

Report

Report to:	Risk and Audit Scrutiny Forum
Date of Meeting:	17 September 2013
Report by:	Executive Director (Finance and Corporate Resources)

Subject:	Efficiency Statement 2012/2013
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1. Purpose of Report

1.1. The purpose of the report is to:-

- ◆ Provide the Risk and Audit Scrutiny Forum with summary information relating to the Council's Efficiency Statement for 2012/2013.

2. Recommendation(s)

2.1. The Forum is asked to note the following:-

- (1) that the details within the Efficiency Statement reflect Efficiency Savings for 2012/2013 across all Resources total £19.390m
- (2) that Efficiency Savings totalling £5.277m are presented over the headings of Procurement, Shared Services and Asset Management
- (3) that the Council's Efficiency Statement was submitted to CoSLA in August 2013
- (4) that CoSLA take responsibility for onward submission to the Scottish Government to be considered with statements from all Scottish councils

3. Background

- 3.1. Efficient Government is a concept South Lanarkshire Council has been committed to for many years. Since 2006/2007, the Scottish Government has required councils to publish an annual Efficiency Statement. The aim of these statements is to add to local accountability around the efficiency process and contribute to the sharing of best practice.
- 3.2. Continued financial pressure and increased focus on changing the way that services are delivered make the identification and delivery of efficiency savings even more vital. A broadly static Government grant requires the Council to ensure that the efficiency savings programme is core to the financial strategy. Looking forward, the Council's Revenue Budget Strategy for 2014/2015 indicates the level of savings, including efficiency savings, required to balance the budget, minimise the impact on the delivery of front line services and meet Council objectives.
- 3.3. The Efficiency Statement for 2012/2013 is South Lanarkshire Council's seventh Efficiency Statement under the requirements of the Scottish Government's Efficient Government initiative.
- 3.4. In April 2013, CoSLA issued guidance for completion of the Efficiency Statement. This was similar to the guidance issued for 2012 which saw CoSLA keeping in line with the efficiency guidance followed by Scottish Government departments. This guidance greatly simplified the level of detail for reporting efficiencies and at the

same time stressed the importance of reporting which demonstrates how bodies have used efficiencies to maintain outputs and outcomes in the face of budget cuts. The Council's statement continues to be prepared on this revised CoSLA guidance and definition of efficiency, which 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 than previously, an efficiency has been made. The amount saved is the difference between the previous unit cost and what is now spent to deliver the outcome'.

- 3.5. The savings presented in the Efficiency Statement do not exactly reflect the savings delivered by Resources as part of the 2012/2013 savings exercise. During the year savings are monitored by the CMT and, in May 2013, a figure of £10.612m was confirmed by Finance Services which formed part of the final outturn figure.
- 3.6. The Forum is asked to note that the 2012/2013 savings figure £10.612m includes savings which are not considered as efficiencies.
- 3.7. The process of bringing together the Efficiency Statement for 2012/2013 has confirmed that Resources have delivered additional efficiency savings for the year and these have also been included within the Efficiency Statement. These additional savings are also reflected in the Council's final financial outturn position for 2012/2013 reported to the Executive Committee on 26 June 2013.

4. Efficiency Statement Detail

- 4.1. The April 2013 Cosla guidance provided the requirements for the content of the Efficiency Statement and gave an outline of the format the statement (referred to as Annex A) should take. The guidance has been used when considering the detail to be included for the Council.
- 4.2. The guidance aims to make the Efficiency Statement a more 'light touch approach' with the emphasis placed on how local authorities have 'used efficiencies to protect quality and level of services and maintained outputs and outcomes in the face of budget cuts'.
- 4.3. The content of the Efficiency Statement, following the April 2013 guidance, includes:-
 - Completion of the template termed 'Confirmation of Efficiencies Delivered'. This is referred to as 'Annex A' and is included within this report
 - **In Annex A the total efficiency figure of £19.390m** for the Council is noted at point 2
 - There is no need to distinguish between cash and non cash releasing efficiencies. The Committee is advised for information only that **the total figure reported for 2012/2013 is £19.390m. This is comprised of £12.503m cash efficiencies and £6.887m in non cash efficiencies**
 - Under points 3 and point 5 of Annex A councils are required to provide a broad explanation of initiatives in respect of their strategic approach to efficiency. The narrative is required to be supported by auditable evidence to demonstrate that claimed efficiency savings have not resulted in service cuts, although specific details of efficiency savings and supporting evidence are not required to be included in the template
 - Under point 4 of Annex A, councils are asked to provide a breakdown by the three categories, if they consider it relevant to do so. South Lanarkshire Council continues to collect evidence under these headings, therefore, figures are shown

in its return. **Procurement is reported as £3.588m, Shared Services £0.081M and Asset Management of £1.608m**

- The Council, as lead authority for Lanarkshire Valuation Joint Board (LVJB), is required to include the Board's efficiency savings within the total efficiency figure. This is noted at Point 3 of Annex A. **The figure of £0.504m is included for LVJB within the total figure of £19.390m**
- COSLA requests that the statement be signed by the Chief Executive

4.4. Further to the details at paragraph 3.7, an exercise was undertaken to identify those efficiencies, included within the 2012/2013 'savings achieved' figure of £10.612m, which should be included in the Statement. These amounted to £9.317m being included within the final version of the Statement based on the accepted definitions and evidence provided. The remainder of £1.295m could not be included in the Efficiency Statement due to:-

1. **Evidencing** (£0.276m) – where savings could not be included in the Efficiency Statement due to the prescriptive nature of the evidence which is required to support an efficiency;
2. **Income/Removal and Reduction in Service** (£1.019m) - Income and Charging and Reduction and/or Removal of Service are not eligible to be considered as an efficiency;

4.5. This figure of £9.317m was further increased to take account of additional cash efficiency savings of £3.186m and non cash efficiency savings of £6.887m. This brings the overall total of efficiency savings included within the statement to £19.390m. For information, the Committee is advised that the additional cash efficiencies figure of £3.186M is made up of the following elements:

Table 1 – Additional Cash Efficiencies 2012/2013

	£m
Civic Amenity Sites re-tender	0.278
Savings achieved from contracts	1.370
Land Sales	1.249
Lanarkshire Valuation Joint Board	0.151
Additional Efficiency Savings (Finance & Corporate)	0.138
Total	3.186

4.6. Efficiencies generated by Resources during the year, which were not included in the savings targets at the beginning of the year, have contributed towards the Council's General Fund Reserve at the end of 2012/2013 and will contribute towards 2013/2014 savings as appropriate.

4.7. The figure for non cash efficiency savings of £6.887m is made up of the following elements;

Table 2 – Additional Non Cash Efficiencies 2012/2013

	£m
Loan Charges	4.500
Advertising	1.500
Lanarkshire Valuation Joint Board	0.353
Additional Efficiency Savings (Resources)	0.534
Total	6.887

- 4.8. A copy of the completed Efficiency Statement (termed Annex A by Cosla) is included within this report
- 4.9. The Council is not complacent and recognises that there is an ongoing requirement to demonstrate efficiency. Indeed, continuous improvement is a key principle of Best Value.
- 4.10. The 2012/2013 statement has been prepared with the support of all Resources who have provided evidence to support savings presented in the statement. Each Executive Director has responsibility to ensure their Resource contributes to this element of the Council's approach to Continuous Improvement.

5. Employee Implications

- 5.1. There are no employee implications.

6. Financial Implications

- 6.1. There are no financial implications relating to completion of the statement. However, there is an ongoing commitment in terms of budget strategy and financial and planning frameworks.

7. Other Implications

- 7.1. The main risk associated with the completion of the statement is that an efficiency is included in the Statement which is not eligible, as per the COSLA guidance, to be presented as an efficiency. This risk is mitigated by completion of Efficiency Technical Notes (ETNs) which include detail of evidence while continual budget monitoring should ensure full value recognition of eligible efficiencies.
- 7.2. There are no implications for sustainability in terms of the information contained in this report.

8. Equality Impact Assessment and Consultation Arrangements

- 8.1. There is no requirement to carry out an impact assessment in terms of the information contained within this report.
- 8.2. The statement has been prepared based on detailed consultation with individual Resources.

Paul Manning

Executive Director (Finance and Corporate Resources)

28 August 2013

Link(s) to Council Values and Objectives

- ◆ Value: Accountable Effective and Efficient

Previous References

- ◆ Risk and Audit Scrutiny Forum 13 November 2012 - Efficiency Statement 2011/12

List of Background Papers

- ◆ COSLA Guidance

Contact for Further Information

If you would like to inspect the background papers or want further information, please contact:-

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CONFIRMATION OF EFFICIENCIES DELIVERED IN 2012-13

1	Local Authority Name	South Lanarkshire Council
2	Total cash efficiency achieved for 2011-12 £'000	£19.390M
3	Summary of efficiency activity e.g. 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. 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. 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>As part of the budget preparation exercise the Council formally agreed the level of savings for each Resource for the year ahead. These were supported by detailed explanations which enabled them to be monitored and reported during the year to ensure that the commitment in terms of service delivery remained. Examples of efficiency savings include:</p> <ul style="list-style-type: none"> • Reviews of management structures • Continued implementation of results from National Diagnostic Exercise • Contract savings - economies of scale through National, Sectoral and Contract Compliance • Disposal of surplus land • Review of delivery arrangements for 'Supporting your Independence' <p>During the year regular Performance Management Reports are provided to senior management, Committees and Scrutiny Forums which consider performance against a range of qualitative and quantitative performance measures.</p> <p>The Performance Management Framework is supported by a range of customer consultation information and feedback, which helps inform service planning and delivery. The Council has for many years retained its status as an Investors in People organisation which reflects the commitment to ensuring employees are provided with the skills and expertise necessary to deliver high quality services, and at the same time have a range of services which are accredited in respect of Customer Service Excellence. The Council also undertakes a wide range of quality assessments.</p> <p>There is a wide range of self assessment activity carried out across the Council and the first 3 year cycle of assessments using the Public Service Improvement Model was completed in 2012/2013.</p> <p>The Council benchmarks its performance where appropriate and uses the results to consider any improvements. During 2012/2013 the Council participated in the work taken forward by Solace</p>

		<p>and the Improvement Service in respect of the Scottish Local Government Benchmarking Framework. This will provide a further opportunity for benchmarking through family groups as appropriate.</p> <p>The South Lanarkshire Community Planning Partnership has carried out work on the new 10 year Single Outcome Agreement to be submitted to the Scottish Government to be considered by the new Quality Assurance Panel.</p> <p>The Council is the lead authority for the Lanarkshire Valuation Joint Board (LVJB). It can therefore be noted that the Council efficiencies figure of £19.390M reported for 2012/2013 includes efficiencies generated in the year by the LVJB which total £0.504M.</p>
4	Breakdown of efficiency saving by Procurement, Shared Services or Asset Management £'000 (only where relevant – not all efficiencies will fall into these categories, so the figures here do not have to match the overall total.	Procurement = £3.588M Shared Services = £0.081M Asset Management = £1.608M
5	Evidence: What performance measures and/or quality indicators are used to ensure that efficiencies were achieved without any detriment to services?	A variety of performance measures have been reviewed and analysed to confirm that efficiencies has been delivered without any detrimental effect to services. These include KPIs and SPIs, the Customer Complaints process, SLA monitoring, continued achievement of Customer Excellence Awards, achievement of national targets, level of service standards maintained, Customer Satisfaction surveys, Care Commission reviews, Social Work Inspection Agency reviews and HMIE report results.

Signed **Lindsay Freeland, Chief Executive**

Date