

EAST AYRSHIRE COUNCIL

CABINET 17 AUGUST 2011

EFFICIENT GOVERNMENT RETURN

Report by the Executive Director of Finance and Corporate Support

1. PURPOSE

- 1.1 The purpose of this report is to present the proposed Efficient Government Return for approval prior to submission to COSLA for incorporation into a Scotland wide report for the Scottish Government.

2. BACKGROUND

- 2.1 Efficient Government is a concept that local government in general and East Ayrshire Council in particular has been familiar with for many years. This Council in common with others has had to manage delivery of services within ever tighter financial constraints.
- 2.2 The Scottish Government has set a target for the public sector to achieve at least 2% efficiencies each year of the Spending Review 2008/09 to 2010/11. Local authorities acknowledged that as part of the partnership arrangement with the Scottish Government, they have a responsibility to demonstrate the efficiency gains delivered each year.
- 2.3 Councils agreed that efficiency statements for 2010/11 should be prepared to add to the accountability arrangements for each Council locally and nationally. The statements may also assist in the sharing of best practice across the local government community and so further accelerate progress in becoming increasingly efficient.
- 2.4 COSLA's intention is to provide the Scottish Government with a consolidated report which will not identify savings made by individual councils, but which will promote the approach taken by local government as a whole and quantify the overall effect.
- 2.5 Efficiencies are classified in two ways, namely: Cashable and Non-Cashable. Cashable efficiencies are where the same or higher outputs are achieved with a lower level of resources. Non-Cashable efficiencies are where higher levels of output are achieved using the same level of resources. For example, if through improving efficiency 8 staff can now process the work previously done by 10, two posts can be deleted and a cashable saving achieved. If, however, 10 staff, through improved process, can now handle a higher volume of work that would previously have required two additional staff to be recruited, no actual cash is released for other purposes but a Non-Cashable efficiency gain, equivalent in value to the cost of the eight additional staff that

would otherwise have been employed to cope with that volume, is achieved.

3. PROCESS TO COMPILE THE EFFICIENT GOVERNMENT RETURN

- 3.1 The efficiencies reported in the return are based on outturn efficiency reports provided by each Executive Director.
- 3.2 The Efficient Government return is compiled using guidance provided by COSLA and the Scottish Government. The guidance defines what can be classified as cashable and non cashable gains, and sets each against the six Efficient Government themes of Procurement, Workforce Planning, Asset Management, Shared Services, Streamlining Bureaucracy and Other.
- 3.3 The guidance allows all match funding to be counted as an efficiency, with the exception of funding received from the Scottish Government. The guidance states that efficiency gains arise from these arrangements as the Council would have to fund a larger share of the costs associated with the initiative had the match funding not been achieved; and therefore by leveraging in alternative funding, efficiencies accrue to the Council. As a result, a cashable efficiency from match funding of £1.338m has been included in the 2010/11 return. Similarly, developer contributions of £0.062m have been included as an efficiency, in accordance with the guidance.
- 3.4 The guidance also makes reference to capital receipts and to the effective asset management arrangements around the efficient use of the portfolio of assets. Accordingly, a cashable efficiency of £1.322m has been recognised in the 2010/11 return as a result of capital receipts generated in the year. The value of capital receipts in 2010/11 is less than that received in 2009/10 and reflects the challenging economic conditions currently facing the Council.

4. COMPARISON WITH THE 2009/10 RETURN

- 4.1 The return has been produced in accordance with guidance received from the Scottish Government and whilst the 2010/11 report will not be subject to audit, care has been taken to ensure that the information contained in it is auditable, as there is an expectation that External Audit certification will be required in future years. The return is attached at Appendix 1.
- 4.2 This Council has set annual Cashable efficiency targets for each department as part of the budget process and these together with the additional elements contained within the Scottish Government guidance are included in the return and will be submitted to COSLA following approval by Elected Members.

- 4.3 Details of the 2010/11 and 2009/10 efficiencies compiled using the Scottish Government guidance are included in the following table.

Year	Cashable £m	Non Cashable £m	Total £m
2010/11	6.803	0.807	7.610
2009/10	6.457	1.160	7.617

- 4.4 The Council's Efficient Government Return for 2010/11 demonstrates that East Ayrshire Council continues to report increased cashable efficiencies year on year.

- 4.5 The 2010/11 cashable efficiencies shown above represents 3.5% of the Council's Scottish Government Funding Allocation (DEL) and exceeds the 2% target set by the Scottish Government.

5. FINANCIAL IMPLICATIONS

- 5.1 The cashable efficiencies noted above have been utilised as part of the 2010/11 Revenue Estimates process.

6. POLICY / RISK MANAGEMENT IMPLICATIONS

- 6.1 The Efficient Government Return has been compiled using the Scottish Government Guidance and will be submitted to COSLA as part of the Council's commitment to deliver efficiencies.

7. LEGAL IMPLICATIONS

- 7.1 The return demonstrates the Council's commitment to deliver the 2% efficiency target set by the Scottish Government.

8. COMMUNITY PLANNING IMPLICATIONS

- 8.1 There are no implications for the Community Plan.

9. RECOMMENDATION

- 9.1 It is recommended that Members:
- (i) approve the proposed Efficient Government submission; and
 - (ii) otherwise note the contents of this report.

Craig McArthur
Head of Finance
26 July 2011

LIST OF BACKGROUND PAPERS

Scottish Government Efficient Government Programme (2008/09 – 2010/11)
- Efficiency Process and Guidance

COSLA Efficient Government Reporting – Framework for local authorities in
Scotland

Any person who wishes any further information on this report should contact
Craig McArthur, Head of Finance, Tel: (01563) 576513

EAST AYRSHIRE COUNCIL - EFFICIENT GOVERNMENT GAINS 2010/11

APPENDIX 1

Theme	Description of Efficiency Measure	Cash Releasing (list recurring and non recurring separately £m)	Time Releasing	Impact on service delivery and performance / other information
AM	Relocation of office accommodation (14 London Road)	0.004		No adverse impact on service delivery.
AM	Review of fleet management arrangements	0.015		No adverse impact on service delivery.
WP	Review budget for language assistants and use school based resources	0.051		Reduction in costs without impacting on service delivery.
PR	Reduced supplies and services costs due to improved Procurement arrangements	0.249		Reduction in costs without impacting on service delivery.
O	Review of costs and menus within Onsite Services	0.036		Reduction in costs without impacting on service delivery.
O	Review of grants to external organisations with alternative service delivery options achieved	0.014		Reconfiguration of service and resultant reduction in costs achieved without impacting on service delivery.
O	Review of management structures and local arrangements within schools	0.465		Reduction in costs without impacting on service delivery.
SB	Increased productivity measures ensuring that uptake of free school meals can be contained within current funding	0.177		Reconfiguration of service and resultant reduction in costs achieved without impacting on service delivery.
WP	Reduction in cleaning hours offset by increased productivity in cleaning arrangements	0.035		Reconfiguration of service and resultant reduction in costs achieved without impacting on service delivery.
SS	Restructuring of Joint Ayrshire Technicians Service without impacting on level of service	0.025		Reconfiguration of service and resultant reduction in costs achieved without impacting on service delivery.

Theme:

PR: Procurement; WP: Workforce Planning; AM: Asset Management; SS: Shared Services; SB: Streamlining Bureaucracy;

O: Other

* All efficiencies shown are recurring in nature with the exception of those highlighted with *

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Theme	Description of Efficiency Measure	Cash Releasing (list recurring and non recurring separately £m)	Time Releasing	Impact on service delivery and performance / other information
WP	Review of janitorial and cleaning arrangements at schools and community centre without adversely impacting on service provision	0.050		Reconfiguration of service and resultant reduction in costs achieved without impacting on service delivery.
O	Identification of alternative funding arrangements to support school link programme	0.035		No adverse impact on service delivery.
WP	Review of delegated budgets within schools with no impact on teacher numbers or service delivery	0.365		Strategy achieved a reduction in costs and enhanced service delivery.
WP	Review of training provision and the creation of a centralised team within Educational and Social Services to deliver training	0.023		Partnership resulted in increased efficiency without adversely impacting on service delivery
WP	Efficiencies arising from the introduction of a further teacher refresh programme. This initiative does not reduce teacher numbers nor impact adversely on service delivery	0.320		Strategy achieved a reduction in costs and enhanced service delivery.
AM	Review of management arrangements within Onsite Services which do not impact upon current service levels	0.100		Reconfiguration of service and resultant reduction in costs achieved without impacting on service delivery.

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AM	Review of management arrangements within Onsite Services which do not impact upon current service levels	0.100		Reconfiguration of service and resultant reduction in costs achieved without impacting on service delivery.
WP	Managed reduction in staff costs within Finance Service without impacting adversely on service performance	0.350		Reconfiguration of service and resultant reduction in costs achieved without impacting on service delivery.
AM	Relocation of office accommodation for Community Planning with resultant efficiencies. No adverse impact of service delivery	0.018		No adverse impact on service delivery.
SB	Review of IT hardware services and adoption of single source maintenance contract	0.076		Reduction in costs without impacting on service delivery.
WP	Reduction in staff costs within Legal, Procurement and regulatory services following service review. No impact on service delivery arrangements	0.067		Reconfiguration of service and resultant reduction in costs achieved without impacting on service delivery.
WP	Reduction in corporate IT training requirements following review of corporate recruitment and detailed job specifications.	0.050		Strategy achieved a reduction in costs and enhanced service delivery.
PR	Reduced supplies and services costs in Finance and Asset Management due to improved Procurement arrangements	0.050		Reduction in costs without impacting on service delivery.

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Theme	Description of Efficiency Measure	Cash Releasing (list recurring and non recurring separately £m)	Time Releasing	Impact on service delivery and performance / other information
WP	Review of staffing arrangements within Democratic Services without adversely impacting on service delivery	0.049		Reconfiguration of service and resultant reduction in costs achieved without impacting on service delivery.
WP	Review of employee relations service following centralisation of service	0.028		Reconfiguration of service and resultant reduction in costs achieved without impacting on service delivery.
WP	Review of Pest Control arrangements to match current and expected usage. No impact on service delivery.	0.025		Reconfiguration of service and resultant reduction in costs achieved without impacting on service delivery.
AM	Review of current contractual arrangements for IT hardware and software. Efficiencies achieved without impacting on service delivery.	0.078		Reconfiguration of service and resultant reduction in costs achieved without impacting on service delivery
PR	Reduced supplies and services costs within Democratic Services due to improved Procurement arrangements	0.021		Reduction in costs without impacting on service delivery.
O	Increased recycling activity and initiatives thereby reducing landfill costs	0.250		Strategy achieved a reduction in costs and enhanced service delivery.
SS	Reduction in community wardens following review of the service. Alternative partnership delivery model established	0.245		Partnership resulted in reduced costs without impacting on service

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Theme	Description of Efficiency Measure	Cash Releasing (list recurring and non recurring separately £m)	Time Releasing	Impact on service delivery and performance / other information
WP	Service review within Planning and Economic Development resulting in reduced staff costs and more effect working arrangements. No adverse impact on service delivery.	0.127		Reconfiguration of service and resultant reduction in costs achieved without impacting on service delivery
PR	Reduced supplies and services costs within Leisure Services due to improved Procurement arrangements	0.079		Reduction in costs without impacting on service delivery.
WP	Reduction in overtime costs within Waste Management following a review of working arrangements.	0.070		Reduction in costs without impacting on service delivery.
WP	Reduction in staff and overtime costs in Roads and Transportation following service review. No adverse impact on service delivery	0.250		Reduction in costs without impacting on service delivery.
WP	Reduction in staff costs and overtime within leisure Services following review of service provision. No adverse impact	0.182		Reduction in costs without impacting on service delivery.
O	Reduction in use of temporary homeless accommodation following review of Council capacity and identification of alternative options for service delivery	0.044		Reduction in costs without impacting on service delivery.

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Theme	Description of Efficiency Measure	Cash Releasing (list recurring and non recurring separately £m)	Time Releasing	Impact on service delivery and performance / other information
PR	Reduced supplies and services costs within Roads and Transportation due to improved Procurement arrangements	0.020		Reduction in costs without impacting on service delivery.
PR	Reduced supplies and services costs within Neighbourhood Services due to improved Procurement arrangements	0.028		Reduction in costs without impacting on service delivery.
PR	Reduced supplies and services costs within Community Safety due to improved Procurement arrangements	0.010		Reduction in costs without impacting on service delivery.
WP	Efficiencies relating to the Customer First element of the Efficient Government Programme and achieved through the reduction in staff costs and associated overheads		0.288	Reconfiguration of service and resultant reduction in costs achieved without impacting on service delivery.
WP	Teaching efficiencies achieved through employment of Classroom Assistants		0.519	Efficiency achieved through the deployment of classroom assistants to fulfil administrative preparation for teachers.
SS	Match funding – ESF and ERDF for Planning and Economic Development	0.631*		Partnership resulted in additional income and enhanced service
SS	Match funding – Heritage Lottery Fund for Kilmarnock CARS / THI Schemes and Catrine Environmental Heritage Scheme	0.095*		Partnership resulted in additional income and enhanced service

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Theme	Description of Efficiency Measure	Cash Releasing (list recurring and non recurring separately £m)	Time Releasing	Impact on service delivery and performance / other information
SS	Match funding – Historic Scotland for Kilmarnock CARS / THI Schemes, Catrine Environmental Heritage Scheme and Newmilns Townscheme	0.182*		Partnership resulted in additional income and enhanced service
SS	Match funding – Scottish Enterprise for Kilmarnock CARS / THI Schemes	0.300*		Partnership resulted in additional income and enhanced service
SS	Match funding – European Commission for LEONARDO Programme	0.009*		Partnership resulted in additional income and enhanced service
SS	Match funding –Lottery Fund for Education projects	0.041*		Partnership resulted in additional income and enhanced service
SS	General Match Funding in Neighbourhood Services – various sources	0.080*		Partnership resulted in additional income and enhanced service
SS	Developer Contributions	0.062*		Developer contributions will be utilised on areas which would otherwise be partly funded by the Council
AM	Net Capital Receipts	1.322*		Additional income received from the sale of surplus assets. Income will be used by the Council in the coming years.
	TOTAL	6.803	0.807	

Theme:

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EAST AYRSHIRE COUNCIL

EFFICIENT GOVERNMENT MONITORING RETURN 2010/2011

1. Introduction

- 1.1 East Ayrshire Council continues to recognise the need to demonstrate efficient government and has policies in place to actively manage, monitor and report on the efficiency process. The need to identify efficiency gains leads budget holders and managers to review their services and seek ways to minimise service costs whilst maximising outputs. Elected Members play a vital role in scrutinising efficiencies and ensuring their achievement

2. Opening Position

- 2.1 Underlying all efficiencies is the need to ensure that they are achieved without impacting upon the level of service provided or adversely affecting the Councils performance in terms of national or local performance measures.
- 2.2 The Council recognise that efficiencies are required as part of the annual estimates process and developed plans to monitor the progress of efficiency gains and ensure their achievement.
- 2.3 The Council is committed to maximising services whilst minimising costs and is currently undertaking a Strategic Review of the Revenue Budget which will examine services and release efficiencies to assist in meeting the current and future financial challenges. The process will inform the 2012/13 budget process.

3. Key Areas for 2010/11

- 3.1 The 2010/2011 efficiencies were met across the majority of the Efficient Government themes including workforce planning, procurement and streamlining bureaucracy. The Appendix highlights that significant efficiencies were achieved whilst service outcomes were maintained or enhanced.

4. Efficiency Gains Achieved in 2010/11

- 4.1 Appendix 1 of this submission records the cashable and non cashable efficiency gains achieved by the Council in 2010/11 with these split against the six efficient government themes.
- 4.2 The Appendix shows that overall efficiencies of £6.803m of Cashable efficiencies and £0.807m of Non-Cashable efficiencies were achieved with the majority relating to improved workforce planning, productivity efficiencies, capital receipts and the achievement of match funding. Cashable efficiencies represent 3.5% of

the Council's Scottish Government Funding Allocation (DEL), and exceeds the 2% target set by the Scottish Government.

5. Verification

- 5.1 The Council collects a range of performance information from a variety of sources such as national performance studies, statutory performance indicator data and in-house performance information.
- 5.2 Departments collate statistics on a quarterly basis on the number of complaints received and positive comments received. A corporate summary report is presented to the Council's Corporate Management Team each quarter with an annual report presented to the Council's Governance and Scrutiny Committee.
- 5.4 Customer satisfaction reports aim to gauge residents perceptions and views of the services provided. The Council's "It's Better to Listen" leaflet has been updated several times to incorporate changes to the Council's structure and means of contacting the Council.
- 5.5 The Council's performance management arrangements have been further developed using the electronic performance system Corvu, which strengthens the challenge and review of service performance, by providing services with performance information linked to national, corporate, departmental and thematic objectives.
- 5.6 The Council's performance management arrangements are well established and meetings are regularly held with Executive Directors to review service performance against set standards.

6. Key Areas Targeted for 2011/12

- 6.1 The Council has set efficiency targets for services for 2011/2012 with review meetings taking place with Executive Directors to gauge progress towards their achievement.
- 6.2 The Council is currently undertaking a second Strategic Review of the Revenue Budget with officers and Elected Members involved in taking any issues arising from the reviews forward, and ensuring that further efficiencies accrue to the Council as a result.
- 6.3 The Council's strategy of targeting efficiencies towards support services in order to enhance front line service delivery continues and this will be monitored as part of the review meetings.
- 6.4 It is intended to bring forward the arrangements for the preparation of the Council's budget for 2012/2013 through to 2014/2015 and the identification and achievement of efficiencies will remain an intrinsic part of the budgetary process, and a key element of the Council's long term financial planning strategy.

7. Conclusion

- 7.1 In 2010/11 East Ayrshire Council generated efficiency gains of £6.803m Cashable efficiencies and £0.807m of Non-Cashable and these were achieved without impacting on the level of service provided to customers or on the Council's overall performance.
- 7.2 Services have improved with efficiency gains achieved through improving productivity for example, resulting in additional funds being routed to front line services. This reallocation of resources will continue in 2011/12.

8. Approval

- 8.1 East Ayrshire Council's Efficient Government return for 2010/2011 was approved by Elected Members at the Cabinet meeting held on 17 August 2011.

Fiona Lees
Chief Executive

Councillor Douglas Reid
Leader of the Council