

ANNEXE A

Local Authorities Exceeding Targets for Efficiency Gains

Local authorities in England are still on track to exceed their targets for efficiency gains for 2005/06, Local Government Minister Phil Woolas has announced.

The Mid-Year Update statements, released today by ODPM, indicate that councils are set to surpass the target of £1 billion gains by the end of 2005/06 - and deliver efficiency gains of almost £1.9 billion instead.

Welcoming the news, Local Government Minister Phil Woolas said:

“Today’s figures show that local authorities are well on the way to achieve the targets laid out in the Gershon review of £3.1 billion worth of efficiency gains by 2007/08.

“This illustrates that councils are able to provide effective local services at an affordable cost. These efforts will release money and other resources that councils can re-invest in local services or use to hold down Council Tax.

“We recognise the significant efforts of local authorities in delivering modern, innovative and efficient services for local people and now expect councils to build on this achievement - continuing to budget prudently and ensure the good work that they are currently undertaking in terms of efficiency gains continues and is embedded in their service delivery culture. “

Today's figures encompass efficiency gains from all areas of local authority expenditure, but excludes schools, fire and police which are subject to separate monitoring arrangements.

The statements show that, overall, councils still expect to achieve the majority of the efficiency gains they originally planned for the in 2005/6 Forward Look statements submitted in April 2005. The analysis below compares how expectations have changed in the various service sectors and workstreams:

Area of Activity (Lead Department in brackets)	Gains Expected in 2005/6 (£m)	
	Reported in Forward Look	Reported in Mid-Year Update
Service Sector		
Adult social care (DH)	131.2	126.8
Children's services (DfES)	59.8	56.5
Culture and sport (DCMS)	31.8	29.9
Environmental services (Defra)	60.8	61.6
Local transport (highways) (HA)	56.1	35.6
Local transport (non-highways) (DfT)		18.3
LA social housing (capex) (ODPM)	56.9	27.8
LA social housing (other) (ODPM)		46.3
Non-school education services (DfES)	35.2	36.3
Supporting people (ODPM)	32.0	36.7
Homelessness (ODPM)	7.7	7.8
Crosscutting Workstream		
Corporate services (ODPM)	141.3	128.0
Procurement (ODPM)	88.9	88.0
Productive time (ODPM)	44.8	36.9
Transactions (ODPM)	23.2	24.4
Miscellaneous (ODPM)	84.6	57.2
GRAND TOTAL	855.0	818.1

The statements from councils, published today show that local authorities are on course to meet the efficiency targets set by the Chancellor who expected them to provide £3.1 billion worth of gains by 2007/08.

-ENDS-

Notes to Editors

1. In the 2004 Spending Review, the Chancellor of the Exchequer set out the target for local government to achieve at least £6.45 billion of efficiency gains by 2007/8. This target includes efficiencies from all areas of local services, including councils, schools, fire and police. These final three areas of local government are not included in today's announcement, since they are subject to separate monitoring arrangements.

2. The Mid Year Update statements published today, set out the amount of efficiency gains achieved so far during 2005-06 and councils' estimates of what they will have achieved by the end of the year. These statements were not required from shire district councils or any council rated "Excellent" by CPA; nevertheless, 61 such councils chose to do so voluntarily. In total, 164 Mid-Year Update statements were received.

3. The statements indicate that councils are broadly on track to deliver the efficiency gains in 2005/6 that they set out in their 2005/6 Forward Look statements in April 2005. This means that local authorities are still on course to deliver nearly £1.9 Billion worth of efficiency gains by in the end of 2005-06. The Statements and analysis are available on the ODPM website at:

www.odpm.gov.uk/index.asp?id=1162616

4. Efficiency gains accrue when projects achieve one or more of the following

- Reducing inputs for the same outputs;
- Reducing prices for the same outputs;
- Getting greater outputs or improved quality for the same inputs; or,
- Getting more outputs or improved quality in return for an increase in resources that is proportionately less than the increase in output or quality