

EAST AYRSHIRE COUNCIL

SPECIAL CABINET 23 JUNE 2010

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 cope with delivering improved 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 recognised 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 2009/10 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 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 accordingly, by leveraging in alternative funding, efficiencies accrue to the Council. As a result a cashable efficiency of £1.274m has been included in the 2009/10 return. In addition developer contributions of £0.326m have also been included as an efficiency.
- 3.5 The 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 cashable efficiency of £2.083m has been recognised in the 2009/10 return as a result of the guidance. The value of capital receipts in 2009/10 is less than that received in 2008/09 and reflects the challenging conditions in the economy generally.

4. COMPARISON WITH THE 2008/09 RETURN

- 4.1 The finalised return has been drafted in accordance with guidance received from the Scottish Government and whilst the 2009/10 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. 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 2009/10 and 2008/09 efficiencies compiled using the Scottish Government guidance are included in the following table.

Year	Cashable £m	Non Cashable £m	Total £m
2008/09	6.191	2.126	8.317
2009/10	6.457	1.160	7.617

- 4.4 The Council's Efficiency Government Return for 2009/10 demonstrates that East Ayrshire Council continues to report increased cashable efficiencies year on year. The decrease in non cashable efficiencies relates to the gain associated with classroom assistants undertaking administration work for class teachers. This was taken as a recurring non cash efficiency in 2008/09 and as such cannot be included in future years returns.
- 4.5 The 2009/10 cashable efficiencies shown above represents 3.4% of the 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 2009/10 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 issued 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 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.

Alex McPhee
Executive Director of Finance and Corporate Support
17 June 2010

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 2009/10

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
SB	Reduction in the number of exporting kitchens in Educational Services	0.030		Reconfiguration of service and resultant reduction in costs achieved without impacting on service delivery.
SB	Rationalise Learning Partnerships and co-ordinate with the number of Children and Families geographical divisions	0.477		Reconfiguration of service and resultant reduction in costs achieved without impacting on service delivery.
SB	Review budget lines within Community Learning and Development	0.022		Reduction in costs without impacting on service delivery.
WP	Review of staffing within Community Learning and Development	0.056		Reduction in costs without impacting on service delivery.
WP	Review of staffing within Psychological Services	0.060		Reduction in costs without impacting on service delivery.
SB	Review of Secondary school management structures. A major structuring of school management teams with no detrimental impact on learning and teaching.	0.636		Reconfiguration of service and resultant reduction in costs achieved without impacting on service delivery.
WP	Utilisation of savings in school budgets due to falling school rolls with gain used to employ additional teachers		0.195	Used to increase the number of classes of 18 pupils or less in P1 to P3.
WP	Efficiencies arising from the review of administration and support across Educational and Social Services	0.263		Strategy achieved a reduction in costs and enhanced service delivery.

Theme:

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

O: Other

1

* 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	Efficiencies achieved through the use of new technology in respect of school cleaning	0.159		Reduction in costs without impacting on service delivery.
WP	Efficiencies arising from the best value service review of roads and transportation	0.171		Reconfiguration of service and resultant reduction in costs achieved without impacting on service delivery.
WP	Efficiencies arising from the best value service review of Housing Support Services	0.123		Reconfiguration of service and resultant reduction in costs achieved without impacting on service delivery.
SB	Efficiencies achieved through the removal of duplication in respect of street cleaning	0.018		Reduction in costs without impacting on service delivery.
SS	Efficiencies achieved through the formation of the all Ayrshire Emergency Planning Unit	0.021		Partnership resulted in increased efficiency without adversely impacting on service delivery
O	Savings in land fill costs due to the initiatives introduced that continually improve recycling activities	0.250		Strategy achieved a reduction in costs and enhanced service delivery.
PR	Efficiencies achieved through the introduction of Roads Framework Contract for Minor Works procured jointly with North and South Ayrshire Councils	0.027		Partnership resulted in increased efficiency without adversely impacting on service delivery
WP	Efficiencies arising from the best value service review of Community Planning	0.045		Reconfiguration of service and resultant reduction in costs achieved without impacting on service delivery.

Theme:

2

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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	Management efficiencies within democratic Services. No detrimental impact on service delivery.	0.052		Reduction in costs without impacting on service delivery.
PR	Review of externally awarded contracts for Information Technology. No detrimental impact on service delivery or performance.	0.115		Reduction in costs without impacting on service delivery.
O	External consultancy work in respect of Planning will be undertaken by in-house staff	0.013		Reduction in costs without impacting on service delivery.
WP	Reduction in staff numbers in Finance. Remaining staff will carry out the additional work.	0.065		Reduction in costs without impacting on service delivery.
AM	Reduced maintenance costs within the property portfolio as a result of the new facilities being built by the Council.	0.063		Strategy achieved a reduction in costs and enhanced service delivery.
O	External consultancy work in respect of Asset Management will be undertaken by in-house staff	0.088		Reduction in costs without impacting on service delivery.
O	Efficiencies within the management of Financial Guardianships. No detrimental impact on service delivered.	0.020		Reduction in costs without impacting on service delivery.

Theme:

3

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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	Efficiencies relating to the Customer First element of the Efficient Government Programme and achieved through the reduction in staff costs and associated overheads		0.137	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		0.828	Reconfiguration of service and resultant reduction in costs achieved without impacting on service delivery based on Improvement Service calculation model
SS	Match funding – ESF and ERDF for Planning and Economic Development	0.595*		Partnership resulted in additional income and enhanced service
SS	Match funding – Heritage Lottery Fund for Kilmarnock CARS / THI Schemes	0.030*		Partnership resulted in additional income and enhanced service
SS	Match funding – Historic Scotland for Kilmarnock CARS / THI Schemes	0.317*		Partnership resulted in additional income and enhanced service
SS	Match funding – Scottish Enterprise for Kilmarnock CARS / THI Schemes	0.327*		Partnership resulted in additional income and enhanced service
SS	Match funding – European Commission for LEONARDO Programme	0.005*		Partnership resulted in additional income and enhanced service
SS	Developer Contributions	0.326*		Developer contributions will be utilised on areas which would otherwise be partly funded by the Council

Theme:

4

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

O: Other

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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
AM	Net Capital Receipts	2.083*		Additional income received from the sale of surplus assets. Income will be used by the Council in the coming years.
	TOTAL	6.457	1.160	

Theme:

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

5

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