



efficiency | quality | accountability

# Improvement Service Efficient Government Research Study 2008

**Derek Stewart**

**March 2008**



efficiency | quality | accountability

## Session focus

- Remit and study objectives
- Emerging findings
- Observations

# Introduction

- In Autumn 2007, an initial study of the first efficiency statements focused on:
  - The robustness of stated efficiency gains
  - The balance of time and cash release savings
  - The subsequent effect of efficiency savings on council performance, and
  - The information used to evidence the efficiency claims being made by each Council
- Findings at that stage indicated confidence that efficiency gains in the Efficiency Statements were genuine, were conservative in their estimation, but that further work was needed on tracking the impact of efficiencies on service performance
- Similar to the 2007 study, this exercise focuses on practices in five case study councils, with an accompanying national survey of the other 27 councils.
- This presentation highlights the issues emerging from the case studies ... the survey returns will be analysed over the coming 10 days
- A draft report will be presented to IS by the end of March



efficiency | quality | accountability

# Objectives

- The intention is:
  - to give as accurate a picture as possible of the level and nature of the efficiency savings to be evidenced in the next emerging efficiency statement
  - to help ensure that the efficiency statements of all councils can stand up to external scrutiny / challenge
  - To give particular attention to the robustness of the accompanying evidence base

## Findings – 07/08 statements

- None of the case studies have started to formalise this year's efficiency statement
- Findings are therefore based on reflections on last year's statements and council intentions for this years
- All 5 councils are confident that they have achieved their predicted efficiencies for 2007/08
- Councils are now developing ongoing monitoring of efficiency reporting throughout the year (rather than wait till the end of the financial year)
- These approaches typically aim to assess efficiency within a wider framework of financial and non-financial performance

## Findings - approaches

- Carrot and stick approach in most case studies ... but growing emphasis on the carrot
- Initial council emphasis on requesting a % cash efficiency gain from all services
- Work on strands at a corporate level either generated a further efficiency gain, or was used to help services hit targets
- Budgets effectively 'top-sliced' by the target % to help meet corporate needs
- Continued focus on the five strands as the drivers of the agenda in the majority of case studies
- Approach seems to be evolving; more councils asking for services to identify efficiencies to a target level, but cash gains then considered in context of corporate investment programmes
- A number of case studies had an overarching service improvement framework which they used to shape this process



efficiency | quality | accountability

## Findings – approaches contd.

- Many corporate efficiencies already been identified/progressed ... places growing emphasis on service-driven efficiency (the ‘streamlining bureaucracy’ strand)
- All the case studies saw benefits in focusing in on ‘big ticket’ opportunities
- Still some scepticism about shared service benefits (including their impact on service performance, employment and budgets)

## Findings - measurement

- Councils are using a variety of measures to provide an evidence base, including:
  - Statutory Performance Indicators
  - Internal key performance indicators
  - Audit Scotland reports
  - Measures proposed in good practice guidance (particularly for procurement and asset management)
- Most felt very confident in their ability to evidence any of the details in their 06/07 statement ... though still a lot of reliance on exception reporting
- Confidence based on:
  - certainty of stated efficiency gains for 06/07
  - conservative estimates
  - initial tracking of headline efficiencies
  - concerns about the significance of the causal link between the efficiency and core service performance

## Findings – measurement contd.

- None of the case studies reported using the Aspiren measures to support their efficiency statements (unless they happen coincide with the performance measures already in place)
- Acknowledgement of the principles on which they are based, but expressed concerns regarding some definitions, status, suitability and what 'direction' represents success
- Most felt 'awash' with measures from different sources; tended to mean they kept an emphasis on SPIs and existing KPIs
- Councils typically keen to avoid too many proxy measures

## Findings - other

- Progress still limited in delivering non-cashable efficiencies
  - Perception that this leads to non-cashable efficiencies being under estimated
  - Systems not in place to effectively quantify and measure the impact of these efficiencies
  - Seen to be of less significant in the current financial environment
- Common view that the vast majority of stated efficiencies are sustainable, but that some were one-off gains that should have been expressed that way
- Many efficiencies result from service reconfiguration ... this can result in an element of both service withdrawal and service 'cuts' within a particular service, with re-investment in particular priorities within that service (graffiti example)
- There appears to have been limited use of shared services diagnostic tool to date
- Still too early for much use to have been made of the IS Asset Management guidance
- All the councils felt that they were learning through experience and networking year on year

# Observations

- Efficiency agenda is well understood and becoming embedded in the case study councils ... in some instances efficiency driving improvement; in others, improvement driving efficiency
- Particular enthusiasm from those driving the EG agenda and individual strands
- The validity of Statements and the robustness of the monitoring framework is continuing to improve
- Concerns remain regarding the extent to which Statements reflect organisational efficiency (rather than the list of current efficiency gains)
- Commonly expressed view of the need to consider Efficient Government in the context of the wider Transforming Public Services agenda (and that the submission of Efficiency Statements in their current form undermines this broad perspective)
- Some views that the Concordat and outcome agreements will move the focus away from Efficiency Statement submissions



efficiency | quality | accountability

## Observations contd.

- The notion of tracking the direct impact of efficiency gains on service performance is seen to be too linear ... typically a mix of efficiencies, savings, resource redeployment and new initiatives in each service that impact of performance and perceptions of performance
- Some views that the Statements are 'un-auditable' as a result
- Growing realisation of the importance of performance information ... with the emphasis on 'inputs' and 'outputs' moving to include 'unit costs' and 'outcomes'
- More comprehensive performance management frameworks allows much more informed political and managerial interventions

# Conclusions

- Objective 1: To give as accurate a picture as possible of the level and nature of the efficiency savings to be evidenced in the next emerging efficiency statement
  - Unknown at this stage, but the majority of 06/07 efficiency gains will be sustained
- Objective 2: To help ensure that the Efficiency Statements of all councils can stand up to external scrutiny / challenge
  - This should be the case based on the information shown to us
  - The Statements will become increasingly robust year on year
  - Efficiency gains will be difficult to scrutinise
- Objective 3: To give particular attention to the robustness of the accompanying evidence base
  - An initial evidence base exists; this will continue to develop
  - Monitoring will become more systematic and integrated