HALTON BOROUGH COUNCIL

Business Efficiency Board

Wednesday, 10 January 2007 at 6.30 p.m.
Civic Suite, Town Hall, Runcorn

David W R

Chief Executive

BOARD MEMBERSHIP

Councillor Arthur Cole (Chairman)	**Labour**
Councillor Martha Lloyd Jones (Vice-Chairman)	**Labour**
Councillor John Bradshaw	**Conservative**
Councillor Ron Hignett	**Labour**
Councillor Mark Dennett	**Labour**
Councillor David Findon	**Conservative**
Councillor Christopher Inch	**Liberal Democrat**
Councillor Alan Lowe	**Labour**
Councillor Shaun Osborne	**Labour**
Councillor Ged Philbin	**Labour**
Councillor Christopher Rowe	**Liberal Democrat**

Please contact Caroline Halpin on 0151 471 7394 or e-mail caroline.halpin@halton.gov.uk for further information.

The next meeting of the Board is on Wednesday, 28 February 2007

**ITEMS TO BE DEALT WITH
IN THE PRESENCE OF THE PRESS AND PUBLIC**

Part I

*In accordance with the Health and Safety at Work Act the Council is
required to notify those attending meetings of the fire evacuation
procedures. A copy has previously been circulated to Members and
instructions are located in all rooms within the Civic block.*

Agenda Item 3

REPORT TO:	Business Efficiency Board
DATE:	10 January 2007
REPORTING OFFICER:	Strategic Director – Corporate and Policy
SUBJECT:	Annual Efficiency Statement Mid Year Update
WARDS:	Borough-wide

1.0 PURPOSE OF THE REPORT

1.1 To inform the Board of progress against the Council's efficiency target.

2.0 RECOMMENDED: That the report be noted.

3.0 SUPPORTING INFORMATION

3.1 As part of its response to the Gershon review "Releasing resources for the frontline", the Government set a target for each Local Authority to achieve annual efficiency gains of 2½%, of which more than 50% had to be cashable, over three years. For Halton the target translated to annual gains of £2½m and a total of £7½m over the three years.

3.2 As an excellent Authority, Halton is not required to provide a Mid Year Update to Government. However, it is good practice to measure whether the Council's targets are being achieved.

3.3 The Mid Year Update, shown in the Appendix, has recently been completed and returned to Government. It analyses the efficiency gains across the range of services determined by Government. It shows the efficiency gains achieved in the first six months of the year against the 2006/07 efficiency target, as well as the forecast efficiency gains and cashable part for 2006/07. The ongoing efficiency gains and cashable element from previous years are also shown, as well as the cumulative efficiency gains and cashable element.

3.4 Looking to the bottom line, it will be seen that the Council has achieved efficiency gains of more than £1.5m in the first six months. Efficiency gains of almost £2.9m are forecast for the year, exceeding the target of £2.5m. The cashable element of the gains is forecast to be over £1.9m. This represents 68.8% of the gains, comfortably exceeding the target of 50%.

3.5 After incorporating ongoing efficiency gains of over £2.8m from previous years, the efficiency gains expected at the end of the year

total £5.7m, which is well on the way to achieving the £7.5m target at the end of 2007/08.

3.6   The cashable element of ongoing efficiency gains are over £1.4m so that cashable gains of over £3.4m are forecast by the end of the year. This represents 60.4%, exceeding the target of 50%.

3.7   In summary, the Mid Year Update shows the Council is well on the way to achieving its Gershon targets for the three year period 2005/08.

3.8   In his recent Pre Budget Report, the Chancellor indicated that the target for efficiency savings for 2008/09 and beyond would be increased to 3%. The Comprehensive Spending Review due to report in July and the grant settlement expected in the autumn will provide greater details. However, it is clear that efficiency gains will be expected to play an even greater part in funding Local Authority services. Considerable progress has been made in Halton over many years, but it will become more and more difficult to make these gains without examining radical changes to service delivery.

4.0   POLICY, FINANCIAL AND OTHER IMPLICATIONS

4.1   None arising from this report.

5.0   LIST OF BACKGROUND PAPERS UNDER SECTION 100D OF THE LOCAL GOVERNMENT ACT 1972

There are no background papers under the meaning of the Act.

Annual efficiency statement - mid-year update

Details	
Local authority	Halton Borough Council
Contact name	Mike Horsley
Job title	
Email address	mike.horsley@halton-borough.gov.uk

Statement
General or Overarching Comments

	Estimated efficiencies achieved Apr 06 - Â Sept 06 (inclusive)	Forecast 2006/07 efficiencies	...of which cashable	Ongoing efficiency gains from previous years	...of which cashable	Forecast cumulative efficiency	...of which cashable	Related links
Adult social services	173,000	343,000	117,000	659,627	164,627	1,002,627	281,627	Documents People Projects
Explanation of Major Differences:								
Children's services	55,000	127,000	127,000	206,585	129,271	333,585	256,271	Documents People Projects

	Explanation of Major Differences:							
Culture and sport	108,000	216,000	0	175,940	175,940	391,940	175,940	Documents People Projects
	Explanation of Major Differences:							
Environmental services	180,000	348,000	288,000	217,242	212,242	565,242	500,242	Documents People Projects
	Explanation of Major Differences:							
Local transport (highways)	77,000	184,000	25,000	370,000	45,000	554,000	70,000	Documents People Projects
	Explanation of Major Differences:							
Local transport (non-highways)	31,000	74,000	44,000	14,000	14,000	88,000	58,000	Documents People Projects
	Explanation of Major Differences:							
LA social housing (capex)	0	0	0	0	0	0	0	Documents People Projects
	Explanation of Major Differences:							
LA social housing (other)	0	0	0	0	0	0	0	Documents People Projects

	Explanation of Major Differences:							
Non-school educational services	70,000	132,000	123,000	117,780	117,780	249,780	240,780	Documents People Projects
	Explanation of Major Differences:							
Supporting people	153,000	301,000	301,000	242,508	242,508	543,508	543,508	Documents People Projects
	Explanation of Major Differences:							
Homelessness	0	0	0	0	0	0	0	Documents People Projects
	Explanation of Major Differences:							
Other cross-cutting efficiencies not covered above								
Corporate services	100,000	215,000	215,000	111,890	111,890	326,890	326,890	Documents People Projects
	Explanation of Major Differences:							
Procurement - goods and services	210,000	329,000	256,000	146,901	76,274	475,901	332,274	Documents People Projects
	Explanation of Major Differences:							
Procurement - construction	0	0	0	0	0	0	0	Documents People Projects

	Explanation of Major Differences:							
Productive time	250,000	400,000	400,000	0	0	400,000	400,000	Documents People Projects
	Explanation of Major Differences:							
Transactions	98,000	149,000	23,000	540,233	157,000	689,233	180,000	Documents People Projects
	Explanation of Major Differences:							
Miscellaneous efficiencies	30,000	60,000	60,000	20,000	20,000	80,000	80,000	Documents People Projects
	Explanation of Major Differences:							
Total	1,535,000	2,878,000	1,979,000	2,822,706	1,466,532	5,700,706	3,445,532	

Agenda Item 4

REPORT TO: Business Efficiency Board

DATE: 10 January 2007

REPORTING OFFICER: Strategic Director – Corporate and Policy

SUBJECT: Efficiency Strategy

WARDS: Borough-wide

1.0   PURPOSE OF THE REPORT

1.1   The purpose of the report is to seek the Board's views of the content of the attached Draft Efficiency Strategy for the Council.

2.0   RECOMMENDED: That the Board comment on the attached Draft Strategy.

3.0   SUPPORTING INFORMATION

3.1   At its last meeting, the Board received a presentation on the content of the Peer Efficiency Review undertaken by the Improvement and Development Agency. As a result of that presentation, it was agreed that the Board would receive a draft Efficiency Strategy for the Council, prepared as a result of the Peer Review findings. Attached as an Appendix to this report is a copy of a draft Strategy as requested. The Board are asked to comment on the content of the draft to enable it to be firmed up and subsequently recommended to the Executive Board for formal adoption by the Council.

4.0   POLICY, FINANCIAL AND OTHER IMPLICATIONS

4.1   Given the anticipation of tough financial settlements over the coming three years, it is important that the Council has in place processes that ensure that it is getting maximum value out of the resources at its disposal.

5.0   LIST OF BACKGROUND PAPERS UNDER SECTION 100D OF THE LOCAL GOVERNMENT ACT 1972

Document	Place of Inspection	Contact Officer
IDeA Peer Review Document	6th Floor, Municipal Building	I. Leivesley

HALTON BOROUGH COUNCIL

EFFICIENCY STRATEGY
(D R A F T)

December 2006

CONTENTS

1.0 INTRODUCTION

1.1 Why Have A Strategy?

As part of the Council's Corporate Plan one of the priorities is 'Corporate Effectiveness and Efficient Service Delivery' the aim of which is to: "create the maximum effect on the quality of life in the communities of Halton through the efficient use of the Council's resources".   To do this the Council will need to work in partnership with others and demonstrate clear vision and leadership.

The purpose of this Efficiency Strategy is to help the Council to formalise, for itself, its partners and customers, what the Council does, in terms of efficiency, and what more it can do, in order to ensure that it is making the most of the resources available to continue to improve services and provide positive benefits for the people of Halton.

There are many strategies and plans already designed to achieve this but these need to be better co-ordinated in order to build on the existing good practice and deliver better, even more efficient, public services that provide a high level of Value for Money (VfM) to the local community.   The Council recognises that Efficiency and VfM are important factors for our customers, whose growing expectation of what they consider to be appropriate, quality services, is a key factor in the drive to achieve efficiency.

If the Council can generate more efficiencies it can use the resources that are freed up to concentrate on priority areas. Similarly, greater efficiency can help to reduce gaps in performance such as gaps in the provision of services against users expectations, providers of similar strategic priorities and best practice. But, as with many local authorities the Councils ability to achieve its ambitious plans has to take into account factors such as increasing financial pressures, changing demographics and legislative requirements.   It is essential, therefore, that the Council ensures that every £1 spent is done so as carefully, wisely, and efficiently as possible to ensure it can provide efficient, high quality, services for the borough.

The ability of the Council to achieve the ambitions set out in its Corporate Plan, whilst maintaining and developing front line services and creating flexibility in order to maximise future opportunities, needs careful consideration and prioritisation.   In other words, a more effective and systematic approach to efficiency is required.

2.1 EFFICIENCY AND VALUE FOR MONEY

2.1 What is meant by Efficiency?

Efficiency essentially relates to the way in which the Council carries out its business in order to maximise Value for Money in the provision of its services. The term VfM is often used interchangeably with the word efficiency, but in fact, it is a much broader concept of which efficiency is one element. The diagram below sets out the relationship between the various related concepts.

Diagram 1: Value for Money.
Source; Audit Commission Guidance on CPA 2005 – Use of Resources
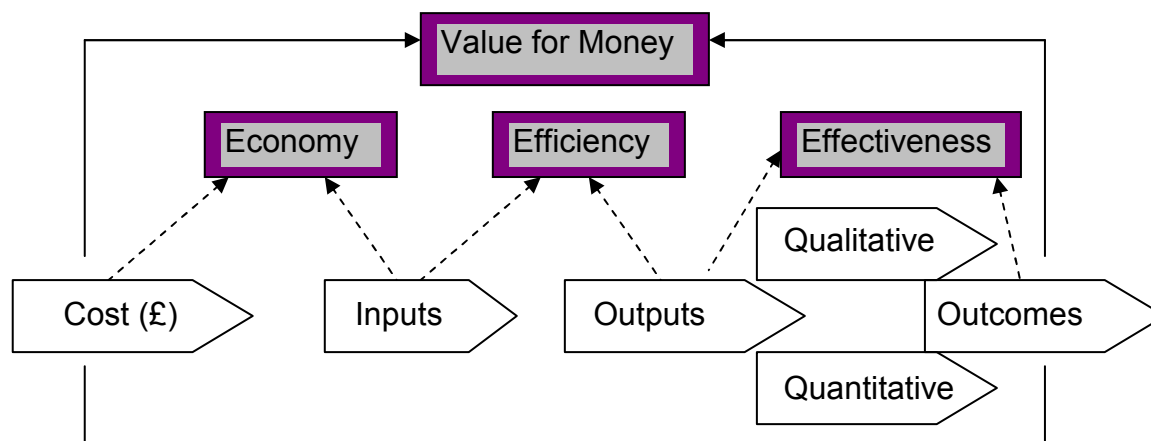
VfM therefore, can be defined as the relationship between economy, efficiency and effectiveness where:

- **Economy** is the cost/price paid for what goes into providing a service.
- **Efficiency** is a measure of productivity – how much you get out in relation to what you put in.
- **Effectiveness** is a measure of the impact achieved in either quantitative or qualitative terms from what is produced.

It is very important that the Council systematically questions what it is producing in order to ensure it is meeting its Corporate Priorities and more importantly that the outputs are converted into positive outcomes or benefits for the local community. In other words, Efficiency in the public sector involves making the best use of the resources available for the provision of public services in order to get more out of what we have got. It is not just about cuts, it is about raising productivity and enhancing Value for Money and focusing on improved outcomes. Therefore, the Council is aiming to achieve efficiencies in the following ways:

- Maintaining the same level of service provision while reducing the resources needed;
- Achieving additional outputs, such as enhanced quality or quantity of service, for the same resources; or
- Remodelling service provision to enable better outcomes.

The ultimate aim is to provide services that are of the right *QUALITY* and have positive outcomes or benefits that meet the *NEEDS* of local people.

3.0 WHAT DO WE DO ALREADY?

Acting efficiently is not something new for the Council. Since 2000 the Council has had a duty of Best Value, which required it to give due regard to the 3Es of economy, efficiency and effectiveness in order to secure Value for Money. As a result it has made significant continuous improvements in its performance through a series of service, cross-cutting and strategic reviews and the development of a robust service planning and performance management framework. Furthermore it has developed its budget planning processes and undertaken Business Process Re-engineering projects. This has been recognised by the Audit Commission through the Comprehensive Performance Assessment, which looks at aspects such as the Councils Use of Resources and VfM profiles and the Council has been judged to be a 4Star (Excellent) Authority. Below are some positive examples of what the Council and its partners have already done in order to ensure there is strategic direction and commitment to efficiency and that it is embedded in the delivery of its services and other functions.

3.1 Leadership and Governance

The Council has modernised the political structure to ensure that maximum efficiencies are gained through the use of appropriate communication and decision-making processes.

Executive and Policy and Performance Boards

The Council's working structure consists of an Executive Board chaired by the Leader of the Council and six Policy and Performance Boards that consider policy related matters and service issues as part of their duties. In particular, the Boards help to ensure that there are robust procedures in place to oversee and scrutinise the performance and cost effectiveness of Council functions and service. In respect of the drive to improve efficiency, overview and scrutiny involves:

- Reviewing and monitoring the effectiveness of Council policy

- Reviewing the budget

- Scrutinising performance of services

- Assessing Services/Business Efficiency Reviews

- Investigating VfM issues

Business Efficiency Board
In May 2006 the Business Efficiency Board was established and the Executive Board Member responsible for Quality and Performance became the corporate lead for Business Efficiency in order to have top-level leadership in terms of delivering the Efficiency Agenda. In the process of carrying out their duties the Portfolio Holder and the Business Efficiency Board will oversee a programme of reviews aimed at securing continuous improvement in the efficiency and effectiveness of Council services. Their work also includes:

- Overseeing the Council's preparations for a Comprehensive Performance Assessment
- Monitoring performance against the Council's Efficiency Strategy
- Ensuring the Council has processes in place to benchmark its activities

- Learning from others, in particular learning from best practice, in order to make continuous improvements in performance.

Area Forums
The Council also recognises the need to involve the community in the decision making process and has established seven Area Forums covering the whole Borough that provide opportunities for local people to become involved in making decisions about their own neighbourhoods.

Efficiency Strategy Group
An Efficiency Strategy Group has also been created to support the Business Efficiency Board at officer level. The aim of having a corporate approach to efficiency is to develop synergies and increase the opportunity for greater crosscutting efficiencies.

3.2 Management Processes and Practices
In addition to the lines of communication and decision-making processes above there are some practical management methods that have been developed, corporately, to ensure a systematic, co-ordinated and, therefore, efficient approach to the way in which the Council carries out its business.

Process Management
A number of developments have taken place in recent years to improve key business processes in the Council, particularly back office processes. Examples of good practice include improvements to the payroll and HR system and the Council's Benefits system. Two other key areas of improvement include IT and the creation of the Halton Direct Link (HDL), which together have led to improved public access to services and reduced back office costs.

Project Management
The Council has developed its own standard methodology for managing projects based on PRINCE2 principles and a major programme was introduced to provide appropriate training to managers and staff to ensure projects are delivered to the agreed quality, within budget and on time for the best whole life value. Examples of good practice include ICT projects and major Regeneration projects, where robust business cases, options appraisals and gateway reviews are carried out as a matter of course.

Risk Management
The Council's Risk Management Strategy effectively sets out how the Council has embedded risk assessment into its strategic and operational decision-making. It seeks to ensure that the council is always informed about the risks in any course of action it is considering. This is particularly important in the current climate of financial constraints where there is a risk that future services and projects may not be realised because of lack of funding.

3.3 Resources
All services, projects and functions of the Council need to be resourced with a combination of finance, human resources and assets, (such as buildings).

Financial Planning and Management
The Council has a three-year Medium Term Financial Strategy for its revenue budget and capital investment projects, both of which are updated on an annual basis. This requires services to actively identify savings and efficiencies in order to achieve the targets contained in the Annual Efficiency Statement.

Human Resources
The Council currently employs approximately 5,500 staff and is now pursuing a programme of actions set out in the HR Strategy. The HR priorities and initiatives within the strategy seek to obtain maximum efficiency from the Council's workforce. Specifically, these are targeted on Workforce Reform, Pay Modernisation, Learning and development, Leadership and Management Development, Absence Management, Recruitment and retention and Flexible Working/Home Working.

Asset Management Strategy
The Council has an Asset Management Plan and Capital Investment Strategy, which analyses:
- The use for which the assets are held
- How much they cost
- What they contribute to the corporate plan
- How cost effective each is

3.4 Workstreams
A number of key work areas or functions have an impact across all council services and the Council are currently looking at two such areas with a view to ensuring greater efficiency and effectiveness through them.

Procurement
The Council has in place a Corporate Procurement Strategy, which is monitored through the Procurement Improvement and Development Plan. This plays a fundamental part in examining how the Council will deliver innovative and smarter ways of procurement. There is also a Procurement and Commissioning Officer Group to drive forward the procurement strategy in line with the targets and priorities of the National Procurement and E-Government Strategies. A current example of good practice includes an investigation aimed at analysing spend and identifying areas for further significant efficiency gains by the better management of contracts and other forms of procurement such as the development of consortia. Another example of good practice is the reduction in contract management costs for domiciliary care services, achieved by reducing the number of suppliers from 27 to 5. Efficiency gains have also been identified for exploration in Social Services relating to regional procurement initiatives around Children's Services and Adult Mental Health Services.

IT/E-government
Halton Borough Council has a structured framework to implement new technical initiatives to ensure the maximum benefits are achieved from its IT infrastructure. The Council's E Government strategy in closely aligned to the National Strategy, which seeks to bring about service business re-engineering efficiencies by implementing IT system improvements designed to improve both service delivery and accessibility.

The Council has made substantial investment in its IT infrastructure in recent years bringing efficiencies through reduced duplication. In particular, the development of a Customer Contact Centre framework is now fundamental to achieving service delivery and accessibility improvements and efficiencies, and is the cornerstone of the Council's E-Government programme. The Council has also developed its own systems tool for mapping, identifying customer interface processes and back office processes.

4.0 WHAT MORE DO WE NEED TO DO AND WHY?

With growing financial pressures and increasing demands for new and improved services it is necessary to continue to look for further efficiencies. To do this will require a more systematic approach that will bring together existing activities, directed at improving efficiency, into one programme. The following information actively demonstrates the Council's commitment to efficiency and details areas where the Council believe there is further potential for efficiency gains from which a programme can be generated with clear aims, targets and positive outcomes.

4.1 Leadership and Governance

Efficiency Boards and Groups

The completion of this strategy will provide clarity about what the Efficiency Agenda means, and with appropriate leadership and support this will help the Council to move from an incremental approach to improving services to a more radical transformational approach.

4.2 Management Processes and Practices

Process Management

The total impact on back office processes has not yet been fully realised. This issue needs to be addressed by extending the mapping of back office processes to identify further efficiencies. The Councils new process mapping software, which currently maps some customer interfacing processes and support service processes, needs to be rolled out across the Council. A more corporate approach to business process re-engineering should also generate future efficiency gains, including: more partnership or collaborative working, joint commissioning, consortium working and combining services. The Council can already demonstrate some efficiencies in these areas but needs to continue to take a more strategic approach to service redesign through simplification, standardisation, shrinking, sharing and shifting of processes.

Project Management

The consistent and systematic approach to project management currently adopted by some departments such as IT and major projects, needs to become embedded across the Council, in order to help to more clearly identify the potential for efficiency gains and whole life costs.

Programme Management

The development of the HBC project management methods highlighted a distinct difference between the methods required for project management and those required for programme management. The latter consists of the management of a number of projects rather than being a project in itself. For this reason, there is an argument for experienced programme managers within HBC to develop a common framework for the management of programmes. The Council's efficiency programme needs to be sufficiently developed to ensure strategic objectives are met in an environment of competing priorities, rising expectations of the local community and internal/external pressures on budgets and service delivery.

4.3 Resources

Financial Planning and Management

The demand for services is constantly increasing and resources are becoming increasingly limited. Therefore, there is a need to strengthen the alignment between the service planning process and the budget planning process. This process will help ensures that the Council obtains maximum efficiency and VfM in the crucial area of budget formulation.

Human Resources Strategy

There is a need to continue to strengthen and clearly align the Workforce Development Plan with the efficiency drive in mind. Increasing the use of new ways of working, for example home working, and further developing Halton Direct Link to release back office staff will be of paramount importance if the Council is to successfully achieve greater efficiency gains through its human resource. It will also require an appropriate re-skilling and training programme.

Asset Management

The requirement to seek out and identify external funding sources is also of paramount importance particularly in financing large-scale capital developments and more still needs to be done to gain efficiencies from the strategic management of assets.

4.4 Workstreams

Procurement

Awareness training for staff, officers and Members would significantly improve the use of the strategic approach to procurement. For example, the expansion and development of the planned and skilful management of procurement and supply chains such as consortia, framework and other approaches, will help create further efficiency gains across the whole Council.

Procurement strategies should also become part of the service planning process and suitable performance indicators developed and fed into the corporate performance management system.

E-Government

To gain even greater efficiencies from new technology and Business Process Re-engineering the systems tool for mapping and identifying customer interface processes and back office process to be rolled out across the whole Council.

5.0 WHAT ARE WE ACTUALLY GOING TO DO?

A corporate approach is needed to identify the various services, processes and crosscutting themes and functions that can offer potential efficiency gains. Primarily the Council needs to use the information already in existence such as: CPA Use of Resources and VfM profiles, BVPIs, other benchmarking, service plans, consultation and other research information, best value findings, inspection reports, and staff and Member input. In order to generate a list of potential areas where efficiency gains might be made. Business Efficiency Reviews would then be conducted on either a 'light touch' or, with more complex subjects, a 'full' review basis. Reviews may be service level or strategic but both will need to consider any cross-cutting issues arising and the implications of these on the efficiency agenda.

The co-ordination and management of the efficiency programme will involve the promotion the Efficiency Agenda, both internally amongst Members and officers and externally, with other organisations and the community in order to ensure the approach to the agenda is consistent and that important issues can be prioritised. It will also help to ensure the Councils meets its requirement to implement the revised statutory guidance on Best Value which requires the Council to prioritise the needs of citizens and users when commissioning and designing services and regularly test the competitiveness of its own performance.

6.0 WHO WILL DO IT?

Overall responsibility for the delivery of the efficiency programme will fall to the Portfolio Holder for Quality to the Executive Board and the Business Efficiency Board will be responsible for monitoring the performance of the review programme. The strategic Director for Corporate and Policy will lead the Efficiency strategy Group and report to the Senior Management Team. Once a programme is approved the Efficiency Strategy Group will act as a Steering Group for the efficiency and review programme, and a 3-year Business Efficiency Programme will be undertaken in line with the Medium Term Financial Forecast, (MTFF). Each review will be supported by a corporate Advisor and Review Team, which should include members from all key areas for example finance, procurement, Human Resources, IT, performance management and relevant individual service representatives, as well as key stakeholders.

7.0 HOW WILL WE KNOW WHEN WE HAVE DONE IT?

At the strategic level it will be necessary to generate measurable targets and outcomes for the efficiency programme. On an operational level this should be supported by a series of Service Plans. These plans should contain further performance measures and targets, which will then be cascaded down into individual work plans and appraisals. The achievement of targets should be monitored, not only at a corporate level, but also through line management and supervision and reported quarterly and presented for scrutiny to the appropriate Policy and Performance Boards. Where performance is on track, and equally where issues are not progressing as planned, remedial action will be requested.

8.0 CONCLUSIONS

A great deal of work has already taken place to achieve efficiencies, however, with the prospect of projected spend exceeding the resources available, more still needs to be done to ensure there is balance between the Council's ambitious plans and the budget. Each of the various areas listed above need to be systematically evaluated and co-ordinated to gain the greatest efficiencies. VfM profiles, consultation exercises, benchmarking exercises and a number of other sources of information are already available on which to make decisions regarding efficiency, but in order to ensure this happens it will be necessary to share information and good practice across and up and down the organisation and discuss the impact of trying to achieve any efficiencies. To achieve the greatest efficiency gains things such as process mapping, procurement, project management and risk assessment need to be rolled out across the whole of the authority.

This strategy outlines the leadership and governance necessary to do this as well as the review methods to identify and target areas where the greatest efficiency gains can be made. The development of Member training to embrace and lead on the efficiency agenda will be of vital importance. Similarly, this training or the messages from it will need to be passed down and understood by staff, partners, other stakeholders and the wider community. What is important is to ensure that the strategy drives cultural changes within the organisation by ensuring that the efficiency agenda is widely understood and owned across the authority in a way that will result in real improvements and positive benefits for Halton's individuals and communities.

The way in which the Council conducts its business and it spends its money has a significant impact on the lives of people in the borough. A whole range of strategies and plans contribute to this overall outcome and this strategy shows how these various strands need to work together to achieve optimum efficiency gains.

9.0 PROPOSED ACTIONS

1. Business Efficiency Board to adopt the Efficiency Strategy
Ensure that the Strategy meets with: • Gershon principles • statutory requirements for securing Best Value • requirements in relation to the Annual Efficiency Statement

2. Use existing information to undertake service and strategic assessment to highlight potential areas for review.
• Efficiency Strategy Group to assess existing information e.g. BVPI data, VfM profiles, benchmarking etc • Discussion of potential reviews with appropriate service/function managers and other stakeholders

3. Prioritise the services/functions for review
• Draft proposed Business Efficiency Review Programme • Seek approval for the Business Efficiency Review programme from the Business Efficiency Board and Executive Board • Efficiency Strategy Group to steer Reviews

4. Develop appropriate approach for conducting Business Efficiency Reviews
• Develop methodologies and toolkit for conducting 'light touch' and 'full' Business Efficiency Reviews • Formulate the Review Teams • Undertake the Reviews

5. Ongoing monitoring and reporting of the Efficiency Programme
• Report findings to the Business Efficiency Board • Feed information into the Annual Efficiency Statement as appropriate • Monitor performance against targets • Conduct post review follow up

Agenda Item 5

REPORT TO:	Business Efficiency Board
DATE:	10 January 2007
REPORTING OFFICER:	Strategic Director, Corporate & Policy
SUBJECT:	Status report on Comprehensive Performance Assessment 2006 and 2007
WARDS:	Boroughwide

1.0 PURPOSE OF THE REPORT:

1.1 To provide a position statement on CPA 2006 as it applies to Halton.

1.2 To provide an overview of anticipated performance against the provisional framework for CPA 2007.

2.0 RECOMMENDATION: That the Board notes the position.

3.0 COMPREHENSIVE PERFORMANCE ASSESSMENT 2006 - POSITION STATEMENT

3.1 The data and / or judgements for each of the elements feeding into the overall CPA 2006 assessment has either been received, or is currently being processed by the relevant government body.

3.2 Given below is a summary of scores available to date against each of the elements.

- **Corporate Assessment**   **Score = 4**

  Halton Council's Corporate assessment from 2004/05 will be used until the next Corporate Assessment in March 2008.

- **Use of Resources Assessment**   **Score = TBC**

  The Audit Commission has undertaken this assessment. Halton is currently awaiting publication of the 2006 score (expected 11 January 2007).

- **Level 1 Service Assessments:**

Children and Young People:	**Score = 3**
Adult Social Care:	**Score = 3**

- **Level 2 Service Assessments:**

  Benefits Block   **Score = 4**
  Environment Block   **Score = TBC**

  7 performance indicators still to be confirmed – these are taken from the 2006 Best Value Survey.

  Housing in the Community Block   **Score = 3**

  Score calculated internally – Audit Commission to confirm

  Culture Block   **Score = TBC**

  5 performance indicators still to be confirmed – these are taken from the 2006 Best Value Survey.

4.0 CPA 2006 - ANALYSIS

4.1 Although the outcome of the Best Value Survey indicators is difficult to predict, it is likely that the Environment service block score will be 3 or 4, as all seven of the survey indicators in this block would have to be at or below their respective lower threshold for the Environment block to score 2.

4.2 With regard to the Culture service block, there are five indicators to be assigned final data values, these are to be taken from the Best value survey.

- If one of these five falls below its respective lower threshold, the score would be 3.

- If any more than two of the five fall below their respective lower threshold, the score would be 2.

4.3 To achieve a 'Four Star' CPA rating for 2006, the elements still to be scored need to achieve the minimum scores set out below:

- Use of Resources Assessment – 3
- Environment Service Block – 2
- Culture Service Block – 2

Given the data we already hold on the Environment and Culture service blocks we know that each of them will score a minimum of 2.

The way in which the elements detailed above fit together can be seen in the Audit Commission table provided at Appendix 1 to this report.

4.4 The 2006 assessment will be published, together with a Direction of Travel statement on 22 February 2007.

5.0 COMPREHENSIVE PERFORMANCE ASSESSMENT 2007 – SUMMARY OF ANTICIPATED PERFORMANCE

5.1 This is based upon the proposed CPA framework for 2007 as it was published in August 2006.

5.2 In the absence of any current information to the contrary, it assumed that where elements are performing at a satisfactory level in CPA 2006, they should continue to do so into CPA 2007.

5.3 Where the inclusion of new performance indicators is proposed for Service Assessments in CPA 2007, details are given below.

- **Corporate Assessment**   **Score = 4**

  Halton Council's Corporate assessment from 2004/05 will be used until the next Corporate Assessment in March 2008.

- **Use of Resources Assessment**   **Score = TBC**

  Halton is currently awaiting confirmation of the 2006 score. It is not possible to forecast the 2007 at this point in time. The guidance for 2007 has just been published and is based on the same criteria as this year, but many of the discretionary auditor judgements for 2006 become mandatory for 2007 (if a particular criterion that is mandatory for say level 3 is not met, then automatically the council could not get a 3 for that line of enquiry).

- **Level 1 Service Assessments:**

  Children and Young People: **Score = TBC**
  Assume same level of performance as in 2006. Could be adversely influenced by adoption inspection score

  Adult Social Care: **Score = TBC**

  Assume same level of performance as in 2006. Could be adversely influenced by Mental Health services assessment.

  Based on the prevailing formula for the calculation of the overall CPA score given at Appendix 1, for the authority *to maintain an overall CPA score of 'four stars' the Use of Resource, Children & Young People and Adults Social Care Assessments would all need to score 3.*

Combined with the above, ***to maintain an overall CPA score of 'four stars' each of the four Level 2 service assessments must score a minimum of 2***. Until the results of the 2006 Best Value survey are known, it is difficult to establish exactly what the position on each of the Level 2 assessments (other than benefits) might be. More details are given below.

▪ **Level 2 Service Assessments:**

Benefits Block   **Score = TBC**
Assume same level of performance as in 2006.

Environment Block   **Score = Max 3**

For further details on specific areas that will affect the service block score, see 'Key Issues' below.

Housing in the Community Block   **Score = Max 3**

No significant changes proposed, the situation with this service block is similar to that in 2006.

Culture Block   **Score = Max 3**

For further details on specific areas that will affect the service block score, see 'Key Issues' below.

5.4 Key Issues – Environment Service Block

There are proposed to be 44 indicators in this block. Note that only one PI scoring below the lower threshold precludes a score of 4 for the block. Seven or more PI's in this block scoring below the lower threshold precludes a score of 3. The two PI's detailed below are included in CPA for the first time and are likely to score below the lower threshold based on current levels of performance.

▪ **Number of bus passengers per year (BVPI 102)**

This is a PI largely out of the council's control, and the trend in Halton is downwards. The 04/05 out-turn was in the bottom quartile, and it is anticipated that when the 05/06 quartiles are published our relative position will have declined further. It is forecast that in CPA 2007 this PI will score below its lower threshold.

▪ **Kerbside recycling of 2 or more commodities (BVPI 91b)**

This PI measures the percentage of households from which the council collects two (or more) recyclable commodities as part of its waste management arrangements. Halton's performance in 05/06 was 48.79%, with improvement to 57.57% by Q2 of 06/07. BVPI

quartile data is not yet available, however an analysis of our Family Benchmarking group shows an average of 91.46%. There is a strong possibility that the performance for 06/07 will be in the bottom quartile. If this is the case, the PI will score below its lower threshold.

Because these three PI's are expected to fall below the lower threshold, the block score will automatically drop from 4 to at 3 at best.

5.5   Key Issues – Culture Service Block

There are proposed to be 23 indicators in this block (although several of these are made up of more than one measure to derive a single PI score).

A critical issue for Halton in CPA 2007 is the proposal to increase the thresholds on some of the library indicators. This increase was originally proposed for CPA 2006 but was deferred following the consultation period. The libraries service has made some significant improvements in the last year, however some indicators will not score highly against the new thresholds.

Note that only one PI scoring below the lower threshold precludes a score of 4 for the block. Four or more PI's in this block scoring below the lower threshold precludes a score of 3. The two PI's detailed below are likely to score below the lower threshold based on current levels of performance.

- **CPA reference C2 – Public Library Standards on Access**

    This PI is derived from three Public Library Service Standard measures – PLSS 1,2 & 6. Halton does not perform well against the total of aggregate scheduled opening hours, or number of library visits. This will be compounded by the proposed increase in thresholds. This PI will score below its lower threshold.

- **Quality Management of Conservation Areas (BVPI 219)**

    This PI measures the percentage of conservation areas with up to date character appraisals and management plans. Halton has 10 conservation areas, and has targeted to ensure that 1 of them has an appraisal and management plan by the end of 2006/07. This equates to a PI return of 10%, however the proposed lower threshold is 25%. This PI will score below its lower threshold.

    Finally, there are also two new indicators proposed for inclusion in the Culture 2007 assessment;

- **New indicator – Leisure Facilities Efficiency**

This indicator is proposed to measure the usage, and cost per visit of LA controlled / contracted leisure facilities. Data is not yet available to indicate what Halton's position may be.

- **New Indicator – Participation in LA sport / recreation provision**

This indicator is proposed to measure the usage of sport / recreation provision by five different groups (11-19 year olds, Social class D/E, over 60 year olds, members of BME groups, and people with disabilities). Data should be made available by Sport England in early 2007 to enable a position to be determined.

The Culture assessment is particularly dependant on user survey information, which is not yet available. The service block score in 2007 could range from 1 to 3 depending on performance in these indicators.

Overall, the service assessment framework proposed for CPA 2007 presents further challenges to the authority, primarily because the scope of the assessment is being widened in the Environment and Culture areas.

6.0 POLICY IMPLICATIONS

6.1 None identified at this stage.

7.0 OTHER IMPLICATIONS

7.1 A reduction in our overall star rating would result in an increase in inspections and the loss of a small number of freedoms and flexibilities. Audit and Inspection fees would increase slightly as a result. It would also have an impact on the Council's reputation, which could influence recruitment.

8.0 RISK ANALYSIS

8.1 Failure to implement performance improvement measures for a number of performance indicators in the Environment and Culture Service Blocks for CPA 2007 could increase the risk of Halton achieving a lower overall CPA score, and star rating, in that assessment.

9.0 EQUALITY AND DIVERSITY ISSUES

9.1 Not applicable

10.0 LIST OF BACKGROUND PAPERS UNDER SECTION 100D OF THE LOCAL GOVERNMENT ACT 1972

Document	Place of Inspection	Contact Officer
CPA The Harder Test 2006 Assessment Framework	2nd Floor Municipal Building Kingsway Widnes	Rob Mackenzie
CPA The Harder Test 2006 Guide to Services Assessment		

Bringing it all together – determining overall CPA categories

Table 5
CPA categories

Corporate assessment	Level 1 services (including use of resources)	Level 2 services	Category
4	None less than 3	None less than 2	4 stars
4	None less than 2	No more than one less than 2	3 stars
4	No more than one less than 2	No more than one less than 2	2 stars
4	Any other combination		1 star
3	None less than 3	None less than 3	4 stars
3	None less than 2	None less than 2	3 stars
3	None less than 2	No more than one less than 2	2 stars
3	Any other combination		1 star
2	None less than 3	None less than 2	3 stars
2	None less than 2	None less than 2	2 stars
2	No more than one less than 2	No more than one less than 2	1 star
2	Any other combination		0 stars
1	None less than 3	None less than 2	2 stars
1	None less than 2	None less than 2	1 star
1	Any other combination		0 stars

Source:
The Audit Commission, *CPA The Harder Test Framework for 2006*, **July 2006, p.30**

REPORT TO: Business Efficiency Board

DATE: 10 January 2007

REPORTING OFFICER: Strategic Director – Corporate & Policy

SUBJECT: Council Spend Analysis

1.0   PURPOSE OF THE REPORT

1.1   At the last meeting the Business Efficiency Board received an update of the progress made in introducing better procurement in Halton. The Board noted the report and requested a more detailed report on the spend analysis undertaken by the Procurement and Commissioning Unit (PCU) be presented to its next meeting.

2.0   RECOMMENDATION: That the Business Efficiency Board note the report

3.0   BACKGROUND

3.1   Only in recent years have local authorities had the tools to undertake a comprehensive analysis of spend. New software systems allow spend to be classified in far greater detail than before. Halton now have the tools and work has commenced by the PCU to analyse Halton's spend across Directorates, across products, services and suppliers.

3.2   Halton is working closely with the North West Centre of Excellence and Authorities in the north west to produce an analysis of "influenceable" spend across the region. Funded by NWCE the analysis has been completed for Halton and further work will carried out expected to lead to clear opportunities to buy jointly with other Councils and identify opportunities for better procurement. The unit will also seek to use this data for benchmarking purposes.

4.0   HALTON'S SPEND ANALYSIS

4.1   Appendix 1 shows the top 50 areas of spend across the Council. It should be noted that raw data has been used to produce this report and it is inevitable that some spend will be incorrectly classified. Representatives from all Directorates have been asked to examine the data and let the PCU know the correct classification.

4.2   Nevertheless the majority of these classifications will not change to any great extent and these are the areas that will need to be examined to ensure that optimal procurement practices are in place. From this information the Management Team has requested the PCU to identify a number of workstreams starting with the highest areas of expenditure,

to examine them with a view to ensuring that the Council is utilising the most effective methods of procurement. The Board will be kept informed of progress on this area of work.

5.0   POLICY, FINANCIAL AND OTHER IMPLICATIONS

5.1   There are no implications arising out of this report

6.0   EQUALITY AND DIVERSITY ISSUES

6.1   There are no issues arising out of this report.

**7.0   LIST OF BACKGROUND PAPERS UNDER SECTION 100D
            OF THE LOCAL GOVERNMENT ACT 1972**

Document	Place of Inspection	Contact Officer
All papers	Municipal Building	Ray Dart

SUMMARY OF TOP 50 PRODUCT CLASSIFICATIONS

APRIL 06 TO SEPT 06	APRIL 05 TO MARCH 06
PRODUCT CLASSIFICATION	PRODUCT CLASSIFICATION
Residential Care Home	Residential Care Home
Domiciliary Care	Social Services Care
Trusts / Charities / Voluntary Organisations	Trusts / Charities / Voluntary Organisations
Social Services Care	Domiciliary Care
Refuse Collection & Disposal / Recycling	Refuse Collection & Disposal / Recycling
Insurance services	Grounds / Highways Maintenance
Grounds / Highways Maintenance	Agency / Recruitment
Training & Consultancy	Training & Consultancy
Professional Services	Catering / Food
Children	Professional Services
Agency / Recruitment	Construction & Building Contractors
Catering / Food	Building Services / Products
General Influenceable	Insurance services
Sport & Recreational	General Influenceable
Property services	Computer Services / Technology
Electrical / Contractors / Products & Supplies	Sport & Recreational
Grants	Advertising / Marketing & Publishing
Computer Services / Technology	Electrical / Contractors / Products & Supplies
Construction & Building Contractors	Coach Hire
Coach Hire	Fire Safety & security
Telecommunications	Vehicle Hire
Advertising / Marketing & Publishing	Motor / Plant Equipment – Supply & Maintenance
Vehicle Hire	Children
Fire Safety & security	Hire Services & Lease
Hire Services & Lease	Taxis & Private Hire
Fuels, Oil & Industrial Gas	Fuels, Oil & Industrial Gas
Motor / Plant Equipment – Supply & Maintenance	Transport
Transport	Engineering & Fabrication Services
Building Services / Products	Landscaping
Postage	Property services
Engineering & Fabrication Services	Stationery
Stationery	Postage
Education & Arts Development	Legal Services & Solicitors
Office Equipment	Education & Arts Development
Taxis & Private Hire	Industrial & Maintenance / Products
Industrial & Maintenance / Products	Printing / Reprographic
Landscaping	Retail / Wholesale
Document Imaging	Office Equipment
Printing / Reprographic	Vehicles & Maintenance
Vehicles & Maintenance	Promotional / Designs & Displays
Retail / Wholesale	Audio & Visual Services, Productions & Equipment
Cleaning Services	Galleries / Theatres / Museums
Promotional / Designs & Displays	Cleaning Services
Lifts	Books & Publications
Audio & Visual Services, Productions & Equipment	Document Imaging
Books & Publications	Hospitality
Hotels/Hospitality	Health Centres & Healthcare
Medical & Hygiene	Medical & Hygiene
Galleries / Theatres / Museums	Lifts
Equipment	Equipment