

# REPORT TO CABINET

REPORT OF: Assets and Resources Portfolio Holder

REPORT NO: CHFCS56

DATE: 3<sup>rd</sup> August 2009

<b>TITLE:</b>	NI179 Value for Money and Efficiency 2008-09 Outturn	
<b>KEY DECISION OR POLICY FRAMEWORK PROPOSAL:</b>	n/a	
<b>PORTFOLIO HOLDER: NAME AND DESIGNATION:</b>	Councillor Mike Taylor Resources and Assets Portfolio Holder	
<b>CONTACT OFFICER:</b>	Richard Wyles – Corporate Head of Finance and Customer Services 01476 406210 Email: <a href="mailto:r.wyles@southkesteven.gov.uk">r.wyles@southkesteven.gov.uk</a>	
<b>INITIAL IMPACT ASSESSMENT:</b>	Carried out and Referred to in paragraph (7) below:	Full impact assessment Required:
<b>Equality and Diversity</b>	N/A	
<b>FREEDOM OF INFORMATION ACT:</b>	This report is publicly available via the Local Democracy link on the Council's website: <a href="http://www.southkesteven.gov.uk">www.southkesteven.gov.uk</a>	
<b>BACKGROUND PAPERS</b>		

## 1. RECOMMENDATION

Cabinet is asked to note the actual savings achieved compared with the target for 2008-09.

## **2. PURPOSE OF THE REPORT/DECISION REQUIRED**

During the Comprehensive Spending Review 2004 (CSR04) the Gershon savings agenda was introduced which set an efficiency target of 7.5% over the three year spending period. Each year the Council was required to submit an Annual Efficiency Statement (AES) outlining how it had achieved it's annual target. 2007-08 signalled the final year under the AES regime.

For CSR07 the Government looked to enhance the work that was undertaken in CSR04 and has revised the Value for Money targets and efficiency programme. It has introduced an annual 3% per annum cashable efficiency target for the public sector commencing in 2008-09 for a three year period. This target is one of the Local Area Agreement (LAA) targets (NI179) and is 'non-designated' to the Council. NI179 is defined as:

"the total net value of ongoing cash-releasing value for money gains that have impacted since the start of the 2008-09 Financial Year"

As part of the LAA, a County wide target has been set and each Lincolnshire authority has agreed to contribute towards this. Local targets have been agreed over the three year period and the monetary value of these for South Kesteven is £2.492m in total. This comprised of the following annual targets:

- 2008-09: £826,000
- 2009-10: £820,000
- 2010-11: £846,000

In accordance with guidance issued by Communities for Local Government these targets have been calculated based on cumulative 3% of the total General Fund Net Service Expenditure and total capital spend (including HRA) for 2007-08.

However, when the NI179 target was introduced the Government provided a number of options to calculate the local target in order for authorities to agree how much they would contribute to the LAA. For 2008-09 the target was calculated as above but using the average capital spend over CSR07 as this was the initial preferred measure by the LAA. Subsequently during the LAA refresh and after further discussions between authorities the above method has now been agreed which has resulted in a lower base of which to apply the cumulative 3% against. If the 2008-09 base had been restated it would have reduced the target down from £826,000 to £793,000.

It should be noted that while the HRA revenue costs have not been taken into account which calculating the baseline expenditure any efficiencies achieved within the HRA are eligible to be counted towards the annual target.

### 3. DETAILS OF REPORT

The 2008-09 financial year is the first year of the NI179 indicator and the local target for this year was £826,000. Following a review of the year the Council has identified actual efficiency savings of £826,000 and has therefore successfully achieved its first year target.

The savings achieved has been across both the General Fund and HRA revenue and capital programmes. The table below shows the efficiency gains secured during 2008-09:

<b>Efficiency Area</b>	<b>2008-09 Saving</b>
General Fund Revenue	£331k
HRA Revenue	£249k
Capital	£246K
<b>TOTAL</b>	<b>£826k</b>

There have been a number of initiatives undertaken across the Council which have delivered efficiencies, these include:

- Management fee savings from the set up of the new leisure services contract arrangements.
- Insurance contract renewal leading to reduced price whilst receiving the same level of cover.
- Additional income received in respect of helpline services provided but with no increase in costs.
- Employee cost savings within Sheltered Housing by delivering the same level of service with less staff through redesign in service operation for mobile wardens.
- Improved housing rent collection rates leading to a reduction in the level of arrears. This has been achieved through the reallocation of work areas to increase income recovery rates.
- Efficient management of schemes and contracts have led to a number of savings across the capital programme. These include areas such as; re-roofing programme, resurfacing works, vehicle procurement, canal works and remedial works.

Whilst these savings are predicted to be ongoing in 2009-10 the actual savings achieved will need to be recalculated during the year.

The reporting process for submitting efficiency savings is through the Data Interchange Hub in order for it to be declared as part of the LAA target.

The Council has successfully achieved its target for 2008-09 and is developing action plans for delivering its efficiency savings for 2009-10. However the Council will need to continue to embed its Value for Money (VFM) agenda and other initiatives throughout services in order to ensure resources are utilised efficiently and effectively and savings are delivered.

**4. OTHER OPTIONS CONSIDERED**

N/A

**5. RESOURCE IMPLICATIONS**

N/A

**6. RISK AND MITIGATION (INCLUDING HEALTH AND SAFETY AND DATA QUALITY)**

N/A

**7. ISSUES ARISING FROM EQUALITY IMPACT ASSESSMENT**

N/A

**8. CRIME AND DISORDER IMPLICATIONS**

N/A

**9. COMMENTS OF SECTION 151 OFFICER**

My comments are contained within the body of the report.

**10. COMMENTS OF MONITORING OFFICER**

It is essential Cabinet are informed of the efficiencies achieved under the target set by the national indicator 197. Not all savings achieved in the year 08/09 can be guaranteed for subsequent years.

**11. APPENDIX**

N/A