



ANNUAL EFFICIENCY STATEMENT

2010-11

INDEX

	Page
1. Introduction	1
2. Opening Position	1
3. Key Areas for 2010-11	2
4. Efficiency Gains Achieved in 2010-11	4
5. Verification	4
6. Key Areas Targeted for 2011-12	5
7. Conclusion	7
8. Approval	7
9. Publication	7

Appendix 1 – Efficiency Gains 2010-11

1. INTRODUCTION

- 1.1 A greater focus was placed on efficiencies in the 2004 Spending Review when the then Minister incorporated efficiency savings targets across the public sector for 2005-06 to 2007-08. As part of the 2007 Spending Review the Scottish Government re-affirmed its commitment to the efficient government agenda and required the public sector to meet in year efficiency targets of 2% for each of the three years of the Spending Review 2008-09 to 2010-11.
- 1.2 Efficiency is all about getting better value. Every pound that is used inefficiently is a lost opportunity to provide better public services. It is not about making cuts in services but about genuinely transforming the way services are delivered to the public.
- 1.3 The Council's objectives in relation to the Efficient Government Initiative are as follows:
- To innovate in service delivery.
 - To create opportunities and lead the way.
 - To improve service quality and responsiveness.
 - To generate time releasing savings to redirect resources to priority areas.
 - To generate cash releasing savings to ensure financial sustainability of service delivery.
- 1.4 In setting out the plan to achieve the target of 2% cash releasing efficiency savings, the Council recognises that not all savings are available to balance the budget. There are good reasons to reinvest some of the savings in redesign or improvement of services or in new assets.
- 1.5 The Council has set up a Transformation Programme which encompasses a three year programme of service reviews, shared services, efficient and effective use of corporate resources and a strategic workstream involving the modernisation of the management and staffing structure.

2. OPENING POSITION

Savings Achieved to Date

- 2.1 The Council had made its own assessment of its share of the overall target for efficiency savings over the period 2005-06 to 2007-08 and this amounted to £7.469m. The actual savings achieved were £7.933m.
- 2.2 For 2008-09 the estimated share of the national target of £174.7m was £3.372m. Our actual cashable savings were £3.339.
- 2.3 For 2009-10 the estimated share of the national target of £174.7m was £3.494m. Our actual cashable savings were £3.965m.
- 2.4 Over the period 2005-06 to 2009-10 the Council have achieved £0.902m in excess of their estimated target.

- 2.5 One of the main drivers for identifying efficiency savings has been the service review programme which commenced during 2009-10 with savings beginning to be realised in 2010-11. Other specific areas where efficiencies have been achieved to date are:
- Better procurement.
 - Non-provision for inflation within departmental budgets.
 - Vacancy savings calculated at 0.5% of direct employee costs.

Target Savings for 2010-11

- 2.6 The Council has estimated that its share of the national target of £174.7m is £3.791m. This may well increase as central government seek to drive out increasing levels of efficiency savings from the public sector.
- 2.7 The table below summarises the efficiency savings which were identified at the start of the financial year.

Type of Efficiency	Estimated Saving £000
Asset Management	52
Procurement	163
Workforce Planning	869
Other Efficiency Savings	4,052
Total Planned Efficiency Savings	5,136

3 KEY AREAS FOR 2010-11

- 3.1 In last year's efficiency statement there were a number of key areas to be targeted for 2010-11. The progress on each of these key areas is outlined below:

PLANNED AREA OF WORK	PROGRESS TO DATE
Service Review Programme	During 2009-10 the Council commenced a programme of service reviews which will see a radical review of each service over the next three years. A review of 10 services took place during 2010-11 and it is estimated that this will realise efficiency savings of around £5m over a three year period.
Shared Services	Progress is ongoing. There are two streams to the shared services approach in Argyll and Bute: <ul style="list-style-type: none"> • Argyll and Bute Council sharing services within Argyll and Bute with Police, Fire, Health/Community Health Partnership.

	<ul style="list-style-type: none"> • Argyll and Bute Council sharing services in the wider Highlands area with key partners including Highland Council and NHS Highland. <p>A list of shared services options has been compiled for each stream and have been identified as being worth early pursuit, having longer term objectives or not currently worth pursuing at this stage.</p>
Customer Management	<p>The project has completed its first year of implementation activities, focused on four main themes:</p> <ol style="list-style-type: none"> 1. Improving how we handle initial customer enquiries 2. Upgrading our web services (internal and for customers) 3. Having measurable standards and improved customer service training 4. Improving facilities at our customer service points. <p>The improvements made help all services deliver better customer care through more responsive, efficient and customer focused delivery of customer service.</p>
Workforce Deployment	<p>The project has completed its first year of implementation activities in Oban and focused on three main themes of rationalising and upgrading office accommodation, creating the necessary IT infrastructure and tools and supporting staff to assist them in adopting new ways of working.</p>
Procurement and Contract Management	<p>The Council's corporate procurement team have been following a programme of procurement improvements and cost savings in line with the process for change business case agreed by the Council in May 2009. The Council moved to the conformance category as part of its procurement capability assessment.</p>
Carbon Management Plan	<p>The Council's Carbon Management Plan is now 2 years into its implementation period (March 2011). The Plan identifies significant opportunities for the Council to reduce its carbon footprint and also achieve efficiency savings. The</p>

	efficiencies will be largely achieved through a combination of improved heating systems, insulation, reduced power consumption, recycling and reduced travel. All substantial proposals in the Plan, or added to the Plan, are supported by business case development before implementation. The 2011/2012 Capital Programme was approved in March 2011 and includes specific carbon investment of circa £1.527M to achieve £193K per annum savings and a reduction of 872 tonnes CO2 per annum.
Absence Management	The Transformation Board agreed a PID in December 2010 for the Direct Reporting of Absence, a project which would see the roll out of single channel to record employee absence within the Council. This system will provide accurate and timely reporting of absence figures and statistics which will assist in managing employee attendance.

4. EFFICIENCY GAINS ACHIEVED IN 2010-11

- 4.1 Cashable efficiencies of £5.588m were achieved in 2010-11 and are summarised below using the standard Efficient Government Themes. Further detail is provided in Appendix 1.

Efficient Government Theme	Cashable Savings £000
Asset Management	52
Procurement	163
Workforce Planning	869
Other Efficiency Savings	4,504
Total	5,588

5. VERIFICATION

- 5.1 The Council must be able to demonstrate that any efficiency saving has been delivered without impacting negatively on service delivery before it can be properly counted as an efficiency. A high level approach to verifying this has been taken.
- 5.2 The Council has developed Service Performance Scorecards that identify KPIs for each service. The information for the performance scorecards is drawn from the Council's management system. A snapshot of the KPIs has been taken as at

March 2011. The KPIs represent the success measures for ongoing service delivery in important areas of the Councils business. On this basis they can be assumed to represent quality and delivery in key service areas. The KPIs are classified as red or green where green represents on target and red is off target. If the KPIs are predominately classed as green then this indicates the standards for service quality and delivery are being achieved.

- 5.3 As at March 2011, out of 54 KPIs, 41 were green and 13 were red. This indicates that service quality are at the standards specified in the service plan and on this basis the efficiency savings have not had a negative impact on service delivery.

6. KEY AREAS TARGETED FOR 2011-12

Service Review Programme

- 6.1 During 2009-10 the Council commenced a programme of service reviews which will see a radical review of each service over the next three years. The reviews should look at performance and the cost base of the service area and benchmark this externally to identify opportunities to reduce cost (and improve performance). This approach is one of the main drivers of identifying budgetary savings and the savings will be built into the following years budget. Whilst some savings will come from prioritisation a key feature of this process will be identifying efficiency savings.
- 6.2 Two thirds of the Council services have been subject to a service review and during 2011-12 the remaining services will be reviewed. The service reviews have a target saving of 20% with a proportion of this saving being achieved through more efficient ways of working.

Office and Depot Rationalisation

- 6.3 As part of the programme of Service Reviews to establish opportunities for alternative service delivery and improve overall performance and efficiency, the Strategic Management Team has been considering how to progress the issue of property rationalisation, offices and depots. The key drivers for the project are to:
- rationalise the number of Council assets to better align with its business needs;
 - minimise liability from surplus assets;
 - maximise income from disposal of surplus assets;
 - share services with other Community Planning Partners (CPP);
 - save money.
- 6.4 A project team is now in place and it is estimated that the proposals for rationalisation will be reported and implemented during 2011-12. At this stage, no savings have been quantified.

Shared Services

- 6.5 There are two streams to the shared services approach in Argyll and Bute:

- Argyll and Bute Council sharing services within Argyll and Bute with Police, Fire, Health/community Health Partnership.
- Argyll and Bute Council sharing services in the wider Highlands area with key partners including Highland Council and NHS Highland.

6.6 The shared services workstreams that are currently being developed include the following:

- Integrated health and social work
- Strategic Transportation
- Joint waste management and recycling
- Joint cleaning, catering and janitorial contracts
- Joint asset management
- Joint training provision
- Joint planning, policy and performance
- Joint management specialist/advisory teams
- Joint out of hours services
- Joint support teams and improvement projects
- Joint fleet and logistics management

6.7 The workstreams will continue to progress during 2011-12 and should see the Council in an excellent position to take advantage of the options available to implement joint working across a range of services.

Customer Management

6.8 Customer Management's main focus for 2011-12 is to improve how we handle initial customer contacts and to improve the range of opportunities for customers to self serve via the new council website. The main improvements include:

- Centralisation of telephone and face to face customer enquiries through the Customer Service Centre and Customer Service Points for Social Work, Planning and Regulatory Services and General Enquiries
- The introduction of a self service telephony system for customers' switchboard and payment calls
- Introduction of a single number, corporate texted enquiries service
- Implementation of a comprehensive website development plan to achieve a 3 star rating in the industry standard web
- Convert all downloadable web forms to e-forms that can be completed online
- Set up a service request portal to allow many more online transactions
- Achieve an improved outcome in the Mystery Shopping benchmark exercise for customer service

Workforce Deployment

6.9 The main focus for 2011-12 is to rollout Workforce Deployment within Dunoon area which will follow a similar approach to Oban in terms of reconfiguring office accommodation, ensuring the right IT infrastructure and tools are in place and

supporting staff in adopting new ways of working and completion of the Oban office rationalisation.

- 6.10 In addition a booking system is being implemented for meeting rooms, hot desks and pool cars and there will be some further property rationalisation within Oban.

Procurement and Contract Management

- 6.11 The Council will continue to make progress against the business case proposals agreed as part of the Process for Change project with the aim of increasing contract coverage from 70% to 85% of procurement spend. During the early part of 2011-12 the Council will target £8m of largely un-contracted spend that will release direct cost savings.
- 6.12 In addition the Council will be seeking to improve its score for procurement capability moving into the improved performance category.

7. CONCLUSION

- 7.1 The Council has made significant progress in addressing the Efficiency Government agenda and has achieved significant efficiency savings to date. Appendix 1 summarises that the Council achieved £5.588m cashable savings during 2010-11.
- 7.2 Arrangements are in place to monitor and report on progress with efficiency savings and the links have been put in place between the Efficiency Savings Plan and Planning and Performance Management Framework and Performance Scorecards.
- 7.3 The Council is acutely aware of the tight financial settlements ahead and are taking steps to actively progress with medium to long term options for efficiency in order to meet the financial pressures.

8. APPROVAL

- 8.1 This Annual Efficiency Statement for 2010-11 has been approved by



Sally Loudon
Chief Executive



Dick Walsh
Council Leader

9. PUBLICATION

- 9.1 This Efficiency Statement will be published on the Council's website.

APPENDIX 1

ARGYLL AND BUTE COUNCIL - EFFICIENCY GAINS 2010-11

Theme	Description of Efficiency Measure	Cashable £000	Non- Cashable £000	Impact on Service Delivery
AM	Service Review Savings	52		
O	Service Review Savings	1,492		
O	Other Savings Identified in advance of Service Reviews	95		
O	Removal of General Provision for Inflation	1,440		
O	Vacancy Savings	1,177		
O	Cost Centre Review Savings	300		
PR	Other Savings Identified in advance of Service Reviews	163		
WP	Service Review Savings	403		
WP	Other Savings Identified in advance of Service Reviews	466		
TOTAL		5,588	0	

Theme:

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