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Press release

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Public sector is making efficiency savings but fresh approaches needed to deal with reduced future funding

Scotland's public sector is continuing to find more efficient ways of delivering services, and its reported efficiency savings in 2008/09 exceeded the Scottish Government target by more than half.

However an Audit Scotland report published today, *Improving public sector efficiency*, says Scottish public bodies are facing the greatest financial challenge since devolution, and planning for two per cent savings will not be enough for the future.

In 2008/09, the public sector reported £839 million in savings against a target of £534 million, an achievement of 3.1 per cent savings compared with the two per cent target. Audit Scotland says public bodies should continue to develop and expand efficiency initiatives and develop new ways of delivering services.

To become more efficient and effective, public bodies should ensure they are budgeting for and spending on priorities, improving the information they have on productivity, quality and performance and extending their collaboration and joint working to deliver public services.

Deputy Auditor General for Scotland, Caroline Gardner, said: "Scotland's public sector continues to perform well in finding more efficient ways of working and trimming the amount of money needed to deliver services.

"However, planning to make two per cent savings each year will not be enough to bridge the gap between projected spending and funding over the next few years. Difficult decisions and new approaches will be needed to find other ways to increase efficiency and reduce public spending."

Chair of the Accounts Commission, John Baillie, said: "The drive to improve efficiency and productivity is not just an exercise for managers and service providers. Most councils will need to continue to increase significantly the level of savings made. Strong leadership and engagement from elected members and senior managers is needed to challenge, monitor and support their councils in delivering efficiency and productivity improvements."

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Notes to editors

1. An efficiency saving is where a public body delivers the same level of service with fewer resources or where an improved level of service is delivered with the same resources.
2. All Audit Scotland reports published since 2000 can be found on Audit Scotland's website www.audit-scotland.gov.uk
3. Audit Scotland is a statutory body set up in April 2000, under the Public Finance and Accountability (Scotland) Act, 2000. Audit Scotland has prepared this report jointly for the Auditor General for Scotland and the Accounts Commission for Scotland:
 - The Auditor General is responsible for securing the audit of the Scottish Government and most other public bodies in Scotland, except local authorities. He investigates whether spending bodies achieve the best possible value for money and adhere to the highest standards of financial management. The Auditor General is independent and is not subject to the control of the Scottish Government or the Scottish Parliament.
 - The Accounts Commission for Scotland was set up in 1975 and is independent of both central and local government. The commission checks whether local authorities, fire and police boards spend £19 billion of public money properly and effectively.