

Scottish Government – Efficiency Report for Financial Year 2017-18

Scottish Ministers publish a report for each financial year of the steps taken to improve efficiency, effectiveness and economy in the exercise of their functions to meet the requirements of section 32(1)(b) of the Public Services Reform (Scotland) Act 2010. This is the report for financial year 2017-18.

1	Organisation Name	Scottish Government
2	Responsible Person	Director General Organisational Development and Operations
3	Total cash efficiency achieved	£136.4 million
4	Efficiency achieved as percentage of 2017-18 fiscal outturn baseline	6.81%
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 	<p>Introduction</p> <p>Scottish Ministers remain committed to an ambitious programme of public service 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 a preventative approach in order to prevent escalation and to 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 only for core Scottish Government but also 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 Government’s budget, efficiency savings remain key to ensuring continued delivery of public services. Scottish Ministers expect every public body to deliver efficiency savings of at least 3% per annum and to report publicly on the actions undertaken and the results achieved. This same expectation is placed upon the core Scottish Government budget while continuing to deliver a high quality service for people in Scotland.</p> <p>Efficiencies are delivered through a range of measures, such as improvements in technology, streamlining processes, or workforce reform. This report highlights some of the main efficiencies delivered in 2017-18.</p>

<p>reliability has been improved during the year</p> <ul style="list-style-type: none"> 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><u>Procurement</u></p> <p>Procurement of goods and services accounts represents a key area of efficiency. In 2017-18, procurement efficiencies delivered through core Scottish Government expenditure and programmes saved £68.6 million.</p> <p>Efficiencies in 2017-18 include:</p> <ul style="list-style-type: none"> Systems Integration Contract The Systems Integration contract supports the Scottish Government's shared services common computer platform (SCOTS) by ensuring that systems are effectively integrated and maintained. The contract allows for a range of IT services including data network management services, fault diagnosis, technology refresh and innovation, business analysis, technical assurance and application support assistance. The project achieved total savings of £988,750 (£202,550 in 2017-18). Applied Satellite Technology Systems Contract The Provision of Satellite Phones and Airtime Communications supports the Scottish Governments ability to provides two way communications between outlying geographically remote council areas and with the Scottish Government and partners during emergency situations. The portable system procured is capable of providing broadband internet and voice communications in the absence of landline or mobile coverage and is capable of operating under its own power reserves. The project achieved total savings of £237,000. Coaching Supervision for Internal Coaches Contract The Coaching Supervision framework provides an Executive Search Service for the provision of Coaching Supervision Services for Internal Coaches in the Scottish Government. Scottish Government has qualified internal coaches who have received supervision as an integral part of their training programmes but those who have completed qualifications now have no formal supervision in place. This contract provides an appropriate level of supervision for those who have already qualified and to have provision in place for those who will complete qualifications in future. The projected total saving is £67,167.
---	--

- Organisation Development Consultancy Contract**
 The Organisational Development framework provides a framework of service providers to support the development and delivery of discrete organisational development projects as they arise over the life of the framework agreement, including providing expert organisational development advice, coaching senior staff who are leading organisational change, design and delivery of organisational development support and working with internal organisational development staff to build their skills and capability. The projected total saving is £70,508.
- Health National Procurement**
 55.0% of savings achieved through the Health National Procurement workstream relate to pharmacy frameworks (e.g. non-tariff or prescribing). As an example, £2.6 million was saved as part of the NHS Scotland Seasonal Influenza Immunisation programme through central procurement, storage and distribution of flu vaccines.

Asset Management

Efficiencies in 2017-18 include:

- Savings of £258k with the closure of Pentland House, Edinburgh and relocation of staff. This is a part year (5 month) saving as the building was vacated in November 2017.
- Internal refurbishment continues in Victoria Quay with a transition of staff to 'smart working' practices. The number of staff (headcount for permanent and fixed term appointments) in Victoria Quay has increased by an estimated 208 over the reporting period. This has reduced the cost of accommodation in the building by approximately £187 per person, or £422k in total in 2017-18.

Shared Services

Efficiencies in 2017-18 include, within Health's Sustainability and Value (S&V) programme: effective prescribing; workforce; clinical transformation (theatres); and facilities/shared services. Key areas relate to:

- Effective Prescribing - Polypharmacy reviews which contributed £15.0 million of savings.
- Workforce – a 2017-18 commitment by NHS Boards to reduce agency supplementary staffing spend by 25% e.g. through use of bank staff to cover absence or by

		<p>permanent recruitment. This reduced spend on prior year by £10.7 million</p> <ul style="list-style-type: none"> work on the Procurement Transformation programme (£5.4 million), catering (£0.7 million), PFI/PPP (£0.8 million) and energy (£0.7 million). <p><u>Other</u></p> <p>A range of corporate activities and changes throughout 2017-18 have delivered £11.1 million in savings not separately classified under the definitions presented above.</p>
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 and the priorities set out in the Programme for Government, while mitigating the impact of cost pressures on public services across Scotland.</p>
7	Breakdown of efficiency saving	<p>Procurement: £68.6 million</p> <p>Asset Management: £12.4 million</p> <p>Shared Services: £44.3 million</p> <p>Other: £11.1 million</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 efficiencies are delivered without detriment to the quality of services. The Scottish Government reviewed its governance and assurance arrangements in the summer of 2017, with subsequent recommendations either implemented or in the process of being implemented. In recognition of the strategic importance of the Scottish economy, and in light of the Scottish Government's new fiscal responsibilities, the Economy and Exchequer Boards were established by the Corporate Board. Alongside this, the Constitution and Europe Programme Board was put in place to support the Scottish Government's readiness for EU Exit and the Infrastructure Investment Board was reconstituted as a corporate sub-board in recognition of its work to support economic growth, reporting jointly to the Economy Board and the Exchequer Board. The Performance & Priorities Board was renamed the Performance Board with a specific remit focussing on supporting the implementation of the National Performance Framework and the Programme for</p>

		Government. All elements of Scottish Government's corporate governance structure provide scrutiny and constructive challenge to ensure that the Scottish Government delivers on its priorities and responsibilities to the Scottish Parliament and the people of Scotland.
--	--	--

I confirm that the efficiencies delivered for the year 2017-18 are as detailed in the above table and I am satisfied that the efficiencies identified fall within the published definition.

Signed

..... **Sarah Davidson** **(Accountable Officer)**

Date **2 April 2019**