

Report To: Policy and Resources Committee

Date: 22 September 2009

**Report By: Corporate Director
Improvement and Performance**

Report No: POL/43/09/PW/AP/AS

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Subject: Items for Noting

1.0 PURPOSE OF THE REPORT

- 1.1 The purpose of this report is to keep the Committee apprised of matters which fall within its remit for information and noting purposes only.

2.0 ITEMS FOR NOTING

2.1 Public Service Reform (Scotland) Bill

The Public Services Reform (Scotland) Bill was introduced to Parliament on 28 May 2009 as part of the Scottish Government's commitment to delivering a simpler and more effective public sector landscape.

The Public Services Reform Bill contains a range of measures to progress the findings of the Crerar Report which was published in 2007 and made a range of recommendations which were designed to establish a more coherent approach to audit and inspection.

2.2 PSIF

The organisation has now concluded Phase I of its PSIF assessments across four Council service areas. A full evaluation has been carried out and a report submitted to the Council's Strategic Planning Performance Management Board.

A further three service assessments are planned for Phase 2 and include:

- Corporate Communications and Public Affairs
- Legal and Administration
- Community Learning and Development

A further five employees are to be trained as EFQM Accredited Assessors. The total number of Accredited Assessors will now be nine and these are drawn from all four Directorates.

2.3 Efficiency Statement 2008/09

This is the third Annual Efficiency Statement submitted by the Council and had to be with COSLA by 31 July 2009.

The report follows the layout specified by COSLA and is required to be signed by the Chief Executive and the Leader of the Council.

The Efficiency Statement is also required to be publicised, and as such was placed on the Council Website prior to the deadline of 31 August 2009.

It can be seen from the table within the report that the Council achieved efficiency savings of £1.966 million in 2008/9. The Committee should also note that for 2009/10 the budget includes efficiencies of £1.6 million, and this increases to £4.8 million in 2010/11.

The statement acknowledges that the Council has taken a realistic approach in assessing which of its savings are classified as efficiencies, but also that the Council has more work to do to be fully confident that all savings classed as efficiencies can clearly be demonstrated as

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being so.

3.0 RECOMMENDATION

3.1 The Committee is asked to note the matters summarised in this report.

Paul Wallace
Corporate Director
Improvement and Performance

Inverclyde Council

Efficiency Statement

2008/2009

Inverclyde Council
Efficiency Statement 2008/2009

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Introduction

Inverclyde Council welcomes the opportunity to present its Efficiency Statement for 2008/9. This statement covers efficiency gains achieved in the period 2008/9 and details the Council's planned efficiency savings for 2009/10.

The Council welcomes engagement with the Scottish Government on how reform and modernisation can further drive improvement in local government service delivery. This includes the need to generate efficiencies and deliver improved outcomes for local communities and citizens. This is relevant in light of the 2% efficiency target for local government to achieve over the life of the current spending review per the Concordat between the Scottish Government and CoSLA. Of particular relevance to this Efficiency Statement is the approved Inverclyde Single Outcome Agreement, in particular, National Outcome 15 states that public services need to be of high quality, continually improving, remain efficient and responsive to local peoples need. The Council's Single Outcome Agreement, "Tackling Poverty and Sustaining Growth" 2008-11 provides details of what the Council plans to do in relation to the national outcome. This Efficiency Statement needs to be considered in context with not just the Inverclyde Single Outcome Agreement but also the Council's Corporate Plan and 2009/17 Financial Strategy.

The Corporate Plan, "An Ambitious Confident Council 2007-11" highlights a number of strategic outcomes for delivery. Strategic Outcome 5 centres around the need to create a modern and innovative organisation. The outcome is entirely consistent with the national policy requirement to deliver effective and efficient services. Over the past year the Council has continued to improve its services, delivering better outcomes for customers. The Council has achieved this while maintaining firm control over its finances and this has enabled the Council to approve a firm 2 year budget covering the period 2009/11. The Council remains committed to improving not only the levels of efficiency but also improving its overall effectiveness, whilst minimising the cost to local Council tax payers.

Inverclyde Council has undergone significant transformation which has delivered real improvements in both strategic and operational performance. This is resulting in the development of a Council which is structured effectively, operating efficiently, focused on continuous improvement and delivering the best possible outcomes for its individual customers and communities within its available resource base. The second phase of the Council's change programme is centred on the use and application of the Public Sector Improvement Framework (PSIF) which is designed to improve the Council's corporate and service performance. A key aspect of PSIF will be to clearly establish non-financial measures of Service performance and quality. This information will be pivotal for the demonstration of efficiencies by being able to clearly measure service outcomes/outputs in addition to financial impacts.

Key Efficiency Programmes

Modernisation and Efficiency Programme

The Council has had a Modernisation and Efficiency Programme in place since April 2007 which draws together a number of key strands of activity in relation to the ongoing modernisation and improvement of the organisation.

Governance is provided by a Modernisation & Efficiency Programme Board, chaired by the Corporate Director of Improvement & Performance, comprising of senior officers representing all Directorates. A Member Reference Group was also established to provide advice to the Board and to maximise member engagement in this important area of activity.

The Policy and Resources Committee agreed to consolidate the remaining activities from Phase 1 of the Modernisation and Efficiency Programme with the output of the Diagnostic Project (VCA) and Customer Service Review to form Phase 2 of the Programme on 23 September 2008.

Future Operating Model (FOM)

The Policy and Resources Committee, on 23 September 2008, also agreed to proceed with the development of the Future Operating Model of the Council.

Findings from the VCA Project and Customer Service Review conducted during 2008 demonstrated that the Council has opportunities to improve its operational effectiveness and efficiency both at a corporate and service level and to enhance the customer experience by adopting modern working practices and making information more readily available to employees.

The work done during the development phase confirms, with a high level of confidence, that there are significant efficiencies available from standardising, simplifying and modernising the processes in support of service delivery.

To capitalise on these efficiencies, the Council will reconfigure existing delivery arrangements to establish two new corporate support functions; Customer Management and Operational Support.

Adopting this operating model will enable the Council to reduce overhead costs and enhance support to front line services, which will both sustain and improve these services in the future.

Property Asset Management Plan

Proposals regarding the approach to be adopted in relation to property asset management have been developed using funding from the Modernisation and Efficiency Programme.

A review of the Council's property asset base and the services being delivered has been conducted with options identified for improvement, together with possible funding requirements.

The need to ensure services are configured to meet the needs of service delivery in the future, have been taken into account when reviewing the options identified for the Council's property asset base.

An Asset Management Strategy and associated action plan, was approved by the Regeneration Committee in March 2009.

Further work is ongoing to develop an effective, integrated approach to corporate asset management including ICT and fleet.

Strategic Procurement Framework

It is acknowledged the Council's current approach to procurement requires improvement in a number of areas and that performance, together with associated processes, practices and behaviours, does not fully comply with the requirements of the McLelland Report on Public Procurement (2006).

This will be achieved through the development and implementation of a Strategic Procurement Framework - it is recognised that the status quo is not a sustainable or appropriate option, and the organisation cannot stand still with regards to procurement.

Any proposals to change the Council's approach to procurement need to reflect, and be consistent with, the proposals with regard to the FOM for the Council in both strategic and transactional terms.

The outline Strategic Procurement Framework will address four key areas for improvement: Leadership and Governance, Management Information, Managing Contracts including Collaborative Arrangements and Organisational Development.

The finalised Strategic Procurement Framework is to be submitted to Committee for approval in September 2009.

Arrangements for Managing Efficient Government

The Council has established a Modernisation and Efficiency Programme Board. The Board has a key role to play in transforming the organisation's approach to service delivery through a process of review, rationalisation and modernisation of Council services making the most efficient and optimum use of resources.

The objectives of the Programme Board are to:

- Improve business processes via the introduction of new systems and supporting technology.
- Deliver efficiency savings.
- Enhance customer focus / service.

As mentioned, the Efficiency Statement and its supporting programme is clearly related to strategic outcome five of the Corporate Plan which centres around the need to create and build a modern and innovative organisation. The Modernisation and Efficiency Programme Board has a responsibility for addressing and progressing a number of diverse and complete workstreams including:

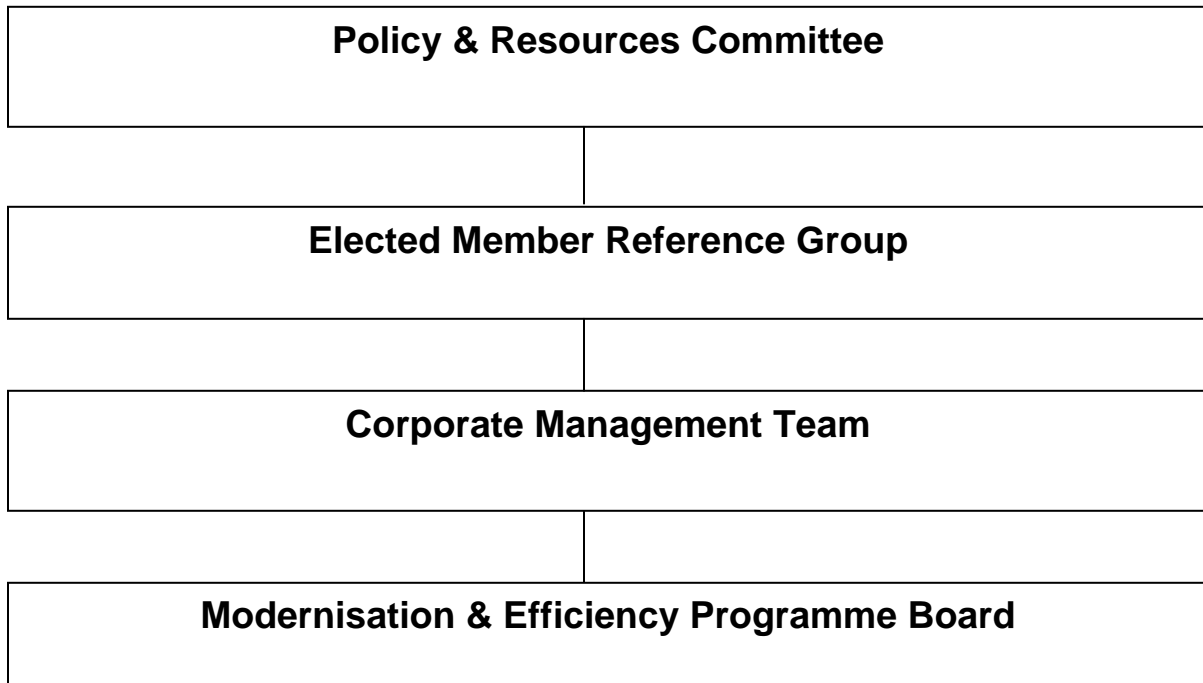
- Efficient Government.
- Customer First.
- Organisational Development.
- Change Management / Continuous Improvement.
- Transforming Public Sector Services.

The Chief Executive through the CMT will account and report to elected members on the performance of the overall programme. The Modernisation and Efficiency Programme Board reports through the Corporate Management Team to the Policy and Resources Committee. Operational responsibility for the delivery of the programme is delegated to the Corporate Director, Improvement and Performance working through and alongside the Modernisation and Efficiency Programme Board.

The Programme Board's specific responsibility in relation to the Efficiency Statement is set below:

- Addressing and progressing the Statement and its supporting programme.
- Sponsoring and supporting the delivery of specific corporate / service projects.
- Monitoring the impact of the programme.
- Reporting to the CMT / Policy and Resources Committee.

A diagrammatic illustration of the Council's arrangement is highlighted overleaf:



The individual projects forming the overall programme are subject to a project management approach which incorporates business case production, project initiation, project planning and benefits realisation. This supports the overall governance and accountability arrangements together with the need for effective performance management, particularly from an efficiency perspective.

Regular progress reports on the Council's Modernisation and Efficiency Programme are given to the:

- Corporate Management Team.
- Elected Members Reference Group.
- Policy and Resources Committee.

Opening Position

At the beginning of 2008/9 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 VCA / Customer Service Review project was underway with it's aim to improve operational effectiveness whilst driving out significant efficiencies. Finally, the 2008/9 budget process included clearer identification of efficiencies and this formed part of the Council's forward plans incorporated within the 2007/8 Efficiency Statement.

The approval of the Council's first ever Financial Strategy in May 2008 and its subsequent development has formalised the link between the Financial Strategy and Efficiency Programme with a full update of projections reported to members every 6 months.

Key Areas for 2008/9

As part of the approved 2008/9 budget, efficiencies totalling £1.966 million were identified and these were included in the 2008/9 Plans in the Council's 2007/8 Efficiency Statement. The achievement of these efficiencies was integral to the delivery of the 2008/9 budget and progress was monitored monthly throughout 2008/9.

In addition, excellent progress was made in respect of the Modernisation & Efficiency Programme with contracts being entered into and projects commenced for:

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

These projects are scheduled to deliver savings from 2009/10 onwards and form part of the "Key Areas Targeted for 2009/10" part of this document.

The Future Operating Model continued to progress well with approval in May 2009 for the first 3 releases covering the period to September 2011.

The Asset Management Strategy for property was approved in March 2009 with significant work in respect of the Vehicle & Plant Strategy progressed during 2008/9 and formally approved in June 2009.

Inverclyde Council – Efficiency Gains 2008/09

Theme	Description of Efficiency Measure	Cashable (list recurring and non recurring separately £000k)	Non- Cashable	Impact on service delivery and performance / other information
O	Debt Restructure – Large Scale Voluntary Transfer	1,250		Debt restructure savings achieved as part of Stock Transfer
PR	Non Domestic Rates Appeals Reduction in Cost	23		
PR	Reduction in Debt Recovery Commission	50		New Debt Recovery Tender savings
PR	Reduction in Council Tax Collection Fees	4		New tender savings
SB	Introduce Council Tax Payment Card	8		Eliminating Council Tax Pay in books
SS	Provide RALF Service In-house	4		
PR	Strategic Waste Documents Printing	10		Alternative printer sourced
PR	Additional Special Needs Placements Reprovision	180		Partnership with Voluntary Sector to provide ASN provision within Inverclyde saving placement costs
SS	Transfer Boglestone to Inverclyde Leisure	35		Overhead savings following transfer
PR	Alternative Provision - Larkfield Family Centre	90		Rationalisation of early years provision in Larkfield area
SB	Changing Children's Services Fund- Administrative Efficiencies	36		Reduction in back office costs
SS	Advertising Savings Arising from Portal	15		Anticipated savings – National portal
	<u>FYE 2007/08 Efficiency Reviews</u>			
WP	3 rd /4 th Tier Structure	192		FYE 2007/8 efficiency review
WP	Overtime	25		Reduction in premium rate overtime
PR	School Transport	26		FYE 2007/8 efficiency review
PR	Early Years	18		FYE 2007/8 efficiency review
Total		1,966		

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 embarking on 3 major exercises over the next 18 months 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. A key output in this regard will be the development of unit costs for key tasks. This again will assist in confirming that outputs have been maintained whilst costs have been reduced.
3. Best Value Audit Toolkits – As part of its preparations for Best Value, the Council assess the content of particular Audit Scotland toolkits. The tool kits will be assessed with a view to applying aspects of them to Council arrangements.

Key Areas Targeted for 2009/10

In February 2009 the Council approved a 2009/11 Budget and included in this were savings of £9.4 million of which over £4 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 are due to be approved in September 2009. The Council acknowledges that there is uncertainty around the 2010/11 budget settlement due to the global economic downturn but is confident that by the use of its medium term Financial Strategy it is in the position where during 2009/10 it can focus on the 2011/12 budget without the need to carry out a detailed savings exercise for 2010/11.

For 2009/10 the key efficiency areas identified are:

a.	Future Operating Model	£0.244 million
b.	Full Year Effect – New Insurance Tender	£0.38 million
c.	Specific Modernisation Projects	£0.064 million
d.	Microsoft License Agreement Holiday	£0.11 million
e.	Social Care Procurement	£0.22 million
f.	Reconfigure School Working Week	£0.174 million
g.	Facilities Management Review	£0.075 million

The total efficiencies identified for 2009/10 are £1.6 million increasing to £4.88 million in 2010/11.

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 Future Operating Model for one major area of efficiency, is a significant benefit to its financial planning process and during 2009/10 it is envisaged that good progress will also be made in respect of Asset Management and Procurement workstreams.

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 the period 2008/9 and also its efforts to realise further levels of efficiency in 2009/10.

I can confirm that the document will be published by 31 August 2009 in line with recommended practice.

I can 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