

CABINET

13 February 2008

PRINCIPAL SCRUTINY COMMITTEE

18 February 2008

EFFICIENCY UPDATE – ANNUAL EFFICIENCY STATEMENT

REPORT OF HEAD OF REVENUES

Contact Officer- Gill Cranswick Tel No. 01962 848190, email gcranswick@winchester.gov.uk

RECENT REFERENCES:

CAB1548: Efficiency Update - Annual Efficiency Statement, 14 November 2007

CAB1517: Efficiency Strategy & Annual Efficiency Statement Monitoring 2007/08, 18 September 2007

CAB1495: Backward Look Annual Efficiency Statement 2006/07, 17 July 2007

CAB1469: Forward Look Annual Efficiency Statement 2007/08, 30 May 2007

EXECUTIVE SUMMARY:

The purpose of this report is to provide an update of the progress with identifying efficiency savings in the current year. Appendix A contains details of the quarter three position against the Annual Efficiency target. If savings are realised as estimated the Annual Efficiency target for this year will be met.

The report also contains a summary of the findings of the PricewaterhouseCoopers (PwC) review of the effectiveness of the Council's efficiency arrangements.

RECOMMENDATIONS:

To Cabinet:

- 1 That the progress at quarter three 2007/08 against the Annual Efficiency target and the findings of the PwC review of efficiency arrangements be noted.

To Principal Scrutiny Committee:

- 1 That Members consider whether there are any issues they wish to raise with the Leader or, if of significance, with Cabinet.

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- 1.1 This report provides an update of the progress with identifying efficiency savings in the current year. Appendix A contains details of the quarter three position against the Annual Efficiency target. If savings are realised as estimated the Annual Efficiency target for this year will be met.

2 Value for Money

- 2.1 Value for money (VfM) can be defined as the relationship between price, productivity and outcomes. It is a product of the
- o price paid for the resources used in providing a service
 - o level of productivity achieved by those resources
 - o measure of the outcome achieved by the service.

Efficiency is achieved when VfM is high. This is when

- o cost is low
- o productivity is high
- o outcomes are realised.

3 PricewaterhouseCoopers review of the Council's efficiency arrangements

- 3.1 The review was undertaken as part of the 2007/08 audit. The primary focus of the review was on the management arrangements relating to efficiency, including roles and responsibilities, and the availability and use of management information. The results of the review are generally positive.

- 3.2 The main findings were as follows –

Management arrangements relating to efficiency

- o The Council's members and senior management appear committed to providing efficient and VfM services and are engaged in planning and monitoring efficiency plans.
- o There is evidence to suggest that the efficiency 'agenda' – certainly in terms of awareness raising and visibility – is making good progress.
- o The Council is adopting a managed approach to the way in which it delivers efficiency.
- o There are clear corporate arrangements for overseeing the delivery of the Efficiency Programme.

- Efficiency targets and some monitoring systems are in place across the Council and are being further developed.
- Some service areas within the Council have embedded VfM arrangements better than others. Whilst some services have demonstrated sound efficiency, sustained VfM across all services is not strongly evidenced.
- The Fundamental Service Reviews provide a useful process for developing efficiency plans. But currently many managers are too defensive about the challenge offered through the Reviews.
- There has been significant analysis across the Council's procurement activities but some stakeholders felt that this has not been translated into practical and effective VfM progress.

Availability and use of management information

- The Council has made recent attempts to develop the range of VfM indicators that are used to monitor efficiency arrangements but there may still be scope to increase the range and appropriateness of indicators in future.
- The performance measures and targets that are in place are focussed on ensuring that budgets are met. Whilst this is important, there may be scope to develop managers' appreciation of linking performance and cost so that budget reductions can be assessed in VfM terms.
- There is a generally defensive attitude to the possible use of benchmarking rather than it being seen as an opportunity to identify areas for improvement.
- The use of Covalent – the Council's new performance management system – is patchy for VfM monitoring.
- There is scope to improve the Council's processes for learning from others and disseminating good ideas and practice across the organisation.

3.3 Corporate Management Team have reviewed the report and the recommendations made by PwC to improve efficiency arrangements. The recommendations have been accepted and are shown in the Action Plan at Appendix B.

3.4 The Corporate Director (Policy) is reviewing the general arrangements for re-considering value for money performance and a number of the PwC recommendations are being considered as part of a review of business and performance management and will be brought back to Cabinet in March.

OTHER CONSIDERATIONS:

4 CORPORATE STRATEGY (RELEVANCE TO):

4.1 Identifying efficiencies supports the aim to *Ensure that we are efficient and offer value for money to local taxpayers.*

5 RESOURCE IMPLICATIONS:

5.1 Delivery of the cashable savings is a key element of achieving savings identified in the approved budget. The non cashable efficiencies assist in releasing staff time towards the Council's priorities in the Corporate Strategy as set out in the approved Divisional Business Plans.

BACKGROUND DOCUMENTS:

Working papers held in the Revenues Division.

APPENDICES:

Appendix A: Annual Efficiency Statement 2007/08 Q3 Monitoring

Appendix B: Efficiency Review Action Plan

Annual Efficiency Statement 2007/08

AES category	Project	Responsible officer	Business Manager	Original estimate	Original estimate	Current estimate	Current estimate	Savings as at end of December	Savings as at end of December	Comment
				Cash	Non Cash	Cash	Non Cash	Cash	Non Cash	
				£'000	£'000	£'000	£'000	£'000	£'000	
Corporate Services	Agency staff	Alison Gavin	Simon Howson	29		10		7		Savings in respect of agency staff lower than original estimate due to vacancy management.
Corporate Services	Organisational development (CX)	Simon Eden	Gill Cranswick	8		0		0		
Corporate Services	Business support review	Gill Cranswick	Simon Howson			28		20		Reduction of 1 Business Manager post
Corporate Services	Support to corporate directors	Gill Cranswick	Simon Howson			7		2		Reduction of 1 corporate personal assistant post
Corporate Services	Local Development Framework	Steve Opacic	Jo Ashwell	20		25		20		HMA element completed
Corporate Services	Insurance Programme	David Read	Gill Cranswick			18		18		Reduced premiums for specific items
Environmental Services	Grounds maintenance work	Rob Heathcock	Jo Ashwell		40		40		29	
Environmental Services	ABC/recycling	Rob Heathcock	Jo Ashwell	50		50		50		
Environmental Services	Contract monitoring grounds maintenance	Rob Heathcock	Jo Ashwell	19		0		0		Business case not approved by Personnel Committee
LA Social Housing	Agency staff	Alison Gavin	Simon Howson	21		3		1		Savings in respect of agency staff lower than original estimate due to vacancy management.
LA Social Housing	Faster turnaround on void properties	Richard Botham	Jo Ashwell	31		90		72		
LA Social Housing	Reducing % of transfers to HRA waiting lists	Richard Botham	Jo Ashwell	80		78		70		
LA Social Housing	Community Alarm Service	Richard Botham	Jo Ashwell	35		27		27		
Procurement	Public notices	Jacky Adams	Simon Howson			10		0		New terms effective from January 2008
Procurement	CCTV contract	Andy Hickman	Simon Howson			8		2		New contract from December
Procurement	Utilities contract	Tony Langridge	Simon Howson			5		2		New contracts from November
Procurement	Printer project	Sheila Davidge	Gill Cranswick	40		0		0		
Procurement	IMT - Communications	Sheila Davidge	Gill Cranswick	10		11		9		
Procurement	CRM system support	Sheila Davidge	Gill Cranswick			13		13		
Productive time	Office moves (Avalon & West Wing)	Tony Langridge	Simon Howson		30		0		0	Disposal of Avalon delayed
Productive time	Self service internal post	Paul Wood	Simon Howson				17		12	
Productive time	Planning reception move to City Offices	Paul Wood	Simon Howson				4		3	
Productive time	Revenues - improved processes	Gill Cranswick	Gill Cranswick		16		19		14.25	
Productive time	BPR	Sheila Davidge	Gill Cranswick		20		0		0	Project delayed
Productive time	Weekly planning lists	Fiona Tebbutt	Simon Howson	7		7		5.25		
Transactions	Payment cards for Council Tax payers	Gill Cranswick	Gill Cranswick	5		5		3.75		
Sub total				355	106	395	80	322	58	

2007/08				Cash	Non Cash	Cash	Non Cash	Cash	Non Cash
AES category	Full year impact of 2006/07 part year efficiencies	Responsible officer	Business Manager	£'000	£'000	£'000	£'000	£'000	£'000
Corporate Services	Address technician post	Sheila Davidge	Gill Cranswick	2		8		6	
Corporate Services	CSC reorganisation	Paul Wood	Simon Howson	9		9		6.75	
Corporate Services	D&P reorganisation	Alexis Garlick	Gill Cranswick	4		4		3	
Corporate Services	Athelstan vacation	Tony Langridge	Simon Howson	27		17		12.75	
Environmental Services	Environment reorganisation	Rob Heathcock	Jo Ashwell		22		22		16.5
Productive time	Local Taxes processes	Gill Cranswick	Gill Cranswick		2		2		1.5
Productive time	Mobile phones	Sheila Davidge	Gill Cranswick		4		4		3
Sub total				42	28	38	28	29	21
Total				397	134	433	108	351	79
Grand Total					531		541		430
Target					531		531		398

Efficiency Review Action Plan

CAB1609 -Appendix B

	Recommendation	Responsible officer	Target date
	Management Arrangements		
1	Continue to develop the VfM monitoring regime to ensure that it is focussed on specific VfM information	Corporate Director (Policy)	To extend the current system across Divisions by September 2008
2	Continue to develop the Fundamental Service Review and efficiency reporting processes (e.g. through Report Cards) to make services consistently more accountable for the efficiency and value for money provided by the individual services	Corporate Director (Policy)	To complete the remaining FSRs by October 2008
3	Ensure detailed and robust reviews of the implementation of significant change programmes – e.g. the Flexible Working programme - are undertaken with specific focus on measurement of efficiency before and after the change.	Chief Executive	Programme management system to be in place by 31 March
4	Clarify and publicise the scope of the procurement function and ensure appropriate resourcing – either within the function or within service departments – to implement and monitor the practical realisation of procurement efficiencies.	Corporate Director (Policy)	County wide project underway to report by December 2008
	Use and Availability of Management Information		
5	Building on the good practice already demonstrated in some services, all Heads of Service should be encouraged to adopt a more positive approach to benchmarking and the opportunities it provides to identify potential opportunities for improvement in the future. In particular, where benchmarking against other local authorities identifies others that appear to be providing better value for money, the managers should endeavour to isolate the reasons for this and assess whether Winchester could derive benefits from modifying its approach to the service.	Corporate Director (Policy)	An on-going process once extended across all Divisions but to be part of VfM system by March 2009
6	The Council should consider developing the capabilities of its Covalent system to include the use of matrices such as the ones shown in this section. These can simplify the analysis and assessment of the Council's relative performance in terms of both cost and service levels, and help it identify potential opportunities for improvement.	Corporate Director (Policy)	Covalent delivery being reviewed changes to be in place if agreed by October 2008
7	More emphasis should be given to identify and then measure and monitor appropriate value for money indicators, utilising as an initial source of reference, the indicators shown in appendix A of the report	Corporate Director (Policy)	The PwC report list to be reviewed by September 2008

