

TAUNTON DEANE BOROUGH COUNCIL

CORPORATE GOVERNANCE COMMITTEE 18 DECEMBER 2006

REPORT OF THE FINANCIAL SERVICES MANAGER

This matter is the responsibility of Executive Councillor Williams
(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.
--

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:

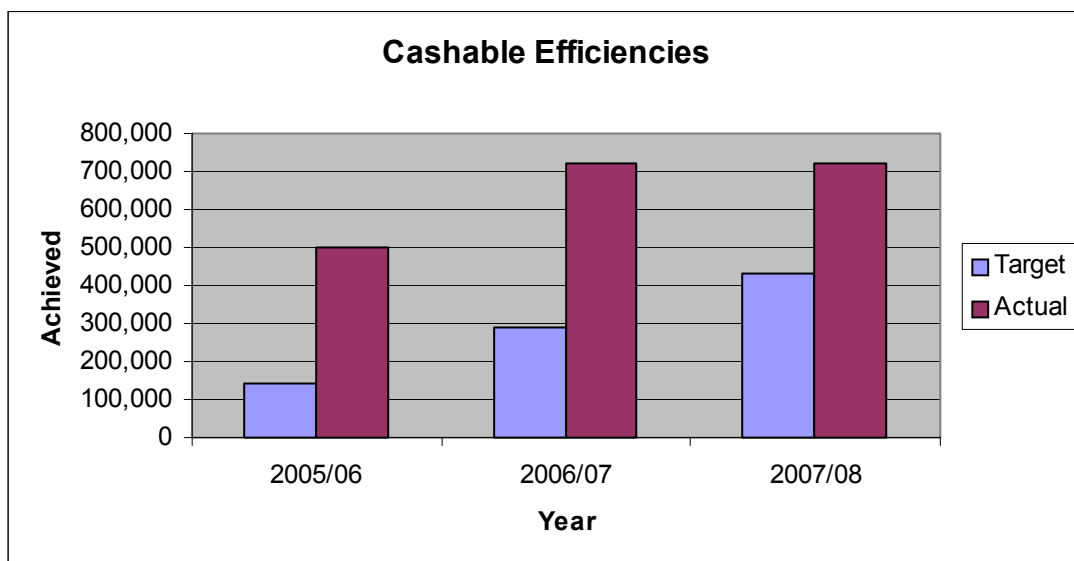
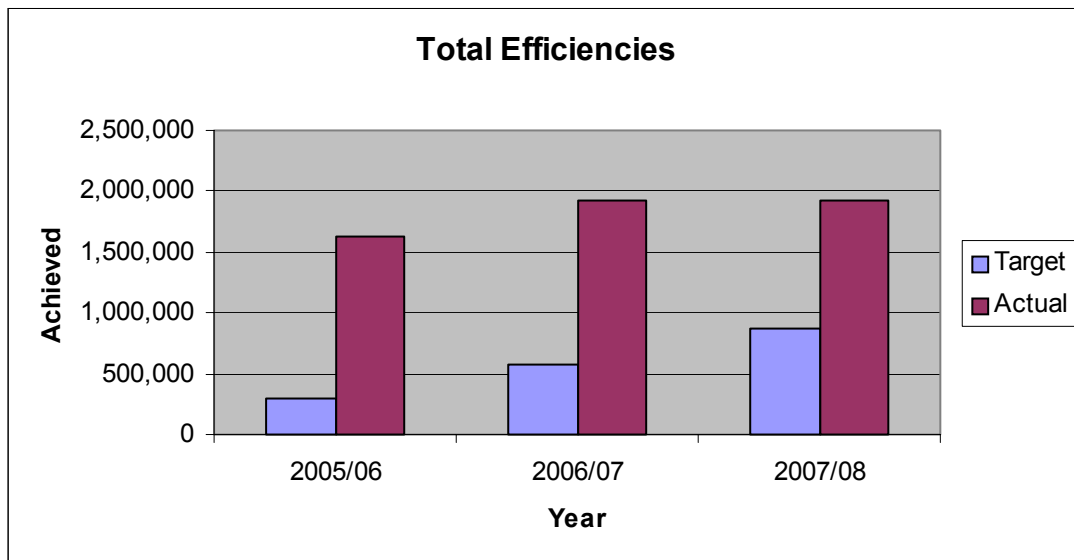
- Firstly, a forward looking AES which outlines the authority's strategy for securing efficiency gains for the forthcoming financial year. This is returned to DCLG during April each year.
- Secondly, a mid year update on the AES. This tracks progress made in securing the planned efficiencies over the 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. From 2006 onwards the backward looking AES has been assessed as part of the "Use of Resources" section within CPA and is therefore subject to external audit.

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 £1.92m, this is clearly well above the targets set and a significant contributing factor are the efficiencies created via greater public interaction with the Council via the Web Site. 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 £000	2005/06 £000	2006/07 £000	Total £000
Local Transport	9		14	23
Cultural & Sport		5		5
Environmental		35	31	66
Social Housing	153	15	89	257
Corporate Services	15	118	69	202
Procurement	61	32	12	105
Productive Time			43	43
Transactional Services (ie Revenues)	46	94	24	164
Misc. (inc web site interaction)	102	937	14	1,053
Total	386	1,236	296	1,918

- 4.4 It is expected that many of the other ongoing corporate projects which the Council is currently involved in will also generate efficiencies in future years ie Waste Contract Integration, ISIS etc. However as yet these cannot be quantified.

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. Regular reports on progress are submitted to the Review Board, the last one being in August 2006.
- 5.2 It is expected that over time the targets issued will increase from the 2.5% required at present. This will mean greater careful monitoring of the overall process.

6 Conclusion

- 6.1 The Corporate Governance Committee are requested to note the progress made in meeting the AES targets and how monitoring of the process is carried out by the Council.

Contact Officer:

Paul Carter

Financial Services Manager

Tel 01823 356418

Email: p.carter@tauntondeane.gov.uk