

 <b>Executive 18<sup>th</sup> March 2009</b>		<b>Agenda Item No.</b>
<b>Title</b>	The Efficiency Agenda 2008-09 to 2010-11	
<b>For further information about this report please contact</b>	Jenny Clayton <a href="mailto:Jenny.clayton@warwickdc.gov.uk">Jenny.clayton@warwickdc.gov.uk</a> 01926 496013	
<b>Service Area</b>		
<b>Wards of the District directly affected</b>	All	
<b>Is the report private and confidential and not for publication by virtue of a paragraph of schedule 12A of the Local Government Act 1972, following the Local Government (Access to Information) (Variation) Order 2006</b>	no	
<b>Date and meeting when issue was last considered and relevant minute number</b>	none	
<b>Background Papers</b>		

<b>Contrary to the policy framework:</b>	No
<b>Contrary to the budgetary framework:</b>	No
<b>Key Decision?</b>	No
<b>Included within the Forward Plan? (If yes include reference number)</b>	No

<b>Officer/Councillor Approval</b>		
With regard to officer approval all reports <i><u>must</u></i> be approved by the report authors relevant director, Finance, Legal Services and the relevant Portfolio Holder(s).		
<b>Officer Approval</b>	<b>Date</b>	<b>Name</b>
Relevant Director	27/2/09	Mary Hawkins
Chief Executive	27/2/09	Chris Elliot
CMT	27/2/09	
Section 151 Officer	27/2/09	Mary Hawkins
Legal	17/2/09	Peter Oliver
Finance	17/2/09	Mike Snow
Portfolio Holder(s)	27/2/09	Cllr Michael Doody
<b>Consultation Undertaken</b>		
Please insert details of any consultation undertaken with regard to this report.		
<b>Final Decision?</b>		Yes/No
<b>Suggested next steps (if not final decision please set out below)</b>		
Members can decide to receive future bi-annual reports		

## **1. SUMMARY**

- 1.1 This report outlines for members the Efficiency Agenda for the 3 year period , 2008/09 to 2010/2011 (CSR07 period) and details the first forward look submission made in October of last year. It also updates members on the new requirement to include Efficiency data on the Council Tax Bill and Leaflet.

## **2. RECOMMENDATIONS**

- 2.1 Members note the requirements for the monitoring and reporting of Efficiencies during the period of CSR07.
- 2.2 Members note the October 2008 submission, the first during this period.
- 2.3 Members note the new requirements for relaying Efficiency data to the Council Tax Payer.
- 2.4 Members to receive an bi-annual reports (September and March) on the actual Efficiencies achieved during the previous financial year and those forecast for the current year, respectively.

## **3. REASONS FOR THE RECOMMENDATION**

- 3.1 The Council is required to report bi-annual figures during the 3 year period of CSR07 A “Forward Look” projection in October of each year, and the “Actual” position in July of the following financial year. During the previous 3 year period (2005-06 to 2007-08, CSR04) these figures were reported to CMT prior to their submission. In light of future savings to be found by this Council, it would be appropriate to keep members informed of this Council’s Progress.
- 3.2 There are new requirements to publish the data when the annual Council Tax Bills are issued, members should be aware of what is being sent to their constituents.

## **4. ALTERNATIVE OPTION CONSIDERED**

- 4.1 The submissions and Council Tax information are mandatory, consequently the Council does not have an alternative option to submit the returns. Members could however, decide not to receive reports

## **5. BUDGETARY FRAMEWORK**

- 5.1 The Medium Term Financial Strategy presented to Members within the February Budget Report identified the need to achieve £1,083,000 ongoing savings over the period 2010/11 to 2012/13, of which £213,000 will need to be realised in the first year. Efficiency initiatives will help the Council towards those targets without compromising the quality of its services,

## **6. POLICY FRAMEWORK**

- 6.1 The achieving of Efficiencies will support 2 elements within the 2008/11 Corporate Strategy-

Leadership-To provide clear Community Leadership and Effective management of Resources.

Customers- To improve the Efficiency of Service Delivery to the Council's Customers.

## 7. BACKGROUND

- 7.1 Since 2005, Councils have been required to report on Efficiencies achieved or forecast to be, during the 3 year Comprehensive Spending Period 2005-06 to 2007-08 (CSR04). Efficiencies could be cash releasing (either reducing the impact of the cost of services on the Council Tax or reinvested in other services), or could be non-cashable (eg. Providing a better quality of service with the same resources). Efficiencies had to be on-going to qualify for inclusion. Council's were set individual targets, based on the 2004-05 baseline of 2.5% per year, of which 50% had to be cashable. For this period the Council's target was £1,200,000, of which £600,000 had to be cashable.
- 7.2 In October 2007, the Government announced its plans for the Comprehensive Spending Review Period 2008/09 to 2010/11 (CSR07). This laid out its spending plans for local government for the next 3 years. At the same time, the Department published "delivering value for Money in Local Government: Meeting the challenge of CSR07. This details its efficiency targets for Local Authorities for the 3 year period (2008/09 to 2010/11). The target is 3% **cashable** efficiencies, calculated as 3% of the 2007/08 baseline and is multiplicative. Although this target will not be mandatory, Councils are still required to report bi-annually on the total net value of ongoing cash releasing gains made since the start of 2008/09.

This Council's Target has been calculated as follows-

<b>Baseline total</b>		<b>£27,249,213</b>
Target 2008/09	3.0%	£817,000
Target 2009/2010	6.1%	£1,662,000
Target 2010/2011	9.3%	£2,534,000

The target does not take account of efficiencies already achieved in previous years, or whether an authority is a high or low spending authority compared with others. Member's attention is drawn to the considerable increase in the 3 year target, primarily due to an increase in the baseline and the application of 9.3% factors, instead of the 3.75% cashable savings during the prior period. The baseline is based on 2007/08 net service expenditure, plus capital expenditure, but excluding the Housing Revenue Account.

- 7.3 For CSR07, Cashable Efficiencies are reported by way of a National Indicator, NI179-

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

- 7.4 Councils are required to make two submissions each year, on the first occasion, each October, reporting their *forecast* for the position at the end of the financial year. This is akin to the way in which Efficiencies were previously reported by way of a "Forward Look Annual Efficiency Statement" (AES).

The October submissions looks at the whole period since March 2008 not just the particular year in question.

On the second occasion, starting from July 2009, councils will report the *actual* position as at the end of the financial year that ended on the previous 31st March.

- 7.5 The main changes from the previous period (CSR04) to note are shown in the table below-

Requirement for CSR07	Requirement for CSR04
Efficiencies must be cash releasing	Both Cashable and Non-Cashable Efficiencies were eligible during CSR04, albeit at least 50% of the total Target had to be Cashable
No Specific Efficiency Target for individual Authorities unless agreed as an indicator within the L.A.A.	Previously all authorities were set a 3 year target against which to monitor and report progress
Calculation of "non-mandatory" target, is 3% and multiplicative (i.e. becoming 6.1% and 9.3% for years 2 and 3)	The CSR04 target was additional, at only 2.5%, (then 5% year 2 a 7.5% year 3)
To be reported by way of the National Indicator NI179	A detailed report submitted
Bi-annual reports-Forward in October, Backward in July	Mandatory Bi-annual reports-Forward looking in April, Backward (actual) in July.

- 7.6 By March 2008, this Council had achieved and reported £2,300,000 of savings, of which £1,400,000 were cashable. Having exceeded its target, the Council is now able to carry forward £226,000 of ongoing cashable gains from the previous CSR04 period, provided they remain on-going.
- 7.7 In line with new requirements of CSR07, projected Efficiency savings for 2008/09 were submitted within the October deadline. The forecast of £387,000 is attached at Appendix A and details the Efficiencies included within the submission.
- 7.8 Members attention is drawn to the fact that the Council is relying on Efficiencies achieved in the previous 3 years, with early indications suggesting that the Council may not meet the non-mandatory target of £2,534,000, unless other initiatives are identified.
- 7.9 Whilst the monies saved through these Efficiencies are not withdrawn from authorities, the Council's annual Revenue Support Grant from Government has been reduced in real terms. As confirmed this November, this authority's increase will only be 0.5%. So in effect this Council must make Efficiency Savings to maintain its services at current levels.

- 7.10 The Chancellor's Pre-Budget report indicates that to offset the higher borrowing costs, the Government will increase the existing cross-government value for money target by £5 billion for 2010/11. At the time of writing this report, further details are awaited on how this will affect local authorities.
- 7.11 In December 2008, the Government announced that details on progress towards meeting the Efficiency Agenda was to included on Council Tax Bills and the accompanying leaflet for 2009-10 onwards.
- 7.12 For this year, councils are required to report the amount of their forecast for 2009-10, how this impacts on a Band D, the aggregate for a Band D (ie. Includes the other precepting authorities, and how they compare with the average for similar types of authority. Appendix B shows what will be displayed in this year's leaflet and bill.