



Annual Efficiency Statement

2007-08

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Introduction

1. During the 2007-08 budget setting process, efficiency savings targets were outlined in the document 'Efficiency Savings Requirements' which formed part of the Budget Pack prepared for councillors and officers.
2. The efficiency savings targets therein were calculated from our own assessment of our share of the Scottish Government target for efficiency savings and are tabled below:

Department	Scottish Government	Local Government	Argyll and Bute
	£000's		
Finance Settlements	246,000	168,300	3,245
Non NHS Procurement	150,000	80,200	1,546
Supporting People		27,000	2,678
Fire Service		1,000	
Police Service		8,500	
Mod/Eff Gov Funds		40,000	
Other	349,000		
Total Efficiency Savings	745,000	325,000	7,469

3. Of the above total, £4,985k savings were achieved in 2005-06 and 2006-07, leaving a balance of £2,484k efficiency savings target for 2007-08.
4. The Scottish Government envisaged Councils could achieve their efficiencies in the following areas:
 - Procurement;
 - Absence Management;
 - Asset Management;
 - Shared Services; and
 - Reducing Bureaucracy.
5. In prior years, we did not use the above terms to categorise our efficiency savings, nor did we set up programmes based on these headings to generate efficiencies, but left each department to bring forward their own proposals as part of the budget setting process. Prior to the start of 2007-08 the Council had already established policies or strategies to take forward the following matters:
 - Asset Management Strategy;
 - Procurement Strategy;
 - Attendance Management Policy; and
 - Tendering of Supporting People contracts to improve value for money.
6. A strategy linking Efficient Government and each of its themes to the Council's planning and budgetary process, however, was used in the 2007-08 budget setting process.
7. The Efficient Government themes are;
 - Procurement;
 - Absence Management;

- Asset Management;
 - Shared Services; and
 - Reducing Bureaucracy.
8. The Council's Executive Committee have agreed a proposal to rationalise the Boards established to take forward the various themes. The Performance Improvement Board will be responsible for overseeing Efficient Government and will also have specific responsibility for the Reducing Bureaucracy theme. Separate boards have been established for:
- Human Resources;
 - Shared Services and Procurement;
 - Asset Management;
 - Information Technology; and
 - Customer First and Public Sector Reform.
9. The Human Resources board will be responsible for the absence management theme. The Shared Services and Procurement board will be responsible for both the shared service and procurement themes. The Asset Management board will be responsible for the asset management theme.
10. The Council is also in the process of reviewing its corporate plan and developing a financial strategy. As a result, the Council will need to carry out a review of its core and non-core activities. There will also be a requirement to develop a longer term and more strategic approach to managing its financial position and this will require consideration of setting targets for efficiencies for departments and over the themes of the Efficient Government initiative for a three year period.

Opening Position

Closing Position 2006-07

11. Council achieved efficiency gains of £3,314k in 2006-07. This comprised £3,274k cashable savings and £040k non-cashable savings. Together with the savings of £1,671k achieved in 2005-06, Council had achieved a credible total of £4,985k efficiency savings up to March 2007.

Departmental Savings Target for 2007-08 - Cashable

12. In common with previous years departments have categorised their proposals to meet cost pressures. This includes identifying which proposals can be classed as efficiency savings. The value of proposals that can be classed as efficiency savings is as follows:

	£000's
Community Services	233
Corporate Services	394
Development Services	60
Operational Services	113
Departmental Efficiency Savings	800

Procurement - Cashable

13. The Council was an early adopter of the PECOS e-procurement system and a procurement strategy has been in place for a number of years. A Shared

Services and Procurement Board has been set up to oversee the Council's approach to procurement. The Board is chaired by the Director of Corporate Services and has representatives from each department.

14. The Council is a member of Scottish Excel. The Head of ICT and Financial Services represents Highlands and Islands on the Scotland Excel steering group and the Exchequer Manager was previously seconded to the project team.
15. Following discussion with the Council's Procurement Team and Head of ICT and Financial Services an efficiency saving of £100k was identified.

Supporting People - Cashable

16. Supporting People savings have been calculated based on the reduction in Supporting People grant and this approach is consistent with the treatment adopted by the Scottish Government where it has assumed the overall reduction in the Supporting People grant counts as efficiency saving. The estimated efficiency savings arising from the reduction in Supporting People grant for 2007-08 is £1,039k.

Non-Provision for Inflation - Cashable

17. Non-provision for inflation savings is the difference between the notional inflation that would have been added to budgets had full provision for inflation been made and the actual amount provided for inflation, if any, in the budget. The estimated efficiency savings arising from non-provision for inflation for 2007-08 is £700k.

Absence Management – Non-Cashable

18. Regular reports are prepared on absence management which detail the salary costs associated with absence management. The 2005-06 absence cost was £3,522k. Following consultation with Directors and the Head of Personnel a target saving of 5% of the total absence costs in 2005-06 was agreed. This equates to £176,100 and was to be allocated to departments based on their proportion of absence costs. The actual savings achieved against this target are tabled below:

Department	2005-06 Costs	2007-08 Target
	£000's	
Chief Executive	64	3
Community Services	2,315	116
Corporate Services	150	87
Development Services	66	3
Operational Services	927	46
Total	3,522	176

Cashable Savings Summary for 2007-08

19. The overall position in terms of efficiency savings as outlined above can be summarised as follows:

	£000's
Departmental Savings	800
Procurement	100

Supporting People	1,039
Non-Provision for Inflation	700
Total Efficiency Saving Target 2007-08	2,639
Original Target	2,484
Excess	155

Cumulative Savings Summary to 2007-08

20. The overall position in terms of efficiency savings as outlined above can be summarised as follows:

	£000's
Savings Achieved 2005-06	1,671
Savings Achieved 2006-07	3,314
Subtotal	4,985
Savings Target 2007-08	2,639
Subtotal	7,624
Original Target	7,469
Excess	155

Key Areas for 2007-08

Single Status

21. The Single Status agreement signed in 1999 merged the former APT & C and manual workers into a single group of employees referred to as Local Government Employees. This new group are now covered by a single national bargaining body and set of terms and conditions. As part of this exercise and to remove potential inequalities in the pay structure all the posts in this group were evaluated using the national job evaluation scheme. The Conditions of Service for this group were also reviewed. As a result of this exercise a new pay structure and set of Terms & Conditions were introduced in February 2008. This exercise is funded from within existing resources which required any additional unbudgeted costs to be funded by savings.
22. The Council agreed at its meeting of 13 February 2007, to fund the costs of single status by allocating the costs and hence job reductions across departments based on their current pay bill.
23. It was further agreed at the Council meeting to submit a monitoring report on a 6 monthly basis.
24. Departments are to achieve the job reductions over a period of three years with the following apportionment over departments:

Department	2007-08 Target	
	Jobs	£000's
Chief Executives	2	45.0
Community Services	29	652.5
Corporate Services	4	90.0
Development Services	3	67.5
Operational Services	17	382.5
Total	55	1,237.5

Procurement

25. The Council is recognised as a leader in terms of implementing the eProcurement Scotland Service, is an active member of the Scotland Excel procurement project and is addressing the actions from the McClelland review of procurement. The Strategic Management Team has been kept apprised of developments in terms of the asset management strategy.

Absence Management

26. The council has in place an absence management policy which supports employees who are absent and provides appropriate mechanisms to facilitate their return to work. Absence reports are submitted to the Management Team on a quarterly basis and the Council Executive on a six monthly basis.

Asset Management

27. Progress with asset management can best be summarised under three main headings of School Estate, Office Accommodation, Energy Management.

School Estate

28. In terms of the School Estate the Council has continued to update and revise its School Estate Asset Management Strategy. The Council is aware of the level of over capacity in its schools, the levels of backlog investment required and the impact this has on the quality of the education experience. The Council faces a significant challenge in addressing these issues. A significant data collection exercise commenced in 2006-07 to allow the development of a sophisticated financial model to assist the Council in future decisions on the composition of the school estate and related investment. Reports on the options for modernising the school estate were considered by the Council during 2007-08.

Energy Efficiency

29. The Council also received additional capital grant in 2007-08 that was partially invested in a programme of property upgrades to improve energy efficiency and generate savings. This programme of investment will deliver payback over three to 20 years.

Review of Non-Operational Assets & Surplus Properties

30. A review of surplus properties was completed during 2007-08 to allow a programme of disposals to be in place for 2008-09 onwards.

Shared Services

31. A strategy for shared services has now been approved by the Council which will be taken forward by the Shared Service and Procurement Board.
32. The Council participates in the Shared Services Diagnostic Project which presently is collating FTE information across 36 processes and information on systems and applications in order to compare results with other similar councils. The project's aim is to identify the most efficient processes, systems and applications for sharing and consideration by other councils.

Reducing Bureaucracy

33. The biggest contribution to the reduction of bureaucracy has been the establishment of the Customer Contact Centre – to streamline customer enquiries and initial handling.

34. In August 2007, the Executive Committee approved a strategy to rationalise the Boards overseeing the Efficiency agenda.
35. At the same time, it has been agreed to establish a Business Change and Efficiency Team to identify efficiencies and implement the necessary business changes in order to achieve them.

Efficiency Gains Achieved in 2007-08

Departmental Savings Achieved for 2007-08 - Cashable

36. The actual savings achieved against target are tabled below:

Department	Target	Achieved	Variance
	£000's		
Community Services	233	233	0
Corporate Services	394	394	0
Development Services	60	60	0
Operational Services	113	113	0
Total	800	800	0

Single Status - Cashable

37. The savings achieved by the end of March 2008 are as follows:

Department	Target		Achieved		Variance
	Jobs	£000's	Jobs	£000's	£000's
Chief Executives	2	45.0	1	45.0	0
Community Services	29	652.5	8.68	644.6	7.9
Corporate Services	4	90.0	2.38	105.2	-15.2
Development Services	3	67.5	1	18.2	49.3
Operational Services	17	382.5	16	382.5	0
Total	55	1,237.5	29.06	1,831.3	42.0
Efficiency Savings				554.4	

£554.4k of the above has been achieved as result of efficiency.

Shared Services - Cashable

38. The new customer services centre in Campbeltown went live in June 2007 with and implementation of the original six services:
- General Enquiries;
 - Council Tax;
 - Libraries Catalogues Access & Reservations; and
 - Web / Customer Services Centre Enabled Payments.
- Together with the additional inclusion of the Benefits Service, the Shared Service Centre was fully implemented in June 2008.
39. During this first phase of operations considerable non-cashable savings have been achieved in the areas of call waiting and case resolution.
40. Concurrently, cashable efficiency savings of £23k were achieved.

Procurement - Cashable

41. The procurement saving target for 2007-08 was £100k.

42. The total procurement savings achieved were £386.5k.
43. In 2007 the main new procurement savings arose through putting in place new OGC contracts with Vodafone and BT and installing a virtual link with Vodafone. The savings from this amount to approximately £159k per annum.
44. A further £71k savings were achieved from the purchases of PC's under the new national procurement contract.
45. In-year savings from contracts let in previous years total £107.8k.
46. Savings from e-Procurement Scotland Service generated £48.7k
47. The energy efficiency team has also undertaken significant work in reducing water consumption costs with anticipated savings of £45k in 2007-08.

Supporting People - Cashable

48. The efficiency savings arising from the reduction in Supporting People grant for 2007-08 is £1,039k.

Non-Provision for Inflation

49. The estimated efficiency savings arising from non-provision for inflation for 2007-08 is £700k.

Absence Management – Non-Cashable

50. In year two of absence management, the actual savings achieved against target are tabled below:

Department	Target	Achieved	Variance
	£000's		
Chief Executive	3	18	15
Community Services	116	123	7
Corporate Services	8	-79	-87
Development Services	3	-29	-32
Operational Services	46	128	82
Total	176	161	-15

Cashable Savings Summary for 2007-08

51. The overall position in terms of efficiency savings as outlined above can be summarised as follows:

Department	Target	Achieved	Variance
	£000's		
Departmental Savings	800	800	0
Shared Services	0	23	23
Procurement	100	386.5	286.5
Supporting People	1,039	1,039	0
Non-Provision for Inflation	700	700	0
Total Efficiency Saving Target 2007-08	2,639	2,948.5	309.5
Original Target	2,484		

Excess	155		
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Verification

52. 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.
53. The Council has undertaken a comparison of performance based on statutory performance indicators between 2006-07 and 2007-08. In overall terms performance has improved or not changed for 78 SPIs, against 55 SPIs where performance is poorer and there were 14 SPIs where performance improved by more than 10%. This indicates that performance levels have not deteriorated as a result of the efficiency gains.
54. A review has taken place of performance as reported in quarterly service performance reports. These compare actual performance to that planned. During the year there were a total of 294 (31.48%) occasions where performance exceeded plan, compared to 193 (20.66%) where it was behind schedule and 447 where it remained constant (47.86%). Therefore 79.34% of actual performance is in line or exceeds that planned and it is reasonable to conclude that the efficiency gains have not had an adverse effect on performance for 2007-08.

Key Areas Targeted for 2008-09 to 2010-11

55. The savings targets for 2008-09 to 2010-11 outlined below were based on achieving 2% of net expenditure during the budget setting process.
56. Since then, COSLA have issued efficiency targets for 2008-09 to 2010-11 of £174.7m across Scottish councils.
57. Argyll and Bute's portion has been calculated using our percentage of AEF of all of Scotland, as shown in the table below:

	2008-09	2009-10	2010-11
	£000's		
Argyll and Bute AEF	212,413	210,437	209,504
All of Scotland AEF	10,442,106	10,489,426	10,534,033
Argyle and Bute's Percentage	2.0342%	2.0062%	1.9888%
All Scotland Efficiency Target	174,700	174,700	174,700
Argyll and Bute's Proportion	3,553.7	3,504.8	3,474.5

Single Status - Cashable

58. Below are the agreed Single Status savings 2008-09 and 2009-10:

Department	2008-09		2009-10	
	Jobs	£000's	Jobs	£000's
Chief Executives	2	45.0	1	22.5
Community Services	27	607.5	16	360.0
Corporate Services	4	90.0	4	90.0
Development Services	3	67.5	2	45.0
Operational Services	16	360.0	11	247.5

Department	2008-09		2009-10	
	Jobs	£000's	Jobs	£000's
Total	52	1,170	34	765.0

Procurement - Cashable

59. A three year plan for taking forward the shared service and procurement agenda has been approved by the Shared Services and Procurement Board.
60. The projected savings for each of the next three years from Scotland Excel are noted below. In 2008-09 it is assumed the savings will be available for reinvestment.

	2008-09	2009-10	2010-11
	£000's		
Annual Procurement Savings	132	499	815

61. These projections are dependent on many factors outwith Argyll and Bute Council's control and therefore only a proportion of these savings outlined above will be built into the budget at this stage. As new contracts are put in place, benefits will be closely tracked and the full savings from these will be available to fund the Council's budgetary gap. In addition local savings will continue to be tracked.

Absence Management – Non-Cashable

62. The HR Strategic Board oversees the implementation of the Council's HR Strategy. The Board will oversee the roll out and progress of the three year action plan beginning 2008-09.
63. The Council compares well to the national position and is in the top quartile for Local Government Employees and Teachers but recognises improved productivity could be gained by improving attendance levels. The notional cost of absence in 2006-07 was £4.1m and £3.6m in 2007-08.
64. The Council remains committed to addressing the issue of attendance and will retain a target of 5% reduction in absence costs for 2008-09.

Asset Management

65. A number of initiatives have been progressed under the general theme of asset management with a view to contributing towards the Council efficiency savings. Not all of the initiatives will deliver benefits in the current three year period with some being undertaken to deliver long term savings.
66. The Council is conscious of the investment backlog relating to its asset base and any efficiency savings generated by the measures outlined below are ring fenced for reinvestment in the asset base.

Office Rationalisation - Cashable

67. The Council recognises the need to rationalise its office accommodation from the viewpoint of creating better access to the public, ensuring office accommodation is fit for purpose and sustainable and minimising costs. A long term programme of office rationalisation has commenced.

68. Initial scoping studies to identify the baseline office accommodation position and key issues for consideration in any rationalisation proposals have been prepared for each town: Campbeltown, Dunoon, Helensburgh, Lochgilphead/Ardrishaig, Oban, and Rothesay. From this a programme of Outline Business Cases (OBC) for office rationalisation will be developed for each town which will include the requirements for the Council's Customer Services centres, as follows:

Campbeltown	Partial rationalisation already implemented
Helensburgh	OBC prepared
Oban	OBC to be undertaken 2008-09
Lochgilphead/Ardrishaig	OBC to be undertaken 2008-09
Dunoon	OBC to be undertaken 2009-10
Rothesay	OBC to be undertaken 2009-10

69. An OBC for Helensburgh office accommodation rationalisation has been prepared. This will be considered as part of the capital planning process in due course. The cost of funding this rationalisation will require an allocation of capital funding in addition to revenue savings released and capital receipts. The timescale from design to implementation of the rationalisation project will not bring new buildings into operation until October 2011. The anticipated efficiency savings identified in the OBC amount to £60,000 per annum, but this would not arise until 2011-12.
70. A partial rationalisation of office accommodation within Campbeltown has taken place involving the transfer of staff to the Burnett Buildings from a number of offices throughout the town. Efficiency savings released from this initiative will be reported from September 2008.

School Estate – Cashable

71. The Council has recognised the need to modernise its school estate for a number of years. Part of this involved the development of the Non Profit Distributing Organisation (NPDO). Whilst this will address issues of backlog investment and over capacity, the primary objective is to enhance the educational experience by providing buildings to match the quality of the teaching. The Council plans to modernise the school estate in 2008-09. Extensive financial modelling for various options has taken place. The preferred options have now been identified and costed. Again additional capital investment is required to supplement the revenue savings in order to fully fund the proposals. Nevertheless significant efficiency savings will be generated and reinvested in the school estate. The estimated efficiency savings and revenue costs amount to around £4m in Net Present Value terms. The equivalent annual amount is £1.5m. It is estimated that it will take to 2008-09 to fully develop and consult on proposals, which will then be implemented over the following four years, giving rise to a savings plan as follows:

	£000's
2008-09	0
2009-10	375
2010-11	750
2011-12	1,125
2012-13	1,500

Energy Efficiency - Cashable

72. The Council has invested in a number of energy efficiency measures through the energy efficiency grant released several years ago. Savings are recycled to repay the fund in order to meet the initial costs of further energy efficiency measures. In funding projects through this mechanism the Council seeks to achieve a five year payback. A summary of the costs and savings is laid out below:

Cost	Savings				
	2007-08	2008-09	2009-10	2010-11	2011-12
£000's					
177	26	34	34	34	34

73. Based on a five year payback criteria and that funding released will be reinvested in new energy efficiency measures, the following additional savings can be anticipated:

New Project Savings	Savings				
	2007-08	2008-09	2009-10	2010-11	2011-12
£000's					
		6	30	40	50

74. The investment of the capital grant received in 2007-08 that was invested in a programme of Council's Shared Offices upgrades, should reduce annual running costs by £160,000 at the end of three years.

75. The energy efficiency team has also undertaken significant work in reducing water consumption costs and anticipated savings are as follows:

Water Savings	Savings				
	2007-08	2008-09	2009-10	2010-11	2011-12
£000's					
	45	95	120	130	130

Salt Domes - Cashable

76. The Council has purchased additional salt domes in 2 areas – Helensburgh and Oban, and is also considering further purchases. Salt domes improve efficiency by reducing the loss of salt stored for winter gritting.

Vehicle Satellite Tracking - Cashable

77. The Council has invested extensively in satellite tracking for its vehicle fleet. This was funded by the additional capital grant. Efficiency savings are anticipated to arise from improving the mix, size and deployment of vehicles. The introduction of the satellite tracking system should reduce fleet maintenance costs by £110,000 annually at the end of three years.

Review of Non-Operational Assets & Surpluses – Non-Cashable

78. A rolling programme of review of non-operational assets to August 2008 is underway. This will assess the value-for-money around non operational assets and the contribution of these to Council priorities.

Property Performance Reporting – Non-Cashable

79. A property performance reporting system is being developed which will allow managers to track the costs (operating and investment) and utilisation of property assets. This will provide services with information when performance can be improved and / or efficiencies can be achieved.

Shared Services - Cashable

80. The joint work with the NHS is in addition to the Joint Future agenda and relates to a range of common services where there may be opportunity to share services. Following the appointment of a new general manager for the Argyll & Bute CHP within NHS, the Council will seek to take this work forward again. No immediate savings are anticipated as it is recognised it may take several years to put any joint working arrangements in place.
81. The project with NOSLA will focus upon a feasibility diagnostic study on shared revenues and benefits services. This project has financial support from the Local Government National Board for Shared Services. The project timescale is to report by October 2008 with a business case for a shared service for local taxation and benefits.
82. The Council prepared documentation for joint procurement of tax, treasury and leasing advisory services but at the time none of the other NOSLA Councils were in a position to proceed with a joint tendering exercise. Further consideration will be given to this in the future and the initial exercise provides a useful starting point to take such work forward in the future.
83. The Council has accepted the Scottish Government grant offer of £150,000 for shared services diagnostic work. The £150,000 has been supplemented with £50,000 of internal resource to give a budget of £200,000. This is funding an internal project team of five and external consultancy. The Council is taking this work forward on collaborative basis with Highland, Moray and Dumfries & Galloway Councils and has taken the lead in tendering collaboratively for consultancy assistance. This project will report in June 2008 on the top opportunities for simplifying, standardising and sharing based on high level business cases. These will then be prioritised and detailed business cases and implementation plans developed.
84. No savings from the diagnostic project are anticipated for 2008-09. It is recognised that major external sharing of services will take time to realise benefits. It is anticipated, however, there may be opportunities to work some savings in 2009-10 and 2010-2011 from a range of sources e.g. simplify/standardise; share internally/externally.

Other Efficiency Savings

85. This final category includes the streamlining bureaucracy theme of Efficient Government. A strategy for streamlining bureaucracy has been prepared and this has been remitted to a Strategic Board for Performance Improvement to take forward. The board has cross departmental representation and is chaired by the Leader of the Council.
86. The savings outlined below under the headings vacancy savings, removal of provision for inflation and cost centre/service reviews (budget) are cashable and required to assist in balancing the revenue budget over the next three years. The other savings are non-cashable and to be reinvested in services.

Vacancy Savings - Cashable

87. The Council has constructed the 2008-11 budget on an assumption that 0.5% vacancy savings will be achieved on direct employee costs (except for teaching staff). This will generate the following savings:

	2008-09	2009-10	2010-11
	£000's		
0.5% Vacancy Savings	446	464	479

Inflation Provision - Cashable

88. In setting its budget for 2008-09 to 2010-11 the Council initially identified the cost of providing for inflation at CPI (2%) and at a higher rate for a range of specific costs which are exposed to significant inflationary pressures such as electricity, gas, oil, repairs and maintenance, landfill tax and costs driven by fuel costs for example. Where the inflation provision of CPI has been removed, the expectation is departments will manage to deliver services from a standstill budget.
89. The efficient savings arising from the removal of inflation provision are as follows:

	2008-09	2009-10	2010-11
	£000's		
Removal Of Inflation Provision	740	1,533	2,338

Cost Centre / Service Review - Cashable

90. A programme of cost centre / service reviews will be put in place to identify savings to generate an average of 0.5% of budget for each of the next three years. These efficiency savings are required to balance the budget and have been built into the budget over the three years as follows:

	2008-09	2009-10	2010-11
	£000's		
Cost Centre/Service Activity Reviews	1,020	1,050	1,080

Cost Centre / Service Review – Non-Cashable

91. In addition, a further programme of reviews to those already outlined will be developed. This work aims to meet the balance of the 2% efficiency savings target. These savings are not required to fund the budget and will be available for reinvestment in services.
92. Specifically, Community Services will be undertaking Best Value Reviews of Transport, Libraries, and Community Education.
93. The further efficiency savings to be identified amount to 0.57% for 2008-09 increasing by a further 1.07% in 2009-10 and then increasing again by 1.11% in 2010-11. This is a demanding target but one the Council needs to set if is to aim to achieve the target set by Scottish Government of 2% cash releasing efficiency savings.

Customer Contact Centre – Non-Cashable

94. The Council has established a dispersed customer contact centre. A business case was approved in November 2006. The annual savings based on the business case were incremental as phases rolled out. Phase one of the project is now complete. Projected savings are as follows:

	2008-09	2009-10	2010-11
	£000's		
Customer Contact Centre	117	153	189

Business Change & Improvement Team – Non-Cashable

95. The Council has agreed to establish a Business Change & Improvement Team, funded from efficiency savings. The team of four staff will work with departments to improve service and identify efficiencies. The cost of the team is £170,000 per annum, with a part year cost for 2008-09, as the team will not come into effect until the shared services diagnostic project is complete.

	2008-09	2009-10	2010-11
	£000's		
Business Change & Improvement Team	128	170	170

Best Value Review – Social Work Review – Non-Cashable

96. Arising from the review of Social Work Services, the Council is currently undertaking an option appraisal for the delivery of Older People Services and Learning Disability Services. It is anticipated that both options appraisal exercises will identify significant opportunities to make efficiency savings. However there is already a commitment that any savings identified will be reinvested in the Social Work Service as the main purpose of the options appraisal is to obtain better value and improve services, rather than to achieve a cash saving. The timescale for concluding the two options appraisals is as follows:

- Older People - October 2008; and
- Learning Disability - March 2009.

Best Value Review – Operational Services – Non-Cashable

97. An options appraisal exercise for Operational Services was carried out during 2007-08. A comprehensive set of action plans focused on performance improvement has been agreed and are currently being developed and implemented. Within these plans there are specific commitments to review budgets, identify budget savings and reduce unit costs / improve usage. All of these should achieve efficiency savings which Operational Services can use to assist in service development or to balance its budget. Details of initially identified savings are noted below. These initial headline targets will be added to by a series of Service Action Plans (to be completed mainly by 31/03/2008) for individual components of the remit of Operational Services as a whole.

- Reduce numbers of depots by 20% and annual revenue costs by 20% (07/08 £617,000K) by 2010. This will amount to £123,000 annually at the end of three years.
- Reduce Fleet Maintenance Costs by 5% over the period to 31/03/2011. This will amount to £110,000 annually at the end of three years. See reference to satellite tracking under asset management.

- Reduction in the total costs of running shared offices by 10% over three years. This will amount to £160,000 annually at the end of three years. See reference to savings in office accommodation costs under asset management.
- Reduction in overall employee costs by £900,000 over three years, partly as a response to single status savings reductions, but also through identification of more efficient ways of working.

Best Value Review – Strategic Finance – Non-Cashable

98. The review of Strategic Finance was given a remit to allow the work of Strategic Finance move towards an agenda of supporting performance / enabling transformation whilst still maintaining an adequate level of stewardship and achieve our efficiency savings of 10% over 3 years. This saving will be used to balance the Strategic Finance budget.

Other Best Value Reviews – Non-Cashable

99. A number of other reviews have been undertaken. In respect of the review of print services it is anticipated that a saving of £30,000 will be identified during 2008-09 and this has been built into the budget for Corporate Services as one of the ways in which they will achieve savings from cost centre/service reviews. Reviews of Legal and Protective Services and Planning Services are underway but identification of efficiency savings has not yet been completed.

Summary

100. There are a wide range of activities the Council is pursuing to improve efficiency. The financial benefits from this programme of work cannot be fully quantified at this stage. It is also recognised that many of the efficiency savings require to be reinvested in services. However the plan does represent a committed effort by the Council to achieve its 2% cash releasing efficiency savings target.

101. The table below summarises the financial implications of the three year Efficiency Savings Plan in terms of cashable and non-cashable savings across the three years. All savings identified and quantified have been built into the 2008-11 budgets. Where savings are being reinvested a compensatory adjustment has been built into the budget.

Budgeted Efficiency Savings	2008-09	2009-10	2010-11
	£000's		
Cashable	2,246	3,776	4,942
Non-Cashable	2,404	5,644	9,343
Total	4,650	9,420	14,325

102. These savings were based on achieving 2% of net expenditure, in line with the Government's stated intention to achieve savings of 2% per annum. Since then, this has been calculated at £174.7m for all of Scotland. Argyll and Bute's target has been calculated on our AEF as a proportion of all Scotland's AEF.

Cashable Savings Targets	2008-09	2009-10	2010-11
	£000's		
Argyll and Bute Budgeted Cashable Savings	2,246	3,776	4,942
Argyll and Bute's Proportion of All Scotland	3,553.7	3,504.8	3,474.5

Excess	-1,307.7	271.4	1,467.5
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103. The table below summarises the savings by initiative, within theme:

	2008-09		2009-10		2010-11	
	Total Savings	Non-Cashable	Total Savings	Non-Cashable	Total Savings	Non-Cashable
	£000's					
Asset Management						
School Estate			375	375	750	750
Energy Efficiency	40	40	64	64	74	74
Office Accommodation	50	50	100	100	160	160
Water Efficiency	95	95	120	120	130	130
Vehicle Satellite Tracking	35	35	70	70	110	110
Procurement						
Scotland Excel Procurement	132	132	499		815	
Landline and Mobile Phones	150	150	150		150	
Other Efficiency Savings						
0.5% Vacancy Savings	446		464		479	
Removal of Provision for Inflation	740		1,533		2,338	
Cost Centre/Service Reviews (Budget)	1,020		1,050		1,080	
Cost Centre/Service Reviews (Reinvestment)	1,317	1,317	3,912	3,912	6,737	6,737
Customer Contact Centre	117	117	153	153	189	189
Business Change & Improvement Team	128	128	170	170	170	170
BV Review Operational Services	340	340	680	680	1,023	1,023
BV Review Strategic Finance	40		80		120	
Total	4,650	2,404	9,420	5,644	14,325	9,343

Conclusion

104. The plan summarised above will exceed the target of a 2% cash releasing saving by £431.2k across the three year budget period.
105. Efficiency savings will not arise on a strict pro-rata basis and some of the initiatives proposed will generate larger savings than others. It is inevitable that there will be variations in the actual efficiencies achieved against the various measures outlined in this plan. A “swings and roundabouts” approach will need to be taken to measuring the success of this plan. The important factor is to achieve the over 2% total rather than matching pound for pound the individual components.
106. The Council will review this plan as part of its planning and budget process each year. The Strategic Board for Performance Improvement has a remit for the efficiency savings plan and it will monitor progress against this plan throughout the financial year. The Council will also prepare an annual efficiency statement that will report progress against this plan for the year.

Approval

107. This Annual Efficiency Statement for 2007-08 has been approved by the Performance Improvement Strategic Board on 15 August 2008, and by:

Nigel Stewart
Interim Chief Executive

and

Dick Walsh
Council Leader

Publication

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