

**Decision Maker:** EXECUTIVE AND RESOURCES  
POLICY DEVELOPMENT AND SCRUTINY COMMITTEE

**Date:** 7 January 2014

**Decision Type:** Non-Urgent Non-Executive Non-Key

**Title:** BROMLEY UNIT COST REPORT 2014/15

**Contact Officer:** Lesley Moore, Deputy Director of Finance  
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**Chief Officer:** Peter Turner, Director of Finance

**Ward:** N/A

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1. Reason for report

- 1.1 The attached report undertaken by LG Futures compares unit costs between local authorities in England, using budgeted expenditure from authorities' Revenue Account (RA) returns for 2014/15. The report is intended to act as an initial guide for further investigation into areas where unit costs differ to those of similar authorities and where there may potentially be scope for savings.
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2. **RECOMMENDATIONS**

- 2.1 Members are asked to consider the findings in the attached report

## Corporate Policy

1. Policy Status: Existing Policy:
  2. BBB Priority: Excellent Council
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## Financial

1. Cost of proposal: No Cost:
  2. Ongoing costs: Not Applicable:
  3. Budget head/performance centre: Council wide
  4. Total current budget for this head: £125m (Excluding GLA precept)
  5. Source of funding: 2014/15 Revenue Budget
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## Staff

1. Number of staff (current and additional): N/A
  2. If from existing staff resources, number of staff hours: N/A
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## Legal

1. Legal Requirement: None:
  2. Call-in: Not Applicable:
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## Customer Impact

1. Estimated number of users/beneficiaries (current and projected): This report is intended primarily for the benefit of members of the Committee.
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## Ward Councillor Views

1. Have Ward Councillors been asked for comments? N/A
2. Summary of Ward Councillors comments: Not Applicable

### 3. COMMENTARY

3.1 The attached report undertaken by LG Futures compares unit costs for local authorities across England and identifies services within Bromley where our overall planned expenditure appears high compared to our comparator groups. This information has been compiled from authorities' Revenue Account (RA) returns for 2014/15. The report is intended to act as an initial guide for further investigation into areas where unit costs differ to those of similar authorities and where there may scope for savings

3.2 For benchmarking purposes, two sets of comparator groups are used in this analysis:

- (a) Bromley's Nearest Neighbouring group
- (b) all comparable authorities across England.

3.3 The key findings are highlighted in Page 3 of the report, one of which is that "overall, Bromley's unit costs (excluding schools) are 4.0% higher than the nearest neighbour average and are ranked 7th highest out of the 16 authorities". With any benchmarking data it is always important to remember that not all local councils provide the same services in the same way and that the information recorded in the 2014/15 RA return may not be accurate or applied in a consistent way. For that reason, unless a detailed exercise is undertaken to understand more about the data used to compile the report, some of the findings need to be treated with some caution as the findings can be misleading.

4 Below are comments from Chief Officers about the findings-

#### 4.1. **Comments from the Director of Renewal & Recreation**

##### Planning

The Council's costs for Planning as a whole show that it is ranked 12 lowest cost of 16 amongst similar London Boroughs (chart 21) and that it is ranked 106 lowest cost out of 123 on the wider 'comparable Councils' definitions (Chart 22).

(The surprisingly high cost of Development Control in Table 15 is due to the assigning of application fee income to the wrong heading in the original returns and that Table is not accurate).

#### 4.2 **Comments from the Executive Director of Environment and Community Services**

It appears that the benchmarking in a number of service areas do not make a like for like comparison and so apparently high costs are misleading. A detailed analysis would need to be undertaken to determine which authorities have allocated particular costs under service headings, to fully understand the differences. Nevertheless the following observations should give some context:

##### Highways and Transport

Overall unit costs are low, but the net cost of parking services depends on the income raising potential of the council and so adding Wandsworth where income is much higher is not a sensible comparator; the street lighting costs includes the invest to save and so are artificially

high; structural maintenance costs reflect the higher number of structures we have in the Borough; winter service costs are higher due to the diverse nature of the Borough.

### Culture and Related Services

Overall units costs are average, but the most significant cost is library services and the number of libraries needed is influenced by the size of the Borough (the denominator is population); culture would include the current provision of a museum service and subsidy to the Churchill Theatre.

### Environmental and Regulatory Services

Overall unit costs appear average, but most of the apparently lower spend authorities do not have waste disposal responsibilities and all other benchmarking of our waste disposal and collection services have found our costs to be comparatively very low; the cemetery, crematorium and mortuary costs for us include all costs associated with the Coroner's service.

## **4.3 Comments from the Executive Director Education, Care, Health & Services**

### Adults Social Care

Bromley's projected unit costs for Adult Social Care are **low** when compared to benchmark group 12 out of 16 and 87th out of 123 nationally.

Physical and sensory client unit costs are significantly **lower** for younger adults being in the bottom decile, with unit costs around half that of our statistical neighbours.

The spread of standard deviations in the Financial Intelligence Toolkit analysis indicates that whilst costs for younger adults may be increasing nationally, they are being contained better in Bromley than for the majority of our benchmark group. This would appear to be especially so in Learning Disabilities where unit costs for the under-65s are shown to be around £12,000 lower than our benchmark group average and £22,000 lower for our older clients.

Learning Disability costs are particularly **low**, and are continuing to be driven downwards, having shown an improvement in rank order (i.e. relative costs have declined) since last year. This is particularly marked with young adults, perhaps reflecting costs of transition packages compared to our neighbours' as clients become ever more complex, where we sit just outside the bottom decile;

Costs for service users with mental health needs are between half and a quarter of that of our comparators, again with younger adults being proportionately **lower**

The comparative data also suggests that the packages being provided to clients entering services might be comparatively cheaper than our historic packages, using rank orders. This is particularly marked in MH and worthy of further investigation.

### Education

Costs for education services are very low and bottom of our benchmark group when one includes the schools' budget. This will be further exposed as the number of converting schools continues to increase and the amount available to the centre continues to decline.

## Commissioning

Relatively high commissioning costs but these are to be expected in a commissioning-led authority and probably have a direct causative affect in relation to the low figures in the service areas.

<b>Non-Applicable Sections:</b>	Policy/Finance/Legal/Personnel
Background Documents: (Access via Contact Officer)	LBB data from RA returns