




£438m Efficiency Savings

Local government commits to progressing on the basis of the £438m savings subject to detailed work on the figures (as recommended by PWC):

(a) Transition Savings - £10.7m

(b) Transformation Savings - £52.9m

What this means for councils (indicative)



Year	Annual Efficiency Target per council	Cumulative Target per council	Cumulative Target per sector
	£m	£m	£m
2012/13	0.96	0.96	10.58
2013/14	1.92	2.88	31.74
2014/15	1.92	4.80	52.90



Key Principles (Local government)

- Decisions about how efficiency savings should be delivered need to be made by the people who are responsible for delivering them.
- Each local authority will agree its annual contribution to the efficiency target with DOE.
- An assurance on the delivery of each council's efficiency savings against its target will be provided by the NIAO as part of the final accounts process
- Efficiency savings will be initially used to repay any pump-priming loan finance provided by central government.
- Each local authority will then decide on how best to use the efficiency savings following repayment of central government loans.
- Where feasible, existing delivery mechanisms at regional and sub-regional levels should be used in order to avoid burdening the sector with additional overheads.



Key principles (Central Government)

- The reform of local government needs to be rates neutral at the point of transfer
- Provide financing mechanisms to meet:
 - upfront costs
 - costs of rates equalisation.
- Sanctions for not meeting targets
- Improvement plan to maximise collectable rate income
- RPA is implemented
 - Boundaries agreed
 - Legislation enacted

Efficiency Framework



DOE

- Sets overall efficiency target
- Agrees annual efficiency target with each council
- Provides pump-prime funding

RTC/RTMT

- Leads on regional collaboration
- Oversees regional element on efficiency programme

Councils

- Agree annual efficiency target with DOE
- Provide an annual efficiency statement
- Deliver efficiencies to deliver agreed target

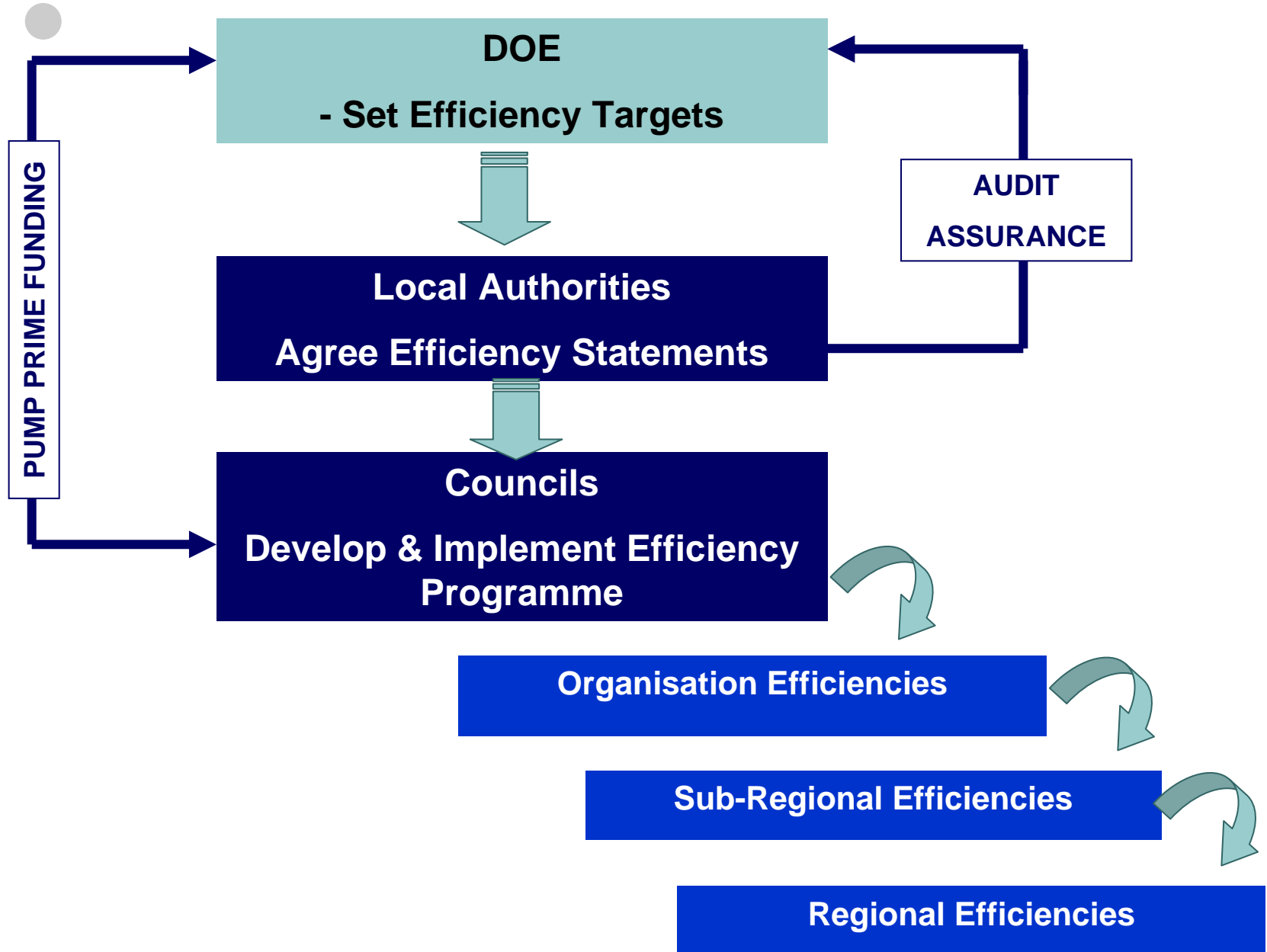
NILGA

- Share best practice
- Advocate on behalf of sector on efficiency issues

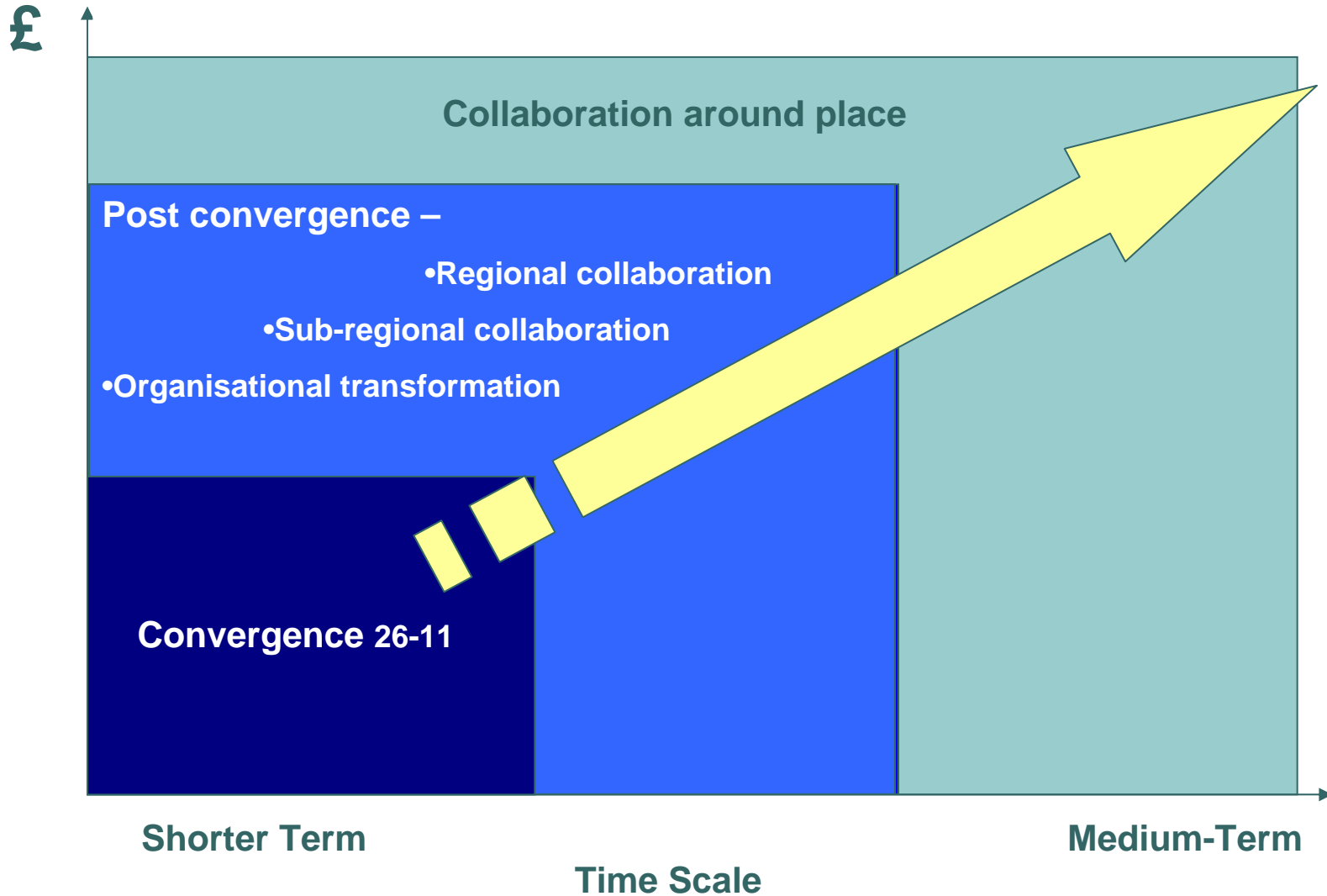
NIAO

- Audit annual assurance statements

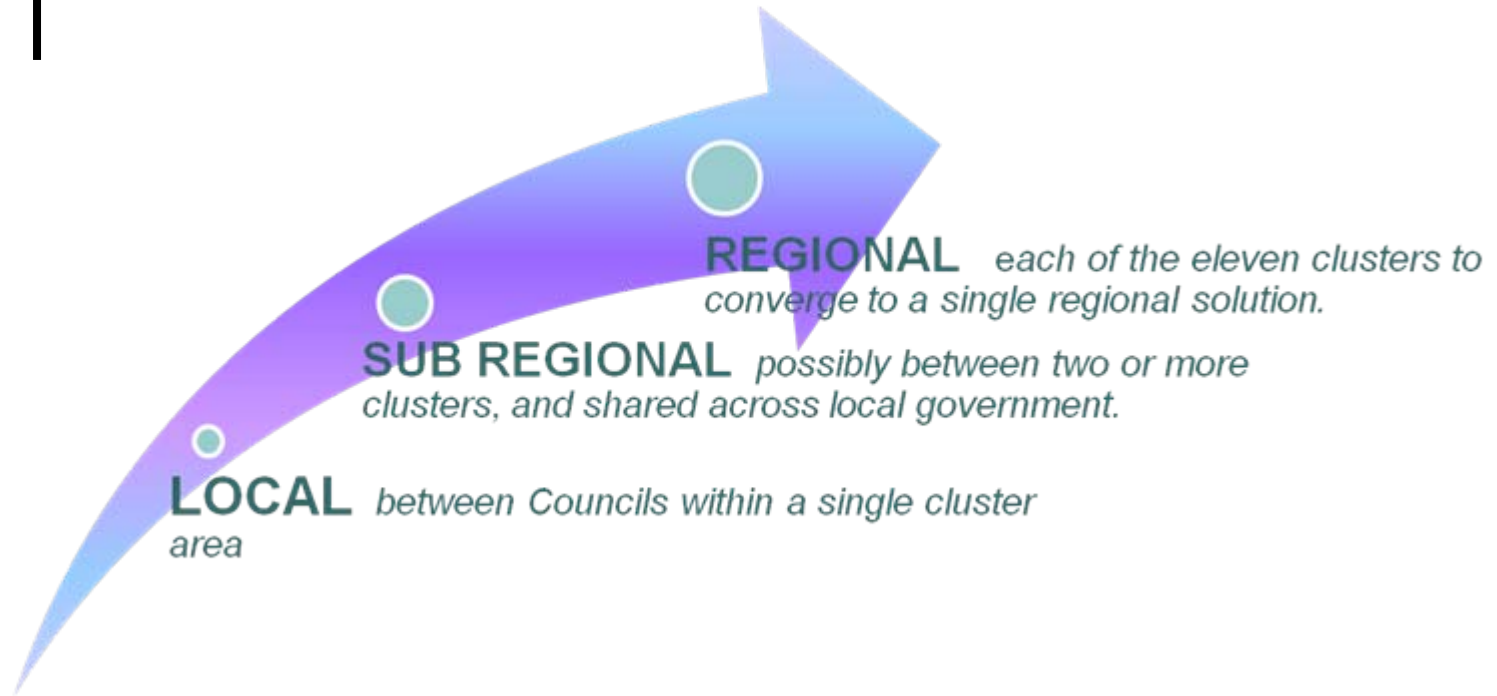
Framework



Approach to Efficiency



Where can we start now?



Existing Collaborative Vehicles in Local Government

Some existing vehicles within the local government sector could easily be utilised to spread the benefits to a wider number of users



Organisational Efficiency

More for Less

What

- Service effectiveness
- Revenue generation
- Cost reduction savings

How

- Procurement
- Assets/Land
- Staff costs
- Income generation
- Customer
- ICT



Lessons from others

- Regional Improvement and Efficiency Partnerships
 - Collaborative procurement
 - NWest Improvement Hub
 - £6.8m in 4 years
 - E-Auctions
 - Framework contracts
 - Construction
 - Consultancy
 - Area based Asset Management and Realisation
 - Shared Services
 - ICT
 - HR
 - Payroll



In conclusion....

- Local government commits to progressing on the basis of the targets within option 5 with further work to be done.
- The achievement of the targets will be audited by NIAO
- Sanctions can be applied by central government if savings are not achieved
- The beauty is that efficiency will be driven by a target and not a process.



In return....

- Central government needs to ensure reform is rates neutral
- Pump-priming finance will be provided
- Clarification on the boundaries and legislation to be urgently provided
- LPS collection rates need to be improved to best in class