

CONFIRMATION OF EFFICIENCIES DELIVERED IN 2012-13

1	Organisation Name	Scottish Government
2	Responsible Person	Director-General Governance & Communities
3	Total cash efficiency achieved	£80.5m
4	Efficiency achieved as percentage of 2011-12 DEL baseline	4.2%
5	<p>Summary of efficiency activity e.g.</p> <ul style="list-style-type: none"> • the main initiatives the organisation has taken over the year to ensure a strategic approach to increased efficiency and productivity and the improvements achieved in these areas. • the main information that the organisation uses to assess productivity, service quality and performance and how the scope, usefulness or reliability has been improved during the year. • specific steps the organisation has taken during the year to improve collaboration and joint working to deliver efficient and user-focussed services and the improvements achieved. 	<p>Scottish Government continues to focus its work around delivering the outcomes and objectives set by Scottish Ministers on behalf of the people of Scotland. These outcomes and objectives are set out in the Programme for Government, the Government Economic Strategy and the Scotland Performs framework.</p> <p>Scottish Government has sought to deliver maximum value for public money by releasing resources through efficiency savings, building on significant efficiencies already achieved in procurement, facilities, travel and other operational costs, and by effectively managing public sector pay. As an organisation we aim to deliver efficiencies of 3% per annum, in line with Ministers' expectations.</p> <p>At the same time we seek to promote the efficient and effective use of public money across public services in Scotland through our ambitious programme of public service reform. This includes supporting a decisive shift towards preventative interventions (in order to manage future demand); action to improve energy efficiency and reduce carbon emissions; the further development of shared services, and maximising the opportunities presented by digital technology. These actions are delivering cost savings not just for core Scottish Government but across public services in Scotland, as well ensuring that services are more responsive to people's needs and deliver better outcomes.</p> <p>Scotland Performs is a single framework to which all public services in Scotland are aligned, focused on outcomes and providing a strategic direction for policy making in the public sector. The sustained real terms cuts that are being made to the Scottish Government's budget require a continued emphasis on efficiency and, where appropriate, reform to ensure that the outcomes in Scotland Performs continue to be delivered and our public services are high quality, continually improving, efficient and responsive to local people's needs.</p> <p>The Scottish Government expects every public body to deliver efficiency savings of at least 3% per annum during the course of the current Spending Review (2011-12 to 2014-15) and to report publicly on the actions undertaken and the results achieved. This same expectation is placed upon the core Scottish Government budget with a view to reducing the overall administration costs by 20% by 2015 while continuing to deliver a high quality service for the</p>

CONFIRMATION OF EFFICIENCIES DELIVERED IN 2012-13

	<p>people of Scotland and being recognised as an outstanding employer.</p> <p>The Scottish Government is committed to investing in its people, ensuring everyone has access to learning and development opportunities that will enable us to achieve our organisational objectives.</p> <p>The Scottish Government was the first entire government department to gain recognition as an Investor in People - in 1997 as the Scottish Office. In 2013, the Scottish Government became the first central UK Civil Service organisation to be recognised by Investors in People with a Gold Award, only 3.2% of UK IiP accredited businesses achieve this level.</p> <p>The Scottish Government also holds a Healthy Working Lives Gold Award, presented by the Scottish Centre for Healthy Working Lives - part of NHS Scotland. The Award Programme covers a range of issues around wellbeing in its widest sense, including health policies, employability, the environment and volunteering.</p> <p>In 2012-13, the core Scottish Government DEL budget was reduced by 6.7% with business performance maintained as measured against a range of corporate indicators including the delivery of Ministers' legislative programme, maintaining rates of response to ministerial correspondence, parliamentary questions and freedom of information requests, and the prompt payment of invoices.</p> <p>Maintaining business standards while continuing to invest in its staff is likely to have involved the organisation delivering additional efficiencies over and above those identified through this reporting process. This report highlights some of the main efficiencies that have been delivered.</p> <p>From small scale changes in behaviour to multi-million pound procurement contracts, the magnitude of the resource reductions facing the public sector in Scotland has required individual portfolio areas to take wide ranging and creative approaches to delivering efficiencies. A number of examples of such approaches are set out below:</p> <p><u>Procurement</u> – procurement of goods and services accounts for around a third of Scottish public expenditure and has been a key area of efficiency over the last few years.</p> <p>In 2012-13, procurement efficiencies delivered through core Scottish Government expenditure and programmes accounted for £57m. For the purposes of this report, we have ignored recurring savings through previous multi-year procurement contracts and in that respect are likely to have under-estimated the extent of aggregate procurement savings delivered in the reporting year. Savings include:</p>
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- Controlling the costs of generic prescription drugs through the operation of the Scottish Tariff saved £5.9m
- Greater utilisation of central procurement expertise helped to deliver significant procurement savings including £2.3m from the Energy Assistance Programme, £1m from the Bull Stud Modernisation Project and £2.1m saved on Telecoms Voice Services from a project initiated on behalf of NHSScotland.

Asset Management – Scottish Government continues to benefit from the legacy of historical asset management decisions, such as the decommissioning of a vessel by Marine Scotland and better management of the Scottish Government estate identified in the 2011-12 return, but have also delivered £1.4m additional savings in 2012-13 through:

- The decision to transfer the responsibilities of two external delivery bodies into SG core activity in relation to the management of the European Structural Funds has delivered an annual saving in staff costs of £1.2m. In addition, the move has delivered a non-monetised efficiency in terms of improved outcomes through increased control over the external delivery of the Structural Fund programmes .
- Despite an increasing underlying cost profile, the Information Services and Information Systems Division has managed to offset these costs by consolidating the number of physical servers supported, reducing the number of licenses and the number of assets on maintenance contracts.

Shared Services – utilisation of shared services has delivered £3.2m in efficiency savings primarily through reduced duplication and the ability to spread fixed costs more widely.

- The launch of the new Resource Efficient Scotland programme on 1 April 2013 integrated business and public sector services delivered previously through Carbon Trust, Energy Saving Trust and Zero Waste Scotland into one streamlined programme of activity. This resulted in annual administration efficiency savings of £1.47m compared to the three programmes it replaced.
- A shared service agreement between Marine Scotland and the Marine Management Agreement for the provision of aerial surveillance capability has delivered £510,000 of savings through sharing of

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		<p>the fixed management charge and a service charge paid to Marine Scotland to reflect the capital costs of the aircraft (owned by Scottish Ministers)</p> <p><u>Administrative costs</u> – The Scottish Government continues to ensure that the organisation offers maximum value for public money by releasing resources through efficiency savings, building on significant efficiencies already achieved in procurement, facilities, and other operations costs, and through:</p> <ul style="list-style-type: none">• Very firm control of public-sector pay, including a pay freeze for all staff earning more than £21,000, with resources targeted at sustaining services and jobs; and• A 9% reduction in permanent staff through voluntary or planned exits, since March 2011, while reintroducing promotion and development opportunities, saving £9.9m in 2012-13. <p><u>Other</u> – a range of corporate changes throughout the year have delivered £14.9m in savings not separately classified under the definitions presented above. These include:</p> <ul style="list-style-type: none">• Leveraging additional funds totalling £6.4m into the Inspiring Scotland Fund to support 21 ventures to help young people make successful transitions from school into learning, training or work.• The Scottish Tribunals Service has reduced operational costs by 3.5% through the Continuous Improvement programme which has streamlined processes across the jurisdictions while improving the production of tribunal hearings.• Using an innovative approach to financing affordable housing through the National Housing Trust, delivered savings of £1.4m over and above those identified in previous years. <p>Scottish Government-led actions to deliver savings in the public sector (N.B. <u>not included in the savings total.</u>)</p> <p><u>Scottish Government provides a range of shared corporate services to many of its arms length public bodies, for example:</u></p> <ul style="list-style-type: none">• Scottish Government Finance and Internal Audit provides Internal Audit assurance to 15 public bodies and SEAS our accounts and payments system, is provided to 30 public bodies;• The Scottish Government's Human Resources and Organisational Development Directorate provides a range of HR and payroll services to 33 public bodies;• Scottish Government ISIS currently provides SCOTS, SCOTS Lite and other shared services to 64 public bodies; and
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		<ul style="list-style-type: none"> Scottish Government Legal Division provides legal services for 4 public bodies.
6	How have savings been applied?	<p>The actions outlined above have delivered a mixture of cash releasing and time releasing savings, as well as improving delivery.</p> <p>The savings have been deployed to support a focus on the National Outcomes as well as to mitigate the impact of cost pressures on public services.</p> <p>Our priorities have been to protect investment in frontline services (including in the NHS, frontline police officers and teachers); accelerate economic recovery by boosting capital investment; to protect households (by providing a Social Wage including measures such as the freeze in the Council Tax, free eye tests and prescription charges and concessionary travel) and improving our environment.</p>
7	Breakdown of efficiency saving [by Procurement, Shared Services or Asset Management]	Procurement = £51.1m
		Shared Services = £3.2m
		Asset Management = £1.4m
		Administrative Costs = £9.9m
		Other = £14.9m
8	Evidence: What performance measures and/or quality indicators are used to ensure that efficiencies were achieved without any detriment to services?	<p>The Efficient Government approach demands that any efficiencies are delivered without detriment to the quality of services. Progress against the Scottish Government's Business Strategy is monitored regularly, to assess the impact of our collective actions, against 12 success criteria. Out of the 12 success criteria, there are specific outcome measures which assess productivity, service quality and performance:</p> <ul style="list-style-type: none"> SC6. We have a flexible and responsive structure, are able to move staffing resources quickly to provide opportunities for staff to gain wider experience. We have excellent systems for strategic workforce planning. SC9. We are a leaner, fitter organisation well skilled in securing value for money and consistently effective at securing positive outcomes from partnership working at all levels. SC10. We have excellent relationships with our partner organisations with clear expectations and performance management underpinned by a climate of trust and respect.

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		<ul style="list-style-type: none">• SC11. The Scottish Government is an organisation that is well regarded by Ministers, stakeholders, partners and our staff - and ultimately by the people of Scotland. <p>Performance against the above success criteria are reported quarterly to the 3 Corporate Boards (Resources, People and Improvement) and Strategic Board through the Business Strategy Progress Report.</p> <p>Performance standards across the government's corporate functions have been maintained, including the delivery of Ministers' legislative programme, rates of response to ministerial correspondence, parliamentary questions and freedom of information requests, and prompt payment of invoices. Performance is discussed quarterly by the Strategic Board and actions taken to improve service quality and performance.</p>
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I confirm that the efficiencies delivered for the year 2012-13 are as detailed in the above table and I am satisfied that the efficiencies identified fall within the published definition.



Signed

..... **(Accountable Officer)**

Barbara Allison, Acting Director-General Governance & Communities

Date ...28/02/2014.....