



# Borough of Oadby & Wigston

Policy Committee

18<sup>th</sup> November 2008

## Efficiency Plans 2008 – 2011

Report of: Deputy Chief Executive      Report Number: 7(g)  
Author: Deputy Chief Executive

### NON-EXEMPT

This report is likely to be considered while the meeting is open to press & public

#### Summary:

This report sets out the national, regional and Leicestershire picture regarding the Government's efficiency agenda and shows this Council's progress in meeting the new efficiency targets.

#### Recommendations:

That members note the Council's progress in delivering the new efficiency targets and the work that is taking place in submitting bids to the Regional Improvement and Efficiency Partnership to deliver improvements in local services.

Level of delegation: Committee

Wards affected: All

#### Comments of Statutory Officers:

Head of Paid Service: None.  
Proper Officer for Financial Affairs: His report.  
Monitoring Officer: None.

#### **Appendices Attached: Two appendices**

#### Impact Assessments:

Health: )  
Environment: )  
Community Safety: ) Impacts on all Council services and activities.  
Human Rights: )  
Equal Opportunities: )  
Risk Assessment: )

#### Commentary:

##### **Introduction**

The efficiency agenda is at the forefront of local authority thinking and is a key element of the government's plans for public services for the years ahead. Efficiency, and the inevitable links with value for money, should form part of the approach taken by any organisation, whether in the public or private sector, to ensure that the best outcomes are achieved for interested parties bearing in mind the resources available.

## The national picture

Since the 2004 Gershon Review local authorities have been charged with finding savings of 2.5% each year on a cumulative basis for the three years ending in 2007/08. At least 50% of this target had to be met from cashable savings.

With the ending of that period, and the apparent success of local authorities in comfortably meeting the government's targets, new targets for efficiency savings were introduced through the 2007 Comprehensive Spending Review. In October 2007 the government published *Delivering value for money in local government: Meeting the challenge of CSR07* setting out the plan as to how to meet the efficiency challenge during the new spending review period. This was followed in December 2007 by the *National Improvement and Efficiency Strategy*.

Whilst the original Gershon savings utilised a baseline of 2004/05, the new efficiency agenda works from a baseline of 2007/08 and effectively discounts savings already achieved through the previous three years. Local government is expected to achieve 3% cashable savings each year, and on a cumulative basis, for the three years through to 2010/11. The cumulative knock on effects means that this equates to national savings of £4.9 billion or 9.3% by 2010/11.

The government has provided expected figures as to where these savings may originate from broken down as follows:

<b>Efficiencies by workstream</b>	
	<b>Total (£bn)</b>
Business process improvement and collaboration	1.8
Asset management	0.3
Procurement	2.8
<b>TOTAL</b>	<b>4.9</b>

Data on efficiency savings will be collected as one of the National Performance Indicators (NI 179). Forecast savings for the year in progress will be collected each October and actual savings achieved will be collected in July following the completion of the year.

In order to help achieve this level of savings, the government has, as part of the national strategy, allocated funding of £185 million to Regional Improvement and Efficiency Partnerships (RIEPs) – the successors to the previous centres of excellence – in order that they can help to pioneer innovative ways to transform and improve services, and cut waste.

## The regional picture

In the East Midlands region a Regional Improvement and Efficiency Partnership has been established, overseen by a Board consisting of local authority member representatives. A strategy for the East Midlands RIEP was produced and signed off by the Local Government Association and the Department for Communities and Local Government (DCLG) in March 2008. The strategy contained the following broad sections:

- Vision for the region
- Priorities for improvement and action
- Stretch improvement targets
- Outline work programme
- Support for authorities in difficulty
- Governance arrangements for the RIEP

The East Midlands RIEP has formulated a business delivery plan setting out its approach for the next three years which includes 26 stretch targets that authorities in the East Midlands area are expected to work towards. These 26 stretch targets are included at appendix 1.

Each of the RIEPs has received a funding allocation from the government. For the East Midlands region this amounts to almost £20 million to last through to 2010/11. Of this total some will be retained for regional projects/activities and around £12.5 million is being distributed

through the sub regional partnerships. Of this sum, the Leicestershire sub regional partnership can expect to be allocated funds of around £2.5 million in total over the next three years to help fund efficiency programmes.

### **The Leicestershire position**

As far as we are aware, Leicestershire is the only county that has included the efficiency indicator NI179 in its Local Area Agreement (LAA). A target different to the national position has been negotiated for the LAA which is 3% for 2008/09, 3% for 2009/10 and 3.4% for 2010/11 (total 9.4% over 3 years) but which allows the carry forward of cashable and non-cashable savings over and above the 2004 CSR target of 7.5% efficiencies.

In order to deliver the LAA targets Deloitte have been commissioned to identify a number of service areas where partners across Leicestershire could generate savings by working together (The Deloitte project is funded by the RIEP). Eight improvement opportunities have been identified which are summarised below:

Improvement Opportunity	Partners Impacted	Savings Range (£'m)	
		Low	High
Shared revenues & benefits service	District Council and City Council	1.0	1.9
Shared fleet maintenance and management	All Partners	0.5	1.1
Shared passenger transport services	City and County Councils	0.4	2.0
Consolidated winter maintenance service	City and County Councils	0.1	0.2
Consolidated waste collection service	City and District Councils	1.0	2.0
Adult Social Care Collaboration	City, County & PCTs	0	0
Shared Support Services	City, County, Districts and the Fire & Rescue Service	1.4	2.1
Shared management & infrastructure for frontline services (e.g. Libraries)	City, County and Districts.	0.2	0.8
<b>Total</b>		<b>4.6</b>	<b>10.1</b>

Resulting from the Deloitte project, officers from the partner organisations have been working together to put forward bids for RIEP funding (against the £2.5 million allocation) which will enable these improvement opportunities to be investigated further; for example, your Head of Revenues & Benefits has been actively involved in a bid to look at collaborative working in Revenues services. The outcomes of any bids affecting this Council will of course be brought to this Committee for consideration.

### **The Oadby & Wigston position**

This Council's proportion of the overall LAA target is £272,000 for 2008/09, a further £272,000 for 2009/10 and a further £308,000 for 2010/11. As a result of the good performance against the 2004 CSR target (cumulative 7.5% target 2005/06 – 2007/08), there is £177,832 available to carry forward which gives the Council a good start against the new LAA targets.

Appendix 2 shows the potential efficiency gains identified against the new LAA target up to October 2008. These total £345,500. This figure will be refined and added to as the year progresses and as work arising from the Deloitte project and the 'Bigger Borough' feeds through into efficiency savings. The £177,832 brought forward from the last CSR period and the potential gains this year of £345,500 mean that the 2008/09 efficiency target should be achieved. However, there continues to be a challenge to find further savings to meet the increasing targets in future years.

**Background Papers referred to in compiling this report:** Communities and Local Government – Measuring and Reporting Value for Money Gains – A Guide to Compiling the Data for National Indicator 179 – October 2008.