

TAUNTON DEANE BOROUGH COUNCIL

EXECUTIVE - 24 MAY 2005

REPORT OF THE FINANCIAL SERVICES MANAGER

This Matter Is The Responsibility of Executive Cllr Williams (Leader of the Council)

ANNUAL EFFICIENCY STATEMENTS

EXECUTIVE SUMMARY

The ODPM have recently issued their guidance on the reporting requirements for Annual Efficiency Statements (AES). The AES is a summary of efficiencies achieved by the Council in each year. The Council has met all the targets set for 2004/05 and 2005/06. The forward looking 2005/06 AES has recently been sent off to the ODPM, the 2004/05 backward looking AES will be submitted in June.

1 Introduction

1.1 The Government's 2004 Spending Review set out targets for local government to make efficiency gains in the services which they provide. Each authority is required to demonstrate 2.5% per annum efficiency gains in each of the next three years when compared to the 2004/05 budget position. Efficiency gains are measured against set financial targets and include both capital and revenue spending.

2 Reporting

2.1 The ODPM have issued guidance on how progress against these targets is to be measured. In 2005/06 the primary source for reporting will be through a self assessed Annual Efficiency Statement (AES). The AES has to be signed by the Leader of the Council, the Chief Executive and the Chief Finance Officer. There will be 2 documents required:

- Firstly, a forward looking AES which outlines the authority's strategy for securing efficiency gains and the key actions that will be taken during 2005/06. This had to be returned to ODPM by 15 April 2005.
- The second AES looks back to efficiency gains achieved in 2004/05 which will continue into future years. This has to be returned to ODPM by 16 June 2005.

2.2 Authorities which have not been rated as excellent under CPA will have to submit a mid year update on progress. Excellent authorities are invited to volunteer information on mid year progress. This information must be returned by 17 November 2005.

- 2.3 From 2006 onwards the backward looking AES will be assessed as part of the “Use of Resources” section within CPA and will therefore be subject to external audit.

3 What counts as efficiency gains?

- 3.1 The ODPM have specific definitions on what counts as an efficiency gain:

Can be Counted in the AES	Cannot be counted in the AES
Reducing inputs (money, people, assets etc) for the same outputs	Re-labelling of activity
Reducing prices for the same outputs	Cuts that result in a poorer service to the public
Getting greater outputs or improved quality for the same inputs	Increased income purely from higher prices in fees and charges to the public
Getting more outputs or improved quality in return for an increase in resources that is proportionately less than the increase in output or quality	

- 3.2 At least half of stated efficiency gains should be cashable. Cashable gains represent the potential to release resources for allocation elsewhere. Non cashable gains are achieved through improved quality or additional outputs for the same level of resources.
- 3.3 The ODPM have issued guidance on how securing efficiencies can be achieved within each major service area ie Transport, Environmental services etc. In addition regional champions have been nominated to assist authorities with this work.

4 Target Efficiency Gains for TDBC

- 4.1 The ODPM have recently issued the target efficiencies for each Authority. For TDBC the targets are:

2005/06	£400,000
2006/07	£700,000
2007/08	£1,100,000

- 4.2 The work which the Authority has done during both the 2004/05 and 2005/06 budget setting cycles, has put it in a good position for meeting these targets. In summary progress against the targets outlined above is as follows, and shows that the 2005/06, 2006/07 and 2007/08 targets have all been met:

Year	Target £	Ongoing Efficiencies Identified £	(Surplus)/Deficit against Target £
2005/06	400,000	1,275,215	(875,215)
2006/07	700,000	1,275,215	(575,215)
2007/08	1,100,000	1,275,215	(175,215)

- 4.3 The efficiencies identified by the Authority have been achieved within the following service areas:

Service Area	2004/05	2005/06	Total
Culture & Sport	109,540	122,685	232,225
Environmental Services	0	31,400	31,400
Local Transport	20,000	12,000	32,000
Social Housing	150,000	62,398	212,398
Corporate Services	157,890	134,349	292,239
Procurement	59,850	72,000	131,850
Transactional Services (ie Benefits)	45,000	168,714	213,714
Miscellaneous	100,000	29,389	129,389
Total	642,280	632,935	1,275,215

- 4.4 The forward looking 2005/06 AES which was recently submitted to the ODPM is attached at Appendix A. The draft backward looking AES (in spreadsheet form only) is attached at Appendix B. In addition to the efficiencies shown in these statements the Authority is actively engaged in other projects which will contribute to the efficiency targets, for example Waste Contract Integration and improved procurement practices.

5 Conclusion and Recommendations

- 5.1 It is clear that the efficiency agenda is continuing to gain momentum within Central Government. The targets set for the Council have not proved particularly challenging to meet, however it is necessary to ensure that the Council continues to monitor its progress against its planned efficiencies. It is suggested that the monitoring of the AES is a function of the Review Board.

- 5.2 The Executive is **recommended** to:

- 1) note the contents of the forward and backward looking AES submissions, and
- 2) to agree that monitoring of the AES should be carried out by the Review Board.

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Appendix A

Annual Efficiency Statement - Forward Look

Local authority

Taunton Deane Borough Council

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13/04/2005 11:14 AM

Strategy for securing efficiency gains

Taunton Deane Borough Council's strategy for securing efficiency gains is based on a number of key projects which are bearing fruit in 2005/06. Many of the efficiencies stated below are as a result of the "Profile of Services" review which was carried out in the Autumn of 2004. This review ensured that resources were focussed towards high priority services and that lower priorities saw either a reduction or standstill position in their 2005/06 budget. Budgetary pressures in both the 2004/05 and 2005/06 budget rounds have produced significant efficiencies which have enabled the Council to produce a balanced budget (ie without the use of significant reserves) in both years. This Annual Efficiency Statement is consistent with those items identified within our most recent IEG return.

Overall the Council has identified ongoing efficiencies of over £670,000 in 2004/05 and when you add these to the new efficiencies detailed below which arise in 2005/06 the Council will achieve ongoing efficiencies of over £1.3m in total.

Key actions to be taken during the year

The Council will expand the Leisure Trust which was set up in 2004 to incorporate one of our major leisure sites thereby releasing significant tax based savings which will be used to improve the maintenance position of these key assets.

In addition there has been a significant programme of restructuring services, reviewing vacant posts and not filling those where changes in working practices can lead to the same service being delivered for reduced cost.

There is also a programme of transferring a number of day to day enquiries to the Council's Customer Services Team thereby freeing up staff in front office services from routine enquiries from the public. This has had a significant impact on front facing services such as Housing Benefits and Council Tax Collection.

There have also been a number of changes to procurement procedures which have led to efficiencies across the Council, for example through e-procurement and through improved access to services via the web.

	Expected annual efficiency gains (£)	...of which related to capital spend (£)	...of which related to other spend (£)	...of which cashable (£)
Adult social services	0			0
	Strategy: N/A			
	Key actions: N/A			
Children's services	0			0
	Strategy: N/A			
	Key actions: N/A			
Culture and sport	122,685			48,288
	Strategy: The Strategy within this Service Group has been to maximise the efficiencies to be gained from the tax based savings arising from the Leisure Trust (which will be redirected towards increased maintenance) and to revisit working practices within our parks service whereby costs are reduced through less labour intensive methods			
	Key actions: Parks - More efficient work practices will allow new sites to be taken on without the need for additional cost			
	Parks - A reduction in Nursery overtime through adjusted working patterns			
	Parks - Re-instate peripheral flower beds with annuals, grasses or shrubs			
	Leisure Centres - Creation of Leisure Trust has freed up NNDR & VAT savings which has been used to increase maintenance budgets this builds on the efficiencies already gained in 2004/05			
Environmental services	31,400			21,200
	Strategy: The Strategy within this Service Group has been to rationalise the number of public conveniences which the Council operates whilst ensuring that only those facilities which show continued usage by the public remain open. In addition the customer facing nature of environmental services are now seeing the benefits of increased interaction with the public via the internet and through our Customer Services Team.			

	<p>Key actions: Environmental Protection - Improved contract terms for water sampling</p> <p>Environmental Protection - Introduction of Multi-skilling training programme</p> <p>Public Conveniences - Review of the number of public conveniences has led to a rationalisation of the number of facilities leading to better utilisation of existing resources in terms of maintenance & ensuring that facilities are in areas where usage warrants the service</p> <p>Licensing - Streamlined consultation procedures with public/license holders</p> <p>Licensing - Licensing officers time has been freed up by training our Customer services team to deal with routine telephone enquiries</p> <p>Licensing - Website to enable customers to download forms thereby freeing up staff time from routine requests for forms etc</p> <p>Environmental Health - Customer Services staff have been trained in dealing with routine enquiries thereby freeing up professional staff from routine enquiries</p>			
Local transport	12,000	0	12,000	12,000
	<p>Strategy: The Strategy within this Service Group is based around ensuring that staff are appropriately deployed so that their training and skills are being used to the best advantage of the service. For example Parking Inspectors no longer deal with CCTV monitoring, they concentrate on parking enforcement. Conversely specialist CCTV operators deal with CCTV monitoring only.</p> <p>Key actions: Car Parking - The Council now employees specialist CCTV operators thereby allowing Parking Inspectors to concentrate on parking enforcement, rather than having to combine the CCTV monitoring task with their main duties of enforcement</p>			
LA social housing	62,398	0	62,398	62,398
<p>Strategy: The Strategy within this Service Group is to ensure that external income opportunities are maximised and that budgets are scrutinised so that only definite commitments are budgeted for.</p>				

	<p>Key actions: Private Sector Housing -Supporting People funding secured for Home Improvement Agency thereby releasing revenue resources for other purposes</p> <p>Private Sector Housing - Houses in Multiple Occupation registration budget no longer required due to legislative changes</p>		
	0		0
Non-school educational services	Strategy: N/A		
	Key actions: N/A		
	0		0
Supporting people	Strategy: N/A		
	Key actions: N/A		
	0		0
Homelessness	Strategy: N/A		
	Key actions: N/A		
Other cross-cutting efficiencies not covered above			
Corporate services	134,349		132,849
	<p>Strategy: The Strategy within this Service Group is to review back office services and restructure where necessary - this has led to the deletion of posts which are no longer required thereby making the majority of efficiencies within this Group. In addition more efficient back office processes and the greater utilisation of electronic communication methods has contributed greatly. Finally the Council has set up an Internal Audit partnership with other Somerset Local Authorities which will develop throughout 2005/06 and will enable greater specialist resources to be targeted within each Authority.</p>		

	<p>Key actions: Deane Building Design Group - Deletion of vacant posts and absorption of work within remaining staff</p> <p>E Government - Deletion of E-Govt Manager post and workload now taken on by existing IS staff</p> <p>Financial Services - Increased use of BACS to pay creditors, thereby lowering bank charges</p> <p>Financial Services - Restructure of external/internal debt has reduced the Council's overall cost of borrowing</p> <p>Central Services - Deletion of vacant posts and absorption of work by remaining staff</p> <p>Central Services - Reduction in overtime for caretaking staff through revised working practices</p> <p>Personnel - Reduction in staff numbers via more efficient IT system</p> <p>Personnel - Change in BACS processing has lead to process efficiencies</p> <p>Personnel - E-Recruitment via website will reduced printing, postage and advertising costs</p> <p>Internal Audit - The creation of an Audit Partnership with South Somerset DC will ensure costs remain constant but the level of service in particular specialisms, such as computer audit, will increase</p>		
Procurement	72,000		72,000
	<p>Strategy: The Strategy within this Service Group is to review this services and restructure where necessary - this has led to the deletion of posts which are no longer required. In addition more efficient electronic processes and the renegotiation of purchasing contracts has contributed greatly</p>		

	<p>Key actions: Mobile Phones -Reduced number of Service Unit based mobile phones and the setting up of "pool" phones will reduce overall costs</p> <p>E-Procurement - This represents both reductions in prices and more efficient invoice handling such as the introduction of call off orders for key suppliers</p> <p>E-Procurement - Deletion of posts within Purchasing section and absorption of duties by remaining members of staff</p> <p>Central Telephone costs - Telephone tariff has been renegotiated</p>		
Productive time	0		0
	Strategy: N/A		
	Key actions: N/A		
Transactions	168,714		103,714
	<p>Strategy: The strategy within this Service group is based around three strands, firstly restructuring the Housing benefits service which has enabled the same service to be provided for reduced cost. Secondly by using the Council's Customer Services Team to deal with the majority of day to day telephone enquiries for transactional services and finally by the implementation of electronic processing and payment methods.</p>		

	<p>Key actions: Housing Benefits -Restructure of Benefits service and absorption of work by remaining staff - no impact on Customers</p> <p>Housing Benefits - Tendering exercise of solicitors costs undertaken which will come into force in 2005/06 has reduced costs for the same service level</p> <p>Housing Benefits - Introduction of document imaging, EDRM and workflow has led to more efficient processes and a largely paperless office</p> <p>Council Tax Collection - Implementation of e-payment methods thereby reducing bank charges and the need for face to face cashiering</p> <p>Council Tax Collection - Council Tax leaflet produced for reduced cost yet quality increased</p> <p>Housing Benefits & Council Tax Collection - Implementation of Customer Services Centre has freed up staff time within these services as they no longer have to deal with routine phone calls, form requests etc</p>			
Miscellaneous efficiencies	29,389			9,389
	<p>Strategy: The strategy within other services has been to restructure our planning service which has produced a reduction in staffing levels and also to publish increased amounts of information on all services on the Council's website thereby allowing the public to download information as and when required without having to refer to a Council Officer first.</p>			
	<p>Key actions: Planning - Reduction in Forward Planning Technician Post from 1 FTE to 0.6 FTE and absorption of duties by remaining staff</p> <p>Economic Development - Transfer Industrial Estates Directory to web thereby saving on printing costs</p> <p>Various Services - Publishing information on web site ie planning applications, agendas, listed buildings, local plan information has reduced the cost of sending out hard copy information</p>			
Total	632,935	0	74,398	461,838

2004/05 Backward Looking Annual Efficiency Statement

Appendix B

Expected Efficiency Gains					
Service Block	Service	Specific actions	Expected Annual Efficiency Gains	Cashable	Non-cashable
Culture & Sport	Leisure Centres	Creation of Leisure Trust has freed up NNDR & VAT savings which has been used to increase maintenance budgets	109,540		109,540
Environmental Services					
Local Transport	Concessionary Travel	Change of operator has allowed budget to be reduced	20,000	20,000	
Social Housing (inc HRA)	Housing	Contract Partnering on reactive, voids and gas works	150,000	150,000	
Other cross cutting efficiencies not covered above:					
Corporate Services	Financial Services	A change in Council Tax collection dates has improved cashflow at no additional cost to the public this has enabled the Authority to generate additional interest income	121,000	121,000	
	Financial Services	DLO system changes has resulted in the deletion of processing post	12,090	12,090	
	Personnel	E-Recruitment will reduce printing, postage and advertising costs	1,000	1,000	
	Printing	Reduction in printing costs for publications now available on our web site	10,000	10,000	
	IS Unit	Various system procurement changes (payroll, cash receipting etc) results in overall budget reductions	13,800	13,800	
Procurement	Advertising	A switch of advertising from existing suppliers to cheaper providers will generate savings whilst maintaining coverage	13,000	13,000	
	Postage	A switch of policy so that 80% of post is sent second class	7,000	7,000	
	E-Procurement	Through the corporate purchasing function - this represents both reductions in prices and more efficient invoice handling	9,000	9,000	
	E-Procurement	Following the deletion of the Strategic Procurement Officer post 30% of these duties have been absorbed by remaining staff	12,600	12,600	
	Central Telephone Costs	Purchase of Switch and a reduction in call charges	18,250	18,250	
Productive Time					
Transactional Services	Housing Benefits	Re-structuring exercise (see above) has resulted in improvements to all Best Value Performance Indicators (2004/2005 in comparison with 2003/2004)	10,000		10,000
	Housing Benefits	Through technology, can now produce claim form for completion on tablet PC thus eliminating the need for paper copy or scanning to DIPs	2,000	2,000	
	Housing Benefits	Produced 2 new "shortened" claim forms (back to work & change of address) reducing printing costs and focusing just on information required.	1,000	1,000	
	Housing Benefits	Use StyleWriter software to ensure most written communication is sent in Plain English this reducing enquiries from members of the public.	1,000		1,000
	Housing Benefits	Have added a "Trial Claim Calculator" to Benefits Website so customers can see for themselves if they are likely to qualify for benefit - freeing up resource within Customer Service Unit	1,000		1,000
	Housing Benefits	Now use cameras to photograph supporting documentation, this eliminating requirement to manually record details of information seen during visits	3,000		3,000
	Council Tax Collection	Implimentation of e- payment methods	17,000	17,000	
	Council Tax Collection	Change in software has led to a reduction in the number of electronic payment cards being issued	10,000	10,000	
Miscellaneous	Various	Publishing information on web site ie planning applications, agendas, listed buildings, local plan information	100,000		100,000
Total			642,280	417,740	224,540