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**REPORT TO: POLICY AND RESOURCES COMMITTEE ON 7 AUGUST 2018**

**SUBJECT: EFFICIENCY STATEMENT FOR 2017/18**

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

**1. REASON FOR REPORT**

- 1.1 To provide Council with a copy of the council's annual Efficiency Statement for 2017/18.
- 1.2 This report is submitted to Council in terms of Section III (A) (4) of the Council's Scheme of Administration relating to the public performance reporting.

**2. RECOMMENDATION**

- 2.1 **It is recommended that Council considers and notes the annual Efficiency Statement for 2017/18.**

**3. BACKGROUND**

- 3.1 The annual Efficiency Statement for 2017/18 is attached as **APPENDIX 1** to this report.
- 3.2 This is the twelfth 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>
	£ 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
2016/17	0.93	0.7
2017/18	0.94	0.5
<b>Total</b>	<b>17.72</b>	<b>3.2</b>

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 2017/18 amount to £5.559m or 2.88% of the council's net revenue budget for General Services.
- 3.7 The Scottish Government has expressed an expectation that local authorities will again achieve efficiency savings of 3% in 2017/18. This equates to a target of £5.909m on the Council's final General Services net revenue budget for 2017/18 of £198,733,000 less £804,000 DSM, £401,000 other one-off projects funded from reserves and £560,000 held as additional savings made.
- 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.

- 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 or which will be 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 Efficiencies arise from: procurement; Asset Management and energy efficiency; service transformation, 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.
- 3.11 The statement includes estimates of the non-cash savings arising from centralised recruitment and use of CLIVE for training. An estimate has been made for shift in the balance of care and for out-sourcing of domiciliary care.
- 3.12 The council has not yet identified sufficient measurable efficiencies to meet the 3% target in 2017/18. This is a challenging target to meet on a recurring basis, and it is noticeable that in previous years significant savings have been attributed to Designing Better Services (DBS). There is no comparable transformation programme to DBS in 2017/18.

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

**(a) Corporate Plan and 10 Year Plan (Local Outcomes Improvement Plan (LOIP))**

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**

Various officers throughout the council have contributed to this report

**5. CONCLUSION**

**5.1 As indicated in the Efficiency Statement, £5,559,000 efficiency savings have been identified in 2017/18.**

Author of Report: Paul Connor, Principal Accountant

Background Papers: Held by author.

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