

## Annual Efficiency Statement, 2010/11

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### City of Edinburgh Council

25 August 2011

#### Purpose of report

- 1 To present the 2010/11 Annual Efficiency Statement (AES) to Council for approval.

#### Main report

- 2 The requirement for all Scottish local authorities to report publicly on efficiency gains generated during the year and planned for future years was introduced for the first time in respect of the 2006/07 financial year. Some £21 million of efficiencies were reported in each of the first two years, with £27 million included in the statement for 2008/09 and a further £22 million in 2009/10.
- 3 The signing of the Concordat by representatives of COSLA and the Scottish Government in November 2007 included a commitment on the part of local authorities to deliver 2% year-on-year efficiency savings over the period of the ensuing Spending Review (2008/09 to 2010/11).
- 4 This year's Statement details efficiencies to a total value of £26.6 million, of which £25.0 million are "cash-releasing" in nature. These cash-releasing efficiencies equate to 2.72% of the Council's net budget and, as such, exceed the expectation of 2% year-on-year savings referred to above. In total, since 2006/07, some £117 million of efficiency measures have now been reported.
- 5 The contents of the Statement reflect contributions from across the Council and include both support and frontline service areas. The examples included in the document for 2010/11 cover all of the Scottish Government's efficiency themes, with further actions identified for 2011/12 and future years. The statement also contains, wherever possible, details of so-called "quality cross-checks" to demonstrate that the savings achieved have not been to the detriment of service quality or quantity.
- 6 While the overall level of efficiencies reported during 2010/11 is encouraging, the Council's budget planning processes are underpinned by a series of real-terms reductions in grant funding, alongside marked increases in service demand, in the coming years. In addition, the ability to realise further incremental savings going forward is correspondingly more difficult.
- 7 Despite these factors, some 75% of the budget measures approved by Council in September 2010 and February 2011 represent further efficiency measures, with the balance of required savings informed by extensive elected member

and wider public consultation. Given the scale of the overall savings requirement facing the Council, however, the role of Savings Implementation Plans in monitoring the delivery of these approved budget measures will be critical.

### **Financial Implications**

- 8 Although there are no direct additional financial implications arising from the contents of this report, the Statement reinforces the need for the Council to deliver substantial savings in 2011/12 and future years.

### **Equalities Impact**

- 9 There are no additional equalities-related implications arising from this report.

### **Environmental Impact**

- 10 The AES details a number of actions that have resulted in reductions in the Council's overall energy consumption. In addition, initiatives resulting in volume reductions in printed materials, residual waste and staff travel are outlined.

### **Recommendations**

- 11 It is recommended that Council:
- a) Approve the content of the 2010/11 Annual Efficiency Statement and its onward submission to COSLA for collation of the Scotland-wide position;
  - b) Note that the total level of efficiencies delivered in 2010/11 exceeds the 2% target applicable to the Scottish public sector as a whole;
  - c) Notes, nonetheless, the need to deliver the substantial additional levels of efficiency and other savings underpinning the two-year budget approved in February 2011 and the importance of robust monitoring of Savings Implementation Plans (SIPs) to this process.

**Sue Bruce**  
Chief Executive

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Appendices	1. Annual Efficiency Statement, 2010/11
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Wards affected	All
Single Outcome Agreement	National Outcome 15 – “Our public services are high-quality, continually improving, efficient and responsive to local people’s needs”
Background Papers	None

**THE CITY OF EDINBURGH COUNCIL**  
**ANNUAL EFFICIENCY STATEMENT, 2010/11**

### **Overview of Submission**

This document represents The City of Edinburgh Council's fifth Annual Efficiency Statement (AES) and builds upon activity reported in previous years' submissions.

There have been no substantive changes to the relevant guidance issued by COSLA and the Scottish Government since the production of last year's Statement. The principal purposes of this Annual Efficiency Statement therefore remain to:-

- **Outline the Council's approach to promoting and embedding efficiency** in its operations;
- **Summarise the main efficiency gains realised in 2010/11**, with this list compiled in line with relevant Scottish Government definitions;
- **Indicate priority areas for the delivery of efficiency savings in 2011/12 and future years.**

### **Terminology**

For the purposes of this report, some clarification concerning terminology may be helpful. Efficiency is most simply seen as increasing the ratio between outputs, or outcomes, and the respective inputs required to generate them. A "cash-releasing" efficiency is generally defined as one where the same (or better) output or outcome is achieved with a lower input. A "time-releasing" efficiency is one where a higher level of output, or outcome, is achieved with the same input.

In any discussion of the concept of efficiency, it is important to emphasise that implicit in the definition is an assumption that financial savings have not been at the expense of reductions in service quantity or quality. The Efficiency Statement therefore includes, where available, supporting evidence of these "quality cross-checks". It is furthermore worth emphasising that savings resulting solely from increasing charges to service users are not eligible for inclusion.

### **Efficiencies Requirements**

As was outlined in last year's Statement, the signing of the Concordat between representatives of the Scottish Government and COSLA allowed councils to retain previously-deducted sums in respect of their assumed cash-releasing efficiencies (2% of net budgets). Efficiencies achieved within Lothian and Borders Police and Lothian Fire and Rescue Service are not included in constituent councils' statements, instead being reported to COSLA through ACPOS and CFOAS respectively. Efficiency-related activity within the Valuation Board is also reported under separate arrangements. When adjusted for the exclusion of these areas, 2% of the Council's remaining net budget amounts to £18.4 million and this is therefore considered the "target" for 2010/11 cash-releasing savings. It should be emphasised, however, that there is no formal target as such.

Although sums equivalent to 2% annual efficiency savings have been retained by councils in order to implement national and local priorities, the need to achieve and evidence such savings has been firmly retained within the Edinburgh Partnership's Single Outcome Agreement. Besides addressing rising service demand (particularly in demographic-influenced areas such as older people's care), as was the case in 2009/10, the past year has seen additional pressures, most notably:

- **The on-going effects of the recession**, not only in terms of substantial reductions in fees and charges income and delays and reductions in capital receipts, but also increased demand for welfare-related services such as benefits processing, debt advice, support to businesses and social care;
- **The effects of particularly severe weather conditions** in November and December.

One other important factor in the context of 2010/11's activities was the real-terms reduction in funding relative to the previous year, the first time this had happened since the advent of (Scottish) devolution in 1999. Going forward, this trend of reducing real-terms resources is expected to continue for several

years, with the Council's budget development processes based on a planning assumption of a 12% real-terms fall in external funding over the period from 2011/12 to 2013/14. The extent of this growing gap between (increasing) service demand and (reducing) resource availability has hastened a new approach to the budget-setting process, both in terms of developing the savings proposals and consulting with elected members and the wider public on them.

### **Format of Statement**

While the basic format of the statement remains largely unchanged from previous years, the prevailing economic environment has once again underlined the importance of realising cash-releasing savings to ensure that the Council's overall budget remains in balance at a time of falling income in a number of areas. The focus of the report is therefore firmly upon these cash-releasing savings.

The statement does, however, also cite a small number of time-releasing savings which have an important role to play in mitigating the financial impact of increased demand in such areas as benefits processing. In combination, cash- and time-releasing savings therefore enhance the Council's ability to channel resources into areas most likely to effect performance improvement.

### **The Council's approach to Efficient Government**

The Administration's 2011/12 Budget Motion reiterated one of its key priorities to be the provision of high-quality services delivered in the most efficient and cost-effective manner. To this end, the Council has continued to review proactively all of its activities to identify additional potential savings opportunities. The Annual Efficiency Statements covering the period from 2006/07 to 2009/10 outlined some £91 million of efficiencies and while this level compares favourably to those of other councils, the opportunity for *further* incremental savings is correspondingly more limited.

In February 2010, Audit Scotland published its report *Improving public sector efficiency* which provided guidance on how public bodies should best respond to the effects of the recession and impending reductions in public expenditure. Eleven key recommendations were set out, including the need for a priority-based approach to spending, greater collaboration and joint working, greater use of benchmarking and consideration of alternative service mechanisms where these can derive greater efficiency, productivity or quality of services. Through, for example, exploring the potential for strategic partnerships or joint ventures as part of the Alternative Business Models (ABM) project and adopting a priority-based approach to the budget formulation process, the Council has structured its activities accordingly. Taken forward on an integrated basis through the Council's *Achieving Excellence* programme, these initiatives form constituent parts of an effective framework to deliver the scale of strategic change required.

### **Shared Services**

The 2009/10 Annual Efficiency Statement outlined the extent of current joint working, formal and informal, across the Council's range of activity. While the scope of some aspects of the work has, to a degree, been superseded by the ABM project, the following initiatives are in progress:

- **Work between the Council and NHS Lothian** examining the potential for sharing of property management, transport and laundry services is at the analysis stage;
- **The Chief Executives of the ELBF Councils** (Edinburgh, East, Mid- and West Lothian, Scottish Borders and Fife) have undertaken further analysis looking at opportunities to share and/or collaborate within the areas of procurement, payroll, road maintenance, mobile and flexible working and audit and risk management. A number of initiatives to disseminate existing good practice are on-going;
- Opportunities for providing joint services across **Edinburgh Partnership** bodies, with a particular emphasis on high-demand areas, are currently being discussed;
- **A number of Lothian Councils**, in conjunction with partner bodies, have made significant progress in examining how out-of-hours social work services and demand-responsive transport could be re-configured to deliver both efficiency savings and improved outcomes;

- The Council is heavily involved in supporting the work of the **hub South East Territory**, a long-term joint venture aimed at improving the efficiency of procurement and increasing the scale of joint services across local authorities, health boards and other community planning partners. A preferred partner consortium has been selected and work on the first project, the multi-service Drumbrae Library and Community Hub, has commenced on site;
- The Council has also been a leading participant in exploring potential efficiency opportunities through **combining the investment management and administration functions** of Scotland's eleven current Local Government Pension Funds. An interim report on findings in this area has been prepared.

### **Alternative Business Models**

Last year's AES highlighted the key role of the Alternative Business Models (ABM) programme in examining potential opportunities to secure improvements in service quality whilst simultaneously delivering financial savings, whether this be through working with external partners or implementation of Internal Improvement Plans. In December 2010, a shortlist of external partners, alongside a public sector comparator for each of the Corporate and Transactional Services (CaTS), Environmental Services (ES) and Integrated Facilities Management (IFM) service packages, was approved by Council. It is anticipated that a full business case and accompanying recommendation for the ES and IFM workstreams will be considered by Council later in the year, with a decision on CaTS services then made in December. While not directly involved in the procurement at this stage, both Lothian and Borders Police and Lothian and Borders Fire and Rescue are being apprised of progress on a regular basis. A number of other local authorities in Scotland and the U.K. as a whole are also receiving updates.

It is worth emphasising, however, that the scope of the services within the ABM project accounts for only 16% of the Council's overall expenditure and that savings generated in this area can thus form only part of a wider programme of actions to confront these budgetary challenges.

### **Development and Monitoring of Efficiencies**

As has been reported elsewhere, the level of savings requiring to be delivered by the Council in 2011/12, coming on top of substantial efficiencies already delivered in recent years, represented a step change for the format of the budget development process. This reduction in funding brought into sharper relief the importance of the "5 Ps" framework in examining savings opportunities across the Council, building upon the firm foundation provided by the Long-Term Financial Plan.

For the 2011/12 to 2013/14 budget round, a systematic review of departmental activity was initiated, examining potential savings across the areas of people, processes, procurement and property, all underpinned by an assessment of relative service prioritisation. These savings were presented in three distinct packages, with the main emphasis of the initial package on back-office functions and management de-layering. By securing early Council approval for the £16 million of savings therein, this had the twin benefits of allowing necessary workforce planning to commence whilst also facilitating greater scrutiny of the proposals for frontline service areas. As a result, although this approach did not obviate the need to make difficult decisions, it nonetheless provided additional transparency in how these decisions were reached. The Council's Budget Group, comprising Chief Officers and key members of the Council's Administration, convenes on a year-round basis and this, alongside more in-depth consideration by the Policy and Strategy Committee, has also enhanced the level of early elected member scrutiny of proposals.

Total savings of £68 million for the period from 2011/12 to 2013/14 were approved in September 2010 and February 2011, allowing a balanced budget, subject to confirmation of grant funding for 2012/13, to be delivered for the first two years. The scale of these savings has demanded a new approach to monitoring their delivery, both in terms of the financial consequences and resulting impact upon service levels. To this end, Departments developed comprehensive Savings Implementation Plan (SIPs) for all approved savings, with these plans clearly setting out lead officers responsible for delivery, key tasks in their achievement, relevant milestones and targets and significant risks to their delivery. A summarised report outlining progress to date will be considered at August's Finance and Resources Committee.

## Committee Reporting/Elected Member Scrutiny

Progress in realising budget motion savings at both departmental and corporate level has been included within performance monitoring “scorecards” since August 2006. These scorecards are initially considered by the Council’s Management Team for onward referral to the relevant service committee. This approach brings together the quantitative and qualitative aspects of the Council’s efficiency plans, contributing to a more integrated assessment of performance and, specifically, identifying where remedial action is required to redress any resulting service quality issues. The External Auditor’s Report for 2008/09 concluded that the Council’s performance management is comprehensive and integrated with service planning and delivery.

In addition to those items explicitly identified in the Budget Motion, in the spirit of embedding efficiency principles, regular updates of progress in respect of the Council’s actions under a variety of efficiency-driven projects (such as SmartCity, the Council’s strategy for e-Government implementation and modernisation) are reported to service Committees and full Council. Departments’ revenue monitoring reports now also include “traffic light” analyses of progress in realising each budget motion efficiency measure.

## Starting Position for 2010/11 Annual Efficiency Statement and future years’ Efficiency Plans

The 2010/11 Administration Budget Motion approved in February 2010 outlined total savings of £42 million, of which just over half (£22.3 million) meet the definition of “efficiencies” used in this report. Savings generated in corporate areas such as treasury management and increased Council Tax collection were, however, anticipated to supplement the level of resources available for frontline services.

In cumulative terms, total efficiencies of £91 million were reported over the period from 2006/07 (the first year in which a formal statement was prepared) to 2009/10, of which £72 million were cash-releasing. While this total compares favourably to Scotland’s other authorities, these savings have been achieved at the same time as securing marked improvement in performance as noted below:

- Changes to the number and coverage of **Statutory Performance Indicators (SPIs)** collected on a national basis by Audit Scotland have made comprehensive inter-authority comparisons more difficult, with individual councils now supplementing these national indicators with locally-useful data. These issues notwithstanding, in overall terms the 2009/10 SPI data continue to show the absolute and relative improvement in performance apparent in recent years; of those measures that can be compared, 79% demonstrated Edinburgh to be at or above the average level relative to its peer authorities, with 82% having been maintained or improved, some substantially, in absolute terms relative to the previous year;
- Inter-authority comparisons for 2010/11 SPIs will not be available until later in the year. Provisional Edinburgh-specific data, however, show further improvements despite the increased demand on many services resulting from severe weather in November and December. Performance as measured by the Council’s local indicators shows a more mixed, but nonetheless still mainly positive, picture;
- The **number of employees per 1,000 residents** reduced by 2.4% in 2010/11 and continued to compare favourably with both the Scottish average and other city authorities, even when taking into account expected lower relative teacher numbers in respect of the scale of the city’s independent education sector. At the same time, the *proportion* of the Council’s budget incurred in support functions reduced by 3.6%, allowing scarce resources to be maximised for frontline services;
- For the first time since the Council’s formation in 1996, **all Departments maintained expenditure within budget in 2009/10, an achievement then repeated in 2010/11**. This improved financial discipline has been achieved whilst re-establishing a level of unallocated reserves commensurate with the risks the Council faces, one year earlier than anticipated. An element of the provisional underspend in 2010/11 has been earmarked to replenish the Spend to Save fund, thereby allowing further efficiency-generating projects to be progressed;

- The results of the Autumn 2010 **People's Survey** were similarly positive, with the number of people feeling well-treated in their most recent contact with the Council increasing from 84% to 94%. The proportion of satisfied or very satisfied Contact Centre customers consistently attained levels of 90% in 2010/11. Residents' satisfaction with the Council's running of the city increased from 36% in Spring 2010 to 57% in Autumn 2010, whilst the proportion considering the Council to deliver good value for money increased by 10%, albeit to a level that remains of some concern;
- The wide range of services provided by the Council inevitably entails considerable **external inspection, assessment and accreditation**. While the detail of these exercises is beyond the scope of this report, in general terms 2010/11 witnessed further improvements. Follow-up inspections undertaken by HMIE and SWIA noted progress across a wide range of areas in school, young people's and social work services. The Scottish Housing Regulator's assessment of services in Edinburgh resulted in the awarding of the most favourable grading of any authority in Scotland. At the same time, educational attainment and positive destination statistics continue to show steady improvement. The Council as a whole retained its Investors in People accreditation and both the Services for Communities and Finance Departments attained *Customer Service Excellence* status for all their activities, with good progress being made across a range of other areas, auguring well for achieving the target of having 60% of all services so accredited by 2012.

### **2009/10 Annual Efficiency Statement**

The AES for 2009/10 set out overall efficiency savings of £22.1 million, of which £19.3 million (some 87%) were cash-releasing in nature. This total was somewhat lower than the level recorded in 2008/09 but not entirely unexpected given the cumulative value of efficiencies (£69 million) reported in the preceding three years' Statements. This position was indicative of two key underlying factors:

- The initial years' returns had been dominated by efficiencies achieved in support areas and while some further savings could still be realised in these functions, greater attention required to fall on frontline services which account for the vast majority of the Council's overall spend;
- The capacity to deliver significant incremental, cash-releasing savings without adversely affecting service quality was limited without a more fundamental re-assessment of both the range and means of delivery of the services provided by the Council. It is within this context that the "(service) prioritisation" and "processes" workstreams of the "5 Ps" in particular are being progressed.

### **Key Areas of Efficiency, 2010/11**

The full list comprising the Council's reported efficiencies for 2010/11 is included at Appendix 1. This analysis identifies and quantifies the impact of each measure and provides, where available, "quality cross-check" information to demonstrate that the reported efficiency has not adversely affected service delivery.

The following section cites a number of specific examples of the projects undertaken during the year that have yielded efficiency benefits, with the analysis presented under the Scottish Government themes underpinning reporting requirements in this area.

### **Asset Management**

The AES prepared for 2006/07 and 2007/08 contained references to the Council's *Fit for Future* office rationalisation programme that culminated in the occupancy of Waverley Court. In addition to the revenue budgets "freed up" by occupying fewer properties, the genesis of this and similar projects was grounded in large part upon applying the associated capital receipts to invest in new or upgraded facilities. Over the period from 1996/97 to 2005/06, some £400 million of capital receipts were generated; the equivalent sum for 2008/09 to 2010/11, however, was only £29 million. While the collapse of the property market has led to delays in the timing and value of capital receipts, other means of realising efficiencies in property-related costs have nonetheless been taken forward, including:

- Installation of “**smart-metering**” equipment across the school and wider corporate estate, allowing establishments to monitor accurately their energy consumption on site. A complementary programme of one-to-one training is currently being developed for unit managers to make best use of the technology, with estimated annual savings from 2011/12 of the order of £700,000 anticipated;
- Work was also undertaken to install *voltage optimisers* across a number of secondary schools and larger corporate buildings, with expected reductions in energy consumption and associated carbon emissions averaging 7% per annum, as well as extending the life of relevant plant. Although at an early stage, staff in City Development and Corporate Procurement are also developing a procurement strategy to assess potential opportunities for local authorities to supply electricity to the national grid (known as feed-in tariffs);
- A **review of utilities billing and rateable values** has led to the recovery of £330,000 from the Council’s water supplier and £52,000 from the gas and electricity provider since August 2010, with on-going annual savings of over £100,000 also secured;
- A review of **accommodation usage and occupancy** resulted in the realisation of further savings, most notably within the primary school sector but also across other parts of the Council’s office accommodation portfolio. This review is on-going, informed by a geographical “cluster” analysis of the level of provision across the city with a view to identifying further opportunities for co-location and rationalisation;
- Work is continuing apace in developing a full business case for the “**Workstyle**” programme. The introduction of new home- and flexible-working options will realise financial benefits in terms of better property usage, opportunities for property rationalisation and increased productivity, whilst at the same time promoting work/life balance and sustainability advantages through reduced home-to-work travel and building energy consumption. A home-working pilot undertaken in the Revenues and Benefits Division, for instance, has seen increased staff satisfaction, a marked improvement in productivity and extremely low levels of sickness absence;
- Although the savings concerned accrued to the HRA and are thus not included in the Council’s overall “claimed” efficiencies, further progress was made in reducing, for the seventh successive year, the **level of housing rent arrears**. The percentage of income lost to empty homes (termed “voids”) also fell to its lowest-ever level.

### Improving processes – Smart City Strategy

While representing a material cost to all organisations, ICT is at the same time recognised as a key enabler of change. In addition to maintaining and, on a cyclical basis, developing the Council’s infrastructure, the Smart City Steering Group oversaw the implementation of a range of efficiency-driven projects in 2010/11, 80% of which had been delivered by the year-end. These projects are classified under four broad headings; those which serve to integrate information across service areas, projects facilitating performance improvement, initiatives supporting service improvements and those supporting continuous improvement, transformational change and innovation.

A new external Council website was developed and went live in late 2010. As part of its “Better Connected” review of local authority websites across the UK, the site was assessed by the Society of IT Managers (SOCITM) and awarded a four-star rating, the only authority in Scotland, and one of only nine in the UK, to receive this accolade. Other projects taken forward in 2010/11 included a revamp of the Council Papers On-Line facility, full implementation of the Home Care e-Scheduling system and roll-out of the GLOW interactive learning and curriculum development platform in all secondary schools.

### Improving processes – other areas

A total of £11.8 million, spread across over thirty individual projects, is included in the AES in respect of activity grouped under the generic heading “improving processes”. While not intended to be exhaustive, relevant activity undertaken during the year included:

- **Further roll-out of the “re-ablement” initiative within home care services** – building upon the achievements in previous years, a further £1.4 million was realised through focussing support following, for instance, hospitalisation to maximise capability, dignity and independence. The service continues to receive very favourable feedback from service users, whilst also receiving external acclaim at the COSLA Excellence Awards in 2010;
- **Application of “LEAN” principles and Business Process Review techniques** within the Finance Department, resulting in a streamlining of processes, removal of duplication and other steps not adding value. Coupled with a re-alignment of staffing resources towards frontline service roles in Revenues and Benefits, the combined effect of these changes has allowed response times to be decreased, customer satisfaction to be improved and financial savings of almost £600,000 to be realised. The Council Budget motion approved in February 2011 instructed that LEAN principles be extended to other areas of Council activity;
- Staffing efficiencies within the **City Development** Department amounting to some £730,000, mainly achieved through a combination of non-filling of vacancies, a re-assessment and re-allocation of existing workloads and reduced use of external consultants. Despite these reductions, key planning indicators showed marked improvement, all relevant BSI accreditations were retained, a comprehensive Asset Management Plan was produced and formal sign-off of the innovative Tax Increment Finance (TIF) scheme for the Waterfront area was secured;
- A range of staffing-related efficiencies were also achieved within **Corporate Services functions**, including Legal and Administrative Services, E-Government and HR, through reviewing processes and concentrating on “value-added” activity. Performance levels in all areas were maintained, or in many cases improved, at the same time as reconfiguring staffing resources to provide advice to key strategic projects such as Modernising Pay, ABM and the 21st Century Homes initiative;
- Considerable efficiencies were also delivered across the range of **Services for Communities** functions, through management de-layering, deleting vacant posts, streamlining processes and removing duplication. These savings were achieved at the same time as consolidating performance improvements across most service areas, additional details of which are provided in the appendix.

Besides these examples, further savings were generated in corporate areas, with the in-year level of Council Tax collection in 2010/11 representing the best-ever rate achieved by the Council. Some £1.1 million was also delivered through treasury management activity, representing a combination of above-benchmark returns on short-term surplus funds and a small reduction in the overall rate applicable to the Council's borrowing.

## Procurement

As in previous years, procurement has continued to play a significant role in generating the level of savings required to balance the Council's budget, allowing resources in frontline services to be maximised and thereby sustaining improvements in overall performance.

For services and contracts *falling within the direct control of the Council's central Procurement Unit*, total savings relative to 2009/10 budgets of £3.57 million were delivered in 2010/11. The largest single element of this saving resulted from the Council's adoption of Procurement Scotland's contracts for the supply of gas and electricity, with like-for-like savings of £3.025 million delivered on the preceding year. A further £0.3 million accrued from the phased roll-out of Multi-Functional Devices (MFDs) across the corporate estate.

The Council maintained its subscription to Scotland Excel, thereby benefiting from local authority-wide purchasing capability in a number of areas. Existing arrangements allow the Council to opt in (and out) of contracts according to its assessment of how these collaborative contracts compare with existing arrangements. In overall terms, some £460,000 of savings were generated from membership during the year, with this sum expected to increase to more than £600,000 in 2011/12. As mentioned in the External Auditor's report for 2009/10, further work is nonetheless required to render details of budgeted, estimated and actual procurement savings as a whole fully comparable.

A follow-up to the Council's initial Procurement Capability Assessment (PCA), undertaken in late 2010, noted progress in seven out of the eight areas examined, with an overall improvement in rating of some 50%. There is, however, opportunity for further improvement in this area. A series of actions allied to a Procurement Strategy and Transformation Plan have therefore been developed to enhance the function's capability.

Substantial procurement-related savings were also delivered in a number of other areas, notably the appointment of a contractor for the 21st Century Homes Project and the three-year Private Sector Leasing tender. The latter contract started in October 2010 and is anticipated to deliver a net cost reduction to the Council of over £300,000 per annum. The new contract ensures that tenant service charges are reduced and fall within the lower Housing Benefit subsidy that came into effect on 1 April 2010, thereby offsetting an annual pressure of almost £2 million, which the Council might otherwise have faced from the new Housing benefit subsidy. Surveys of the standard of repair work and general service provision show high levels of client satisfaction.

Proactive work undertaken in telecommunications (where a £500,000 annual saving was delivered) and contracted services within the Health and Social Care, Children and Families and Services for Communities Departments delivered further benefits. Taken together with a targeted reduction in the use of external consultants, a total of £6.3 million is included in the Statement in respect of procurement activity.

### **Shared Services**

Progress in realising efficiencies in this area in 2010/11 was more modest, although the potential, and in some cases delivery, of a shared service model has been examined for insurance, treasury management and legal services. As noted in an earlier section, a number of projects in this area are on-going and the recommendations of the Christie Commission are likely to provide renewed impetus to these activities.

### **Workforce Management**

Staffing costs account for around 43% of the Council's overall expenditure and it is clear that action taken to effect a reduction in overall expenditure must involve reducing employee numbers. Budgetary planning assumptions have proceeded on the basis of a 12% average reduction in overall headcount in all areas except frontline teaching staff over the period from 2011/12 to 2013/14, with the reduction achieved wherever possible on a controlled, voluntary basis. With this in mind, a range of lower or no cost options have been pursued, including natural wastage, non-filling of vacancies, recruitment controls, active redeployment and Voluntary Early Release Agreements (VERA). As of April 2011, the Council had almost 600 fewer staff than a year previously, whilst spend on agency staff and external consultants (both reduced by 12%) also fell markedly. All requests to advertise vacancies are considered initially by an HR Placement Team and challenged where appropriate; those positions suitable for holding against the internal redeployment register are "reserved" for two weeks. These actions have avoided substantial staff severance costs which the Council would otherwise have had to pay.

Another area where considerable progress has been made is sickness absence management. Overall absence for both teaching and non-teaching staff fell by an average of 1.1 day per employee per annum in 2010/11. This reduction has been achieved through a combination of targeted case management by HR staff, greater use of the Council's occupational health provider and rigorous challenge of, and provision of support to, managers in areas of higher absence through the "AbsenceStat" initiative. In a number of areas such as teaching staff and home care provision, these reductions in absence have reduced the need to pay for supply staff and/or overtime, delivering cash-releasing savings. It is clear, however, that further action is required in this area to support staff's attendance at work and a challenging maximum sickness absence target rate of 4% has therefore been set for 2011/12.

## Summarised Efficiency Gains, 2010/11

This statement reflects the delivery of £26.6 million<sup>1</sup> of efficiency savings, representing some 2.89% of the Council's net expenditure budget requiring to be funded by means of central government financial support and local taxation. These efficiency savings, which have accrued across a range of functional and service areas, are comprised as indicated below:-

Efficiency "theme"	Quantification of efficiency savings		
	Cash-releasing (£000)	Time-releasing (£000)	Total (£000)
Asset management	2,291	0	2,291
Improving processes	11,728	93	11,821
Procurement	6,291	0	6,291
Shared services	276	0	276
Workforce planning	2,741	1,499	4,240
Other	1,635	0	1,635
<b>TOTAL</b>	<b>24,962</b>	<b>1,592</b>	<b>26,554</b>

It is worth emphasising that the distinctions amongst the efficiency themes shown above are not always clear-cut, with the result that a number of items could be re-classified, altering the relative profile of reported savings. In addition, as shared service activity progresses, it is anticipated that substantial further efficiencies will be realised in this area in future years. The ABM programme also seeks to increase the extent of internal shared services.

The table above is broadly based upon analysis against the Scottish Government's policy themes as set out in the policy paper "Building a Better Scotland". The theme of "streamlining bureaucracy" is not applicable to local government as it relates to streamlining the regulatory environment. As such, a substantial saving is reflected in respect of an "Improving Processes" work stream.

### Performance relative to "target"

In view of the on-going retention by the Council of the 2% (cash) efficiency savings previously deducted at source in determining its central government funding allocation, the emphasis in this submission has been on cash-releasing efficiencies. The sum of £24.962 million above represents 2.72% of the Council's net budget and as such meets the target in this area.

### Verification of efficiency gains – quality cross-checks

The descriptions of each efficiency measure provide, wherever feasible, corroborating evidence that the saving has not been achieved at the expense of reduced service quantity or quality. In process-driven areas, a number of sources, such as Statutory Performance Indicator information or measures reported in bi-monthly performance scorecards, have been highlighted. In other areas, however, a clear link between the saving and a related output measure is often less apparent.

With this in mind, a number of the efficiencies are couched within the context of Department-specific or Council-wide improvement. When all these factors are considered, the quality cross-check details included in this statement are felt to represent the best-available information at this time.

### Priority Areas targeted for 2011/12 and future years

The Administration Budget Motion approved in February 2011 firmly reinforced the role of greater efficiency, streamlining of back-office functions and management de-layering in maximising the level of resources available for frontline services. In delivering a balanced budget for 2011/12 and 2012/13 and

<sup>1</sup> This total excludes £0.682 million directly in respect of the Council's Housing Revenue Account; when this sum is added, the resulting efficiency saving is 2.97% of the net budget. In addition, following a review of the Investment and Pensions Division's structure, the internal investment team took over responsibility for managing the Lothian Pension Fund's European and US equity portfolios. Alongside a global custody tender, these actions resulted in significant savings whilst maintaining above-benchmark investment performance. As these savings accrue outside the Council's General Fund, however, they are not included in the Council's AES.

approving a substantial volume of savings for 2013/14, some £68 million of savings were agreed, 75% of which represented efficiency measures as follows:

- £13 million from **service re-design** to improve the efficiency and effectiveness of service provision;
- £12 million from savings in a variety of **back office and support functions**;
- £9 million associated with **changes in employee conditions of service**;
- £9 million from **streamlining and reducing layers of management**;
- £5 million through **improved procurement of goods and services**;
- £3 million net savings in **property costs**.

The remaining 25% of measures approved were informed by the results of the comprehensive budget consultation exercise. It is clear from the above analysis, therefore, that the “5 Ps” framework will continue to guide the systematic identification of savings options. To this has more recently been added a sixth “P”, that of *prevention*, recognising the financial and service benefits of investing on a proactive, rather than reactive, basis.

The Budget Motion additionally called for a number of further actions, including reviewing the Council’s overall structure, embedding improved procurement practices in all service areas, extending the coverage and adoption of the “LEAN” methodology and injecting renewed vigour into seeking out savings opportunities in property costs, including the potential for school and community libraries to work more closely together. Opportunities to promote innovative use of property, such as the conversion of the now-vacant Edinburgh Family Support Centre to a customised disability unit, providing a family-based care setting, will also be taken forward.

Full details of the savings approved for the period from 2011/12 to 2013/14 may be accessed [here](#). The range of savings included is indicative of the scale of the financial challenges facing the Council and represents the initial step in a fundamental re-assessment of what it does and how it does it, challenging traditional ways of doing things in the pursuit of best value for taxpayers’ money.

In addition to the areas outlined above, ICT will continue to form a key aspect of the Council’s improvement and efficiency agenda. Alongside developing a full business case for the Workstyle project mentioned in a preceding section, the 2011 Smart City work programme includes further work to improve access to information, supporting the on-going “channel shift” towards online services. The introduction of an electronic monitoring system to facilitate improvements in the quality of homecare services to older people and those with disabilities will also be progressed. Further savings have been agreed through rationalising and decommissioning lesser-used assets within the corporate estate.

In parallel with these activities, work on the ABM project will continue, with a view to securing efficiencies and service improvements either through working with external partners or by implementing Internal Improvement Plans.

## **Conclusions**

This report identifies £26.6 million of efficiency savings in 2010/11, the majority of which are cash-releasing in nature. In cumulative terms, some £117 million of efficiencies have now been reported over the past five financial years, of which £96 million have been cash-releasing.

## **Approval**

We confirm that the contents of this statement are complete and provide an accurate summary of the Council’s realised efficiency gains in 2010/11 and plans for future years.

**SUE BRUCE,**  
Chief Executive,  
The City of Edinburgh Council

**JENNY DAWE,**  
Leader,  
The City of Edinburgh Council

**THE CITY OF EDINBURGH COUNCIL – COLLATED EFFICIENCY GAINS, 2010/11**

NB All savings listed are assumed to be recurring unless otherwise stated, although any assessment in this area is to a degree subjective. Those savings considered non-recurring for the purposes of the analysis are denoted by an “(N)”.

Theme	Description of Efficiency Measure	Cash-Releasing £000	Time-Releasing £000	Impact on service delivery and performance / other information
Asset management	School rationalisation programme	803		Saving represents the balance of the full-year effect of the 2008/09 programme and, additionally, the effect of four further primary school closures in June 2010. The pupils within the schools concerned have been transferred to other local schools.
Asset management	Relocation of Throughcare Team to City Chambers	125		The Team is now based in more centrally-located but previously-unoccupied space within the City Chambers, freeing up rent and utilities budgets for the former premises in Chester Street.
Asset management	Primary Social, Education and Behaviour Needs (SEBN) provision	200		This saving was realised through the closure of an external unit, with the pupils re-located to a previously under-utilised Council facility (the efficiency shown is net of the increased investment associated with improving services within the receiving facility). External inspections in this area witness a range of improvements in provision.

Theme	Description of Efficiency Measure	Cash-Releasing £000	Time-Releasing £000	Impact on service delivery and performance / other information
<b>Asset Management</b>	Reduction in <b>rent arrears and empty homes</b> (HRA)	682 (N)		<p>The overall level of <b>rent arrears</b> for 2010/11 fell to a record low for the seventh successive year. At the same time, the number of tenants being evicted from their homes also fell (by 36%) to its lowest-ever level, reflecting both the prompt provision of advice by Council staff to those experiencing difficulty in making payment and early intervention work with partner organisations.</p> <p>The total amount of <b>rental income lost to empty homes</b> expressed as a percentage of rental due (termed “voids”) furthermore reduced during 2010/11. This shortening of re-letting periods for both high- and lower-demand priorities served to maximise the availability of Council housing stock during the year.</p>
<b>Asset management</b>	Efficiencies in <b>fleet and office accommodation expenditure</b> (Services for Communities)	321		Please refer to the accompanying narrative for “Improving Processes” for each of the Department’s Divisions.
<b>Asset Management</b>	<b>Closure of McDonald Road office</b> , with staff transferred to vacant accommodation in Westwood House	216		Affected staff successfully re-located with minimum downtime; savings accrued in premises costs, with property now being marketed with likelihood of associated capital receipt.
<b>Asset Management</b>	<b>Maximise rates relief and secure saving from NDR valuation reduction</b>	100		Full level of relief secured for occupied buildings; other buildings currently vacant therefore no service impact.
<b>Asset Management</b>	Efficiencies in <b>fleet and transport services</b> (CD)	26		Saving realised through reviewing asset utilisation, resulting in no detrimental impact on services.

Theme	Description of Efficiency Measure	Cash-Releasing £000	Time-Releasing £000	Impact on service delivery and performance / other information
<b>Asset management</b>	<b>Energy savings</b> – investment in energy-efficiency works and scrutiny of utilities billing	500 (of which 119 recurring)		Investment through the Central Energy Efficiency Fund (CEEF) continued during the year, with consequent consumption and financial savings. In addition, through re-assessing rateable values, drainage charges and reviewing billing arrangements, further one-off and on-going savings were secured. The latter part of 2010/11 also saw extensive roll-out of smart metering, a process that is anticipated to result in savings of around £700k per annum from 2011/12.
<b>Improving processes</b>	Efficiency Savings in the <b>Direct Cleaning Service</b>	100		Saving primarily achieved through productivity improvements and reductions in sickness absence.
<b>Improving processes</b>	Reduction in various, discretionary budgets within <b>Children and Families</b>	108		In addition to school-based performance noted under “Workforce Planning”, improvement has been apparent in other areas, evidenced by both key service indicators and favourable external assessment by SWIA and HMIE across the children’s social work service.
<b>Improving processes</b>	Neighbourhood Co-Ordinator funding, Professional Support Services, <b>Support to Children and Young People</b>	45		Saving achieved through staff release and consequent re-allocation of duties, with no detrimental service impact.
<b>Improving processes</b>	<b>Community Safety Division</b> – various staffing, supplies and services and third party expenditure efficiencies	668		In overall terms, improvements in performance apparent in recent years were built upon in 2010/11. Despite increased volumes of trading standards consumer complaints and requests for business advice, for example, the proportion responded to within fourteen days increased in each case. The number of reported crimes within Edinburgh in 2010/11 fell by 4% and the proportion of residents feeling safe in their neighbourhood after dark was maintained at 81%.

Theme	Description of Efficiency Measure	Cash-Releasing £000	Time-Releasing £000	Impact on service delivery and performance / other information
<b>Improving processes</b>	<b>Environment Division</b> – various staffing, supplies and services and third party expenditure efficiencies	1,616		In spite of severe weather conditions experienced in November and December and on-going difficulties associated with the waste dispute, in general terms performance across the range of the Division's activities demonstrated improvement. Provisional year-end data show a decrease in the cost of waste collection per premise, a slight increase in overall recycling rates and fewer classified roads requiring maintenance. The Roads Services Gully Repairs Team also received a coveted (national) APSE Service Award. Street cleanliness as measured by the CIMS (Cleanliness Index Monitoring System) attained its best-ever average city-wide score of 71 in 2010/11. Assessment of Edinburgh's parks was also favourable, with half of all Scotland's Green Flag Awards secured by sites within the city.
<b>Improving processes</b>	<b>Housing and Regeneration Division (non-HRA)</b> – various staffing, supplies and services and third party expenditure efficiencies	558		The Council's Housing Regulator assessment visit carried out between November 2009 and June 2010 awarded Edinburgh's services an "A" grade for both homelessness and housing management services and a "B" for asset management and repairs, the best overall rating of any Council in Scotland. Proportionately fewer homelessness cases were re-assessed during the subsequent twelve months than was the case in 2009/10, with improvement also apparent in the maintenance of tenancies for those provided with Council accommodation and fewer housing advice cases then going on to present as homeless.

Theme	Description of Efficiency Measure	Cash-Releasing £000	Time-Releasing £000	Impact on service delivery and performance / other information
Improving processes	<b>Performance and Community Engagement</b> - various staffing, supplies and services and third party expenditure efficiencies	740		Provisional 2010/11 data point to an increase of 1.2% in the number of library visits per 1,000 population compared to 2009/10's equivalent figure. The Libraries Service also received a "Libraries Change Lives" award for the innovative work undertaken with the HM Saughton prison service. Subject to budgetary constraints, a range of improvements was also put in place to support greater community engagement and participation in Council and partners' activity.
Improving processes	<b>Advice Services Review</b>	25		Realignment of management structure. Service levels maintained.
Improving processes	Reconfiguration of key operational service - <b>Home Care and support to a "Re-ablement" model</b>	1,400		Continuation of programme to target more effectively resources, with better outcomes for service users – focusing on developing / maintaining independence rather than creating dependency: post re-ablement level of support is lower than would otherwise be the case. Returns from surveys of service users who have received the service consistently record a satisfaction level of 97% with the service provided. In addition the service was successful in winning a Silver Award in the 2010 COSLA Excellence awards.
Improving processes	<b>Out of Hours and Social Care Direct</b>	100		Further realignment of operational services – strengthening and improving the single point of contact for service users.
Improving processes	Reconfiguration of <b>Mental Health Accommodation</b>	21		Changes to the staffing mix. Service provision levels maintained.
Improving processes	Review of <b>Lunch clubs and Day Centres</b>	50		Review of service provision model and subsidies provided. Service levels maintained.
Improving processes	Review of <b>HIV and Addiction Services</b>	266		Review of service delivery model with operational changes including those provided by the voluntary sector. Service levels maintained.

Theme	Description of Efficiency Measure	Cash-Releasing £000	Time-Releasing £000	Impact on service delivery and performance / other information
Improving processes	Review of <b>staffing mix and operational processes</b> (Health and Social Care)	685		Wide-ranging review of key operational areas to ensure correlation between the task and the appropriate staff type / group e.g. all financial / contract activity now undertaken by appropriate administrative staff.
Improving processes	<b>Transport</b> (Health and Social Care)	87		Review of services provided to service users and providing, where appropriate to user needs, a lower-cost provision. Service levels maintained.
Improving processes	<b>Business Process Review</b> (BPR) within Finance Department – a number of initiatives, examining such areas as budget monitoring and supplier payment and supplemented by management de-layering in Revenues and Benefits, were undertaken during the year	598		<p>The application of BPR and Customer Journey Mapping (CJM) techniques to these areas has resulted in a streamlining of processes, removing duplication and/or other steps that do not add value, thereby reducing response times and increasing the proportion of transactions got “right first time”. Customer satisfaction has therefore been improved at the same time as delivering financial efficiencies, witnessed by the receipt of <i>Customer Service Excellence</i> accreditation for the Department as a whole in 2010 and “Compliance Plus” status furthermore awarded in a number of the areas examined.</p> <p>With regard to service impact, on a like-for-like basis supplier prompt payment performance improved further on 2009/10 levels (when Edinburgh already ranked best in Scotland), while all Departments once again contained expenditure within budget in 2010/11. The Department’s Annual Review of Performance, reported to the Finance and Resources Committee of June 13th, outlines further improvements and achievements during the year.</p>

Appendix 1

Theme	Description of Efficiency Measure	Cash-Releasing £000	Time-Releasing £000	Impact on service delivery and performance / other information
<b>Improving processes</b>	<b>Financial Services</b> – staffing efficiencies	382		In addition to achievements noted elsewhere, the Department's staff pioneered a whole new approach to the budget development process in recognition of the scale of savings requiring to be delivered in 2011/12 and future years. This resulted in the delivery of a balanced budget for both 2011/12 and 2012/13, despite a 3.1% reduction in the Council's revenue grant for 2011/12. Staff were also instrumental in the formal approval of the Council's Tax Increment Finance (TIF) scheme and participation in the National Housing Trust, each of which will contribute to substantial additional capital investment in the city.
<b>Improving processes</b>	<b>Payments Unit</b> – staffing efficiencies	270		Overall supplier payment within thirty days, assessed on a like-for-like basis, improved further on 2009/10's levels. The Division continues to develop a number of alternative payment initiatives, facilitating a reduction in the associated administration of handling high volumes of paper invoices within the Council. With 93% of invoices now paid by BACS transfer, together these have streamlined payments processes, reducing the associated staffing requirement whilst maintaining high performance levels.
<b>Improving processes</b>	<b>Payments and Procurement Services</b> – vacancy management	85		Various Divisional achievements and performance improvements are noted under other P&PS items within this document.

Theme	Description of Efficiency Measure	Cash-Releasing £000	Time-Releasing £000	Impact on service delivery and performance / other information
<b>Improving processes</b>	<b>Payroll Services</b> – staffing efficiencies	96		During 2010/11, Payroll Services fully integrated its services with the HR Service Centre. The revised structure reflects the Council-wide emphasis upon de-layering, with a more seamless structure created. The section also played a crucial role in the on-time implementation both of Modernising Pay and the transfer to monthly payrolls of the majority of the Council's staff. While doing so, all statutory obligations with regard to paying employees, external customers and third parties were nonetheless met. The section's crucial role in the implementation of the eHR system was recognised by the Council's receipt of two separate Midland HR awards.
<b>Improving processes</b>	<b>Treasury management</b> – savings through debt restructuring, cash fund returns and reducing cost of borrowing	1,096 (N)		Of the total efficiency included, £232k resulted from a decrease in the Council's overall Loans Fund Pool rate. The remainder related to above-benchmark performance for the Council's Short-Term surplus funds, maximising overall resources available for frontline services.  The work of the section was formally recognised by receipt of the <i>Local Government Chronicle Investment Award</i> for the Investment Officer of the Year.

Theme	Description of Efficiency Measure	Cash-Releasing £000	Time-Releasing £000	Impact on service delivery and performance / other information
<b>Improving processes</b>	Increase in <b>in-year Council Tax</b> collection rate	822		While difficulties were experienced early in the year with regard to call handling, period-on-period performance showed steady improvement. Overall complaints volumes within Revenues and Benefits fell by 5.6%; 98.6% of these were answered within ten working days. As the Council's in-year collection rate has generally shown steady improvement in recent years, this is assumed to be a recurring saving for the purpose of this analysis.
<b>Improving processes</b>	Administrative cost of <b>Council Tax collection</b>		21	The key element in the reduced administrative cost was the increase in the number of Direct Debit Accounts from 56.15% of all accounts (121,028) at March 2010 to 60.79% (131,039) at March 2011. The promotion of Direct Debit also contributed to the increased collection rate noted above.
<b>Improving processes</b>	<b>Council Tax and Housing Benefit</b> administration cost		72	The "Right Time" indicator average number of days to process a benefits case was 15 days for 2010/11 (target 15 days) against 17.83 days for 2009/10. The average number of days to process New Claims was 29.9 days (target 30 days) compared with 35.8 days for 2009/10. Average number of days to process a Change of Circumstance was 10.8 days (target 11 days) against 12.91 days for 2009/10. As mentioned in the context of the increased collection rate, 7% fewer complaints were received in 2010/11, despite the increase in the overall number of benefit claims.
<b>Improving processes</b>	Increase in in-year <b>Accounts Receivable</b> collection rate	173		New Solidus telephone system was implemented during the year which has increased customer service.

Theme	Description of Efficiency Measure	Cash-Releasing £000	Time-Releasing £000	Impact on service delivery and performance / other information
Improving processes	<b>Staffing and overhead efficiencies</b> (City Development)	730		Given the Department's reliance on externally-generated income to support its services, the economic downturn has demanded a fundamental re-assessment of all its activities. It is therefore not possible to identify specific cross-check measures but besides notable improvements in a number of key planning indicators, 2010/11 has seen sustained reductions in sickness absence, maintenance of all BSI accreditations, production of the Council's first comprehensive Asset Management Plan, formal sign-off of a Tax Increment Finance scheme for the Waterfront area and the receipt of the (national) Urban Transport Design award for the recently-completed Grassmarket project.
Improving processes	Review of <b>Contact Centre out-of-hours service</b>	100		The planned change was achieved, with the savings realised without detrimental impact to service. Customer survey satisfaction ratings for the Contact Centre service have remained consistently high and well in excess of target; 91.4% of customers were satisfied or very satisfied in February/March. Call response times and abandonment rates have, with the exception of weather-related disruption in December and January, also shown steady improvement.
Improving processes	<b>Culture and Sport</b> staff and supplies services	144		There has been no detrimental impact to frontline service provision; usage of both sports facilities and museums shows an increase on 2009/10's figures.
Improving processes	<b>E-Government</b> staff savings	100		Saving achieved through funded work on business cases, net savings for which are reported elsewhere in the statement. Indicators of systems availability, first-time resolution of incidents and overall customer satisfaction all exceeded target levels in 2010/11.

Theme	Description of Efficiency Measure	Cash-Releasing £000	Time-Releasing £000	Impact on service delivery and performance / other information
<b>Improving processes</b>	Staffing efficiencies in <b>Legal Services</b>	121		Minimal impact as work has been re-prioritised, re-allocated and absorbed at the same time as increasing support for a range of strategic projects.
<b>Improving processes</b>	Staffing savings in <b>Human Resources</b>	500		Staff within the Division were pivotal in the successful implementation of Modernising Pay in October 2010, whilst continuing to provide support to key Council projects such as Alternative Business Models. Line manager capacity has been supported through the roll-out of a manager's toolkit and complementary e-learning.
<b>Improving Processes and Shared Services</b>	<b>Insurance Services</b>	82 (42 IP, 40 SS)		Through negotiation as part of the annual renewal process, Insurance Services achieved an overall saving in insurance premiums of £42k whilst obtaining increases in cover for some classes of insurance at no additional cost (i.e. a time-releasing saving). In addition the service generated an increase in income of £40k including £10k from Moray Council for the provision of an insurance tendering marketing service. The service received the LGC Investment Award for Quality of Service in recognition of the innovative work undertaken culminating in the Moray project.
<b>Other</b>	Various <b>Departmental</b> savings (Services for Communities)	1,635		The wide-ranging updated assessment of the Department's services, undertaken as part of Edinburgh Improvement Model, noted progress in all areas. In addition, the Department received <i>Customer Service Excellence</i> accreditation for all its services in October 2010, with its customer-focussed improvements described as "genuinely transformational".

Theme	Description of Efficiency Measure	Cash-Releasing £000	Time-Releasing £000	Impact on service delivery and performance / other information
<b>Procurement</b>	<b>Home to School Transport</b> – re-tendering of contract and detailed analysis of existing budget, spend and route planning	188		Figure shown is estimated efficiency from service re-tendering and more effective route planning; it does not include any element of saving resulting from changes in the qualifying distance for pupil transport.
<b>Procurement</b>	Commissioned Services, <b>Support to Children and Young People</b>	90		Saving achieved through re-prioritisation and evaluation of value for money delivered through existing arrangements; alternative provision secured for clients concerned. Improvement was apparent in a number of relevant performance indicators during 2010/11, including a substantial reduction in the proportion of children on the Child Protection Register for more than two years and fewer children requiring to be added after previously being de-registered. Follow-up external inspections undertaken by HMIE and SCSWIS (formerly SWIA) also noted marked improvement in a number of areas.
<b>Procurement</b>	<b>Family and Community Support</b> – savings through re-tendering and review of service delivery mechanism	240		Achieved through a combination of savings from the tendering process and re-assessing relative balance between internal and external provision; above quality cross-check narrative also applies.
<b>Procurement</b>	<b>Disabilities Services</b> – review of existing service provision	93		Overall resources allocated to this area were reviewed to achieve better alignment with service priorities; this resulted in some re-allocation of resources but without detriment to the level of service provided.

Theme	Description of Efficiency Measure	Cash-Releasing £000	Time-Releasing £000	Impact on service delivery and performance / other information
Procurement	Various <b>primarily Housing-related procurement savings</b>	705		In addition to the commentary included under the “Improving processes” heading for the Housing and Regeneration Division, the proportion of housing repairs completed within the target time remained high, whilst the number of homes meeting the Scottish Housing Quality Standard increased from 53% to nearly 70%. Further savings were delivered through the Private Sector Leasing contract as noted on page 8 of the main report.
Procurement	Changes to <b>procurement arrangements with key operational partners</b> (Health and Social Care)	75		Implementation of joint procurement strategy.
Procurement	Review of <b>Advocacy services</b>	83		Re-configuration of service specification and tendering exercise providing increased capacity and services to a wider range of service user groups.
Procurement	Review of <b>Contracted services</b> (Health and Social Care)	666		Price improvements. No reduction in service levels, in fact improvement apparent across a range of indicators.
Procurement	<b>Financial Services</b> – reduction in consultancy spend (mainly in Financial Systems)	47		Overall performance for the Systems Team has remained high, with continuing highly favourable feedback for the Financial Systems Helpdesk (97.4% of users during 2010/11 rated the service received “excellent” or “very good”). Further systems developments and associated training contributed to the position whereby all Departments contained expenditure within budget for 2010/11.

Theme	Description of Efficiency Measure	Cash-Releasing £000	Time-Releasing £000	Impact on service delivery and performance / other information
Procurement	<b>Payments and Procurement Services</b> – reduction in consultancy spend (procurement)	38		Building upon substantial savings delivered in previous years, a further £3.5 million of efficiencies were realised across a range of contracts including electricity, waste services and private sector leasing. The recent, independent national Procurement Capability Assessment (PCA) also noted good progress in seven of the eight areas compared to the equivalent exercise undertaken in 2009.
Procurement	Procurement (savings delivered under contracts falling <b>under direct remit of Central Procurement Unit</b> )	3,566		Figure represents total procurement savings delivered for areas of spend under the remit of the Corporate Procurement Unit; savings were generated across a range of contracts, including electricity, waste services and print management. The Council's National Procurement Capability audit conducted in November 2010 noted substantial progress on the equivalent assessment a year earlier.
Procurement	Savings from renegotiated <b>telecoms contract</b>	500		No service impact; achieved through consolidating suppliers and budgets all under central management, providing a more integrated service.
Shared services	<b>Secure Unit</b> income	175		This saving was achieved through combination of prioritised earlier intervention and improved management of overall demand, allowing places in Council facilities to be freed up for other authorities' use.

Theme	Description of Efficiency Measure	Cash-Releasing £000	Time-Releasing £000	Impact on service delivery and performance / other information
<b>Shared services</b>	<b>Increase in rechargeable work for Financial Services</b> (including Zero Waste and 21st Century Homes projects)	61		<p>The financial support provided to the Zero Waste Project was featured as an example of good practice in the <i>Infrastructure Journal</i>. The Department's staff have also played a key role in facilitating other transformational projects including Modernising Pay and Alternative Business Models (ABM).</p> <p>In terms of the impact on other areas, provisional outturn details for 2010/11 indicate all Departments to have contained expenditure within budget. In addition, prudent financial management has allowed the making of an additional £2 million contribution to the Council's unallocated reserve. Levels of positive customer feedback for internal audit and financial systems support furthermore remain high.</p>
<b>Workforce planning</b>	Increase in <b>teaching staff</b> turnover factor, reduction in funded <b>short-term absence cover and conserved posts</b> , improved management of <b>surplus teachers</b> and revised staffing mix in nursery schools	2,263		<p>The overall teacher sickness absence rate for 2010/11 fell by 14%, reducing the need for cover. At the same time, for 2009/10 (the most recent year available), secondary school pupil attainment (as measured by the four SCQF indicators in this area) and attendance (as measured by the relevant SPI) both increased; the proportion of school leavers going on to further/higher education, employment, training or voluntary work also improved slightly. HMIE feedback for primary, secondary and special schools has furthermore noted improvement in a number of areas.</p>
<b>Workforce planning</b>	<b>Sickness absence management</b> (Health and Social Care)	433		<p>Review of sickness absence management arrangements contributing to a reduction in costs and improvements in continuity of service and a reduction in the dependency on agency staff.</p>

Theme	Description of Efficiency Measure	Cash-Releasing £000	Time-Releasing £000	Impact on service delivery and performance / other information
Workforce planning	In-house catering support arrangement (Health and Social Care)	35		Realignment of service base. Service level maintained.
Workforce planning	Training and development (Health and Social Care)	10		Review of programme and realignment to meet operational needs.
Workforce planning	Reduction in incidence of sickness absence		1,499	The average absence rates for both teachers and all other staff fell by 1.1 day per year between 2009/10 and 2010/11. The sum reported here has been adjusted to reflect cash-releasing savings identified within Health and Social Care activity and teachers included above. While it is likely that some of the remaining sum will have resulted in additional cash-releasing savings (through reduced absence cover and/or overtime), it has been assumed fully time-releasing for this purpose. This reduction in absence has been achieved alongside continuing improvement in absolute and comparative performance as captured by a range of internal and external measures.
<b>TOTAL:</b>		<b>25,644<sup>1</sup></b>	<b>1,592</b>	

<sup>1</sup> Figure includes £682,000 in respect of Housing Revenue Account. As these efficiencies accrue outside the Council's General Fund, they are excluded from the assessment of performance against the 2% target.