

**REPORT TO: POLICY AND RESOURCES COMMITTEE - 17 OCTOBER 2005**  
**REPORT ON: EFFICIENT GOVERNMENT**  
**REPORT BY: CHIEF EXECUTIVE**  
**REPORT NO: 561-2005**

## **1 PURPOSE OF REPORT**

This report summarises the Efficient Government programme being developed by the Scottish Executive and proposes a way for the Council to develop its own efficient government plan.

## **2 RECOMMENDATIONS**

- 2.1 The committee is asked to note the targets and workstreams of the Scottish Executive's Efficient Government Plan and the related developments by the Council.
- 2.2 The Committee agrees to expanding the remit of the Best Value Sub-Committee as follows:
  - to consider all matters associated with Best Value and efficient government making recommendations to the Policy and Resources Committee as appropriate (para 7.2)
- 2.3 The Best Value Sub-Committee be remitted to meet at least bi-annually to consider efficient government monitoring reports (para 7.3)
- 2.4 The committee agrees that the Efficient Government Board chaired by Assistant Chief Executive (Community Planning) set up to manage the efficiency projects in the Council's Customer First programme expand its role to cover all efficient government projects being reported to the Best Value Sub-Committee (para 7.5).
- 2.5 The committee agrees that the Assistant Chief Executive (Community Planning) and the Depute Chief Executive (Finance) prepare a pro forma for approving and monitoring efficiency savings (para 7.7).
- 2.6 The Committee agrees that the Depute Chief Executive (Finance) prepare a method of presenting efficiency savings in the budget documentation and public performance report (para 7.8).

## **3 FINANCIAL IMPLICATIONS**

The outcome of the efficient government programme is to account for efficiency savings derived from projects and programmes specifically aimed at achieving cash and time efficiency savings. Although there is no specific target set for each Council the Executive is planning on local government in Scotland being able to show £325m per annum in efficiency savings by 2007 (4% of GAE).

## **4 LOCAL AGENDA 21 IMPLICATIONS**

The efficient use of resources is a key theme of Local Agenda 21.

## 5 EQUAL OPPORTUNITIES IMPLICATIONS

None.

## 6 BACKGROUND

6.1 The Scottish Executive have established an efficient government programme. This was formally launched by the Minister of Finance and Public Service Reform in October 2004 with the publication of an efficient government plan. Since then the Executive has put in place a programme structure and revised its efficiency targets.

6.2 A target has been set for the Scottish Public Sector to achieve £900m per annum cash savings and £600m in equivalent time release savings by 2007-2008. Within this figure £325m of efficiency savings is expected from local government (4% of GAE).

6.3 These targets were revised upwards based on the feedback to the efficient government unit. Executive Departments, agencies and local councils provided evidence of a consistent record of delivering savings. For example, Glasgow City Council are quoted in the Executive's document as saving £80m in the past four years through efficiencies. Dundee City Council has recorded savings in its last four annual budgets totalling estimated £8m.

6.4 The definition of efficiency savings aims to ensure it is not about cuts in services but reducing the cost or time taken to deliver the service. The following definitions can be used:

- Cash Release Savings : same output less resources (staff, assets, support costs)
- Time Release Savings : more output with same resources (reduced time to produce one unit or transfer of time spent on non frontline service activity to service output)

6.5 The efficient government plan establishes five workstreams where the majority of planned savings are expected to be found. These are:

- 1 Procurement
- 2 Managing Absence
- 3 Asset Management
- 4 Shared Support Services
- 5 Streamlining Bureaucracy

6.6 To manage these programmes the Executive have established two new sections; the Efficient Government Delivery Unit and a Public Sector Reform and Efficiency Division. The workstreams 4 and 5 above are being handled by the latter as the Executive expect this to lead to significant reform of how the public sector operates especially in relation to greater sharing of resources between Councils, Community Planning partners and local and central government.

6.7 Members will be aware that the Executive had set up an Efficient Government Fund totalling £60m (Report No 400-2005). The bids made by Councils and other organisations are still under determination by the Executive. The Executive have confirmed, however, that a further £31m will be made available from 2006 onwards to further develop efficiency projects and the MFG funded projects in relation to Customer First.

6.8 The criteria for the efficient government fund bids reflects the workstreams and need to deliver savings. Dundee City Council is involved in the following bids:

<b>Project Title</b>	<b>Project Description</b>	<b>Lead Partner</b>	<b>Partners Likely to Commit</b>
Unified Scottish Scientific Service	Establishment of a Scottish Scientific Service. Joining up the scientific services laboratories operated by Aberdeen, Dundee, Edinburgh and Glasgow Councils into a unified organisation. The Laboratories will collaborate effectively, develop specialisms and centres of expertise, achieve economies of scale and re-allocate resources to enhance high quality service delivery	Dundee City Council	All 32 Local Authorities
Tayside Public Sector Procurement	The project is to develop and implement a public sector procurement framework within Tayside. The local and health authorities within Tayside would implement the eProcurement Scott@and platform and joint the ABC buying consortium as associate members. Each of the public sector bodies would engage a consultant to develop a procurement strategy and thereafter appoint professional procurement staff to implement the procurement strategy developed for and by each public body	Dundee City Council	NHS Tayside, Angus Council, Perth & Kinross Council, Tayside Police, Tayside Fire Brigade, Tayside Joint Valuation Board, Tayside Contracts
Continuous Improvement Team for Local Authority Procurement	To realise £72.5M savings over 5 years through better buying and extended collaboration; develop leading practice processes, skills and knowledge; develop contractual relationships accessible to Public Sector, develop eProcurement catalogue solutions; market collaborative buying opportunities; identify business requirements for redeveloping SEEMIS to enable Schools eProcurement	Renfrewshire Council	ABS: North Ayrshire Council, South Ayrshire Council; East Ayrshire Council; East Renfrewshire Council; Argyll & Bute Council; West Dunbartonshire Council; East Dunbartonshire Council; South Lanarkshire Council; North Lanarkshire Council; Glasgow City Council; Highland Council; Strathclyde Fire Brigade; Strathclyde Police; Dumfries & Galloway Council; Western Isles Council; Angus Council; Dundee Council; Perth & Kinross Council

Project Title	Project Description	Lead Partner	Partners Likely to Commit
Tayside Tax Collection Project	<p>The project is to increase collection levels of Council Tax in respect of current year and previous years arrears. This would be achieved by carrying out special exercise in respect of:</p> <p>i) Promotion of payment by direct debit</p> <p>ii) Tracking of "gone aways"</p> <p>iii) Matching of non-payers with licensing applications. This would also assist with the collection of Non Domestic Rates</p> <p>iv) Data matching of non-payers with other Councils employee records</p> <p>v) Door to door information gathering</p> <p>vi) Tracing of taxpayers whose accounts for old addresses are in credit</p>	Angus Council	Angus Council, Dundee Council, Fife Council, Perth & Kinross Council

6.9 The above projects reflect examples of two of the workstreams i.e. procurement and shared services. The Executive expect all local authorities to embrace e-procurement and greater use of collaborative procurement to achieve savings. £200m of the cash savings targets is expected to come from the procurement programme. Furthermore the Minister can be quoted as stating that "if any part of the public sector do not take advantage of the opportunities of e-procurement, the Scottish Executive will reflect this in future funding". The overall budget heading supplies and services for 2004/2005 was £37m. A 1% saving would be £400,000 approx. The efficient government plan also highlights Council Tax collection as a priority area for improvement as on average collection rates are 5% lower than England. The Council's current collection rate is 87% and the Council Plan target is to reach 90% by April 2007. The Executive's document points out that the regulations governing collection are the same for all 32 Councils and therefore there must be opportunities for achieving savings by collaborating and sharing resources.

6.10 The Council is also addressing the other workstreams in the Efficient Government Plan:

- Managing Absence - the report to the Personnel Committee, 15 August to reduce the absence levels which were costing the Council £5.4m per annum time lost.
- Asset Management Plan - a first draft of a Council wide asset management plan is planned for March 2006 and a Corporate Group is working towards this. Council property costs account for approximately 10% of gross expenditure (£41m) and just a 1% saving in this could amount to £400,000.
- Flexible Working - the Council's Customer First Strategy and Best Value Review Programme includes an efficiency element to provide more resources for

customer services and this includes a project to introduce mobile working to reduce the overall property requirement e.g. hot desking, home working etc.

- The home computing initiative will save £110,000 in national insurance cost over 3 years
- Best Value Reviews - there are 10 Best Value Reviews in progress that may produce efficiency savings as part of general best value investigations

6.11 The Efficient Government Programme represents a significant challenge to local government. It has particular significance in the issues concerning:

- improvement in internal organisation and management
- better procurement
- joining together to share resources and rationalise service provision

6.12 The Efficient Government Programme can be viewed in a similar light to best value. However, there is greater clarity on the nature and extent of change required. The Executive will be expecting Councils to detail how they are achieving efficiency savings, the value of these savings and to account that they have been achieved. Therefore this report now turns its attention to the governance and monitoring of projects and initiatives that aim to deliver efficiency savings in Dundee City Council.

## **7 GOVERNANCE AND MONITORING**

7.1 The objective of a Council efficiency programme should be to initiate reviews, projects and programmes that can identify then deliver efficiency savings. To achieve this needs a disciplined approach to project management and monitoring.

7.2 Considering the similarities referred to in paragraph 6.12 the Best Value Sub-Committee of the Policy and Resources Committee should extend its remit to consider all matters relating to Best Value and Efficiency. The Sub-Committee is chaired by the Convener of the Policy and Resources Committee and its membership is six elected members. It is therefore proposed to change its remit at the next update of standing orders to read "To consider all matters associated with Best Value and Efficient Government making recommendations to the Policy and Resources Committee as appropriate".

7.3 Currently the Best Value Sub-Committee only meets to consider a new programme of Best Value reviews and when the final reports of the reviews are ready. To improve the monitoring of the project management of the related reviews and projects and delivery of efficiency savings it is recommended that it meets at least bi-annually to consider progress reports from responsible chief officers and updates on the national efficient government programme.

7.4 Report No 400-2005 on the new Customer First and Efficiency Strategy was approved by the Policy and Resources Committee, 15 August. This established a programme management structure to deliver the customer service and efficiency projects contained in the Customer First strategy document. This includes a Efficient Government Board chaired by the Assistant Chief Executive (Community Planning). It comprises the Depute Chief Executive (Finance), the Director of Economic Development and the Assistant Chief Executive (Management) and the Corporate Planning Manager. The projects referred to in the Customer First Strategy that this officer group are to be responsible for are:

- procurement
- property savings

- flexible/mobile working

- 7.5 It is recommended that the Efficient Government Board consider expanding its role and membership to include being responsible for planning and monitoring all reviews and projects referred to the Best Value Sub-Committee meetings as per paragraph 7.3 above.
- 7.6 A method of defining and measuring efficiency will be required to be used by officers when preparing reports proposing an efficiency saving. This should clearly identify the nature and value of one or both a cash releasing (recurring) saving or time releasing saving. This is likely to need a pro forma that will be used to identify and track the savings in a way that can be verified by the Finance Department and internal audit and meet national reporting requirements.
- 7.7 It is recommended that the Corporate Planning and Finance Departments propose an efficiency saving pro forma that will be required at the project approval stage of an efficiency project and then be updated during and for a sustainable period after implementation.
- 7.8 Identifying and delivering efficiency savings is a key function of the budget process within the Council. Projects and initiatives coming out of the Efficient Government Programme with clear efficiency saving targets will provide an input into the budget. Equally, the budget process itself may highlight a need for further efficiency projects to be undertaken and monitored as per the recommendations in this report.

## 8 **CONSULTATIONS**

All Chief Officers have been consulted on the contents of this report.

## 9 **BACKGROUND PAPERS**

Building a Better Scotland (Efficient Government Plan) : Scottish Executive November 2004

Efficient Government Fund (letter Scottish Executive September 2004)

Efficient Government Programme description (Scottish Executive 3 February 2005)

Scottish Parliament Finance Committee reports received from Glasgow City Council

Efficient Government Initiatives Report (Management Team 29 March 2005)

Report No 400-2005 Policy and Resources Committee 15 August 2005 - Customer Customer First Strategy

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12/10/2005