

**ANNUAL EFFICIENCY STATEMENT 2018-19**

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**1. EXECUTIVE SUMMARY**

- 1.1 The main purpose of this report is to present the Council's Annual Efficiency Statement to Council for noting.
- 1.2 Local Authorities are required to complete and publish an Annual Efficiency Statement that summarises the total efficiencies achieved in the last financial year, along with summary detail on some of the main ways the Council is delivering efficiency savings.
- 1.3 The Council must submit their 2018-19 Annual Efficiency Statement to COSLA at a date still to be advised in August.
- 1.4 The Council has achieved £5.870m in efficiency savings for 2018-19 which exceeds the target requirement of £4.773m.

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**2. INTRODUCTION**

- 2.1 Local Authorities are required to complete and publish an Annual Efficiency Statement that summarises the total efficiencies achieved in the last financial year. The Annual Efficiency Statement for 2018-19 is attached as an appendix to this report for noting.

**3. RECOMMENDATIONS**

- 3.1 Council to consider the contents of the Annual Efficiency Statement for 2018-19

**4. DETAIL**

- 4.1 For 2018-19, 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. Council's must publish an Annual Efficiency Statement each year. The Annual Efficiency Statement is attached as an appendix to this report and has been prepared in accordance with the guidance issued by COSLA.
- 4.2 The 3% efficiency savings are calculated based on departmental expenditure limit (DEL). Income from Non-Domestic Rates (NDR) is annually managed expenditure so falls outwith DEL. The Scottish Government funding for the Council for 2018-19 was £192.144m. The NDR element of the funding amounted to £33.035m giving funding excluding NDR of £159.109m. This gives rise to a 3.00% efficiency savings target of £4.773m. The total efficiency saving achieved for 2018-19 was £5.870m (3.69%) as outlined in the attached statement and this exceeds the target saving.
- 4.3 Arrangements continue to be in place to monitor and report on progress with efficiency savings through the Performance Improvement Framework (PIF) and Performance Scorecards.

**5. CONCLUSION**

- 5.1 The Council achieved its efficiency savings target for 2018-19.

## **6. IMPLICATIONS**

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| 6.1 | Policy –           | None.  |
| 6.2 | Financial -        | The Council has achieved its efficiency target for 2018-19.  |
| 6.3 | Legal -            | None.  |
| 6.4 | HR -               | Individual efficiency savings may have had human resource implications and these would have been discussed with the Trade Unions.            |
| 6.5 | Equalities -       | Individual efficiency savings may have had equality implications and equality impact assessments would have been carried out where required. |
| 6.6 | Risk -             | None.  |
| 6.7 | Customer Service - | Individual efficiency savings may have had customer service implications.  |

**Kirsty Flanagan**  
**Head of Strategic Finance**  
**13 June 2019**

**Councillor Gary Mulvaney, Depute Council Leader - Policy Lead Strategic Finance and Capital Regeneration Projects**

## **APPENDICES**

Appendix 1 – Annual Efficiency Statement 2018-19

## CONFIRMATION OF EFFICIENCIES DELIVERED IN 2018-19

<b>1</b>	<b>Local Authority Name</b>	Argyll and Bute Council
<b>2</b>	<b>Total cash efficiency achieved for 2018-19</b>	£5.870m (3.69%)
<b>3</b>	<p><b>Summary of efficiency activity</b></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><u>Transformation Board and Savings</u> A Transformation Board was established to oversee all the Council's transformational opportunities. New savings options for 2018-19 were identified and delivered as a result of the work led by the Transformation Board and this included a number of efficiency savings. There were 30 efficiency related management savings totalling £0.646m and 7 efficiency related Service Review Policy savings totalling £0.310m, producing an overall efficiency related budget savings total of £0.956m. Savings included:</p> <ul style="list-style-type: none"> <li>• Trading Standards Re-design</li> <li>• Office Rationalisation</li> <li>• Secure external grant funding for Strategic Transportation.</li> <li>• Increased use of pool cars</li> <li>• Review of central support to Development &amp; Infrastructure Services</li> </ul> <p><u>Channel Shift</u> The council has tracked performance of its digital channels since 2010 and the extent to which they encourage external customers to shift to more efficient, lower cost digital self-service channels. The potential savings in 2018-19 amount to £502,313 generated from transactional digital services using the methodology previously agreed by the Senior Management Team and SOCITM channel cost benchmark approach. These savings are not directly recouped from Services, but are an enabler for helping to deal with wider related funding reductions and increased demand. They are not included in the total efficiency savings figure noted above.</p> <p><u>Fleet Management</u> Review work is ongoing of current practices including an overview of existing management controls and systems, the cost of providing the service, vehicle acquisition and funding policy, internal charging mechanisms and service levels provided to users. Fleet utilisation will be analysed and a policy prepared in relation to purchasing, whole life costing and disposal processes. Consideration is also being given</p>

to industry standard budgeting methods and more pro-active reviews of management information.

#### One Council Property Approach

The Council at its meeting on 22 February 2018 agreed to provide resource to take forward a new initiative entitled "Once Council Approach to Property". This initiative is a change in the approach to the management of the Council's land and buildings from a static or reactive position (where properties are considered to be held or owned by individual services) to a proactive property development service. This would mean that all heritable property owned by the Council would be held corporately and not by individual "holding" departments, as has been the case to date, to enable the Council to take a more consistent and strategic corporate view across all heritable property it owns. The One Council property approach has already delivered over £53k in additional rental income, a further £23k in one off sums and £3m in capital receipts in 2018/19. An additional £2m of property is currently under offer.

#### Procurement

The Council continues to ensure procurement savings are achieved by utilising contracts appropriately and by carrying out our own procurement exercises to achieve best value for the Council. The procurement and commissioning team through their work with the Transformation Board benchmarked with other local authorities as to the level of centralisation of their procurement function and the financial cost savings benefits as a result of this centralisation. The benchmarking exercise resulted in more focus towards contract demand management support which will be implemented from 2019/20 onwards.

#### Performance Improvement Framework (PIF)

The Performance and Improvement Framework (PIF) sets out the process for presentation of the Council's quarterly performance reports. Performance is reviewed by the Strategic Committees and then the Council and departmental performance reports and scorecards are presented to the Audit and Scrutiny Committee on a half-yearly basis.

4	<p><b>Breakdown of efficiency saving by Procurement, Shared Services or Asset Management £'000</b></p> <p>(only where relevant – not all efficiencies will fall into these categories, so the figures here do not have to match the overall total.</p>	<p>Procurement = £4.914m</p> <p>The Council continues to ensure procurement savings are achieved by utilising contracts appropriately and by carrying out our own procurement exercises to achieve best value for the Council. Heads of Service and Procurement Action Managers are working together to achieve targets and ensure as much spend as possible is put through systems to obtain better spend information in the future.</p>
5	<p><b>Evidence:</b> What performance measures and/or quality indicators are used to ensure that efficiencies were achieved without any detriment to services?</p>	<p>A high level approach to verifying performance has been taken using the business outcomes on the performance scorecards. The business outcomes are measured using the key 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 business outcomes are classified as red or green where green represents on target and red is off target. There is also an amber classification which indicates that more than half of the actions within the business outcome are on track. If the business outcomes are predominately classed as green or amber then this indicates the standards for service quality and delivery are being achieved.</p> <p>As at March 2019, out of 28 business outcomes, all 28 were either green or amber. This indicates that service quality is at the standards specified in the service plan. In addition, as at 31 March 2019, of the 215 success measures, 188 were green, 25 were red and 2 had no data.</p>

Signed

Cleland Sneddon, Chief Executive

Signed

Aileen Morton, Council Leader

Date: