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**REPORT TO: POLICY AND RESOURCES COMMITTEE ON 4 AUGUST 2015**

**SUBJECT: EFFICIENCY STATEMENT FOR 2014/15**

**BY: CORPORATE DIRECTOR (CORPORATE SERVICES)**

**1. REASON FOR REPORT**

- 1.1 To provide the Committee with a copy of the Council's annual Efficiency Statement for 2014/15.
- 1.2 This report is submitted to Committee in terms of Section III (A) (2) of the Council's Scheme of Administration relating to the efficient use of Council resources and management of the Council's finances.

**2. RECOMMENDATION**

- 2.1 **It is recommended that the Committee considers and notes the annual Efficiency Statement for 2014/15.**

**3. BACKGROUND**

- 3.1 The annual Efficiency Statement for 2014/15 is attached as **APPENDIX 1** to this report.
- 3.2 This is the ninth such statement produced by the Council and has been prepared in accordance with an agreement between COSLA and the Scottish Government for local authorities to demonstrate the efficiency gains achieved during the year. Prior to 2011/12 a detailed report was required but the Scottish Government proposed a light touch to reporting efficiencies for 2011/12 onwards. The Efficiency Statement has been prepared using the Scottish Government's approved template, as incorporated in their guidance.
- 3.3 The definition of efficiency used by the Scottish Government is:

*"Where a body manages to deliver services or functions that can be shown to result in a broadly similar (or improved) level of outcome or output for a lower unit input than previously, an efficiency saving has been made.*

*The amount saved is the difference between the previous unit cost and what is now spent to deliver the outcome."*

- 3.4 Until 2011/12 savings were reported separately as cashable savings and non-cashable savings. A summary of the cashable savings achieved since the inception of the annual Efficiency Statement is set out below.

<b>Year</b>	<b>Recurring</b>	<b>Non-recurring</b>
	£'000	£'000
2006/07 to 2011/12	11,310	909
2012/13	920	-
2013/14	1,640	-
2014/15	1,064	91
<b>Total</b>	<b>14,934</b>	<b>1,000</b>

Recurring savings have all been reflected in reduced budgets.

- 3.5 Although Councils are no longer required to report separately on non-cash savings, time-saving initiatives which can be quantified are included in the Efficiency Statement in accordance with Scottish Government guidance.
- 3.6 Total efficiencies reported for 2014/15 amount to £5,778,000 or 3.05% of the Council's net revenue budget for General Services.
- 3.6.1 A detailed analysis of the 2014/15 statement is shown in Appendix 1 but for your information is summarised in the table below.

<b>Activity/ Service</b>	<b>Cash Savings £'000</b>	<b>Non-Cash Savings £'000</b>
<b>DBS Programme</b>		
Core Programme	290	20
Procurement	206	1,237
Office Accommodation	69	-
Contact Centre		39
<b>Asset Management</b>		
Capital Receipts from the sale or surplus properties		581
Energy efficiencies – 2013/14		385
Energy efficiencies – 2014/15	60	123
Renewal Heat Incentive Payments	21	
<b>Increased Uptake of Service/Reduction in Unit Costs</b>		
School Meals		55
Dial M Bus		15
Industrial Units		4
Refuse collection and disposal		659
Increase Recycling and reduction in Landfill Tax		208
Reduction in rental voids and arrears		150
Reduction in Benefits administration costs		140
Reduction in Council Tax / NDR administration costs		133
Various small increases in service uptakes		84
<b>Other</b>		

<b>Activity/ Service</b>	<b>Cash Savings £'000</b>	<b>Non-Cash Savings £'000</b>
Service Restructures	200	
Employment of Modern Apprentices	28	
Managing ICT Services in-house	45	
Centralised recruitment		68
Shift in the balance of care from Residential to Domiciliary care		235
Shift in care from in-house to external providers		401
Use of ICT Digital Solutions	13	96
Spend switched to be funded from capital rather than revenue	208	
Building Cleaning	15	
<b>Subtotal</b>	<b>1,155</b>	<b>4,633</b>
<b>Total efficiencies in 2014/15</b>		<b>5,788</b>

- 3.7 The Scottish Government has expressed an expectation that local authorities will achieve efficiency savings of 3% in 2014/15. This equates to a target of £5,689,000 on the Council's final General Services net revenue budget for 2013/14 of £189,635,000.
- 3.8 The Council has many competing priorities and time spent on recording and measuring efficiency gains has to be weighed against many of these other priorities. It is therefore recognised that not all savings made through efficiencies will have been captured and quantified. In particular, savings which arise as the result of new duties being absorbed by staff have not been captured due to the inherent difficulties of measuring these savings. It is therefore considered that the reported quantified savings are less than the overall efficiencies achieved.
- 3.9 Where output or outcome measures are available these have been used in developing the reported efficiency for the year. The output or outcome measures used are largely ones which have previously been reported to service committees as part of the Council's Performance Management Framework. There is no indication from the quarterly service performance reports of service levels declining as a result of any of the service areas where efficiency measures are included in the Efficiency Statement. Many of the efficiency measures have been specifically identified in Performance Reports as performance improvements.
- 3.10 The principal vehicle for delivering cashable efficiency savings across the Council in recent years has been the Designing Better Services (DBS) programme. All changes implemented as a result of DBS are subject to post-implementation review.

- 3.11 Other efficiencies arise from Asset Management and energy efficiency; targeted increased uptake of service; improved performance resulting in reduced unit cost or improved outcomes with no proportionate increase in costs, and a variety of other initiatives.

#### **4. SUMMARY OF IMPLICATIONS**

**(a) Moray 2023: A Plan for the Future/Service Plan/Health and Social Care Integration**

The Council has identified that efficiency savings are required to sustain existing services and enable the delivery of Council priorities in an environment of economic austerity.

**(b) Policy and Legal**

There are no policy or legal implications arising directly from this report.

**(c) Financial implications**

The achievement of efficiency savings assists the Council to achieve budget savings without adversely impacting on service delivery.

**(d) Risk Implications**

There are no risk implications arising from this report.

**(e) Staffing Implications**

There are no staffing implications arising directly from this report.

**(f) Property**

There are no property implications arising directly from this report.

**(g) Equalities**

There are no equalities implications arising directly from this report.

**(h) Consultations**

All Heads of Service, David Morris, Senior Programmer Manager, Diane Beattie, Payments Manager and Lissa Rowan, Committee Services Officer have been consulted in the preparation of this report.

#### **5. CONCLUSION**

**5.1 As indicated in the Efficiency Statement, £5,778,000 efficiency savings have been identified in 2014/15.**

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Background Papers: Held by author.

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