

Agenda item No. 7

Title:	Backward Look Annual Efficiency Statement 2006-07
Portfolio holders:	Councillor Roy While & Councillor Andrew Davis
Reporting officer:	Paul Mountford, Policy and Communications Manager
Key decision:	No

Purpose

To approve the draft backward looking Annual Efficiency Statement (AES) for 2006-07.

Background

Efficiency targets and annual efficiency statements were introduced by the Department for Communities and Local Government (previously ODPM) during 2004/05.

All authorities have a set annual efficiency target of 2.5% based on their 2004-05 expenditure, of which half should be 'cashable' gains. By the end of 2007-08, each authority should have achieved total efficiency gains equal to or greater than 7.5% of their 2004-05 expenditure.

The annual efficiency statements have to be produced in two parts - a forward look AES for 2007-08 and a backward look AES for 2006-07. The forward look annual efficiency statement for 2007-08 was approved by Cabinet and submitted on 12 April 2007.

Backward look AES

The backward look AES reviews what was achieved in the previous year 2006-07. It is checked by the Audit Commission as a part of the CPA process and is likely to be included in the annual use of resources and value for money statement. A number of 'quality cross checks' are listed to allow subsequent verification that the efficiencies were actually achieved without any loss of service quality.

The Council needs to submit the backward look AES 2006-07 by 14 June 2007.

Key issues

The draft table of key actions and quality cross checks for 2006-07 is attached at Appendix 1.

Work is being undertaken to confirm that all the efficiencies listed have been achieved as planned and that suitable quality cross checks are identified. It is expected that the majority of efficiency gains will be achieved. However, there are a few instances where the efficiency

gain has either not been made or is different from that originally anticipated. These are being reviewed and rechecked to ensure the Council reports the correct position. There are also a few instances where additional efficiency gains have been made:

- Extension of the home working scheme in Building Control, enabling the caseload to increase while maintaining the same staffing levels.
- Management restructure as part of the 2006/07 budget process, moving from three directors to two, and merging the Economic Development Manager and Community Leadership manager roles, resulting in the loss of one service manager post.
- Recruitment of customer services staff done in-house rather than undertaken by consultants used by neighbouring authorities.

There are ? efficiency gains that cannot be counted:

- Extend home working in Revenues and Benefits – it has not been possible to quantify the savings for this.
- Improved retention of staff through exit interview and upgraded induction process – it has not been possible to show savings for this

The Council is on track to exceed its overall efficiency targets set by the government (see table below). The 2006/07 cumulative efficiencies achieved and planned is currently £? compared to a target of £723,000.

Table: West Wiltshire targets and efficiencies – this table will be updated when the information becomes available

Year	Original targets		Revised targets		Efficiencies achieved and planned	
	Actual		Actual	Cumulative	Actual	Cumulative
2004-05	-		-	-	£404,000	£394,000
2005-06	£372,000		£362,000	£362,000	£421,411	£785,482
2006-07	£372,000		£362,000	£723,000	£359,326	£1,059,909
2007-08	£372,000		£362,000	£1,085,000	£301,235	£1,361,144
Total	£1,116,000		£1,085,000	£1,085,000		£1,361,144

Notes

- This table has been revised to take account of the actual efficiencies achieved in 2006-07. Further revisions may be necessary to take account of new information.
- The efficiencies achieved for 2006-07 onwards will be subject to confirmation by the Audit Commission
- One-off gains have been deducted from the cumulative figures. In 2004-05 one-off gains = £10,000, in 2005-06 one-off efficiency gains = £1,500 and in 2006-07 currently = £83,381

Effect on strategies and codes

The Corporate Plan commits the Council to providing efficient and effective services. This work forms a key part of this principle.

Risk management Implications

There are risks associated with making efficiency gains and their knock on impact on services and assessments. The main risks include:

- Efficiency gains being identified but are then not achieved
- Monitoring is not done effectively
- Service standards could be eroded through making cumulative efficiency gains
- The ability of the Council to make efficiency gains on its own will reduce over time. More reliance will be needed on partnerships to deliver medium-long term efficiency gains
- Although authorities are not at present required to reduce their expenditure by 7.5% (the required total efficiency gains), the government may consider this option in future years

Work is being undertaken to minimise these risks.

Finance and performance implications

There are no direct financial implications. Most efficiency gains are identified and included in the service and resource planning process.

The performance of the Council will be judged in part on its ability to meet or exceed the set efficiency targets. This will form an element of the new CPA process for all district councils.

Legal and human rights implications

There are no direct legal or human rights implications.

Next Steps

The backward look AES will be submitted to the Department for Communities and Local Government on 14 June 2007. It will be subject to external audit review in the autumn. A report will then be produced which is likely to form a part of the Annual Audit and Inspection Letter to the Council.

Recommendations

It is recommended that:

- Cabinet approves the backward look AES 2006-07, and delegates any further minor amendments as required to the Chief Executive and Leader.

Background papers

The 2007/08 Forward Look Annual efficiency Statement report to Cabinet on 14 March 2007.

Department for Communities and Local Government (previously ODPM) guidance documents:

Measuring and Reporting Efficiency Gains - a guide to completing annual efficiency statements (March 2007)

ESD template for backward looking AES 2006-07

Available from Policy and Communications Room F7