



SFC Call for information

Efficient Government

Issue date: 7 February 2014

Deadline: 18 April 2014

Reference: SFC/CI/01/2014

Summary: A request for each institution to provide details of their contribution to the Scottish Government's efficient government objectives, in particular outturn figures for the academic year 2012-13.

FAO: Principals and directors of Scotland's colleges and universities

Further information:

Contact: Claire Taylor

Job title: Senior Financial Analyst

Department: Learning, Governance and Sustainability

Tel: 0131 313 6604

Email: ctaylor@sfc.ac.uk



Scottish Funding Council
Promoting further and higher education

Scottish Funding Council
Apex 2
97 Haymarket Terrace
Edinburgh
EH12 5HD
T 0131 313 6500
F 0131 313 6501
www.sfc.ac.uk

Efficient Government

Purpose

1. This call for information requests each institution to provide details of their contribution to the Scottish Government's efficient government objectives, in particular outturn figures for 2012-13.

Background

2. Scottish Ministers expect every public body to deliver efficiency savings of at least 3% in each year of the spending review period 2011-12 to 2014-15 and to report publicly on the actions taken and the results achieved.
3. The emphasis has moved from a centrally managed efficiency programme to one that allows public bodies to demonstrate where appropriate, how and to what extent they have used efficiencies to protect quality and level of services and maintained outputs and outcomes in the face of budget cuts.
4. Another important change to note is the requirement for the Scottish Funding Council to publish the annual statement of efficiencies instead of Scottish Government¹. This will be done using a standard template provided by Scottish Government.

2012-13 Efficiencies

5. The guidance which was given in last year's circular still stands and is included for your information at Annex A.
6. Since we are only dealing with single year periods there will be no requirement to set out future year's plans as with previous programmes. However, as in last year's return, the higher education sector has expressed a preference to continue with three year reporting and our pro-forma at Annex B will allow for this information to be collected.
7. We recognise that some colleges have recently merged and it may not be possible to provide comprehensive information on efficiencies for 2012-13 on each of the pre-merger colleges. If this is the case, please provide information on the efficiencies to the best of your knowledge and clearly state the basis of the return when sending it to us.

¹ Section 32 of the Public Services Reform (Scotland) Act 2010 requires each public body to publish a self-standing statement of the steps taken in the previous financial year to improve efficiency, effectiveness and economy in the exercise of its functions.

HE only – Plans for 2013-14 and 2014-15

8. In completing this information, institutions need to bear in mind that the base year for each of these years is the previous year, for example, 2011-12 is the base year for the 2012-13 efficiencies and 2012-13 is the base year for the 2013-14 efficiencies. Only new efficiencies in each year will count towards meeting the expectation of 3% efficiencies in each year.

Audit requirements

9. There is a possibility that Audit Scotland will want to review this information, so it is important that the evidence being held at each institution is detailed and robust enough for audit purposes.
10. Our preferred approach is for universities and colleges to use appropriate internal management and governance arrangements, in keeping with both the Scottish Funding Council's and the Scottish Government's preference for a 'light touch' approach to regulation and inspection. Following discussion with the sector representative bodies, we recommend that you ensure the robustness of the efficient government information by including review of the underlying processes within the scope of your Audit Committee's remit. It has also been suggested to us by the sector representative bodies that a section on improvements reported through the efficient government programme could be included in the Operating and Financial Review (OFR) now required by the Statement of Recommended Practice for inclusion in institutions' financial statements.

Next steps

11. Please email your completed Annex B showing 2012-13 actuals (colleges and universities) and plans for 2013-14 and 2014-15 (universities only) by Friday 18 April 2014 to GMAP-returns@sfc.ac.uk.

Further information

12. Please contact Claire Taylor, Senior Financial Analyst, Learning Governance and Sustainability for further information, Tel: 0131 313 6604, email: ctaylor@sfc.ac.uk.



Brian Baverstock
Deputy Director
Learning Governance and Sustainability Group

‘Cash-releasing’ and ‘time-releasing’

1. For the purposes of this efficient government period 2012-13, there is a requirement for the efficiencies to be represented by ‘cash-releasing’ efficiencies. Time-releasing efficiencies will not count towards the target, but should also be reported.
2. The definitions of ‘cash-releasing’, ‘time-releasing’, and ‘notional cash savings’ provided in the Scottish Government guidance are as follows:
 - **Cash-releasing efficiencies** are achieved by delivering an actual resource efficiency because the organisation or function delivers the same service at a reduced cost which might be demonstrated by delivering the same outcome(s) or output(s) for a reduced input (e.g. costs, people, procurement, assets etc) or delivering a reduced unit cost allowing an increased volume of service for the same cost. Cash efficiencies release financial resources to be used for other or increased public services.
 - **Time-releasing efficiencies** are defined as efficiency measures which do not release cash but allow frontline services to deliver better services with the same money (for example, through workforce reform or better support).
 - **Notional cash savings:** the Scottish Government has issued supplementary guidance on the definition of notional cash savings that you might find useful. Where an organisation can clearly demonstrate it has made an efficiency that releases staff resource to allow it to deliver necessary additional services, e.g. in support of Ministerial priorities, within existing budget, this avoids the need for additional funding. It is essentially no different from a cash-releasing efficiency and as such, it is likely to be eligible to contribute towards the efficiency target. The detailed guidance was attached as Annex A of circular [SFC/35/2009](#).

Associated development costs

3. It should only be in very exceptional circumstances that it is necessary to offset development costs against the value of improvements, as the underlying development will normally have been planned to meet one or more business objectives, and not solely to generate a contribution to the efficient government programme. It is only when a project has been undertaken as a direct result of the efficient government programme that the costs should be netted off against the value of the improvements.

Income generation

4. Where finance has been levered in from an organisation out-with the public sector and this has freed resources which could be redeployed, then that funding can be counted as an efficiency, provided the level of service delivery is maintained or improved. This does not apply to funding levered in from other Scottish public sector organisations since such arrangements would have no net effect on the public sector. However, funding out-with normal financial support obtained from the UK or the EU may be eligible.
5. Supplementary guidance on identifying and counting efficiency savings from income sources can be found at Annex B of circular [SFC/35/2009](#). An activity category (I) is included in the pro-forma (Annex B) for returns, to allow this information to be collected.

Staff restructuring

6. If your institution has completed a recent programme of staff restructuring during the period, any efficiency gains arising from the restructuring can be included in the return.

Methodology and pro-forma (Annex B)

7. It has been agreed that the sectors should take an approach similar to the previous efficient government initiative, where the colleges and universities identify activities that can contribute to the efficient government programme. The pro-forma, attached as Annex B, is similar to that included in previous circulars.
8. The form will allow you to input the outturn for the activities contributing towards your efficiencies for the period 2012-13. If you need a copy of the return sent to the Scottish Funding Council by your institution last year, please contact Claire Taylor, Tel: 0131 313 6604, email: ctaylor@sfc.ac.uk.
9. In each year, you are asked to input new recurrent and one-off efficiencies planned for that year.
10. It is important to recognise one-off efficiency gains as they demonstrate efficiency activity in an institution.

For example:

The sale of a surplus asset, e.g. a building or land plot. The bulk of the efficiency will be the one-off cash gain from the sale. However there may also be some recurring efficiencies from the sale of an asset if on-going maintenance costs are reduced or eliminated.

11. As with the previous return, we are collecting information on a wide range of activities, including the following (the workstream code is shown in brackets):
 - Business process improvements (BPI)
 - Collaborative activities (C)
 - Shared services (S) (for example: efficiencies brought about by services provided centrally by Joint Information Systems Committee (JISC) or the Higher Education Authority (HEA))
 - Procurement (P) (independent of and in addition to the gains secured by Advanced Procurement in Universities and Colleges (APUC))
 - Estates (E) (for example: proceeds from sale of a surplus asset; reduction or elimination of on-going maintenance costs; energy saving projects; space planning; and rationalisation of estates)
 - Income (I)
 - Other (O) – any other areas of improvements you are aware of that don't fit under the other headings, including one-off gains.
12. Please note that the pro-forma asks for figures to be entered in '£000'.
13. Please include everything even if you are not sure if it counts towards the target or not. However, where you include something which you are unsure about, please identify this on the form beside the activity and highlight this in the email you send covering the returned form and the Scottish Funding Council will consider and if necessary discuss with the Scottish Government's efficient government team.
14. The Scottish Funding Council published a list of activities contributing to the efficient government targets resulting from the information provided by the sectors in response to circular [SFC/32/2010](#). Institutions may find it useful to refer to this document when considering the activities being reported in their returns. The document is published on the Scottish Funding Council website

and can be found at the following link:

http://www.sfc.ac.uk/funding/FundingOutcomes/Governance/efficient_government/efficient_government.aspx