

**EAST AYRSHIRE COUNCIL**  
**COUNCIL MEETING 21 JUNE 2007**  
**EFFICIENT GOVERNMENT**

**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 Report to the Council for approval prior to submission to COSLA for incorporation into a Scotland wide report for the Scottish Executive.

**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 become adept at delivering improved services within ever tighter financial constraints. A greater focus was placed on efficiencies in the 2004 Spending Review when the Minister incorporated efficiency savings targets across the public sector for 2005/06 to 2007/08.
- 2.2 Local authorities recognised that as part of the partnership arrangement with the Scottish Executive that they have a responsibility to demonstrate the efficiency gains delivered each year.
- 2.3 Councils agreed that efficiency statements for 2006/07 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.

**3. THE EFFICIENCY STATEMENT**

- 3.1 The attached Statement has been drafted in accordance with guidance received from COSLA and the Improvement Service. Whilst the 2006/07 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 guidance was developed over the last year and the final advice was only received in May 2007.
- 3.2 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.

- 3.3 For example, if through improving the efficiency of business processes, 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.
- 3.4 The national Efficient Government Plan highlighted 5 key areas where efficiency improvement was a priority:
- Procurement
  - Absence Management
  - Asset Management
  - Shared Services
  - Streamlining Bureaucracy
- 3.5 These are not prescriptive however and it was understood that Councils would continue to look for efficiency improvement across the whole range of their services and functions. It is accepted that Councils may not target all service areas and all activities within a given year.
- 3.6 This Council has set annual Cashable efficiency targets for each department as part of the budget process and these have tended to be skewed towards support and administrative activities with lower targets for front line services. This was adopted for 2006/07 before the guidance became available however and the attached draft report has therefore been constructed after the event. Nevertheless it indicates that for 2006/07, £2.403m of Cashable efficiencies and £1.960m of Non-Cashable efficiencies which fall within the approved definitions can be included.

#### **4. RECOMMENDATION**

It is recommended that Members

approve the proposed Efficient Government submission; and

otherwise note the contents of this report.

Alex McPhee

**Executive Head of Finance and Asset Management**

AMcP/JB

8 June 2007

#### **LIST OF BACKGROUND PAPERS NIL**

Any person who wishes any further information on this report should contact Alex, McPhee, Executive Head of Finance, Tel: (01563) 576300

**EAST AYRSHIRE COUNCIL**  
**EFFICIENT GOVERNMENT MONITORING RETURN**

**1. Introduction**

- 1.1 East Ayrshire Council recognises the need to demonstrate efficient government and has policies in place to actively manage 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.
- 1.2 Strategies are in place to manage the process and regular meetings are held with Executive Directors to identify efficiencies and manage 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's arrangements for Best Value and Community Planning were audited by Audit Scotland in 2006. The positive Audit Report recognised the Council's strong leadership and management and its commitment to improve further continuous improvement throughout the Council.
- 2.3 The Council, in line with the Efficient Government and Continuous Improvement Agendas, is committed to maximising service whilst minimising costs.
- 2.4 The Council recognised that efficiencies were required as part of the annual estimates process and developed plans to ensure their achievement.

**3. Key Areas for 2006/07**

- 3.1 Appendix 1 of this submission records the cashable and non cashable efficiency gains achieved by the Council in 2006/07 with these split against the five efficient government themes.
- 3.2 The Appendix shows that overall efficiencies of £4.363m were achieved with the majority relating to improved productivity.
- 3.3 Energy efficiency measures are crucial at a time of increasing energy costs and the Council allocated Capital Funding to improve the energy efficiency of its assets . In 2006/07 the energy efficiency measures put in place resulted in a cashable gain of £0.145m without impacting on the level of service provided.

- 3.4 Significant cashable gains were also achieved following the redesign of older peoples services with £0.227m part year savings in 2006/07 and a further £1m expected to be achieved in 2007/08.

#### **4. Verification**

- 4.1 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.
- 4.2 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 Corporate Governance Committee.
- 4.3 Customer satisfaction reports aim to gauge residents perceptions and views of the services provided and the Council's "It's Better to Listen" leaflet has been updated several times with changes to the Council's structure and means of contacting the Council having been incorporated into the latest version of the leaflet.
- 4.4 The results from the information collected during 2006/07 revealed that complaints fell by 6%.

#### **5 Key Areas Targeted for 2007/08**

- 4.5 The Council has set efficiency targets for services for 2007/08 with review meetings taking place with Executive Directors to gauge progress towards their achievement.
- 4.6 The Council's strategy of targeting efficiencies away from front line services towards support services continues with these services having a higher efficiency target to achieve.
- 4.7 2007/08 efficiencies gains are currently being achieved and will form part of the Councils long term financial planning. Targets for future years will be quantified once the outcome of the Spending Review has been announced.

#### **6 Conclusion**

- 6.1 In 2006/07 East Ayrshire Council generated efficiency gains totalling £4.363m and these were achieved without impacting on the level of service provided to customers or on the Council's overall performance.

6.2 Services have improved with the 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 2007/08.



Fiona Lees  
Chief Executive  
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Councillor Douglas Reid  
Leader of the Council

## EAST AYRSHIRE COUNCIL - EFFICIENCY GAINS 2006/07

Theme	Description of Efficiency Measure	Cashable (£)	Non-cashable (£)	Impact on service delivery and performance / other information
O	No allowance for inflation in budget lines	0.905m		No reduction in performance as a result
O	Improve Council Tax Collection	0.221m		Increase in long term collection with no additional cost.
PR	Social Services - Redesign Older Peoples Services	0.277m		External provision of service led to cost efficiencies
O	Increase volume of services provided by Outdoor Amenities Section with no additional costs	0.100m		Increase Income from external parties year on year.
O	Increase volume of services provided by Planning and Building Standards Section with no additional costs	0.160m		Increase Income year on year.
PR	Tender for Corporate Printing - Consolidate, specify and co-ordinate procurement of specified commodities on a phased basis.	0.040m		Reduction in annual cost without impact on service delivery.
PR	Tender for Photocopiers - Consolidate and co-ordinate procurement of photocopiers.	0.023m		Reduction in annual cost without impact on service delivery.
PR	Re-tender of Fridge Disposal Contract	0.048m		Reduction in unit cost of disposal following tender of contract.
PR	Downsizing of school water meters and infrastructure improvements - Review of water meters in schools to ensure compatibility with demand and size of school.	0.116m		Usage maintained at reduced cost.
PR	Outsourcing of Community Meals Provision - Procurement of external company to provide meals to Social Work clients in the community.	0.048m		Reduction in costs due to procurement of external service.
SB	Reduction in Education Service Central Administration Employee Costs.	0.055m		Reduction in costs with no impact on service delivery.
PR	Energy Efficiency Measures	0.145m		Reduction in costs without impact on level of service.

<b>Theme</b>	<b>Description of Efficiency Measure</b>	<b>Cashable (£)</b>	<b>Non-cashable (£)</b>	<b>Impact on service delivery and performance / other information</b>
O	Best Value Service Review of the Finance Service.	0.265m		Reduction in costs with no impact on service delivery.
O	Technical Services – Increased Capital Programme. Programme increased substantially without need to increase workforce within Technical Services.		1.960m	Service outcomes were increased and work on an additional £11.2m of capital expenditure completed by the service.
<b>TOTAL</b>		<b>2.403m</b>	<b>1.960m</b>	

**Theme:**  
**PR: Procurement; MA: Managing Absence; AM: Asset Management; SS: Shared Services; SB: Streamlining Bureaucracy; O: Other**