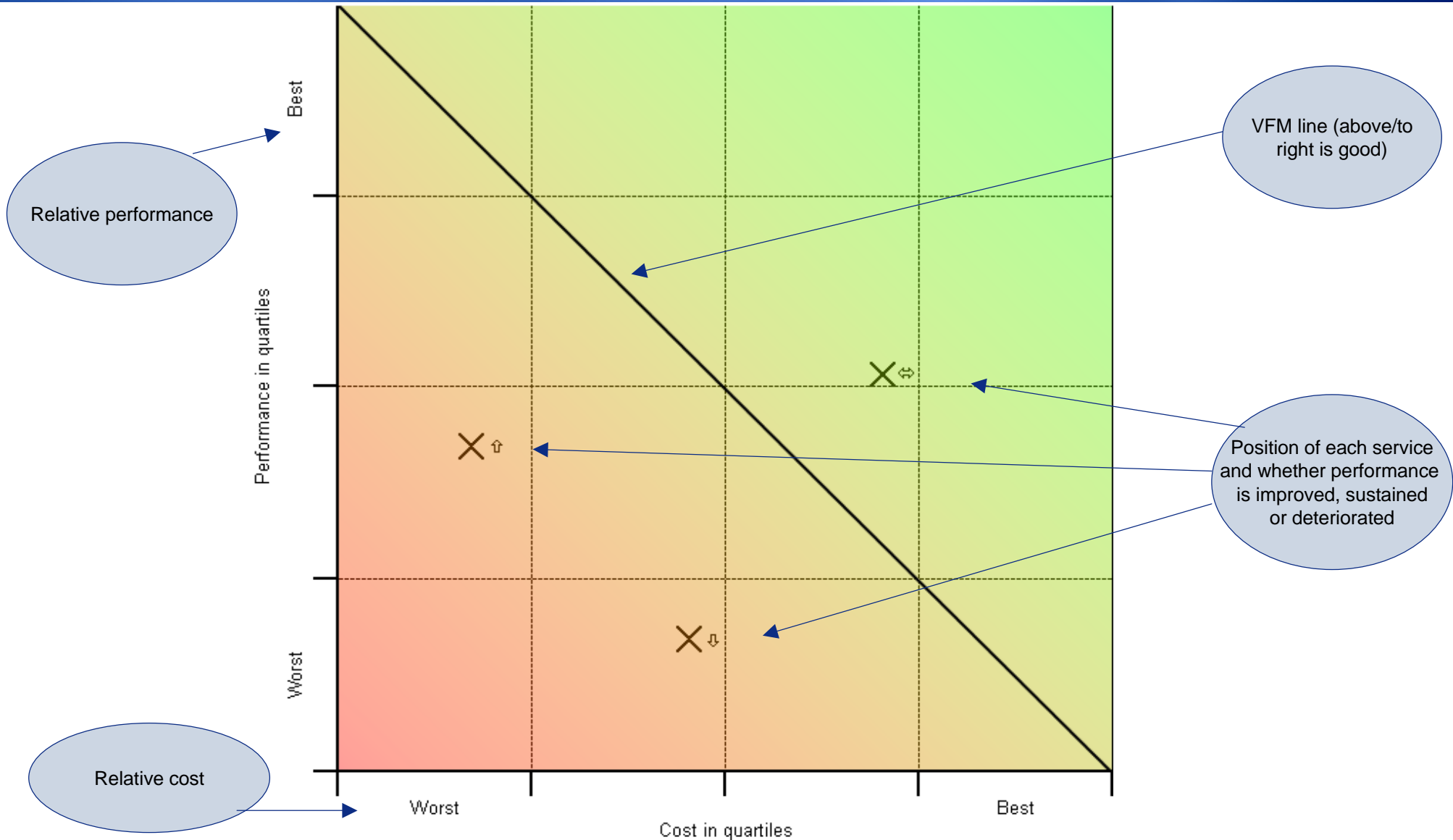
Appendix 1 - Our approach

Applying the approach:

- **Step 1: Identify Oxford's data.** We initially considered the performance and financial data which the Authority uses and monitors, and benchmarking which it has previously undertaken, to identify the comparisons we would be able to make.

- **Step 2: Establish the relative cost.** Costs are typically calculated per head of population. In terms of the charts (see example overleaf), this determines how far left or right the service appears.

- **Step 3: Establish relative performance.** Commonly, a given service will have one cost measure but more than one performance measure. *As a result, the performance measures are shown in a vertical line determined by its relative cost.*

- **Step 4: Add direction of travel information.** Where the information is available, we have indicated changes in performance with arrows on the charts. We have commented on direction of travel for cost in the commentary where there are issues to draw to the Authority's attention.

Common sources of data include:

- Audit Commission VFM profiles

- CIPFA Statistics

- IPF benchmarking completed by the Authority

- CIPFA/KPMG Corporate Services benchmarking

Appendix 1 - Our approach

Appendix 1 - Our approach

- The VFM charts on the following slides are based on a range of indicators for both cost and performance for each service block.

- The indicators used are not an exhaustive list and will need to be developed in some areas. In some areas, the conclusions will be more robust than others as a consequence.

- The critical issue is that the VFM graphs influence the corporate and service objectives you are trying to achieve - getting the right outcomes at the lowest possible cost enables you to free resources to deliver more services. You also need to consider whether your indicators risk skewing behaviour towards the wrong outcomes.

- Where measures do not exist for user satisfaction in a particular service area, it would normally be a good idea to develop them. Work in local government to develop measures of user satisfaction means that there may well be existing surveys and benchmarking approaches that could be applied.

- For some services it is also useful to use a score against a best practice checklist as a useful driver of service improvement.