

REPORT ON ANNUAL EFFICIENCY STATEMENT 2008/09

1 PURPOSE OF REPORT

As Part of the 2007 spending review, The Scottish Government re-affirmed its commitment to the efficient government agenda and required the public sector to meet in year efficiency targets of 2%, 4%, and 6% for each of the three years of the Spending Review 2008/09 to 2010/11. The purpose of the report is make members aware that the Board has submitted its first Annual Efficiency Statement to COSLA under the banner of Efficient Government Reporting. The Efficiency Statement relates to the 2008/2009 year.

2 BACKGROUND

During 2005 the Improvement Service, an arm of Scottish Government, commissioned research, supported by both COSLA and SOLACE, into the annual efficiencies achieved by Scottish local authorities.

The agreed outcome was that there would be merit in the production of annual efficiency statements by local authorities. These would be developed using common templates and a set of measures as the basis for monitoring efficiency improvements in future years. From these measures each Council would be free to select those indicators that it felt it was relevant to report on in any given year. The key objectives of the Statements would be the production of Statements in a transparent and consistent manner, increased accountability arrangements locally and nationally, and an increased opportunity for sharing best practice.

Consequently councils have supplied Efficiency Statements for the years 2006/2007 and 2007/2008, with the 2008/2009 Statement due to be supplied in August 2009.

3 EFFICIENCY REPORTING

"Efficiency" in the context of "efficient government" can be defined as an improvement in the productivity of resources used to deliver services where the same or a higher level of output is achieved on a lower input or, a higher level of output is achieved on the same input. A reduction in service delivery, or service quality, or budget cuts are not part of the "efficiency gain".

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4 **LOTHIAN VALUATION JOINT BOARD**

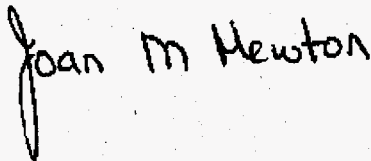
In a COSLA circular, "Efficient Government Reporting/Framework for Local Authorities in Scotland", dated June 2009 under the heading of Future Developments, it was recognised that Joint Boards, - Police, Fire and Valuation, account for a significant part of local authority expenditure. Consequently efficiencies gained through 2008/2009 should be reported as part of Efficient Government Reporting. While both the Police and Fire services have different reporting mechanisms, COSLA suggested that for Valuation Boards the reporting be undertaken through the relevant lead authority where a separate statement shall be provided covering the Board, as part of that Council's report.

At the formation of the Lothian Valuation Joint Board a "lead authority" model was not adopted. However as City of Edinburgh Council provides key financial services to the Board it has been agreed that Edinburgh Council shall be the vehicle for provision of the Board's Efficiency Statement.

As a consequence information has been provided to City of Edinburgh Council on past efficiency activities and resulting gains, specific efficiencies during 2008/2009, service performance, and areas targeted for gains in future years.

5 **RECOMMENDATION**

The Board is asked to note the content of this report and the attached copy of the Annual Efficiency Statement 2008/2009 submitted to COSLA.



Joan M Hewton
ASSESSOR

7 September 2009



EFFICIENT GOVERNMENT REPORTING

**ANNUAL EFFICIENCY
STATEMENT
2008/2009**

July 2009

EFFICIENT GOVERNMENT REPORTING

ANNUAL EFFICIENCY STATEMENT 2008/2009

1 INTRODUCTION

The Lothian Valuation Joint Board provides local taxation and electoral registration services to The City of Edinburgh, West Lothian, Midlothian and East Lothian Councils.

The Joint Board is responsible for the compilation and maintenance of the Valuation Roll and Council Tax List upon which non-domestic rates are based and Council Tax banding payments are made.

The Electoral Register is also compiled and maintained, and provides a list of all those persons residing in the council areas that are eligible to vote in all or specific elections.

All three services are statutorily defined and subject to legal prescription and timetable.

2 OVERVIEW OF SUBMISSION

This is the first year that the Lothian Valuation Joint Board has been requested to provide an Efficiency Statement.

As a result the submission is of a general nature and is split into two parts. Firstly there is a reflection on efficiencies achieved in previous years. This is centred on the Best Value Organisational Review carried out between 2001 and 2004 and from which further efficiencies can be seen to flow. The second element of the report identifies areas for possible future efficiency gains.

3 MONITORING AND DEVELOPMENT OF EFFICIENCIES

Since 2001/2002 the Board has demonstrated its ability to absorb additional cost beyond the allowable growth of 0.83%.

The average percentage increase for unavoidable growth between 2000/20001 and 2008/2009 has been 3.47%. In the same timeframe the average net growth in budget allocation has been 0.83%. This gives an average efficiency gain of 2.64% per annum during this period.

The principal catalyst to achieving these efficiencies commenced when the Board committed to a Best Value Organisational Review (BVOR) during 2001. The main thrust was an investigation into staffing levels and staff structures, immediately followed by a review of internal processes and procedures with a strong emphasis on the greater use and integration of ICT opportunities.

3.1 BVOR

A consultant's report was presented to the Joint Board in June 2001 that outlined findings to support an organisational restructuring. In October of the same year, based on that report, the Assessor presented a report on an agreed staffing level and associated staff structure.

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3.1/ The move towards the new structure was to be incremental with a final date of implementation as 1 April 2004.

The BVOR indicated a staff reduction of 29 posts, 20% of staffing levels at that time, with a new staff level of 130.

A final report to the Board and full implementation of the new structure took place during 2004/2005.

During this process however further opportunities and efficiencies were acknowledged such that by 2006/7 staffing levels had reduced to 116.19 FTE's.

This additional reduction in staffing level was not reflected in a further organisational restructuring and the difference in the stated 130 staff structure and actual level can be regarded as an ongoing unfunded vacancy level and efficiency gain.

The original estimates in terms of staff cost savings arising from the BVOR were in the region of £475,000. By the end of 2005/6 a total of £984,475 was highlighted as having been saved. This required to be off set by increasing employer's pension liabilities that gave a resultant net saving of £606,355.

Since 2006/7 pension liabilities have reduced annually, with further savings of £54,279 being achieved, £23,890 of this in 2008/9.

3.2 Staff Levels

There has been no significant reduction in staffing levels in recent years. However the Board and senior management has a very positive attitude towards the ethos of work/life balance and wherever possible approve applications from staff.

This is reflected in the current staffing level of 115 FTE's. The total number of people employed is 127 with 33 on part time/reduced hours and 19 on compressed working.

In comparison to the agreed staff structure level of 130 posts the current efficiency level of 15 posts provides savings at 2008/9 levels of pay, and an average salary of £27,162, of £407,430.

3.3 Information Communication Technology ICT

Given the substantial reduction in staffing level the BVOR very quickly established the need to review and replace wherever possible labour intensive processes with efficient ICT based approaches.

An earlier initiative to promote multi-tasking administrative posts had already given dividends by reducing overtime requirements by £152,250 between 2000 and 2002. The greater introduction of ICT in this area provided further savings of £78,000 during 2002/3.

Elements of the Boards work are cyclical, for example the quinquennial revaluation of all subjects on the Valuation Roll.

To deal with such substantial spikes in workload it was normal to seek extra funding to ensure this statutory requirement was fulfilled. During 2004/5, one year before the 2005 Revaluation, an additional one-year sum of £50,000 was required.

During/...

3.3/ During 2008/9, as a result of review and development of ICT, no request for additional monies has been made for the 2010 Revaluation.

Primarily as a result of the greater introduction of ICT within the entire organisation, coupled with procedural reviews, the Board has at present its lowest level of budgeted overtime. The 2008/9 actual spend being £3,865. This is primarily required to deal with immediate electoral registration requirements surrounding notified elections, and other work required to be undertaken out with normal hours, for example door to door canvass, system maintenance etc.

3.4 Absence Management

The Board has for some time operated a Sickness Absence Policy. Its aim is to reduce the extent of short term unrelated absence while at the same time encouraging a positive return to work in cases of medium and long term serious absence.

During 2003/4 the number of days lost to sickness numbered 1,832, approximately 6% of the total working days available to the Board. Through a process of policy review, this level fell to its lowest level of 797 days in 2006/7, approximately 3% of total available days.

Since then there has been an increase in days lost with 2008/9 at a level of 1154.5 days lost, approximately 4.4% of available days.

It should be noted that given the size of the Board a single instance of long-term absence could have a major impact on statistical analysis.

Last year was the first that figures were available through the budget process that reflected absence levels.

As indicated above 1154.5 days were lost to absence, this equates to £120,987 from actual basic pay and is 3.68% of total actual basic pay expended during 2008/9.

3.5 Accommodation

Until December 2006 the Board was in occupation of office space within Chesser House, Edinburgh. This was a 1960's multi-storey office block the majority of which was tenanted by The City of Edinburgh Council. The Board was effectively a sub-tenant of Edinburgh Council.

During 2005/6 issues arose surrounding the increasing costs associated with our occupation, primarily relating to repairs, and secondly an investigation revealed that our sub-tenancy had been established at local government organisation on the weakest of terms. The Board was in occupation on a year to year basis with a 40-day notice to quit by either party.

Following lengthy discussions with City of Edinburgh Council and detailed discussions on the costs that would have to be borne in the event our sub-tenancy was put on a proper more secure footing, it was agreed that the Board should seek alternative premises.

The cost of remaining at Chesser House was reported to the Board in September 2006 as £737,200 per annum.

Following/....

3.5/ Following our move to new premises at South Gyle, Edinburgh the first full years' cost of occupation was £665,253 with 2008/9 increasing slightly to £678,543.

As set against the cost to remain at Chesser House, an efficiency gain has been achieved and for 2008/9 amounted to £58,657.

3.6 Procurement

The Board has for many years through Central Support agreements with City of Edinburgh Council attached itself to the procurement facilities and procedures used by City of Edinburgh.

Any gains achieved by changes to procurement procedures and protocols deployed by Edinburgh Council shall have provided gains to the Board also. A quantification of this however at this time is not possible.

3.7 Asset Management

The Board maintains an asset register, the outcome of which is recorded in its annual accounts.

The entries relate to items deemed capital expenditure and to date cover such purchases as ICT equipment, furniture, etc.

The Board undertakes expenditure entirely within the scope of a Revenue Budget and does not have a Capital Budget allocation.

3.8 Performance

Given the potential impact of the BVOR, emphasis has been in recent years on maintaining and improving performance.

The greater introduction of ICT within the key processes of the organisation has not only supported the new staff structure and level but also been a catalyst to seek improved performance.

The Board has for a number of years reported Key Performance Indicator information on the principal Valuation Roll and Council Tax activities to the Scottish Government.

This performance is summarised below.

Valuation Roll

Year	Number of Amendments	Percentage of Amendments within 3 months	Percentage of Amendments within 6 months	Percentage of Amendments more than 6 months
2005/06	3,628	64	19.4	16.6
2006/07	3,314	74.9	13.9	11.2
2007/08	4,206	83.26	11.63	5.11
2008/09	4,258	80.77	11.53	7.7

Council Tax/...

Council Tax

Year	Number of Inserts to Council Tax List	Percentage of Inserts within 3 months	Percentage of Inserts within 6 months	Percentage of inserts more than 6 months
2005/06	4,288	81.2	12.4	6.4
2006/07	5,515	84.8	11.3	3.9
2007/08	5,323	93.2	5.2	1.6
2008/09	4,345	94.13	4.53	1.33

The criteria used is the time taken from the date works are complete or property occupied, to make the necessary amendments reflecting these changes in the Valuation Roll or Council Tax List.

It can be seen that on both counts performance has improved considerably and that budget efficiencies have not had a detrimental effect.

The Valuation Roll KPI 2008/9 target for 0.3 months does show a slight drop from the previous year, however this was as a result of diverting resources to deal with outstanding 2005 Revaluation appeals and commencing preparation for the 2010 revaluation.

The Electoral Commission has recently produced a series of Performance Standards against which all Electoral Registration Officers are required to measure themselves.

The first self-assessment submission against these standards was made during 2008/9 and it can be reported, following production of evidence and subsequent validation by the Commission, that in all cases the Boards performance either met or exceeded the required standard.

4 SUMMARISED EFFICIENCY GAINS, 2008/2009

4.1 Staffing

There is an ongoing saving arising from the non-funding of vacancies amounting to £407,430 at current prices.

During 2008/9 there was a reduction in employer's pension liabilities, arising directly from an earlier Best Value Review, amounting to £23,890.

Increasing application of ICT within the organisation has led to the reduction in overtime requirement. This is reflected in the removal of a standing request for additional overtime in the year before a Revaluation.

Based on the 2004/2005 budget request, this has created a saving in 2008/2009 of £50,000.

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4.2 Accommodation

As a result of the Boards approach of seeking modern accommodation on secure tenancy a saving of £58,657 has been made in 2008/2009 in comparison to the cost that would have been payable at the Boards previous address.

5 VERIFICATION OF EFFICIENCY GAINS/QUALITY CROSS-CHECKS

The vast majority of the information contained within this report has been drawn from either specific reports by the Assessor/ERO to the Joint Board or Revenue Budget Reports placed before the Board by the Treasurer.

Key performance information has also been provided to give the necessary quality cross check information to indicate that efficiency gains have not been at the expense of performance and service delivery.

6 PRIORITY AREAS TARGETED FOR 2009/2010 AND FUTURE YEARS

6.1 Staffing

Staffing levels shall continue to be monitored. Any arising vacancies shall be reviewed on an efficiency/need basis. Overtime requirements shall be reviewed with the aim of making further reductions.

6.2 ICT/Back Office Systems and Processing

The process of improving existing processes shall continue. During 2009/2010 changes to the methods of gathering property information shall be reviewed. One of the expectations from this is a reduction in the costs associated with staff travel and subsistence.

6.3 Absence Management

A review of the existing approach to Absence Management is already underway. The provision of budget information directly associated with absence shall be used to generate efficiencies where possible.

6.4 Accommodation

Now that greater control lies with the Board as regards accommodation costs and clarity is available over detailed accommodation expenditure it is intended to review all contracts, maintenance agreements and general areas of expenditure in order to seek efficiencies.

7 CONCLUSIONS

As this the first Efficiency Statement provided by the Board it is acknowledged that a degree of latitude has been taken in order to provide the historical background that surrounds the Board and its most recent changes.

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7/ As can be seen these changes have given rise to substantial financial benefits.

In addition some difficulty was encountered to provide the information in the format and under the terminology that the framework indicates.

Clearly a strategy towards annual efficiency gains is a requirement and this shall be prioritised during 2009/2010.

The Joint Board however is a small organisation and provides a range of services that are statutorily defined. The failure to provide any of these services could lead to prosecution.

It is within this framework that efficiency gains are sought but a cost effective service delivery is the paramount priority.