



Efficiency News Update

Formerly Partnering & Procurement News

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Welcome to the third edition of *Efficiency News*, published by the ODPM Modernisation and Efficiency team (MEt) and The National Procurement Forum in partnership with PricewaterhouseCoopers.

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The views expressed in this newsletter are not necessarily those of the Modernisation and Efficiency team (MEt), the Forum, the ODPM or Government ministers

Issue 3 – August 2005

Efficiency Agenda Update

A considerable amount of progress has been made on the local government efficiency agenda over the last couple of months. The Modernisation and Efficiency team review some of the major events that have taken place.

The **2005/6 Forward Look Annual Efficiency Statements** were submitted by all local authorities in April and published on the ODPM¹ and RCE² websites on 16 June. The response was very positive and a review of the Forward Look statements is included later in this issue of “Efficiency News”.

The deadline for submitting the **2004/5 Backward Look Annual Efficiency Statements** passed on 15 June and, once again, the response by local authorities was very constructive. We are currently analysing the statements that have been received, but the early picture is encouraging. When considered together with the efficiency gains that authorities expect to make in 2005/6, local government is already well on the way to meeting its £6.45bn target. We plan to publish the Backward Look statements and our analysis of the results during the summer.

To support the production of the 2004/5 Backward Look statements, a new guidance document, “**Measuring Efficiency Gains**”, was published on 16 May³. It sets out in more detail how local authorities should complete the Backward Look statement. In particular, it explains how the Quality Crosscheck system works and includes a full list of the currently approved crosschecks.

The document also set out the **initial findings of the Measurement Taskforce** on key issues such as efficiency gains from capital spend, treasury management and fees and charges. Over the next few months, the Taskforce (which is comprised of a variety of local and central government representatives and other stakeholders) will consider further topics, including the measurement of non-cashable efficiency gains, and finalise the guidance in relation to treasury management. It will also be looking at what lessons can be learnt from the experience of the Backward and Forward Look rounds so that the process can be improved for future years.

A series of **Voluntary Toolkits** have been published, one for each service sector and crosscutting workstream⁴. They are intended to help identify areas where local authorities might be able to make efficiency gains and how they could be measured. The toolkits will be revised and improved over time as more examples of best practice are identified and experience is developed in identifying and measuring non-cashable efficiency gains.

Throughout this process, the **AES Discussion Forum** on the esd-toolkit website has proved to be very lively⁵! For anyone who has not yet discovered this resource, it is a place where people involved in efficiency in local government can share information, seek advice, and get help with any problems they may encounter. All the recent publications mentioned above have also been posted on the Forum. If you need any help getting registered with the esd-toolkit website, or the Forum in particular, you should contact the esd-toolkit team at esd-toolkit@idea.gov.uk.

¹ http://www.odpm.gov.uk/stellent/groups/odpm_localgov/documents/divisionhomepage/038244.hcsp

² <http://www.rcoe.gov.uk/rce/core/page.do?pagelId=10108>

³ <http://www.rcoe.gov.uk/rce/aio/10615>

⁴ <http://www.rcoe.gov.uk/rce/core/page.do?pagelId=10106>

⁵ <http://www.esd-toolkit.org/forums/viewforum.php?f=130>



The Ministerial Team at the Office of the Deputy Prime Minister

Since the General Election on 5 May, there have been a number of changes to the Ministerial team supporting the Deputy Prime Minister. The current team and their responsibilities are detailed below:

The Rt Hon John Prescott MP - Deputy Prime Minister

Overall responsibility for the Office of the Deputy Prime Minister.

The Rt Hon David Miliband MP - Minister of Communities and Local Government

The Office of the Deputy Prime Minister's second cabinet minister and supports the Deputy Prime Minister across the Office as a whole (biographical details are included below).

Yvette Cooper MP - Minister for Housing and Planning

Housing; Planning; Thames Gateway and Growth Areas; Market Renewal Pathfinders; Urban Policy; Liveability; Gypsies and Travellers; Homelessness; Sustainable Buildings; Regional Economic Development; Northern Way and other intra-regional growth strategies; Government Offices for the Regions. Leads for ODPM on Sustainable Development.

Phil Woolas MP - Minister for Local Government

Local Government Strategy; Local Government Finance (including Lyons Review, revaluation and 3 year budgets); Local Government Pensions; Local Area Agreements; Neighbourhoods and Mayors; Local Government Efficiency; Future of Comprehensive Performance Assessment; Single Local Services Inspectorate; Fire and Rescue Service; Civil Resilience; Neighbourhood Renewal Unit and Fund; New Deal for Communities; Social Exclusion; Supporting People; Better Regulation (biographical details are included below).

Baroness Andrews OBE - Parliamentary Secretary

Supports Minister for Housing and Planning; Covers all ODPM business in the Lords; Customer Minister for Ordnance Survey.

Jim Fitzpatrick MP - Parliamentary Secretary

Supports both Ministers of State in the Commons; London issues (including residual Dome issues); Corporate issues, Equality and Public Appointments; Sponsor Minister for Ordnance Survey.

The short biographies below provide some background on the new Ministers with principal responsibility for the local government aspects of the Efficiency Review:

The Rt Hon David Miliband MP, Minister of Communities and Local Government

David Miliband entered the Cabinet as Minister of Communities and Local Government on 6 May 2005, supporting the Deputy Prime Minister on housing, planning, regeneration and local government.



He was previously appointed Minister for the Cabinet Office on 15 December 2004 and prior to that, Minister of State for Schools from June 2002. He has been Labour Member of Parliament for South Shields since June 2001.

He was previously Head of the Prime Minister's Policy Unit and Head of Policy in the Office of the Leader of the Opposition. From 1989 to 1994 he was Research Fellow at the Institute for Public Policy Research (IPPR) and from 1992 to 1994 Secretary of the Commission on Social Justice.

David Miliband was born on 15 July 1965. He was educated at Haverstock Comprehensive School in London.

He graduated with First Class Honours in Philosophy, Politics and Economics from Corpus Christi College, Oxford University, and completed a Masters Degree in Political Science at the Massachusetts Institute of Technology, where he was a Kennedy Scholar.

Mr Miliband edited *Reinventing the Left* in 1994, and co-edited *Paying for Inequality*. He was co-founder of the Centre for European Reform. He is President of South Shields Football Club, and a member of the Whiteleas and Cleadon Social Clubs.

He is married to violinist Louise Shackelton and they have one child, Isaac.

Phil Woolas MP, Minister for Local Government

Phil Woolas joins the Office of the Deputy Prime Minister as Minister for Local Government. He will support the Deputy Prime Minister John Prescott and Minister of Communities and Local Government David Miliband in their work across the Sustainable Communities agenda.

Previously, Mr Woolas was Deputy Leader of the House of Commons, and has held roles including Government Whip and Parliamentary Private Secretary at the Department of the Environment, Transport and the Regions.

He contested the 1995 Littleborough and Saddleworth by-election and has been Member of Parliament for Oldham East and Saddleworth since 1 May 1997.

Before entering Parliament he was Head of Communications at the GMB trade union (91-97) and previously a television producer for the BBC and ITN (88-90). He was President of the NUS (84-86). He is a graduate in Philosophy from Manchester University. He is married with two sons.

Biographies of the other Ministerial members of the ODPM can be found at our [website](#).

Review of the 2005/6 Forward Look Statements

The first Annual Efficiency Statement round was for the 2005/6 Forward Look statements, which were submitted by all local authorities in April. The statements set out authorities' strategy for making efficiency gains, the key actions that they intend to undertake to obtain efficiencies during 2005/6, and the value of the gains they expect to achieve. They encompass efficiencies from all areas of local services except schools, fire and police which are subject to separate arrangements. This article discusses key issues highlighted in the statement returns.

Overall, the response to this first round was very positive. Our analysis of the statements reveals that local authorities expect to achieve nearly £1.2bn of efficiency gains during 2005/6. In comparison, the annual efficiency target, which is 2.5% of councils' 2004/5 baselines, is a little over £1bn. Of course, the Forward Look statements are not a record of achievement, but rather an expectation of what can be attained. Nevertheless, they provide a welcome indication of the level of commitment there is to delivering local services more efficiently.

Strict comparison against the 2005/6 target is also made more difficult because the efficiency gains that were made in 2004/5, and have been reported in the 2004/5 Backward Look statements, will also contribute towards the achievement of the target. All authorities have reported that they expect to exceed their 2005/6 target when these gains are taken into consideration.

Looking more closely at the figures, the table below shows the breakdown of expected efficiency gains by service sector and crosscutting workstream:

Area of Activity (Lead Department in brackets)	Expected Gains (£m)
Service Sector	
Adult social care (DH)	177
Children's services (DfES)	75
Culture and sport (DCMS)	48
Environmental services (Defra)	84
Local transport (DfT)	79
LA social housing (ODPM)	71
Non-school education services (DfES)	51
Supporting people (ODPM)	39
Homelessness (ODPM)	11
Crosscutting Workstream	
Corporate services (ODPM)	206
Procurement (ODPM)	113
Productive time (ODPM)	66
Transactions (ODPM)	39
Miscellaneous (ODPM)	125
GRAND TOTAL	1,183

The information contained in the statements will help the Regional Centres of Excellence (RCEs) to develop their strategy for helping local authorities within their region, as they will be able to identify areas where co-operation may be possible as well as areas where more support and encouragement

may be helpful. Also, central government departments will be using the information to improve the focus of their efficiency guidance and toolkits.

All the individual Forward Look statements were published on 16 June, together with a spreadsheet that set out the level of efficiency gains expected in each sector by each local authority. The new Local Government Minister, Phil Woolas, welcomed the good news contained in the statements and commented:

"Today's analysis of councils' outline plans shows that they are making real efforts to meet the efficiency target set out by the Chancellor last year, and I would like to thank them for submitting this information to the ODPM. These efforts will release money and other resources that councils can reinvest in local services or use to hold down Council Tax. Obtaining value for money is a key part of the effective delivery of services. It is in everyone's interests to work in partnership to promote efficiency, getting the most from available resources to enhance services to local people."

Cllr Sir Jeremy Beecham, the Vice-Chair of the Local Government Association and Chair of its Efficiency Task Group, also commented on the results, saying:

"This is £1.2bn worth of solid evidence of councils' long-acquired experience, commitment and ability to continue to drive for better services at a lower cost, which is helping them invest in services and keep council tax down."

News from the Regional Centres of Excellence

The nine Regional Centres of Excellence (RCEs) are now well established and are committed to working together and with other parts of the public sector to reduce duplication and to increase the available efficiency gains. This article discusses the operation of the RCEs and the progress made to date in more detail.

The RCEs coordinate their activity through a monthly meeting of the Regional Directors Group (Chaired by Steve Holland, Director of East Region RCE) and through meetings of the Chief Executives Taskforce (CEXTF) which take place approximately every two months. The CEXTF is chaired by Tim Byles, National Procurement Champion and Chief Executive of Norfolk CC. The core composition of the taskforce includes the Chief Executive of each of the host authorities of the nine Regional Centres, Barry Quirk, National Efficiency Champion and Chief Executive of London Borough of Lewisham and other key stakeholders from the ODPM, OGC and the Performance Partnership. Each Chief Executive has a workstream lead and will invite their appropriate central government department and agency contacts when it is relevant. They will seek their involvement at least once a year.

Each Chief Executive has agreed to take a personal lead in one or more of the cross cutting sectors and service sectors identified by the ODPM in their report, "Delivering Efficiencies in Local Services." The RCE, led by their Chief Executive with support from their Regional Director, will act as the first point of contact and the co-ordinator for the specific workstream area, acting as a signpost to sources of information, advice and expertise. They will also endeavour to liaise and engage with appropriate



change agents, central government departments and other stakeholders, participating in national meetings / steering groups where appropriate. The leads are identified as follows:

- East of England
- Procurement of Commodity Goods & Services, Culture & Sport and Environmental Services
- East Midlands
- Construction Procurement including Highways
- London
- Productive Time and Social Housing
- North East
- Education and Supporting People/Voluntary & Community Sector
- North West
- Local Public Transport
- South East
- Adult Services
- South West
- Fire
- West Midlands
- Children's Services
- Yorkshire & Humber
- Corporate & Transactional Services

The programme management for the Regional Centres is led by a discrete team working separately out of ODPM in Eland House. A key achievement of the team so far has been the launch of a national RCE website which went live on the 1st April and can be accessed at www.rcoe.gov.uk This website is designed to be the national gateway to the work of the RCEs and one of its main functions is to signpost to individual Centres, it also contains useful guidance, links and contacts related to the Efficiency Programme. The most recent addition to the site is the suite of departmental toolkits relating to the backward look AES statements due on the 15th June. The contact details for the Programme Management Team are also on this site.

The Regional Centres are all working to identify and allocate funding to regional projects to support the needs of local authorities in their individual regions.

The RCEs held a stand at the GC 2005 Expo, the UK's leading technology event for the public sector on the 21st and 22nd June. Visitors were encouraged to visit the stand to find out more about what the Centres can do to help local authorities achieve their efficiency gain targets. In addition Tim Byles, National Procurement Champion, Chair of the Chief Executives Taskforce and Chief Executive of Norfolk County Council gave a key note speech at the Procurement Solutions event which was co-located within the GC 2005 Expo.

To access more information on the RCEs visit the website www.rcoe.gov.uk or speak to the programme management team on 020 7944 4145.

2005 Beacon Scheme Launched

The latest round of the Beacon Scheme was launched at this year's Local Government Association annual conference.

Now entering its seventh year, the Beacon Scheme aims to promote excellence in local government by enabling authorities to share examples of good practice across a wide range of themes. Of the ten themes announced for Round 7, two cover areas that have been of particular focus in this newsletter:

- Delivery of Quality Services through Procurement; and
- Transforming the Delivery of Services through Partnership.

The other eight themes are:

- Culture and Sport for Hard to Reach Groups;
- Early Intervention (Children at Risk);
- Improving Housing Services by Involving Tenants;
- Improving Rural Services: Empowering Communities;
- Positive Youth Engagement (in community and democratic Process);
- Road Safety;
- Valuing People; and
- Waste and Recycling.

Each of these themes has the potential to generate significant efficiency gains and several have featured in previous editions as areas that have benefited from more effective approaches to procurement and service delivery partnerships.

Applications for Beacon status must be submitted by 5 September 2005, with successful authorities announced in March 2006.

Instructions on how to apply, including the criteria that will be used to assess applications, are published in *The Beacon Scheme: How to Apply 2005* available at the [ODPM web site](#).

What's New?

Serco Proves its Worth

Southwark LBC's four-year IT contract with Serco is to be extended for a further two years when it comes to an end in July. Additional aspects of the service will include 24-hour helpdesk support. The council says it is currently achieving 4% efficiencies annually under the contract.

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£1.8 Million Upgrade in Site

Luton BC's waste management contractor has unveiled £1.8 million worth of improvements in a local amenity site and transfer

station. The investment comes within the first year of a 12-year contract between the authority and Waste Recycling Group.

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DTI's Direct Approach

Business process contractor Agilisys, together with Cumbria CC, has been chosen by the DTI to create its consumer direct advice centre serving the North West region of the UK. The government-funded programme will deliver consumer information in a one-stop-shop format in 11 regions of the country.

Reproduced with permission of Municipal Journal 19/05/05

Forward with Reverse

Coventry City Council has become the latest local authority to enter the electronic reverse auction ring. The council was this week leading the Central Buying Consortium in its reverse auction for stationery and computer products.

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Mendip Signs up Capita

Mendip DC has selected Capita Local Government Services to deliver a wide range of business support, in a 12-year contract valued at more than £30 million. The contract covers housing benefit administration, payroll, revenues and council tax, electoral

registration, IT support and systems management.

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Better Knowledge for Smarter Spending

'There's no question my team and I have got a huge challenge in front of us; but I am confident budget-holders throughout the education system will find the service we provide invaluable.' So says Ian Taylor, Director of the new DfES Centre for Procurement Performance (CPP).

The CPP aims to support the education system in meeting the challenging efficiency savings targets set after the Gershon Review, and to promote better procurement across its numerous sectors. The CPP wants to increase opportunities for organisations to achieve savings on purchases of services or goods by encouraging co-operation and collaboration between all. It will research current procurement practice and identify where there are opportunities for better deals.

The efficiency programme may still seem quite abstract to budget-holders in the education system. Those for whom it is already up close and real may still perceive it

as just another cost cutting programme - a threat. Although there are targets for saving money across the public sector – including through better procurement – the commitment within the education system is that money saved will be retained and reused at the front line by those making the savings.

"The issue facing the education system is the vast number of stakeholders and the wide range of procurement capability in each sector. There will be very smart bursars negotiating deals at least as good as the best local authority or university buyers and in procurement says Taylor "Size does not necessarily matter". We will need to take local needs and local firms into account just as much as aggregating spend on purchases which are usually made with national suppliers."

His teams' challenge now is to start informing the education system about the best deals available, and to win the participation of budget-holders, by persuasively communicating the cream of the procurement opportunities, and the most effective ways to save money. Further details can be found via the [DfES website](#).

DfES 2005



Useful Links

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Office of the Deputy Prime Minister

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The Employers Organisation

Layden House
76-86 Turnmill Street
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EC1M 5LG
Tel: 020 7296 6781
Web: <http://www.lg-employers.gov.uk>

Improvement & Development Agency and IDEA Knowledge

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The Local Government Procurement Forum

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