

## **EXTRACT FROM CONTRACT AND FINANCIAL PROCEDURE MATTERS REPORT TO CABINET 12 JULY 2005**

### **Annual Efficiency Statements**

- 2.1.1 Local authorities are required to submit an Annual Efficiency Statement, AES, to demonstrate progress towards meeting Gershon efficiency targets. An authority's AES will also form part of the Use of Resources assessment in demonstrating value for money.
- 2.1.2 The Annual Efficiency Statement, AES, is separated into two elements, the forward look and backward look. The forward look is a plan outlining efficiency gains for the forthcoming financial year. The plan will include the authority's broad strategy for securing and delivering efficiency gains along with estimates of both cashable and non-cashable efficiency gains. The first forward look AES for 2005/6 was submitted on 15 April.
- 2.1.3 The backward look AES reports actual savings achieved in the last financial year. The backward look AES for 2004/5 was submitted on 15 June. This deadline was a challenging one when outturn figures had not yet been completely finalised and guidance from the Government was not released until 16 May.
- 2.1.4 The Gershon efficiency targets mainly relate to 2005/6 to 2007/8 performance in terms of budgets and the forward looking report which was issued in April to the Government's deadline was compiled on that basis. This report outlines the targets set by ODPM for Derby City Council and progress made towards these through completion of both the backward looking AES 2004/5 and the forward look AES 2005/6. Both efficiency statements are attached to this report in Appendix 2 and 3.
- 2.1.5 Efficiencies made during 2004/5 will also count towards the running total that the Council will be judged on in relation to the overall targets. They therefore represent an extra year's worth of efficiency gains that can be formally counted towards the three-year targets from 2005/6 to 2007/8.
- 2.1.6 The Council's annual efficiency target is shown below along with details of the efficiency gains reported in the efficiency statements submitted to date.

Annual efficiency target (at least half should be cashable)	£4.31m
AES 2004/5 backward look	£4.280m (of which £3.772m cashable)
AES 2005/6 forward look	£5.437m (of which £3.920m cashable)

- 2.1.7 Based on efficiency statements submitted for 04/5 and 05/6 the annual target has already been exceeded, although items identified in the forward look AES 05/6 are estimates based on planned activities to achieve efficiency gains and will be monitoring and updated during the financial year.