

CABINET

4 June 2008

PRINCIPAL SCRUTINY COMMITTEE

9 June 2008

EFFICIENCY GAINS REPORTING – CHANGES TO NATIONAL REGIME

REPORT OF CHIEF EXECUTIVE

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RECENT REFERENCES:

None.

EXECUTIVE SUMMARY:

For the past three years, the City Council has been required to prepare an Annual Efficiency Statement, setting out how we are achieving our efficiency savings target of 2.5% year on year between 05/06 and 07/08. This reporting is no longer required, and efficiency gains will be reported at two points during the year via a new National Indicator from the set of 198 which replace the Best Value Performance Indicators.

RECOMMENDATIONS:

To Cabinet:

1. The new reporting regime for the City Council's efficiency programme is approved
2. The provisional annual efficiency target of £500,000 is approved.

To Principal Scrutiny Committee:

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

CABINET4 June 2008PRINCIPAL SCRUTINY COMMITTEE9 June 2008EFFICIENCY GAINS REPORTING – CHANGES TO NATIONAL REGIMEReport of Chief Executive1 Introduction

- 1.1 For the past three years, the City Council has been required to prepare an Annual Efficiency Statement (AES), setting out how it is achieving its efficiency savings target of 2.5% year on year from 05/06 to 07/08. This reporting is no longer required, and efficiency gains will be measured via a new National Indicator from the set of 198 which replace the Best Value Performance Indicators.
- 1.2 The last requirement of the Annual Efficiency Statement reporting regime is the AES Backwards Look for 2007/08 which will be reported in July. This report will also cover key efficiency achievements for the City Council in that period. This will be the end of the AES reporting requirement.

2 National Indicator 179

- 2.1 As part of the set of indicators for 'Local Economy and Environmental Sustainability', National Indicator 179 will measure the total net value of on-going cash releasing value for money gains that have impacted since the start of the 2008-9 financial year. The following definitions are given for the indicator:

**Net:**

Value for money gains should be reported net of any additional investment and ongoing costs incurred for their implementation (this excludes any staff costs incurred in implementing the gains if those costs would have been incurred in any event).

**Ongoing:**

Value for money gains must persist for at least two full financial years after the year they first accrue (the value of any gains reported through this indicator that are not sustained for this period of time must be deleted at the earliest opportunity).

**Cash-releasing:**

Value for money gains that release resources which can be redeployed according to local priorities.

**Value for money gains:**

Improved relationship between inputs and outputs for the delivery of a service, but without any deterioration of the overall effectiveness of that service (a service can be any activity undertaken by the Council).

2.2 The new national indicator will be reported on twice a year:

In October – (from October 2008) – Forecast cumulative position at end of current financial year

Then in July – (from July 2009) – Actual gains achieved since 1 April 2008 up to the end of the previous financial year.

3 Annual Efficiency Target

3.1 Unlike the Annual Efficiency Statement, efficiency targets are not being set for each local authority. Instead, a target of achieving at least 3% per annum value for money gains during the 2007 Comprehensive Spending Review period (all of which should be cash-releasing) has been set for the whole public sector. It is suggested that the City Council set itself an annual efficiency target in order to focus the delivery of cash releasing savings.

3.2 Its is proposed that a provisional annual cashable efficiency target for the Council is set at £500,000. This figure will apply across both the General Fund and the Housing Revenue Account. A full efficiency work programme is being developed for approval by the Portfolio Holder for Finance and Efficiency.

4 Hampshire and Isle of Wight (HIOW) Improvement Board work streams

4.1 The City Council is a member of the Hampshire and Isle of Wight Improvement Board, represented by the Leader. On behalf of the HIOW Local Government Association, part of the Board's role is to champion the efficiency agenda throughout Hampshire and the Isle of Wight through a variety of joint authority projects aimed at creating efficiencies.

4.2 Through the HIOW Improvement Board, the City Council has made efficiency savings through the joint appointment of a Head of Revenue and Benefits with Test Valley Borough Council (c£40k – initially for 2008/09 and subject to review in the light of experience –PHD133 refers). It has also made efficiency savings by joining with other Hampshire local authorities to create a web-based, shared recruitment portal. The launch of the portal was slightly delayed and so efficiency figures of the full quarter are not yet available. When available, this figure will also include savings gained from transferring to a 'signposting' approach to recruitment advertising, rather than full adverts.

4.3 The HIOW Improvement Board is overseeing a number of work streams which are being explored as possibly areas for efficiency savings across Hampshire.

4.4 Over the last year, authorities across Hampshire & the Isle of Wight have been developing a 'Procurement Efficiencies' project as part of the work of the Board. The aim of this project is to deliver efficiency savings across all authorities through better and collaborative procurement. In October 2007, the Hampshire Improvement Board agreed initial work to develop and build on existing structures and staff through a 'virtual hub', then using this experience to examine the business case for a more formal structure. Funding was agreed for a joint spend analysis, which will provide comparative data on spend from all participating authorities in a common format for the financial years 2005/06, 2006/07 and 2007/08. A Strategic Procurement Partnership has been established to have an overview of this work, and the next

significant steps for this work is signing up to the 'Memorandum of Understanding' to get governance arrangements in place for the Partnership, and working up a programme of savings based on the results of the spend analysis once those are available.

- 4.5 The City Council is currently exploring options to make efficiencies through joint working on waste collection. The HLOW Improvement Board has been sponsoring work on the development of a joint waste management contract. The project has some key decision points in June and December 2008 with the latter requiring sign-up to proceed to Phase Two which largely commits to producing the detailed specification to run the joint project.

The City Council is maintaining a watching brief on the HLOW project, as well as exploring the potential for joint working on waste collection efficiencies with East Hampshire District Council.

- 4.6 The HLOW Improvement Board is currently seeking funding from Improvement and Efficiency South East for a programme of work looking at shared services. Part of this work stream has been successfully delivered in the form of the joint appointment of a Head of Revenues and Benefits by the City Council and Test Valley Borough Council. Other service areas which are at an early stage of investigation by the HLOW Improvement Board will include ICT, Finance, Legal, Audit and facilities management.

- 4.7 As part of the shared services programme, New Forest District Council is leading a project looking at shared development control administration across Hampshire. This project is still at an early stage, and the next step will be to undertake the following by the end of the year:

- Develop fully detailed administration centre model
- Develop proof of businesses case and risk model
- Develop governance arrangements
- Develop a project implementation plan

The City Council is participating in this joint project, although partners are not yet committed to the project past this above set of actions.

- 4.8 The joint projects detailed in 4.4 – 4.7 are at varying stages of development and discussion with Portfolio Holders. When a significant decision needs to be taken to advance a project, this will be done via Cabinet or, if appropriate, by Portfolio Holder Decision Notice.

- 4.9 The City Council is currently involved in two significant ICT projects. The Hampshire Public Service Network (HSPN) contract is due for renewal in November 2009 and the City Council is participating in a partnership project to jointly procure a new telecommunications service. This was approved by PHD135. This contract would include our data network, wireless roaming, telephony, CCTV, LANs and business continuity. The contract will be put out to tender in May, with a view to the contract being awarded in January 2009.

- 4.10 In addition to this, the City Council is undertaking joint work with East Hampshire District Council to procure a contract to share business continuity facilities. The contract will define a minimum equipment and facilities list that would be required in the event of a loss of authorities' premises, and a memorandum of understanding

between the authorities was drawn up to initiate the work in March this year. This was approved by PHD134

- 4.10 Further updates on these streams of work will be reported back as part of the efficiency monitoring in July and October to Cabinet.

5 Future monitoring of the City Council's efficiency programme

- 5.1 Cabinet and Principal Scrutiny Committee will receive a report in July (from July 2009) on the actual value for money gains achieved since 1 April 2008 up to the end of the previous financial year. They will also receive a report in October (from October 2008) giving a forecast cumulative position at end of the current financial year. This monitoring will include a progress report on work undertaken as part of the HIOW Improvement Board work streams

OTHER CONSIDERATIONS:

6 CORPORATE STRATEGY (RELEVANCE TO):

- 6.1 The efficiency work programme supports the aim to *Identify efficiencies and ensure their delivery*

7 RESOURCE IMPLICATIONS:

- 7.1 Delivery of cashable savings is a key element of achieving savings identified in the approved budget.

BACKGROUND DOCUMENTS:

Background papers to HIOW Improvement Board sponsored projects, held by lead City Council officers

APPENDICES:

None