

TAUNTON DEANE BOROUGH COUNCIL

CORPORATE GOVERNANCE COMMITTEE 17 DECEMBER 2007

REPORT OF THE FINANCIAL SERVICES MANAGER

This matter is the responsibility of Executive Councillor Henley (Leader of the Council)

ANNUAL EFFICIENCY STATEMENT – UPDATE

1 Executive Summary

1.1 This report details the Government requirements under the Efficiency agenda for the Council to make 2.5% efficiency savings each year, our progress against those targets and how this is monitored.
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2 Introduction

2.1 The Government's 2004 Spending Review set out targets for local government to make efficiency gains in the services that they provide. Each authority is required to demonstrate 2.5% per annum efficiency gains between 2005/06 and 2007/08 when compared to the 2004/05 budget position. Efficiency gains are measured against set financial targets and include both capital and revenue spending.

2.2 This report details the progress made by the Council in meeting those targets and how the Authority monitors the Efficiency agenda.

3 Efficiencies Reporting

3.1 The DCLG have issued guidance on how progress is to be measured. The primary source for reporting will be through the Annual Efficiency Statement (AES). The AES has to be signed by the Leader of the Council, the Chief Executive and the S151 Officer. The AES is updated three times a year:

- Firstly, a forward looking AES which outlines the authority's strategy for securing efficiency gains for the forthcoming financial year. This is returned to DCLG during April each year.
- Secondly, a mid year update on the AES. This tracks progress made in securing the planned efficiencies over the first half of the year. This is returned to DCLG during November each year.
- Finally, a backward looking AES reviews the actual progress made in securing efficiencies during a year against those planned. This is returned to DCLG during July each year. This document is subject to external audit.

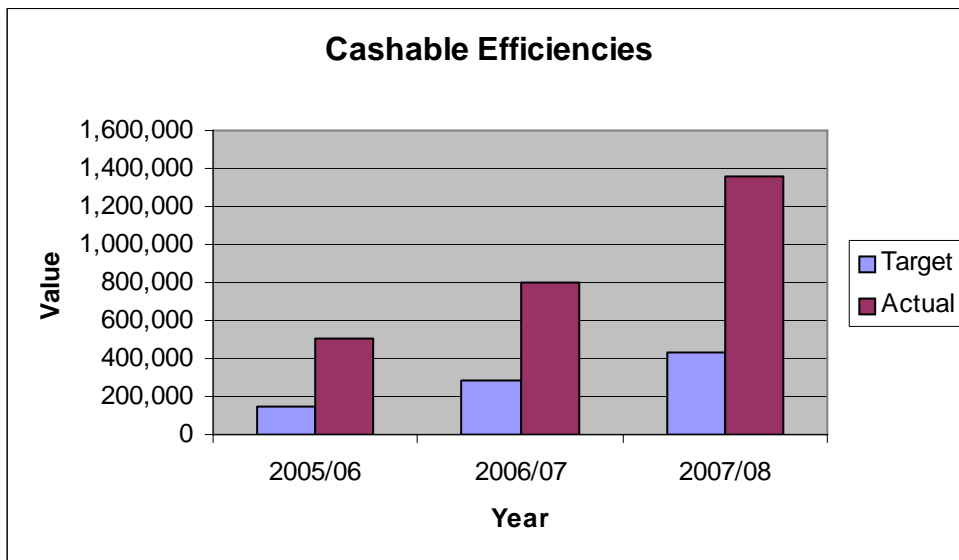
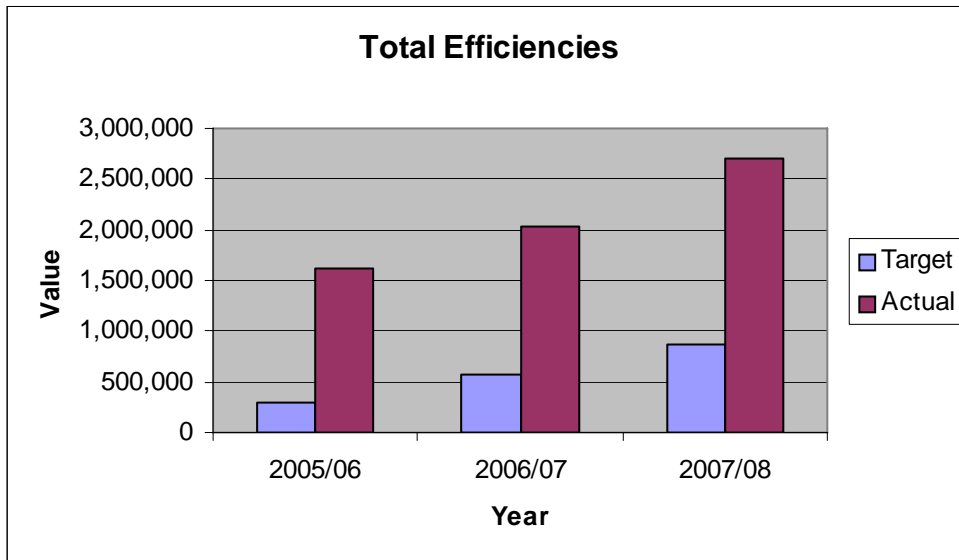
3.2 This is an area which is currently undergoing significant change, further details are shown in section 6 below.

4 Targets and Progress Made to Date

4.1 As mentioned above, the requirement is for the Authority to demonstrate 2.5% annual ongoing efficiencies each year and as a consequence the Council has been issued target efficiency gains to be made between 2005/06 and 2007/08. At least 50% of efficiencies must be cashable. The targets are shown below:

Year	Overall Efficiency Target £000	Cashable Target £000 (50%)
2005/06	289	144
2006/07	578	289
2007/08	867	434

4.2 The graphs below shows the progress made by the Council in meeting the targets:



- 4.3 The most recent AES submissions show total expected efficiencies of £2.7m, this is clearly well above the targets set and significant contributing factors are the efficiencies created via the Joint Waste collection contract and the expected efficiencies to be generated via Southwest One. This report does not contain a detailed schedule of the particular areas where we have generated efficiencies but the table below does give this information in summary form. Should any Member require the detailed efficiencies then please contact the officer named below.

Sector	2004/05 to 2005/06 £000	2006/07 £000	2007/08 £000	Total £000
Local Transport	9	10	0	19
Cultural & Sport	5	0	0	5
Environmental	36	72	83	191
Social Housing	172	65	417	654
Corporate Services	136	111	149	396
Procurement	96	24	0	120
Productive Time	0	0	0	0
Transactional Services (ie Revenues)	143	80	0	223
Misc. (inc web site interaction)	1,065	2	29	1,096
Total	1,662	364	678	2,704

5 Monitoring

- 5.1 It is important that progress against the targets is monitored effectively. This is done in a number of ways:

1. The AES process is driven by the Finance function – this ensures that efficiencies generated by the annual budget process, throughout the Council, are picked up in the AES submissions,
2. The AES is reviewed periodically by Corporate Management Team
3. The AES submissions have to be “signed off” by the Leader, Chief Executive and S151 officer, prior to submission to DCLG,
4. Annual reports on progress are submitted to Members.

6 Future Developments

- 6.1 There have been a number of changes proposed by Government regarding the efficiency agenda these include:

- New reporting arrangements have now been introduced. For example the mid year AES does not have to be submitted by District Tier Councils or those rated as “excellent” under

CPA. However we have continued to submit these statements, as they are now much less onerous to complete.

- The AES in its current form will be discontinued from July 2008 and replaced by a single performance indicator detailing "*the total net value of ongoing cash releasing value for money gains since 2008/09.*" There will be no external reporting of where these gains are generated from.
- Targets for the local authority sector have been increased to 3% from 2.5% and these are now required to be wholly cashable. Individual targets for each Council will be discontinued, unless as agreed as part of a Local Area Agreement.

7 Conclusion

- 7.1 The Corporate Governance Committee are requested to note the progress made in meeting the AES targets, how the Council carries out monitoring of the process and the future developments planned by Government.

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