

Executive

Value for Money Review of Urban and Rural Services

6 December 2010

Report of the Strategic Director for Environment & Community

PURPOSE OF REPORT

To consider the findings of the Value for Money (VFM) Review report and the recommendations arising from the report

This report is public

Recommendations

The Executive is recommended:

- (1) To endorse the overall conclusion of the review that the service is low cost in terms of benchmark expenditure comparisons and is good quality in terms of overall positive levels of customer satisfaction.
- (2) To agree that improvements in value for money be sought and approve the following recommendations;
 - a. Implement the Medium Term Financial Strategy savings proposals set out in paragraph 2.13, saving £73,194 per annum
 - b. Secure a net saving of £60,000 per annum currently charged for the provision of specialist advice to the planning service by exploring options to achieve this, such as a reduction in the staff establishment, increasing fee income from planning advice and securing new clients to offset costs
 - c. Create a bus station safety officer post to release a vehicle parks warden post to achieve a net income of £16,000 per annum
- (3) To note the recommendations of Scrutiny with regard to increases to car park charges and recommend the inclusion of an evening tariff to generate further income of £39,640 per annum in addition to the £480,289 already recommended.
- (4) To note the scrutiny process associated with the introduction of a pay and display parking scheme in Watts Way, Kidlington and the need for further negotiations with a view to implementing the scheme within 12 months if these are successful
- (5) To consider further the proposal to extend the landscape maintenance

contract for a further three years to 2015 and secure potential savings of £135,461 through negotiations with the contractor and an extended client base.

- (6) To continue the provision of a Shopmobility scheme in Bicester but in future seek to offset a proportion of its costs through service charges to tenants on completion of the town centre redevelopment
- (7) To explore the feasibility of charging residents for tree inspections to offset costs of arboricultural staff

Executive Summary

Introduction

- 1.1 This review forms part of the Value for Money programme of reviews, which aims to cover all services within the council and improve the value of services offered to residents of Cherwell.
- 1.2 The Urban and Rural service was selected for a 'health check' review during 2010/11 along with a number of other services as these had not previously been covered by the VFM programme but account for a high level of expenditure. The aim of such reviews is to quickly identify potential savings using information that is readily available.
- 1.3 As part of recent planning for the Medium Term Financial Strategy arising from the Comprehensive Spending Review a number of savings options had been identified for the service which amounted to £730,096. An objective of the VFM review was to examine the feasibility of these and, where possible, identify further efficiencies that would allow for greater flexibility in the Council achieving its medium term savings targets.
- 1.4 The overall conclusion of the review is that the service is low cost in terms of benchmark expenditure comparisons and is good quality in terms of overall positive levels of customer satisfaction.
- 1.5 The review has identified savings to meet the £730,096 savings target along with an additional £14,488 of efficiencies.

Proposals

- 1.6 To adopt the recommendations of the Review in full

Conclusion

- 1.7 Significant reductions to expenditure on Urban and Rural are possible and these will help reduce the council's cost base and contribute towards its Medium Term Financial Strategy targets.

Background Information

- 2.1 This report sets out the findings of the Urban and Rural VFM Review with recommendations to achieve its Medium Term Financial Strategy savings target of £730,096.
- 2.2 The agreed scope of the review included the grounds maintenance and landscaping contract, street scene expenditure, vehicle parks (including income), licensing, rural and countryside services and Banbury bus station
- 2.3 The VFM review has used a range of evidence to inform its conclusions, including the CIPFA RA (budget) benchmarking for 2010/11, current satisfaction surveys, car park charge benchmarking, landscape maintenance rate benchmarking and a detailed examination of street scene expenditure.

VFM Review Findings

- 2.4 Appendix 1 contains the Executive Summary of the VFM review. Key findings from the review can be summarised as follows;
 - Total expenditure of the service is £3.8m, with total income of £3.9m through car parking charges/excess charge notices, income for landscaping works carried out for external clients, income for Licensing charges (for taxis, pubs and clubs etc), contractual income for the operation of Banbury market and contributions for operating a banksman service at Banbury Bus Station. Income has increased by £491,000 since 2008/09, largely due to increases in car parking fees. However, income from car parking in 2010/11 is currently failing to meet its budgeted profile which could amount to an £80,000 shortfall by the end of the financial year.
 - Cherwell's six-year contract with Continental Landscapes is worth over £5m and due to expire in March 2012. Gross expenditure per annum is £1.5m with a net expenditure of £566,475 due to recharges and income from external clients (Oxfordshire County Council, Kidlington Parish Council, Bicester Town Council, Gosford and Water Eaton Parish Council and Parkwood).
 - 2010/11 budget comparisons with CIPFA family comparators show that Cherwell is lowest spending quartile for the three comparable service areas relevant to this review (Parking, Licensing and Open Spaces). The collective spend below average for all three service areas amounts to £1.5m.
 - Extensive benchmarking of landscape and grounds maintenance rates against those of neighbouring authorities shows that Cherwell's current contract offers excellent value for money.
 - A survey of private sector car parks in Banbury and council-owned car parks in neighbouring authorities shows that for short stay parking Cherwell's rates are currently between 19% and 21% cheaper. Longer stay parking ranges from being 4% more expensive to 54% cheaper for 24hr parking.
 - Levels of satisfaction with local car park facilities have remained fairly

stable for the last three years at 63%, and have increased in relation to five of the seven aspects relating to local facilities, but 21% of residents remain dissatisfied overall. 34% of residents agree and 42% disagree that car parks operated by the council offer value for money.

- 74% of residents are satisfied with the way parks and playgrounds are looked after by the council, and overall satisfaction with street scene work in urban centres is high (61%)

- 2.5 Given the good value for money offered by the rates currently paid for the Landscape and Grounds Maintenance contract, as demonstrated via benchmarking undertaken with other local authorities and the wider market, the Corporate Strategic Procurement Manager has concluded the Council would be best placed to extend the current contract for a further 3 years (until 2015) rather than approach the market when it expires in March 2012. Such an extension would help facilitate negotiations with the incumbent contractor to secure additional savings from the contract, and also releases staff time which would otherwise be locked into procurement activity. It is important to note that in the view of the Procurement Manager that in the event of a re-tender such rates would not be offered again even by the incumbent contractor and that any reductions agreed will simply reflect the money saved by the contractor in not having to pay for the re-tendering costs for another three years. Before any commitment, further consideration is required of potential additional cost benefits from an extended public sector landscape contract particularly in Banbury.
- 2.6 Savings of £135,461 through reduced expenditure on landscape maintenance have been set as a MTFS building block target for the service. While the review concluded that these should be pursued, they are contingent on the extension of the current landscape and grounds maintenance contract, and also the agreement of other external clients currently served by the contract to continue to receive this service through the council. Further, part of these savings relate to securing extra income through an extended client base, which is still subject to negotiation. Work is ongoing to progress these issues, and a further report will be brought to Executive in due course reflecting the level of savings that can be secured in 2011/12.
- 2.7 The review concluded that spending within Licensing is 'ring fenced' in that the fees charged for the grant of licences cannot to be used as a revenue raising measure under the relevant legislation. At present any surplus is retained for funding special service-related projects. Management overheads have already been added to this area to offset costs to the maximum degree permissible but steps are in hand to add the relevant costs of the service provided by the central admin support team into this cost centre and offset such costs as legitimate charges to licensees.
- 2.8 The review found that the Shopmobility scheme in Bicester town centre currently costs the council £45,900 per annum in contrast with the schemes operated by Castle Quay (Banbury) and Bicester Village which operate at no cost to the Council. It was not possible to include the transfer of this scheme to the Bicester Town Centre developer as part of negotiations, but an alternative may be open to the Council in using a service charge to tenants to offset part of the scheme's ongoing costs.
- 2.9 A number of proposals were prepared for the MTFS in relation to increases in

car park income, amounting to £519,929 per annum, and were considered within the scope of the review. Scrutiny have examined these and recommended most, but not all, of the proposals to the Executive. The review concluded that the proposal for introducing an evening tariff, generating income of £39,640 per annum, should be included in the final order to ensure that the Council obtains the maximum level of revenue possible.

- 2.10 The MTFS proposal for the introduction of pay and display car parking at Watts Way, Kidlington was explored and found to be problematic. A covenant currently exists on the land to prevent charging for car parking unless under the supervision of an attendant. This is currently subject to consideration by scrutiny and negotiation with the land owner, but these may take some time and additional costs are likely. A 2012/13 commencement is the earliest anticipated for this scheme should negotiations prove successful.
- 2.11 A further MTFS proposal for a reduction in specialist advice to the planning service from Urban and Rural has been considered by the review. Currently, this advice is provided by staff in the Landscaping service, the Arboricultural Service and the Ecology Officer. The latter post has previously been funded through the Planning and Housing Delivery Grant, which has been recently discontinued. The specialist advice has been provided on a rechargeable basis, with Urban and Rural receiving £60,000 per annum in income.
- 2.12 To achieve savings in other areas of planning, specialist advice is being reduced with a greater reliance on applicants to provide necessary evidence as part of their planning application. In line with this approach, saving options to reduce the staffing establishment in Urban and Rural to offset the £60,000 reduction in internal recharges have been included in Option 1. This would involve the reduction in hours of two posts and not renewing the fixed-term contract of the Ecology Officer. However, since the Government announced its plans to review the charging regime for planning applications it may be possible to achieve a proportion of these savings through increased fee income. Further savings may be achieved by securing new clients for the landscaping service, which would require capacity in the service being retained. For these reasons, it is recommended that alternatives to staff reductions first be explored in order to achieve the target saving of £60,000
- 2.13 Other MTFS savings proposals explored by the Review were;
- Recovery of 50% of expenditure for Christmas lights through income from partners (£36,189). Options to fund the full cost of this scheme through external income were explored but found not to be feasible. A 50% contribution is thought to be more realistic, and negotiations are in hand to achieve this.
 - Reduced activity and grants within the Rural and Countryside team (£10,000). The review found that these were already in hand to be implemented and would end the funding to 3 projects which were not considered to be essential to the service offered by the team.
 - Increased income from fines through street wardens taking on enforcement for littering and dog fouling (£15,750). This was found to be supportive of the Council's Clean and Green objective, and that other authorities already employ this policy

- Reduced frequency of cash collection from car parks (£6,825). This has already been implemented resulting in 21 fewer collections per week at no impact to service quality
 - Cancelling subscriptions in the service (£4,430). This has already been implemented.
- 2.14 Other savings opportunities looked into as part of the review are set out below;
- Currently, a Vehicle Parks Warden is used as a banksman at Banbury Bus Station to oversee the safe manoeuvring of buses, delivery vehicles and pedestrians. This results in lost income from enforcement activity, and the post is at a higher salary than the real cost of the work. The appointment of a lower grade post is being pursued that will allow the vehicle parks warden to return to enforcement duty, and will result in net income of £16,000 per annum.
 - Best practice research has highlighted that some authorities are currently charging residents for tree inspection activity. Further work into the feasibility of this area is required in order to ascertain if it would provide an additional income stream for the Council.

Implications

Financial:	<p>The review has identified potential savings totalling £744,584 (made up of savings £616,750 and budget reductions £127,834) against a target of £730,096. Sufficient savings have been identified to meet the council MTFS requirement, with further savings providing some flexibility should other aspects of the Strategy not be deliverable.</p> <p>Comments checked by Karen Curtin, Head of Finance 01295 221551</p>
Legal:	<p>The extension of the landscape and grounds maintenance contract is consistent with the council's procurement strategy and relevant legislation</p> <p>Comments checked by Liz Howlett, Head of Legal and Democratic Services 01295 221686</p>
Risk Management:	<p>The proposed level of savings present no risk to service delivery</p> <p>Comments checked by Rosemary Watts, Risk Management and Insurance Officer 01295 221566</p>
Data Quality	<p>Data for cost comparison has been obtained through 2010/11 RA forms of comparable CIPFA family authorities, which has been subject to extensive checking with these authorities. Financial data has been prepared by the relevant service accountant</p>

Comments checked by Neil Lawrence, Improvement
Project Manager 01295 221801

Wards Affected

All

Corporate Plan Themes

An Accessible, Value for Money Council

Executive Portfolio

Councillor Nigel Morris
Portfolio Holder for Environment, Recreation and Health

Document Information

Appendix No	Title
Appendix 1	Urban and Rural VFM: Executive Summary
Background Papers	
None	
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