

Title of meeting: Cabinet Member for Resources

Date of meeting: 13th October 2016

Subject: CIPFA Value for Money Comparisons

Report by: Jon Bell, Director or HR, Legal and Performance

Wards affected: N/A

Key decision: No

Full Council decision: No

1. Purpose of report

- 1.1 The purpose of this report is to inform the Cabinet Member for Resources of Portsmouth's relative position on a number of indicators according to CIPFA's VFM toolkit; and to seek consideration of whether any further information is required.

2. Recommendations

- 2.1 It is recommended that the Cabinet Member for Resources:

- a) Notes the information in the report and Appendix 1;
- b) Considers if any further information is required.

3. Reasons for recommendations

- 3.1 On an annual basis, CIPFA (the public sector finance body) issue a "toolkit" which pulls together statutory (and some voluntary) returns on organisational costs and performance, in order to provide a high-level view on these dimensions relative to other authorities, and relative to each other. This information can be filtered in a number of ways (by performance indicator, by service, and by comparator group). This is then used to derive a judgement on the relative VFM being provided in a given service area.
- 3.2 There are significant limitations and caveats on the data and its use. There is an issue about the robustness of what is included. It is acknowledged that financial returns used in the toolkit (RA and RO forms), can include some inaccuracies. The "service" groupings identified by CIPFA are areas of activity that do not necessarily correlate to that PCC groups these areas into service units. There are also omissions, most notably of specific reference to a number of back-office functions (HR, Legal, Finance, IT, policy services, audit, customer service, democratic services, communications for example). This is because

“corporate overheads” are apportioned across the costs of service provision – and overheads within services are too (so service based support staff aren’t identified). This is the same for all authorities, but we also know that apportionment policies vary –so there is a built in element of comparing apples and pears. There are also some choices of indicators of performance that might cause us concern. Finally, there are some concerns about timeliness, and that comparisons are being made against budgets that have since been significantly reduced.

- 3.3 Nonetheless, in terms of providing an overview of areas of cost in the organisation, and the sort of performance resulting, the CIPFA toolkit can still provide a starting point for discussion of where we might want to look in more detail at costs. The findings are not absolute, and further investigation must of course include a rigorous testing of the underlying data and assumptions.

4. Conclusions from the information

- 4.1 The attached Appendix A sets out the headlines findings from the toolkit. A high level analysis of Portsmouth's relative positions using the new data has been carried out. This compares cost and performance scores (where available) to that of a group of statistical neighbours, and provides a relative percentile ranking for the two dimensions (where a high percentile is "good" for performance, and "bad" for cost). This initial analysis does suggest that there are areas where we have comparatively high costs compared with others; and some areas where our costs are comparatively low.
- 4.2 The appendix also shows what the projected cost position is for the following year of the toolkit (actually the last year of operation) based on information about 15/16 budgets supplied in the RA forms.
- 4.3 The Cabinet Member for Resources is asked to consider this information, and whether any further information or analysis is required, including from any other sources.
- 4.4 The Cabinet Member is also asked to consider whether updates should be presented when further toolkit releases are issued.

5. Equality impact assessment (EIA)

- 5.1 Any equality matters arising through performance or value for money consideration will be considered as a discrete process, and EIAs will be completed for these areas of work as necessary.

6. Legal Implications

- 6.1 There are no immediate legal implications arising from this report.

7. Director of Finance Comments

- 7.1 There are no financial implications to bring to member's attention at this stage. However, it should be noted that there could be further financial implications following further exploration of any of the issues raised in this report, and related future reports could result in financial implications. These will be flagged to members at the appropriate time.

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Signed by: Jon Bell, Director of HR, Legal and Performance

Appendices:

Appendix 1 - Analysis of CIPFA VFM Toolkit information

Background list of documents: Section 100D of the Local Government Act 1972

The following documents disclose facts or matters, which have been relied upon to a material extent by the author in preparing this report:

Title of document	Location
n/a	

The recommendation(s) set out above were approved/ approved as amended/ deferred/ rejected by the Cabinet Member for Resources on 13th October 2016.

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Signed by: