

Annual Efficiency Statement

Since its inception in 1998, Herefordshire Council has been innovative in delivering its frontline services. Partnerships have constantly been sought with the private sector and other public sector organisations to maximise both the efficiency and effectiveness of service provision.

Major examples of these partnerships have been:

- The joint Waste PFI project with Worcestershire.
- A ten-year contract with Jarvis Plc to form Herefordshire Jarvis Services securing efficiency savings of £600,000 per annum.
- The transfer of residential care homes to Shaw Homes.
- The transfer of leisure provision to Halo.
- The transfer of the housing stock to Herefordshire Housing.

In each of these major areas of business, the Council has ensured significant efficiencies are realised from the new arrangements. Being a rural authority there is a high cost of providing many services which is not fully reflected in national finance settlements. The approach, therefore, to service procurement and delivery has to be innovative in order to maintain the standards which have been set since 1998. The current 'Good' CPA classification does not necessarily do justice to the individual service assessments. The Council performs exceptionally well in many high profile areas including attainment in schools, helping older people to live independently and strategic housing and transport. Indeed, the latter has just been confirmed as a centre of excellence. The current Use of Resources assessment is the maximum 4 although there is a realisation that further improvements are required in this area to meet the revised standards set by the Audit Commission.

The Council's strategy for securing efficiencies is driven by the overriding factor of delivering the Corporate Plan within the constraint of a limited financial resource. Providing value for money for the County's residents is always the paramount concern, hence the Corporate Plan provides for minimal Council Tax increases over the medium term. Unavoidable spending pressures, specifically in waste disposal and care of older people, require cash to be released from other areas of business and there is a clear strategy to achieve this with minimum reductions in service. The Council does understand, however that this may not always be possible and it uses in depth public consultation to influence service priorities and is clear about what can, and what cannot, be achieved in the Corporate Plan.

The Council also is aware that the procurement initiatives implemented since its inception have made the realisation of significant future efficiency savings a very challenging task. The ongoing requirements in years 2 and 3 for savings will need to be carefully planned at this time and the creation of an Invest to Save fund is a highlight of the 2005/06 budget. The remainder of this Statement summarises the service and organisational developments which will not only deliver the efficiency gains in the current year, but also how targeted investment made in 2005/06 will realise the required gains in the medium term.

The corporate efficiency strategy is based around making the most out of the following three areas of the organisation:

- Procurement.
- Business processes; and
- Human resources.

The draft procurement strategy has recently been produced. The revised corporate structure has placed procurement in a prominent position within the new Resources and Property Directorate. The principles, however, behind the Council's approach to procurement will largely remain unchanged. This Statement has already referred to the strong track record the Council has in procurement and partnerships and the strategy will seek to build on these successes by continuing to:

- Identify opportunities for alternative service provision through strategic procurement.
- Develop partnerships or consortia as appropriate, including making the fullest possible use of West Mercia Supplies.
- Recognise the benefits of extending existing contracts and relationships.
- Where possible use eProcurement channels.

The Service Improvement Programme (SIP) has already resulted in some major successes, most noticeably in Revenues and Benefits where the performance gains in benefit processing has moved the service in to the top CPA category. A programme manager is soon to be appointed to move SIP to the next stage and advise on the prioritisation of the services already targeted for major efficiency gains in the next few years. Work currently underway includes:

- The rationalisation of office accommodation in to the Plough Lane site.
- The elimination of duplicate activities between the Environment and Policy and Community Directorates.
- The identification of resources required and the timescales for the establishment of a corporate contact centre.
- The creation of a project to deliver a corporate document management solution.
- The rolling out of the ICT back office integration project to incorporate other areas of business, specifically e procurement; corporate HR and performance management.

It is intended for the overall SIP programme to realise cash savings of £1,000,000 over the medium term. The nature of the improvements will require relatively long lead-in times before these savings are realised, in addition to a significant usage of the corporate Invest to Save Budget. An important piece of work underway now is the agreement of the cost baselines in the service improvement areas in order to measure the success of the overall project.

The recent senior management restructure has been partly driven by the need to harness resources within the service improvement agenda. Accordingly a new Corporate and Customer Services Directorate will be created with the delivery of SIP being a priority.

The corporate HR Strategy is a key component in delivering the Corporate Plan and clearly recognises staff as the Council's most important asset. The focus starts with ensuring that all managers are equipped to manage and the Council will continue to improve its extensive management development programme.

Four aspects of the efficiency agenda in relation to staffing which are being specifically addressed are:

- Managing absence.
- Improving recruitment practice.
- The introduction of flexible working; and
- Understanding performance management.

All four will result in both performance gains and cash savings. The success of the policies is dependent, however, on the Council's ability to disseminate and ingrain best practice across all the services. This is why the focus starts at the top with the development and empowerment of managers to implement these changes.

Increasing productive time is often addressed through improving local practices. However, the corporate agenda facilitates this through:

- Reducing travelling time by better use of ICT and rationalisation of office accommodation; and
- A better understanding of staff performance driven by training and the Staff Review and Development Scheme.

The focus of the Annual Efficiency Statement is on cash efficiency savings, although this does not in any way under-value the Council's approach to performance improvement which is fundamental within the Corporate Plan. Over 80% of the efficiency gains identified are cashable and these are required to deliver the Corporate Plan over the medium term. The Council intends to comfortably meet the minimum level of efficiency gains set by the Government and has self imposed a target of at least £3,500,000.

There are major gains in Adult Social Care where base budgets have been subject to considerable scrutiny owing to increasing service demands. Two major gains are planned in contract procurement and reducing the reliance on temporary staff.

Other significant gains have come from the major management restructure within Policy and Community Directorate to achieve a sharper focus on service priorities and also in the creation of a new Children's Directorate. The majority of the savings within the Environment Directorate are related to utilising the purchasing power of the Council to negotiate the best deals and improving working practices.

There are, therefore, some major efficiency gains within the main budgets but there is a strong expectation that the efficiency agenda is followed by every part of the Council no matter the size; hence the inclusion of relatively small numbers in the overall submission. The challenge will be in the next few years as this year's gains are built on. The Invest to Save Budget, therefore, will need to be effectively utilised this year in delivering some of the key corporate developments required to continue to deliver efficiency gains. This will focus on several of the elements of this statement such as improving the customer interface; corporate procurement as well as specific investment requirements from individual services.