

KENNET DISTRICT COUNCIL

RESOURCES EXECUTIVE COMMITTEE
to be held on Tuesday 29th August 2006

Report by Janet Ditte, Chief Accountant & Auditor

Gershon Efficiency Gains – Annual Efficiency Statements

1. Purpose of Report

The purpose of this report is to report to Members the Gershon Efficiency Gains achieved for 2005-06 and the planned efficiency gains for 2006-07. In addition, the report will provide details of the Council's progress to date against its total efficiency gain target.

2. Financial and Staffing Implications

All local authorities are required to achieve 2.5% efficiency gains for 3 years from 2005-06. This requirement has been built into the Council's budgets and therefore the financial implications of the efficiency gains presented in this report are already included in the Council's budgets and financial statements.

There are no staffing implications, other than the staff resource used to compile the required statistical returns.

3. Legal Implications

There are no legal implications associated with this report.

4. Risk Implications

The efficiency gains reported for 2005-06 are still subject to review by the Council's external auditors. Therefore, there is the risk that the gains reported may change following this review. However, the Council has adopted a prudent approach to reporting its gains to minimise the risk of changes of this nature.

5. Introduction

The Council is required to complete a number of statistical returns in relation to the Gershon Efficiency Agenda. These include an annual Backward Looking Annual Efficiency Statement, reporting the actual efficiency gains achieved for the previous financial year, and a Forward Looking Annual Efficiency Statement forecasting the efficiency gains for the forthcoming year. In addition, there is a

Mid-Year Efficiency Statement, which is optional for district council, to update the planned efficiency gains for the current year. Although optional for district council's, it is considered best practice to submit this return.

Although the efficiency agenda was formally implemented in 2005/06, the Council was able to measure its efficiency gains for 2004/05 and include these in its total efficiency gains.

As already noted, all local authorities have been set a 2.5% efficiency gain target for each of the 3 years from 2005-06. This is calculated using 2004-05 as the baseline and for Kennet equates to total efficiency gains for the 3 years of £860k.

The Council's overall approach to achieving this target has been to cash-limit all appropriate budgets (i.e. not increase budgets for inflation). The guidance on measuring efficiency gains assumes that annual expenditure will increase by inflation and therefore where expenditure is maintained at the same levels an efficiency gain, equivalent to inflation, is achieved.

6. Efficiency Gains to Date

To date, the Council has completed two Backward Looking Annual Efficiency Statements, one for 2004/05 and one for 2005/06. The following table provides a summary of the efficiency gains that have been reported¹ for these two years:

	2004/05 £'s	2005/06 £'s
Culture and Sport	50,531	65,639
Environmental Services	31,873	62,006
LA Social Housing	13,457	2,166
Homelessness	0	12,918
Corporate Services	87,797	81,200
Procurement	0	72,729
Productive Time	2,267	0
Transactions	31,810	11,206
Miscellaneous Efficiencies	163,135	126,446
TOTAL	380,870	434,310
		815,180

As can be seen from this table, the Council is well placed to achieve its target efficiency gains of £860k. The efficiency gains achieved in 2005/06 compare with planned efficiency gains reported in the Forward Looking Annual Efficiency Statement for 2005/06 of £496k.

Local Authorities were permitted to calculate efficiency gains achieved in 2004/05 and include them in their total efficiencies gains.

¹ As reported in the Annual Efficiency Statement

The Council has now received formal feedback from the Department for Communities and Local Government on the Backward Looking Annual Efficiency Statement for 2005/06, which was submitted in July 2006. This feedback has been positive for local authorities as a whole, stating that the figures are pleasing “..because they represent real improvements in the delivery of public services”. The various government departments have reviewed Kennet’s submission and have not raised any issues or concerns.

7. Efficiency Gains for 2006/07

In April 2006, the Council submitted the Forward Looking Annual Efficiency Statement for 2006/07. The Council’s strategy for securing efficiency gains continues to be the achievement of greater outputs and improved service quality from the same (or less) resources, through cash limiting its expenditure. A copy of the Annual Efficiency Statement is attached as Appendix A and is summarised in the following table:

	2006/07 £'s
Culture and Sport	77,130
Environmental Services	98,469
Local Transport (non-highways)	20,574
LA Social Housing	5,473
Homelessness	566
Corporate Services	113,377
Procurement	16,888
Transactions	8,655
Miscellaneous Efficiencies	20,854
TOTAL	361,986

The Statement was reviewed by the Council’s Management Team and the Leader of the Council, prior to submission.

As the efficiency gains are built into the Council’s budget, progress against these gains will continue to be monitored through the Council’s corporate budget monitoring processes and will be formally reported to the Council’s Management Team and Members as part of the budgetary control process. In addition, all Service Managers are required to complete quarterly efficiency statements to report any additional efficiencies identified and achieved.

8. Conclusions

The tight budget constraints experienced by the Council over the last few years has ensured that the Council was well placed to meet the requirements of the efficiency agenda. The efficiency gains already reported for 2004/05 and 2005/06 show that the Council has almost achieved its overall target of £860k.

9. Recommendations

It is **RECOMMENDED THAT**:

1. Members note the progress made that the Council has made against its efficiency targets.
2. Members continue to monitor progress against the efficiency targets as part of the budget monitoring processes.

Annual efficiency statement - forward look

Details

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Statement

Strategy for period to 2007/08

The Council's strategy for securing efficiency gains until 2007/08, will continue to be the achievement of greater outputs and improved service quality from the same (or less) resources. This will in large part be achieved through the Council's ongoing policy to cash limit appropriate budgets (i.e. holding budgets at the same level and not allowing inflationary increases) to achieve efficiencies in its procurement arrangements and the use of the Council's resources, allowing the release of resources for re-investment in other service areas and to keep council tax increases within acceptable levels. This is achieved through robust and challenging budget setting and financial management processes.

The Council will build on its procurement strategy, not only in developing partnerships for joint procurement, but also developing its internal procurement arrangements, building on technological solutions for its procurement arrangements (i.e. e-procurement)

In addition, the strategy to 2007/08 will be to build on the efficiency activities started throughout 2005/06 and 2006/07, including:

identify other suitable vehicles for e-auction arrangements;

continue the ongoing programme of service reviews through the Wiltshire Customer First Partnership;

implement the service improvements/efficiencies identified by the Wiltshire Customer First Partnership (for example, provision of internal audit services);

continue to consider joint procurement arrangements for all major contracts;

The efficiency strategy adopted by the Council is a Corporate Efficiency Strategy, and as such applies to all of the Council's services who will contribute to the achievement of the strategy.

The data included in this return is based on the cashable efficiency gains that the Council has calculated, largely based on the efficiencies achieved through the budget setting process. The values included in the return represent those calculated for all services and workstreams within the specific areas and do not relate specifically to the key actions identified. The key actions identified are provided as examples of the ways in which the authority expects to be able to achieve the planned efficiencies.

The activities and key actions identified in this return are enabling the authority to generally perform more efficiently and therefore continue to operate within cash limited budgets, thus achieving the planned cashable efficiencies outlined below. These cashable efficiencies are being used to maintain the council tax increases within acceptable levels and to implement service improvements (and in some areas new services).

The data reported in this return focuses on the cashable gains that the Council has calculated through the budget setting process.

Key actions in 2006/07

The following is a summary of the key actions that will be the focus of the Council's efficiency activities, supplemented by those against the individual service areas.

1. Budgets

The Council has continued to secure efficiency gains through its budget setting process, as outlined above. During 2006/07, this policy will be supplemented by a review process using zero-based budget techniques to fully review the budget requirement of the service. All of the Council's services will undergo a challenging process to ensure that they are being delivered in the most efficient ways.

2. Service Review

In addition to (1) above, all service areas will be reviewed by the Members of the Council. This process has already commenced and will continue throughout 2006/07. This will drive the Council's efficiency agenda at Member level and will ensure that all services are subject to robust challenge and scrutiny by Members.

3. Wiltshire Customer First Partnership

Working with the other local authorities and service providers within Wiltshire, the partnership is conducting reviews of a range of major service areas within the authorities to:

compare and contrast working arrangements, to identify possible service improvements;

consider alternative working arrangements;

identify opportunities for joint working and procurement.

To date, the following areas have been identified for changes and improvements in service provision:

the payroll service of the Council will be outsourced to the County Council resulting in a reduction in staff resources and negating the need for payroll system to be replaced;

over the next 2 years, the bank contracts of the authorities will be brought into line, with a view to jointly procuring the banking services of the authorities;

the provision of internal audit services across the County will be reviewed to consider joint provision arrangements;

a joint commissioning project will be undertaken for the provision of recruitment advertising within the County.

alternative arrangements for the provision of legal services will be considered during the year, including joint procurement arrangements for the provision of legal agency staff.

During 2006/07, the action plans developed as a result of the reviews already conducted will be implemented. In addition, the review teams will commence work on the next round of service reviews. This work demonstrates that there is a county wide commitment to driving the efficiency agenda through partnership working.

4. Customer First Project

The Council has implemented a programme of business process re-engineering through its Customer First Project. The project has been concerned with the formal implementation of CRM technology to introduce a customer call centre to manage the Council's frontline services. This service will be further embedded and other services reviewed with a view to being incorporated into the customer call centre.

5. Procurement Arrangements - E-Auctions

The Council has participated in an e-Auction for the provision of agency staff through a framework agreement (commenced 29th March 2006). This was a very successful process and efficiencies will be achieved as a result of this e-Auction.

As a result of the success of this E-Auction, the Council will investigate other areas where e-Auctions could be used. It is likely that an e-Auction will be used for the procurement of legal agency staff, as part of the Wiltshire wide review of legal services within the County.

6. Joint Procurement Arrangements

The Council will continue its policy to consider joint procurement arrangements for major projects and other services, wherever possible. This will include reviewing the procurement arrangements for common contracts within Wiltshire, as part of the Wiltshire Customer First Partnership. For example, this will include the Wiltshire Council's working towards to the joint procurement of banking services.

During 2005/06, the Council participated in a number of procurement schemes/vehicles, in partnership with a number of other public service providers, to create new ways/vehicles of purchasing goods/services and entering into contracts. This included participating in the Somerset Councils' led joint procurement programme and the NHS LIFT Scheme. It is hoped that these will provide the Council with opportunities for alternative ways of procuring services that will result in efficiencies. During 2006/07, the Council will pursue the benefits of these and other similar schemes.

7. Recycling Strategy

The Council has adopted a challenging recycling and waste minimisation strategy to increase the amount of waste recycled in the district and also reduce the level of waste collected and thus resulting in an increase in the efficiency of these services through increased recycling rates. This will be achieved through the move to Alternate Weekly Collections, building on the introduction of a green waste collection service during 2005/06. Once the scheme is fully implemented, the Council will be using the same resources to handle waste and recycled goods in the district as before, however the level of recycling will have increased dramatically.

8. Corporate Document Management System

The Council has already introduced document management systems into certain service areas (housing benefits, housing services and accounts payable), which have improved efficiency within these areas. The Council plans to implement a corporate document management system, that will enable similar efficiencies to be implemented across the authority.

9. Service Re-structure

During 2005/06, the Council amalgamated its Leisure and Environmental Services divisions, into a single service under a single Director. These changes formally came into effect from 1st April 2006. The efficiencies associated with these changes will be measured during 2006/07. The gains achieved through these changes have not been included in the data reported below.

In addition, the Council will continue to keep under review its managerial and operational structures, to ensure that it benefits from any opportunities as they become available, to ensure that efficiencies are achieved when possible.

10. RCOE Funded Project on Grounds Maintenance and Street Cleaning

The Council has been involved in a RCOE funded 2 stage project to review the provision of grounds maintenance and street cleaning in the County. The first stage of this project took place during 2005/06 and reviewed service standards and common working practices. The Council (Kennet) were found to be the leading authority in terms of best practice and cost efficiency. The second stage of the project, which will take place during 2006/07, will consider 2 models of procurement; joint procurement or lead authority. Throughout 2006/07, the Council will monitor progress against this project, with a view to measuring any efficiencies gained by the Council as a result of this work.

	Expected annual efficiency gains (£)	...of which cashable (£)
Adult social services	0	0
	Strategy: Service not applicable Key actions:	
Children's services	0	0
	Strategy: Service not applicable Key actions:	
Culture and sport	77,130	77,130
	Strategy: In addition to the Council wide efficiency strategy, the leisure team will continue its strategy to deliver increased customer use of the Council's leisure facilities and services, to achieve capacity usage. Key actions: 1. The Council will investigate the non-cashable gains achieved through increasing customer usage of the centres.	
Environmental services	98,469	98,469
	Strategy: The services will contribute to the broader Council wide efficiency strategy. Key actions: 1. See (7) above.	

	<p>2. The waste collection service will incorporate increased domestic refuse collection requirements within existing resources (i.e. number of refuse rounds).</p> <p>3. The Council will review a number of its maintenance contracts and contracts for the procurement of chemicals.</p> <p>4. See (4) above.</p> <p>5. The Council will work in partnership with the Police and Environment Agency to tackle environmental crime.</p>	
Local transport (highways)	0	0
	<p>Strategy: Service not applicable</p> <p>Key actions:</p>	
Local transport (non-highways)	20,574	20,574
	<p>Strategy: The service will contribute to the broader council wide efficiency strategy identified.</p> <p>Key actions:</p>	
LA social housing (capex)	0	0
	<p>Strategy:</p> <p>Key actions:</p>	
LA social housing (other)	5,473	5,473
	<p>Strategy: The service will contribute to the Council's broader efficiency strategy</p> <p>Key actions: 1. The document management system within Housing Services will continue to facilitate increased efficiencies in the processing of housing register applications, allowing more applications to be processed with the same level of staff resources.</p> <p>2. The Council has developed a number of partnerships to enable the efficient provision of its housing service. Most recently, this has included the joint procurement of housing survey contracts (e.g. housing needs assessments).</p>	
Non-school educational services	0	0
	<p>Strategy: Service not applicable</p> <p>Key actions:</p>	
Supporting people	0	0
	<p>Strategy:</p> <p>Key actions:</p>	
Homelessness	566	566
	<p>Strategy: The service will contribute to the Council's broader efficiency strategy.</p> <p>Key actions:</p>	
Other cross-cutting efficiencies not covered above		
Corporate services	113,377	113,377

	<p>Strategy: Corporate Services will contribute to the broader efficiency strategy.</p> <p>Key actions: 1. See (3) above</p> <p>2. See (4) above.</p> <p>3. The Council will continue the project to introduce a corporate document management system.</p>	
Procurement	16,888	16,888
	<p>Strategy: The procurement service will continue its strategy to develop and deliver improvements in the way that the Council procures goods and services.</p> <p>Key actions: 1. See procurement actions above.</p> <p>2. The Council will work in conjunction with Wiltshire County Council on its formal pay and grading review. The Council will be able to benefit from the use of the County's Pay & Grading software, rather than having to fund the purchase itself.</p>	
Productive time	0	0
	<p>Strategy: The Council will continue its existing policies and strategies to improve the efficiency levels of its staff resources</p> <p>Key actions: 1. A project team will conduct a review of staff sickness and absence levels, with a remit to develop and deliver proposals to achieve specific efficiency targets in relation to absence levels.</p>	
Transactions	8,655	8,655
	<p>Strategy: Within the overall strategy to achieve greater outputs from the same inputs (resources), the Council will continue to endeavour process increased numbers of transactions within existing staff resources.</p> <p>Key actions: 1. The Council will continue to promote BACS as its preferred payment method, with view to achieving a target of 92.5% of all creditors payments using BACS.</p>	
Miscellaneous efficiencies	20,854	20,854
	<p>Strategy: The services will contribute to the overall efficiency strategy of the Council</p> <p>Key actions: 1. PLANNING - the introduction of the Electronic Document Management System will enable planning consultations to be web based rather than the existing paper format.</p> <p>2. PLANNING - from 2006 documents will be emailed rather than printed - for example agendas and appeal decision notices.</p>	
Total	361,986	361,986

