

Subject: Annual Efficiency Statement -
2007/08 Forward Look

Status: For Publication

Report to: The Cabinet

Date: 21 March 2007

Report of: Executive Director of Resources

Portfolio

Holder: Finance and Risk Management

Key Decision:

No

Forward Plan

General Exception

Special Urgency

1. PURPOSE OF REPORT

1.1 To seek approval for the Forward Look Annual Efficiency Statement for 2007/08.

2. CORPORATE PRIORITIES

2.1 The matters discussed in this report are linked to and support the following corporate priorities:

- *Strong financial management and the delivery of value for money services-* Through delivering further efficiencies the Council will be able to achieve the targets set out in the Medium Term Financial Strategy without there being a negative impact upon service delivery.

3. RISK ASSESSMENT IMPLICATIONS

3.1 There are no specific risk issues for members to consider arising from this report, as it summarises actions which the risk assessment has already been reported as necessary.

4. BACKGROUND AND OPTIONS

- 4.1 Following the publication of the Gershon report on improving public sector efficiency local authorities have been required to meet an annual efficiency target of 2.5%. This is monitored through the submission of two Annual Efficiency Statements each year, the first Forward Look, is effectively a budget position, while the second backward look submitted during the summer is in effect an outturn report.
- 4.2 The Council is now required to submit its latest forward look statement covering 2007/08. This is attached and identifies the key actions to be taken in each major service, or cross cutting area. The format of the statement is such that only new items are identified in the forward look. However, the target is measured against cumulative achievement as shown in the table below:

	2005/06 £000	2006/07 £000	2007/08 £000
Culture and Sport	124,000	122,220	125,520
Environmental Services	544,975	419,760	498,970
Housing	100,000	0	0
Corporate Services	47,760	87,750	129,670
Procurement	26,990	70,190	164,520
Productive Time	30,000	201,140	197,140
Transactions	5,000	5,000	271,000
	878,725	906,060	1,386,820
Target	315,000	630,000	945,000
Of Which Non Cashable	20.00%	26.53%	14.21%

- 4.3 As can be seen from the above the Council has been able to significantly over achieve the target set by the Government, with the figures achieved representing 3.67%. Additionally it is worthy of note that the vast majority of savings are hard cashable savings, although the proportion of non cashable savings has increased due to the reduction in sickness absence levels.
- 4.4 Looking to the future the Chancellor of the Exchequer has indicated that a target of 3% year on year efficiency gains will be set as part of the 2007 Comprehensive Spending Review. While it is not clear how this process is to be managed or monitored it is strongly suggested that this new target will be heavily weighted towards hard cashable savings. The work which the Council has already agreed to begin in relation to the delivery of savings over the financial planning period will allow the Council to make an early start on this.

5. COMMENTS OF THE HEAD OF FINANCIAL SERVICES

- 5.1 The items identified within this report as additional efficiencies have either already been reflected in the budget where there is sufficient certainty as to the figure, or will be reflected in the 2008/09 budget once the relevant procurement processes have been completed.

6. COMMENTS OF THE HEAD OF LEGAL AND DEMOCRATIC SERVICES

- 6.1 There are no specific legal implications arising from this report.

7. COMMENTS OF THE HEAD OF HUMAN RESOURCES

- 7.1 There are no specific human resources implications arising from this report. However, the Annual Efficiency Statement does indicate the positive financial benefits achievable through the impact of effective human resources practices on sickness absence levels.

8. CONCLUSION

- 8.1 The Annual Efficiency Statement reflects a significant over achievement of the Council's externally set efficiency targets and in particular a very significant over achievement of the target for cashable efficiency gains. These achievements are being reflected in the Council's budget contributing positively to the achievement of the objectives in the Medium Term Financial Strategy concerned with restraining expenditure growth and council tax increases.

9. RECOMMENDATION

- 9.1 That the Cabinet approve the submission of the attached Annual Efficiency Statement.

10. CONSULTATION CARRIED OUT

- 10.1 None specifically

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No background papers