

## **EAST AYRSHIRE COUNCIL**

**CABINET 19 AUGUST 2009**

### **EFFICIENT GOVERNMENT RETURN**

#### **Report by the Executive Head of Finance and Asset Management**

#### **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 cope with delivering improved services within ever tighter financial constraints.
- 2.2 Local authorities recognised that as part of the partnership arrangement with the Scottish Government that they have a responsibility to demonstrate the efficiency gains delivered each year.
- 2.3 Councils agreed that efficiency statements for 2008/09 should be published 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 of becoming ever more efficient.
- 2.4 COSLA's intention is to provide the Scottish Executive 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 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 2 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. 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 Extensive guidance has been issued by the Scottish Government in respect of the completion of the 2008/09 return. This new guidance effectively disallows some gains that were reported previously, in particular efficiencies arising from the non allocation of inflationary uplifts. The effect of this change is that the efficiency arising from the non allocation of inflationary uplift in 2008/09 of £1.294m cannot be included in the Efficient Government return.
- 3.4 However, the revised guidance from the Scottish Government permits all funding attracted to be counted with the exception of Scottish Government funding. 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 accordingly, by leveraging in alternative funding, efficiencies accrue to the Council. As a result of this change a cashable efficiency of £1.407 has been included in the 2008/09 return. In addition developer contributions have also been included as an efficiency and a further £0.840m included.
- 3.5 An example of a non cashable efficiency contained in the revised guidance relates to the gain arising from the deployment of classroom assistants in schools. These staff undertake administrative and preparatory duties on behalf of the classroom teacher thereby allowing the teacher to spend more time teaching. As a result a non cashable efficiency of £1.181 has been included in the return based on classroom assistants spending 20% of their time on these tasks.
- 3.6 Capital receipts were not previously included in the return however, the revised guidance makes reference to capital receipts and to the effective asset management arrangements in place to manage the efficient use of the portfolio of assets. Accordingly a non cashable efficiency of £3.050m has been recognised in the 2008/09 return as a result of the guidance.

#### **4. IMPACT OF THE SCOTTISH GOVERNMENT GUIDANCE**

- 4.1 Given the new guidance and the resultant increase in the total efficiencies for 2008/09 it is no longer possible to compare the 2008/09 return to the figures contained in the 2007/08 return submitted to COSLA as both returns have been compiled using different guidance.
- 4.2 In order to allow comparison and provide meaningful information, work has been undertaken to prepare the 2008/09 return on the same basis as the 2007/08 return namely, the COSLA guidance and the results are provided in the following table.

(Effect of compiling 2008/09 efficiencies using COSLA guidance)

<b>Year</b>	<b>Cashable £m</b>	<b>Non Cashable £m</b>	<b>Total £m</b>
2007/08	2.554	0.323	2.877
2008/09	3.028	0.945	3.973

- 4.3 The table shows that the total efficiencies have increased significantly in 2008/09.

#### **5. EFFICIENCY RETURN COMPILED USING SCOTTISH GOVERNMENT GUIDANCE**

- 5.1.1 The finalised return has been drafted in accordance with guidance received from the Scottish Government and whilst the 2008/09 report will not be audited, care has been taken to ensure that the information contained in it is auditable as there is an intention that External Audit certification will be required in future years.
- 5.2 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, Details of the 2008/09 efficiencies compiled using the Scottish Government guidance are included in the following table.

(2008/09 efficiencies using Scottish Government Guidance)

<b>Year</b>	<b>Cashable £m</b>	<b>Non Cashable £m</b>	<b>Total £m</b>
2007/08	2.554	0.323	2.877
2008/09	3.141	5.716	8.317

## **6. RECOMMENDATION**

6.1 It is recommended that Members

- (i) approve the proposed Efficient Government submission; and
- (ii) otherwise note the contents of this report.

Alex McPhee

**Executive Head of Finance and Asset Management**

6 August 2009

### **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  
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## EAST AYRSHIRE COUNCIL - EFFICIENT GOVERNMENT GAINS 2008/09

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	SEEMIS contracts - reduction in the annual charge payable to SEEMIS	0.020		Reduction in costs due to procurement arrangements.
O	All Weather Pitches income generated from lets	0.012		Additional income generated without impacting on usage.
PR	Reduction in Community Learning and Development transport costs	0.002		Reduction in costs due to procurement arrangements.
PR	Reduction in insurance costs for PPP schools	0.099		Reduction in costs due to procurement arrangements.
WP	Duties of the Media Officer in a service consolidated into main Public Relations function	0.031		Reduction in costs without impacting on service delivery.
WP	Effective utilisation of psychological services staffing	0.029		Reduction in costs without impacting on service delivery.
WP	Cleaning, catering and janitation efficiencies across On-Site Services	0.100		Reduction in costs without impacting on service delivery.
WP	Effective utilisation of Early Intervention Service staffing	0.044		Reduction in costs without impacting on service delivery.
SS	Partnership arrangement with College on School Link Project	0.026		Partnership will result in enhanced service delivery
O	Efficiencies within Educational and Social Services Directorate, Resource Support and Personnel	0.043		No adverse impact on service delivery
SB	Reduction in administration and materials costs across Educational and Social Services	0.032		No adverse impact 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 \*

## EAST AYRSHIRE COUNCIL - EFFICIENT GOVERNMENT GAINS 2008/09

Theme	Description of Efficiency Measure	Cash Releasing (list recurring and non recurring separately £m	Time Releasing	Impact on service delivery and performance / other information
SB	Effective utilisation of CPD staff	0.029		Reduction in costs without impacting on service delivery.
AM	Reduction in property costs in Educational and Social Services	0.011		Reduction in costs without impacting on service delivery.
O	More effective use of administration, car mileage and materials costs within Community Learning and Development	0.043		Reduction in costs, no adverse impact on service.
WP	Utilisation of savings in school budgets due to falling school rolls with gain used to employ additional teachers		0.176*	Positive impact on service delivery through the employment of additional teachers
SB	Recovery of costs associated with financial guardianships within Social Services	0.118		No adverse impact on service delivery
O	Savings in library materials due to alternative funding	0.090*		Alternative funding identified and therefore no impact on service delivery
O	Increased income from Theatre	0.011*		Additional income generated without impacting on attendance.
WP	Effective utilisation of Leisure and Outdoor Amenities staffing and associated costs	0.053		Reconfiguration of service and resultant reduction in costs achieved without impacting on service delivery.
O	Increased landfill recovery and recycling fees	0.134		Strategy achieved a reduction in costs whilst maintaining service delivery.
WP	Effective utilisation of Anti Social Behaviour staff costs	0.090		No adverse impact on service delivery

Theme:

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## EAST AYRSHIRE COUNCIL - EFFICIENT GOVERNMENT GAINS 2008/09

Theme	Description of Efficiency Measure	Cash Releasing (list recurring and non recurring separately £m)	Time Releasing	Impact on service delivery and performance / other information
O	Savings arising from more effective tenancy support arrangements	0.150		Reduction in costs without impacting on service delivery.
PR	Savings in payments to external contractors by Roads	0.091		Reduction in costs due to procurement arrangements.
WP	Efficiencies arising from the reduction of car mileage and telephony costs in Roads	0.010		No adverse impact on service delivery
WP	Efficiencies within HR employee related expenditure	0.016		No adverse impact on service delivery
PR	Savings in public announcements costs	0.012		Review resulted in efficiencies without adversely impacting of the service
O	General efficiencies within Democratic Services	0.050		Service maintained at reduced cost.
WP	Effective utilisation of Environmental Health and Licensing staff costs	0.043		Review of the service led to reduced staff costs whilst maintaining the current service
SS	Reduction in cost of Public Analyst Service	0.008		Service maintained at reduced cost.
O	General efficiencies within Legal, Procurement and Regulatory Services	0.008		Reduction in costs, no adverse impact on service.
WP	Effective utilisation of Planning and Economic Development staff costs	0.035		Reconfiguration of service and resultant reduction in costs achieved without impacting on service delivery.
PR	New contractual arrangement with Ordnance Survey for Planning	0.020		Reduction in costs, no adverse impact on service.

Theme:

3

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## EAST AYRSHIRE COUNCIL - EFFICIENT GOVERNMENT GAINS 2008/09

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	Efficiencies arising from renegotiations of IT networks contract	0.077		Strategy achieved a reduction in costs whilst maintaining service delivery.
SS	Efficiencies following the restructuring of the Payments Service	0.044		Reconfiguration of service and resultant reduction in costs achieved without impacting on service delivery.
AM	Savings following the implementation and reconfiguration of financial systems	0.128		Strategy achieved a reduction in costs and enhanced service delivery.
O	Reduction in expenditure on external services	0.025		Strategy achieved a reduction in costs whilst maintaining 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		0.109	Reconfiguration of service and resultant reduction in costs achieved without impacting on service delivery.
O	Efficiencies relating to the Customer First element channels of Telephone, F2F, Online and Others		0.660	Reconfiguration of service and resultant reduction in costs achieved without impacting on service delivery.
SS	Match funding – ESF and ERDF for Planning and Economic Development	0.486*		Partnership resulted in additional income and enhanced service
SS	Match funding – Heritage Lottery Fund for Kilmarnock CARS / THI Schemes	0.022*		Partnership resulted in additional income and enhanced service
SS	Match funding – European Commission for LEONARDO Programme	0.007*		Partnership resulted in additional income and enhanced service

Theme:

4

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## EAST AYRSHIRE COUNCIL - EFFICIENT GOVERNMENT GAINS 2008/09

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 – Big Lottery for Positive Play	0.052*		Partnership resulted in additional income and enhanced service
SS	Developer Contributions and Sports, Leisure and Recreation Fund	0.840*		Developer contributions will be utilised on areas which would otherwise be partly funded by the Council
AM	Net Capital Receipts		3.050*	Additional income received from the sale of surplus assets. Income will be used by the Council in the coming years.
WP	Teaching efficiencies achieved through employment of Classroom Assistants		1.181	Efficiency achieved through the deployment of classroom assistants to fulfil administrative preparation for teachers.
<b>TOTAL:</b>		<b>3.141</b>	<b>5.176</b>	

Theme:

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O: Other

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