



AGENDA

CABINET

MONDAY, 11 APRIL 2005

10.30 AM

**COUNCIL CHAMBER, COUNCIL OFFICES, ST PETERS HILL,
GRANTHAM**

Duncan Kerr, Chief Executive

CABINET MEMBERS:	Councillor Mrs. Linda Neal (Leader), Councillor Peter Martin-Mayhew (Deputy Leader/Portfolio: Housing), Councillor Teri Bryant (Portfolio: Community Affairs), Councillor Ray Auger (Portfolio: Environmental), Councillor Paul Carpenter (Portfolio: Technology), Councillor Mrs Frances Cartwright (Portfolio: Cultural) and Councillor John Smith (Portfolio: Economic)
Cabinet Support Officer:	Lena Shuttlewood tel: 01476 406119 e-mail: l.shuttlewood@southkesteven.gov.uk

Members of the public are entitled to attend the meeting of the Cabinet at which key decisions will be taken on the issues listed on the following page. Key decisions are marked *.

1. ***Annual Efficiency Statement 2005/06**
Report number FIN234 by the Director of Finance and Strategic Resources.
(Enclosure)

REPORT TO CABINET

REPORT OF: DIRECTOR OF FINANCE AND STRATEGIC RESOURCES

REPORT NO: FIN234

DATE: 11TH APRIL 2005

TITLE:	ANNUAL EFFICIENCY STATEMENT - 2005/2006
FORWARD PLAN ITEM:	
DATE WHEN FIRST APPEARED IN FORWARD PLAN:	
KEY DECISION OR POLICY FRAMEWORK PROPOSAL:	DECISION FOR LEADER, CHIEF EXECUTIVE AND CHIEF FINANCE OFFICER
CORPORATE PRIORITY:	EFFICIENCY SAVINGS

ANNUAL EFFICIENCY STATEMENT 2005/2006

INTRODUCTION

1. The Cabinet has been made aware of the requirement to produce an Annual Efficiency Statement. In 2005/06 this is a forward looking statement is due to be submitted by 15th April 2005. The Annual Efficiency Statement (AES) must be endorsed by the Leader, Chief Executive and Chief Finance Officer.

RECOMMENDATION

- a) That the Leader, Chief Executive and Chief Finance Officer be delegated to endorse the Annual Efficiency Statement for 2005/06.
- b) That the Cabinet consider any amendments to the draft AES attached under Appendix B.

CALCULATION OF SAVINGS TARGETS

2. The calculation of required Gershon efficiency savings has been completed using the guidance from ODPM. It is based upon the baseline for 2004/05 as recorded in the Revenue Estimates and Capital Returns submitted to the ODPM in relation to that year. The calculation is shown at Appendix A. Overall, the Council's target is £505,000 for each of the years 2006/07, 2007/08, and with a 50:50 split for cashable : non-cashable means £252,500 is the relevant individual target for these elements.

PURPOSE OF ANNUAL EFFICIENCY STATEMENT

3. The annual statement enables a brief overview of the key strategies and actions that will be undertaken to deliver the savings. The savings for 2005/06 have been allocated across the main cross-cutting areas of activity. In 2006/07 onwards it is expected that individual service areas will be identified for delivery service efficiencies.
4. The draft AES is attached for consideration. An action plan will then be drawn up to:
 - a) break down the targets into the required work streams.
 - b) allocate the targets to services where appropriate.

APPENDIX A

CALCULATION FOR THE BASELINE 2004/05

USING TECHNICAL NOTE GUIDANCE FROM OPDM

<u>COUNCIL</u>	South Kesteven
Total Service Expenditure	(£,000) 13,144
Passenger Transport	(£,000) 0
Waste Authority	(£,000) 0
Schools	(£,000) 0
Fire Service	(£,000) 0
Police	(£,000) 0
Grants	(£,000) 0
 Capital Contribution	 7,050
 Total Spend	 20,194
 2005/06 efficiency target	 505
2006/07 efficiency target	(£,000) 1,010
2007/08 efficiency target	(£,000) 1,515

	Year on Year Improvement £	Total Improvement relative to 2004/05 £	Year on Year Cashable £	Total Cashable Improvement relative to 2004/05 £
2005/06	505,000	505,000	252,500	252,500
2006/07	505,000	1,010,000	252,500	505,000
2007/08	505,000	1,515,000	252,500	757,500

Corporate Service Theme

eg.	Internal Audit Contract 2004/05	£ 84,000
	New Award 2005/06 Annual	<u>49,000</u>
	Cashable per annum	35,000
	Through to 2007/08	105,000

Thus, 2005/06 Target reduces to £217,500
 and 2007/08 Target reduces to £652,500

DRAFT

ANNUAL EFFICIENCY STATEMENT

STRATEGY FOR ACHIEVING EFFICIENCY GAINS

1. To review all areas of activity to highlight those where efficiency gains can be achieved in the short and medium term, 2005/06 to 2007/08.
2. To develop a longer term strategy to ensure efficiency savings continue to accrue past 2007/08.
3. To optimise the efficiency gains achieved in 2004/05 against future targets.
4. To develop partnerships with other local authorities and the Centre of Excellence to deliver further efficiency gains from collaboration of procurement of goods and services provision.
5. The corporate management team and cabinet to take a strategic approach in delivering the Gershon agenda across the Authority.

KEY ACTIONS TO BE TAKEN DURING THE YEAR

- 1.1 Targets incorporated within budget for 2005/06.
- 1.2 Formal Market Testing of identified services.
- 1.3 Introduction of a comprehensive monitoring system to capture savings
- 1.4 To allocate those targets to service areas
- 2.1 To complete Business Process Re-engineering of all services to ensure efficiency front & back office processes
- 3.1 To calculate those efficiency gains in 2004/05 as part of the final accounts closedown process
- 4.1 To bid for funds from Centre of Excellence
- 4.2 To promote shared services and joint working across Lincolnshire
- 4.3 To develop the shared working with South Holland District Council in provision of particular services
- 5.1 To appoint member and officer champions for procurement
- 5.2 To ensure good reporting mechanisms for efficiency savings
- 5.3 To train Senior Managers in the processes required

Areas for Efficiency Savings (Applicable to Districts):

Cashable Non-Cashable

- Culture & Sport
 - RA form (but advice appears limited)
 - Contract with Leisure Connection Ltd
 - IPS
- Environmental Services
 - Waste Management
 - Recycling
 - Street Cleansing
- Local Transport
 - Concessionary Travel
- LA Social Housing
 - RSL's
 - Own Stock (Capital/Revenue)
 - More planned than reactive maintenance
- Homelessness
 - RA Form

Other Cross-Cutting Efficiencies not covered above:

• Corporate Services			
Business Process Re-engineering			£100,000
Support Services			
Shared Services/Contact Centre			
• Procurement			
Formal Market Testing			
Purchasing Champions	£100,000		£25,000
Contracts (Internal Audit)			
• Productive Time			
Flexible/Home Working			
Technology	£50,000		£100,000
Staff Absence Management			
• Transactions			
NDR/CTAX – Collection & Admin Costs	£50,000		£27,500
Manual → Electronic Processes			
• Miscellaneous Efficiencies	£52,500		
TOTAL	£252,500		£252,500