

**REPORT TO: POLICY COMMITTEE ON 5TH MARCH 2008**

**SUBJECT: EFFICIENT GOVERNMENT UPDATE**

**BY: CHIEF FINANCIAL OFFICER**

**1. REASON FOR REPORT**

- 1.1 To update the Committee regarding progress on the Efficient Government Project.
- 1.2 This report is submitted to Committee in terms of Section A(2) of the Council's Administrative Scheme relating to managing the finances of the Council.

**2. RECOMMENDATION**

- 2.1 **It is recommended that the Committee note the progress and actions taken in respect of the Service Efficiency Review Project (formerly known as Shared Services Review).**
- 2.2 **It is recommended that the Chief Executive be granted delegated authority to commission additional specialist advice or other works that may be required from the funding provided by the Scottish Government.**

**3. BACKGROUND**

- 3.1 An update report was provided to the previous meeting of this Committee and Members noted that the Council had been awarded £150,000 by the Scottish Government to undertake the Shared Services Review.
- 3.2 Since that time, further consideration has been given to the title of the project and as "Shared Services" is only one strand of potential efficiency gains, the project title has been changed to "Service Efficiency Review". The objectives of the review are as follows:

- Determine priority areas to redesign, simplify, standardise or share services.
- Undertake high level design of the changes required to deliver these benefits.
- Define the costs and benefits of the identified opportunities.
- Outline implementation options.
- Build additional capacity within the Council to undertake this type of work on an ongoing basis.
- Inform the future direction of the Council's Efficiency and Improvement programmes.

#### **4. PROGRESS**

- 4.1 In partnership with three other Councils (Highland, Argyll and Bute and Dumfries and Galloway), the Council has appointed Price Waterhouse Coopers who will bring expertise and experience drawn from similar projects with other Local Authorities.
- 4.2 The governance arrangements for the project are described in **APPENDIX 1** to this Report. The Efficient Government Working Group has taken on the role of Project Board. Most other work that was being overseen or monitored by the Efficient Government Working Group is to be held in abeyance pending the completion of the Service Efficiency Review. The exceptions to this are:
- Completion of Best Value Reviews; and
  - National Initiatives including the North of Scotland Shared Revenues and Benefits Services Feasibility Study.
- 4.3 The governance structure provided as **APPENDIX 1** identifies the arrangements put in place to undertake this demanding and challenging project. Members may recall that when the project was first discussed at the Council Meeting in November that reference was made to the scale of the project with likely disruption to other development work ongoing at the Council. A detailed project plan is being developed and it is apparent that during March and April, input will be required from many staff across all Council Departments to ensure that robust data underpins the identification of options for Efficiency Savings.
- 4.4 The outcomes of the review are likely to be reported in September with a report being provided to the Service Development Group for consideration. This will be followed by a report being provided to Policy Committee to consider the future direction of the Council's efficiency programme. In the meantime, quarterly progress reports will be provided to this Committee and regular updates will be provided to Members on the electronic shared information site.

- 4.5 A communications strategy is being prepared to ensure that not only Members but also Senior Managers, Staff and Unions are kept up to date with the project over the next six months.
- 4.6 A formal launch of the project is being planned for 12 March. The launch presentation will be provided in the morning and will be repeated in the afternoon. Members and staff will be provided with further details of the launch event in early course.

## **5. SUMMARY OF IMPLICATIONS**

### **(a) Corporate Development Plan/Community Plan/Service Improvement Plan**

Undertaking the Service Efficiency Review should be of great assistance to the Council to identify opportunities for further improvement in the context of Best Value.

### **(b) Policy and Legal**

There are no policy and legal implications arising from this Report.

### **(c) Resources (Financial, Risks, Staffing and Property)**

The Council has been awarded £150,000 by the Scottish Government to support this project. The Price waterhouse Coopers consultancy appointment was awarded on a competitive basis and subject to any required variance, the contract commitment amounts to £105,000 including an allowance for Travel and Subsistence costs. Temporary Admin support is also required and will either be sourced through the Council's temporary pool or as a secondment. Departments will make suitable arrangements to provide cover for the Project Officers from the three Service Departments . In terms of reporting to the Scottish Government on the use of the additional grant, it is clear that the cost of internal resources in conjunction with the appointment of the consultants will amount to at least £150,000. However, Members are reminded that the Scottish Government has set a 2% efficiency target for Local Government. This would amount to £3.7 million per year for Moray Council, although as previously indicated 2% might not be achievable for all Councils and will depend on their relative starting position. The key message is that it is clear that the Service Efficiency Review will be fundamental to the Council in identifying further efficiency savings and therefore a flexible approach must be adopted to how the Government grant is applied and the amount of staff time that is committed to the process over the next six months. If further specialist advice is required during the course of the project, Members are asked to grant delegated authority to the project sponsor (Chief Executive) to utilising the balance of the Government grant funding during the next six months.

One of the Government's objectives in providing funding to Councils for this work is to develop a capacity for efficiency studies and implementation within the Council and this will require skills from the consultants to be transferred to the project team. It is therefore essential that the project team are able to work from a single office. The two options currently under consideration are: the temporary offices at Hamilton Drive and the Music Centre which the Council uses from time to time for meetings.

**(d) Consultations**

The Corporate Management Team have been involved in the background to this Report.

**6. CONCLUSION**

- 6.1 The Council has established: a Project Sponsor, a Project Board and Project Team and has also involved Members and Staff Unions in the establishment of this Project. Training for the Project Team is due to commence in mid March and data collection will proceed immediately thereafter. The Service Efficiency Review project constitutes a major undertaking for the Council and the disruption on other developmental work is therefore recognised. Members will be kept apprised of the progress in relation to this project.**

Author of Report: Mark Palmer, Chief Financial Officer – Ext 3103

Background Papers:

Ref: MP/LJC/403405/403591