

## EAST AYRSHIRE COUNCIL

CABINET – 27 AUGUST 2008

### EFFICIENCY GAINS 2007/08

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

#### 1. PURPOSE

To advise Members on the actions taken by Executive Directors to achieve the efficiency savings targets set in the 2007/08 budget.

#### 2 BACKGROUND

In setting the General Services Revenue Budget for 2007/08, the Policy and Resources Committee confirmed that the budget should include a requirement for all services to achieve efficiency savings targets and that a report should be prepared after the end of the Financial Year to identify how those savings had been achieved.

#### 3 EFFICIENCY STRATEGY

Although Executive Directors are required to identify how their services will be delivered within the resource allocations available to them at the start of each financial year, It is important that flexibility is available within departments throughout the year to ensure that innovative measures to improve efficiency are encouraged and that opportunities can be taken as they arise to reduce costs or improve services.

The efficiency savings required to be made by Departments in 2007/08 were confirmed in the Council Tax Setting Report and approved by the Policy and Resources Committee on 7 February 2007 as shown below.

Service	2007/08	
	%	£m
Educational Services	1.5%	1.539
Social Services	1.5%	0.707
Department of Neighbourhood Services	1.5%	0.541
Department of Corporate Support	2.7%	0.315
Finance Service	2.7%	0.081
Asset Management Service	1.5%	0.067
<b>Total</b>		<b>3.250</b>

The revenue monitoring draft outturn for 2007/08 which was reported to Cabinet on 18 June 2008 highlighted that all Departments were within their budget allocations and it is the case therefore that the savings were achieved. The Cabinet at its meeting of 2 July 2008 approved the Annual Efficiency Statement required by the Scottish Government but it was noted that the values included required to conform to specific definitions set out by the Improvement Service and consequently may not have provided sufficient detail of how all efficiency savings had been achieved.

#### **4. DEPARTMENTAL AND SERVICE PERFORMANCE**

**4.1** A detailed analysis of the specific action taken by each Executive Director to meet their respective efficiency targets is attached for information as an Appendix to this report. These included:

##### **4.1.1 Education (Target £1.539M)**

Of the overall target the Executive Director has identified £1.328M of recurring savings with the balance of £0.211M being met from one off non recurring efficiencies. Savings were achieved across the service through revisions to staffing structures, overtime and other employee costs. The purchase of supplies and services have been closely monitored and where possible the opportunity to renegotiate payments to external agencies without affecting overall service provision was taken.

The Executive Director has advised that in respect of the non recurring efficiencies identified in the Appendix further work will be carried out to ensure that compensating reductions within the current revenue allocations are identified to meet this target.

##### **4.1.2 Social Work (Target £0.707M)**

The Executive Director has confirmed that the efficiency target has been met through a combination of additional income in respect of care home residents as well as the provision of training and other services from existing budgets allowing additional earmarked funding to be focused on service delivery.

##### **4.1.3 Neighbourhood Services (Target £0.541M)**

The Executive Director has confirmed that the target has been met through additional income arising from increased use of facilities and commercial activities in Leisure Services. Additional income was also achieved from the sale of increased amounts of recyclable waste. The balance of savings was delivered through active management of employee and supply budgets together with revised contract arrangements for the disposal of white goods.

#### **4.1.4 Corporate Support (Target £0.315M)**

The efficiency target has been met through a review of staffing structures across the Department, a reduction in contract charges in respect of the Public Analyst Services provided by Glasgow City Council along with additional planning and building warrant fees. This additional income is however sensitive to the current downturn in general economic conditions and will be closely monitored in the current financial year.

#### **4.1.5 Finance and Asset Management (Target £0.148M)**

The target has been met through additional workloads been absorbed within the Benefits Service for which additional grant income was received together with increased fee recovery within the Asset Improvement Service.

### **5. FINANCIAL IMPLICATIONS**

- 5.1 The efficiency targets shown in paragraph 3 were integral to the budget approved for the financial year 2007/08. Delivery against these targets contributed to the draft outturn position for the year to 31 March 2008 which was an uncommitted surplus of £0.645M in excess of budget.

### **6. LEGAL/POLICY IMPLICATIONS**

- 6.1 Nil

### **7. RECOMMENDATIONS**

- 7.1 It is recommended that Members

- (i) note the Departmental action taken to deliver the efficiency targets set for 2007/08
- (ii) otherwise, note the content of the report

**Alex McPhee**

**Executive Head of Finance and Asset Management**

**14 August 2008**

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## EAST AYRSHIRE COUNCIL - EFFICIENCY SAVINGS 2007/08

Description of Efficiency Measure	Recurring (£)	Non-Recurring (£)	Impact on service delivery and performance / Other information /Risks
<b>EDUCATION</b>			
Directorate – Administration Officer (Cost substitution): Utilisation of National Priorities Action Fund grant funding for Parental Involvement	0.021	-	Reduction in costs with no impact on service delivery.
Early Years - Surestart: Despite targets being met, the Early Years Surestart was underspent in previous years therefore releasing these funds.	0.300	-	Service maintained at existing levels
Early Years – payments to partner providers: Previous expenditure levels showed achievable savings of £50,000, with any increase in future years being	0.050	-	Service maintained at existing levels
Youth Strategy staffing: Staff restructuring following review of Youth Strategy Support Workers	0.054	-	No adverse impact on service delivery
Bursaries: Reduction due to fall in demand due to Education Maintenance Allowance provision	0.050	-	No impact on level of support provided
Psychological Staffing: Staff restructure due to retirement	0.034	-	No adverse impact on service delivery
Secretarial Support: Reduction by one FTE in Secretarial support to Education Directorate	0.020	-	No adverse impact on service delivery
Onsite – reduction in janitors' absence cover: This option was delivered through a reduction in janitor's absence cover budgets and the implementation of revised working hours.	0.030	-	No adverse impact on service delivery
Onsite – management restructuring: A staffing review identified a reduction in support staff	0.040	-	No adverse impact on service delivery

Onsite – reduction in cleaning and catering staff: Staff savings were achieved through management of staff turnover and natural wastage	0.030	-	No adverse impact on service delivery
Onsite – cleaning tools and equipment: Management action was taken to identify alternative procurement methods.	0.010	-	Service maintained at existing levels
Onsite – reduction in staff CPD budgets and other supplies	0.010	-	No adverse impact on service delivery
Central Administration – reduction in supplies budget: This saving was achieved across the Resource Support, Transport, Property, Personnel and Directorate	0.025	-	Service maintained at existing levels
Activities Management Structures - Sports Development: Post deleted within Quality Schools.	0.035	-	No adverse impact on service delivery
Community Learning – letting income: Increase in lets achieved	0.020	-	Increased use of facilities contained within existing budgets
Falling pupil rolls - Teachers' payroll: A reduction in school rolls reduced the devolved schools' entitlement	0.075	-	No adverse impact on service delivery
Average salary – basic grade teachers: Increase in employment of teachers at the lower end of the scale achieved this saving.	0.060	-	No adverse impact on service delivery
Early Years – Childcare strategy: Reduction achieved through a reduction in payments to external agencies	0.050	-	Service maintained at existing levels
Primary School Delegated budgets: Absence cover reduced from 4 days per basic FTE Teacher to 3 days.	0.064	-	No adverse impact on service delivery
Secondary School Delegated budgets: Absence cover reduced from 3 days per basic FTE Teacher to 2 days.	0.067	-	No adverse impact on service delivery
Early Years Central – Additional Wraparound income achieved.	0.006	-	None
Onsite – from external funding: Contribution from Hungry for Success grant - Recurrence dependant on continuation of the initiative which was formerly funded	0.050	-	Risk that initiative is not mainstreamed
Staff Travel - car mileage: Consistent underspend in previous years allowed this reduction. Due to the current fuel increases more efficient travel use will be required	0.021	-	Savings in previous years suggests that this is sustainable

Primary Central Budget - class size teacher budget: Budget reduced and alternative funding utilised to achieve the class size reduction.	0.038	-	Service maintained at existing levels
CLaD – Literacy & Numeracy: Budget reduction achieved by cross subsidisation of existing posts.	0.030	-	Service maintained at existing levels
CLaD – Centre Supervisors General - Permanent savings achieved in overtime, janitorial supplies and materials.	0.013	-	
School Ancillary Staff turnover - School ancillary staff budgets have had the corporate turnover rates applied and the savings were achieved.	0.125	-	Efficiency Target achieved without impact on Service levels
PPP Unit Fees: This saving was achieved in 07/08 due to reduced fees for professional advisor support. In 08/09 however this saving has to be reinstated to meet the PPP Unitary Charges.	-	0.060	Risk that compensating reductions cannot be identified in 2008/09
Arts and Culture staffing: Recharge of Education Support Officer against Arts grant funding in 07/08 only. In 2008/09 the recharge is set against the Determined to Succeed funding.	-	0.051	Risk that compensating reductions cannot be identified in 2008/09
Scottish Government funding for Probationary Teachers: The Council accepted more than its allocated number of Probationary Teachers, with all associated salary costs being paid through Executive grants. In practice these teachers are used to fill vacant posts which are budgeted for in school staffing entitlements. Recurrence of this saving is dependant on the level of Probationer allocation nationally.	-	0.100	Risk that compensating reductions cannot be identified in 2008/09
	<b>1.328</b>	<b>0.211</b>	
<b>SOCIAL WORK</b>			
Older People's residential provision (CET), net saving after allocation of additional earmarked funding.	0.200	-	Service maintained at existing levels

Upskilling the Workforce - saving on training costs from additional funding received for community care staff where training was already in place.	0.227	-	Existing level of service provided through alternative funding.
Care Home Fees - additional income resulting from increased number of care home residents.	0.100	-	None
Increasing the Number of Elderly - Saving made on part of additional funding received to reflect changing demographics.	0.180	-	None
	<b>0.707</b>	-	
<b>NEIGHBOURHOOD SERVICES</b>			
Increased Income within Leisure Services - principally from (1) Outdoor Amenity services for treeworks, void gardens, gritting and garden care and (2) increased attendances at games halls and community halls.	0.135	-	Risk that growth in income may be adversely affected by downturn in economy putting pressure on household expenditure on leisure and social activities
Increased Income within Waste Management mainly from the sale of recyclable materials principally due to increased recycling rates.	0.105	-	None
Reduction in Overtime Costs achieved through the merger of Street Cleansing and Outdoor Amenities, in addition to revised working practices within Community Recreation.	0.037	-	Efficiency Target achieved without impact on Service levels
Reduction in fridge disposal contract costs. Costs relating to disposal of fridges met by Valpak from 1 November 2007.	0.010	-	Revised contract arrangements
Reduction in library book fund expenditure achieved through direct management action.	0.050	-	Impact on service delivery offset by non recurring use of balances.
Roads and Transportation – additional income from Construction Consents, Road Opening permits and internal recharges	0.130	-	Risk that increased income may be affected by current economic conditions.

Roads and Transportation – reduced roads maintenance costs within Trading Service as a result of improved quality assurance practices	0.074	-	No reduction in current level of service delivery
	<b>0.541</b>	-	
<b>CORPORATE SUPPORT</b>			
Legal, Procurement and Regulatory Services - Trading Standards Employee Costs. Two trainee Trading Standards posts were deleted having being vacant for a number of years.	0.020	-	No reduction in current level of service delivery
Legal, Procurement and Regulatory Services - Reduced costs in Public Analyst expenditure due to changes in charging methodology by Glasgow city Council.	0.020	-	Service maintained at existing levels
Legal, Procurement and Regulatory Services - increased income from Legal fees and Court Fines.	0.028	-	None
Democratic Services - deletion of a clerical post from the structure.	0.020	-	No reduction in current level of service delivery
Democratic Services - Reduction in supplies and services expenditure achieved through direct management action as well as reduced number of public announcements.	0.045	-	None
Information Technology - savings related to corporate IT budget consolidation and ongoing re-negotiation of contracts with suppliers.	0.073	-	Revised contractual arrangements service maintained at current levels
Personnel Skills Training Unit - deletion of 0.5 Assistant Skills Training Manager post as well as additional income mainly from Scottish Enterprise for Skillseeker performance.	0.034	-	None
Planning and Economic Development - additional income generated through Planning Applications and Building Warrants.	0.075	-	Risk that current income levels will be adversely affected by the current economic downturn reduction construction and building levels.

	<b>0.315</b>	-	
<b>FINANCE AND ASSET MANAGEMENT</b>			
Increased workload requirements within Benefits Service met within existing staff levels.	0.081	-	Service maintained at existing levels
Asset Improvement - additional fee recovery achieved through sustainable increases in work supporting the capital programme.	0.067	-	None
	<b>0.148</b>	-	
<b>TOTAL</b>	<b>3.039</b>	<b>0.211</b>	