

## Scottish Government Efficiency Report 2014 - 15

1	Organisation Name	Scottish Government
2	Responsible Person	Director General Strategy & External Affairs
3	Total cash efficiency achieved	£69.95m
4	Efficiency achieved as percentage of 2014-15 DEL baseline	3.58%
5	<p>Summary of efficiency activity e.g.</p> <ul style="list-style-type: none"> <li>• 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.</li> <li>• 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.</li> <li>• 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.</li> </ul>	<p>Scottish Government remains committed to an ambitious programme of public sector reform to ensure the continued delivery of high quality, effective and sustainable public services which deliver maximum value for public money. Activities include continuing to support a shift towards preventative interventions (in order to improve manage future demand); the further development of shared services; maximising the opportunities presented by digital technology and encouraging asset-based, co-produced and person-centred approaches to public service delivery. These actions are delivering cost savings not just for core Scottish Government but across public services in Scotland, as well ensuring that services deliver better outcomes and are more responsive to people's needs.</p> <p>In a period of sustained real terms cuts to the Scottish Governments budget, efficiency savings remain key to ensuring continued delivery of public services across Scotland. Scottish Ministers expect every public body to deliver efficiency savings of at least 3% per annum during the course of the current Spending Review (2011-12 to 2015-16) 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 administration budget while continuing to deliver a high quality service for the people of Scotland and being recognised as an outstanding employer.</p> <p>Whilst seeking to build upon significant efficiencies already achieved in procurement, facilities, travel and other operational costs, the 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>In 2014-15, the core Scottish Government's DEL budget allocation was reduced with business performance, as measured against a range of corporate indicators, being maintained. These indicators include 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>

## Scottish Government Efficiency Report 2014 - 15

		<p>Maintaining business standards in the challenging financial circumstances affecting the Scottish Administration has required portfolios, individually and collectively, to take creative approaches to delivering efficiencies.</p> <p>Efficiencies may be delivered through a range of measures, such as improvements in technology, streamlining processes, or workforce reform. This report highlights some of the main efficiencies which have been delivered.</p> <p><u>Procurement –</u></p> <p>Procurement of goods and services accounts for around a third of Scottish public expenditure and continues to represent the key area of efficiency.</p> <p>In 2014-15, procurement efficiencies delivered through core Scottish Government expenditure and programmes accounted for £46.8m.</p> <p>Savings include:</p> <ul style="list-style-type: none"><li>• Controlling the costs of generic prescription drugs through the operation of the Scottish Tariff saved £3.4m;</li><li>• The introduction of a new legal services framework will deliver savings across Central Government by allowing access to commonly required legal services at market leading rates and terms;</li><li>• Smaller savings have been achieved through better rationalisation of contracts and reducing reliance of external consultants in some business areas; and</li><li>• Greater utilisation of central procurement expertise helped to deliver significant procurement savings across NHSScotland amounting to £35.1m and £4.4m annualised benefit from the five-year electronic monitoring services contract.</li></ul> <p><u>Asset Management –</u></p> <ul style="list-style-type: none"><li>• The Scottish Government (SG) Information Services and Information Systems (ISIS) required the supply of compute, storage and possibly software services, for the replacement of end of life storage area networks (SAN) and physical hypervisors for our office automation (OA) network known as SCOTS. The overall project will refresh the two storage arrays and 22 hypervisors that support our virtual</li></ul>
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## Scottish Government Efficiency Report 2014 - 15

		<p>application hosting environment.</p> <p><u>Shared Services</u> –</p> <ul style="list-style-type: none"><li>• The Scottish Government provides a range of corporate shared services to core Directorates and a number of public bodies across Scotland. These shared services include IT, HR, Finance, Procurement and Internal Audit which generates efficiencies for bodies across the public sector. A total of 72 out of the 118 public bodies in Scotland use these services.</li></ul> <p><u>Administrative costs</u> –</p> <p>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 very firm control of public-sector pay with resources targeted at lower paid staff.</p> <p><u>Other</u> –</p> <p>A range of corporate activities and changes throughout 2014-15 have delivered £23.82m in savings not separately classified under the definitions presented above. These include:</p> <ul style="list-style-type: none"><li>• Leveraging additional funds totalling £7.8 million into the Inspiring Scotland Fund to support young people aged 14-19 into positive destinations including education, training or work.</li><li>• As a result of reduced expenditure on non-salary admin costs, £12 million of savings were realised in the Police Division's budget. Staffing levels reduced over the year as the Scottish crime campus project completed and associated Police Reform transitional work was integrated into the division.</li><li>• Numerous examples across the organisation of strategic planning, monitoring and control of administration budgets. Measures taken include flexible working, strategic vacancy management, merging of posts and restructuring of business areas, greater use of video conferencing and in-house facilities such as training, recruitment and procurement expertise.</li></ul>
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## Scottish Government Efficiency Report 2014 - 15

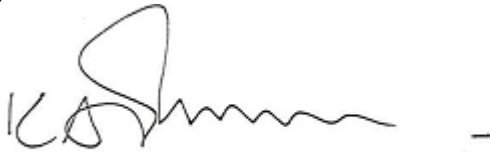
		<ul style="list-style-type: none"> <li>£1.3m efficiencies achieved through management of the programme budget created to deliver the Futures project. The Futures project has sought to re-engineer the business and IT processes which underpin the delivery of rural payments and inspections in partnership with Scottish Natural Heritage and the Forestry Commission.</li> </ul>
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 used to support a focus on the National Outcomes, the priorities set out in the Government Economic Strategy and the Programme for Government priorities, while mitigating the impact of cost pressures on public services across Scotland.</p>
7	Breakdown of efficiency saving [by Procurement, Shared Services or Asset Management]	<p>Procurement = £46.8m</p> <hr/> <p>Shared Services = £0</p> <hr/> <p>Asset Management = £0</p> <hr/> <p>Other = £23.82m</p>
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"> <li>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.</li> <li>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.</li> <li>SC10. We have excellent relationships with our partner organisations with clear expectations and performance management underpinned by a climate of</li> </ul>

## Scottish Government Efficiency Report 2014 - 15

		<p>trust and respect.</p> <ul style="list-style-type: none"><li>• 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.</li></ul> <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 2014-15 are as detailed in the above table and I am satisfied that the efficiencies identified fall within the published definition.

**Signed**



..... (Accountable Officer)

**Date** ...21/03/2016.....