



Report to: Cabinet

Subject: Annual Efficiency Strategy – Forward Look 2005/2006

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1. PURPOSE OF REPORT

The Chief Executive has previously reported to Cabinet, 2 December 2004, on the requirements and approaches to measuring efficiency gains issued by the Office of the Deputy Prime Minister (ODPM). This confirmed that “each Council has a target to achieve annual efficiency gains of 2.5% of their 2004/2005 baseline of which at least half should be cashable”

There was a requirement to provide an Annual Efficiency Strategy – Forward Look 2005/2006 by 15 April 2005, to identify how the authority was working towards achieving its efficiency target for 2005/2006 of £360,000. The return to Government, which had to be endorsed by the Leader of the Council, the Chief Executive and Head of Finance (Chief Financial Officer) was in several parts namely:

- i) An overall strategy and key actions
- ii) A range of service strategies and key actions
- iii) A financial summary of efficiencies split between cashable and non-cashable items

Although the ODPM have not yet issued guidance, on completion of the return it was a statutory requirement and could be the subject of External Audit. A copy of the Annual Efficiency Strategy and associated information is attached in the appendices to this report and was returned to Government on 15 April 2005 as required.

Appendix 3, for which information in respect of 2005/2006 only was submitted to Government, shows that the Council is expecting to achieve efficiency savings of £546,000 of which 75% is cashable – well in excess of the target figure.

2. RECOMMENDATION

It is recommended that members note the Annual Efficiency Statement – Forward Look 2005/2006, which was submitted to Government on 15 April 2005.

ANNUAL EFFICIENCY STATEMENT – FORWARD LOOK 2005/2006

STRATEGY FOR SECURING EFFICIENCY GAINS

The Council has a long standing culture for delivery of high quality services in a cost effective manner. This is reflected in the three year strategic Corporate Plan, published in the summer of 2004, setting out its longer term vision and includes a summary of the Council's Medium Term Financial Strategy. This document, which will be updated in Summer 2005 to reflect latest developments and achievements against priorities, is the platform from which all strategies including this Efficiency Strategy is based.

In delivering the Council's priorities a set of corporate key values have been developed, specific issues addressing efficiency include:-

As a **service provider** we will:

- Aspire to excellence in service delivery
- Secure value for money through efficiency and effectiveness delivering continuous improvement
- Ensure our services are accessible to all members of the community

As a **Community Leader** we will:

- Help local communities to articulate their aspirations for their area and work with them and their partners to deliver
- Be inclusive and listen to the views of local residents and stakeholders

As a **Corporate Body** we will:

- Manage change and respond efficiently and effectively to new demands placed upon us.
- Be innovative and open to new ideas and ways of working

Corporate key values are adhered to in delivering improvement tasks as well as acting as guidance in the management and operation of core services. Key actions to be taken during the year are detailed later.

The Council operates a fully integrated Budget and Service Planning Framework. The Council's Budget and Service Plan 2005/2006, sets out high level budgets together with details of Improvement Tasks for the year ahead.

The Council also has an agreed procurement strategy that draws heavily on the best practices identified in the National Procurement Strategy. As well as using the strategy to deliver savings in supplier charges, the principles have been used to develop innovative methods of procurement utilising local authority partnerships and joint working.

The authority is already planning to work with and support the activities of the East Midlands Regional Centre for Excellence (RCE) in order to further the potential to deliver savings. This smarter procurement is already delivering efficiency gains and will continue to be developed.

The Council's IEG strategies identify appropriate investment in both customer services (front office) and transactional services (back office) recognising that this investment should deliver on going savings. Figures outlined in the Council's IEG4 submission feature as savings in the published Medium Term Financial Strategy. Where appropriate (ie investment in document imaging software) both external consultants and internal expertise will continue to be targeted at process improvement in order to achieve the desired operational and financial outcomes.

The Council's budget process for 2005/2006 has recognised that revenue and capital investment integrated with Asset Management strategies has the potential to realise efficiency improvements, as already evidenced in the management of housing stock. A specific task to improve performance in this area has been included for 2005/2006.

The Council is also aware of the importance and value of its workforce in delivery change and quality services. The Council has already tackled issues such as single status and equal pay and has opened a constructive dialogue with Trade Unions about delivering on the efficiency agenda. HR policies have been and are being developed to ensure suitably trained and skilled staff are available to meet the demands placed on the authority and that staff are suitably rewarded for their attainment.

In accordance with the Council's Budget and Service Planning Framework management of performance (including monitoring, review and responsive action) takes place at regular intervals and examine budgets, improvement tasks and relevant national and local indicators. The framework itself is subject to scrutiny and resources are directed towards the Council's priorities by use of an approved methodology. A working group of members from across the Council's three scrutiny committees has been set up to review departmental performance drawing on available performance information, self assessments and benchmarking data where available. This recent innovation is typical of the ongoing desire of Councillors and Officers to maintain this Council's "value for money" culture.

The Council is developing its efficiency agenda to integrate public services across a range of suppliers to the benefit of the customer. Currently the

Council's One Stop Shop is staffed in a collaborative way by employees of the County and District Council. Service provided includes a range of District and County services (which are targeted to expand) along with Police, Primary Care Trust, Department of Work and Pensions, Community Legal Services, Fire, Public Transport, various charity and voluntary sector services and is a major platform in the Council's community leadership vision for reshaping public service provision across the entire public sector.

In summary the Council will utilise the following techniques, as appropriate, as its strategy for the delivery of ongoing efficiency gains:

- Integration of budgets and service delivery performance management
- Investment in technology
- Re-engineering of processes to achieve best practice
- The development of new/innovative procurement practices
- Being open to explore partnership working with other council's and private sector
- Learning from others eg IdeA, RCE.
- Undertaking a programme of strategic service review
- An active process for the management of assets including investment and disposal decisions.

Leader of the Council

Chief Executive

Head of Finance

Strategic Key Actions to be taken during the year

- Investment in e-government in line with IEG 4 for the modernising of transactional services –
 - Document Imaging
 - Integrated solutions
 - Financial Management
 - Payroll/HR
 - Revenue Collection/Admin
 - Gazetteer/Mapping Products
- Implementation of self service via internet
 - Planning end to end solution
 - Extended use of e-forms
 - Improved access to information
 - Online consultation
- Improved procurement methods
 - Increased use of external expertise to identify reductions in supply chain costs
 - Multi agency procurement to maximise the benefit of “bulk” discounts
 - Revisions to procedures/standing orders to maximise benefits of public sector expertise (GCAT, SCAT, East Midlands CPE etc)
- Enhanced marketing of business activities to maximise utilisation and income generation.
- Use of process re-engineering/technology to deliver cost reductions
 - Management operational reviews
 - Extended use of Electronic Document and Records Management Systems
- Developing the use of partnerships to deliver both front line and support services where this has the potential to deliver benefits to the authority or its customers.
- Use of the Council’s budgeting and service planning framework to identify/target resources to achieve maximum benefit.

SERVICE STRATEGY AND ACTION POINTS FOR THE DELIVERY OF EFFICIENCY IN SERVICE PROVISION

CULTURE AND SPORT

The Council's strategy for this area are all currently under review and the intention is that a range of specific strategies will be developed in order to produce an overall Leisure Services Strategy. This document will help ensure investment is targeted to secure maximum effect and that service provision is appropriate to future needs.

Reviewing management arrangements, investment in appropriate technology, as well as improving the utilisation and income generation of facilities are the main strategic activities for efficiency gains.

Strategic Key Actions to be taken during the year

- Operational reviews of leisure facilities to reduce the costs of provision
 - Leisure Centres
 - Community Centres
- Investment in fitness equipment and the better utilisation of fitness suites
- Investment in the management and marketing facilities to increase participation and reduce attrition rates where appropriate.
- Deliver efficiency savings as a result of IT investment in a new leisure management system

ENVIRONMENTAL SERVICES

The collaboration of Nottinghamshire Districts with the County Council on the development of a waste management strategy that increases recycling rates and sees the development of a Materials Recycling Facility, funded by the use of the Public Finance Initiative, is seen as the major development in this area.

At an operational level the development of local districts and council partnerships are being explored.

Strategic Key Actions to be taken during the year

- Extend the use of the twinned bin system
- Implementation of Garden Waste Collection Service

- Collaborative working with the County Council to develop a PFI scheme for the provision of a Materials Recycling Facility.
- Examine the opportunities for collaborative working with other district councils to improve the waste collection process.

LOCAL AUTHORITY SOCIAL HOUSING

In accordance with national objective for achieving “Decent Homes” the Council has commissioned consultants to explore the options for service delivery and a decision on the Council’s preferred way forwarded is expected during 2005/2006.

Investment in technology is seen as the key to achieving transactional service improvement.

Strategic Key Actions to be taken during the year

- Implement the Corporate solution for Electronic Document and Records Management System and achieve targets for cost reductions
- Progression of Housing Business Plan to identify the Council’s preferred option for the achievement of “Decent Homes” and tenants aspirations

HOMELESSNESS

Homelessness is currently a minor but growing area of concern. Joint service provision with other Districts that surround the Nottingham City Conurbation is likely to be the preferred method to ensure efficient service delivery.

A rationalisation of “hard to let” housing stock and hostel provision will be explored to ensure maximum effect of any capital investment decisions.

Strategic Key Actions to be taken during the year

- Undertake joint commissioning/service provision with other local authorities
- Review capital investment strategies in respect of the Homeless Hostel and its liabilities for Repair and Maintenance recognising the potential that “difficult to let” properties may contribute to a more efficient use of housing assets.

CORPORATE SERVICES

Investment in technology and process re-engineering are the main strategies for delivering efficiency savings in this area. The Council’s IEG4 Strategy identifies

particular systems for purchase/replacement and these will form the catalyst for significant service developments including increased number of electronic interactions and a move towards self service via the Council's intranet.

It is considered that collaborative work with other public sector providers has the potential to both improve standards and deliver cost savings.

Strategic Key Actions to be taken during the year

- Continue to develop the use of the Budgeting and Service Planning Framework to enable targeting of resources to achieve maximum benefit for the community. This will recognise the benefits that detailed information at Super Output Area could have in maximising the achievement of the Council's and national priorities.

PROCUREMENT

The Council has adopted a procurement strategy that identifies how improved procurement techniques can deliver the Council's objectives. The use of innovative techniques, building on the expertise and advice that is expected to be available via the East Midlands RCE and utilising private sector consultants as appropriate are seen as the main strategy/process for continued improvement.

Strategic Key Actions to be taken during the year

- Continue to explore the potential benefits that partnership working for the procurement of goods and services can have.
- Review the feasibility of standing orders and financial regulations in order to maximise the potential for new and innovative procurement methods, including the use of private sector specialists to secure supplier chain benefits.
- Continue to use "cash limited" budgets as a method to secure improved outcomes/cost savings.

PRODUCTIVE TIME

Investment in e-government is principally about improving the integration of the IT "architecture" in order to support frontline delivery and utilise IT to streamline transactional services. Our approach is designed to deliver ongoing future cost savings and other operational benefits. More details can be found in the Council's IEG strategies.

Investment in and, the development of, integrated solutions for Financial Service Products, Revenue Services products and Core Gazetteers type products are expected to deliver transactional savings.

HR policies have been and are being developed to ensure suitable trained and skilled staff are available to meet the demands placed on the authority and that staff are suitably rewarded for their attainment.

Strategic Key Actions to be taken during the year

- Monitor and evaluate the ongoing benefits of the Council's innovative sickness incentive scheme.
- Achieve improvements in fraud detection, prevention, overpayment recoveries and performance reward as a result of approved Revenue and Capital Investment
- Continue to administer on Council Tax for increasing number of properties within existing resources.

TRANSACTIONS

Investment in e-government especially to develop back office services, coupled with a systematic approach for processes re-engineering, that is informed by the use of detailed benchmarking data, is the basis for improvements in this area.

Strategic Key Actions to be taken during the year

- Continue to use benchmarking as a methodology to identify where re-engineering process may deliver more efficient service delivery.
- Ensure Council's investments in more modern IT systems delivering targeted efficiency gains as detailed in the Council's IEG4 submission.

MISCELLANEOUS EFFICIENCIES

A systematic review of strategic service provision targeting those areas with the greatest potential to deliver a step change in service provision.

Strategic Key Actions to be taken during the year

- Implement the restructure of the Direct Service Department following on from the disestablishment of the Council's Engineering and Property Services Department.
- Implement action plan following the Planning Inspectorate review.