

Meeting:	BNG Board
Date:	23 rd January 2009
Contact:	Ian Mackintosh
Board Action:	For Consideration
Sensitivity:	Public

Subject: Item 6 – Action Plan on Efficiency

Link to BNG Vision and Objectives:

Delivery of the Efficiency Plan will help to ensure that the BNG vision and objectives are achieved.

Recommendation:

BNG Board is recommended to note the contents of the attached report and endorse the actions contained therein.

Executive Summary:

The Audit Commission Strategic Review of BNG in September 2008 stated that overall BNG has continued to be assessed as performing strongly.

In terms of efficiency and effectiveness in this review BNG is assessed as performing well. This is an improvement on the previous assessment where performance was classed as adequate.

The Audit Commission Use of Resources Review also in September 2008 concluded that BNG was performing well as regards value for money.

However, both reviews made the following recommendation:

“The efficiency and effectiveness model is a positive development but the pathfinder now needs to develop an efficiency plan, which sits within or alongside model, with explicit time-bound targets for cash savings.”

Whilst it is recognised that a key driver for the production of an Efficiency Plan is the Audit Commission recommendation it does reflect good business practice and as such should be welcomed by BNG.

This recommendation must be complied with within six months of 1st November 2008.

This report seeks to update the Board on the progress to date in developing the required efficiency plan.

Implications	
Financial:	The efficiency plan seeks to improve the value for money delivered by BNG
Equality:	Equality issues are considered in all aspects of delivery of the BNG programme
Sustainability:	Sustainability issues are considered wherever relevant in the delivery of the BNG programme
Freedom of Information:	Public
Report Status:	Open

Risk:	Risk management is considered at various stages throughout the delivery of the BNG programme
--------------	--

Efficiency Plan

Introduction

The Audit Commission Strategic Review of BNG in September 2008 stated that overall BNG has continued to be assessed as performing strongly.

In terms of efficiency and effectiveness in this review BNG is assessed as performing well. This is an improvement on the previous assessment where performance was classed as adequate.

The Audit Commission Use of Resources Review also in September 2008 concluded that BNG was performing well as regards value for money.

However, both reviews made the following recommendation:

“The efficiency and effectiveness model is a positive development but the pathfinder now needs to develop an efficiency plan, which sits within or alongside model, with explicit time-bound targets for cash savings.”

This recommendation must be complied with within six months of 1st November 2008.

Whilst it is recognised that a key driver for the production of an Efficiency Plan is the Audit Commission recommendation it does reflect good business practice and as such should be welcomed by BNG.

Efficiency and Effectiveness Model

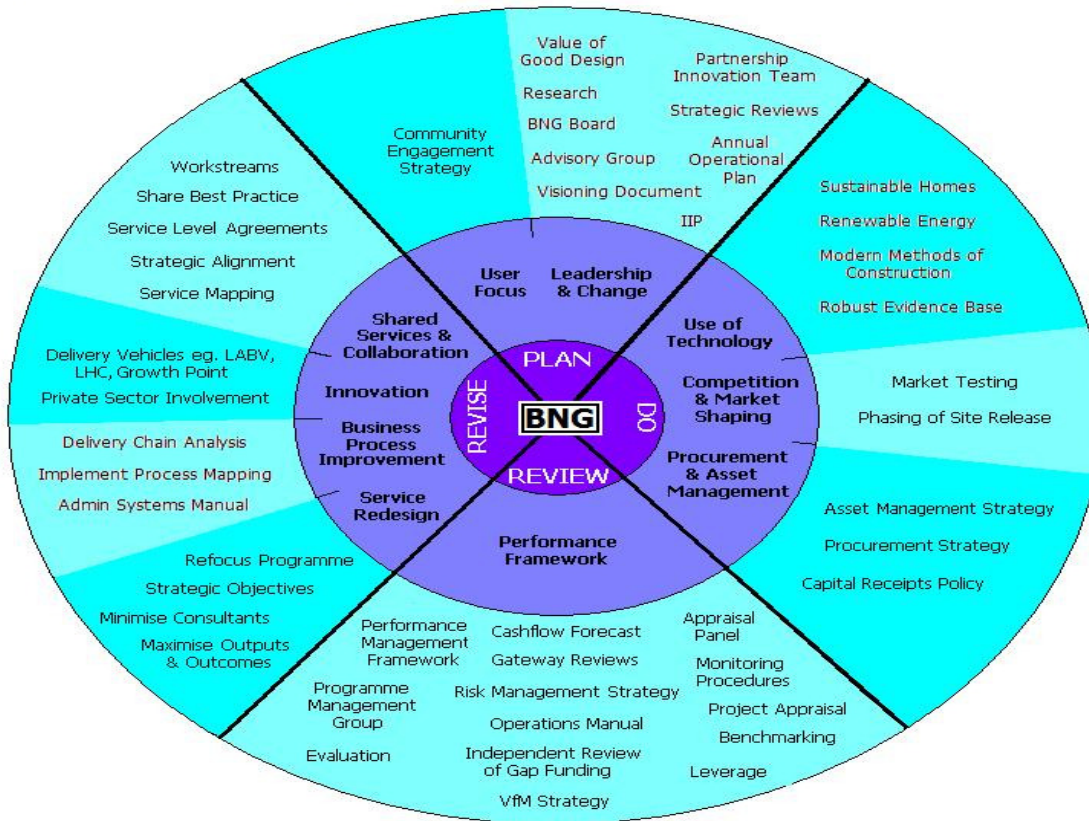
As part of the 2006-08 Scheme Update BNG developed an Efficiency Statement in accordance with the template determined by the Pathfinder National Finance Forum.

During 2007-08 it was felt that the BNG Efficiency Statement did not really capture everything that was being done to improve the efficiency and effectiveness of BNG across all areas of activity.

To identify the work being carried out by BNG to improve efficiency and effectiveness in a structured manner the Efficiency and Effectiveness Model, as previously reported to the Board was developed (see below). It was felt that this was a much stronger statement of the intent to embed value for money and efficiency principles throughout BNG.

The key message to be taken from the model is that efficiency, effectiveness and value for money cut across all areas of work undertaken by BNG (and all other organisations)

BNG Effectiveness and Efficiency Model



The Audit Commission has recognised that the model has gone a long way to improving the understanding of efficiency within the organisation and comments as follows:

'The pathfinder has established a wide ranging efficiency and effectiveness model, which seeks to embed consideration of value for money throughout business planning and management. The model identifies actions across a wide range of activities to improve efficiency and effectiveness, setting timescales for actions and outcomes. Key component of the model are the annual operation plan that describes the activities, actions and outcome for 2008/09 and a partnership agreement, which sets out the respective roles and responsibilities of BNG and the local authorities in taken forward delivery of the programme. The efficiency and effectiveness model is a positive development but the pathfinder now needs to develop an efficiency plan, which sits within or alongside model, with explicit time-bound targets for cash savings.'

Efficiency Action Plan

As noted by the Audit Commission 'In practice a significant number of cashable and non-cashable savings have been achieved.'

The following examples were provided as evidence in the Use of Resources review:

- Staffing budgets have been capped at 2007-08 levels through to 2010-11 leading to a 3% per annum efficiency gain
- A review of the Private Sector Renewal Policy has lead to a reduction in average unit costs to £13,000 from around £25,000
- There has been a significant reduction in the use of consultants providing

- more general advice from an average of £50k per annum to nil.
- The use of independent quantity surveyors to review gap funding calculations has led to a significant reduction in the BNG requirement for grant aid. The first two examples lead to a reduction of 10% in the budget for future gap funding projects.
 - The sharp reduction in the revenue allocation to the partnership has been managed with no adverse impact on the programme.
 - Neighbourhood management schemes have been mainstreamed in Gateshead and budgets have been tapered in Newcastle leading to mainstreaming by 2011-2012.
 - Working with partners has led to a reduction in the requirement for BNG funding e.g. EP involvement in acquisition of the Freight Depot site.
 - Changing the way that BNG is involved in long term partnerships by investing rather than grant funding will lead to a significant reduction in the requirement for HMRF such as the Scotswood URV
 - Both Newcastle and Gateshead have framework contracts in place to deliver demolitions leading to a more efficient, quicker service
 - BNG has streamlined its monitoring requirements, reducing the quantity from 12 to 8 forms, leading to time savings
 - A Partnership Agreement has been developed specifying the requirements for all partners, including supporting activity, and leading to savings in detailed monitoring of staffing etc.

The following actions are to be taken to develop an appropriate Efficiency Plan to come into effect from the beginning of 2009-10:

- 1) Programme Management Group has been tasked with developing an Efficiency Plan with time bound targets for cash savings. The first step in preparing this is, where possible, to quantify the savings detailed above and project them forward to 2010-2011.
- 2) The existing Efficiency and Effectiveness Model is to be reviewed to determine any additional quantifiable efficiency gains.
- 3) As part of the project appraisal and developing evaluation methodology project officers are asked to identify potential and actual efficiency savings from the delivery of their projects. These will need to be captured and fed into the efficiency plan.
- 4) The delivery of efficiency gains is to be monitored by the Partnership Improvement Team.
- 5) From a discussion at the Pathfinder Finance Forum it is apparent that most Pathfinders do not have detailed efficiency plans. Examples of those that do are currently being reviewed to determine what lessons can be learned and these will be fed into the BNG Efficiency Plan.

The Audit Commission have offered to provide support to any Pathfinders that request it to help to respond to any of their recommendations. It is proposed that BNG take advantage of this to develop an appropriate efficiency plan.