



ANNUAL EFFICIENCY STATEMENT

2009-10

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Appendix 1 – Efficiency Gains 2009-10

1. INTRODUCTION

- 1.1 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.
- 1.2 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.
- 1.3 Within the Council's Corporate Plan under the Forward Looking Theme the Council's Strategic Objective is to be "improving, innovative, proactive and successful". The Efficiency Savings Plan supports the delivery of this objective.
- 1.4 The Council has a requirement to achieve 2% cash releasing efficiency savings year on year. As part of the budget process departments were asked to identify how they would contribute to this target and prepare schedules showing proposals for efficiency savings.
- 1.5 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.

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. For 2008-09 the estimated share of the national target of £174.7m was £3.372m. Our actual cashable savings were £3.339. Over the period 2005-06 to 2008-09 the Council have achieved £0.441m in excess of their estimated target.
- 2.2 Some of the main areas where efficiencies have been achieved to date are:
- Better procurement.
 - Non-provision for inflation within departmental budgets.
 - More efficient use of supporting people funding.
 - Vacancy savings calculated at 0.5% of direct employee costs.
 - Setting targets for departmental efficiency savings.

Target Savings for 2009-10

- 2.3 The Council has estimated that its share of the national target of £174.7m is £3.494m. This may well increase as central government seek to drive out increasing levels of efficiency savings from the public sector.
- 2.4 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	163
Procurement	10
Other Efficiency Savings	3,308
Total Efficiency Savings	3,481

3 KEY AREAS FOR 2009-10

- 3.1 In last year's efficiency statement there were a number of key areas to be targeted for 2009-10. The progress on each of these key areas is outlined below:

PLANNED AREA OF WORK	PROGRESS TO DATE
Procurement and Contract Management	Purchasing Officers have been recruited and training is taking place. Enhanced management information systems are in place and a training administrator is being recruited and will begin the assessment process for authorised procurers over the summer.
Absence Management - The Council remains committed to addressing the issue of attendance and retains a target of 5% reduction in absence costs for 2009-10.	Ongoing. The Council have a number of tools in place for the ongoing management of absence and the HR Strategy Board are in place for overseeing improvements.
Office rationalisation programme.	The office rationalisation programme has been included with the Workforce Deployment Process for Change theme and full business case was approved at Council on 22 December 2009.
Modernising school estate.	Ongoing. A report on the School Estate Asset Strategy and Management Plan was presented at the Council's Executive Committee on 17 May. The Strategy provides the framework to help identify the main challenges facing the Council in relation to the school estate and is a catalyst for action.

Other Asset Management	The Council are currently investigating opportunities to work with public sector partners in to secure efficiencies across all the public sector assets.
Carbon Management Plan which identifies that efficiency savings will be achieved through a combination of improved heating systems, insulation, reduced power consumption, recycling and reduced travel.	The Council has developed a Carbon Management Plan which identifies significant opportunities for the Council to reduce its carbon footprint and also achieve efficiency savings. The efficiencies will be achieved through a combination of improved heating systems, insulation, reduced power consumption, recycling and reduced travel. A total investment of £2.7m is envisaged with an eventual payback of £793,000 per annum and pay back of investment in 4.7 years. All proposals in the plan will be supported by a business case before implementation.
Joint shared services project with NOSLA.	Ongoing. The project with NOSLA will focus upon a feasibility diagnostic study on a shared revenues and benefits service.
Workforce Deployment	Full Business Case and Implementation Plan was agreed by full Council on 22 December 2009. The business case predicts savings of £1,808,268 NPV over 5 years through the implementation of mobile, flexible and home working across the Council.
Customer Management	Full Business Case and Implementation Plan was agreed by full Council on 22 December 2009. The business case predicts savings of £842,920 NPV over 5 years.
Service Reviews	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.

4. EFFICIENCY GAINS ACHIEVED IN 2009-10

- 4.1 Cashable efficiencies of £3.965m and non-cashable efficiencies of £0.105m were achieved in 2009-10 and are summarised below using the standard Efficient Government Themes. Further detail is provided in Appendix 1.

Efficient Government Theme	Cashable Savings	Non-Cashable Savings
	£000	£000
Asset Management	193	
Procurement	349	105
Other Efficiency Savings	3,423	
Total	3,965	105

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 been developing 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 2010. 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, amber or green where green represents on target, amber is off target and red is significantly 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 2010, out of 63 KPIs, 40 were green, 14 were amber and 9 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 2010-11

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. The service review will be a key element of the Council's approach to meeting the forecast funding gap of between £9m - £13m per annum in its budget for the next 3 years.

Carbon Management Plan

- 6.2 The Council has developed a Carbon Management Plan which identifies significant

opportunities for the Council to reduce its carbon footprint and also achieve efficiency savings. The efficiencies will be achieved through a combination of improved heating systems, insulation, reduced power consumption, recycling and reduced travel. A total investment of £2.7m is envisaged with an eventual payback of £793,000 per annum and pay back of investment in 4.7 years. All proposals in the plan will be supported by a business case before implementation.

Procurement and Contract Management

- 6.3 Procurement and Contract Management was one of the opportunity themes coming out of the National Shared Service Diagnostic project to take forward the “Process for Change” project. A high level design report was presented to Council in March 2009 for consideration and it was agreed to progress with implementation. The objective of the Procurement and Contract Management theme is to transform procurement within Argyll and Bute Council from a transactional activity carried out by staff as a necessary part of their own function to a strategic activity that can contribute to the overall goals and objectives of the organisation. The net benefit over the next five years is expected to be:

Year	Net Benefit £	Annual Increment efficiency Saving £
2009/10	1,000	1,000
2010/11	303,650	302,650
2011/12	566,300	262,650
2012/13	708,250	141,950
2013/14	863,200	154,950
2014/15	863,200	0

Workforce Deployment

- 6.4 Workforce Development was a further opportunity theme coming out of the National Shared Service Diagnostic project. A full business case and implementation plan was agreed by full Council on 22 December 2009. The key areas from this theme are:
- Staff having the appropriate technology and equipment to enable them provide a complete service, whether they are working at home, on the move, or in a Council office.
 - Modernising the workplace paired with the cultural shift towards widespread adoption of new ways of working.
 - The development of new ways of working including flexible, mobile and home working will assist in any future property rationalisation exercise.
- 6.5 The business case predicts savings of £1,808,268 NPV over 5 years as follows:

Year	Project Net Cash Flow
2010/11	-685,530
2011/12	-308,066
2012/13	414,697
2013/14	936,574
2014/15	1,450,593
Total NPV	1,808,268

Customer Management

- 6.6 Customer Management was a further opportunity theme coming out of the National Shared Service Diagnostic project. A full business case and implementation plan was agreed by full Council on 22 December 2009. The proposed blueprint for future Customer Management will focus on providing customers of Argyll and Bute Council with consistently high levels of service and exhibit the following features:
- A choice of access channels to the Customer Service Centre.
 - The range of services offered by the Customer Services Centre will expand.
 - Improved Council website.
 - Customer Service standards set.

- 6.7 The business case for predicts savings of £842,920 NPV over 5 years as follows:

Year	Project Net Cash Flow
2010/11	-188,200
2011/12	54,410
2012/13	173,275
2013/14	383,440
2014/15	419,995
Total NPV	842,920

Shared Services

- 6.8 In recognising the potential benefits of exploring shared services across the Highlands and Islands, Argyll and Bute Council has taken the lead in proposing a joint approach to service delivery in the area by preparing a position paper seeking a commitment to joint working on shared services for the Highlands and Islands Convention. It was agreed at the Highlands and Islands Conveners Group to undertake a significant piece of work to drive shared services forward in a consistent and cohesive manner across the region.
- 6.9 The Council and Community Planning Partners in Argyll and Bute recognise that the challenges facing our area are somewhat different to those presented in other Councils. The Council has been working closely with other public sector partners in the area to explore closer working and has formed an Executive sub-group of the Community Planning Partnership Management Committee to develop a shared

approach to service planning at the Argyll and Bute level.

- 6.10 Both of these Shared Services strand will progress in tandem 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.

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 £3.965m cashable savings during 2009-10.
- 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 2009-10 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.

