

Aberdeen City Council

Efficiency Gains Achieved in 2007-08

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 2008.

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 is 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 2007-08 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 2007-08 year are summarised in the table below, with details provided in the Appendix:

Theme	Cashable	Non Cashable	Recurring
Procurement	£336,341	£57,600	£167,341
Workforce Planning	£980,000	£-	£980,000
Asset Management	£540,000	£-	£540,000
Shared Services	£57,000	£-	£57,000
Streamlining Bureaucracy	£1,276,669	£-	£1,276,669
Other	£61,102	£159,231	£220,333
Customer First	£-	£31,800	£31,800
Total	£3,251,112	£248,631	£3,273,143

Opening Position

For the 2006-07 financial year Aberdeen City Council reported the efficiency gains achieved in that year as follows.

	Cashable	Non-cashable	Recurring
2006-07 Total	£6.39m	£0.1m	£4.34m

The recurring savings achieved in the 2006-07 year continued to generate savings in the 2007-08 year. This new report for the 2007-08 year identifies the new efficiency savings made which are additional to those £4.34m recurring savings from the 2006-07 year.

The Audit Scotland May 2008 report on the Audit of Best Value and Community planning noted that 'the Council needs to develop a corporate standard for classifying, calculating and monitoring the efficiencies it achieves.' The audit fieldwork took place between November 2006 and January 2007 and progress has been made since then, including the publication of the report on Efficiencies Achieved in the 2006-07 year. The May 2008 report acknowledged the Council's commitment to continuous improvement and achieving efficiencies is a central part of this. All teams and Services of the Council are required to plan how they will achieve efficiency gains, with a target of 2% set for the 2009-10 year.

Key Areas for 2007-08: 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 efficiencies achieved.

Housing Voids

A major efficiency gain achieved in 2007-08 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. This improvement trend continued with 244 void properties at March 2008. The lower number of void properties and improvement to the speed of re-letting properties achieved an efficiency gain of £1.236m of lost rental income obtained compared to the 2006-07 year. This substantial efficiency gain was delivered by the application of a process called Citistat. This uses performance 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.

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 2008-09 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 £4,334.

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 £2.18 for conventional applications sent through the post, resulting in an efficiency gain of £42,102. In 2007-08, some 19,313 applications were received electronically. 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 increased 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.

Verification

The efficiencies identified within this report have been identified by staff from their work. An assessment has been made in the Appendix of the impact on service delivery and performance. This has been based on the observation of the manager or the service, supported by key performance indicator information.

Looking Ahead: Key Areas Targeted for 2008-09

Many of the improvement initiatives carried out will delivery efficiency gains in the 2009-10 financial year. These gains will be quantified in the Council's 2009-10 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, rent arrears, roads and sports.

Conclusion

The Council continued to make progress in implementing efficiency gains in the 2007-08 financial year.



Kate Dean
Joint Council Leader

Kevin Stewart
Joint Council Leader

Robert Coomber
Chief Executive

Appendix 1 ABERDEEN CITY COUNCIL - EFFICIENCY GAINS 2007-08

Procurement

Theme	Description of Efficiency Measure	Cashable	Non-cashable	Impact on service delivery and performance / other information
PR	Management of Private Equity within Pension Scheme	£60,000		No impact on service delivery, recurring.
PR	Reduction in commission rate on new debt collection business.	£60,000		No impact on service delivery, recurring. Introduced from January 2007, recurring.
PR	National CRM (Customer Relationship Management) Project: Procurement savings realised from the shared procurement (through the National CRM Project) of a CRM system. From the model outlined in the original Business Case (produced on behalf of the National CRM Project) the net benefit of working collaboratively was estimated to be £288K for the 5 Local Authorities. Aberdeen City Councils share of this is £57.6K. Additional information provided by the Improvement Service indicated that a cashable saving of £60k was actually realised per authority by engaging in a joint procurement exercise. The Business Case also identified that further benefit could be realised through unit cost reductions brought about through buying power. The Improvement Service	£60,000	£57,600	The efficiencies indicated are those calculated based on information received from the Improvement Service. These gains are non-recurring. The first release of the system was implemented in April 2008, the operational efficiencies will therefore be reported next year (08/09).

	has advised that 46% was saved on license fees (information validated against people who have done their own thing). Aberdeen City Council's fee was £125K. Therefore a saving of £106K was realised. In addition a saving of 5% was negotiated on the Support & Maintenance costs. This was a reduction from 23% to 18%. Go-live was at the beginning of April 2008 and therefore this will be reported in the 2008-09 year. Finally a saving of £150 per day on the day rates was negotiated. Aberdeen City Council purchased 20 days for Release 1a. This was therefore a saving of £3K.	£106,000 £3,000		
PR	Reduction in Commission Rate in Sheriff Officer Fees	£43,007		No impact on Service Delivery. Reduction in commission rate following tender for Debt Collection Services, recurring.
PR	Continued use of framework agreement for professional transportation and environmental services, joint procurement with Aberdeenshire and NESTRANS		£-	Continued efficiency in engagement of specialist resource without individual project tender procedures required as framework was tendered on quality and price and is monitored by a joint management group.
PR	Share of efficiency gains made by Grampian Valuation Joint Board	£4,334		Aberdeen City Council share of efficiency gains made from renegotiation of insurance contract, Kardex contract and lease for office space. No impact on service delivery, recurring.
TOTAL		£336,341	£57,600	

Theme:

PR: Procurement; WP: Workforce Planning; AM: Asset Management; SS: Shared Services; SB: Streamlining Bureaucracy;
O: Other; CF: Customer First

ABERDEEN CITY COUNCIL - EFFICIENCY GAINS 2007-08

Workforce Planning

Theme	Description of Efficiency Measure	Cashable	Non-cashable	Impact on service delivery and performance / other information
WP	Cash Office Restructure	£80,000		Merger of two cash offices. Reductions in number of posts required, recurring.
WP	Building Services Overtime – implementation of the Craft Workers Agreement reduced the need for out of hours overtime payments.	£871,000		Service delivery is unaffected. The majority of overtime is now for emergency call outs outwith core working hours, recurring.
WP	Restructuring of Application Support Team within Planning & Infrastructure, aligning more closely to Development Management and building Standards, dis-establishment of one post	£29,000		Ongoing – agreed changes now need to be implemented, recurring.
WP	Introduction of Trainee posts as part of Planning and Infrastructure restructuring	£-	£-	Development management trainees carry large case loads on trainee salary grades. Addresses skills shortage but imposes mentoring/supervision/support burden on experienced staff. No guarantee trainees will stay.
WP	Internet Wireless project	£-	£-	Increased flexibility and productivity for staff working across multiple locations providing the

				ability to access data via mobile devices while away from their desks.
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TOTAL		£980,000	£-	
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ABERDEEN CITY COUNCIL - EFFICIENCY GAINS 2007-08

Asset Management

Theme	Description of Efficiency Measure	Cashable	Non-cashable	Impact on service delivery and performance / other information
AM	School & Social Work transport service – review of the transport arrangements for 2,000 children, making recommendations to move clients to lower cost means of transport appropriate to their needs. The decision making process was also refined so that Heads of Service decide the transport provision for children based on the cost and needs of each child.	£500,000		No impact on service delivery & the efficiency is recurring. Further efficiency gains of around £200,000 are expected from the further roll out of this improvement to the transport of Adult & Social Care clients. Recurring.
AM	Replacement of street lighting with more energy efficient lighting units.	£40,000		Improvement made as new lights set up in previously unlit roads. Saving achieved despite being partly offset by additional lighting units on new development sites. The average consumption per light was 516.9 unit, compared to 561.4 in the 2005-06 year. The savings have

				been achieved despite the increase in wholesale energy cost. Recurring.
TOTAL		£540,000	£-	

Theme:

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ABERDEEN CITY COUNCIL - EFFICIENCY GAINS 2007-08

Shared Services

Theme	Description of Efficiency Measure	Cashable	Non-cashable	Impact on service delivery and performance / other information
SS	Sharing of responses to consultation papers on proposed changes under the Planning, etc. Act 2006 with Aberdeenshire so that we are not starting from scratch when we come to identify issues and responses. This has enabled us to cover more work on Planning Modernisation than would otherwise have been achievable.	£-	£-	Enables preparation for implementation of new planning legislation to be more thorough than would otherwise be possible, reducing potential for failure costs in due course.
SS	Introduction of planning gain service - joint working with Aberdeenshire	£-	£-	Capturing the value of development sites for the public benefit. Supports case officers, applicants have clear contact point. Assists with probity issues

SS	The Regional Communications Centre engaged in a new contract with Highland Council to provide increased Community Alarm Services. This resulted in an increased income for the Centre, which has subsequently been identified as a recurring saving as no additional staff have been required to provide the additional service.	£57,000		The full year recurring saving will be in the region of £80K. Recurring.
SS	Joint Occupational Health Contract	£-	£-	This is a joint project between Aberdeen City, Aberdeenshire and The Moray Council to procure a common Occupational Health provider. Savings made in procurement process as it is one process as opposed to three (all Councils co-ordinated the ending of current contracts). Associated savings in the delivery of a service still to be determined (contract commencement 1 October 2008)

TOTAL		£57,000	£-	
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ABERDEEN CITY COUNCIL - EFFICIENCY GAINS 2007-08

Streamlining Bureaucracy

Theme	Description of Efficiency Measure	Cashable	Non-cashable	Impact on service delivery and performance / other information
SB	Reduction in Housing Voids	£1,236,176		Improved availability of housing as the rent loss from voids was reduced from 3.39% in 2006-07 to 1.39% in 2007-08, recurring.
SB	Reduction in photocopying costs by promotion of double sided copying not unnecessarily using colour copying.	£11,843		No impact on service delivery. Reduction in photocopying & printing budget e.g within Economic & Environmental Sustainability team from £7,163 in 2007-08 from £19,006 in 2006-07, recurring.
SB	Revised /extended scheme of delegation	£-	£-	Planning Committee can concentrate on

				major public interest items. Assists in preparation of statutory performance indicators and speeds processing of certain applications. Assists service delivery when we cannot attract/recruit mainstream, experienced case officers
SB	Ongoing development of the planning and building control application processing system including batch responses to letters of objection. Generation of press and site notice advertisements. Direct input into the planning and building control application processing system of some internal consultee responses. E-mail consultation in the process of being set up.	£-	£-	Freeing staff time to assist in reducing staffing level in Application Support Team and to prepare for implementation of the 2006 Act. The employment of a Systems Administrator (shared with Environmental Health/Trading Standards) has allowed us to develop the system and plan for the implementation of the 2006 Act
SB	Changing venue for Induction for New Managers	£4,000		No impact on service delivery, recurring
SB	Finding alternative provider for analytical skills 'Outside the Box'	£8,500		No impact on service delivery, recurring
SB	Moving Know your Rights to e-learning	£1,200		No impact on service delivery, recurring
SB	Moving Access to Information to e-learning	£3,000		No impact on service delivery, recurring
SB	Using in-house coaches for Institute of Customer Service training as compared to external coaches	£10,000		No impact on service delivery, recurring
SB	Taking delivery of Be Assertive workshop back in-house	£1,950		No impact on service delivery, recurring

SB	Savings to be achieved by the delivery of the revised terms and conditions of service arising from implementation of the Equal Pay and Modernisation programme. Savings will be realised once implemented.	£-	£-	Year 1 estimated saving – approx £500,000 Year 2 estimated saving – approx £2,000,000 Year 3 estimated saving – approx £2,000,000 Year 4 (and beyond) estimated savings £4,000,000
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TOTAL		£1,276,669	£-	
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ABERDEEN CITY COUNCIL - EFFICIENCY GAINS 2007-08

Other

Theme	Description of Efficiency Measure	Cashable	Non-cashable	Impact on service delivery and performance / other information
O	Cost of Benefit Processing		£114,344	No impact on service delivery. Output performance was improved due to automation of Terminal Operator, Electronic Transfer of Data from Department of Work and Pensions and the streamlining of other Benefit Processes. No reduction in staffing but improved performance at a lower cost, recurring.
O	Cost of Council Tax Collection		£34,813	No impact on service delivery. Output performance was improved (Council Tax

				Collection Rate) whilst at a lower cost, recurring.
O	Jobs applications via the Council Website	£42,102		When we launched Jobs online in August 2004, the savings per application received online were measured at £2.18. In the year 1 April 2007 to 31 March 2008 we received 19,313 applications which would equate to £42,102 (ignoring inflation in the intervening period), recurring.
O	Planning officers to check validity of non householder applications before they are registered (from 16 June 2008)	£-	£-	Improve customer service – reduce multiple requests for information/changes. This will improve the efficiency of the planning process and improve the Councils Statutory Performance Indicators.
O	Increased use of Electronic Payment delivery across Council Payments, Rent, Council Tax, Business Rates, etc.	£19,000		Reduction in cash/payment handling - equivalent to 1 post, recurring.
O	Cost of Non Domestic Rates Collection		£10,074	No impact on service delivery. Output performance was improved whilst at a lower cost, recurring.
TOTAL		£61,102	£159,231	

Theme:

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ABERDEEN CITY COUNCIL - EFFICIENCY GAINS 2007-08

Customer First

Theme	Description of Efficiency Measure	Cashable	Non-cashable	Impact on service delivery and performance / other information
CF	Delivery of 'Achieving Efficiencies' and 'Momentum Programme'	£-	£-	Anecdotal evidence of more efficient practices being adopted by individual participants due to these programmes being delivered.
CF	Increased use of the Corporate Contact Centre. Roads & Street Lighting calls were introduced into the Contact Centre during 2007. As a result non-cashable savings	£-	£11,540 ¹ £20,260 ²	In addition to the non cashing savings the performance has also improved. Prior to the calls being introduced to the Contact Centre only 58.9% of calls were answered. Since

	were realised in both the Service Area ¹ and the Contact Centre ² .			introducing the calls into the centre over the same period 92.5% of calls were answered. Therefore in addition to the saving in staff costs, a higher standard of customer service has been delivered, recurring.
CF	E- planning online viewing of applications Submission of applications online	£-	£-	Intention to go live early 2009. Better availability of information to public. Plans available for inspection at any time
TOTAL		£-	£31,800	

Theme:

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