

Building a Better Scotland

Efficient Government – Securing Efficiency, Effectiveness and Productivity >>



Growing The Economy • Excellent Public Services • Stronger, Safer Communities • A Confident, Democratic Scotland



SCOTTISH EXECUTIVE

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Efficient Government – Securing Efficiency, Effectiveness and Productivity >>



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MINISTERIAL FOREWORD

By Minister for Finance and Public Service Reform

Since 1999, there has been an unprecedented growth in resources for public services. Investment that is delivering more teachers, police officers and nurses at the frontline, and developing the infrastructure we need to grow our economy. Investment that tackles the damage caused by years of under – investment and neglect.

Our devolved Scottish government is committed to excellent public services, designed and delivered to make sure that the interests of those who use them come first. Reform and modernisation are central to realising this ambition.

In June, we launched our Efficient Government initiative - a central component of that reform agenda. It is a 5 year programme, to attack waste, bureaucracy and duplication in Scotland's public sector. A programme that aims to establish Scotland as a leader in efficiency, innovation and productivity in public services. We want nothing less than excellent public services with greater user choice.

We have already secured greater efficiency in public spending over the last five years – reducing the Executive's share of expenditure on administration costs, and in eProcurement Scotl@nd, we have one of the most innovative projects in Europe. But we know there is more we must do.

In June we set an initial target for the Spending Review process to secure £500 million in cash releasing efficiency savings by 2007-08, rising to £1 billion by 2010. As a result of work since June we now know we are able to go further than that initial target, and now have plans which by 2007-08 will secure **£745 million** of annual cash savings, year on year. Over the 3 years of the Spending Review, a total of **£1732 million** (cumulative aggregate cash releasing savings) will be released for investment in improving our public services.

These year on year savings release resources that will be moved to the people and places that matter and will deliver real benefits to the public. As a result of these efficiency improvements, and the extra investment in the Spending Review, frontline public services will grow by more than 5% a year.

And the work we have done has persuaded me that we can be even more ambitious. We are able to deliver more cash savings through applying best practice in asset management, in reducing sickness absence, and through sharing support services between public bodies. Ending duplication, bureaucracy and waste. Our work has indicated that we can go further and we believe we can achieve up to **£900 million** of cash efficiencies by 2007-08, but it is important that this process is robust. We will not confirm these figures until we have completed a thorough portfolio by portfolio and department by department examination.

We will also improve the productivity of the public sector to secure time – releasing savings, through improvements in technology, workforce reform, and removing boundaries which get in the way of delivering excellent services to the public. We have already identified 5 key areas for specific reforms, which between them will save a cash equivalent of at least **£300 million** a year in improved productive time. We will build on these 5 initial projects, developing a programme which will reach across the whole public sector, with an aspiration for time releasing savings of up to **£600 million** a year by 2007-08. Once again, we are determined to ensure this process is robust, and we will only commit when we are sure we can deliver.

We will seek assistance with this task from our most successful private sector companies, our world class academic community, and from our partners in public life. We will seek out best practice, draw on and apply their expertise – public and private sectors working together to improve the delivery of services to Scotland.

Our objective is to ensure that the process of continuous service improvement becomes part of the day-to-day business of Government and the rest of the public sector. A standard exercise that becomes customary every time and everywhere. This cultural change will require firm commitment to deliver, but we are resolute in our purpose – to enhance the level, quality and accessibility of public services, securing real, measurable service improvements.

The First Minister has set high ambitions for Scotland, for using our resources more productively and for using our investment wisely. Our Efficient Government programme is a crucial instrument for fulfilling those ambitions.



A handwritten signature in black ink that reads "Tom McCabe". The signature is written in a cursive style with a long horizontal line above the first name.

Tom McCabe MSP
Minister for Finance and Public Service Reform

WHY EFFICIENT GOVERNMENT?

1. A Partnership for a Better Scotland set out the Executive's vision for public services of the highest possible quality and offering the greatest possible choice; to be achieved by matching investment with reform, increasing public sector productivity and designing services around the needs of individuals. The Efficient Government initiative, launched by the then Minister for Finance and Public Services in June 2004, is a central part of that programme of investment, reform and modernisation.
2. Efficient Government therefore reflects the same principles as everything we do on public service reform: focusing on people; ensuring excellence; maximising choice; and getting the best value for the public pound. The right staff, with the right skills and in the right numbers, working in the right way.
3. Efficient Government builds on what we have done already to make public services more efficient, but is a step-change – the start of doing things differently. It increases the intensity of our effort, and widens its scope, but we will have succeeded when efficiency is fully part of a culture of continuous service improvement – everywhere in the Scottish public sector.
4. Until now, our focus has been mainly directed at making individual organisations more efficient. The time is now right for us to examine the public sector as a whole, and realise efficiencies through joining up – in purchasing, in accommodation, and in support services. Efficiencies that will enable us to move resources to the people and places that matter.
5. This is all directed at one goal – demonstrably improving the experience of users of public services. Every pound that is used inefficiently is a lost opportunity to provide better public services.
6. Our recent document Building a Better Scotland; Spending Proposals 2005-2008: Enterprise, Opportunity, Fairness, has built these plans into each portfolio's spending plans for the period of the Spending Review. The efficiencies identified enabled us to plan increased investment in transport, in higher and further education and a wide range of frontline public services. Our efficiencies, combined with the additional investment in the Spending Review, will secure additional growth in frontline services of more than 5% a year.

WHAT WE HAVE ALREADY ACHIEVED

7. We have already done a great deal over the past 5 years to ensure that the public sector continually improves – both its efficiency and its quality:
 - Best Value requires that public bodies ensure continuous improvement in their customer focus and in how they manage, pay for and deliver services. Through Best Value, we are working with local government to drive up performance and to build sound business practice into decision making. The Best Value regime is being extended across the whole public sector, including the Executive.
 - The Modernising Government Fund has been a catalyst for the development of new, joined-up and customer focused services which are provided more accurately, quickly, and at lower cost. The current round of funding will develop a strategic programme to make contact between the public and councils simpler and more efficient, and a national data infrastructure which can support future joining up of administrative functions and service delivery.
8. The Executive has led by example, driving down its own costs. The Executive's administration costs, including Executive Agencies and Associated Departments, are falling as a proportion of total spending from 2.6% in 2003-4 to 2.4% in 2007-08, a beacon for the rest of the UK. This success results from a wide ranging programme of improvement, including:
 - Saving £3.5m a year since 2000 through facilities management and rationalising accommodation
 - Reducing our utilities costs per head by 35%
 - Establishing e-Procurement Scotl@nd as an innovative model of eCommerce
 - Securing efficiencies by the appointment of a single media buyer for a consortium of publicly funded organisations.
9. This focus on reducing costs to improve services has also begun across the Scottish public sector, including:
 - Abolition of NHS Trusts has reduced bureaucracy in the health service
 - Scottish Enterprise implementing a major business transformation programme, which has reduced costs and increased service levels from the introduction of shared services, redesigned business products, and improved productivity – aiming to realise gross benefits totalling **£200 million**.
 - Scottish Water saving around 20% (over **£60 million**) in operating costs in its first two years and continuing to drive down costs while meeting higher quality standards
10. Local Government has also been actively seeking to pursue efficiency gains. For example, Glasgow City Council has achieved **£80 million** of efficiency savings over the last 4 years, and is now engaged in a radical transformation of its HR and financial management systems, which will achieve greater efficiency and provide a single point of access to the public and suppliers. The 8 councils in the Clyde Valley area have released around **£230 million** of efficiency savings since 1997 through the Best Value regime. And throughout Scotland, Councils have integrated previously separate services into common management and support arrangements – reducing costs and improving delivery.

11. This drive for efficiency has contributed to our ability to deliver at the frontline – with an increase since 1999 of over 3500 more nurses and midwives (an increase of 7%) and over 1100 more doctors (an increase of 17%) since 1999, more teachers in our schools, and police numbers at an all time high. This is growth in public sector jobs in the right places; public sector jobs where they are needed, at the frontline, delivering demonstrable improvement to our public services.

PHASE 1 – EXCEEDING OUR FIRST CASH TARGET

12. On 24 June 2004 we reported to the Scottish Parliament our initial target for £500 million of cash releasing efficiency savings by 2007-08, against a baseline of 1st April 2005 – not one-off savings but recurring year on year from that date. Departments have come forward with proposals to achieve £650 million from expenditure within the Scottish Executive budget, and a further £95 million from elsewhere in the public sector – a total of **£745million**. This will deliver aggregate cumulative cash-releasing savings over the three year period 2005/6 to 2007/8 of **£1732 million**.
13. The table below sets out how each portfolio contributes to that total, and how the savings will build up over the three years of the Spending Review. Details of the savings plans of each portfolio are set out at pages 20-27. We will publish technical notes on these plans by March 2005.

PORTFOLIO	£m Saving in 05/06	£m Saving in 06/07	£m Saving in 07/08	Total Aggregate Cash Savings
Administration	1	7	8	16
Communities	0	5	9	14
Crown Office	3	3	3	9
Education and Young People	0	5	12	17
Enterprise and Lifelong Learning	5	5	5	15
Environment and Rural Affairs	2	3	5	10
Finance and Public Services	89	167	246	502
Health	166	166	166	498
Justice	7	23	30	60
Tourism, Culture and Sport	0	1	2	3
Transport	7	12	14	33
Other – non NHS procurement	50	100	150	300
Scottish Water (non DEL)	75	85	95	255
TOTAL	405	582	745	1732
% age of 04/05 expenditure	1.9%	2.7%	3.4%	8.0%

14. These gains will be genuine efficiencies – **not** cuts in service. For example,
- The Scottish Legal Aid Board will make savings through changes in the legal aid rules, including blocking loopholes and using more cost-effective methods of obtaining legal representation
 - The Accountant in Bankruptcy will bring more cases in-house, rather than using more expensive external contractors
 - The NHS will undertake a rigorous benchmarking exercise to ensure that efficient practice is adopted across the service.
15. The identified potential for efficiency savings in local government totals £325 million per annum by 2007-08. Taking account of local government’s separate accountability, the challenge for councils is to develop efficiencies in three main areas:

- Improvements in internal organisation and management
 - Better procurement
 - Joining together to share and rationalise services.
16. We are confident this challenge can be met, based on the steps that have already been taken, the gains already secured and the scope we have identified for further collaborative action. We will work with local government to develop practical and effective tools to measure progress and ensure that the benefits of efficiency gains flow to the public.

PHASE 2 – UNLOCKING FURTHER CASH SAVINGS

17. The work we have carried out since June has convinced us that there is scope to go much further in securing cash releasing efficiencies. We believe we can achieve up to **£900 million of cash efficiencies by 2007-08, but it is important that this process is robust. We will not confirm these figures until we have completed a thorough portfolio-by-portfolio and department-by-department examination.**
18. There are a number of areas in particular sectors where we aim to develop additional significant projects, for example -
 - In the **further and higher education sector**, the merged Funding Council will secure efficiency gains through collaboration between institutions, shared support services, new approaches to estates management and development, better procurement, and pooling of research capacity
 - **Scottish Enterprise** will build on its business transformation project with further measures, including a detailed review of its finance function, support functions and overhead costs
19. In addition to the specific projects which will be delivered by individual portfolios, we will drive further efficiency improvements across the public sector through
 - Better **procurement** - already a priority, and one where we have made significant gains. We will accelerate our eProcurement programme, and undertake a review of procurement practice across the public sector
 - Drawing together and building on best practice in **managing absence**, setting stretching improvement targets for public bodies
 - Reviewing practice in **asset management**, ensuring that buildings and capital assets are used effectively, and moving towards greater sharing and more strategic use of public sector accommodation.
20. Further details of these workstreams are set out at pages 13-16.
21. These are areas of particular focus, but we will tackle waste and inefficiency wherever it appears. We have already identified that action needs to be taken to improve **Council Tax collection**. Collection rates currently lag some 4-5% below that of councils in England and Wales. We have set out an expectation that local authorities will step up action to improve collection rates, and will continue to work with local government to identify and spread best practice.

PHASE 3 – RELEASING PRODUCTIVE TIME

22. Our first target for savings announced to the Scottish Parliament on 24 June 2004 related solely to cash releasing efficiencies. Time-releasing efficiencies are harder to measure in cash terms, but are just as important in delivering improved public services. Since June, we have identified initial opportunities to generate time releasing efficiencies, and we set these out in our summary of Identified Efficiencies in Portfolios.
23. There are five initial areas of reform which we will take forward, to achieve time-releasing efficiencies which will deliver the equivalent of £300m in savings, year on year.
 - In **Health**, we will speed up processes, improve the quality of patient treatment and make more effective use of skilled professional staff, through the eHealth programme of IT investment, our rigorous benchmarking programme, and proposals being developed in the National Plan.
 - **Education and children's** services will secure
 - More efficient use of staff time in schools, building on the teachers' agreement on pay and conditions, increased numbers of support staff releasing teachers' time to teach, and reductions in bureaucracy
 - More efficient school buildings, and more efficient and effective use of the school estate
 - More efficient and effective practice in children's services, including better recording and sharing of information, and more efficient review of children's needs.
 - Following the merger of the Funding Councils, we will continue to drive forward reform in **Further and Higher Education** including more effective teaching, pay modernisation, capital investment and research collaboration.
 - We will improve efficiency in the **justice** system, through court reform, better joint working between agencies, and investment in technology in the police service to improve operational efficiency.
 - We will continue to work with local government through the **Modernising Government** initiative, building the technical infrastructure and processes to support common services and better service delivery.
24. We will ensure that these productivity gains are real – properly identified, costed and realised, and will publish technical notes on these projects by April 2005.
25. In addition to the five areas of reform identified above, we will drive forward a wide ranging programme of reforms including
 - Strengthening the move towards **integrated service delivery**, simplifying funding streams and removing artificial boundaries where they get in the way of meeting needs
 - Supporting **collaboration and shared working**
 - Investing in **technology** to improve the productivity of the public sector
 - Investing in the **workforce**, to improve skills, increase productivity, and ensure that jobs are designed around the needs of service users.

26. Across the public sector, we have identified opportunities for further work. We will continue to develop these, and other areas of reform, to meet our aspiration for time releasing savings of **£600 million** by 2007-08. We are determined to ensure this process is robust, and we will only commit when we are sure we can deliver.

PHASE 4 – DELIVERING LONG TERM CHANGE

27. In June, we set a first target of £1 billion of cash releasing efficiency savings by 2010. If we are able to confirm our further aspirations, our commitment for 2010 will rise to a minimum of **£1200 million** in annual cash efficiencies.
28. This is about more than incremental improvement – it requires a transformation of administration in the public sector.
29. There are two initial workstreams supporting that long term transformation
 - **Shared services** – moving away from a model where each public body has its own back office and support services to one which delivers efficiency through sharing services and expertise, and
 - **Streamlining bureaucracy** - regulation and performance monitoring needs to be proportionate, and not obstruct innovation. Reducing and streamlining bureaucracy together with the empowerment of frontline staff will increase public sector productivity.
30. Workstream summaries at pages 17-19 give more detail of how we will develop these programmes of work.
31. We have also drawn together an expert advisory panel of senior managers and executives from the private and public sector with expertise in organisational change and efficiency (see Annex C for membership). They are helping to shape our long term plans, and have already begun to develop proposals for a linked series of projects which would contribute to the long term transformation of the public sector. Collectively these represent the fundamental building blocks for effective and efficient delivery – the right people, the right processes and the right structures.

The Right People

32. The advisory panel has proposed that action is taken to strengthen and improve the capacity and leadership of the public sector workforce, and has proposed projects to
 - Improve strategic workforce planning in key sectors making sure that we have the right people, with the right skills, to deliver the right services
 - Pilot new ways of recruiting and developing leaders with experience across the public sector
 - Pilot methods of sharing specialist skills.

The Right Processes

33. Projects will draw on best practice in the private sector and overseas in mapping business processes and benchmarking, and apply these to the delivery of public services. This would involve identifying the processes which are essential for the delivery of a service, and stripping out duplication or unnecessary effort, so that time and money can be redirected.
34. We are also considering how we can make best use of performance management information to help direct delivery of public services, including the possibility of using the Citistat model, pioneered by the Office of the Mayor in Baltimore. This model provides very immediate, detailed information about quality of public services and can inform resource allocation.

35. We are determined to ensure that the management of the resources we receive from the public is carried out in the most efficient and effective manner. In 2005, we will undertake a review of the effectiveness of our financial management, in co-operation with the Treasury, which will enable us to benchmark our performance against Government departments elsewhere in the UK.
36. We also need to re-think our financial planning systems. We are currently working to develop a new approach to long-term financial modelling and planning, to ensure that long-term spending activity is more effectively aligned with corporate priorities. This has considerable potential to achieve more efficient use of public expenditure.

The Right Structures

37. Our work on more efficient and customer-focussed processes for service delivery will inform future work to join up the delivery of frontline services.
38. The expert panel has proposed a pilot project for merged or shared local services. This would involve a Community Planning Partnership (including local government, the emergency services, the NHS, enterprise network and voluntary sector) working together – building on, but going further than, current mechanisms for collaboration and joint working.
39. We will now work with the expert panel and relevant partners in the public and private sectors to develop a comprehensive programme of work, which draws on these proposals. The programme will be managed to ensure that cross cutting benefits between projects are identified and exploited to put the customer at the centre. It will include developing pilots in different parts of Scotland to test new approaches, to see which might suit local, regional or national circumstances, and best meet the needs of the public.
40. We will also consider the implications of our analysis of efficiency across the public sector for the future role and structure of non-departmental public bodies and Executive agencies. In particular, we will look at the opportunities to streamline the 'delivery chain' – to shorten the steps between policy reform and improved delivery on the ground.
41. All of this work will be taken forward as part of our wider agenda for reform of public services, which will focus on the user of services rather than the provider, ensuring that service users can hold services to account, and that boundaries between organisations do not get in the way of service delivery.

ENSURING WE DELIVER

42. We will continue to ensure that the wider public sector is involved in taking Efficient Government forward. We are setting up a reference group with representation from local government, the NHS, and other public bodies to act as a channel for information and strengthen dialogue between different sectors. (See Annex C for membership).
43. We are holding a series of workshops across Scotland in the next 3 months for senior managers in the public sector, which will support the development of collaborative Efficient Government projects.
44. We know that Efficient Government needs to maintain the commitment and inventiveness of the public sector workforce. There is a wealth of knowledge, ideas and potential in the workforce which we must continue to harness. Many initiatives will offer potential for public sector workers to use their expertise more effectively and to develop their skills – focusing on customer service rather than unnecessary processes.
45. We will pursue efficient government applying the highest standards of human resource practice. We will invest in new skills for those whose jobs will change. We will promote a presumption against compulsory redundancy. We will resist the imposition of arbitrary job-cut totals, which risk undermining the delivery of effective services to the public. We will continue to consult and engage with staff and trade unions in taking forward the initiative.
46. It is therefore right and consistent that we confirm our view that efficient government will be streamlined government, employing fewer people who are not delivering front line services. This honest appraisal is against a background of economic and employment stability not seen since the late 1960s, and with our reorganisation taking place in Scotland's thriving and buoyant employment market.
47. We have set aside central resources through an Efficient Government Fund, to invest in projects with potential for significant savings, particularly across a number of organisations, which would not otherwise be capable of being supported. Annex A gives details.
48. We are determined that our first stage efficiency savings of £745 million will be delivered on time and on target. Departments and public bodies will be required to develop project plans for Efficient Government projects, which include clear milestones, identified lead and supporting roles, governance arrangements, measures for identifying and tracking benefits, and risk management.
49. A team reporting to the Minister for Finance and Public Service Reform, which will draw on expertise from the public sector, the private sector and the academic community, will ensure plans are robust, challenge departments to go further, and undertake analysis of the scope for further efficiency savings.
50. As part of the audit and evaluation of the delivery of these project plans, we will call on the expertise of bodies such as Audit Scotland and the scrutiny forum (see Annex C for membership). This will form part of the audit process of public sector bodies to confirm that savings are realised, and to report on outstanding delivery issues. We will also report regularly to the Finance Committee of the Scottish Parliament on the progress we make.

51. We will make Efficient Government central to the organisational arrangements of the Executive and public bodies, locking in continuous improvement. Individual project plans will be integrated into the annual round of business and improvement planning, and into the Executive's performance management systems. Departmental plans will set out how Efficient Government will continue to be taken forward across the Scottish public sector, and will include expectations for efficiency gains from each and every public body. Efficient Government will also become an integral part of the Community Planning and Best Value frameworks.

WORKSTREAM SUMMARIES

1. Procurement

52. We know that there are major gains to be made from better procurement practice, through utilising eProcurement and through joining together to maximised purchasing power.
53. The eProcurement Scotl@nd service represents one of the most significant commitments to eCommerce by any government organisation. Using eProcurement generates immediate savings through more efficient processes; improves management information so that buying decisions are better targeted to meet cost and policy objectives; and supports coordinated purchasing between different organisations. It has provided the opportunity to examine the needs of buyers *and* suppliers – particularly small and medium sized enterprises – and to put in place sustainable improvements in the procurement process.
54. The benefits of eProcurement are already showing through. A recent single e-auction exercise for purchasing PCs saved £400,000, and we are now developing better purchase to pay processes, with anticipated savings in the Executive of up to £1m in 2004-05.
55. There are also a number of examples of good practice in local government, such as the ABC buying consortium in the West of Scotland, but there is great potential to go further.
56. The next stage is to accelerate and expand take-up of eProcurement, both to realise the substantial savings that are available, and to make Scotland the easiest place for suppliers to do business with the public sector. We have strengthened the capacity of the Procurement Directorate to support users of the eProcurement Scotl@nd service, and to work with clusters of public sector organisations to make the transition to new ways of working.
57. We have 2 core objectives – for the bulk of the public sector to be part of eProcurement Scotl@nd (125 organisations by 2007) and to stimulate collaborative buying of £3-4 billion, delivering the opportunity to achieve sustainable cost reductions of **£200 million** per annum by 2007-08, as a major contribution to our initial plans for £745 million of savings.
58. The case for modern procurement practice in the public sector is unarguable. We are therefore setting out our expectation that **all Scottish public sector bodies will be using eProcurement** by 2007-08. In nearly all cases, we believe this can be achieved through joining eProcurement Scotl@nd. If organisations in any part of the public sector do not take advantage of the opportunities afforded by eProcurement by that stage, we will reflect this in future funding decisions.
59. But joining a system is not enough – the big gains are to be achieved through improved procurement practice across the board. With support from the Executive and COSLA, the Scottish Local Authorities Management Centre has undertaken a review of current procurement practice in Scottish Councils, which is being published alongside this plan. This established that total procurement spend in local government is around £2.7 billion. Currently, only around 3.5% of that procurement is conducted electronically, and there are variations in the extent to which there is effective corporate management of procurement, but most councils have reviewed or are reviewing their procurement arrangements, and recognise the opportunity for improvement.
60. Using the findings of this study, we will work with local government and the Improvement Service to support improvements in procurement practice, improving systems, and developing effective corporate control.

61. We will also work to improve practice across the public sector. We intend to conduct a review of public procurement in Scotland in 2005, led by a senior figure from the private sector. The Review will consider
- Current structure and organisation of procurement activity
 - Current skills and capability deployed on procurement
 - Current practices and procedures
 - Performance indicators and targets applied to procurement activity
 - Ways to achieve efficiency improvements through greater collaboration
 - Whether e-procurement techniques such as e-procurement Scotland and purchasing cards are being fully and effectively utilised
 - Whether there is scope for the Gateway process to be further deployed across the public sector, to ensure that proper project management arrangements are in place for major procurement decisions
 - What lessons can be drawn from experience elsewhere.
62. The Review will be expected to identify areas for improvement and make recommendations, by the end of 2005, as to how we can deliver better public procurement in Scotland. In making its recommendations, the Review will be expected to propose an implementation plan, timetable and targets.

WORKSTREAM SUMMARIES

2. Managing Absence

63. All public sector organisations need to have effective strategies for managing sickness absence. These should include firm measures to tackle abuse, but must also address any work-related causes of ill-health, and support staff experiencing illness so that they can return to the workplace.
64. With Audit Scotland, we are undertaking analysis of the pattern of sickness absence in public services. We will
- benchmark absence rates in the public sector against comparable organisations – including private sector and international comparisons,
 - require public sector bodies whose absence levels are unacceptably high to develop immediate action plans to address this, and ensure that these plans are put into effect
 - co-ordinate existing activity – for example in local government and the NHS – sharing knowledge and best practice across the public sector
 - expect public bodies to demonstrate that they have effective procedures in place, and to address the management of sickness absence as part of negotiations on pay and conditions, and
 - establish stretching but fair improvement targets for all public sector bodies.

This is one of the areas where the Improvement Service can assist councils in developing best practice.

65. We will take account of the review being undertaken by the DWP of the management of long-term sickness absence in developing our proposals.

WORKSTREAM SUMMARIES

3. Asset Management

66. Proper asset management, including arrangements to ensure there are strategies to reduce maintenance costs, active disposal policies, long term planning and robust management information, is a vital part of being an efficient organisation. The management of public assets is typically the second highest cost on the revenue budgets of public sector bodies after employee costs. And the right assets in the right place can make the difference between good and poor service delivery.
67. We have already delivered substantial savings through more effective asset management within the Scottish Executive
 - From our own relatively limited asset base (the bulk being the roads network) we have disposed of land and buildings worth just under £7 million since 1999
 - NHS Scotland received £51million and £76 million respectively in 2002-03 and 2003-04 through sales of redundant property, and has a continuing programme of asset disposals, looking prospectively at needs over coming years to identify scope for disposals.
 - The Scottish Prison Service and Scottish Courts Service also keep their respective estates under regular review.
68. That work will continue, and we will expect the same efficient use of buildings and resources across the public sector. Through Best Value, local government has developed its capacity to manage its assets effectively, and the Best Value task force will shortly issue an advisory note on asset management. The prudential capital regime has given extra financial flexibility to enable local government to utilise assets efficiently.
69. We will now undertake an evaluation of current arrangements for asset management within the public sector as a whole – looking at how public bodies have dealt with surplus assets, their current plans, and whether they have the skills to manage assets effectively.
70. Efficient Government is about joining up. Our review will not view individual organisations in isolation from each other, but consider the public sector as a whole. As part of the development of our policy of relocation of public sector bodies, we will look at whether there are opportunities to secure savings in accommodation costs, including through greater sharing of property and other assets. This strategic approach to the public sector estate will also take account of the long term development of shared support services.

WORKSTREAM SUMMARIES

4. Shared Support Services

71. All public bodies have a basic core of support services, including procurement, payroll, HR, IT, and finance. Other support services are common across a large number of organisations, including legal and communications services. We know that sharing these support services has the potential to generate substantial efficiency savings – through realising economies of scale and through greater standardisation and the adoption of best practice. There are also many transactional processes where we know costs can be reduced – by simplifying processes, replacing paper-based with electronic systems, and joining up.
72. As an example of the areas that will be examined, all local authorities collect council tax. Although the tax levels differ, the legislative framework and the underlying processes are identical. There is clearly potential to realise economies of scale by developing a common system for collection. Such a common system could also benefit council tax payers, particularly when they move from one council area to another.
73. The development of shared services is already happening in the public sector. As well as rolling out the eProcurement Scotl@nd service, the NHS is about to implement a shared service programme, and is creating a new centralised distribution system for logistics, aiming to save an additional £20 million a year overall. The Executive is working with police forces to develop more common police services. The fire service is developing shared control room facilities, saving £1.5m a year.
74. But we need to go further and faster – joining up across different sectors and across boundaries, as well as within them. Over time, this will lead to a complete transformation of support services in the public sector. This will not only involve national projects – in many cases a regional approach is as appropriate as a national model. We will work with the public sector to develop a series of specific projects for shared services which will create significant efficiencies, and which have the potential to contribute to that long term transformation. This will be a priority for the Fund which is being established to support Efficient Government.
75. An early area of focus will be increasing the use by NDPBs and agencies of Executive support services, such as IT, payroll and HR, and making key Executive contracts with external suppliers more widely available to other public sector bodies. We will work with the public bodies to identify and overcome any barriers to a more consistent, co-ordinated and efficient set of arrangements which provide a high quality service to NDPBs and agencies.
76. If new public bodies are established from now on, there will be a strong presumption that they will not have free-standing support services. Instead, they will be required to use Executive support services or, if it is more cost-effective, share support services with other organisations (for example a local partnership or grouping of similar bodies).
77. We have undertaken a preliminary analysis of the support functions of NDPBs and agencies. We will now undertake a thorough review, working with NDPBs and our agencies to identify opportunities for improvement and for sharing of functions.

78. There is also potential to use Community Planning arrangements to support local integration of appropriate support services. We are working with Community Planning Partnerships to support the development of projects delivering shared services on a regional basis. Ideas being explored locally include
- Shared accommodation between the local authority, the police and courts
 - A regional consortium for shared council tax collection and housing benefit administration
 - Shared support and front line services across a community planning partnership.
79. By March 2005, we will identify projects with early potential. Over the next 12 months, the first set of business cases will be finalised, with necessary funding put in place, governance arrangements secured, and firm plans for benefit realisation. Projects will be of significant scale and complexity, normally involving 4-6 partners, and are likely to take at least 2-3 years to implement fully.
80. Further rounds of projects will be initiated to create a coherent programme covering the range of support services, with involvement from across the public sector, and a mix of regional, sectoral and national approaches.

WORKSTREAM SUMMARIES

5. Streamlining Bureaucracy

81. It is important that public bodies are properly accountable – but regulation and performance monitoring needs to be proportionate, and not obstruct innovation. Reducing and streamlining bureaucracy together with the empowerment of frontline staff will increase public sector productivity.
82. This area of Efficient Government work will support this commitment. Initially, it will have three components – improving the way scrutiny bodies operate; reviewing the planning requirements for local government and Community Planning partners; and making the monitoring of local government performance simpler and more effective. We will develop further work in 2005, reviewing ways in which the Executive can more effectively simplify and co-ordinate funding streams.

Scrutiny

83. The Executive has already established a forum for scrutiny bodies (see Annex C), and we will work with it to develop better arrangements for
 - sharing information
 - joint inspection
 - exchange of best practice
 - common standards, and
 - harmonising data collection requirements.
84. Inspection arrangements need to reflect newer, integrated models of service delivery: to avoid duplication of effort, to ensure common standards, and to focus on meeting the needs of service users. We will take forward reform in specific subject areas in the short term – for example, we are developing a single, coherent system of children’s service inspection and quality assurances which will promote continuous improvement in delivery across children’s services as a whole. In the longer term, we will seek to apply these lessons more widely.

Planning

85. We have listened to concerns raised by the Community Planning Task Force about the heavy policy - planning requirements imposed on councils and other organisations. We have mapped these current obligations and will undertake a systematic review to identify whether there are areas of duplication or unnecessary planning-requirements, and what improvements could be made through streamlining and the removal of unnecessary red tape. This will build on the achievements of Community Planning in developing coordinated local plans.

Performance monitoring

86. We will develop improved and streamlined local government performance information, to ensure that the public can make informed judgements on the performance of their local council and to reduce any unnecessary audit burdens. This work will assist Councils and scrutiny bodies in considering their respective needs for performance management information and make the whole process clearer and more focused. We are currently mapping out the information which is collected centrally, and the links to outcomes for the public and Ministerial priorities. In the coming months we will work with Community Planning partners and Audit Scotland to cut out unnecessary duplication, standardise requirements for information collection, and ensure that monitoring processes add real value.

IDENTIFIED EFFICIENCIES IN PORTFOLIOS

Administration

Contribution to £745m cash releasing savings

The Scottish Executive administration budget has not been increased in years 2006- 07 and 2007-08. Over the 3 years of the Spending Review the budget has been cut in real terms by over 6%.

We currently have plans to save **£8m** through

- better procurement - further implementation of eProcurement system, achieving process savings, price reductions, reduced need for staff involvement in processing, and increased collaborative activities
- modernisation of HR corporate systems, including introduction of e-HR systems, replacing multiple data sources and reducing staff time in data checking and processing
- electronic records document management (currently being rolled out across Executive),
- more efficient staff deployment across the Executive, reflecting Ministerial priorities, and
- reform of payments under the Common Agricultural Policy (Pillar 1),

We will develop plans for further savings which will allow us to achieve our target of at least 2.5% a year savings through efficiency measures.

Releasing productive time

In addition to cash-releasing savings, some of the new processes mentioned above should also result in some savings of staff time across the office, which will be redeployed accordingly. The Executive will also continue to adjust the deployment of staff to meet high priority tasks, saving time where possible on areas of work which have moved to a more steady state, requiring intensive staff input. We are also starting a pilot project looking at ways of delivering high volume processes such as Ministerial correspondence more efficiently, freeing staff for other work.

Communities

Contribution to £745m cash releasing savings

The **Communities** portfolio plans to save **£9m** through improving the procurement efficiency of the Communities Scotland affordable housing programme. The purpose of this project is to reduce the costs associated with housing development and construction in order to use savings to secure an increase in housing provision. The efficiency savings will be achieved through:

- examining how the Housing Association Grant (HAG) is calculated
- reviewing HAG targets and streamlining practices and incentivising bulk procurement:
- undertaking e-business administration improvement and
- other efficiency measures identified at a national and regional level.

The savings will be measurable by an increase in unit output and an associated reduction in grant funding per unit provided.

The portfolio will also work with local government to secure procurement efficiencies in social housing more generally, and more effective management of the Supporting People programme. (see Finance and Public Service Reform entry).

Releasing productive time

Time-releasing efficiencies are continually sought from across the Communities portfolio commitments. For example, we are providing support to help councils in developing robust stock transfer proposals and through the implementation of the Building (Scotland) Act 2003 and supporting documents, we are modernising building standards in Scotland and introducing more effective and efficient arrangements.

Over the coming 3 years we expect to achieve, or set the foundations for the achievement of the following time releasing savings:

- We will make funding more efficient - improving information for **voluntary sector grant applications** and simplifying application processes, and adopting a more strategic and effective approach to **homelessness funding streams**.
- Improvements to the **planning system** will streamline bureaucracy – with faster decisions, allowing quicker investment decisions, while strengthening the involvement of communities. **Planning processes** will be reviewed to remove duplication.
- We will improve targeting and effectiveness of **housing investment** and deliver greater process efficiency and a reduction in administration costs.
- Communities Scotland will **make regulation as proportionate as possible**, develop joint working with other regulators, manage information requests from regulated bodies more effectively, and streamline its approach to statutory consents.
- **Registers of Scotland** is pursuing an ambitious programme of change to improve service quality and deal with increasing workload, including upgrading IT, re-engineering processes and greater use of on-line services.

Crown Office and Procurator Fiscal service

Contribution to £745m cash releasing savings

The **Crown Office and Procurator Fiscal Service** will save **£3m** through efficiency improvements, including

- better case management, including reducing unnecessary witness attendance at court
- the use of new ICT – savings have already arisen from implementation of phase one of the FOS case management system, and future phases will be rolled out from April 05, removing some administration tasks. This will save up to 80 admin posts in 04-05, with further savings expected in 05-06.
- rationalisation of the Edinburgh estate, from 5 properties to 3, reducing rental and maintenance costs
- the development of alternatives to prosecution for some motoring offences, such as fixed penalties, and
- greater use of lower courts, where appropriate, taking advantage of increase in sherriffs' sentencing powers.

Efficiency savings will be tracked using data from the case tracking system, and in budget control of staff, rent and rates and witness expenses.

Releasing productive time

In line with its objective to improve the delivery of justice through the timely, efficient and effective prosecution of crime, COPFS will realise time efficiencies through

- closer working with the Police and the Scottish Court Service to improve the programming of business through the courts, and
- handling volume cases more efficiently.

Education and Young People

Contribution to £745m cash releasing savings

Education and Young People will save **£12m** through cash releasing savings in the Scottish Qualifications Authority and the Care Commission, and in central government education budgets.

The Scottish Qualifications Authority will deliver improvements in operational efficiency realising £1m in recurrent efficiency savings by 07-08. A delivery plan will be agreed by January 2005.

The cash subsidy to the Care Commission will be reduced from its 2004-05 level, and the Commission will generate efficiency savings of £1m a year by 2007-08 – delivered through a more proportionate risk based approach to scrutiny and reductions in time taken to process tasks. A delivery plan is being developed in consultation with the Health Department and the Care Commission.

In addition, elements of baseline provision for central expenditure on education have been held constant at 2005-06 levels, delivering efficiency savings totalling £9m p.a. by 2007-08. Detailed delivery plans will be developed as part of the annual cycle of business and resource planning.

Releasing productive time

As part of our school reforms, classroom assistants are being employed to **unburden professional teachers from unnecessary administrative tasks**, and a bureaucracy audit aims to reduce the burden of paperwork in the teaching profession.

We are strengthening **Devolved School Management**, which gives schools flexibility to make the most effective use of resources, which best suit local circumstances, and **Integrated Community Schools** will make it easier for professionals to work together effectively to secure good outcomes for children.

The Education Department will work with local authorities through the **School Estate Strategy** to further improve management of school buildings to ensure that the estate supports the effective and efficient delivery of good learning and teaching.

The **Additional Support for Learning Act** will modernise the arrangements for identifying and meeting the needs of children and young people who require additional support for learning, reducing the bureaucracy associated with the previous system of Records of Needs.

The development of **integrated children's services** will generate efficiency savings through

- Partnership working and shared information
- Increasing the financial flexibility available to Local Authorities for children's services to promote innovative thinking and implementation of best practice, and create real incentives for delivering efficiency
- A single, coherent system of children's services inspection and quality assurance, which will promote continuous improvement in delivery across children's services as a whole.

The 21C social work review will pave the way to a **more efficient and effective social work profession**, achieved through strong performance management, leadership and management and workforce development.

Enterprise and Lifelong Learning

Contribution to £745m cash releasing savings

Enterprise and Lifelong Learning aims to save a further **£5m** in the final phase of the **Scottish Enterprise** business transformation project. The project has been in operation since 2000 and is coming to the end of its 6 year programme. Details are available on the Scottish Enterprise website at www.scottish-enterprise.com

The project is designed to ensure that the organisation is more efficient, effective and customer focused. The cash savings identified come from 2 strands of the programme – Headcount reduction and Cost savings.

There is ongoing monitoring within Scottish Enterprise of benefits realisation. The first review was conducted in May 2004 with a further review carried out in October and quarterly reviews hereafter.

Future cash savings will be identified as Scottish Enterprise builds on its business transformation project with further measures, including a detailed review of its finance function, support functions and overhead costs.

In the **further and higher education sector**, the merged Funding Council will secure cash releasing savings through collaboration between institutions, shared support services, new approaches to estates development and management, better procurement, and pooling of research capacity. These cash savings will be additional to the current £745m plans.

Releasing productive time

Investment in the HE and FE estate will be linked to delivering **improvements in teaching and learning**, including more effective methods of delivering programmes of learning and support services: e.g. through better use of our technologies.

The capital investment will also **make the HE and FE estate 'work harder'** through e.g. co-location and sharing of facilities, allowing for multiple learning and teaching uses and increasing opening times and availability to the wider community beyond the college or higher education institution, and more efficient, accessible buildings with lower maintenance and utility costs.

We will expect investment in **pay modernisation** to allow greater contractual flexibility, to allow for greater linkage of pay to performance and to encourage more collaboration on HR matters across the HE sector and the FE sector, all contributing to the more effective use of expert staff.

We will expect investment in **research collaboration** to deliver improvements in the overall quality of research outputs from the Scottish HE sector so as to increase its international competitiveness and help Universities to lever in additional investment.

The final stage of the **Scottish Enterprise business transformation** programme aims, in addition to cash savings, realise productive time efficiencies of £4 million and the Enterprise networks will seek to realise further time releasing savings over the next 3 years.

Environment and Rural Development

Contribution to £745m cash releasing savings

Environment and Rural Affairs will save **£5m** through cash releasing savings in the Forestry Commission, the Scottish Environment Protection Agency and Scottish Natural Heritage.

Forestry Commission savings will accrue through 4 projects

- Joint project with Forestry Commission GB on eProcurement
- GLADE – a web based project to enable on-line application and calculation of forestry grants
- 2 shared support projects to carry out operational planning regionally and shared supervision of operations delivery.

SEPA and SNH are developing efficiency plans for their internal processes, central systems and internal transactions. They are in discussion with other environmental and rural bodies (including Forestry Commission Scotland) about the scope for joint efficiencies. Plans will be produced early in 2005, as part of the corporate planning process.

In addition, Scottish Water plans to save **£95m** per annum through efficiencies in its capital investment programme and operating costs.

Releasing productive time

The ERAD **science programme** will make savings on support services and facilities, which are likely to come from reorganisation in and between the various bodies involved.

The **Scottish Environmental Protection Agency** will realise time releasing savings through the following specific initiatives and other measures

- changes to systems for procurement,
- transactions redesign – transaction processing improvements in HR and financial management support services
- introduction of National Environmental Management System to improve management information and reporting systems.

Scottish Natural Heritage will deliver efficiencies through improved ICT systems and equipment, a new finance system and a reduction in time spent travelling between offices.

We will modernise and **streamline the collection and management of fisheries data**, including electronic service delivery to fishermen.

We will **review the Scottish Rural Partnership Fund** to ensure it is correctly targeted towards small scale rural projects, fostering partnerships and delivering services. The review will cover operational arrangements aimed at ensuring best value

Finance and Public Service Reform

Contribution to £745m cash releasing savings

Identified Local Government efficiency savings total **£325m** (around 4% of GAE). This includes

- an efficiency assumption built into the Spending Review settlement (excluding pay provision for education, police and fire services). As a percentage of the overall budget, this represents around 2% over 3 years
- the contribution by local government to the eProcurement savings identified below

- savings from improvements in the management and delivery of the Supporting People programme, from the Communities Portfolio
- the development of common police and fire services
- realising benefits from two Executive invest-to-save funds – the Modernising Government Fund and the Efficient Government Fund.

Further savings of **£0.7m** will be made in this portfolio's NDPBs, including £600k efficiency savings in **Scottish Public Pensions Agency** through reducing staff numbers and taking payment of NHS beneficiaries in house from September 2005.

Overall (including savings from health and local government), the potential savings from **eProcurement** amount to **£200m** (see pages 13-14).

Releasing productive time

Through the Modernising Government Fund we will be support the **delivery of core services at the first point of contact** – services such as council tax enquiry, housing repairs, application for disabled parking (blue badge), bulk / special uplift, streetlight fault reporting etc – removing the time spent in processing this type of transaction in the back office, and delivering a more effective service to the public.

Similarly, as we grow the demand for **self-service / automated transactions** we will remove the time spent in processing these transactions within the council offices.

Health

Contribution to £745m cash releasing savings

Health will save £166m a year by 2007-08 through the following initiatives:

- £50m through procurement efficiencies – aggregating procurement and implementing e-procurement by all NHS bodies (delivery plan in place)
- £10m through improving logistics – through aggregation and introduction of best private sector practice (outline business case approved and project plan being finalised)
- £10m through the development of shared services for finance systems and payroll (high level delivery plan prepared and outline business case being worked up)
- £10m through a major benchmarking exercise– benchmarking all NHS activities against international comparisons and identifying efficiency opportunities (initiation document in place and full plan being prepared)
- £25m through preventing inappropriate hospital admissions – reducing emergency admissions and providing better care in a community setting (delivery plan to be prepared early in 2005)
- £20m through improvements in prescribing practice – adopting best practice and reducing inappropriate prescribing (plans to be developed by summer 2005)
- £1m through efficiencies in estates and facilities management (scoping report carried out and delivery plan being prepared) and
- £40m through internal efficiencies in individual NHS Boards (delivered through the NHS business planning framework).

Releasing productive time

Investment in technology through the **E Health** programme will speed up processes and reduce paperwork, including initiatives relating to pharmacy, picture archiving, and electronic transmission of clinical communications.

The **Benchmarking** initiative will generate cash releasing savings, but will also lead to an increase in overall efficiency in the delivery of service, particularly improvements in quality of patient treatment.

The **National Plan** will include proposals which will lead to better use of highly skilled professional staff – improving the quality of outcomes for patients using a range of specialist services. The wider process of service redesign will lead to a significant improvement in the use of “time”, and in the use of equipment and capacity. And we will expect individual NHS Boards to improve efficiency, leading to significant improvements in the quality of patient care, which will be monitored through the performance assessment framework.

Justice

Contribution to £745m cash releasing savings

The **Justice** portfolio will save **£30m** through

- A Three Stage Savings Plan to deliver greater efficiency in **legal aid**, through achieving greater control over demand led expenditure by updating of regulations to provide value for money and cut waste; improved forecasting, and monitoring of impact of regulations and use of discretionary decision making by the Scottish Legal Aid Board
- Efficiency savings in the **Scottish Prison Service**, delivered through the Performance Contract and in-year contract review process for each prison
- More in-house administration of cases by the **Accountant in Bankruptcy**, (reducing use of private sector practitioners)
- Process improvements in the **Scottish Court Service**, including efficiencies in transactional services and procurement, and
- More efficient practice in **community justice services**, which will be achieved by streamlining local practices and processes and shorter social enquiry reports.

The Justice portfolio also contributes to local government efficiencies through common police and fire services. For example, we will be looking to rationalise the number of fire control rooms, reducing the total from the current 8.

Releasing productive time

The police service are investing in technology to improve efficiency, including

- New **Contact Centres** which provide more efficient use of staff time, releasing staff for other duties
- The digital **Airwave** system which enables police officers to download information directly without returning to base, and to communicate more effectively with colleagues in other areas
- All police forces now use **video conferencing**, with time savings of over £100,000 p.a.

Support for the various **Tribunal** services will be reviewed, to provide it in a more efficient, effective and joined up way.

The Executive is currently considering the review of **summary justice** – key recommendations include the creation of a unified court administration for sheriff and district courts, enhanced sentencing powers to allow lower courts to deal with more serious cases, and a more efficient process for the collection of fines and procurement of supplies.

We will realise efficiencies through better joint working between justice agencies, including

- A joint accreditation panel, merging the separate Scottish Prison Service panel and the Community Justice panel, to streamline processes and encourage compatibility in developing programmes for offenders
- A joint throughcare service for prisoners with drug problems on release, linking the services provided by the Scottish Prison Service, local authority criminal justice social work services and the DATs. This service would streamline processes, make better use of pooled resources and be more effective in reducing the number of drug deaths and the likelihood that the prisoners will re-offend.

The **Fire (Scotland) Bill** and associated reforms are central to the Executive's strategy to modernise the fire and rescue service to meet local needs, to increase local decision making and to develop the workforce, all leading to a more effective and efficient service.

Tourism, Culture and Sport

Contribution to £745m cash releasing savings

Tourism, Culture and Sport will realise £2m in efficiency savings from its non-departmental public bodies and, in particular, through the establishment of the new Tourism network. Operational plans will be developed early in 2005.

Releasing productive time

Ministers will take forward work on value for money in the operation of the publicly funded **cultural bodies** and the scope for greater collaboration between them, in the light of the recommendations of the Cultural Commission, which will report in Summer 2005.

In tourism, we will realise efficiencies and reduce duplication of effort from the establishment of the **new Tourism Network** from April 2005.

Transport

Contribution to £745m cash releasing savings

Transport will make **£14m** in cash releasing savings in public transport services and Highlands and Islands Airport, through the following initiatives

- Standardised ticketing arrangements by Caledonian MacBrayne ferry services (plans already in place)
- Efficiencies in the funding, management and administration of the national travel concession scheme (delivery plan to be prepared in 2005, following discussions with key stakeholders)
- Savings in Highlands and Islands Airport Limited, delivered through a Performance Management Review of HIAL, including a review of regulatory requirements and HQ costs
- Efficiencies in the rail franchise, delivered through the First Scotrail franchise agreement.

Releasing productive time

We will achieve up to £5m more output from **trunk roads maintenance** through the implementation of robust Asset Management Plans. Comprehensive asset management plans promote the improved targeting of resources and improved efficiencies. For example, earlier maintenance interventions can reduce the amount of major reconstruction required and enable greater spend on lower cost resurfacing to extend the life of the asset.

ANNEX A

EFFICIENT GOVERNMENT FUND

87. A total of £60 million has been made available. By 2006 the fund will be merged with the Modernising Government fund, providing additional funding in years 06/07 and 07/08 of £31m. Outline bidding guidance for the Fund was issued to public sector organisations on 14th October on the procedures for applications, and all Scottish public sector bodies are eligible to apply.
88. Funding will be for efficiency projects which deliver significant efficiency gains, are joined up, have a number of partners and can be replicated. The priorities will be in the following areas
- Procurement
 - Support service reform
 - Transactional processing
 - Productive time.
89. The kind of areas where we would wish to see bids include
- Shared HR services (including common payrolls)
 - Shared IT services
 - Shared finance services
 - Consortium procurement
 - Council tax collection and benefit payments.
90. Additionality will be key – the fund will not support projects which are already being implemented or should be funded from core funds.
91. Our objective is to encourage and support larger projects with multiple partners and significant benefits. The minimum size of project will normally be £1m. However, we recognise that there may be projects which contribute to the aims of Efficient Government but which require to be smaller. We will consider smaller projects where funding is justified because of particular circumstances.
92. There will be a two stage application process prior to Ministerial approval. The first stage is to submit an outline of the proposed project, which will allow the Efficient Government team to identify common ideas, and to give early guidance. The first call for stage 1 applications is by mid-January 2005. Stage 2 applications will require a robust business case with project plan, milestones, and benefits forecast. Support may be available from the Fund where required, to allow Stage 2 applications to be developed.
93. Where projects will generate cash savings in future years, the normal expectation will be that some of the initial investment from the fund will be repaid, to generate a source of funding for future years. This will be considered on a case by case basis.

ANNEX B

TIMELINE FOR EARLY ACTION

By January 2005, we will

- Hold a series of Efficient Government Seminars, to develop public sector proposals for EG projects
- Establish an Efficient Government delivery team in the Executive
- receive the first set of Stage 1 applications to Efficient Government Fund
- Initiate a review of public sector procurement.

By March 2005, we will

- Consult stakeholders on streamlining bureaucracy activity
- Publish technical notes for cash releasing efficiency projects
- Identify shared support and transactional service projects with early potential

By May 2005, we will

- Receive the first detailed (Stage 2) applications to the EG fund
- Publish technical notes for time-releasing efficiency savings
- Identify further cash releasing efficiency projects.

By August 2005, we will

- Initiate a range of pilot projects for long term efficiency savings
- Receive the third series of Stage 1 applications to the EG fund

By December 05 we will

- Finalise the first set of shared support and transactional service projects
- Take forward the recommendations of the procurement review

ANNEX C

GROUPS SUPPORTING EFFICIENT GOVERNMENT

REFERENCE GROUP

Willie Rae – ACPOS

Tom Kelly – Association of Scottish Colleges

Angiolina Foster – Communities Scotland

Rory Mair – COSLA

Brian Murray – Highland Fire Brigade

Stuart Bain – National Services Scotland

Gillian Thomson – Office of the Accountant in Bankruptcy

Jim McFarlane – Scottish Enterprise

Lindsay Montgomery – Scottish Legal Aid Board

Ian Jardine – Scottish Natural Heritage

Douglas Sinclair – SOLACE

SCRUTINY FORUM

Audit Scotland

Department of Work and Pensions

BFI

HMIE

Care Commission

Crown Office and Procurator Fiscal Service

CoSLA

Communities Scotland

HMIC

Society of Local Authority Chief Executives

Social Work Services Inspectorate

Scottish Executive

ADVISORY PANEL OF EXPERTS

George Black,
Chief Executive
Glasgow City Council

Michael Docherty,
Chief Executive
South Lanarkshire Council

Arthur McCourt
Chief Executive
Highland Council

Douglas Sinclair
Chairman SOLACE Scotland
Chief Executive, Fife Council

Tom Divers
Chief Executive
Greater Glasgow NHS Board

Jim Currie
Head of Acute Services
Ayrshire and Arran NHS Board

Ian Jardine
Chief Executive
Scottish Natural Heritage

Colin MacLean
Head of Children, Young People and
Social Care Group, Scottish Executive

Ed Straw
Partner
Price Waterhouse Cooper LLP

Jim McFarlane.
Chief Executive
Scottish Enterprise Edinburgh and Lothian

Caroline Gardner
Deputy Auditor General
Audit Scotland

David MacKay
Chairman Unitary Board,
Scottish Rugby Union

Tom Shepherd
Chief Executive
CXR biosciences

Mark Selway
Chief Executive
The Weir Group Plc

Angiolina Foster
Chief Executive
Communities Scotland

Rory Mair
Chief Executive
Convention of Scottish Local Authorities

Shane Rankin
Chief Executive
The Crofters Commission

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