

GERSHON – ANNUAL EFFICIENCY STATEMENT (FORWARD LOOK) 2005/6

LEAD OFFICER: John Stanforth, Chief Executive

REPORT AUTHOR: Hilary Mitchell

Summary: Proposes content of first Annual Efficiency Statement (Forward Look) 2005/6

Recommendation: That the proposals for efficiency gains set out in the Annex to the report be supported; and That the final decision on the content of the Annual Efficiency Statement (Forward Look) 2005/6 be delegated to the Leader and Chief Executive.
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Impact on delivering the Corporate Plan: Enables the Council to identify efficiencies to reinvest to improve services and achieve priorities

Impact on other statutory objectives (e.g. crime & disorder, LA21): Identifying efficiencies improves the Council's capacity to meet statutory and other objectives

Financial and human resource implications: A number of the proposals include changes to the Council's budget and establishment, which have already been decided through the budget-setting process for 2005/6 and restructure.

Project & Risk Management: The progress towards meeting targets as set out in the report will be monitored and reported on periodically.

Key Decision Status

- **Financial:** None
- **Ward:** None

Other Ward Implications: None

INTRODUCTION

Background

In 2003 the Government commissioned a report from Sir Peter Gershon on the potential for improving value for money in public services. The Gershon report was published in July 2004 and it proposed that the public sector as a whole would be able to make efficiency gains of up to £21.5bn over the three years up to 2008. Local Government's share of this will be £6.45bn.

The Gershon recommendations have been taken up by the Office for Deputy Prime Minister and turned into detailed guidance. This has been issued to councils to help in their planning towards finding the efficiencies that are required. On the whole authorities have been set targets of to find efficiencies of up to 2.5% of the 2004/5 budget each year for three years. The efficiency gains are expressed as “cashable” (budget can be saved and reinvested in services) or “non-cashable” (result in improved service quality).

This is not the same exercise that the Council undertook to set its budget for 2005/6. In that exercise it was allowable to raise income through fees and charges or reduce service quality. Under Gershon, those measures are not counted.

What Copeland Borough Council Needs To Do

As far as Copeland Borough Council is concerned, its share of the efficiency gains is a target to find £310,000 in 2005/6. A working party of members has been set up to steer the work on identifying the efficiencies. A number of the same members are also on the Budget Working Party to ensure that there is sufficient alignment of these two processes.

The Council has to explain to the ODPM by 15 April 2005 how it intends to achieve its target for 2005/6. The document in which it provides this information, the Annual Efficiency Statement (Forward Look), is attached as Appendix A (circulated separately).

Annual Efficiency Statement

The format of the Annual Efficiency Statement asks for information about the strategy the Council has developed to find efficiencies over the coming three years. It also asks what actions it is going to take in 2005/6 and what estimates it has of efficiency gains to be made over a number of service areas. Not all the actions taken in 2005/6 will result in efficiencies within 2005/6, some will deliver in 2006/7 and later.

The Annual Efficiency Statement format includes a range of headings, some of which do not reflect services delivered by district councils, such as Social Services, Transport and Supporting People. The Council’s return will not cover those areas. Most of our efficiencies will arise under the cross-cutting areas:

Corporate services	Functions such as Finance, HR, ICT, Legal Services, Facilities and Estates Management, Communication
Procurement	How we buy goods and services, energy, travel, temporary staff, consultancy, telecommunications
Productive time	Issues such as sickness absence management, flexible working, home working, use of technology to reduce processing and travelling time
Transactions	Revenues and benefits, planning, recruitment, payroll, more use of contact centres, reduction in manual processing
Construction	Better use of building stock, reduction of need for office space, disposal of public assets
Other forms of efficiency	Improvement of management and embedding continuous search for efficiency in internal processes

The figures that appear in the Annual Efficiency Statement table are estimates of efficiencies that we believe at this point in the year we can achieve. They are based on assumptions about changes in workflows, customers' use of Copeland Direct and predictions about the success of some of our intended actions. We have an opportunity in the autumn to revisit these estimates to update them in the light of experience and progress. The External Auditor will not audit the statement in great detail, but will give us feedback on our approach toward the end of 2005.

Members will note that some of the actions we have included in the list of actions to be taken are the completion of the work that the Council had already started. We are in as good a position as possible to meet these requirements, improve our service quality at no extra cost to the users and satisfy the Government. Further work will be undertaken during the year to update the Government on our progress towards delivering efficiencies and monitoring progress ourselves to check how well we are doing with our targets.

Timescales

As has been explained earlier the Annual Efficiency Statement (Forward Look) has to be submitted by 15 April 2005. It has been difficult to deliver to this timetable for various reasons, one of which is the incomplete information we currently have from ODPM. If it emerges that our estimates of efficiency gains need to be revised in the light of new information, it is recommended that the Leader and Chief Executive make the final approvals, acting on delegated authority.

List of Appendices

Appendix A : Annual Efficiency Statement (Forward Look) 2005/6 (to follow)

List of Background Documents:

List of Consultees:

Gershon Working Party, Corporate Team