

EFFICIENT GOVERNMENT RESEARCH STUDY 2008

IMPROVEMENT SERVICE SUMMARY OF FINDINGS

MARCH, 2008

This document summarises the key findings from a research study carried out by Brodies LLP in March 2008 which assessed council progress in addressing the expectations of the Efficient Government agenda. Findings are based on the responses of 5 council case studies and 12 councils responding to a national survey.

SUMMARY OF FINDINGS

KEY FINDINGS

- Confidence Efficiency Statements were genuine
- Statements are conservative in estimation
- Councils developing ongoing monitoring of efficiency reporting throughout the year
- Further work is needed to track impact on service performance

COUNCIL APPROACH

- Emphasis initially placed on requesting a cash efficiency gain from services
- Work also carried out at corporate level
- Flexibility given to services to generate efficiencies
- Recognition that agenda provides opportunity for reinvestment in services

MEASURES

- A variety of measures are being used:
 - SPIs
 - Internal KPIs
 - Audit Scotland reports

- Measures proposed in good practice guidance
- There remains a reliance on exception reporting
- Only 4 Councils using Aspiren measures
- Concerns regarding definitions, status, suitability of Aspiren measures and what 'direction' represents success
- Emphasis on SPIs and KPIs as too many measures from different sources
- Issue regarding linearity of tracking direct impact of efficiency gains on service performance.
- View that Statements are 'un-auditable'.

OTHER ISSUES

- Limited progress in identifying and delivering non-cashable efficiencies
- Perception this leads to non-cashable efficiencies being under-estimated
- Systems not in place to quantify and measure impact of these efficiencies
- Greater importance being placed on the generation of cash-savings
- Sustainable efficiencies – but some one-off gains
- Many efficiencies result from service reconfiguration

GENERAL OBSERVATIONS

- Efficiency agenda well understood and becoming embedded
- Efficiency is driving improvement and at times, improvement driving efficiency
- Concerns about extent to which Statements reflect organisation efficiency
- Common view that Efficient Government should be considered in context of wider Transforming Public Services Agenda
- View that in current form, Statements divert from this broader perspective
- View that Concordat and SOAs will move the focus from Statement submissions and reporting will need to change

SUMMARY OF SURVEY RESPONSES

CONFIDENCE IN ACHIEVING BASELINE FIGURES AND ROBUSTNESS OF OUTPUT/QUALITY MEASURES

- Majority of councils confident efficiencies will be achieved
- Ongoing monitoring reports being developed as evidence base
- Degree of confidence in output/quality measures
- Concerns where there is no related measure for a specific efficiency
- Links between efficiency and subsequent performance can be tenuous
- Ongoing development by councils of data sets to measure impact
- Emphasis on finding balance between financial and non-financial measures

EXTERNAL SCRUTINY AND CHALLENGE

- Councils increasing confident statements will stand up to scrutiny
- Greater degree of rigour being applied to process
- Through quality assurance processes, councils can 'filter out' savings that cannot be evidence based
- Councils being given greater flexibility in deciding which measures to use
- Only 4 Councils using Aspiren measures, as it is felt that they:
 - Do not place adequate emphasis on efficiency as an aspect of wider service performance
 - Do not provide any meaningful comparison with other councils
 - Were too broadly defined to capture smaller efficiencies

RE-INVESTMENT OF EFFICIENCY SAVINGS

- 5 Case studies show no concentrated effort to reinvest
- 7 of 12 survey respondents list services such as childcare, waste management, leisure facilities and road network as areas where they have reinvested
- Corporate wide approach to generating efficiencies in an effort to 'balance the books'
- Some efficiencies generated to meet council needs e.g. equal pay settlements

WHERE EFFICIENCY GAINS ARE BEING MADE

- Councils look to generate efficiencies across the entire organisation
- Certain instances where some services generating higher level of efficiencies e.g. saving through education as a result of schools rationalisation and re-investment program
- Distinction between level of efficiencies generated by central support/corporate functions as opposed to front-line services
- Majority of councils feel need for more work to generate efficiencies in Education and Social Work

CASH RELEASE EFFICIENCIES, TARGETS AND MEASURES

- Most councils continuing to set efficiency targets
- Greater degree of flexibility to meet those targets
- Services can meet targets through combination of service cuts and efficiencies

DRIVING TIME-RELEASING EFFICIENCIES/PRODUCTIVITY GAINS

- Most councils admitted issues around realising non-cashable savings
- Cultural difficulty and difficult to measure as measures don't lend themselves to measuring these types of savings
- Resource intensive to measure time-releasing efficiencies
- 7 of 12 of the surveyed councils felt progress was being made, and are using SPIs, internal measures and limited Asperin measures

POTENTIAL FOR DETERIORATION IN PERFORMANCE

- All but one council showed no concern around deterioration in performance as a result of generating efficiencies
- Quality cross checks, internal performance measures and SPIs being used

SUSTAINABILITY OF EFFICIENCIES

- Majority confident efficiencies sustainable
- Some instances where political/management decisions affect sustainability e.g. recruitment

PERFORMANCE MANAGEMENT/QUALITY ASSURANCE MECHANISMS

- Services must provide evidence base to verify efficiency and performance measures that measure its impact
- In majority of councils there is a corporate mechanism for coordinating and verifying efficiency initiatives
- Some instances where the final detail is approved by the corporate management teams and elected members

EXTERNAL AUDIT

- All but one council confident statement will stand up to auditor scrutiny
- Evidence used such as financial reports, SPIs, quality cross checks, external audit meetings, financial productivity and quality information, internal performance measures, CIPFA DoF indicators, Apiren measures

SHARED SERVICES

- Councils listed a wide range of shared services projects they are undertaking
- 3 of the case study councils and 9 of the 12 survey respondents are making use of the diagnostic tool
- Councils generally commented that it is too early to comment on the success of the tool

EFFICIENCY EXCLUSIONS FROM EFFICIENCY STATEMENTS

- All councils pointed to examples where efficiencies have been made but are excluded from statements:
 - energy efficiency
 - reduced staff absence and overtime
 - reduced insurance premiums or increased insurance cover
 - service extended to increased number of properties within existing capacity
 - management restructure

IMPROVEMENT SERVICE WORK ON ASSET MANAGEMENT

- Few councils have made use of this yet
- 2 councils from the survey have commenced implementation of the work
- 2 case studies see the work as a helpful reflection of good practice and useful in moving forward