

Aberdeen City Council

Efficiency Gains Achieved in 2006-07

Introduction

Aberdeen City Council recognises that it must strive for and achieve continuous improvements to its processes measurable year on year. To be meaningful, these improvements need to generate clear savings or improvements to efficiency each year. This report sets out the efficiency advances made in the Council's financial year to 31 March 2007.

The efficiency gains have been achieved across all of the Council's activities; from delivering a better service to citizens with the same or less resources (a cashable efficiency) or delivering an improved level of service without increasing the cost of providing these services (a non-cashable efficiency). Continually identifying and delivering these gains is a challenge the Council embraces. A culture of continuous improvement has been adopted and a range of techniques are used to deliver efficiency gains. These include the adoption of new technology, developing our staff and the organisation's capabilities, by closer working together with partners and by rigorously challenging how we work. Many of the efficiencies have been achieved as part of the modernisation of the Council's services.

The efficiency gains reported here are a sample of those achieved by the Council in the 2006-07 financial year and are intended to illustrate the success and commitment to continuous improvement in how we deliver services. The examples of efficiencies have been selected from across the Council's operations. Details of the efficiency gains achieved are included in the Appendix to this report, with the context and approach to their achievement explained in more detail below.

The total efficiency gains reported for the 2006-07 year are summarised in the table below, with details provided in the Appendix:

Theme	Cashable	Non Cashable	Recurring
Procurement	£352,450	£-	£158,174
Managing Absence	£1,355,652	£-	£1,355,652
Asset Management	£45,700	£-	£45,700
Shared Services	£26,169	£41,522	£67,691
Streamlining Bureaucracy	£3,538,567	£66,539	£2,709,120
Other	£1,068,249	£-	£-
Total	£6,386,787	£108,061	£4,336,337

How We Improved Efficiency

Better Procurement

The Council shares a procurement service with Aberdeenshire council. This service strives to obtain the best value in all purchases. Supply contracts are re-tendered as they fall due, with efficiency gains arising from lower unit cost of purchase or from obtaining better quality at the same cost. There are daily examples of small efficiencies achieved, with larger gains detailed in Appendix 1 including the £63,000 gains achieved on re-negotiation of mobile phone contracts.

Housing Voids

A major efficiency gain achieved in 2006-07 was the reduction in the lost rental income from houses which were unavailable for rent. In September 2005, the Council had 1,586 empty Council houses and was losing 6.5% (£312k) per month in rental income. By March 2007, the number of void properties had dropped to 279, just over 1% of the housing stock of 23,708. The efficiency gain achieved is £2m of lost rental income obtained. More than 1,000 more families, an estimated 3,000 people, are now enjoying a council home in Aberdeen. This substantial efficiency gain was delivered by the application of a process called Citistat. This uses statistics to drive improvements in a process. The improvements to the service have been so successful that the Council's target of 2.5% void rent loss by March 2009 was achieved in January 2007, 2 years ahead of schedule.

Encouraging Efficiency Gains in Partners

The Council provides support to a number of voluntary organisations and partners. To encourage the improvements to the efficiency of these organisations, the Council limited its increase in funding of these partners to below the rate of inflation, immediately generating an efficiency of £600,000.

Joint Boards

A substantial use of the Council's resources is to fund the Joint Boards; Grampian Police, Grampian Fire & Rescue and the Joint Valuation board. The share of the efficiency gains achieved in 2006-07 has not been included within this report, in line with Scottish Executive guidance on Police and Fire & Rescue gains. Aberdeen City council's share of the efficiencies within the Joint Valuation board is £26,169.

Use of New Technology

The Council has adopted new technology to achieve efficiency gains both through improved customer service and reduced cost of service delivery. An example of this is in the use of web based recruitment. In 2005, applicants could apply through the web in addition to the conventional paper based application route. This expansion has made it easier for applicants to apply and has attracted an increased number of applications. The unit cost of handling web based applications is £0.17 instead of £2.34 for conventional applications sent through the post, resulting in an efficiency gain of £6,120. In 2006-07, some 25% of applications were received by post, and this is likely to continue to be an important application route. The benefit of having a broader pool of applicants for posts has not been quantified, but is an important additional outcome of this modernisation of service delivery.

Improved Customer Service

During the 2006-07 year we introduced a customer contact centre. This provided a single contact point for handling enquiries from the public. The service has proved successful and has been expanded to handle a range of enquiry types, such as street lighting, housing repairs and environment issues. The introduction of the contact centre has delivered an improved customer service. Before the contact centre, at peak times customers tried to phone in to report faults but staff for each area could not handle all of these calls. The increase capacity provided by the creation of the contact centre using existing staff reduced the previous 40-50% level of abandoned calls to nil. In addition, the contact centre has allowed for the automation of the allocation of work to tradesman directly

from the customer call, shortening the overall response time. Reorganising customer service in the way has brought together several existing staff teams, to provide an improved service to the public at the same overall cost. The financial impact of this efficiency has not been quantified as it is primarily one of an improved customer service offered at the same cost.

Changes to Management Structure

During the 2005-06 year and during 2006-07, changes were made to the senior management structure to meet the future needs of the Council. This involved a reduction from 10 to 6 Corporate Directors, reducing the recurring cost by some £368,000. A £325,000 efficiency gain was achieved by a reduction of the number of Heads of Service from 30 to 25 as part of the modernisation of service delivery, with new appointees committed to performance improvement.

Looking Ahead

Many of the improvement initiatives carried out will delivery efficiency gains in the 2007-08 financial year. These gains will be quantified in the Council's 2007-08 efficiency report.

Use of Citistat process

Following the successful use of the Citistat process to reduce the number and turnaround time of un-let houses, the technique has been applied to a number of other processes. The technique is being applied to city cleansing, delayed discharge from hospital, education, social work, roads and sports.

Vehicle Use

We have joined together with Aberdeenshire Council to create a shared fleet management service. For both Councils, this will reduce the overhead of having 2 management structures. We are also developing the use of a standard specification of light goods vehicles to enable improved economies of scale to be achieved for the purchase cost of vehicles and their lifetime maintenance and running costs.

A successful pilot project in the use of fuel cards will be rolled out across the Council in July 2007. This will enable a higher quality of fuel, with lower CO₂ outputs, to be bought at the cost of ordinary fuel. The efficiency saving extends to the reduced maintenance costs of fuel storage tanks and pump maintenance. There will be efficiency savings from the ability to refuel as the need arises throughout the city, rather than travel extra miles to return to the Council fuel pumps.

There will be efficiency savings from improvement to control of the Council's in-house fleet to reduce the need for taxi journeys. The public transport unit will control the whole fleet from 2007-08 to match travel needs to the available vehicles. This will improve utilisation rates for minibuses which have previously been mainly used during school hours.

Further Procurement Improvements

The efficiency gains from the adoption of the eprocurement process will be reported for the 2007-08 year. The eprocurement process will allow greater economies of scale to be achieved to reduce the unit costs for items bought. A single supplier of agency staff has been appointed for the 2007-08 year, with a reduction in the commission charged by the agency.

Integrating staff teams

There are several examples of where we have, or will shortly, merge teams of staff to deliver a better service, which will appear as an efficiency gain in 2007-08. Examples include integration of Community Warden teams with those of Environmental Wardens,

Dog Wardens, Corporate Officers and Parking Enforcement Officers to create City Wardens. The City Wardens will be able to deliver a wider range of advice to citizens and will also reduce the need for separate supervisory arrangements for several teams.

Efficiency Gains will arise in 2007-08 from the integration of Trading standards and Commercial premises inspection teams. Other examples involve the integration of the Private Sector housing unit and Private Sector Rent teams and the Noise Control team with the Neighbourhood Complaints team.

The further development of the Customer Contact centre will achieve efficiency gains as the reporting of housing repairs and environmental services will be handling within this centre. The efficiency will be both cashable as the same volume of enquiries can be handled by fewer front line staff and non-cashable as a better service can be provided through faster allocation of tasks by automation of work scheduling.

37 neighbourhood networks have been created to improve the focus of local service delivery. Working within existing budgets in 2006-07, these local networks have improved the way local services are delivered to meet the needs of local neighbourhoods. We are increasingly bending mainstream budgets through this process.



Douglas Paterson
Chief Executive



Kate Dean
Joint Leader of Council

Appendix 1

ABERDEEN CITY COUNCIL - EFFICIENCY GAINS 2006-07

Procurement

Theme	Description of Efficiency Measure	Cashable	Non-cashable	Impact on service delivery and performance / other information
PR	Reduction in commission rate on new debt collection business – part year saving from January 2007.	£15,000		No impact on service delivery, recurring.
PR	Management of Private Equity within Pension Scheme	£60,000		No impact on service delivery, recurring.
PR	Restructuring of pension scheme Capital International Management Fee base	£13,333		No impact on service delivery, recurring.
PR	Catering – meat purchased from local sources at nationally competitive prices		£-	No impact on service delivery.
PR	Cash in transit – reduction of cash uplifts by free installation of site safes	£37,500		No impact on service delivery, recurring.
PR	Furniture purchases of legally sourced, sustainable timber at competitive cost		£-	No impact on service delivery - £75,134 of improved quality furniture bought at the same cost as those of lower quality.
PR	Purchasing warehouse staff – 3% increased throughput of purchases from additional external business using the same number of staff	£-	£-	No impact on service delivery
PR	Water – use of water meters to reduce consumption	£17,341		No impact on service delivery, recurring
PR	Electricity consumption	£18,276		No impact on service delivery
PR	Renegotiation of mobile phone contracts	£63,000		In addition to saving in monthly line rental costs, free Vodafone to Vodafone calls encourage

				enhanced communication between mobile Council teams and encourage collaborative working between Council teams and partner organisations within the public sector as up to 70% of government mobile connections in Scotland use this free tariff.
PR	Reduction in commission rate on new debt collection business – part year saving from January 2007.	£15,000		No impact on service delivery, recurring.
PR	Improvement to design and delivery of staff development programmes including rigorous tendering	£113,000		No impact on service delivery
TOTAL		£352,450	£-	

Theme:

PR: Procurement; MA: Managing Absence; AM: Asset Management; SS: Shared Services; SB: Streamlining Bureaucracy; O: Other

ABERDEEN CITY COUNCIL - EFFICIENCY GAINS 2006-07

Managing Absence

Theme	Description of Efficiency Measure	Cashable	Non-cashable	Impact on service delivery and performance / other information
MA	Overtime	£1,355,652		Overall corporate saving from modernisation of working practice, changes to staff scheduling and managed reduction in overtime, recurring.
TOTAL		£1,355,652	£-	

Theme:

PR: Procurement; MA: Managing Absence; AM: Asset Management; SS: Shared Services; SB: Streamlining Bureaucracy; O: Other

ABERDEEN CITY COUNCIL - EFFICIENCY GAINS 2006-07

Asset Management

Theme	Description of Efficiency Measure	Cashable	Non-cashable	Impact on service delivery and performance / other information
AM	Reduction in school water bills following installation of urinal controllers	£45,700		No impact on service delivery, recurring.
TOTAL		£45,700	£-	

Theme:

PR: Procurement; MA: Managing Absence; AM: Asset Management; SS: Shared Services; SB: Streamlining Bureaucracy; O: Other

ABERDEEN CITY COUNCIL - EFFICIENCY GAINS 2006-07

Shared Services

Theme	Description of Efficiency Measure	Cashable	Non-cashable	Impact on service delivery and performance / other information
SS	Introduction of Customer Contact centre		£-	Improved customer service at same cost.
SS	Joint Valuation Board – Aberdeen City share	£26,169		Streamlining Administration support – deletion of 4 posts (2.5FTE). Some decrease in performance, mainly due to replacing two experienced members of staff with less experienced staff, recurring.
SS	Strengthening of links between Strategic Leadership & operational services		£23,400	Single point of contact for each Neighbourhood to improve service delivery, recurring.
SS	Restructuring of Civic support for joined up service delivery		£18,122	No impact on service delivery, recurring.
TOTAL		£26,169	£41,522	

Theme:

PR: Procurement; MA: Managing Absence; AM: Asset Management; SS: Shared Services; SB: Streamlining Bureaucracy; O: Other

ABERDEEN CITY COUNCIL - EFFICIENCY GAINS 2006-07

Streamlining Bureaucracy

Theme	Description of Efficiency Measure	Cashable	Non-cashable	Impact on service delivery and performance / other information
SB	Reduction in housing voids	£2,000,000		Improved turnaround time to re-let council houses, recurring.
SB	Reduction in the number of Corporate Directors	£368,000		Adoption of 6 Corporate Director structure compared to previous 10 Directors, recurring.
SB	Reduction in the number of Heads of Service	£325,000		Reduction from 30 to 25, recurring.
SS	Efficiency gains passed on to Voluntary sector	£600,000		Increase in partner funding restricted to below inflation.
SB	Web based recruitment	£6,120		Use of web-based applications for advertised posts, recurring.
SB	The gross cost of administering Benefit cases has fallen from £2,355,876 to £2,229,146 for comparable number of cases handled.	£126,730		No impact on service delivery.
SB	Integration of Neighbourhood Community Action Plans and Community learning and Development Plans		£20,000	Single document reduces printing costs and the multiple production of separate themed plans.
SB	Reorganisation of the delivery of equalities with production of a single plan		£6,000	More focussed service delivery.
SB	Reduced use of external consultants for Community Planning & Regeneration by development of in-house capacity and working with partners		£10,000	No impact on service delivery, recurring.
SB	Introduction of electronic financial ledger	£41,662		Further savings expected in 2007-08

	process into cash collection & services. Reduction of 2 posts.			
SB	Customer Information System - Automation of data access links to Dept for Work and Pensions process by all desktops having access.		£20,812	Quicker turnaround of information for Dept for Work and Pensions assisting in improved benefits processing. Saving will become cashable in 2007-08.
SB	Electronic transfer of data from Dept for Work and Pensions		£9,727	Faster turnaround time leading to improved benefit processing. Saving will become cashable in 2007-08.
SB	Harmonisation of provision of HR Advisory Services for teachers.	£65,279		Slight impact on service to schools as staff become fully familiar with teaching conditions.
SB	Cost of Council Tax collection	£5,776		Reduction in cost of collection for same number of properties.
TOTAL		£3,538,567	£66,539	

Theme:

PR: Procurement; MA: Managing Absence; AM: Asset Management; SS: Shared Services; SB: Streamlining Bureaucracy; O: Other

ABERDEEN CITY COUNCIL - EFFICIENCY GAINS 2006-07

Other

Theme	Description of Efficiency Measure	Cashable	Non-cashable	Impact on service delivery and performance / other information
O	Rescheduling of external debt	£687,044		No impact on service delivery.
O	Council tax collection	£368,978		Improvement in within year collection rate releasing cash interest saving.
O	Electronic payments delivery across payments, rent, Council tax, Business Rates. Reduction in 0.5 post	£9,727		Further savings expected in 2007-08
O	In house training of website contributors	£2,500		No impact on service delivery
TOTAL		£1,068,249	£-	

Theme:

PR: Procurement; MA: Managing Absence; AM: Asset Management; SS: Shared Services; SB: Streamlining Bureaucracy; O: Other