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| Report To: | Policy & Resources Committee | Date: | 17 August 2010 |
| Report By: | Chief Financial Officer | Report No: | FIN/40/10/AP/GJ |
| Contact Officer: | Alan Puckrin | Contact No: | 01475 712223 |
| Subject: | 2009/10 Efficiency Statement | | |

1.0 PURPOSE

- 1.1 The purpose of this report is to ask Committee to note the Council's 2009/10 Efficiency Statement and to approve its onward transmission to COSLA.

2.0 SUMMARY

- 2.1 For the last three years the Council has been required to submit an Efficiency Statement to COSLA who then collate the responses and thereafter forward a single response to the Scottish Government from Local Authorities.
- 2.2 The format of the Efficiency Statement is specified by guidance issued by the Scottish Government and COSLA.
- 2.3 It can be seen from the attached Efficiency Statement that the Council achieved approximately £1.9 million worth of new Efficiencies in 2009/10 and has agreed a further £3.3 million Efficiencies as part of the 2010/11 budget.
- 2.4 It is a requirement of submitting the Efficiency Statement that it is also placed on the Council's web site and that the Council Leader and the Chief Executive sign the document prior to its onward transmission to COSLA.

3.0 RECOMMENDATIONS

- 3.1 It is recommended that the Committee note the 2009/10 Efficiency Statement for the Council and approve its onward transmission to COSLA.

Alan Puckrin
Chief Financial Officer

Inverclyde Council

Efficiency Statement

2009/2010

Inverclyde Council
Efficiency Statement 2009/2010

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Introduction

Inverclyde Council welcomes the opportunity to present its Efficiency Statement for 2009/10 - this Statement covers efficiency gains achieved in the period 2009/10 and outlines the Council's planned efficiency savings for 2010/11.

During 2009/2010 the Council made positive progress in delivering efficiencies across the organisation but also in developing and enhancing its ability to deliver an increased level of efficiencies in future years

This positive progress was reflected in a number of key developments:

- the agreement of a detailed two year budget by the Council in February 2009 along with a robust medium to long term Financial Strategy;
- an ongoing commitment throughout 2009/2010 to deliver efficiencies across the organisation which resulted in £1.55m of operational efficiency savings being approved in September 2009;
- good progress in the implementation of the Operating Model, including the establishment of a new Customer Service Centre in October 2009;
- the approval of a new streamlined corporate management structure for the Council, including the establishment of a CHCP, in November 2009;
- a package of adjustments to the approved 2010/2011 Budget, agreed in February 2010, which included ten savings workstreams which should help deliver over £20m in savings for the Council over the period 2010/2014;
- the approval of comprehensive asset management proposals in March 2010 to significantly modernise and rationalise the corporate estate; and
- the establishment of an overall Transformation Programme for the Council which draws together four key initiatives – organisational restructure, Operating Model, Financial Strategy and asset management – in March 2010 which will help deliver significant efficiencies for the Council in future years.

Inverclyde Council is well aware of the difficult financial challenges that it will face in future years and has been actively planning ahead, through its Financial Strategy, to ensure that it is able to effectively address these serious challenges.

The Council also recognises that decisions on the identification and delivery of efficiencies need to be taken in the context of the commitments set out in its Corporate Plan and the shared outcomes it has signed up to in the SOA.

Regular reports on progress with all aspects of the Transformation Programme, including the delivery of efficiency savings, are considered monthly by the CMT and each meeting of Policy and Resources Committee

The Council has a positive track record of delivering efficiencies in recent years and the developments outlined above would indicate that the Council should be able to maintain and enhance its ability to deliver further efficiencies in future years.

Opening Position

By 2009/10 the Council had many of the building blocks in place for a significant increase in efficiencies delivered over the medium term.

Good progress was being made in respect of the Modernisation & Efficiency Programme through projects such as:

- a.** New integrated HR / Payroll System.
- b.** Electronic Documents Records Management System.
- c.** New Planning and Building Control System.
- d.** Property Asset Management Information System.

In addition, the Operating Model project was underway with it's aim to improve operational effectiveness whilst driving out significant efficiencies.

Finally, the 2009/11 budget process included clear identification of efficiencies and this formed part of the Council's forward plans incorporated within this Efficiency Statement.

The Council now has a well developed Financial Strategy which covers both the medium term (to 2013/14) but also up to 2016/17 and beyond.

Key Areas for 2009/10

As part of the approved 2009/10 budget, efficiencies totalling £1.6 million were identified for 2009/10 and these were included in the 2009/10 Plans in the Council's 2008/9 Efficiency Statement. The achievement of these efficiencies was integral to the delivery of the 2009/10 budget and progress was monitored monthly by the Corporate Management Team throughout the year.

In addition the Council continued to generate efficiencies through careful management of its Treasury Management function which achieved £400,000 recurring savings through Debt Restructuring.

Within Services there have also been specific projects which have generated significant efficiencies such as:

- (a) Review of Facilities Management function.
- (b) Reconfiguration of the School week.
- (c) Reducing the number of young people attending external day placements.

The Operating Model continued to progress well with approval in May 2009 for the first 3 releases covering the period to September 2011 and the opening of the Customer Service Centre in October 2009.

The Asset Management Strategy for property was approved in March 2009 with Vehicle & Plant Strategy approved in June 2009.

Inverclyde Council – Efficiency Gains 2009/10

| Theme | Description of Efficiency Measure | Cashable £000 | Non- Cashable £000 | Impact |
|--------------|-------------------------------------------------------------------------------------|------------------|--------------------------|-----------------------------------------------------------------------------------------|
| WP | Managed downsizing of workforce | 594 | - | Posts released were agreed in the basis of no impact on Service delivery / performance. |
| PR | New Insurance Contract | 340 | - | No impact on levels of cover. |
| PR | Review of Social Care Contracts | 220 | - | Saving of 4% achieved without impacting upon Service delivery. |
| SB | Reduced Vacancy Advertising due to greater use of National Portal | 25 | - | |
| SB | Part Year saving arising from implementation of new HR/Payroll System | 9 | - | Full Year Effect projected to be £103k. |
| SB | Saving arising from implementation of Electronic Document Records Management | 26 | - | |
| O | Use of Rhinopatching for Road repairs | 59 | - | |
| O | Increased recycling rates | 31 | - | |
| O | Amendments to school timetable requiring fewer teachers | 174 | - | Full Year Saving = £280,000 |
| O | Efficiencies in School Transport (Better Scheduling etc) | 44 | - | |
| O | Increased Childrens Day Placement provision and reduced payments to External Bodies | 0 | - | Full Year Saving = £500,000 |
| O | Debt Restructuring | 400 | - | Debt restructuring of PWLB higher coupon debt |
| | | | | |
| | | | | |
| | | | | |
| Total | | 1,922 | | |

Theme:

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

Verification

Current Position

The Government definition of an efficiency has been adopted by the Corporate Management Team and is used by all Services when submitting savings proposals as part of the budget process.

A detailed savings sheet is completed for each saving including the categorisation of savings, calculations of savings and impacts upon service delivery. These sheets are reviewed and challenged by the Finance Service and CMT prior to a final agreement as to which savings are efficiencies.

Achievement of all savings is monitored on a monthly basis and reported to Committee 4 times per year. It is only after the financial year end and after confirmation that a saving has been achieved without impacting upon service delivery that an efficiency saving will be reported as having been achieved.

Future Developments

The Council acknowledges that it requires to further develop its processes to allow it to fully demonstrate value for money/effective use of resources and until this is implemented then there will be doubts over the robustness of some of the claimed efficiency gains.

Therefore, the Council is in the process of progressing 3 major exercises in order to provide this assurance:

1. Public Service Improvement Framework – The Council has embarked on The PSIF programme which will allow the Council to monitor and track the qualitative elements of service delivery. This will assist in the confirmation that savings are not impacting upon service quality.
2. Competitiveness – The Council is developing a corporate approach to demonstrating competitiveness. This is now a mandatory requirement in Directorate Plans.
3. Best Value Audit Toolkits – As part of its preparations for Best Value, the Council has assessed the content of particular Audit Scotland toolkits. The tool kits have been assessed with a view to identifying improvement opportunities for the Council.

Key Areas Targeted for 2010/11

In February 2009 the Council approved a 2009/11 Budget and included in this were savings of £9.4 million of which almost £5 million were identified as efficiencies.

In agreeing a two year budget the Council wished to move to a budget model where the impacts of strategic budget issues could be planned and delivered more effectively. Included in the 2010/11 budget is a 1% service efficiency target which totals £1.55 million. These efficiencies were approved in September 2009.

The main development within the Council's Efficiency Agenda over the last 12 months has been the approval of 10 saving Work Streams. These Work Streams will deliver over £20 million of savings for the Council over the period 2010/14 and included within these are efficiency areas such as workforce planning, procurement, asset management planning and reducing bureaucracy.

For 2010/11 the main areas for further efficiencies are:

| | |
|-------------------------------------------|----------------------|
| (a) Senior Management Restructures | £0.95 million |
| (b) Operating Model – Employee Reductions | £0.43 million |
| (c) Procurement | £0.31 million |
| (d) Service Reviews | £0.06 million |
| (e) September 2009 – 1% Efficiencies | <u>£1.55</u> million |
| | <u>£3.30</u> million |

Conclusion

Inverclyde Council continues to make year on year improvements to its approach and achievements around the efficiency agenda. It now has established Governance processes in place which ensures regular monitoring of progress and savings, whilst also ensuring a joined up approach for the various modernisation workstreams.

Through the 2009/17 Finance Strategy, the Council is acutely aware of the huge financial challenges it faces in the next spending review and as a result recognises that the best way to minimise the impact on the community is to optimise efficiencies.

The fact that the Council has a documented medium term plan via the Transformation Programme is a significant benefit to its financial planning process and this has been strengthened by the creation of the Work Stream saving programme.

The Council therefore recognises the challenges ahead but based on a strong track record of delivery against targets, believes it is well placed to continue to deliver high quality services within tight financial settlements.

Approval

We can confirm this Statement represents a fair and accurate account of Inverclyde Council's efforts in respect of securing efficiency savings for the 2009/10 and also its efforts to realise further levels of efficiency in 2010/11 and beyond.

We can also confirm that the document will be published by 31 August 2010 in line with recommended practice.

We confirm that the key work streams and projects identified via the Modernisation and Efficiency Programme Board, are being commissioned and implemented.

**Stephen McCabe
Council Leader
Inverclyde Council**

**John W Mundell
Chief Executive
Inverclyde Council**