

ANNUAL EFFICIENCY STATEMENT – 2004/05

PROGRAMME AREA RESPONSIBILITY: CORPORATE STRATEGY AND FINANCE

CABINET

9TH JUNE 2005

Wards Affected

County-wide.

Purpose

To approve the Council's Annual Efficiency Statement – 2004/05.

Key Decision

This is not a Key Decision.

Recommendations

That the Annual Efficiency Statement – 2004/05 be approved.

Reasons

1. The Council is required to complete and submit the first backward look statement (BLAES) for 2004/05 by 15th June 2005. Our statement will be submitted in the template format determined by the ODPM toolkit.
2. Detailed guidance on the completion of this return was issued on 16th May. An important difference with the Forward Looking AES is the requirement to provide quality cross checks. This serves to ensure that there is no diminution of service where cash savings are submitted and that performance gains can be substantiated.
3. The guidance suggests no minimum figure for the BLAES but the technical note sent out in January referred to the fact that councils should include the BLAES in the Value for Money (VFM) self assessment as part of the annual Use of Resources assessment.

Considerations

4. The Forward Looking statement produced in April concentrated largely on cash releasing savings in order to deliver the Corporate Plan. The BLAES has had to take a more balanced approach between cash savings and performance gains, predominantly because there was no formal corporate savings exercise carried out as part of the 2004/05 budget. The expectation at that time was for services to continue ensuring performance improvement but operating within cash limited budgets and manage resources accordingly.

Further information on the subject of this report is available from
Andrew Tanner, Assistant County Treasurer on 014532 260162

5. There is still a shortage of clear and consistent, national guidance over how performance gains are calculated. The Council has developed its own methodology in comparing performance improvement to expenditure and has included those areas of service where performance increases are, therefore, greater than the corresponding net expenditure increase. This system is, of course, subject to significant sensitivities owing to the nature of performance information. For example, it was considered using the basket of performance indicators used for the Local Public Service Agreement's cost effectiveness target within the BLAES. Using currently available and robust performance information, the Council could prove a rise in cost effectiveness of £7,700,000. However this figure could change dramatically on the movement of a single indicator and hence it is meaningless in assessing true cost effectiveness. This demonstrates the difficulty of the task in constructing the BLEAS owing to its subjective nature.
5. The BLAES attached in Appendix 1, therefore, takes a more measured view on those efficiency gains that have been submitted. The overall gain is just under £1,900,000 with just under £1,000,000 being cashable. The BLAES next year will be a key report as it assesses the Council's performance against the Forward Looking Annual Efficiency Statement. It continues to be the Council's view that the real driver behind the Efficiency Agenda is to secure improvement through the better procurement of services and the realisation of operational efficiencies, and this is where the focus will be maintained.

Risk Management

The Annual Efficiency Statement will form a major part of the Council's Use of Resources assessment. Whilst the main focus may be on the Forward Looking Statement, a good performance on the backward looking statement can only help our assessment. Failure to reach level 3 on this assessment will prevent the Council from becoming an 'excellent' authority. The Council currently assesses itself as being at level 2 on the revised criteria.

Consultees

None.

Background Papers

None identified.