

## AGENDA MANAGEMENT SHEET

<b>Name of Committee</b>	<b>Cabinet</b>
<b>Date of Committee</b>	<b>16 June 2005</b>
<b>Report Title</b>	<b>2004/2005 Backward-Looking Annual Efficiency Statement and Quality Crosscheck</b>
<b>Summary</b>	The report seeks members approval to the 2004/2005 Backward-Looking Annual Efficiency Statement submitted to the ODPM.
<b>For further information please contact:</b>	Virginia Rennie Group Accountant Tel: 01926 412239 virginia.rennie@warwickshire.gov.uk
<b>Would the recommended decision be contrary to the Budget and Policy Framework?</b>	No.
<b>Background papers</b>	"Measuring Efficiency Gains" guidance issued by the ODPM and various efficiency toolkits issued by government departments.

**CONSULTATION ALREADY UNDERTAKEN:-**

Details to be specified

Other Committees	<input type="checkbox"/> .....
Local Member(s)	<input type="checkbox"/> .....
Other Elected Members	<input checked="" type="checkbox"/> Cllr Naylor – “noted”, Cllr Roodhouse - for information
Cabinet Member	<input checked="" type="checkbox"/> Cllr Farnell – “OK for consideration of Cabinet”
Chief Executive	<input checked="" type="checkbox"/> Ian Caulfield – reporting officer
Legal	<input checked="" type="checkbox"/> David Carter – report cleared for circulation
Finance	<input checked="" type="checkbox"/> David Clarke - reporting officer
Other Chief Officers	<input type="checkbox"/> .....
District Councils	<input type="checkbox"/> .....
Health Authority	<input type="checkbox"/> .....

Police ☐ .....

Other Bodies/Individuals ☐ .....

**FINAL DECISION YES**

**SUGGESTED NEXT STEPS:**

Details to be specified

Further consideration by  
this Committee ☐ .....

To Council ☐ .....

To Cabinet ☐ .....

To an O & S Committee ☐ .....

To an Area Committee ☐ .....

Further Consultation ☐ .....

**Cabinet - 16 June 2005**

**2004/2005 Backward-Looking Annual Efficiency Statement  
and Quality Crosscheck**

**Report of the Chief Executive and County Treasurer**

**Recommendations**

1. That Cabinet agree the 2004/2005 Backward-Looking Annual Efficiency Statement for 2004/2005 as attached at Appendix A (as updated)
2. That Cabinet note the indicators chosen as the quality crosschecks for the authority as highlighted in Appendix B (as updated).

**1 Introduction**

- 1.1 The date for the next submission to the Government on the Annual Efficiency Statement process was 15 June 2005. The submission – the 2004/2005 Backward Looking Annual Efficiency Statement (AES) – fulfilled two purposes:
  - It detailed the level of on-going efficiency gains identified in 2004/2005, and
  - It set out the quality crosscheck chosen by the authority against which efficiency gains will be measured in future years.

**2 2004/2005 Efficiency Gains**

- 2.1 The County Council is required to generate £6.750 million efficiency gains a year over the period 2005/2006 to 2007/2008. These gains need to be on going such that by the end of 2007/2008 gains totalling £20.250 million need to have been made. Local authorities are being allowed, partly as a concession to the rush with which the efficiency agenda was introduced, to count any on-going efficiency gains made in 2004/2005 towards the total.
- 2.2 The 2004/2005 Backward-Looking AES was the authority's only opportunity to formally document any 2004/2005 gains. Any gains identified subsequent to 15 June 2005 as a result of action in 2004/2005 cannot be included retrospectively.

- 2.3 The format of the return and the guidance notes were finally issued on 16 May 2005. This has meant a relatively rapid data collection exercise across the authority to try and identify and quantify the gains made in 2004/2005.
- 2.4 In submitting the backward-looking 2004/2005 Annual Efficiency Statement to the ODPM prior approval is required from the Leader of the Council, the Chief Executive and the County Treasurer. On this occasion timescales did not allow this to be done formally through Cabinet, as this meeting of Cabinet is after the submission date. Therefore, today Cabinet are asked to affirm that they are happy with the statement as submitted. Because of the timing difficulties approval has been sought for the 2004/2005 Annual Efficiency Statement directly from the Leader of the Council, the Chief Executive and the County Treasurer. In addition it has been circulated to both the Labour and Liberal Democrat Groups. COMT discussed the statement at their meeting on 8 June.
- 2.5 Until the final submission date of 15 June work will continue to refine and update the statement. If any significant changes are made to the statement as this work continues and further guidance becomes available, or as a result of the COMT meeting on 8 June, updated versions of both Appendix A and Appendix B will be circulated/tabled.
- 2.6 Appendix A is the latest draft of the return to the ODPM on 2004/2005 efficiency gains. The format is prescribed to the extent that across all service areas the authority is required to provide descriptions of the activities undertaken, the level of efficiencies achieved by each activity and the documents/evidence used to support the information.
- 2.7 As can be seen the level of efficiency gains generated in 2004/2005 is currently estimated to be £6.738 million. Gains of this level, if ratified by the external auditors means, as an authority we have made a significant step on the way to meeting the 2007/2008 target.
- 2.8 **Cabinet are asked to support the statement included at Appendix A.**

### **3 Quality Crosscheck**

- 3.1 The second part of the 2004/2005 Backward-Looking Annual Efficiency Statement is the quality crosscheck. One of the “rules” of measuring efficiency gains is that in order to claim efficiencies local authorities are required to demonstrate that quality has been maintained. This is required to provide assurance to Government that any efficiency gains made are not at the expense of service quality. If, for any sector/service area, the quality indicator goes down any efficiencies made in that sector will potentially be discounted.
- 3.2 To maintain national standards of robustness the choice of quality indicator the authority can adopt is limited to choosing from a national list. The use of these indicators is not compulsory. However, if the authority wishes to choose

a non-approved indicator we will be required to provide an additional commentary on why the local alternative is preferable.

- 3.3 The list of quality indicators from which authorities are required to choose was also issued by the ODPM on 16 May 2005. Appendix B provides a copy of the full list. The highlighted indicators are those it is recommended the County Council adopts.

**Cabinet are asked to confirm that the highlighted indicators in Appendix B are those with which the County Council should proceed.**

IAN CAULFIELD  
Chief Executive

DAVID CLARKE  
County Treasurer

Shire Hall  
Warwick

27 May 2005

## 2004/2005 Annual Efficiency Statement - Backward Look

### Activities undertaken to achieve efficiency gain

Warwickshire County Council is an excellent authority and in part this has been achieved through continually reviewing what we do and more importantly why we do it. Our annual budget process has, for over a decade, required all services to deliver a 2.0% to 2.5% annual improvement in cost effectiveness - making the delivery of efficiency gains an integral part of our corporate planning processes.

The 2004/2005 Budget approved by Council in February 2004 included the resolution:

*“All departments will be required to identify savings of 2.5% wherever possible from improvements in cost effectiveness. Departments will be allowed to retain 0.5% of these savings to help fund budget pressures and develop services with the remaining 2% being returned to the centre.”*

Where resources were returned to the centre these were either redirected to corporate priorities and/or used to reduce the council tax. The level of efficiency gains required in 2004/2005 was £4.842 million, of which at least £2.682 million was required to be cashable. As an exception Social Services, as a priority service, was able to retain all but £750,000 of its efficiency gains (or 0.8%) to reinvest within the service.

The Council resolution went on to identify those areas of activity departments should target when identifying efficiency gains. These were:

- Better procurement
- More cost effective publications and making better use of the website
- More effective green policies including better energy use
- Progressively greater use of the contact centre
- Development of home working where appropriate

These key themes for identifying efficiency gains can be seen running through the sector analysis shown in more detail below. As a result of our existing medium term financial planning policies many of the strategies and projects that have delivered the efficiency gains included in this statement were already in place. Departments produced an initial report outlining their plans for achieving the efficiency gains required and identifying priority areas where any retained gains would be redirected in March 2004. Members ratified these plans. During the year, as part of our performance management framework, all departments produced a six monthly report specifically showing progress against the efficiency gains targets demonstrating how they were achieving the targets. These were reported to the appropriate scrutiny committee for evaluation.

The Council's constitution also provides for a basis of identifying any further efficiencies occurring in year by requiring Chief Officers to seek approval of members for all changes valued over £50,000 that are consequent on a change in policy, the introduction of a new service or the termination of an existing service. Below this financial limit then individual departments also have a scheme in place for seeking approval for any such changes, as part of their departmental performance management arrangements.

Building on these existing processes and the information on planned efficiency gains/changes in services they provide an additional step has been put in place to quantify

and classify the gains in 2004/2005 for the purposes of completing the Annual Efficiency Statement. Services have been asked to identify, as part of a structured return:

- All changes to a service of the way it was provided in 2004/2005
- Why the change was undertaken
- Whether the benefit was on-going or one-off
- If the benefits are expected to increase further over time
- Evidence as to how it is known the benefits were achieved
- A valuation of the benefit and
- The impact of the change on the quality of the service.

	Quality Cross Check Met?	2004/2005 annual efficiency gains (£)	...of which related to capital spend (£)	...of which related to other spend (£)	...of which cashable (£)
Adult social services		884,000			869,000
	<b>Activities undertaken to achieve efficiency gain:</b> <ul style="list-style-type: none"> <li>New services provided by external market using our surplus property. We use the new services but there is an efficiency gain as we are now receiving rent income for the use of our surplus property. Gain £52,000</li> <li>Expanding the cheaper external market for residential care for older people with restricted internal market. Gain £10,000</li> <li>Expanding the external market and maintaining/developing our specialist internal home care service. Gain £794,000</li> <li>Purchase of second hand, ex-demonstrator vehicle with the same warranties as new and same life expectancy but benefiting from a saving on the initial depreciation loss. Gain £13,000</li> <li>Restructuring of routes for picking up clients to take to day facilities saving 15 minutes a journey. Gain £15,000</li> </ul>				
	<b>Quality crosscheck notes:</b>				
Children's services		988,000			987,000
	<b>Activities undertaken to achieve efficiency gain:</b> <ul style="list-style-type: none"> <li>Part year effect in terms of productive time and direct cost savings of relocating one of the area Youth Offending Teams to the new Criminal Justice Centre. Gain £2,000.</li> <li>Pilot project for the internal assessment in a local resource centre of the long-term future of sixteen families instead of the more expensive assessment in a residential environment. Gain £470,000</li> <li>Expansion and further development of foster care and reducing/containing the use of residential care. Gain £440,000</li> <li>Reducing/containing external foster care and expanding/developing our internal service. Gain £76,000</li> </ul>				
	<b>Quality crosscheck notes Key actions:</b>				
Culture and sport		34,000			-5,000
	<b>Activities undertaken to achieve efficiency gain:</b> <ul style="list-style-type: none"> <li>Revised processes and procedures for debt recovery in the library service resulting in less invoices being raised. Gain £6,000.</li> <li>On-line reservations and renewals service for library books introduced. Gain £28,000.</li> </ul>				
	<b>Quality crosscheck notes:</b>				
Environmental services		179,000			175,000
	<b>Activities undertaken to achieve efficiency gain:</b> <ul style="list-style-type: none"> <li>Expansion of green composting across the authority resulting in the diversion of waste from more expensive landfill. Gain £175,000.</li> <li>Home chipping service. Gain £4,000</li> </ul>				
	<b>Quality crosscheck notes:</b>				



	Quality Cross Check Met?	2004/2005 annual efficiency gains (£)	...of which related to capital spend (£)	...of which related to other spend (£)	...of which cashable (£)
Local transport		0			0
	Activities undertaken to achieve efficiency gain:				
	Quality crosscheck notes:				
Non-school educational services		1,083,000			978,000
	Activities undertaken to achieve efficiency gain: <ul style="list-style-type: none"><li>Identified service budgets were reduced to release resources for new initiatives/corporate priorities. Services were identified on the basis where efficiencies could be achieved through new work planning arrangements with no loss of service. Gain £493,000</li><li>New procedures for monitoring and processing of contributions to the funding of the capital programme resulting in lower contingencies being needed to pay for shortfalls/overspends on the capital programme. Gain £402,000</li><li>A restructuring resulting in reduced employee numbers due to improvements in the use of new technology to provide financial information to budget holders and the provision of returns to government and other County Council departments. Gain £63,000.</li><li>A freezing of the grant paid to providers to provide free nursery education for every three year old to 2003/2004 levels. The target of 90% of 3 year olds being able to access the service was achieved and the number of providers and the quality of providers was not reduced. Gain £83,000.</li><li>A reorganisation of the County Music Service to introduce area working to reduce travelling, maximise hours of teacher work and reduce time spent on management activities thereby increasing productivity. Gain £20,000.</li><li>DFES Standards Fund Grant for School Development stated that in 2004/2005 LEAs could retain no more than the cash amount retained from the equivalent grants in 2003/2004. Evidence shows this was achieved with services either unchanged or expanded for lower funding in real terms. Gain £22,000.</li></ul>				
	Quality crosscheck notes:				
Supporting people		0			0
	Activities undertaken to achieve efficiency gain:				
	Quality crosscheck notes:				
Other cross-cutting efficiencies not covered above					
Procurement		130,000			130,000
	Activities undertaken to achieve efficiency gain: <ul style="list-style-type: none"><li>A new corporate approach to the procurement and installation of PCs was introduced in 2003/2004. This was built on and improved in 2004/2005 achieving further savings in that year. Gain £53,000.</li><li>Introduction of a corporate contract for buying furniture introduced part way through 2004/2005 resulting in improved terms and conditions. Gain £56,000.</li><li>Discount agreed as part of the contracting price for circuit rentals. Gain £21,000</li></ul>				
	Quality crosscheck notes:				

	Quality Cross Check Met?	2004/2005 annual efficiency gains (£)	...of which related to capital spend (£)	...of which related to other spend (£)	...of which cashable (£)
Corporate services		221,000			221,000
	<b>Activities undertaken to achieve efficiency gain:</b> <ul style="list-style-type: none"> <li>Technical support for ICT modernisation. A programme of changes relating to the desk-top ICT infrastructure, the way it is delivered and the way it is supported. Gain £32,000.</li> <li>Through our membership of the Warwickshire Online partnership we obtained reduced costs for the managed service for each authority through a joint contract and jointly funded resources to co-ordinate and manage the implementation of these facilities to both increase overall capacity and reduce individual authorities costs. Gain £62,000</li> <li>Various restructurings resulting in reduced employee numbers. Gain £77,000.</li> <li>Identified service budgets were reduced to release resources for new initiatives/corporate priorities. Efficiencies were achieved through new work planning arrangements with no loss of service. Gain £48,000</li> <li>New arrangements introducing for printing of controlled stationary. Gain £2,000</li> </ul>				
	<b>Quality crosscheck notes:</b>				
Productive time		2,460,000			0
	<b>Activities undertaken to achieve efficiency gain:</b> <ul style="list-style-type: none"> <li>The authority's HR Programme Board has sanctioned an absence management project looking at ways of reducing the number of days absent per FTE. The initial phase was to ensure all cases of lengthy or frequent employee absence were being actively managed. This was successfully completed by March 2005 resulting in a significant increase in the number of referrals to occupational health and the early retirement or termination of a number of those absent for long periods with no sensible prospect of return. Gain £2,460,000.</li> </ul>				
	<b>Quality crosscheck notes:</b>				
Transactions		745,000			33,000
	<b>Activities undertaken to achieve efficiency gain:</b> <ul style="list-style-type: none"> <li>Change from manual to electronic submission of the authority's monthly VAT claim. Gain £26,000.</li> <li>Changes processes so bank vouchers are no longer required to support bank statement entries. Gain £5,000</li> <li>Introduced and encouraged the use of self-service facilities via the Warwickshire website for a range of services, as an alternative option to traditional channels. We promoted these services via general website promotion and, for some services, via targeted press releases and website homepage campaigns. Gain £714,000.</li> </ul>				
	<b>Quality crosscheck notes:</b>				
Miscellaneous efficiencies		14,000			14,000
	<b>Activities undertaken to achieve efficiency gain:</b> <ul style="list-style-type: none"> <li>Sale of surplus assets resulting in cash flow benefits to the authority. Gain £14,000</li> </ul>				
	<b>Quality crosscheck notes:</b>				
<b>Total</b>		<b>6,738,000</b>			<b>3,402,000</b>

## Quality Crosschecks

### Adult Social Services

Indicator	Description	Expressed As	2004/2005 Value	2003/2004 Value
1	Intensive home care as a percentage of intensive home and residential care (PAF B11)	Percent		
<b>2</b>	<b>Older people helped to live at home (PAF C32)</b>	<b>Percent</b>		
3	Percentage of equipment and adaptations delivered within seven working days (PAF D54)	Percent		
4	Time from referral to completed assessment (PAF D55 part 2)	Percent		
5	Time from completion of assessment to the receipt of all services (PAF D56)	Percent		
6	Non-approved indicator (insert description)			

### Children's Services

Indicator	Description	Expressed As	2004/2005 Value	2003/2004 Value
1	Adoptions from care (PAF C23)	Number		
2	Average of stability of placements of children looked after (PAF A1) and long-term stability of children looked after (PAF D35)	Number		
3	Reviews of child protection cases (PAF C20)	Number		
4	Percent of initial assessments completed in time scale	Percent		
<b>5</b>	<b>CSCI judgement: Serving children well?</b>	<b>Number</b>		
6	Non-approved indicator (insert description)			

### Supporting People

Indicator	Description	Expressed As	2004/2005 Value	2003/2004 Value
<b>1</b>	<b>Average performance level for all local Supporting People services, using the six Core Objectives in the Quality Assessment Framework (Mode grade letter represented as 1=A, 2=B, 3=C, 4=D)</b>	<b>Number</b>		
2	Non-approved indicator (insert description)			

## Environmental Services

Indicator	Description	Expressed As	2004/2005 Value	2003/2004 Value
<b>1</b>	<b>Percentage sum of household waste arisings that have been:(a) sent by the Authority for recycling (BV82ai &amp; BV82aii); (b) sent by the Authority for composting or treatment by anaerobic digestion (BV82bi &amp; BV82bii); and (c) used to recover heat, power and other energy sources (BV82ci &amp; BV82cii)</b>	<b>Percent</b>		
2	Percentage change of kilograms of household waste collected per head of the population (BV84b)	Percent		
3	Percentage of households resident in the Authority's area served by kerbside collection of at least two recyclables (BV91a & BV91b)	Percent		
4	Sum of proportion of relevant land and highways: (a) that is assessed as having combined deposits of litter and detritus that fall below an acceptable level (BV199a); (b) from which unacceptable levels of graffiti are visible (BV199b); and (c) from which unacceptable levels of fly-posting are visible (BV199c)	Percent		
5	Year-on-year reduction in total number of incidents and increase in total number of enforce actions taken to deal with fly-tipping (BV199d)	Number		
6	Non-approved indicator (insert description)			

## Local Transport

Indicator	Description	Expressed As	2004/2005 Value	2003/2004 Value
1	Public transport patronage (BV102)	Number		
2	Percentage of buses arriving between 1 minute early and 5 minutes late (Local Transport Indicator 5)	Percent		
3	Percentage of road network where structural maintenance should be considered (BV223 & BV224)	Percent		
<b>4</b>	<b>Sum of number of people injured in road traffic collisions (BV 99a to 99e)</b>	<b>Number</b>		
5	Annual Progress Report score	Percent		
6	Non-approved indicator (enter 0 in 2003/4 and 1 in 2004/5 and explain in the text box)	Number		

## Culture and Sport

Indicator	Description	Expressed As	2004/2005 Value	2003/2004 Value
1	Uptake of service by participants/visitors	Percent		
2	Customer/user/resident satisfaction	Percent		
3	<b>Compliance with public library standards (1=Weak, 2=Fair, 3=Good, 4=Excellent)</b>	<b>Number</b>		
4	Percentage of population within 20 minutes walk (or 20 minutes drive for those on urban fringe/rural locations) of a sport and leisure facility	Percent		
5	Non-approved indicator (insert description)			

## Non-School Education Services

Indicator	Description	Expressed As	2004/2005 Value	2003/2004 Value
1	CPA score for education services (Average score for all five aspects)	Number		
2	Percentage of young people aged 13-19 participating in youth work gaining a recorded outcome (BV 221a)	Percent		
3	<b>Percentage achieving five or more GCSEs (BV39)</b>	<b>Percent</b>		
4	Percentage achieving Level 4 in Maths at Key Stage 2 (BV40)	Percent		
5	Percentage achieving Level 4 in English at Key Stage 2 (BV41)	Percent		
6	Non-approved indicator (insert description)			

## Corporate Services

Indicator	Description	Expressed As	2004/2005 Value	2003/2004 Value
1	<b>liP accreditation (0=Not achieved, 1=Achieved)</b>	<b>Number</b>		
2	No new qualifications on the financial accounts (0=No, 1=Yes)	Number		
3	No deterioration in CPA 'Use of Resources' score (0=No, 1=Yes)	Number		
4	Working days lost to sickness absence (BV12)	Number		
5	Non-approved indicator (insert description)			

## Procurement

Indicator	Description	Expressed As	2004/2005 Value	2003/2004 Value
<b>1</b>	<b>Corporate procurement strategy in place and/or updated in the last year (0=No, 1=Yes)</b>	<b>Number</b>		
2	Percentage of milestone activities completed in the National Procurement Strategy for Local Government (LIB/P1)	Percent		
3	Percentage of the value of contracts awarded that commence in the financial year in accordance with standing orders aligned with procurement best practice (LIB/P3)	Percent		
4	Percentage of medium and high risk projects managed under a structure project management method (LIB/P6)	Percent		
5	Non-approved indicator (insert description)			

## Productive Time

Indicator	Description	Expressed As	2004/2005 Value	2003/2004 Value
1	Overall customer satisfaction	Percent		
2	Overall employee satisfaction	Percent		
<b>3</b>	<b>liP or other appropriate quality management independent accreditation (0=None, 1=Achieved)</b>	<b>Number</b>		
4	Working days lost to sickness absence (BV12)	Number		
5	Non-approved indicator (insert description)			

## Transactions

Indicator	Description	Expressed As	2004/2005 Value	2003/2004 Value
<b>1</b>	<b>Percentage of invoices paid on time (BV8)</b>	<b>Percent</b>		
2	Percentage of Council Tax collected (BV9)	Percent		
3	Percentage of Non-Domestic Rates collected (BV10)	Percent		
4	Speed of processing new HB/CTB claims (BV78a)	Number		
5	Local customer satisfaction surveys	Percent		
6	Non-approved indicator (insert description)			