

**HERTFORDSHIRE COUNTY COUNCIL****RESOURCES, PROSPERITY, PARTNERSHIP  
AND CONSULTATION SCRUTINY COMMITTEE****THURSDAY 23 JANUARY 2003 AT 10.45 A.M.****SCRUTINY OF 2002/03 BEST VALUE PERFORMANCE PLAN PROMISE:  
TO GIVE THE PUBLIC VALUE FOR MONEY BY GETTING MORE COST  
EFFICIENT EVERY YEAR***Report of the Finance Director*

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Executive Member: David Beatty ( Resources)

**1. Purpose of Report**

- 1.1 To give members the opportunity to examine the Promise: To give the public value for money by getting more cost efficient every year.

**2. Summary**

- 2.1 In 2002/03 this promise is underpinned by the performance measure of delivering efficiencies equivalent to 2% (£8.8m) of the non-schools budget in 2002/03. An extract from the 2002/03 Best Value Performance Plan giving background to this promise is contained in Appendix 1.
- 2.2 Latest monitoring information indicates that the actual efficiencies so far confirmed in 2002/03 add up to £6.7m (1.5%). This is lower than was expected. The principal reason for the shortfall relates to delays in delivering non-cashable savings from the Adshel agreement, which provides and maintains new bus shelters at no cost to the council. Following a downturn in the advertising market the rate at which the shelters are being installed has been slower than originally anticipated.
- 2.3 The latest information on those efficiencies which are expected to be delivered this year is detailed in Appendix 2. Services continue to seek further efficiencies during the remainder of the year, and there a number of specific areas in the field of recruitment and property costs that are still to be finally quantified. It is hoped that once these areas are resolved it will be possible to meet the target level for the year.
- 2.4 Efficiency targets for 2003/4 will be reviewed during the development of the 2003/4 Best Value Performance Plan and Budget, but a continuation of the current 2% per year target seems likely.

**EXTRACT FROM THE 2002/03 BEST VALUE PERFORMANCE PLAN**

**To give the public value for money by getting more cost efficient every year**

The county council is committed to delivering all of its services as efficiently as possible. We have a proven history of seeking new and better ways of doing things. This has included developing partnerships and outsourcing some of our activities when it has been shown that this gives improved value for money.

The search for efficiency savings is an integral part of the council's annual budget cycle and services are given targets for cost efficiencies early in the process. In addition to service specific savings, the council has identified general areas of activity for review, which have produced further savings. Over recent years these have included:

- Purchasing
- Transport/Mileage Management
- Sickness Management
- Premises
- Utilities

Efficiencies in particular areas of activity will continue to be sought in the future as part of the Council's Best Value Review Programme.

***Our strategic objectives for this promise are:***

Achieve efficiency savings of at least two per cent of the council's budget (excluding the budget for schools) each year. These will be a combination of cash savings and improvements in services achieved without increasing costs. (Schools control their own budgets and so set their own efficiency targets.)

***To meet our objectives we are:***

- Delivering efficiency savings of at least two per cent in 2002/3 These will be achieved in a variety of ways, including:
  - Generating additional income
  - Savings on contracts for supplies and services
  - Making more efficient use of staff and the way we work through developing more flexible working arrangements
- Identify new ways in which information technology can be used to improve efficiency and deliver services, including e-commerce opportunities
- Continue to deliver the longer term changes in the way we do things identified through the Best Value Review process to produce more cost efficiencies in future years

**EFFICIENCIES TO BE DELIVERED IN 2002/03  
(As known at December 2002)**

**Categories of Efficiencies**

For BVPP reporting purposes the efficiencies have been classified into the following categories:

- i cashable efficiencies in 2002/03– those savings included in service committee budgets in response to budget targets, involving the removal of cash from service budgets in 2002/03.
- ii full year effects of previous efficiency decisions – full year savings arising in 2002/03 from previous policy decisions that have produced efficiency savings.
- iii non-cashable efficiency savings identified by services in 2002/03 – where for example, greater volumes of work have been carried out within existing resources (i.e. lower unit costs), or where although it has not been possible to extract cash savings, it has been possible to redirect resources, especially staff time, to other priorities. These include re-deployed efficiencies.

**Efficiencies identified**

Efficiencies that have been identified are outlined below:

- i) **Cashable efficiencies in 2002/03** **£2.733m**

***Adult Care Services***

Increasing Hostel/Group Home Rents

The Executive committee agreed an increase in rents from July 2001 to maximise Housing Benefit for clients in hostels and group homes. This has resulted in an efficiency saving being achieved in 2002/03. £280,000

Increasing Gypsy Rents by 6% above Inflation

Gypsy rents were increased in April 2002 to recover central support costs. An efficiency saving in 2002/03 has been achieved. £33,000

***Children Schools and Families - Education***

Schools Contingency

Savings of £300,000 will result from a more accurate prediction of individual school circumstances prior to the determination of school budget shares, leading to a reduced need for additional funding to be allocated in-year. £300,000

### Traded Services

Savings of £50,000 will result from further efficiency improvements within traded services, leading to a reduction in the cost of services purchased from them by the CSF department. £50,000

### Other Efficiency Savings

A series of initiatives covering areas such as the level of cheque payments, postage costs and venue hire. £172,000

### Absorbed 2001/02 Overspend

Through identifying a range of efficiencies the service has absorbed the previous year's overspend without impact on services. £439,000

## ***Children Schools and Families – Social Care***

### Various

A series of initiatives covering areas such as the level of cheque payments, postage costs and venue hire. £100,000

## ***Community Information***

### Reduce Furniture & Equipment Budgets

Savings amounting to £9,000 will be achieved in these budgets. £9,000

## ***Fire and Rescue***

### Best Value Reviews

The Best Value review of Fire Service Procurement together with a number of other corporate reviews will produce savings to the level shown. £45,000

### Internal Training

The Service has a statutory requirement to train its personnel. By examining our internal training programme we have re-profiled or re-arranged existing training courses in order to reduce our overall expenditure on internal training. £25,000

### Fuel

In addition to attending operational incidents, Fire Service appliances undertake a number of movements within their station area. By improving the co-ordination of these movements and reducing the activity of the appliances, the Service has reduced its overall spend on fuel by approximately 5%. £10,000

### Ladders

Operational appliances carry a number of ladders of differing lengths, depending on the operational risk within station areas. Savings have been achieved by looking at reducing the number of ladders on certain appliances. £10,000

### Overtime

Service personnel are often required to undertake duties out of their normal shift periods, for example, Recruitment\Awareness days. By reviewing commitments outside of the normal working periods, we have reduced the amount spent on overtime without adversely affecting Service delivery. £15,000

### Medicals

Following changes to the Grey Book National Conditions of Service Fire-fighters joining the Service no longer receive reimbursement for medical and dental expenses. The effect of this is an overall reduction on the amount being spent annually on medical and related expenses. £5,000

### ***Trading Standards***

#### Car Allowances

Increased use of electronic facilities and resources in place of meetings has led to a reduction in car use. £2,000

#### Leased Car Rentals

The departmental pool of lease cars has been reduced by one because of a reduced need to travel to meetings etc. £3,000

#### Postage

The increased preference by the public and businesses to communicate by telephone and/or e-mail has reduced the need for postage. £2,000

### ***Registration***

#### Additional Income

Growth in 2 new services; Re-affirmation of marriage vows and civil naming. A part of these savings will be achieved by the proposed increase in the fee for an approved venue which will increase by £25 in Jan 2003. The additional income is projected at £2,800 for 2002/03, with a full year effect of £11,000. £17,000

### ***Environment***

#### Section 74 Income

Implementation of this new section of the New Roads and Streetworks Act enables the County Council to make a charge on statutory undertakers who overstay their estimated duration for work carried out on the network. £185,000

#### Design Fees

A requirement for year on year savings was built into the original outsourcing contract of the design services to Mouchel TSC. This saving will bring the total reduction achieved to £480,000 in five years. £90,000

### Skip & Scaffold Licences

The introduction of charging for skips and scaffold licences has enabled an income stream to be established. The full effect of this policy change implemented during 2001/02 is affected by a need under existing Highway Agency arrangements to allow Districts to retain income derived within their administrative areas. This item will bring the total income from this source to £75,000 per year. £25,000

### Transport Operations Best Value Review

Savings identified as part of the best value review of Transport Operations should result in further savings of £21,000 accruing to Environment in 2002/03. This is primarily from the tendering of mixed contract combinations. £21,000

### *Corporate Services*

#### Chief Executive's

Savings of £3,000 have been identified on the transport budget. £3,000

#### Corporate Communications

Work is under way to develop the advertising revenue from Herts Direct, but in the short term part of the income earned will need to be ploughed back into the publication to attract advertisers and generate a sustained income stream. In addition savings of £1,000 have been identified in the car allowances budget. £6,000

#### Assistant Chief Executive (Best Value)

The current year budget includes a provision of £3,000 to part-fund a temporary post until the end of October 2001. This post will not be funded from this budget in 2002/03 and therefore a "saving" of £3,000 is available to meet the corporate target. £3,000

#### Strategy & Consultancy

Savings of £3,000 have been identified on the car allowances budget. £3,000

#### Assistant Chief Executive

A saving of £7,000 in the supplies and services budget has been achieved. £7,000

#### Money Advice Unit

From 2002 the unit has a HertsDirect channel, and £4,000 of savings have been found from printing, as leaflets are available electronically. £4,000

#### County Secretary's –Staffing

There has been a pattern of under spending on the employees budget and the £10,000 saving is consistent with that level of under spending. £10,000

<u>County Secretary's – Additional income</u>	£20,000
Although there have been pressures due to a shortfall in income generated by the conveyancing unit, overall levels of income have consistently over achieved against budget.	
<u>Elections</u>	£1,000
Savings on running expenses in the region of £1,000 have been found. However a year in which there were more than 2 by-elections could result in an overspend.	
<u>Land charges</u>	£5,000
The unit has been successful in generating additional business from outside sources, and therefore has found savings of £5,000.	
<u>Members' Services</u>	£24,000
There have been no calls to date on the budget for the appointment of consultants for scrutiny panels by Scrutiny Committees. The level of possible savings is therefore difficult to determine but it is expected that savings of £21,000 from the budget of £50,000 should be achievable. The added members travel budget has consistently underspent by around 25% - a saving of £3,000 would appear realistic.	
<u>Business Support Unit</u>	£3,000
Savings of £1,000 each have been achieved on the budgets for postage, consultancy and other fees.	
<u>Internal Audit</u>	£7,000
Further efficiency savings totalling £4,000 has been achieved on printing & stationery and other supplies. A £3,000 reduction in staff training has also been achieved, and in future one off training for new staff will be met from vacancy savings.	
<u>Personnel</u>	£13,000
Savings achieved from Printing and Stationery (Vacancy bulletin) £7,000; Computer Equipment £3,000; Training £2,000; and car allowances £1,000.	
<u>Risk Management</u>	£4,000
Savings on consultants fees and publicity expenses (£2,000 each) as there has been underspending on these heads in the past two years.	
<u>Staff Housing</u>	£12,000
Savings of £7,000 on Aldwyck Housing Association Management fees, and £5,000 on Repairs and Maintenance are consistent with past patterns of under spending against the individual budget heads.	
<u>Annual Provision – Energy Conservation</u>	£4,000
Savings of up to £4,000 have been achieved from the provision by re-phasing lower priority schemes.	

Corporate Finance – Interest savings on VAT cashflow £74,000  
£74,000 net interest has been gained on cash flow savings from restructuring the VAT service to ensure VAT reclaims are made more quickly each month.

Corporate Finance – additional income £5,000  
Additional income of £5,000 has been generated from external customers.

Corporate ICT Infrastructure £9,000  
Savings in the consultancy budget (£5,000) and on technical research (£4,000).

Corporate Information Systems £6,000  
Savings have been achieved by deleting the recruitment advertising, relocation, professional fee budgets (totalling £2,400) and covering recruitment costs will be covered from vacancies when they arise. In addition the consultancy budget has been reduced by £4,000, although this would leave very little scope for using external specialists.

Annual Provision – ICT £5,000  
£5,000 saving has been achieved by the delayed phasing of spend.

***All Services***

BT Contract  
Savings arising from the renegotiation of the purchasing contract with British Telecom. £76,000

PACMAN Review  
Savings arising as a result of the PACMAN best value review. £591,000

**ii) Full year effect of last year's efficiency decisions £0.775m**

***Adult Care Services***

Home Care externalisation £152,000  
The in house home care service was transferred to Leonard Cheshire on 1 February 2000. As a consequence, estimated savings of £152,000 will be generated in 2002/03. The savings are less than originally estimated for 2002/03 since fewer transferred staff have left Leonard Cheshire in 2002/03 than was estimated for this financial year in February 2000.

### ***Children, Schools and Families – Education***

#### School Amalgamations

Savings in lump sum funding within School Budget Shares resulting from school amalgamations £144,000

#### Traded Services Review

Full Year effect of savings from the traded services review. £129,000

### ***Fire and Rescue***

#### Fire Cover Review

Net effect of implementing the outcomes of the fire cover review undertaken in 1998. £10,000

### ***Community Information***

#### Staff Costs (redundancy)

Repayment of costs arising from a previous library review was spread over three years. This ceases at the end of 2001/2. £29,000

#### Customer Services Centre

Full year effect of previous efficiency savings associated with the Gateway Project. £114,000

### ***All Services***

#### Single Status

Savings arising from the implementation of the single status package from 1 July 2000 £197,000

**iii) Non cashable efficiencies (including re-deployed efficiencies) £3.215m**

### ***Adult Care Services***

#### Expansion of Sheltered Housing Schemes

Some clients who would have been placed in residential accommodation are being placed in less expensive sheltered accommodation. Home care is provided within sheltered housing schemes and since the flats / homes are close together, the cost of providing the service is less than if clients were based in the wider community. Therefore, overall, more clients are being supported at the same cost. £25,000

Improving the Recovery of & Re-use of Occupational Therapy Equipment

Instead of new items being issued to all clients every endeavour is being made to collect equipment, clean it and return it to store, subject to health and safety considerations. More equipment has therefore been issued without increasing the budget and, as a consequence, there has been a reduction in the waiting list. £35,000

Block Contracts for Nursing and Respite Care

By negotiating block contracts, lower unit costs have been agreed than if spot purchases had been made. The 2002/03 budget is therefore funding more clients than if block contracts hadn't been entered into. This is especially the case for nursing home placements for older people. £50,000

Direct Payments

The direct payments scheme was extended in April 2002 to include older people. This has enabled clients to choose the amount of care they require at specific times during the week. More clients are being supported since the amount paid by clients to their own personal home care providers is less than the county council pays to major providers. £200,000

Demographic Changes

The impact of demographic changes in 2002/03 have been coped with without a corresponding increase in staff numbers. Therefore, on average, staff are dealing with more clients. £112,000

Investment in IT

More accurate, up-to-date and timely information has resulted in quicker decision making and has highlighted areas of greatest need. As a consequence, the number of clients on the waiting list has reduced. £50,000

Multi Disciplinary Changes

The increase in the number of multi-disciplinary teams and closer team working has resulted in greater co-operation between the various staffing groups and more timely and appropriate decision making. As a consequence, the number of clients on the waiting list has reduced. £50,000

Increased Occupancy Figures

Closer monitoring of occupancy levels has enabled more clients to be placed within in house hostels and group homes. For example, within in house hostels for learning disability, occupancy levels have increased from 96% in April 2002 to 96.7% in December 2002. £20,000

Providing care for Higher Dependency Clients within Existing Staffing Establishments

The average dependency levels of clients within in house hostels for people with a learning disability has been increasing gradually without a corresponding increase in staffing levels. £50,000

More Efficient Delivery of Homecare Packages £1.15m

As a result of the shortage of supply for homecare services ACS set up block contracts for homecare. These guarantee the availability of homecare, but are at a higher price than spot contract rates. Work is now increasingly being placed with new block providers.

Despite the higher price, ACS continues to provide services to approximately the same number of clients. This is because the services are being delivered more efficiently due to the new contracts being more flexible and staff ensuring that clients receive the right amount of care.

This represents a non-cashable saving of £1.15m in 2002/3, as the price increase has been absorbed by more efficient delivery of the service to the same number of clients.

***Community Information***

Development of Corporate Information Systems

The Information Management Unit, originally set up to manage the public library reference and information services, is now a corporate resource, developing the HCC web content and supporting other departments in making their information available to the public. £257,000

The responsibility for the reference and information work in libraries has been absorbed by library staff within existing resources.

Increased Library Opening Hours

Public access has been extended by 9.5 hours per week by opening 19 libraries half an hour earlier at 9.30 instead of 10am. This has been achieved within the existing staffing establishment. £9,000

***Fire and Rescue***

Community Fire Safety – Watch Related Initiatives

Following Members' approval of the Service's Community Fire Safety Strategy the Service has been able to put in place a number of community safety initiatives, many of which will be undertaken by watch related personnel working on fire stations across the county. £280,000  
These initiatives are being delivered within the existing work routines undertaken on stations and the figure of £280,000 has been calculated on the basis of 3% of personnel time on station now being spent on the new community initiatives. There is a potential for this percentage of time spent on community safety to increase in subsequent years.

### Deferred Medical Retirements

The work of the Occupational Health Advisor and the Service Medical Advisor continue to assist the Service to get its personnel either back to work early from sickness or recommending additional specialist treatment whereby personnel are not lost to the Service early through medical retirement. The net effect of some of this work is to defer pension lump sum payments to those individuals who will not leave the Service early but who, it is hoped, will continue to see out their 30 years' service as planned. £85,000

### External Funding Sources

The service has been successful in bidding for external funding in three areas, namely Worklife Balance Challenge funding, Supplementary Credit Approval for equality and diversity and Home Office Connecting Communities Race Equality grant. In total these successful bids amount to £277,000 and will enable the Service to deliver initiatives in each of the three respective areas at a time when the Service may have had to bid for such funding through Hertfordshire County Council. £277,000

### ***Environment***

#### New Procurement Contract

The second-generation highway services procurement contract implemented from October 2002 has significantly streamlined the previous commissioning procedure. In addition the revised working arrangements have removed duplication between client staff and both Contractors and Consultants, facilitating action by the party best placed to deliver the service as a first time action. The revisions have enabled redistribution of resource from one area of activity to reinvest in areas previously not being delivered to prescribed standards. £250,000

#### Framework Commission

In order to respond to the increased works budgets allocated during 2001/02 new working arrangements have been established between our key service providers. This makes use of a joint planning team drawn from all parties who assess all projects and produce an integrated programme for designated areas of the County. Each scheme is then assessed in order to minimise the element of supporting design and documentation needed to effect implementation. In this way scheme on scheme input is reduced thereby improving efficiency and enabling the enhanced works programme to be implemented within available resources. £200,000

#### Disposal of Fridges

By taking the decision to delay tendering the contract for the disposal of fridges in order to allow time for the market to develop, the County Council has considerably reduced its outlay. £115,000