

PERTH AND KINROSS COUNCIL**Strategic Policy and Resources Committee - 19 September 2012****ANNUAL EFFICIENCY STATEMENT 2011/12****Report by Head of Finance**

ABSTRACT: The report presents Perth & Kinross Council's Annual Efficiency Statement for 2011/12. The statement has previously been submitted to the Convention of Scottish Local Authorities (COSLA) for consolidation in the national return to the Scottish Government. The report summarises the efficiency gains made by the Council during 2011/12 and highlights those areas where the Council is seeking to make efficiency gains in the current financial year.

1 RECOMMENDATION

- 1.1 The Committee is requested to note the content of the report.

2 INTRODUCTION AND CONTEXT

- 2.1 The Efficient Government initiative was originally launched in November 2004 and is a key part of the programme of reform and modernisation for the public sector in Scotland.
- 2.2 For financial year 2011/12, the Scottish Government expects every public body to deliver efficiency savings of at least 3% and to report publicly on the actions undertaken and the results achieved.
- 2.3 All efficiency measures counted against these targets are intended to be 'cash-releasing' in that they were intended to generate cash savings or allow for a greater volume of Service delivery with no increase in cost. Under the terms of the Concordat agreement with the Scottish Government that was in place for 2010/11, local authorities are permitted to retain cash-releasing efficiency savings for re-investment in frontline Service delivery.
- 2.4 Perth & Kinross Council continues to be committed to making the best use of public resources and the identification of efficiency savings forms a key element of the Council's financial management strategy. This is evidenced through the Council's approach to preparing the Revenue Budget where Council Services are asked to contain their own expenditure pressures through the identification of efficiency savings in the first instance. The delivery of approved efficiency savings, thereafter, becomes an integral part of the management of each Council Service's Revenue Budget and is monitored as part of the Council's overall revenue expenditure monitoring.
- 2.5 In common with all other Scottish Local Authorities, Perth and Kinross Council has agreed to prepare and publish an Annual Efficiency

Statement. The format of the statement (this report including the appendices) is based upon guidance received from the Convention of Scottish Local Authorities (COSLA) but differs from previous years in that the Scottish Government has proposed a light touch approach to reporting efficiencies which places the emphasis on how local authorities have “used efficiencies to protect quality and level of services and maintained outputs and outcomes in the face of budget cuts”.

3 OPENING STATEMENT

- 3.1 The Council has a successful record in identifying and delivering efficiencies. In the previous five financial years in which local authorities have formally reported upon efficiency savings (2006/07 – 2010/11), Perth & Kinross Council has identified efficiency savings totalling approximately £33.4 million which have mainly been re-invested in supporting Service delivery.
- 3.2 The identification and delivery of efficiency savings is set within the context of a robust policy framework and resource management strategy. Both the Council and its Community Planning partners’ strategic objectives were set out within the up-dated Single Outcome Agreement for Perth & Kinross 2009-11 (Report No. 09/206 refers). The delivery of the Single Outcome Agreement in 2011/12 was supported internally through the Council’s Corporate Plan (Report No. 09/206 refers) and individual Service Business Management and Improvement Plans; the Corporate Improvement Plan (Report No. 09/206 refers); the Council’s Updated Medium Term Financial Plan (Report No. 11/654 refers); the Corporate Asset Management Plan (Report No. 09/291 refers) and the Council’s workforce management measures (Report No. 10/71 refers).
- 3.3 In addition, the “Securing the Future – Towards 2015 and Beyond” transformation programme, which was approved by Council on 30 June 2010 (Report No. 10/357 refers) set out the Council’s continuing strategy supporting the delivery of savings through the introduction of revised service delivery models and ongoing improvement activities across the Council. Within this strategy the Efficiency and Improvement Programme is one of three themes which provide a strategic framework for meeting the financial challenges facing the Council (Report 10/357 refers). The Efficiency and Improvement Programme identifies Workforce Planning; Procurement / Commissioning; Asset Management; Shared Services; Efficiency Reviews and Process Improvement as key areas for delivering future savings.
- 3.4 The Council has also sought to strengthen its internal arrangements for identifying and delivering efficiency savings in anticipation of significant reductions in public sector funding. A key element of this approach has been the further development during 2011/12 of a strategy for reshaping our workforce in a positive and proactive way in the future, through the continued development of a range of workforce management measures. These measures include revised arrangements for vacancy

management; managing short-term resourcing requirements and enhancing capacity and improving performance.

4 EFFICIENCY GAINS IN 2011/12

- 4.1 Council Services have identified cash releasing efficiency savings totalling £12.903 million in 2011/12. This represents approximately 3.8% of the Council's 2011/12 Net Revenue Budget updated in Revenue Monitoring Report No. 4 presented to the meeting of this Committee on 28 March 2012 (Report No. 12/136 refers).
- 4.2 The following table analyses the cash releasing efficiencies realised by the Council in 2011/12 in terms of key efficiency themes.

Efficient Government Theme	Cash Releasing £'000
Asset Management	422
Procurement	2,513
Workforce Planning	8,842
Shared Services	580
Streamlining Bureaucracy	394
Other	152
TOTAL	12,903

- 4.3 Appendix 1 to the report sets out the submission to COSLA in the prescribed simplified format.

5 KEY AREAS OF EFFICIENCY GAIN IN 2011/12

5.1 Asset Management

- 5.1.1 This was achieved through smarter use of Council assets including reduced running costs for operational properties and more efficient utilisation of fleet and other vehicles.

5.2 Procurement

- 5.2.1 As a member of the Tayside Procurement Consortium, the Council has continued to realise efficiency savings through collaborative purchasing arrangements with other public sector bodies based upon nationally negotiated contracts.
- 5.2.2 Council Services also realised procurement savings, waste diversion initiatives and retendered waste management contracts; further reviews of commissioned services and service level agreements; switching from the delivery of services to a commissioning role and further savings from cleaning and catering services.

5.3 Workforce Planning

- 5.3.1 In financial year 2011/12 the most significant efficiency savings were achieved in relation to the management of the Council's expenditure on staff costs. Much of this saving was realised through further pro-active management of staffing vacancies throughout the Council supported by the workforce management measures that were introduced in November 2009 with all Services exceeding their budgeted staff turnover targets.
- 5.3.2 It is anticipated that slippage at this level will not be generated in future years as, again, a number of vacant posts were removed in setting the 2012/13 Final Revenue Budget in February 2011.
- 5.3.3 Efficiency savings from workforce planning were also generated in 2011/12 through service transformation, re-design and review. Examples include efficiency savings generated through the review of the Community Care and Housing Revenue Account Management Teams, the redesign of Learning Disabilities and the redesign of Cultural and Community Services.

5.4 Shared Services

- 5.4.1 Under the Shared Services category heading there has been a reduction in support services and IST costs; and other internal reorganisations such as the review of Human Resources.

6 VERIFICATION

- 6.1 The Council has sought to deliver efficiency gains whilst maintaining and improving standards of Service. The Council has robust performance management arrangements in place and publishes a comprehensive annual performance report which summarises both the Council's own assessment of its progress and the findings of the external scrutiny bodies charged with assessing standards of Service delivery (Report No. 10/359 refers). There is no evidence to suggest that the efficiency gains reported above have led to a reduction in performance or service quality.

7 KEY AREAS TARGETED FOR 2012/13 AND FUTURE YEARS

- 7.1 The latest update of the Council's Medium Term Financial Plan was approved on 14 December 2011 (Report No. 11/654 refers). The report sets the local context for what is widely anticipated to be a period of considerable financial challenge for the public sector.
- 7.2 The Medium Term Financial Plan will continue to be updated as more information on, for example, the latest financial settlements from the Scottish Government become available..

- 7.3 The continued identification and delivery of efficiency savings in 2012/13 and beyond will play a significant role in the future management of the Council's finances. However, it is unlikely that the delivery of efficiency savings alone will be sufficient to offset the projected reduction in the Council's funding.
- 7.4 Workforce Planning efficiency savings identified in setting the Council's Revenue Budget 2011/12 to 2013/14 include reductions in management and administration/support reviews across all services; reduced sickness absence; redesign of a number of corporate functions including Information Technology, Health and Safety and Asset Management; the further introduction of new ways of working within The Environment Service and the redesign of local authority care home provision within Housing and Community Care.
- 7.5 Examples of Procurement savings identified going forward include reduced waste disposal costs following recent contract negotiations and further targeted savings from the operation of collaborative purchasing arrangements.
- 7.6 Efficiency savings from improved asset management tend to be realised in the medium term given that much of the Council's asset holdings relate to property. The Council is currently undertaking a review of its future office accommodation requirements to identify the potential for efficiency savings.

8 RESOURCE IMPLICATIONS

- 8.1 There are no resource implications arising directly from this report.

9 CONSULTATION

- 9.1 The Chief Executive and all Executive Directors have been consulted in the preparation of the Council's 2011/12 Annual Efficiency Statement.

10 COUNCIL CORPORATE PLAN OBJECTIVES 2009-12

- 10.1 The Council's Corporate Plan 2009-2012 lays out five Objectives which provide clear strategic direction, inform decisions at a corporate and service level and shape the resources allocation. They are as follows:
- (i) A Safe, Secure and Welcoming Environment
 - (ii) Healthy, Caring Communities
 - (iii) A Prosperous, Sustainable and Inclusive Economy
 - (iv) Educated, Responsible and Informed Citizens
 - (v) Confident, Active and Inclusive Communities

- 10.2 The identification of efficiency gains by Council Services supports the delivery of all of the Council's Corporate Plan objectives and is consistent with the Council's principles of accountability and transparency; ensuring that we are accountable and transparent to the community; the Community Planning Partners and the Scottish Government in our decision making, planning and delivery of services.

11 EQUALITIES ASSESSMENT

- 11.1 The Council's Corporate Equalities Assessment Framework requires an assessment of functions, policies, procedures or strategies in relation to race, gender and disability and other relevant equality categories. This supports the Council's legal requirement to comply with the duty to assess and consult on relevant new policies to ensure there is no adverse impact on any community group or employees.
- 11.2 The information presented in this report was considered under the Corporate Equalities Assessment Framework and the determination was made that the items summarised in this report do not require further assessment as they do not have an impact on people's wellbeing.

12 STRATEGIC ENVIRONMENTAL ASSESSMENT

- 12.1 Strategic Environmental Assessment (SEA) is a legal requirement under the Environmental Assessment (Scotland) Act 2005 that applies to all plans, programmes and strategies, including policies (PPS).
- 12.2 The plan, programme or strategy presented in this report was considered under the Environmental Assessment (Scotland) Act 2005 and the determination was made that the items summarised in this report do not require further action as they do not qualify as a plan, programme or strategy as defined by the Act.

13 CONCLUSION

- 13.1 Perth & Kinross Council has identified cash-releasing efficiency savings for the General Fund totalling £12.903 million in 2011/12. Efficiency gains have been identified across all Council Services and under a range of Efficient Government themes. The identification and delivery of future efficiency savings will remain a key component of the Council's financial strategy as it enters a sustained period of financial constraint.

John Symon
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Background Papers: No background papers, as defined by Section 50D of the Local Government (Scotland) Act 1973 (other than any containing confidential or exempt information) were relied on to any material extent in preparing the above report.

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this document in another language or format,
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by contacting **Scott Walker**



Council Text Phone Number 01738 442573

APPENDIX 1

CONFIRMATION OF EFFICIENCIES DELIVERED IN 2011/12

1	Local Authority Name	Perth and Kinross Council
2	Total cash efficiency achieved for 2011/12 £'000	£12.903 million
3	<p>Summary of efficiency activity e.g.</p> <p>The main initiatives the local authority has taken over the year to ensure a strategic approach to increased efficiency and productivity and the improvements achieved in these areas.</p> <p>The main information that the local authority uses to assess productivity, service quality and performance and how the scope, usefulness or reliability has been improved during the year.</p> <p>Specific steps the local authority has taken during the year to improve collaboration and joint working to deliver efficient and user-focussed services and the improvements achieved.</p>	<p>The Council has continued to progress its efficiency agenda as part of its overall transformation strategy.</p> <p>Progress in terms of absence management has been strong showing a reduction in absence rates making both direct and indirect savings e.g. school supply teacher budget savings.</p> <p>The Council also utilises a wide range of information to assess productivity which is reviewed annually for its effectiveness as part of our business planning process. Key efficiency measures include -</p> <ul style="list-style-type: none"> • New service delivery arrangements implemented in Aberfeldy and Kinross. This involved establishing the Breadalbane and Loch Leven campus libraries as the first point of contact for customers in the Aberfeldy and Kinross areas. • Employees from a range of teams operating in Aberfeldy and Kinross also now work from an Integrated Team Base in each campus, reducing the number of office bases in each area. • The Waste Procurement Programme has made savings in the cost of waste disposal and recycling, achieved through extensive market knowledge, and tendering processes which sought to maximise competition, and deliver best value. <p>The Council is also engaged in collaboration activities at a number of levels. At Community Planning level, the Council is currently reviewing its SOA/Strategic Plan as well as governance processes to improve integrated working. It has made significant progress in Health and Social Care integration and is pathfinder for the new local</p>

		<p>arrangements for Police and Fire.</p> <p>Across Tayside, all Chief Officers have formed the Public Services Strategy Group (PSSG) which is pursuing work streams around Getting It Right For Every Child (GIRFEC), Adult Care and public service reform.</p>
4	Breakdown of efficiency saving by Procurement, Shared Services or Asset Management £'000 (only where relevant – not all efficiencies will fall into these categories, so the figures here do not have to match the overall total.	Procurement = £2.513 million
		Shared Services = £0.580 million
		Asset Management = £0.422 million
5	Evidence: What performance measures and/or quality indicators are used to ensure that efficiencies were achieved without any detriment to services?	<p>The Council has sought to deliver efficiency gains whilst maintaining and improving standards of Service. The Council has robust performance management arrangements in place and publishes a comprehensive annual performance report which summarises both the Council's own assessment of its progress and the findings of the external scrutiny bodies charged with assessing standards of Service delivery (Report No. 10/359 refers). The Council uses a wide variety of input, output and outcome measures to assess the quality and effectiveness of its services. These measures are monitored on a monthly basis by senior management and on a six monthly basis formally through our Committee structure.</p> <p>All efficiency projects require a business case which sets out key benefits and measures which will assess the success of each initiative.</p> <p>There is no evidence to suggest that the efficiency gains reported above have led to a reduction in performance or service quality.</p>

Signed (Chief Executive or equivalent)

Signed (if applicable)..... (Council Leader or equivalent)

Date

