

# Annual Efficiency Statement - Forward Look

## Local authority

Derby City Council

## Strategy for securing efficiency gains

The overall approach being taken to delivering efficiency savings reflects:

- A continuation of the Council's existing approach to identifying and recycling savings through the annual forward budgeting process
- Continuation of various other existing efficiency review processes, plus input into the additional regional processes now being set up
- The coordination of these various processes through a Gershon Review Board
- The savings and key actions taken in each service area are itemised in the service categories, but largely reflect the output of the Council's existing processes. Additional future savings will be generated by the processes set out below.

The general strategy adopted for 2005 is as follows:

- The Council's budget process encourages efficiencies to be identified within budget proposals with a view to recycling these to support other service pressures, within overall departmental cash limits. This process encourages the active searching out of efficiencies by Departments to enable them to fund service developments. This has been supplemented by a process of corporately led base budget reviews and a limited corporate efficiency review programme linked to the budget cycle.

Departments have also been asked to declare, for the Annual Efficiency Statement, recycled savings reflected in forward service planning but not previously recorded in the budget process. The substantial efficiencies so generated have been further scrutinised to ensure consistency with 'Gershon' definitions. It is planned to continue with these processes for the next budget cycle.

- The corporate 'Building on Excellence' programme is seeking to strategically change the way the Council delivers its strategic functions, including the approaches to e-Government, customer services, procurement and accommodation. It is supporting a programme of business process reengineering as part of major systems and structural reviews.
- The Council is cooperating actively with other public authorities to secure efficiencies. It is participating actively in discussions in the region to explore options for efficiencies in joint procurement and delivery of services, and has recently identified an initial programme of reviews. It intends to participate fully in the various other national and regionally led 'Gershon' initiatives. Derby was also instrumental in setting up in 2004 a network within the Unitary Authorities treasurers group to share examples of good practice in securing efficiencies.
- Council housing services are delivered through the Council's Arms Length Management Organisation which has its own efficiency review programme and is also working in partnership with the Council to deliver more effective procurement in relation to our housing capital programme.

To bring these various initiatives together, the Council has in April 2005 established a corporate Gershon Review Board. Each main area of initiatives will have lead officers that coordinate these initiatives and report on progress to the Board. The Board will also ensure that savings achieved are identified as cashable efficiencies within future budget processes and so help to contain future costs.

### **Key actions to be taken during the year**

The service statements set out in detail the most significant of the actions to be taken to deliver specific savings in 2005/6. These are mainly the outcome of the budget-related processes set out above.

In general, the key actions to be taken in 2005/6 are simply to follow through and deliver the strategy set out above and to implement the specific savings identified. Further savings are expected to be identified as the processes take full effect, and the Council also expects to be ahead of target for the backward looking AES statement in June as further outturn savings are identified.

A progress review of 2005/06 plans will be undertaken by the Board around the middle of the financial year.

	Expected annual efficiency gains (£)	...of which related to capital spend (£)	...of which related to other spend (£)	...of which cashable (£)
Adult social services	785,000			785,000
	<b>Strategy:</b>			
	<b>Key actions:</b> Reduction in long term care elderly placements through use of alternatives such as direct payments and intensive home care.			
	Move towards 'direct payments' system to allow residents to procure their own home care resulting in recycled budget savings.			
Children's services	395,000			395,000
	<b>Strategy:</b>			
	<b>Key actions:</b> Reduction in number of placements with Independent Fostering Agencies. Through earlier investments made we have reduced the loss of in-house foster carers leading to a reduced need for placing children with Independent Sector Fostering Agencies.			
	Reduction in number of children looked after by reducing numbers entering the system through better gate posting and partnership working.			
Culture and sport	246,000			228,000
	<b>Strategy:</b>			
	<b>Key actions:</b> Recycling of sport and leisure base budget reviews into funding other budget pressures.			
	Increase in performance at the City's entertainment venue has realised savings that will offset service pressures and provides for new investment.			
Environmental services	501,000			136,000
	<b>Strategy:</b>			
	<b>Key actions:</b> Reduction in unit cost of fridge disposals.			
	Landfill Tax savings arising through increased recycling. Savings reinvested in provision of kerbside collection recycling scheme across the city.			
Local transport	306,000	0	306,000	306,000
	<b>Strategy:</b>			
	<b>Key actions:</b> Reduction in net operating costs at Park and Ride site through change in operator.			
	Increased advertising revenue from bus shelters.			
Local transport	Increased risk management giving lower third party liability claims on Highways.			
	Car park income - volume increase.			

	Expected annual efficiency gains (£)	...of which related to capital spend (£)	...of which related to other spend (£)	...of which cashable (£)
	390,000	220,000	170,000	170,000
LA social housing	<b>Strategy:</b>			
	<b>Key actions:</b> Changes to telephone, stationery, and photocopier procurement arrangements.			
	Changes to arrangements for warden alarms.			
	Review of maintenance and rent structures.			
	Reduced professional fees for housing capital works.			
	436,000			424,000
Non-school educational services	<b>Strategy:</b>			
	<b>Key actions:</b> Reduced numbers of early retirements through active redeployment policy.			
	Reduced placements in independent special schools through development of internal provision.			
	Review of staffing structures for awards and policy.			
	Maintaining central standards fund at 2004/5 levels - no inflationary increase. Service levels maintained.			
	272,000			272,000
Supporting people	<b>Strategy:</b>			
	<b>Key actions:</b> Contract inflation not given except in very few exceptional cases, service levels maintained.			
	Some contract reviews have resulted in reduced unit costs through value for money assessments and renegotiation of contracts when compared to national and regional unit costs.			
	0			0
Homelessness	<b>Strategy:</b>			
	<b>Key actions:</b>			
Other cross-cutting efficiencies not covered above				
	396,000			296,000
Corporate services	<b>Strategy:</b>			
	<b>Key actions:</b> Realisation of capital receipts through disposal of surplus assets. Savings represent additional interest on disposal proceeds.			
	Reduction in establishment within corporate functions, whilst maintaining service levels.			
	Numerous ICT developments realising both cashable and non-cashable efficiencies.			
	Additional income expected from external contracts.			

	Expected annual efficiency gains (£)	...of which related to capital spend (£)	...of which related to other spend (£)	...of which cashable (£)
Procurement	437,000			434,000
	<b>Strategy:</b>			
	<b>Key actions:</b> Negotiation of ICT and mobile phones contracts realising cashable savings.			
	Expected reductions in recruitment advertising spending.			
	Expected savings from new authority-wide contract for supply of agency staff.			
	Reduced time/costs on tendering through use of common tender documents and consultant lists.			
	Review of water charges.			
	Purchasing manager in Commercial services to reduce costs.			
	Expected cost savings through change to unbranded stationery.			
	Website management in partnership with neighbouring authorities enabling reduced costs for all parties.			
Productive time	517,000			43,000
	<b>Strategy:</b>			
	<b>Key actions:</b> Anticipated efficiencies through increased home/flexible working.			
	Sickness/absence reductions across the authority.			
Transactions	140,000			18,000
	<b>Strategy:</b>			
	<b>Key actions:</b> Online planning and building control applications.			
	Planning advice on-line.			
Miscellaneous efficiencies	616,000			413,000
	<b>Strategy:</b>			
	<b>Key actions:</b> Reduced time to process planning applications leading to improvements in performance.			
	Increased take up of commercial property.			
	Reduced bad debts for Social Services.			
Total	Reduced car leasing costs following third tier review.			
	5,437,000	220,000	476,000	3,920,000