

# ANNUAL EFFICIENCY STATEMENT PROGRESS ON 2006/07 EFFICIENCY SAVINGS QUARTER 4

## INTRODUCTION

The tables below show the Business Groups' progress on achieving cashable efficiency savings as at the end of the February 2007. This monitors progress against the 2006/07 cashable efficiency gains submitted to the Department for Communities and Local Government in November 2006 as part of the 2006/07 Mid-Year Review Annual Efficiency Statement. Annual Efficiency Statements are subject to external review as part of the next Comprehensive Performance Assessment Use of Resources assessment due in 2007.

### Transport, Environment and Leisure Services 2006/07 Efficiency Savings

TOTAL -12 -12

Brief Description	Mid-Year Review 2006/07 £'000	Current RAG Status Red (R), Amber (A), Green (G)	Lastest 2006/07 £'000	Comments
Savings on central budgets e.g administration (Transport, Environment and Leisure Services)	-12	G	-12	Saving on target to be achieved

### Planning & Conversation 2006/07 Efficiency Savings

TOTAL -218 -218

Brief Description	Mid-Year Review 2006/07 £'000	Current RAG Status Red (R), Amber (A), Green (G)	Lastest 2006/07 £'000	Comments
Savings from management and staffing reorganisation (Planning and Conservation)	-178	G	-178	On track to be achieved
Savings from reduced demand for Building Control services	-40	G	-40	Achieved

## Housing, Health and Adult Social Care 2006/07 Efficiency Savings

TOTAL **-1684**

**-781** Excluding TMO

Brief Description	Mid-Year Review 2006/07 £'000	Current RAG Status Red (R), Amber (A), Green (G)	Latest 2006/07£'0 00	Comments
<b>Tenant Management Organisation TMO Capital Efficiency Gains</b>	-594	O/S		Likely to still be on track
<b>Tenant Management Organisation TMO Other Efficiency Gains CASHABLE</b>	-434	O/S		Likely to still be on track
<b>Supporting People CASHABLE</b>	-112	A	-127	Revised increased estimate for savings figure.
<b>Savings from closing Richard Castillo Day Centre (Adult Social Care)</b>	-200	G	-200	Achieved.
<b>Savings following closure of Tavistock hostel (Adult Social Care)</b>	-200	G	-200	Achieved.
<b>Social Services Agency Agreement</b>	-75	G	-185	This value is slightly ahead of the initial in-year target (£150K) but well ahead of the gain identified at the mid year review. This is due to the volume of activity undertaken through the Agency agreement.
<b>Review of Transport Services (Adult Social Care)</b>	-22	G	-22	Achieved.
<b>Savings on central administration budgets - Practice Learning Coordinator post</b>	-21	G	-21	Achieved.
<b>Savings from Noise and Nuisance Service budget</b>	0	R	0	Saving will be realised but redirected within the service.
<b>Voluntary sector efficiency gains (Housing, Health and Adult Social Care)</b>	-15	G	-15	
<b>Reduce Environmental Health administrative support costs</b>	-11	G	-11	

### Family and Children's Services 2006/07 Efficiency Savings

TOTAL -274

-340

Brief Description	Mid-Year Review 2006/07 £'000	Current RAG Status Red (R), Amber (A), Green (G)	Lastest 2006/07 £'000	Comments
<b>Restructured Child Care Provision</b>	-145	G	-145	Fee paying places are now operational and the service has achieved the £145k saving.
<b>Social Services Agency Agreement</b>	-34	G	-100	This value is slightly ahead of the initial in-year target (£69K) but well ahead of the gain identified at the mid year review. This is due to the volume of activity undertaken through the Agency agreement.
<b>Restructured Child Contact Services</b>	-60	G	-60	Achieved.
<b>Reduced libraries staffing</b>	-25	G	-25	Achieved.
<b>Reduced cost of Preston Road Lease</b>	-10	G	-10	Saving achieved.

### Corporate Services 2006/07 Efficiency Savings

TOTAL -363

-373

Brief Description	Mid-Year Review 2006/07 £'000	Current RAG Status Red (R), Amber (A), Green (G)	Lastest 2006/07 £'000	Comments
<b>Photocopier Contract Renewal</b>	-40	G	-40	No change
<b>Reduced Personnel Costs (Corporate Services)</b>	-108	G	-108	No change
<b>Reduced contracted telephone charges (Corporate Services)</b>	-50	A	-60	The personal calls recovery started in February's payroll and has recovered £4k to date. The position has improved, but we do not expect the full £84k in original budget savings to be achieved.
<b>Reduced Revenues Section staff costs (Corporate Services)</b>	-40	G	-40	
<b>Reduced Payroll costs (Corporate Services)</b>	-39	G	-39	No change
<b>Reduced Car Leasing Budget (Corporate Services)</b>	-10	G	-10	No change
<b>Saving on Group Finance Manager post</b>	-76	G	-76	No change

# ANNUAL EFFICIENCY STATEMENT (AES) 2007/08 FORWARD LOOK

## 1. Context and Update

- 1.1 The 2007/08 Forward Look AES is due to be submitted to the Department for Communities and Local Government (CLG) on 13 April 2007. The Leader, Chief Executive and Treasurer will formally sign this, as required under the guidance.
- 1.2 The target for the Royal Borough based on the actual 2004/05 outturn spending is £12.3 million for the three years 2005/06 – 2007/08 (plus 2004/05 ongoing).
- 1.3 The latest CPA Use of Resources Key Lines of Enquiry states that to meet Level 4 (the highest score) for Value For Money:

*"The Council has integrated efficiency review into its performance management and is exceeding its own targets for achieving at least the national Efficiency Review target of 2.5% per year over three years"*.

- 1.4 To date the Royal Borough has submitted a total of £18.026 million efficiency gains<sup>1</sup>. These have to be sustained over time and reviewed in the light of the latest guidance (refines definitions and process). However, subject to review and interpretation of the guidance, the borough is currently well on track to exceed the target.

## 2. 2007/08 Forward Look AES

- 2.1 The draft statement is attached at **Annex I**. A total of £3.663 million new efficiency gains are forecast for 2007/08. This is summarised overleaf:

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<sup>1</sup> 2004/05 Backward Look submitted in June 2005, the 2005/06 backward look submitted in June 2006, and the 2006/07 mid year review submitted in November 2006 which updated the original 2006/07 Forward Look submitted in April 2006).

**Royal Borough of Kensington and Chelsea Annual Efficiency Statement  
Forward look 07/08**

**By Business Group**

	<b>CASHABLE £,000</b>	<b>NON CASHABLE £,000</b>	<b>TOTAL</b>
Planning and Conservation	107		107
Transport, Environment and Leisure Services	150		150
Family and Children's Services	404		404
Housing, Health and Adult Social Care	1449	296	1745
Corporate Services	972	285	1257
<b>Total</b>	<b>£3,082</b>	<b>£581</b>	<b>£3,663</b>

% Cashable 84%

**By AES Category**

	<b>CASHABLE £,000</b>	<b>NON CASHABLE £,000</b>	<b>TOTAL</b>
Adult Social Services	323		323
Children's Services	213		213
Culture and Sport	163		163
Environmental Services	123		123
Local Transport (Highways)	86		86
Local Transport (Non-Highways)	64		64
LA Social Housing (capex)	250		250
LA Social Housing (Other)	785		785
Non-school Educational Services	28		28
Supporting People	74	296	370
Homelessness			0
<b>Other cross-cutting efficiencies not covered above</b>			
Corporate Services	824		824
Procurement - Goods and Services	149		149
Procurement - Construction			0
Productive Time			0
Transactions		285	285
Miscellaneous Efficiencies			0
<b>Total</b>	<b>£3,082</b>	<b>£581</b>	<b>£3,663</b>

**Annex I**  
**ROYAL BOROUGH OF KENSINGTON AND CHELSEA**

**Annual Efficiency Statement – Forward look 2007/8**

**Strategy for securing efficiency gains**

The key actions discussed under the service areas have been undertaken in line with the Council's strategy to secure efficiency and deliver value for money:

- Bear down on management and administrative costs; and protect front line services.
- Conduct an in-depth review of the annual budget each year to identify cashable efficiency gains and improve value for money.
- Improve procurement practices to maximise value-for-money.
- Use Royal Borough Reviews (Best Value Reviews) and other service reviews to examine the Council's unit costs and processes to identify efficiency gains, particularly in 'cross-cutting' services.
- Through the programme of 'Vital Improvements', ensure that the Council successfully delivers its priorities for service improvement to improve efficiency and enhance value for money.
- Use the Council's performance management arrangements to enhance the benefit derived from the Council's spending.
- Use the Local Area Agreement to generate efficiency gains through enhanced performance.
- Learn from other organisations.
- Invite external and encourage internal assessment e.g. IDeA Peer Review, Standard & Poors credit rating, service based benchmarking and self-assessment.

Where applicable, these are followed by all service sectors. The Council has historically concentrated on delivering ongoing cashable gains and this focus will continue.

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

These are in summary:

- A range of procurement actions including introduction of Purchasing Cards, and improved procurement of contracts. The Council is actively involved in regional activity including participation in eight London Contract and Supplies Group (LCSG) and Office of Government Commerce (OGC) Buying Solutions contracts.
- Improved procurement by the Council's general and administrative staff through the extension of the neutral vendor agreement.
- A range of efficiency gains across the Tenant Management Organisation, including housing management and maintenance of stock.
- Continuing review of the Supporting People programme to improve productivity without reducing service quality.
- Retirement of redundant Revenues Service IT systems thereby reducing maintenance costs.

Our submission is below our in year target but well in excess of our overall 3 year cumulative target

	<b>Expected annual efficiency gains (£)</b>	<b>...of which cashable (£)</b>
<b>Adult Social Services</b>	323,000	323,000
	<p><b>Strategy:</b> Adult Social Services will improve its procurement and commissioning arrangements, including:</p> <ul style="list-style-type: none"> <li>• Review of Home Care and tendering.</li> <li>• Reconfiguring in-house services.</li> <li>• Use of local care/home care rather than residential placements.</li> <li>• Use of the independent sector.</li> <li>• Continuing to reduce the use of agency staff.</li> <li>• The implementation of new IT systems to improve and streamline processes will improve efficiency.</li> </ul>	
	<p><b>Key actions:</b></p> <ul style="list-style-type: none"> <li>• Changing the delivery of the Council's Mental Health Services, which will include a cashable gain of £100,000 from the closure of Tavistock Hostel; provision will be provided through other mechanisms.</li> <li>• Rationalisation of the assessment service for older people will result in a cashable gain of £67,000. This will not reduce outputs, but will lead to a reduction of two posts.</li> <li>• Working with our Voluntary sector partners to deliver services which meet the Council's priorities without reducing outputs, which will result in cashable gains of £75,000.</li> <li>• Gains from the review of older people's day care centres will result in a cashable gain of £40,000. Following a strategic review, changes to provision will deliver efficiency gains with investment in care networks being made to ensure that there is no reduction in provision of care.</li> </ul>	
<b>Children's Services</b>	213,000	213,000
	<p><b>Strategy:</b> In addition to the strategy of the Council, Children's Services has developed the following strategy:</p> <ul style="list-style-type: none"> <li>• Ensure that placements are effective.</li> <li>• Review contact arrangements.</li> <li>• Review the task/skills mix of staff.</li> <li>• Review and reduce the use of agency staff.</li> <li>• The implementation of new IT systems to improve and streamline processes will improve efficiency.</li> </ul>	
	<p><b>Key actions:</b></p> <ul style="list-style-type: none"> <li>• Development of the Council's Preventative Strategy which will lead to a reduction in numbers of looked after children and a cashable gain of £100,000.</li> <li>• A cashable gain of £85,000 will result from the relocation of children social work teams, which will free up office accommodation. The provision of 'surgeries' and mobile services will mean there is no reduction in service.</li> </ul>	
<b>Culture and sport</b>	163,000	163,000
	<p><b>Strategy:</b> The Royal Borough published a new 'Library Strategy 2005 – 2010' which sets out "a vision for libraries" (e.g. increased opening hours.)</p>	

	<b>Expected annual efficiency gains (£)</b>	<b>...of which cashable (£)</b>
	<p><b>Key actions:</b></p> <ul style="list-style-type: none"> <li>• A number of changes within Community Learning including: <ul style="list-style-type: none"> <li>○ Rationalisation of support services.</li> <li>○ Changes in management.</li> <li>○ Improved procurement of supplies.</li> </ul> </li> </ul> <p>These will lead to cashable gains of £120,000. Fewer resources will provide the same outputs and increase productivity.</p>	
<b>Environmental services</b>	123,000	123,000
	<p><b>Strategy:</b></p> <p>The Council will concentrate on four main areas in relation to this service sector:</p> <ul style="list-style-type: none"> <li>• Better procurement practices.</li> <li>• Reducing staff levels where appropriate.</li> <li>• Reducing budgets where spending can be reduced in line with Council priorities.</li> <li>• Streamlining processes through business process re-engineering and use of the Council's website.</li> </ul>	
	<p><b>Key actions:</b></p> <ul style="list-style-type: none"> <li>• Adjusting staffing levels and responsibilities will lead to cashable gains of £52,000</li> </ul>	
<b>Local Transport (Highways)</b>	86,000	86,000
	<p><b>Strategy:</b></p> <p>Increasing the contract term from five to seven years for a range of highways related works to secure better prices.</p>	
	<p><b>Key actions:</b></p> <ul style="list-style-type: none"> <li>• Alignment of resources within the street furniture and footways maintenance budgets to policy decisions. This will lead to a cashable gain of £40,000 without reducing the Council's delivery of safe and well maintained roads.</li> </ul>	
<b>Local Transport (Non Highways)</b>	64,000	64,000
	<p><b>Strategy:</b></p> <p>Ongoing service improvement, implementation of new IT systems and improved procurement processes (including the work of the Parking in Partnership programme) to deliver efficiency gains within the Council's parking operations.</p>	
	<p><b>Key actions:</b></p> <ul style="list-style-type: none"> <li>• Through improved procurement, additional cashable gains of £64,000 on a number of contracts within parking operations.</li> </ul>	
<b>LA Social Housing (capex)</b>	250,000	250,000
	<p><b>Strategy:</b></p> <p>Continuing planned improvements to management and maintenance of the social housing stock delivered by the Tenant Management Organisation (TMO).</p>	



	<b>Expected annual efficiency gains (£)</b>	<b>...of which cashable (£)</b>
	<b>Key actions:</b> <ul style="list-style-type: none"> <li>Efficiency gains through joining a number of framework agreements for the procurement of goods and services provided by the Tenant Management organisation.</li> </ul>	
<b>LA Social Housing (other)</b>	785,000	785,000
	<b>Strategy:</b> Continuing planned improvements to management and maintenance of the social housing stock delivered by the Tenant Management Organisation (TMO).	
	<b>Key actions:</b> <ul style="list-style-type: none"> <li>Through service improvements within the Tenant Management Organisation, the borough will benefit from the same service with no inflationary increases in the management fee. This will lead to a cashable gain of £315,000.</li> <li>Efficiency gains through joining a number of framework agreements for the procurement of goods and services provided by the Tenant Management organisation.</li> </ul>	
<b>Non-school educational services</b>	28,000	28,000
	<b>Strategy:</b>	
	<b>Key actions:</b> <ul style="list-style-type: none"> <li>Rationalisation of the Family Children's Services Policy, Performance and Resources section to deliver the same service at a reduced cost and generate an cashable gain of £28,000.</li> </ul>	
<b>Supporting people</b>	370,000	74,000
	<b>Strategy:</b> In addition to the Council's strategy, the strategy to deliver gains from the Supporting People programme consists of the following: <ul style="list-style-type: none"> <li>A programme of reviews covering all services</li> <li>Joint commissioning of services</li> </ul>	
	<b>Key actions:</b> <ul style="list-style-type: none"> <li>Reviews of a number of the service providers have reduced the real costs of providing these services to residents, leading to a cashable gain of £74,000.</li> <li>Through better contracting arrangements, inflationary increases in the prices paid have been eliminated, leading to a non cashable gain of £296,000.</li> </ul>	
<b>Homelessness</b>	0	0
	<b>Strategy:</b>	
	<b>Key actions:</b>	
<b>Corporate services</b>	824,000	824,000
	<b>Strategy:</b> Please see overall strategy.	

	<b>Expected annual efficiency gains (£)</b>	<b>...of which cashable (£)</b>
	<b>Key actions:</b> <ul style="list-style-type: none"> <li>• Replacement of the Revenues and benefits IT system has allowed a mainframe to be retired and reduced the number of staff needed to deliver the service. This will result in cashable gains of £150,000 through reduced maintenance costs and £210,000 through reduced staffing.</li> <li>• Improvements in the way the Council self-insurance costs will lead to a cashable gain £54,000.</li> <li>• Due to better risk management practices, the Council will reduce its insurance costs, which will result in a cashable gain of £275,000.</li> <li>• Consolidation of our fixed telephony contracts will lead to improved call charge rates and a cashable gain of £47,000.</li> </ul>	
<b>Procurement</b>	149,000	149,000
	<b>Strategy:</b> The strategy is to put in place (or roll out where these already exist) modern procurement management techniques and apply them universally. The explicit purpose is to achieve savings and efficiencies, with sustained and improving high service levels.  Further opportunities to reduce cost through joint commissioning of services and/or reduced transaction costs have been identified.	
	<b>Key actions:</b> <ul style="list-style-type: none"> <li>• Reduction in software licence fee costs as a result of the Microsoft Enterprise agreement will lead to a cashable gain of £40,000.</li> <li>• Procurement of the photocopying contracts through the London Contracts Supplier group (LCSG) framework agreement will lead to an improved contract price and cashable gain of £87,500.</li> </ul>	
<b>Productive Time</b>	0	0
	<b>Strategy:</b>	
	<b>Key actions:</b>	
<b>Transactions</b>	285,000	0
	<b>Strategy:</b> Developing efficiency gains through reducing both the costs and the volumes of transactions dealt with by the borough.	
	<b>Key actions:</b> <ul style="list-style-type: none"> <li>• Non cashable gains through the reduction in the number of invoice transactions dealt with, which will be achieved through: <ul style="list-style-type: none"> <li>○ Introduction of Purchase Cards (£176,000).</li> <li>○ Extension of the Council's neutral vendor agency agreement to include not only adults and children's social services, but also administration and general agency staff (£72,000).</li> <li>○ Changes in our fixed telephony billing arrangements reducing invoices from over 1200 to 12 (£33,000).</li> </ul> </li> </ul>	
<b>Miscellaneous efficiencies</b>	0	0
	<b>Strategy:</b>	
	<b>Key actions:</b>	

	<b>Expected annual efficiency gains (£)</b>	<b>...of which cashable (£)</b>
<b>Total</b>	<b>3,663,000</b>	<b>3,082,000</b>