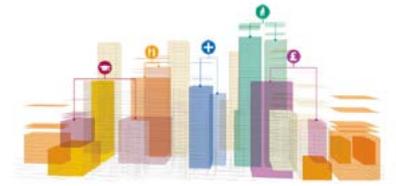


CFO *Insights*



Driving performance improvement through insight and benchmarking

Actuals 2015-16 Insights Review

CFO Insights has now been updated with actuals (revenue outturn) data for 2015/16 and matched with relevant characteristics and outcomes. We wanted to explore, using the tool, trends in this data when comparing 2015/16 spend with the previous year and also with budgets. The results give a high-level overview of how English councils are continuing to reduce spend, but are struggling to contain expenditure in some service lines.



reduction in spend
by councils between
2014/15 and 2015/16



councils reduced
spend between
2014/15 and 2015/16



councils over spent
on budgets in
2015/16

Changes to service lines (2014/15- 2015/16)



-7.15%

Cultural and
Related Services



-10.77%

Highways
and Transport



-2.82%

Central
Services



-12.94%

Housing Services



+14.78%

Public Health



+2.19%

Child Social Care



In summary, our analysis of English councils identified some key variances:

- there was a reduction in spend between 2014/15 and 2015/16 of 1.09%. This may be a little less than expected given the reported reductions in Government funding, estimated by the National Audit Office to be over 37%
- while there had only been relatively small reduction in expenditure, 60.4% of councils reduced their spend between 2014/15 and 2015/16
- 35% of councils overspent against their budgets in 2015/16. This suggests that councils may be finding it difficult to deliver their savings programmes.

Further analysis of the reduction of 1.09% in spend identified that certain service lines increased their spend between 2014/15 and 2015/16. The largest increase was seen in Public Health which saw a rise of 14.78%. Children's social care saw an increase of 2.19%, while there was a very small increase in Environmental service of 0.04%. All other service lines saw a reduction with the largest in percentage terms being Housing General Fund at 12.94%; Highways at 10.77% and Cultural at 7.15%.

Adult social care saw a reduction of just under 1%. Only 8 councils with adult social care responsibility decided not to adopt the Social Care Council Tax precept for 2016/17. The Secretary of State for DCLG has now confirmed an increase in the social care Council Tax precept from 2% to 3% over the next two years, rather than 2% over the next three years as originally planned. This does not provide additional funding over the life of this parliament, but the bringing forward should have a short term impact on spend to budget, although not enough to fully tackle the social care funding gap, according to the LGA and other sector bodies, should councils chose to utilise the full value of this precept.

Analysing variances between different types of local authorities shows that expenditure in London boroughs increased by 1.52% between years, while Unitary councils saw their spend reduce by 2.78%. Both Metropolitan and Unitary councils saw an increase in service derived income of over 5%, demonstrating the development of income generation schemes in local authorities.

CFO Insights allows analysis of spend per head of population. As an example we looked at London and saw spend per head decrease at 26 of the 33 local authorities within Greater London. London Boroughs, excluding the City of London, saw spend per head vary between £2,381 to £1,131. There are likely to be many reasons for the differences including demographic and economic factors.

In looking at overspending councils, we noted varying performance levels between the different types of councils. The councils who were most likely to overspend their budget were London Boroughs. 58% of such councils overspent

CFO Insights provides immediate:

- benchmarking capabilities for all financial income, expenditure and budget data
- comparison on authority spend by cost per 'unit'
- identification of the authorities with the best service outcomes
- sight of socio-economically similar authorities and their spend on services
- visibility of authorities' spend on services and their outcomes
- understanding of where income generation is coming from
- clear visualisation of the numbers through data cards, mapping, bar charts, spider profiles and leagues tables
- segmentation by different authority types
- segmentation by different region
- segmentation by core cities or key cities
- aggregation of different authorities' spend
- reduction in the time to identify sources of information
- baseline information for future comparison and progress reporting.

when compared to the original budget, while at the other end of the scale Districts were least likely to overspend, with 28% of these councils overspending. This may be due to the range of services provided at different councils and the inherent difficulties of controlling those service budgets.

Further analysis is available when looking at the overspend by service. District councils do not have social care responsibilities, and two of the main areas to overspend were Children's Social Care, with a variance to budget of 7.41% and Adult Social Care overspending by 1.94%. The other main area to overspend was Planning and Development Services with a variance to budget of 10.55%. This overspend may be for a number of reasons including planning activity increasing or planning budgets reducing in some areas of the country. Looking forward we expect there will be an increased focus in planning and development activity given the importance of growing the local tax base for councils, which would put further pressure on budgets. With the exception of Cultural and Related services, which had a small overspend of 0.23%, all other service areas underspent when looking across English councils.

Understanding the changes from previous years spend, and against budget, and the impact this has on outcomes for an area will be key to ensuring future budgets are being allocated in the most efficient and effective way. The variation in spend identified demonstrates the differing needs or priorities for an area, and continues to highlight the need for a place-based approach.

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