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<b>Report To:</b>	<b>Policy &amp; Resources Committee</b>	<b>Date:</b> 16 August 2011
<b>Report By:</b>	<b>Chief Financial Officer</b>	<b>Report No:</b> FIN/63/11/AP/CM
<b>Contact Officer:</b>	<b>Alan Puckrin</b>	<b>Contact No:</b> 01475 712223
<b>Subject:</b>	<b>2010/11 Efficiency Statement</b>	

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## **1.0 PURPOSE**

- 1.1 The purpose of this report is to ask Committee to note the Council's 2010/11 Efficiency Statement and to approve its onward transmission to COSLA.

## **2.0 SUMMARY**

- 2.1 For the last number of years the Council has been required to submit an Efficiency Statement to COSLA who have then collated the information received and forwarded 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 almost £2.9 million worth of new efficiencies in 2010/11 and has agreed a further £3.55 million of efficiency savings as part of the 2011/13 Revenue Budget.
- 2.4 The Council adopts a robust interpretation of an efficiency and as such it is encouraging to note the level of efficiencies being achieved by the Council which undoubtedly helped protect front line services from cut backs at a time when Government funding is reducing.
- 2.5 It is a requirement of submitting the Efficiency Statement that it is also placed on the Council's website by the end of August and that the final report is signed by the Council Leader and Chief Executive.

## **3.0 RECOMMENDATIONS**

- 3.1 It is recommended that the Committee note the 2010/11 Efficiency Statement for the Council and approve its onward transmission to COSLA.

Alan Puckrin  
Chief Financial Officer

# **Inverclyde Council**

## **Efficiency Statement**

**2010/2011**



Inverclyde  
council

**Inverclyde Council**  
**Efficiency Statement 2010/2011**

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## Introduction

Inverclyde Council welcomes the opportunity to present its Efficiency Statement for 2010/11 - this Statement covers efficiency gains achieved in 2010/11 and outlines the Council's planned efficiency savings for 2011/12.

During 2010/2011 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 2011 along with a robust medium to long term Financial Strategy;
- an ongoing commitment throughout 2010/2011 to deliver efficiencies across the organisation which resulted in £2.68 million of operational efficiency savings, the highest level achieved since reporting commenced.
- the implementation of a new streamlined corporate management structure for the Council, including the establishment of a CHCP.
- the continued delivery of ten savings workstreams which will result in over £23m in savings for the Council over the period 2010/2014;
- the approval of comprehensive asset management proposals to significantly modernise and rationalise the corporate estate.

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 Councils Finances, 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 its ability to deliver further efficiencies in future years.

## **2010/11 Report**

By 2010/11 the Council had many of the building blocks in place to deliver an increase in efficiencies delivered over the medium term.

Good progress was being made at a Corporate level through the following:

- a. Robust tracking of procurement savings.
- b. Senior Management costs were further reduced.

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

- a. The new CHCP structure delivering further management savings through synergy with colleagues in Health.
- b. Review of Facilities Management function.
- c. Reconfiguration of the School week.
- d. Reducing the number of young people attending external day placements.
- e. The first phase of a teachers refresh programme from August 2010.

In addition the Council has a well developed Financial Strategy which covers both the medium term (to 2014/15) but also up to 2018/19 and beyond. This document has helped significantly in the Council's financial planning and to identify both budget pressures and savings targets.

## Inverclyde Council – Efficiency Gains 2010/11

Theme	Description of Efficiency Measure	Cash Releasing (All recurring)	Time Releasing	Impact on service delivery and performance / other information
PR	Various Contracts	£427,000		None – All relate to actual cash reduction in rates.
WP	Corporate Management Restructures	£1,038,000		-
WP	FM Management Restructure	£75,000		-
PR	ASN Day Placements	£500,000		Moved to greater internal provision.
PR	Social Care – Commissioning	£220,000		FYE of 2009/10 Saving.
WP	Teacher Refresh	£75,000		FYE in 2011/12 of £136,000.
SB	Operating Model	£230,000		Reductions in Clerical/Administrative support.
PR	Glow – ICT Helpdesk	£50,000		Brought maintenance in-house.
O	Transfer Community Facilities to Leisure Trust	£43,000		NDR saving – FYE of 2009/10 saving.
O	Amend School Timetable	£106,000		FYE of 2009/10 saving.
O	Insurance – Actuarial Review	£100,000		Reduced charge but cover unchanged.
TOTAL:		£2,864,000		

Theme:

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

O: Other

## **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 proposed budget 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 by CMT and reported to Committee. It is only after the financial year end and after confirmation a saving has been achieved 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 2011/12**

In February 2011 the Council approved a 2011/13 Budget and included in this were savings of £11.959 million of which £3.557 million were identified as efficiencies against the original £3.3million 2010/11 further efficiencies previously detailed in the 2009/10 Efficiency Statement.

In agreeing a two year budget the Council has adopted a model where the impacts of strategic budget issues could be planned and delivered more effectively.

The main aspect of the Council's Efficiency Agenda is the continuation of 10 saving Work Streams. These Work Streams will deliver over £23 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 2011/12 the main areas for further efficiencies are:

(a) Operating Model – Employee Reductions	£0.20 million
(b) Procurement	£0.30 million
(c) Service Reviews	£0.40 million
(d) Teachers Refresh	£0.28 million
(e) Social Work Service Redesign	£0.26 million
(f) Management Restructures	£0.20 million

<u>Total</u>	<u>£1.56 million</u>
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In addition the Council is one of 8 Local Authorities developing detailed proposals around the Clyde Valley Shared Services Project. Detailed business cases are due to be considered during 2011 with a view to significant efficiencies being achieved in the following areas from 2012/13 onwards :

- (a) Shared Support Services.
- (b) Waste Management.
- (c) Social Care Procurement.
- (d) Social Transport.



## **Conclusion**

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

Through the 2010/18 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 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**

I can confirm this Statement represents a fair and accurate account of Inverclyde Council's efforts in respect of securing efficiency savings for 2010/11 and also its efforts to realise further levels of efficiency in 2011/12 and beyond.

I can confirm that the document will be published by 31 August 2011 in line with recommended practice.

**Iain McKenzie  
Council Leader  
Inverclyde Council**

**John W Mundell  
Chief Executive  
Inverclyde Council**