

To: POLICY AND RESOURCES (FINANCE AND CUSTOMER SERVICES SUB-COMMITTEE)	Subject: ANNUAL EFFICIENCY STATEMENT 2011/12
From: EXECUTIVE DIRECTOR OF FINANCE & CUSTOMER SERVICES	
Date: 10 August 2012	Ref: AC/LM/EK

### 1. **Purpose of Report**

- 1.1 The purpose of this report is to update Committee on the submission of the Council's Annual Efficiency Statement for the year ended 31 March 2012 and summarise the savings for this period.

### 2. **Background**

- 2.1 For 2011-12, the Scottish Government expects every public body to deliver efficiency savings of at least 3% and to report publicly on the actions undertaken and the results achieved.
- 2.2 Since 2006/07, each Council has been required to submit an Annual Efficiency Statement (AES) to COSLA for local government consolidation to be submitted to the Scottish Government.
- 2.3 The 2011/12 return has been simplified. Unlike in previous years, a report on the Council's efficiency approach is not required and Councils are only asked to return the template provided (as per Appendix 1) to COSLA.
- 2.4 The 2011/12 AES has been prepared in accordance with the COSLA guidance 'Efficient Government Reporting – Framework for Local Authorities in Scotland'.

### 3. **Annual Efficiency Statement 2011/12**

- 3.1 Although the reporting of the AES has changed, the process used for the production of the 2011/12 statement was similar to that used in previous years. The starting point was to examine the efficiency savings approved as part of the Council's Budget for 2011/12. These efficiencies were then supplemented by savings from various Service initiatives and actions that occurred throughout the year.
- 3.2 Councils are open to identify, generate and claim efficiency gains across the whole range of the Council's Service portfolio. These are then classified into various categories as specified within the guidance. For 2011/12, efficiencies are required as a total amount and only split if they fall under three categories:
- Procurement
  - Shared Services
  - Asset Management.
- 3.3 A copy of the AES has been included in Appendix 1 and was compiled following a Finance & Customer Services led exercise involving all services. For an efficiency to be counted, Services require to show a broadly similar or improved level of outcome or output for a lower unit cost or input than previously.

- 3.4 For 2011/12, the Scottish Government has indicated an efficiency target of 3% of the 2010/11 General Revenue Funding. Applying this to local government would mean that the target for North Lanarkshire Council is approximately £15.2m
- 3.5 The Council has achieved efficiency savings of £18.568m in 2011/12. This is in comparison with £18.176m reported in the 2010/11 AES. Of the 2011/12 total, £16.090m relates to recurring savings and £2.478m to non recurring savings.

**4. Key Areas for 2011/12**

- 4.1 While the return statement to be returned to the Scottish Government is in summarised form, a more detailed description of the efficiency gains achieved by the Council for 2011/12 is set out in Appendix 2 attached. In summary, the total efficiency savings claimed are:

<b><u>Recurring Savings Claimed</u></b>	<b>Cash Savings</b>
	<b>£ million</b>
Procurement	1.430
Workforce Planning	8.460
Asset Management	1.576
Service Prioritisation	3.124
Other	1.500
<b>Total</b>	<b>16.090</b>

<b><u>Non-Recurring Savings Claimed</u></b>	<b>Cash Savings</b>
	<b>£ million</b>
Asset Management	2.236
Other	0.242
<b>Total</b>	<b>2.478</b>

**5. Recommendations**

- 5.1 It is recommended that Committee notes the submission of the Annual Efficiency Statement 2011/12 to COSLA.



**Executive Director of Finance and Customer Services**

## CONFIRMATION OF EFFICIENCIES DELIVERED IN 2011-12

	<b>Local Authority Name</b>	North Lanarkshire Council
<b>2</b>	<b>Total cash efficiency achieved for 2011-12 £'000</b>	£18,568
<b>3</b>	<p><b>Summary of efficiency activity e.g.</b></p> <p>The main initiatives the local authority has taken over the year to ensure a strategic approach to increased efficiency and productivity and the improvements achieved in these areas.</p> <p>The main information that the local authority uses to assess productivity, service quality and performance and how the scope, usefulness or reliability has been improved during the year.</p> <p>Specific steps the local authority has taken during the year to improve collaboration and joint working to deliver efficient and user-focussed services and the improvements achieved.</p>	<p><u>Strategic Initiative</u></p> <p>The Council continues to achieve efficiencies through the Service and People First Transformation Programme.</p> <p>The Programme enabled the Council to:</p> <ul style="list-style-type: none"> <li>• Introduce new methods of working</li> <li>• Integrate back office functions</li> <li>• Develop shared and standardised practices</li> <li>• Prioritise services.</li> </ul> <p><u>Main Efficiencies</u></p> <p>Some of the higher value efficiency savings achieved in 2011/12 are as follows:</p> <ul style="list-style-type: none"> <li>• Review of Social Work activities to enable an increased number of elderly residents to receive care at home</li> <li>• Individual self assessment of care needs</li> <li>• Reconfiguration of class sizes for English and Maths in line with statutory requirements</li> <li>• Revision of teachers' terms and conditions</li> <li>• Closure of underutilised buildings</li> <li>• Recruitment advertising via the internet</li> <li>• Alignment of staff across all services with current provision.</li> </ul> <p><u>Collaboration and Joint Working</u></p> <p>A number of procurement initiatives have given rise to efficiencies for example in stationery, advertising, waste containers, telephone contracts, copiers and educational equipment.</p> <p>Additionally, a Council wide pool car scheme commenced in 2011/12 which has released efficiencies in staff travel costs.</p> <p>The Transformation Programme commenced the implementation of workstreams to promote increased collaboration and joint working.</p>

		<p>The three main areas of work are:</p> <ul style="list-style-type: none"> <li>• The continued exploration and delivery of council led business reviews.</li> <li>• Opportunities identified through the Clyde Valley Shared Services review.</li> <li>• Identification of new opportunities</li> </ul> <p><u>Performance Assessment</u></p> <p>The Corporate Plan sets out the main aims for North Lanarkshire, with key themes linked to national objectives.</p> <p>Performance against set targets is housed in the performance management software Perform NL. This tool is utilised by Executive Directors, Heads of Service, elected members and officers to record performance and enable monitoring to take place.</p> <p>An annual Council wide Performance Report is published in the Autumn and provides a summary of Council performance against targets set in the Corporate Plan.</p>
4	<p><b>Breakdown of efficiency saving by Procurement, Shared Services or Asset Management £'000</b> only where relevant – not all efficiencies will fall into these categories, so the figures here do not have to match the overall total.</p>	<p>Procurement = £1,430</p> <hr/> <p>Asset Management = £3,812</p>
5	<p><b>Evidence:</b> What performance measures and/or quality indicators are used to ensure that efficiencies were achieved without any detriment to services?</p>	<p>Services use various methods to ensure efficiencies are achieved without detriment to services.</p> <p>These include:</p> <ul style="list-style-type: none"> <li>• Key Performance Indicators collated via the performance reporting tool Perform NL</li> <li>• Statutory Performance Indicators</li> <li>• Reports from External Bodies</li> <li>• Quarterly Performance Reports</li> <li>• Service Plan Performance Report</li> <li>• Residents Survey.</li> </ul>

Signed ..... *Gavin Whiteford* ..... (Chief Executive or equivalent)

Signed (if applicable) ..... *Alan James* ..... (Council Leader or equivalent)

Date ..... 10/08/12 .....

## NORTH LANARKSHIRE COUNCIL - EFFICIENCY GAINS 2011/12

## Recurring Efficiency Gains

Theme	Description of Efficiency Measure	Cash Releasing	Impact on service delivery and performance / other information
		£000	
PR	Various procurement initiatives leading to further improvement in procurement savings through nationally agreed contracts.	663	No adverse impact on service delivery.
PR	Negotiated contracts and re-tendering of current contracts	767	Tender exercises to drive down unit cost of service delivery. No adverse impact on service delivery.
WP	Improved absence management	240	Improvement in SPI figure for weighted average sickness absence: average absence level reduced from 5.04% (2010/11) to 4.71% (2011/12).
WP	Reconfiguration of staffing structures	4,739	No adverse impact on service delivery.
WP	Review of employee working practices (eg shift patterns or to reflect rationalised provision of services, changes to employee terms and conditions etc)	4,681	No adverse impact on service delivery.
AM	Review of property portfolio	1,576	Properties identified as being surplus to requirements. Savings realised from reduced property costs and reduced contract costs for security and other associated costs. No adverse affect on service delivery.
SP	Review of use of resources in delivering services with a view to reducing overall cost of providing services (eg review of externally purchased nursing home places)	3,424	No adverse impact on services provided.
<b>TOTAL</b>		<b>16,090</b>	

**Non Recurring Efficiency Gains**

<b>Theme</b>	<b>Description of Efficiency Measure</b>	<b>Cash Releasing</b>	<b>Impact on service delivery and performance / other information</b>
		<b>£000</b>	
AM	Disposal of fixed assets for re-investment in front line services	2,236	Additional resources made available for service provision.
O	VAT Reclaim from HMRC	242	Additional resources made available for service provision.
<b>TOTAL</b>		<b>2,478</b>	

PR: Procurement; WP: Workforce Planning; AM: Asset Management; SP: Service Prioritisation; O: Other