

TAUNTON DEANE BOROUGH COUNCIL

CORPORATE GOVERNANCE COMMITTEE 16 DECEMBER 2008

REPORT OF THE FINANCIAL SERVICES MANAGER

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

ANNUAL EFFICIENCY STATEMENT 2007/08 & NATIONAL INDICATOR 179

1 Executive Summary

- 1.1 This report details the Councils final outturn figures against our Efficiency targets and provides forecast data for National Indicator 179, which has now superseded the Annual Efficiency Statement.

2 Introduction

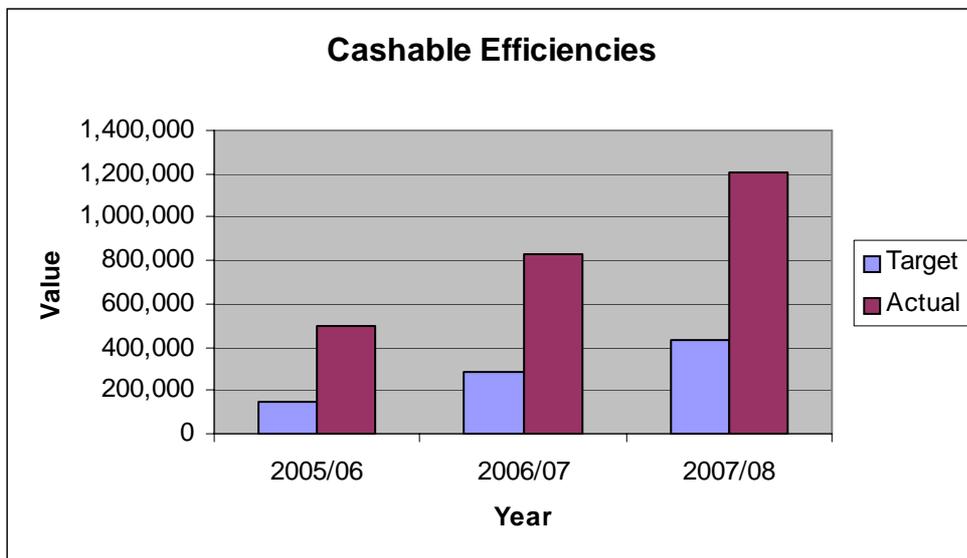
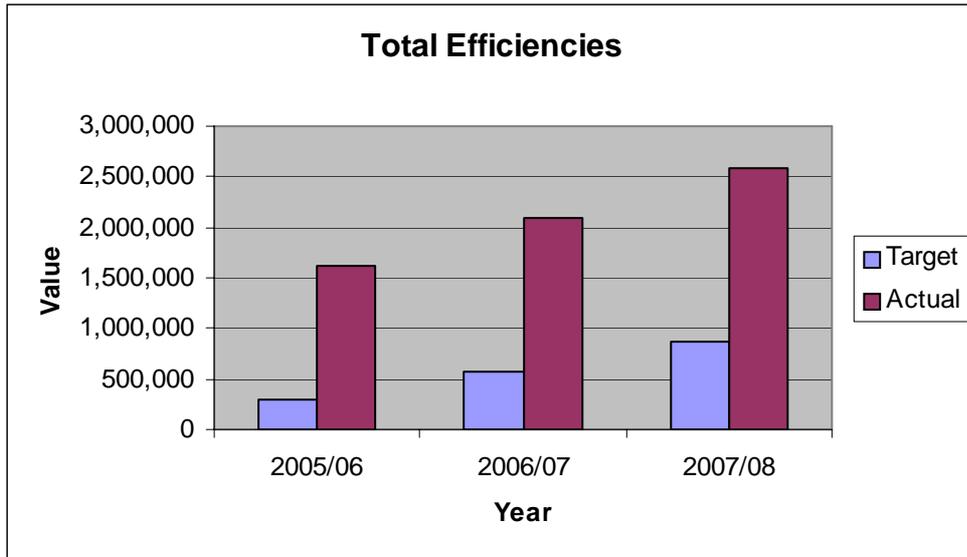
- 2.1 The Government have announced that the Annual Efficiency Statement is to be replaced with a single new performance indicator. This indicator focuses on the value of cashable efficiencies generated by the Council and this feeds into the LAA. This report details the final 2007/08 figures reported by the Council in meeting its 2.5% efficiency target and also provides forecast data for NI179 for 2008/09.

3 Annual Efficiency Statement – 2007/08 Outturn

- 3.1 The Council has recently submitted its final Annual Efficiency Statement (AES) for 2007/08 to Government. Members may recall that the requirement was for the Authority to demonstrate 2.5% annual ongoing efficiencies each year and as a consequence the Council had been issued target efficiency gains to be made between 2005/06 and 2007/08. At least 50% of efficiencies had to 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

- 3.2 The graphs below show the progress made by the Council in meeting the targets:



3.3 The most recent AES submissions show total expected efficiencies of £2.6m, of which £1.2m are cashable. 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	11		20
Cultural & Sport	5			5

Environmental	35	76	22	133
Social Housing	171	72	209	452
Corporate Services	136	119	146	401
Procurement	95	28	10	133
Transactional Services (ie Revenues)	144	88		232
Misc. (inc web site interaction)	1,066	36	105	1,207
Total	1,661	430	492	2,583

3.4 The overall level of total efficiencies achieved by the Council means that over £337k of these can be carried forward into 2008/09, and count towards the successor to the AES, namely National Indicator 179 which is detailed below.

4 National Indicator 179

4.1 NI179 has now superseded the AES. This indicator is defined as:

“the total net value of ongoing cash releasing value for money gains since 2008/09.”

4.2 This indicator is broadly the same as the cashable element of the AES, and targets for the local authority sector have been increased to 3% per annum 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 (LAA). This indicator is still required to be signed off by the Chief Executive, S151 Officer and Leader, but reporting is less onerous than the old AES format.

4.3 TDBC has included this indicator within its LAA and has stretched the target from 3% of net revenue and capital expenditure to 3.5%. This is in common with the other Somerset councils and monitoring against this target will be the main way of demonstrating how Pioneer Somerset joint working can produce savings across the County. For TDBC this means that the target for 2008/09 is just over £700k per annum. The Council has calculated that for 2008/09 the estimated level of qualifying value for money gains against this target are £682k, when this is added to the amount that is eligible to be carried forward from the AES, the total gains rise to £1.02m. This is well in excess of the target required under the LAA.

4.4 The main sources of value for money gains come from:

- Savings arising from the creation of the Somerset Waste Partnership (£231k),
- Southwest One contract cashable savings (£104k),
- Estimated Southwest One Procurement Gains (£144k).

5 Recommendations

5.1 As central government funding becomes more limited it will become increasingly important for the Council to generate cashable efficiencies itself and therefore initiatives such as Southwest One will be vital to ensure that the Council can continue to meet its targets and also produce a balanced budget.

5.2 The Corporate Governance Committee are requested to note:

- The final results of the Council in meeting the AES targets, and
- Achievement to date against NI179 stretched targets.

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