

EAST RENFREWSHIRE COUNCIL

CABINET

16 August 2012

Report by Deputy Chief Executive & Director of Finance

Annual Efficiency Statement (2011/12) &
Update on Public Service Excellence

PURPOSE OF REPORT

1. The purpose of this report is to bring forward the Council's annual efficiency statement for 2011/12 and provide an update on the transformation and change programme – Public Service Excellence.

RECOMMENDATIONS

2. It is recommended that the Cabinet:

- (a) approves the annual efficiency statement 2011/12 for submission to CoSLA; and
- (b) notes the progress being made to develop the Council's Public Service Excellence programme and deliver efficiencies for 2012/13 and beyond.

BACKGROUND

3. The Scottish Government expected every public body to deliver efficiency savings of at least 3% in 2011/12 and to report publicly on the actions taken and the results achieved.

4. Councils are required to provide annual efficiency statements to CoSLA each year. An aggregate statement is then developed for the Scottish Government. East Renfrewshire's statement is also placed on the Council website for public access.

5. Efficiencies can arise in several ways, including planned changes as part of the Public Service Excellence programme; departmental or service efficiency programmes, often linked to budgetary pressures; restructures; and from sound financial management and good business practices (e.g. contract reviews and better procurement).

6. The reporting requirements have been lightened to some extent by the Scottish Government for 2011/12. The approach now places the emphasis 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". The Government has simplified its definition of efficiency, which now states:

"Where a body managed 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 input value 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."

7. In addition, the Council is no longer required to submit a report on the authority's efficiency approach, but is instead asked to complete a high level template and return it to CoSLA for collation – see Annex 1.

PROGRESS UPDATE

Background

8. East Renfrewshire Council's Public Service Excellence (PSE) programme was established in 2009 to consolidate disparate approaches to change, transformation and efficiency. A specific emphasis was put on developing a programme, founded on sound project management principles, which would deliver the benefits of improved outcomes for residents; a clearer focus on customer service and increased efficiency so that our resources are focused on delivering for our residents.

One Council

We should operate as one organisation rather than as a group of departments to bring service benefits to our residents and to reduce duplication. This will mean common systems and processes across the council.

Clearer strategic intent

We need to ensure that our activities are focused on the priorities of the Council and community plan and that we achieve real improvements in outcomes. This will mean reviewing what we do to ensure that our activities really do lead to real benefits.

Customer First as the main point to handle enquiries

Customer First will take on an increasing role as the main point of contact for enquiries that do not need to be handled by a professionally trained member of staff within a particular service.

Services on line

Many of our residents would like access to more of our services online such as paying bills and booking services. This would realise efficiency gains, so it makes sense to improve our website to allow more transactions online. For staff too, our intranet will become the main source of information and staff services.

Improved asset management

We have a large number of buildings, many in poor condition with high energy costs. We need to reduce the number of buildings and improve the quality of those remaining.

Support activities streamlined and duplication removed

Many of our support activities are still heavily paper-based, with too much duplication between departments and corporate functions. More efficient, on-line systems will mean that information has only to be supplied once, so reducing duplication.

(PSE Principles, 2009)

9. Looking back at these principles now, 3 years on, it is clear how far the Council has come. A total of 39 PSE projects and a further 14 CHCP projects have been deployed, with the PSE programme being a key enabler for workforce reductions across the board. The programme has delivered £1.75million of savings since it was established and is on course to deliver cumulative savings of at least £3.6million by the end of 2012/13. It is likely that further savings will also emerge as we build on and develop existing projects.

10. It is however becoming harder to achieve more in the back office, support side of the Council and through ICT infrastructure projects. The last year has consequently seen a shift in the programme to look at frontline areas of service, including a huge programme of transformation in the CHCP; Housing and also work in Community Facilities.

Progress in 2011/12

11. Many of the PSE projects that have been implemented to date have been based on the introduction of a new service support model for the Council. This was based on moving as many customer interactions as possible to Customer First; streamlining and consolidating back office systems; providing departments with business partners to give sound advice on HR and Finance; consolidating job roles and widening remits to enable economies of scale and free-up frontline services to concentrate on their primary focus.

12. On this basis, the last year has seen restructures of accountancy services (to rationalise accountancy activities across the Council), creditors (to create a 'purchase to pay' section joint with Procurement); HR services (to integrate Education HR staff); facility support staff (including janitors, hallkeepers and Council Officers); business support staff (in Environment, Chief Executives and CHCP); and Customer First.

13. The enclosed Efficiency Statement (Annex 1) reports the realisation of further benefits from workforce planning (e.g. previous voluntary redundancy trawls and vacancy management), resulting in £3million of efficiencies in 2011/12. *(N.B. due to the significant involvement of the PSE programme in deriving these efficiencies, there will be an element of double-counting between this figure and the PSE figure at paragraph 9).*

14. Customers have seen benefits through more diverse provision through Customer First and a revamped Council website giving greater availability of online services, which allows them to book and pay for services at times convenient to themselves. Developing online services is complex work to integrate systems to ensure that bookings can be made, payments received and transactions completed seamlessly. There has been a 290% increase in online payments in 2011/12 (an increase of over 29,500 payments), with Pay4Schools (i.e. online payments for school meals, trips, uniforms, after school classes and books) and theatre bookings being particularly popular. A full list of current online services is attached at Annex 2, with further developments, including booking of sports classes / swimming lessons and display of online balances in Pay4School accounts, due in 2012/13.

15. Despite the good uptake, we have been unable to capitalise fully on the potential savings that could be derived from shifting contact online. The Council is experiencing a common side effect of making it easier for people to contact us – an increase in demand for services. In addition, as we have not closed off any other methods of contact (e.g. face to face and telephone) we require the same staffing levels as previously. To make further savings from 'channel shift' would require some difficult decisions on limiting the ways that people can contact us for various services.

16. We have however made full use of the national *Tell Me Scotland* public information notices portal, which can be accessed from the front page of the Council website. This has facilitated a reduction in newspaper advert sizes (and consequent financial saving) in relation to business areas such as planning applications and roadworks.

17. Internally, we have also modernised the way we do business including upgrading our financial systems, building links so that information can transfer seamlessly without re-keying; electronically handling council tax and benefits documentation; reducing 4-part internal accounts; and seeking to minimise internal mail. Our intranet has been re-launched to enable fast, up-to-date communication with our staff and give them access to a range of online services to minimise paper moving around the organisation (e.g. electronic expenses; training bookings; staff records; flexi-time system etc). This has been a key aspect of our goal to protect funding for frontline services.

18. There is more to be done internally - to implement our business support teams and redesign processes; to open up more online services for our employees (e.g. online payslips, Performance Review and Development and absence monitoring); to modernise our IT systems and computer hardware; to look further at invoice processes and to improve the way mail is handled. There is however concern that, given the progress that has been made in recent years, many of these areas are drying up as future sources of efficiency on the scale we have seen to date.

19. In recognition that the Council would find it harder in future years to derive savings from back office services, last year the PSE programme began a particular focus on frontline services, looking at areas such as Housing. The most significant part of that programme is in the CHCP which is undertaking a fundamental, hugely complex transformation programme including 5 workstreams and over 50 projects in a move driven by the challenges of demographic pressures; the increasing need for cost reduction and the strategy on self-directed support. The CHCP PSE programme looks at everything from financial and business support systems to the 'customer journey' from first point of interaction to getting the required service.

20. On the Housing side a detailed programme has been underway to map the 6 key housing processes (including repairs, allocations, homelessness and rents); modernise IT systems; and consider scope for mobile working.

21. The PSE programme is also embarking on the development of a potentially significant new workstream for the Council, the 'Agile Workforce'. This will look at the potential for further modernising the way we work, aimed at delivering efficiencies through a more mobile workforce, making good use of technology and able to work in the field or at home as appropriate. Further updates will be made when this new area of the programme is more widely developed.

FINANCE & EFFICIENCY

22. There is evidence in the attached efficiency statement that the Council has made cash-releasing savings of £7,900,273 in 2011/12. This includes £3.3million of inflation absorption.

23. These savings are primarily a result of efforts to do more with less. Instead of being considered as new funding sources, these efficiencies represent the Council's effectiveness at living within its means, meeting the challenges of decreasing resources across the board.

24. We need to ensure that one-off costs have been offset before reporting efficiencies. In some areas, although projects have been completed in 2011/12, the efficiencies arising will not come through until future years' efficiency statements due to the need to offset one-off costs. This happened in recent years, and in the current year, with the costs of voluntary redundancies.

25. The Council is rigorous in its approach to verifying efficiencies (i.e. ensuring no adverse knock-on effect on productivity or quality), but we must balance this with the need to avoid creating a new bureaucracy of monitoring and reporting efficiencies. This can however result in an under-reporting of efficiencies and it is likely that the figures reported here are not a comprehensive picture of the significant work being done on a daily basis by services to minimise costs, redesign services, rationalise structures and generally achieve best value for money.

CONSULTATION

26. There is no specific requirement to consult on the detail of the Annual Efficiency Statement as this is primarily a backward look at performance across 2011/12 rather than proposals for the future.

27. One area of efficiency-related engagement undertaken in 2011/12 was around the future delivery of the Council's community facility assets. Work will continue as part of the Council's wider asset management strategy to consider options for delivering property-based efficiencies in future years.

28. In addition, as resources continue to tighten in future years, efficiencies will form a key part of delivering future budgets. Detailed budget consultation will be built into the budget setting process for 2013/14 and beyond.

29. The recent publication of the 17th set of Citizens' Panel findings shows that satisfaction with East Renfrewshire as a place to live has remained very high, at 93% with no significant change in this measure over the past 4 years.

30. The Council's aim in recent years has been to maximise efficiencies in order to minimise the need to cut frontline services and thus impact on service users. Despite huge budgetary pressures and a decline in the extent to which Panel members think our services represent 'value for money' (-16% since 2009/10), there has been no significant change in satisfaction with Council services over the last 4 years (74% in 17th survey). This is a positive reflection of the hard work done by services to achieve more with less and at least maintain service quality whilst striving still to make improvements in challenging circumstances.

31. Also worthy of note is the +9% shift in the proportion of the Panel who feel that the Council is a 'modern organisation' – this could be related to the launch of the Council's new website in December 2011 and the drive to offer more online services (290% increase in uptake in 2011/12). There was also a +6% increase in those who think that the Council 'works to reduce bureaucracy' and a +7% increase in those who think that we are 'responsive to people's needs'.

PARTNERSHIP WORKING

32. The programme of transformation and change within the CHCP will have a significant impact on both Council and Health Services and relationships with other partners and service providers. Early efficiencies arising from the opening of the Barrhead Health and Care Centre are included within the statement at Annex 1.

33. Also included is reference to an 83% reduction in fire service call-outs as result of intelligence gathering, best use of CCTV and proactive patrolling of known hotspots by the Council's Community Safety Service.

34. East Renfrewshire Council is involved in several Clyde Valley shared services workstreams and is continuing to engage with other councils to look at opportunities for sharing services.

IMPLICATIONS

35. It is important to highlight each year that, while the savings reported in the Annual Efficiency Statement cannot be considered as new funding sources, they do go some way to assisting the Council to live within its means. The level of efficiencies that the Council can make, although becoming more difficult year-on-year, will be ever more important as the financial climate gets tougher in the next few years.

36. Through the budget process for 2013/14 and beyond, the aim is to maximise efficiencies. It has however been recognised that, whilst many of the efficiencies applied in recent years have been less visible, future options, whilst maintaining outcomes for the public may impact on current bases of service provision.

37. It is clear that the continued focus on making efficiencies, particularly through the PSE programme, has gone a significant way to protect funding for frontline services and prevent negative public impacts. However, in doing this, we are making significant changes to the way the Council does business.

38. The impact of these change and efficiency projects should not be underestimated. The programme is complex with a range of linkages and interdependencies which must be managed. In addition, coming to terms with service redesigns, new technology and retraining can be a time of great anxiety for staff.

39. There have been a number of challenging and time-consuming union negotiations throughout the year, not least on the business support review. The unions have acknowledged that multi-skilling is a way to protect jobs for the future but that does not make the change any easier for employees as they try to establish where they fit.

40. In addition, the resources to drive and support such a fundamental programme of change are limited. We are finding that we consistently have reviews all pulling on the same resource at the one time. This affects not only project staff, but also colleagues in HR and ICT who are constantly reacting to new demands, whilst delivering core internal services. The teams are also being used to support the broader project management of non-PSE areas (e.g. decriminalisation of parking and Barrhead leisure and learning hub), helping to get projects up and running with guidance on methodology and creation of training materials for project teams

41. Change is never easy and can cause temporary dips in performance while new arrangements become established. As we manage through such issues, it is important that we are clear about the fundamental reasons for making changes; realistic about the impacts of doing things differently; and accountable for delivering the hard-won benefits of each initiative.

CONCLUSIONS

42. There remain clear budgetary challenges for the years ahead. As always, the priority for East Renfrewshire Council will be to continue to deliver successful services.

43. The good progress delivered in the first 3 years of the Public Service Excellence programme will place us well to take advantage of new opportunities and maximise the benefits we can achieve from them. There is much work ahead whether it is driving further efficiencies in back office support and infrastructure; or improving frontline services or implementing new ways of working.

44. The Annual Efficiency Statement presented here is a sound demonstration of the Council's commitment to make year-on-year changes and efficiencies. The challenge for the future will be to continue to deliver valuable local outcomes, whilst maintaining the pace of change.

RECOMMENDATIONS

45. It is recommended that the Cabinet:

- (a) approves the annual efficiency statement 2011/12 for submission to CoSLA; and
- (b) notes the progress being made to develop the Council's Public Service Excellence programme and deliver efficiencies for 2012/13 and beyond.

REPORT AUTHOR

Caroline Innes, Deputy Chief Executive & Norie Williamson, Director of Finance

Report Authors: Louise Pringle, Head of Customer & Business Change Services, tel: 0141 577 3136 & Laura Glassford, Finance Business Change Manager, tel: 0141 577 3074

Cabinet contact:

Councillor Jim Fletcher, Leader of the Council,

Tel: 0141 639 0265 (Home), 0141 577 3112 (Office)

25 July 2012

BACKGROUND PAPERS

- Audit Scotland Assurance & Improvement Plan 2012/13, Council 27 June 2012
- East Renfrewshire Single Outcome Agreement 2012/13, Cabinet 21 June 2012
- Draft Outcome Delivery Plan 2012-15, Cabinet 21 June 2012 & Council 27 June 2012
- Community Engagement in Council Owned Community Facility Assets, Cabinet 21 June 2012
- Strategic End Year Performance Report 2011/12, Cabinet 7 June 2012
- Development of Procurement Activities, Cabinet 7 June 2012
- Servitor Upgrade, Cabinet 12 January 2012
- Strategic Mid-Year Performance Report 2011/12, Cabinet 8 December 2011
- Implementation of the Scottish Living Wage Within the Council's Pay Scheme, Cabinet 27 October 2011
- Public Service Excellence, Information & Consultation Session, 26 October 2011
- Property Asset Disposal Framework, Cabinet 29 September 2011
- Workforce Planning 2009-2014, Cabinet 23 June 2011
- Corporate Asset Management Planning, Cabinet 9 June 2011
- Clyde Valley Support Services Workstream, Cabinet 9 June 2011

KEYWORDS

This report sets out the Council's Annual Efficiency Statement at year end 2011/12 and gives an update on the Council's change and efficiency programme – Public Service Excellence. The keywords are: performance management; efficiency; PSE; public service excellence; savings; change; end year performance; CoSLA.

CONFIRMATION OF EFFICIENCIES DELIVERED IN 2011-12

1	Local Authority Name	East Renfrewshire Council
2	Total cash efficiency achieved for 2011-12 £'000	£7,900,273
3	<p>Summary of efficiency activity e.g.</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>Examples of key efficiency outcomes or activities undertaken in 2011/12 include:</p> <p>General</p> <ul style="list-style-type: none"> - Delivery of £1.75million cashable savings from our Public Service Excellence programme since 2009 (39 PSE projects and a further 14 CHCP projects implemented) with £1.4million delivered in 2011/12 alone. Programme on track to deliver at least £3.6million cumulative recurring savings by end of 2012/13. - Significant programme of transformation underway in CHCP – 5 workstreams and over 50 projects underway. - Realising further benefits from workforce planning (e.g. previous voluntary redundancy trawls and vacancy management), resulting in £3million of efficiencies in 2011/12 (<i>n.b. there will be an element of double-counting between this figure and the PSE one above</i>). - Improved complement of online services leading to 290% increase in online payments, particularly in relation to <i>Pay4Schools</i>, which allows parents to pay online for school meals and trips. - Launching e-systems to streamline the way we do our business e.g. online flexi-time system; e-HR modules including online expenses; and electronic document and records management for Council Tax and Benefits - £3.3million of inflation absorption. <p>Procurement</p> <ul style="list-style-type: none"> - Revised supplier & contract management procedures - Introduction of <i>Quick Quote</i> for contracts valued £1,000-£25,000 - PCA compliance rating of 'Improved Performance' – one of only 5 in Scotland. - £250-300K savings realised through national collaboration via <i>Scottish Procurement</i> resulting in the Council paying less for contracts. - Similar to above, savings in excess of £100K per annum through participation in 40 of the 46 <i>Scotland Excel</i> contracts.

		<ul style="list-style-type: none"> - Collaboration with local councils on contracts such as road materials and foodstuffs. - Merging in-house Creditors and Procurement teams to create a Purchase to Pay section with consequent reduction in manual keying and improvement in invoice payment timescales. <p>Shared Services/Collaboration</p> <ul style="list-style-type: none"> - Opening of the £18million Barrhead Health and Care Centre, jointly owned by East Renfrewshire Council and NHS Glasgow and Clyde. Efficiency savings of £110,000 have been delivered in the first year of operation through delivering health and social work services under the one roof. - Involved in Clyde Valley shared services workstreams, continuing to engage with other councils to look at opportunities for sharing services. - Teacher recruitment all done via the national <i>MyJobScotland</i> portal - Full implementation of the Tell Me Scotland public notices portal resulting in £16,000 savings from reduced advert sizes in newspapers. - 83% reduction in fire service call-outs as result of intelligence gathering, best use of CCTV and proactive patrolling of known hotspots by the Council's Community Safety Service. - Better use of council staff through joining-up teams and cross-skilling e.g. council officers and hallkeepers; review of janitors in schools; creation of departmental business support teams under a common structure; further integration of services into Customer First. <p>Asset Management</p> <ul style="list-style-type: none"> - Development of an Asset Disposal Framework leading to initial disposal of underutilised or poor condition assets - Initial developments of an 'Agile Workforce' programme looking at rationalisation of office premises through better use of technology; mobile working; hotdesking and homeworking. - Approval of asset management plans for Roads and Housing - Primary school rationalisation - Public engagement on alternative approaches to running of council community facilities
--	--	---

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 = £777,581
		Shared Services = £144,707 <i>(N.B. £110,000 of this could interchangeably be counted within the Asset Management breakdown)</i>
		Asset Management = £165,117
5	Evidence: What performance measures and/or quality indicators are used to ensure that efficiencies were achieved without any detriment to services?	Key sources of evidence include: annual Citizens' Panel survey results; national survey data on quality of life; service-level surveys; performance indicators and benchmarks; usage rates for services; Assurance & Improvement Plan; external audits and inspections; internal audits; How Good Is Our Service self-assessments.

Signed (Chief Executive or equivalent)

Signed (if applicable)..... (Council Leader or equivalent)

Date

**CURRENT ONLINE SERVICES AVAILABLE AT
WWW.EASTRENFREWSHIRE.GOV.UK**

Pay It	Apply for It	Report It
<ul style="list-style-type: none"> • Council Tax • Housing rent • Tenant Insurance • Housing Benefit Overpayment • Invoice payments/Sundry Debt • School meals & trips • Building Standards service • Theatre tickets • Bulky uplift • Pest Control • Fixed Penalties • Planning Applications • Building Applications • Replacement registration certificates • Direct Debit – Council Tax, Sports Pitches, Gym Memberships 	<ul style="list-style-type: none"> • Notify change of address • Apply & pay for licences • Benefits & grants • Planning applications • Clothing grants • Free school meals • Freedom of Info request • Join libraries • Tree preservation orders • Report a missed waste uplift • Report a missed recycling uplift • Request replacement receptacles • Library book renewals • Council tax enquiry • Money advice • Income maximisation advice <p>Other Services</p> <ul style="list-style-type: none"> • Access council tax account • Reprint council tax bill • View my cases • General enquiries 	<ul style="list-style-type: none"> • Make a complaint • Dog warden • Fly tipping • Graffiti • Snow and ice Issues • Road fault • Road sign fault • Flooding • Pavement fault • Street litter • Street light fault • Traffic light fault • Benefit fraud • Fraud and corruption • Intranet form for staff reporting of faults (also used in libraries to record on behalf of customers) • Compliments and Suggestions