



REPORT TO: POLICY AND RESOURCES COMMITTEE ON 30 AUGUST 2016

SUBJECT: EFFICIENCY STATEMENT FOR 2015/16

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 2015/16.
- 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 2015/16.**

3. BACKGROUND

- 3.1 The annual Efficiency Statement for 2015/16 is attached as **APPENDIX 1** to this report.
- 3.2 This is the tenth 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.

Year	Recurring	Non-recurring
	£ million	£ million
2006/07	2.55	-
2007/08	1.45	-
2008/09	2.07	0.2
2009/10	0.98	0.2
2010/11	1.77	0.5
2011/12	2.49	-
2012/13	0.92	-
2013/14	1.64	-
2014/15	1.09	0.1
2015/16	0.89	1.0
Total	15.85	2.0

Recurring savings have all been reflected in reduced budgets.

- 3.5 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, calculated in accordance with Scottish Government guidance.
- 3.6 Total efficiencies reported for 2015/16 amount to £5,840,000 or 3.05% of the Council's net revenue budget for General Services.
- 3.7 The Scottish Government has expressed an expectation that local authorities will achieve efficiency savings of 3% in 2015/16. This equates to a target of £5,741,000 on the Council's final General Services net revenue budget for 2014/15 of £193,616,000 less £2,243,000 DSM and other one-off projects funded from reserves.
- 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. At present there is no accurate statistical evidence for the efficiency achieved by containing demand for Social Care services by increased use of Tier 1 (community alternatives to Council paid services). 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 programme. All changes implemented as a result of DBS were subject to post-implementation review. The DBS programme was formally closed on 27 October 2015, with recurring annual cashable savings of £2,946,000 reported to this Committee on that date.
- 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 2026: A Plan for the Future and Moray Corporate Plan 2015 - 2017

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 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, £5,840,000 efficiency savings have been identified in 2015/16, exceeding the Scottish Government target of 3%.**

Author of Report: Lorraine Paisey, Principal Accountant - Ext 3213

Background Papers: Held by author.

Ref: LP/LJC/239-1604 / 239-1608