

AGENDA MANAGEMENT SHEET

Name of Committee Economic Development Overview and Scrutiny Committee

Date of Committee 29 January 2008

Report Title 2007/8 Efficiency Savings - Environment and Economy Directorate Progress Report

Summary This report outlines the progress the Environment and Economy Directorate has made to date in delivering the efficiency savings required as part of the 2007/8 budget.

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Would the recommended decision be contrary to the Budget and Policy Framework? Yes/No

Background Papers None.

CONSULTATION ALREADY UNDERTAKEN:- *Details to be specified*

- Other Committees
- Local Member(s)
(With brief comments, if appropriate)
- Other Elected Members Councillor P Barnes }
Councillor M Jones } for information
Councillor P Morris-Jones }
- Cabinet Member Cllr Saint – for information
(Reports to The Cabinet, to be cleared with appropriate Cabinet Member)
- Chief Executive
- Legal I Marriott – agreed.
- Finance

- Other Chief Officers
- District Councils
- Health Authority
- Police
- Other Bodies/Individuals

FINAL DECISION **YES/NO** *(If 'No' complete Suggested Next Steps)*

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

Economic Development Overview and Scrutiny Committee - 29 January 2008

2007/8 Efficiency Savings - Environment and Economy Directorate Progress Report

Report of the Interim Strategic Director for Environment and Economy

Recommendation

The Committee is asked to note the progress made by the Environment and Economy Directorate in delivering the 2007/8 efficiency savings target.

1. Introduction

- 1.1 As part of the 2007/8 Budget Resolution the Environment and Economy Directorate was required to identify 2.5% or £922,000 savings, wherever feasible from improvements in efficiency. In addition, the Directorate was required to deliver £177,000 savings to reduce the Council's impact on the environment, including the reduction of the use of paper, publications, etc.
- 1.2 The Directorate has also had to find further savings of £1,350,000. These comprise:
- (i) Efficiency targets from previous years which were delivered by one-off savings (£490,000).
 - (ii) Contribution to the Saltisford (£30,000).
 - (iii) Other unavoidable budget pressures (£830,000)¹.
- This has given the Directorate a total savings requirement in 2007/8 of £2,449,000.
- 1.3 A report on the Directorate's efficiency savings was due to be presented to this committee on 20th November 2007. However, that meeting was cancelled, and this report, therefore, gives the updated position on the progress the Directorate

¹ Other unavoidable budget pressures comprised a shortfall on Forestry transferred from Property Services, resources required for Education Business Partnership and Building Sustainable Neighbourhoods, the temporary shortfall on EPIC, funding for Bishopton Park and Ride and Decriminalisation of Parking, funding for debt charges and legal services costs.

has made in delivering the efficiency savings (£922,000) and environmental savings (£177,000) totalling £1.099 million. It also reports on the Directorate's progress in delivering the additional savings targets of £1,350,000.

2. Progress in Delivering 2.5% Efficiency Savings (£922,000)

- 2.1 Of the £922,000 efficiency savings required, the Environment and Economy Directorate forecast that £498,000 could be delivered without loss of service. **Appendix A** shows that, of this original forecast, it is now estimated that £204,000 identified cashable savings can be delivered without loss of service. The remaining £718,000 has been the subject of ongoing work by the Directorate to find savings to meet the target, through delaying appointment to vacant posts, additional income and other general holding back of expenditure.
- 2.2 The reason the Directorate is unable to meet the original forecast efficiency savings of £498,000 is that efficiencies delivered on the Highway Maintenance contract this year have been non-cashable. £300,000 was taken out of the Highway Maintenance budget for 2007/8, on the basis that the contract would identify efficiency savings of this amount. In practice, significant efficiency savings have been achieved, but these have been delivered through absorbing additional costs and delivering more service. Examples include:-
- (i) The Highway Maintenance budget received extra resources to cover inflation at 4%, while construction industry inflation is currently running at 10%. Effectively, a 6%, or £398,000 non-cashable efficiency saving on inflation has been achieved.
 - (ii) The County's highway infrastructure asset is constantly increasing in size. New street lights, traffic measures and highway improvements are introduced and are then maintained without extra resources. This is effectively an ongoing non-cashable efficiency saving.
- 2.3 The remaining efficiency savings are being delivered through a variety of means, including holding vacant posts, increased income, savings from reductions in household waste tonnages, and cutting back expenditure generally.

3. Progress in Delivering Environmental Savings (£177,000)

- 3.1 The target Environmental Savings of £177,000 have been included in the savings targets allocated to individual managers to deliver. To the end of November, the Directorate has saved £74,000 on stationery and printing by reducing its use of consumables and its publications.
- 3.2 A review of discretionary spending has identified a further £50,000 of savings on printing, stationery, transport costs and other equipment and consumables which should be deliverable during the remainder of this financial year. This leaves £53,000 still to find.
- 3.3 Other initiatives to be implemented which will help to deliver further environmental savings are:-

- (i) Extended use of electronic bus timetables (£14,000).
- (ii) Extended use of electronic information for business and investment support (£5,000-10,000).
- (iii) Use of CDs for LTP publications (£20,000).
- (iv) Use of CDs or other electronic means for tender documents (£2,000).
- (v) Replacement of colour printers and photocopiers with multi-functional devices (£12,000).

These initiatives should give additional savings of between £53,000 and £58,000. However, they will need to be implemented over a period of time and cannot be delivered in 2007/8. The savings target this year will have to be met by other means until these remaining environmental savings can be realised.

4. Progress in Delivering Other Directorate Savings (£1,350,000)

- 4.1 In previous years, the Directorate has met its efficiency savings targets by reducing expenditure in ways which have the least impact on the delivery of front-line services. This has included managing staff turnover, maximising savings from reduced household waste tonnages and identifying opportunities to reduce expenditure within services as they arise.
- 4.2 The benefit of this approach has been that targets have largely been delivered without impacting adversely on service delivery. The disadvantage is that many of these savings are one-off, and are not available to take again the following year.
- 4.3 The consequence of this is that savings targets from previous years have to be rolled forward and added to the target for the current year. This has added £490,000 to the Directorate's savings target for 2007/8. In addition the Directorate has had to resource £830,000 of unavoidable budget pressures which did not receive corporate funding, and make a contribution of £30,000 towards accommodation at the Saltisford.
- 4.4 Of this additional £1,350,000, the Directorate has found savings of £860,000. However, these savings have been offset by new unavoidable pressures which have arisen during the year relating to Highway Maintenance, including the cost of dealing with the summer floods. The Directorate therefore still has to find savings of £1,040,000 by the end of 2007/8.
- 4.5 The £1,350,000 included unavoidable budget pressures in relation to the Education Business Partnership (EBP), Building Sustainable Neighbourhoods (BSN) and EPIC. These have been addressed in large measure during the year by the generation of additional external income by EBP; by holding vacant the Finance and Programme Team Leader post in BSN; and by securing new tenancies at EPIC.

5. Summary of Efficiency Savings 2007/8

5.1 Table 1 below summarises the savings the Directorate has been required to find in 2007/8 and its progress in delivering these targets.

Table 1: Environment and Economy Directorate - Delivery of 2007/8 Savings

	£000	Target £000
Savings Targets		
2.5% efficiency savings		922
Environmental savings		177
Other savings required:		
Unavoidable budget pressures	830	
Contribution to the Saltisford	30	
Previous years' efficiency targets brought forward	490	
		1,350
Total Savings Target 2007/8		2,449
Savings Delivery		
Cashable Gershon efficiency savings	-204	
Gershon cashable savings target met by other means	-718	
Other cashable savings	-860	
Environmental savings	-124	
Savings delivered		-1,906
Savings still to find		543
Unavoidable budget pressures during year:		550
Net savings still to find 2007/8		1,093
<i>Environmental savings to be delivered in future years</i>		-53

6. Delivery of Savings 2008/9

6.1 The Environment and Economy Directorate has savings still to find in 2007/8 of £1,093,000. If these savings cannot be found on an ongoing basis, this target will have to be carried forward to 2008/9, and added to its new savings target, currently estimated at 2%, or £768,000.

6.2 In addition, the Directorate will need to resource the unavoidable budget pressures which do not receive corporate funding through the 2008/9 budget process, and any service improvements it believes to be important. Subject to members' future decisions, unavoidable budget pressures are estimated at £724,000 and service improvements at £107,000.

6.3 The Directorate is therefore predicting that it will need to achieve minimum savings of £2,692,000 in 2008/9. Whilst the net revenue budget for the Environment and Economy Directorate is around £52 million, only around £28 million of this expenditure can be controlled in the short-term and used to deliver savings. This is because £12 million of the budget relates to the costs of financing the Directorate's capital programme and corporate support service costs, and £12 million is committed through waste management, recycling and composting contracts. Members are therefore asked to note that this level of savings cannot be delivered without impacting on services. Officers are in the process of drawing up detailed plans of the options for delivering this level of savings.

DAVID PYWELL
Interim Strategic Director for Environment and Economy
Shire Hall
Warwick

10 January 2008

**Economic Development Overview and Scrutiny Committee -
29 January 2008**

2007/08 Efficiency Savings - Environment and Economy Directorate Progress Report

Efficiency Savings Identified and Delivered to Date 2007/08

Title	Description	Savings Forecast £'000	Cashable Savings Delivered to Nov 07 £'000	Forecast Cashable Savings for Full Year £'000	Explanation
Bring the Districts' estate road adoption teams into WCC	Nuneaton Borough and Rugby District councils historically provided staff to cover the section 38 and highways control functions in their districts. These services have been brought in house and are being delivered at a lower cost.	47	32	48	Charges from the 2 districts were £260,000. The new cost was estimated at £219,000. The District teams have been relocated and are delivering the same service with no reduction in volume or quality. The districts will have saved the cost of providing this service.
Collaborative Roads Maintenance contract	Savings to be achieved by finding more efficient highway maintenance operations within the highway maintenance contract. The calculation of the saving is based on the reductions in contract price targets for 2007/2008 compared with the 2006/2007 price targets.	300	0	0	Efficiencies have been generated on the Highway Maintenance Contract but these have been non-cashable. For example, some activities are delivering more service for the same budget, higher than predicted inflation costs in the construction industry have been absorbed, and maintenance of an asset that is constantly increasing in size is managed within existing resources.
Directorate staffing reductions	Opportunities have been taken to restructure groups when staff have left with the intention of saving money whilst still maintaining the service.	141	97	146	Reorganisation of groups within the Directorate has meant that services are being delivered in a different way.
Land Searches	The information on Land Searches is now provided in Libraries so that anyone including private search companies can access the information without the help of our Staff . This has released staff time which has been used to improve the highways records. This then allows them to promote the highways extent service to outside bodies and individuals.	10	7	10	Changes to the way this service is delivered has enabled an estimated £10,000 of additional income to be generated, and has resulted in non-cashable savings of £13,000 through the release of staff time.
Total Cashable Efficiency Savings		498	136	204	