

Cost and Performance Information

Introduction

The VFM strategy from 2005 identifies that external assurance regarding VFM is provided by the Audit Commission inspection of the VFM self assessment submitted annually as part of the CPA Use of Resources work.

The MTP annual cycle utilises cost /performance profiling information provided by the Audit Commission prior to the inspection. The MTP cost/performance scores as self assessed by service managers in the May /June period is subject to corporate challenge in September when the Audit Commission national cost/performance profiles had been analysed by Strategic Finance. The analysis for the General Fund services of the Neighbourhood Directorate is included in Annex 1.

Aims of September Corporate Challenge

The aim of the current exercise is to reach to a final opinion on comparative cost and performance (and therefore VFM) for individual services. This information is best presented as a cost/performance matrix and a series of three charts are shown on pages 3 - 5.

The first chart is generic and demonstrates how a service moves through the cost/performance spectrum whilst releasing cashable and non-cashable efficiency gains as a LOW COST and HIGH PERFORMANCE status is achieved.

The second chart is the cost vs performance matrix for the MTP self assessments carried out by service managers in the May/June period. When this matrix is finalised it will form the basis of the strategic audit whereby High/Medium/Low priorities are allocated to the services by members with reference to the 2006-09 council plan. For this reason we have included next to each service description the priorities allocated from 2005/06 (in some cases there was no definite priority attached to a service) for reference. In addition, to ensure members are aware of the overall financial materiality of the services we have included 2007/08 net budgets as a guide next to the service. This information should be used as a reference when assessing MTP options for savings.

The third chart scores cost/performance for the Neighbourhood service blocks as defined by the Audit Commission profiles (see Annex One where detailed commentaries against services are also provided). These have been challenged by Strategic Finance and there is substantial commentary against service blocks explaining local reasons (where relevant) which impact on cost/performance. It is important these are reviewed before concluding whether a service may be high cost because it is inefficient or high cost due to unavoidable local circumstances.

Review of these charts shows that even taking into account the different definitions of services by the Audit Commission and MKC, there are some service areas where the cost/performance assessment by service managers does not equate with the Audit Commission profiles.

Chart 1 - Cost/performance matrix and link to Gershon efficiency agenda (Medium scores are excluded for ease of presentation):

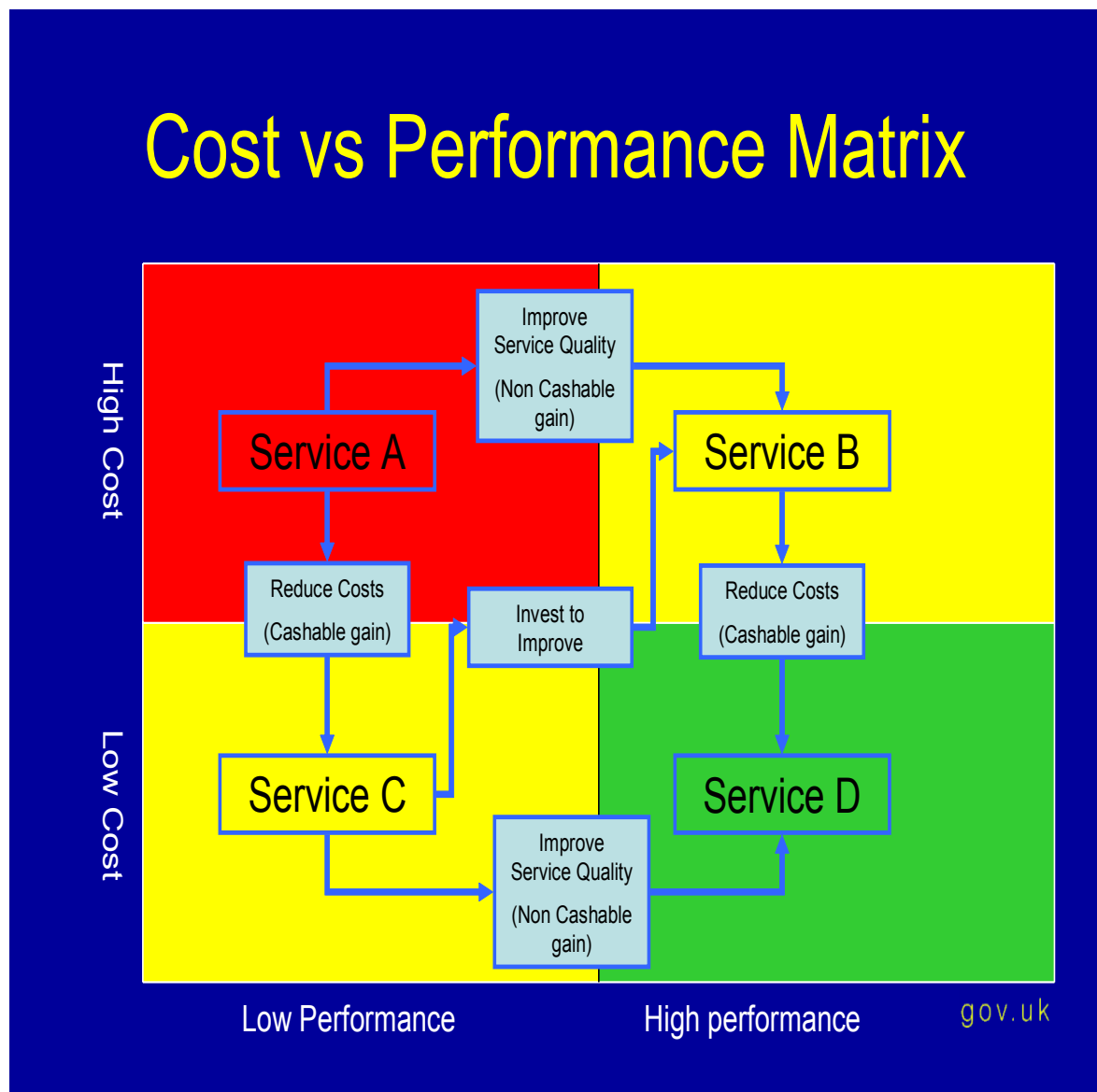


Chart 2 - MKC Cost vs Performance matrix as per MTP self assessment by service managers

COST	HIGH			
	MEDIUM		<p>HIGH PRIORITY Housing Strategy (£0.7m net spend) Adult Care Services (£34.1m net spend)</p> <p>NO PRIORITY Directorate Management</p>	<p>HIGH PRIORITY Homelessness (£1.3m net spend) Community Alarm & Sheltered Housing (£1.1m net spend)</p>
	LOW			
		LOW	MEDIUM	HIGH
		PERFORMANCE		

Chart 3 - MKC Cost vs Performance matrix using service blocks as defined by the Audit Commission profiles (see Annex One)

COST	HIGH			Homelessness
	MEDIUM			Community Housing (Non HRA)
	LOW			Older People Social Care Adult Mental Health
		LOW	MEDIUM	HIGH
		PERFORMANCE		