

Report by the Director of Resources

Annual Efficiency Statement 2006/07

1.0 Report summary

- 1.1 This report outlines the details of the 2006/07 Annual Efficiency Statement (AES) which was submitted to the Office of the Deputy Prime Minister (ODPM) in April 2006.

2.0 Recommendations

- 2.1 The Committee is recommended to :-
- (i) Approve the content of the 2006/07 AES
 - (ii) Sign off the AES as per ODPM regulations

3.0 Introduction

- 3.1 The AES originates from Sir Peter Gershon's Spending Review (SR2004), which tasks local government to make savings of at least £6.45bn by 2007/08, half of which must be cashable.
- 3.2 Savings targets are based on a cumulative 2.5% (1.25% cashable) of an authority's actual 2004/05 general fund and capital baselines.
- 3.3 Specifically, what this means for Adur is an efficiency target of £307,350 each year (£153,675 cashable) and £922,050 by 2007/08 (£461,025 cashable). The target is based on the ODPM 2004/05 Revenue Outturn return (RO) and Capital Outturn return (COR). Appendix A refers.
- 3.4 Interestingly, efficiencies are also allowable from the Housing Revenue Account, which is advantageous because it doesn't form part of the 2004/05 capital or revenue baselines.
- 3.5 Efficiencies are allowable from each fund in any proportions i.e. there is no requirement to separately meet the revenue or capital targets so long as the overall combined target is met.
- 3.6 Each year, District Council's are required to make a forward-look efficiency return for the current financial year in April and a backward-look return for the previous financial year in June.

- 3.7 There has been no mention of sanctions for authorities that fail to reach their target although it has been mooted that because of over-achievement, local government will pick up the shortfall of target under-achievement in central government i.e. a higher % of baseline efficiency targets (3%) from districts!
- 3.8 It has also been stated that increases in revenue support grant will be frozen beyond 2007/08 with any increases being met from efficiency gains.

4.0 Previous Year Efficiency Target and Achievement – 2005/06

- 4.1 Appendix A shows the 2005/06 target as £307,350 (£153,675 cashable), the AES submission for that year is £676,000 (£273,000 cashable). As such, there was a favourable variance of £368,650 (£119,325 cashable) against target.
- 4.2 Efficiencies have primarily arisen from the 1st phase of Council restructuring with peripheral efficiencies emerging from the audit contract, procurement and Benefits section.
- 4.3 The 2005/06 backward-look return is audited during the 2005/06 accounts closure. It is likely that whilst budgeted, the planned savings within Benefits have not arisen due to late implementation of the Academy system. All other efficiencies remain firm.

5.0 Current Year Efficiency Target and Achievement – 2006/07

- 5.1 Appendix A details the 2006/07 target as £614,700 (£307,350 cashable), the AES submission for that year is £1,024,000 (£541,000 cashable). As such, there was a favourable variance of £409,300 (£233,650 cashable) against target.
- 5.2 Efficiencies have again arisen from the 2nd phase of Council restructuring with further efficiencies emerging from improved recruitment practices, recycling credits and the HRA.
- 5.3 The capital programme for 2006/07 was also analysed but no efficiencies were found matching the definitions. There may be opportunities to include efficiencies from the 2005/06 capital programme once the backward look has been performed e.g. greater utilisation of capital assets such as Golden Sands.

6.0 Projected Future Year Target and Achievement – 2007/08

- 6.1 Appendix A outlines that Adur has currently met the 3rd year target within the 2nd year. It is likely that further savings and efficiencies will ensue as part of the 2007/08 budget round and due to previous year effects of the Council's restructuring falling out e.g. one-off lump-sum pension enhancements from the 2nd phase.

7.0 Conclusion

- 7.1 Adur is currently meeting AES targets comfortably, having already overshoot the 3rd year efficiency target by £102K and cashable target by £80K.

- 7.2 The AES return must be signed off by the Leader of the Council, Head of Paid Service and Section 151 Officer and presented to a Council's Executive Committee. A copy is attached as Appendix B.
- 7.3 A watching brief must be maintained by the Council of developments in the AES arena due to those issues outlined previously (3.7, 3.8).

Background Papers:

Spending Review 2004 - Releasing Resources for the Frontline: Independent Review of Public Sector Efficiency – Sir Peter Gershon, HM Treasury, July 2004

Efficiency Technical Note (ETN) for Local Government – Office of the Deputy Prime Minister, February 2005

Measuring and Reporting Efficiency Gains – A Guide to Completing Efficiency Statements – HM Government, February 2006

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1.0 Council Objective

1.1 Efficiency savings are fundamental to providing the resources to meet all of the Council's objectives and specifically keeping Council Tax down.

2.0 Specific Targets

2.1 Targets stipulated by ODPM outlined within the body of the report.

3.0 Sustainability Issues

3.1 Matter considered and no issues identified.

4.0 Equality Issues

4.1 Matter considered and no issues identified.

5.0 Community Safety issues (Section 17)

5.1 Matter considered and no issues identified.

6.0 Human Rights Issues

6.1 Matter considered and no issues identified.

7.0 Financial Implications

7.1 Contained in the body of the report.

8.0 Legal Implications

8.1 Matter considered and no issues identified.

9.0 Consultations

9.1 Consultation is carried out as part of the budgetary process, upon which the AES is based.

10.0 Risk assessment

10.1 Matter considered and no issues identified.

11.0 Health & Safety Issues

11.1 Matter considered and no issues identified.

AES Heading	Phase 1 Restructure		Other		Total	
	Efficiency	Cashable	Efficiency	Cashable	Efficiency	Cashable
	£	£	£	£	£	£
Corporate Services	136,000	48,000	Audit contract 15,000	15,000	151,000	63,000
Culture & Sport	84,000	48,000			84,000	48,000
Environmental Services	76,000	40,000			76,000	40,000
Homelessness	5,000	2,000			5,000	2,000
Miscellaneous	96,000	50,000			96,000	50,000
Social Housing & HRA	93,000	25,000			93,000	25,000
Transactions	56,000	14,000	Benefits 30,000	30,000	86,000	44,000
Transportation	5,000	1,000			5,000	1,000
Procurement			Task/Academy 80,000		80,000	0
Total	551,000	228,000	125,000	45,000	676,000	273,000

2006/07 Forward Look Efficiencies

AES Heading	Further Phase 1 Restructure		Phase 2 Restructure		Other		Total	
	Efficiency	Cashable	Efficiency	Cashable	Efficiency	Cashable	Efficiency	Cashable
	£	£	£	£	£	£	£	£
Corporate Services	16,000	16,000	37,000	23,000	D&S recruitment - 17,000	17,000	70,000	56,000
Culture & Sport	6,000	6,000	14,000	9,000			20,000	15,000
Environmental Services	7,000	7,000	21,000	12,000	Landfill credits - 60,000	60,000	88,000	79,000
Homelessness								
Miscellaneous	5,000	5,000	88,000	52,000			93,000	57,000
Social Housing & HRA	12,000	12,000	23,000	14,000	HRA - 17,000	17,000	52,000	43,000
Transactions	6,000	6,000	16,000	10,000			22,000	16,000
Transportation	1,000	1,000	2,000	1,000			3,000	2,000
Procurement								
Total	53,000	53,000	201,000	121,000	94,000	94,000	348,000	268,000

Calculation of Targets and Performance Against Target

	2005-06		2006-07 Cumulative		2007-08 Cumulative		
	Year 1 Efficiency	Cashable	Year 2 Efficiency	Cashable	Year 3 Efficiency	Cashable	
	£	£	£	£	£	£	
		2.50%	1.25%	5.00%	2.50%	7.50%	3.75%
2004/05 RO Baseline Target	9,266,000	231,650	115,825	463,300	231,650	694,950	347,475
2004/05 COR Baseline Target	3,028,000	75,700	37,850	151,400	75,700	227,100	113,550
Total Target		307,350	153,675	614,700	307,350	922,050	461,025
2005/06 AES Submission		676,000	273,000				
2006/07 AES Submission				1,024,000	541,000		
2007/08 AES Submission (extrapolated)						1,024,000	541,000
Favourable Variance		368,650	119,325	409,300	233,650	101,950	79,975

Annual efficiency statement - forward look

Details

Local authority	Adur District Council
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Statement

Strategy for period to 2007/08

Adur has an overall strategy to make itself an organisation 'fit for purpose'. This is being achieved through a rationalisation of the senior management structure which, whilst producing a leaner structure, does not impact adversely on service delivery and customer's interaction with the Council.

In addition to this major theme, efficiencies are sought during each budget round by analysing the way we work across the entire organisation.

Partnership working with other West Sussex Council's (Waste Management with Worthing - AWS; ICT, Revenues and Benefits with Horsham and Mid-Sussex - CenSus) is also pivotal to our strategy to increase capacity, improve services and share or reduce costs.

Key actions in 2006/07

2006/07 sees the 2nd phase of the restructure come into being resulting in further efficiencies. Year 2 of the 1st phase of restructuring also kicks in with year one lump sum enhancements to pensions dropping out.

Efficiencies arising from the budget round include modest efficiencies arising from the HRA, more streamlined recruitment procedures and increased recycling resulting in higher landfill credits.

Major work with the AWS and CenSus partnerships is continuing which is anticipated to produce savings in future years, starting 2007/08.

Adult social services	Expected annual efficiency gains (£)	...of which cashable (£)

	Strategy:	
	Key actions:	
Children's services	Strategy:	
	Key actions:	
Culture and sport	20,000	15,000
	Strategy: Please see 'Strategy for period to 2007/08'	
	Key actions: Please see 'Key actions in 2006/07'	
Environmental services	88,000	79,000
	Strategy: Please see 'Strategy for period to 2007/08'	
	Key actions: Please see 'Key actions in 2006/07'	
Local transport (highways)	3,000	2,000
	Strategy: Please see 'Strategy for period to 2007/08'	
	Key actions: Please see 'Key actions in 2006/07'	
Local transport (non-highways)		
	Strategy:	
	Key actions:	
LA social housing (capex)		
	Strategy:	
	Key actions:	
LA social housing (other)	52,000	43,000
	Strategy: Please see 'Strategy for period to 2007/08'	

	2007/08'	Key actions: Please see 'Key actions in 2006/07'
Non-school educational services		Strategy: Key actions:
Supporting people		Strategy: Key actions:
Homelessness		Strategy: Key actions:
Other cross-cutting efficiencies not covered above		
Corporate services	70,000	56,000
	Strategy: Please see 'Strategy for period to 2007/08'	
	Key actions: Please see 'Key actions in 2006/07'	
Procurement		Strategy: Key actions:
Productive time		Strategy: Key actions:
Transactions	22,000	16,000
	Strategy: Please see 'Strategy for period to 2007/08'	

	Key actions: Please see 'Key actions in 2006/07'	
Miscellaneous efficiencies	93,000	57,000
	Strategy: Please see 'Strategy for period to 2007/08'	
	Key actions: Please see 'Key actions in 2006/07'	
Total	348,000	268,000