



MINUTE

A & B

Audit and Scrutiny Committee
Council Chamber, Town Hall, Lerwick
Wednesday 5 March 2008 at 10am

Present:

F B Grains A G L Duncan
A T Doull C L Smith

Apologies:

R S Henderson A J Hughson
C H J Miller

In attendance (Officers):

G Johnston, Head of Finance
C Medley, Head of Housing and Capital Programme
S Pearson, Safety and Risk Manager
P Peterson, Performance Management Co-ordinator
L Adamson, Committee Officer

Chairperson

Mrs F B Grains, Chairperson of the Committee, presided.

Circular

The circular calling the meeting was held as read.

Declarations of Interest

None.

Minute

The minute of the meeting held on 23 January 2008, was confirmed on the motion of Mr C L Smith, seconded by Mr A G L Duncan.

Min. Ref.	Subject	Action/Info
09/08	<p><u>Information on Capital Projects Past and Present</u></p> <p>The Committee considered a report by the Head of Housing and Capital Programme (Appendix 1).</p> <p>The Head of Housing and Capital Programme summarised the main terms of the report and advised that should Members request additional information on any of the projects listed, additional detailed information would be obtained.</p> <p>The Chairperson commented that the summary sheets did not</p>	

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	<p>contain the type of information she had requested. She went on to explain that the information she would like provided would be the actual budget set at the start of the project, the tender cost of the contract, the final outturn of the project, with information on any overspends, or underspends, at any time during the project. It would also be beneficial to find out whether there were any particular trends relating to certain types or sizes of projects, which went over or under budget.</p> <p>The Head of Housing and Capital Programme advised that further information should be available on each of the projects listed, however to investigate each project in detail would be a huge task. He suggested that Members select a number of projects for further scrutiny, or alternatively he could select a number of projects at random, or the projects with the highest overspend, for further investigation.</p> <p>The Head of Finance noted a pattern across the five-year review period in which projects had underspent. The original budget had been set dramatically higher than the outturn costs of the project. He explained that Officers are often pressurised into providing a formal estimate on the costs of a project, to gain quick approval by Council, and in these circumstances often the figure cannot be relied on as the final cost of the project. This scenario also makes it difficult for the Capital Programme Service and the Finance Service to plan ahead financially. He added that if the Committee were so minded, they could put out a message to Project Officers for the costs of projects to be considered more carefully and timeously, and for Budget Responsible Officers and Committees to tighten up on budget management.</p> <p>The Chairperson commented that it would be beneficial for Project Officers to set an accurate, detailed price at the start of the process, instead of hurriedly providing unrealistic figures. The Head of Housing and Capital Programme said that he would welcome the Committee's endorsement of the message that Project Officers should not put forward projects, prematurely but that projects should be properly costed.</p> <p>Mr A G L Duncan referred to Appendix A, and asked a number of questions relating to specific projects. The Head of Housing and Capital Programme provided Mr Duncan with some explanation, and advised that he would need to seek further information from the relevant Project Officers. It was agreed that Mr Duncan and other Members of the Committee provide the Head of Housing and Capital Programme with a list of all the projects requiring further explanation, and this information would be reported at the next meeting.</p> <p>Mr C L Smith thanked the Officers involved in providing the</p>	<p>CM</p>

Min. Ref.	Subject	Action/Info
	<p>information in the report, however he questioned the benefits of Officers spending time scrutinising past projects, when it was more important to ensure that future projects did not overspend. He added that it had been agreed that Officers will report any overspend on individual projects to Committee, prior to spending more on a project. The Head of Finance said that the Committee should be clear on the purpose of seeking further information on past projects, to ensure it is appropriate for Officers to spend more time sourcing the information. He added that the Committee may come to a view that there is only a limited amount of benefit from examining past project, however some of the findings from further investigation could be helpful to learn for the future.</p> <p>The Head of Housing and Capital Programme advised that regular update reports on the Capital Programme are being presented to Council, with Budget Responsible Officers providing financial information on the individual projects and this should hopefully bring more focus to projects.</p>	
10/08	<p><u>Breakdown of Directorate Budgets for 2007/08</u> The Committee considered a report by the Head of Finance (Appendix 2).</p> <p>The Head of Finance introduced the report and asked the Committee to consider whether they wished any further detailed information on Directorate employee costs within the Infrastructure and Education and Social Care Departments.</p> <p>During the discussion that followed, Members requested further detailed information on the training costs, overtime costs, allowances and recruitment expenses associated with the Education and Social Care Department.</p>	GJ
11/08	<p><u>Risk Management Board and Current Strategic Issues</u> The Committee noted a report by the Safety and Risk Manager (Appendix 3).</p> <p>The Safety and Risk Manager summarised the main terms of the report.</p> <p>In response to a query from Mr A G L Duncan, the Safety and Risk Manager advised that she anticipated that the complete findings from the review of the Strategic Risk Register would be presented to the next meeting of the Committee, in full if complete, and in part if not.</p> <p>The Chairperson referred to the SIC's Communications Strategy attached as an Appendix, and commented that with the Strategy being produced in 2003, that it could possibly benefit from an upgrade.</p>	

Min. Ref.	Subject	Action/Info
12/08	<p><u>Disabled Access to Ferry Terminals</u></p> <p>The Committee considered a report by the Asset and Properties Unit (Appendix 4).</p> <p>The Performance Management Co-ordinator summarised the main terms of the report and highlighted the information provided in the Ferry Service Action Plan attached as an Appendix, which included the short-term and medium-term improvement works to facilities at ferry terminals.</p> <p>Mr A G L Duncan said that the proposed improvement works at the ferry terminals appeared to be very satisfactory.</p> <p>Mr C L Smith noted that the toilets at Grutness Pier were not suitable for disabled use, and referred to the proposed short-term solution, “will provide signage to direct users to nearest disabled toilet”, which he presumed would be at the airport. Mr Smith had concerns that the airport was not open all hours, and enquired whether another solution should be considered. The Performance Management Co-ordinator agreed to raise this matter with the SIC’s Cleansing Service Manager and Ferry Operations Manager.</p> <p>Mr Duncan expressed concern that the annual budget had been reduced from £170,000 to £122,000, and said that he would like to see the budget enhanced wherever possible. The Head of Finance explained that the budget had been cut in the context of financial pressure, and also to a more realistic figure to cover the cost of the works that could be carried out in the time frame.</p>	

The meeting concluded at 10.55am.

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F B Grains
Chairperson



REPORT

To: Audit and Scrutiny Committee 30 April 2008

From: Head of Finance
Executive Services Department

Report No: F-016-F

EDUCATION & SOCIAL CARE DIRECTORATE REQUESTED DETAILED BUDGETS FOR 2007/08

1. Introduction

- 1.1 At the Audit and Scrutiny Committee on the 5 March 2008, Members requested further detailed information on the training costs, overtime costs, allowances and recruitment expenses associated with Education and Social Care Directorate. The purpose of this report is to provide Members with this breakdown.

2. Links to Corporate Priorities

- 2.1 It is a Corporate Improvement Plan aim that we will further develop Member engagement in systematic performance reporting, review and scrutiny. This report contributes to that aim.

3. Summary of 2007/08 Budgets

- 3.1 The following table shows a summary of 2007/08 budgets requested. The total costs amounts to £809,441.

Table 1 Summary	2007/08 Budget £
Overtime (APT&C & Manual)	85,958
Islands Allowance (APT&C & Teacher)	146,130
Other Allowances	22,483
Recruitment (relocation/advert/interview)	224,740
All Training Costs	330,130
TOTAL	809,441

- 3.2 Attached as Appendix A is a more detailed summary of the budgets by typecode, which is further broken down into detail in Appendix B by cost centre.

Overtime

This is mainly for manual workers either at Islesburgh (£53,134) or the parks (£24,765).

Islands Allowance

This is mainly on areas which employ staff such as Islesburgh (£42,625), Staffing Management and Administration (£34,386), Parks (£13,060) and Area Community Work (£11,406).

Other Allowances

This is made up of a number of small budgets covering items such as maternity, shift and first aid etc. These costs are not concentrated in any one particular area. These form part of the salary of staff depending on duties and hours worked.

Recruitment

This covers relocation expenses (£88,081), advertising costs (£76,659) and interview expenses (£60,000). This covers all recruitment costs for Education and Social Care, an area where there is high staffing numbers and turnover.

Training Costs

This budget covers the training costs mainly for the following activities, community care, vocational, child protection, child residential, adoption, diploma/degree social work, SVQ, food hygiene and manual handling. There are smaller budgets across a number of activities which will pick up more specific training relevant to a particular activity.

5. Financial Implications

- 5.1 There are no financial implications arising from this report.

6. Policy & Delegated Authority

- 6.1 In accordance with Section 11.0 of the Council's Scheme of Delegations, the Audit and Scrutiny Committee is responsible for reviewing all aspects of corporate performance.

7. Recommendation

- 7.1 I recommend that the Audit and Scrutiny Committee note the information contained in this report.

Date of implementation: 28 March 2007

1. Policy Statement

The Council operates a fleet of council owned vehicles to enable Council employees to assist in the delivery of a wide range of services. Employees who have access to such vehicles must comply with this policy to ensure they make proper use of these vehicles.

2. Scope of Policy

This policy applies to all Shetland Islands Council employees who have use of Council owned vehicles in order to carry out the duties of their job.

3. Policy Provisions

Council owned vehicles will only be allocated to specific employees who carry out jobs where the following conditions apply :-

3.1.1 Private use of Council vehicles is not permitted.

Council employees authorised to use Council vehicles to travel between their home and work must only use the vehicles for Council business unless paragraph 4.8 below applies.

3.1.2 Employees will only be permitted to take a Council vehicle home with them where:

a) the driver may be called out/ is on standby and there is a sound reason why a Council vehicle is required to carry out the function of call out /standby rather than the driver using his/her own vehicle in which case they would get paid mileage. An example being: the vehicle contains tools/materials to do the call out job.

b) employees have no fixed place of work and it is demonstrated to be cheaper to travel direct to their place of work without having to collect the vehicles from a central depot.

c) the vehicle is being used to collect other Council employees, with no fixed base, to work at the same site.

d) there is a sound service reason for an employee to make use of a special vehicle. For example, an employee requires a commercial 4x4 vehicle to get to a place of work in early morning due to adverse weather conditions.

3.2.1 Unless in very exceptional circumstances, for example, to assist Officers on call or stand-by to make child care provisions when responding to a call out, Council owned vehicles must not be used to carry passengers unless they are other council employees working at the same site or people on legitimate Council business.

- 3.3.1 Any Council employee who receives an Essential Car User Allowance should only have the use of a Council vehicle in exceptional circumstances. For example, to carry food produce in hygienic conditions or asbestos samples in appropriate containers or entry into special hazardous areas or testing equipment or communication equipment.
- 3.3.2 Additionally Officers in receipt of Essential Car Users Allowance may on occasions be required to use a pool vehicle or assigned vehicles to enable them to respond to incidents or events most likely as a result of extreme weather or enter restricted sites where only approved, specialist, vehicles are permitted.

4. Responsibilities

- 4.1 Personnel shall ensure that the conditions of service for Council employees will be amended to include a paragraph on the private use of Council owned vehicles.
- 4.2 Service Managers must monitor the use of council owned vehicles within their service area to ensure compliance with this policy including demonstrating that it is cheaper to allow vehicles to be taken home.
- 4.3 Authorised drivers must submit a Driver's Insurance Application Form to the Insurance Section via their Line Manager along with a photocopy of their current driving licence. All sections of the application should be completed including licence endorsements. The employee must not drive Council vehicles until approval has been received from the Insurance Section. (A copy of the relevant form is appended)
- 4.4 Authorised drivers are responsible for reporting accidents and notifying their Service Manager of any change in circumstances affecting insurance cover.
- 4.5 Authorised drivers must inform their Service Manager where they have required to carry passengers, in exceptional circumstances, where the passenger(s) are not Council employees or passengers on legitimate Council business. Failure to do so could lead to disciplinary investigation.
- 4.6 All authorised drivers of council owned vehicles must undertake specific SIC Driver Development Training as soon as reasonably practicable.
- 4.7 Authorised drivers are also responsible for keeping the vehicle clean, undertaking regular checks and presenting the vehicle for service.
- 4.8 Should there be exceptional circumstances, that fall outwith the policy provisions detailed at part 3 above, then the relevant Head of Service must present their case to the Head of Finance for approval.
- 4.9 Finance Services will liaise with Departments annually on administering the Tax/NIC liability of Council owned vehicles to assess any private use in excess of Home to Work Travel.

- 4.10 Failure to comply with this policy could result in disciplinary action being taken. It could also result in an employee being required to reimburse to the Council the value of any tax liability incurred by the Council as a result of them breaching this policy.

5. Communication of Policy

- 5.1 Employees to whom this Policy applies should be made aware of this policy through existing departmental communication channels and a copy will be placed on the Council's Intranet site.

APPENDIX 6

Managers and Trade Unions who were consulted in preparing this report

Manager	Position
Graham Spall	Executive Director – Infrastructure Services
Stephen Cooper	Head of Environment and Building Services
David Williamson	Building Services Manager
Mary Smith	Expenditure Manager
Ian Bruce	Transport Service Manager
Ian Jeromson	Transport Manager
Brian Ridland	Vehicle Maintenance Contract Supervisor
Robby Watt	Maintenance Manager
Andrew Inkster	Port Engineer
Alistair Christie-Henry	Ferry Services Manager
Ian Halcrow	Head of Roads Services

Trade Union rep	Union
Stephen Russell	GMB
Danny Lavery	UNITE
Barry Edwards	UNISON

**Audit and Scrutiny Committee Investigation Report
Private use of Council vehicles – April 2008**

1. Introduction

- 1.1 This report seeks to provide a more in-depth look at the issue of Council vehicles use in general, but more specifically, the private use of these vehicles by Council employees. The Terms of Reference for the Investigation are attached as Appendix 2.
- 1.2 The stated aim of this investigation is to see whether there are any improvements that could be made in the way vehicles are used. This is in line with the Council's efficiencies drive, both in terms of better asset management, and better procurement. It also feeds into the Council's overall target, as set out in the Corporate Plan 2008-11, of eliminating the draw on Council reserves to support General Revenue Fund spending, by 2012/13.

2. Acknowledgements

- 2.1 I would like to thank managers from across Council services as well as representatives of UNITE, UNISON and the GMB trade unions who have provided comment, made suggestions and generally provided input to this report. Thanks is also extended to staff from the Payroll Service and the Fleet Management Unit, who were very helpful in gathering the data requested. (details of managers and union representatives consulted in this study are included as Appendix 6).

3. Summary conclusions

- 3.1 During the investigation process it became clear that the issue of Council vehicle usage is complicated and emotive. It was generally the case during discussions with Trade Unions and management, that justifications were given for the way things are organised at the moment and areas where change would cause problems were highlighted. That was not entirely surprising.
- 3.2 The report provides the required responses to the issues raised by Members. Of most significance perhaps is the fact that the Council spent over £700,000 on fuel and gas last year. With ever-increasing fuel prices and a requirement on all services to continue to identify efficiency savings year-on-year, this figure would surely suggest fuel usage is an area where efficiencies could be made.
- 3.3 This report does not provide one big solution to vehicle usage across the Council. It does however put forward several options which the Committee can consider and which, when added together, could have a collective impact. It also seeks to generally highlight the issues surrounding this topic, for Members to discuss.

- 3.4 The point is made in the report that if a major change is made to the way vehicles are used, without proper information on the cost/benefits that would result, it could have an undesired effect on service efficiency.

4. Response to issues outlined in Terms of Reference

- 4.1 Breakdown of which services have Council vehicles and how many there are:

Appendix 3 shows that the areas with the highest number of vehicles are Roads, Housing (Building Maintenance Services are included in this figure), Fleet Management Unit (a considerable number of these are 'pool vehicles' which are on hire to services), Waste Management and Ports and Harbour Operations.

- 4.2 Cost of fuel consumption for Council vehicles:

The Council used £745,004 of diesel and gas across its vehicle and plant fleet during the 2007 calendar year. The price of fuel has risen significantly in the past few years, and with current conditions, is a cost that is likely to keep rising over the coming years.

- 4.3 Confirm what the policy on private use of Council vehicles is:

The Private Use of Council Vehicles Policy, which was agreed by Council on 28th March 2007, is attached as Appendix 4.

- 4.4 Arrangements that are in place to ensure the Policy is being adhered to:

The Policy sets out fairly stringent requirements for managers to monitor usage of Council vehicles. This is discussed throughout the report.

- 4.5 The number of vehicles that are taken home at night by employees

Although the data available does not provide a breakdown of fuel that is consumed by employees travelling to/from work, managers are aware that a high percentage of employees who use vehicles during the day take these home at night.

A sample of the vehicles mentioned in Appendix 3 was chosen and more detailed data was then extracted from the Fuel Management System (see Appendix 5). This allowed analysis of actual mileage incurred, fuel consumption rates, the cost to the Council and the area the vehicle driver resides.

- 4.6 Vehicle turnover

The Fleet Management Unit's policy is to carry out a maintenance check on vans every 6 months and trucks every month (a legal requirement). Vehicles are only replaced "as and when required" instead of after a set period of time, with the expectation being that most vehicles will last at least 5 years.

4.7 Employee entitlement through terms and conditions to Council vehicles

The current national terms and conditions do not include any provision that entitles an employee to a vehicle for travelling to/from work. In saying that, there is a local agreement that was signed between Council management and Craft Operatives (joiners, plumbers etc) on 31st of March 1994, relating to start times and vehicle usage. This agreement, which was ratified at Policy and Resources Committee on 24th April 1994, states that:

“the naming of fixed places of work for all craftsmen will cease and craftsmen responsible for Council vans will be allowed to use them to travel between home and work. Each craftsman’s place of work would vary with the contract being worked on: typically, a craftsmen would start “on site” at starting time each morning, and finish work “on site” each evening”. (my underlining)

The proposed Single Status terms and conditions, which will eventually replace all local agreements and current terms and conditions, makes no specific mention of Council vehicle usage. However, it does include the following clauses setting out an employee’s right to paid travel time if s/he has no fixed place of work.

10.2 An employee with no fixed place of work who has to travel more than 15 miles to their current place of work shall be entitled to a 15-minute payment each way at straight time.

10.3 An employee with no fixed place of work who has to travel more than 30 miles to their current place of work shall be entitled to a 30-minute payment each way at straight time.

There are also a very small number of employees whose entitlement to a vehicle to carry out their duties is written into their job description. This is an employee entitlement, so any change to this would have to be negotiated through Single Status.

4.6 Tax implications for the Council of employees using vehicles for private use:

The Council currently enters into a PAYE Settlement Agreement) each year with HM Revenue and Customs. This agreement, which only relates to vans and commercial 4x4s, requires the Council to pay tax and national insurance to allow employees to take their Council vehicles home at night.

There have been several changes to this legislation in recent years. In summary though, after 1st April 2007, had the Council not satisfied HM Revenue and Customs that vehicles were only being used for “Home to Work travel”, the tax and NI bill would have increased from £23,511.54 to £174,895.

The Policy set out in Appendix 4 met HM Revenue and Customs’ requirements and therefore effectively saved the Council £151,383.46 in tax and NI contributions each year. This was included in the Council’s annual Efficiency Statement which was submitted to the Scottish Government in August 2007

and was considered by the Audit and Scrutiny Committee on 26th October 2007.

5. Other issues arising from the investigation

5.1 Employees tend to take vehicles home at night for the following reasons,

5.1.1 They are on-call/standby

Some employees are paid an allowance to be on standby after their normal finish time. The argument for them taking a vehicle home at night has typically been that this ensures they are able to respond as quickly as possible to the call-out, be it a ferry breakdown, burst pipe, road traffic accident, navigation aid problem or whatever. The vehicle often contains the tools the employee would need to deal with the situation they are being called out to.

It is also argued that, owing to the unpredictable nature of call-outs, the employee could be called out to attend an emergency that is nearer to his/her house than a central depot. Therefore, some managers feel that it is more efficient for the employee to take the vehicle home at night, regardless of the distance this might be from the depot.

The vast majority of staff in this category are not permitted to use their vehicle unless they are called out. However, there are a few employees who are permitted unlimited personal use of the Council vehicle during on-call periods (the Council incurs a higher tax liability for these vehicles). Again, the argument has run that it is more efficient for the employee to have the vehicle ready to respond in the event of a call-out, than having to incur a delay to drive to a central depot or back home to pick the vehicle up, if they happened to be away from home at the time of the call-out. This argument does have some merit when the call-out relates to tanker operations at Sullom Voe Oil Terminal, where even short delays in responding to call-outs can have high cost implications.

A small number of the vehicles used by staff who are on-call are 4x4 vehicles. The argument has been made that employees could be called out in any kind of weather condition and at night and therefore require vehicles with a higher specification to travel through these conditions. A counter argument could however be made that over the past few years Shetland has not really had sufficient snowfall to justify the retention of these higher spec vehicles 12 months of the year. Also, when the Roads Service forecasts temperatures dropping below a certain level, gritting teams pre-treat main roads. Although there is undoubtedly still a service need to have employees ready to respond to a call-out when that might arise, a vehicle like a 4x4 could be replaced by a smaller van. This would still allow the on-call employee to respond to the call-out, but would be cheaper to buy and cost less to run. This is considered in Section 6.2.1 below.

5.1.2 They have 'no fixed place of work'

Road workers and tradesmen are classed as having no fixed place of work, owing to the fact that it is difficult to predict where they will be required to work

from week to week. The argument for them having vehicles home at night is that this means they can turn up at their job at start time, thereby avoiding the delay of collecting a vehicle from a central depot. It is also argued that this can be more efficient as they are often working in an area that is closer to their home than the depot.

Analysis was carried out of fuel usage rates for a sample of employees from rural areas who take vehicles home at night, during a reference period 1st September 2007 to 30th November 2007 (See Table 1 in Appendix 5). The information would not tend to support the arguments mentioned above. If the employees were working in the area in which they live and were driving straight to that area every morning, it would be reasonable to expect that mileage should be lower than that shown.

A point worth noting is that tradesmen with no fixed place of work regularly come to the Lerwick depot to collect paper jobtickets, load up any required materials from the store and fuel their vehicles. This is discussed further in section 6.4.2.

5.2 Vehicle Tracking System (VTS)

The Fleet Management Unit started up a project in 2006, which sought to procure a Vehicle Tracking System. The Project Initiation Document set out the cost of procuring the system and ongoing revenue costs, together with potential savings to the Council. At that time, the cost of installing the VTS to Council vehicles was estimated to be in the region of £400,000, with £53,000 projected as annual revenue savings (maintenance and fuel) and £200,000 per year in capital savings through reduction in fleet size.

The VTS project was shelved in March 2007 owing mainly to the fact that one of the main areas it was going to address (the need to assure Revenue and Customs that vehicles were only being used to drive from home to work) was resolved by the Policy on the Private Use of Council Vehicles.

Apparently some of the Council's current fleet of vans have the capability to activate a GPS system, provided an annual licensing fee is met. Some rough analysis of the costs involved in installing and paying the ongoing licensing fees has been undertaken for the Building Maintenance service. This worked out at approx £600 per vehicle per year, which is an overall revenue cost of £18,000 for that service alone. This is something that could be looked again and is discussed further at Section 6.4 below.

5.3 Comparative Data

Unfortunately, comparative data is not available for Councils. Nevertheless, figures available from the Association of Public Service Excellence (APSE) shows that the Building Maintenance Service, one of the areas with the most vans, compares reasonably well with other local authorities. The Council's Building Maintenance Service has a ratio of vehicles to employees of 0.68. This compares with the average for Local Authority building maintenance

operations of 0.79 vehicles per employee. Incidentally, the lowest ratio is 0.38 vehicles per employee and the highest is 1.18 (more than 1 vehicle per employee).

6. Potential opportunities

6.1 Improve the way vehicles are used

6.1.1 Fuel additives

The Fleet Management Unit has been running a pilot project with 6 vehicles to assess the impact fuel additives has had on fuel efficiency and cost. The results of this project have been favourable. As there are several other similar products now available, it was decided to extend the pilot so that these could also be tested.

Once the results of this extended pilot are known, the Transport Service will be in a position to make a decision on which additive delivers the best performance. It is hoped that widening the usage of additives could lower the Council's fuel bill and substantially reduce carbon emissions.

- The Audit and Scrutiny Committee could endorse the pilot studies and recommend to Council that a report be prepared for Infrastructure Committee showing the results and the plans to fully develop the potential of fuel additives.

6.1.2 Improve employees' awareness of fuel consumption

The Council currently requires all its vehicle drivers and Essential/Casual Car users to attend Driver Development training. This includes both classroom-based and practical driving sessions. One suggestion would be to include advice on "Eco-driving" in this training. This could cover practical areas such as;

- Checking revs while driving (changing up before 2500rpm (petrol) and 2000rpm (diesel));
- Optimum driving speeds, depending on vehicle;
- Impact of acceleration rates on fuel usage;
- Difference in fuel consumed during short and long journeys - cold engines use almost twice as much fuel and catalytic converters can take five miles to become effective;
- Impact tyre pressure has on fuel consumption rates - under-inflated tyres can increase fuel consumption by up to 3%.

(Source: www.energysavingtrust.org.uk)

The savings that could be delivered from increasing employees' awareness of good driving habits is not quantifiable. However, it is something that could be delivered relatively easily.

- The Audit and Scrutiny Committee could recommend to Council that the Central Safety Committee be tasked with ensuring that this is actioned.

6.2 Improve vehicle fuel efficiency

6.2.1 Fuel efficiency could be given even higher priority when procuring vehicles

The Fleet Management Unit is already responsible for “the procurement and management of all the Council’s vehicles and plant” (with the exception of Ports and Harbours Operations). However, they could perhaps be given support to place a greater emphasis on procuring vehicles that have low CO² emissions rates and are more fuel-efficient.

There is support from managers and Trade Unions for reducing the numbers of 4x4s that the Council owns, where this does not impact on service delivery. The Fleet Management Unit could therefore be instructed to make a thorough check with services to ensure that when managers request procurement of replacement vehicles, a check is made on whether these are ‘fit for purpose’, particularly with regard to 4x4s. This would include checking the justification for requesting the type of vehicle and ensure that the manager has considered lower spec alternatives (such as a van).

- The Audit and Scrutiny Committee could therefore recommend to the Council that these areas be included within the Fleet Management Unit’s remit.

6.3 Improve management and deployment of the workforce

6.3.1 An argument could be made that if workers who take Council vehicles home at night are regularly driving to a central depot to either fuel their vehicle, pick up job tickets or materials anyway, they could organise to collect colleagues who live en-route to the depot. The employees being picked up could then park their vehicles overnight in the depot and only use them when they leave to start their first job. Alternatively, employees could perhaps use their own car to travel to and from work or use public transport, were it available at the right time. There would be savings to the Council both in terms of fuel usage and vehicle wear and tear.

In addition, if trucks were not going to be required in an area close to the driver’s home, foremen could perhaps agree with the driver to park the vehicle up at the depot and drive home using their own vehicle. This couldn’t happen during the day when the driver had come to work with the truck, but, where the work area is known, it could be organised a few days in advance. With fuel consumption rates of trucks so high (See Table 2 in Appendix 5), it is an area that should probably be considered.

- The Audit and Scrutiny Committee could recommend to Council that these operational issues on fuel consumption rates be passed to management to action.

6.3.2 The Trade Union representatives who were consulted felt most of the fuel being consumed by vehicles occurred during the working day and that more

effective deployment of the workforce could help to reduce this. Although travel during worktime was outwith the remit of this report, it is something that is worth noting at this point.

A common issue raised is that that Council work vans often turn up at a building and then leave shortly after. The public perception is that the employee hasn't done any work. It appears that it can often be the case that the employee has to actually go to the job to analyse the requirements, and often these are not exactly as have been reported. It can even be the case that other tradesmen have to attend to ensure the job is carried out safely. It's worth pointing out that is not the fault of the employee.

The accuracy of fault reporting and the fact that a high percentage of repairs is responsive is something that has been discussed with management. Work is currently ongoing to develop a more comprehensive register across all Service areas which will contain the details of fixtures and fittings in any Council office. When a fault is therefore reported, it should allow the Building Maintenance team to understand more fully what is required and reduce the need for multiple visits to assess the materials / appropriate tradesperson required.

That system will not be operational for some time. However, in the short-term, there would appear to be some work that could be done to improve the management of the current repairs logging system, so that more of the details the employee requires to fix the fault in one visit are provided.

- The Audit and Scrutiny Committee could recommend to Council that these operational issues on fuel consumption rates be passed to management to action.

6.4 Revisit the concept of a Vehicle Tracking System

The VTS was something that the Trade Unions expressed some reservations about during consultation. They made the point that they would be supportive of its introduction only if management's intentions were made clear at the outset and it was used to improve service delivery rather than "catch employees out".

Management have said that there would be benefits in that it would allow services to track where vehicles (particularly frontline service delivery vehicles such as gritters and essy kerts), to plan routes more effectively and therefore improve efficiency. There would also be a potential health and safety benefit in that employees who deliver services on their own (lone workers) would have their position recorded in case they ever got into difficulty.

It would also allow management to track where vehicles are being used, see how often vans are going to and from jobs during a day and clarify how many miles are being driven outwith working time. This would be with an aim of making better use of vehicles.

As mentioned in section 5.2, there are high capital costs associated with the VTS. This would therefore have to be the subject of a separate project plan,

and would require submission to the Capital Programme Review Team, for prioritisation as part of the Council's Capital Programme.

- The Audit and Scrutiny Committee could recommend to Council that the Fleet Management Unit, subject to a project plan being prepared and reported back to Council, revisit the idea of a VTS for Council vehicles.

6.5 Blanket ban on taking vehicles home at night

There are clearly more direct options which could be recommended to the Council. One option would be to introduce a policy of requiring all employees to park vehicles in a depot overnight (unless they were on-call), require them to make their own way to that depot and only use the vehicle when they start their work. This has been discussed during consultation with management and unions and various responses have been made, most of which are referred to throughout this report.

There is little doubt that management and employees would resist a 'one size fits all' approach like this. There is a danger that a policy, which recommends far reaching changes without an indication of the costs and benefits, could actually result in a reduction in service efficiency and increase costs. It would therefore be important that the required cost/benefit information was gathered on a service-by-service basis.

- The Audit and Scrutiny Committee could consider making a recommendation to Council that further information be gathered on cost/benefit of allowing vehicles to be taken home at night (see section 6.6).

6.6 Review the Council's Policy on the Private Use of Council Vehicles

Seeing as the Policy is just over 1 year old, it may be a good time to review its operation, to check that its terms are being met. A review could cover the following areas:

6.6.1 Cost / benefit of allowing vehicles to be taken home at night

As is evident from Appendix 4, the current Policy sets out very clear requirements. This includes a requirement for managers to:

"monitor the use of council owned vehicles within their service area to ensure compliance with this policy including demonstrating that it is cheaper to allow vehicles to be taken home". (my underlining)

The underlined part of the policy is a important section of the Policy in terms of fuel usage. This makes it a requirement that all managers, who allow employees to take vehicles home after hours, demonstrate that this is cheaper for the Council than alternative arrangements. A study of this on a service-by-service basis would help reinforce the Council's policy and provide Members with the costs/benefits involved in allowing vehicles to be taken home. Once

this information was available, it would allow consideration of more far reaching changes, or help justify keeping things the way they are at the moment.

6.6.2 Mileage payments arrangements

The above analysis could also help to determine whether it would be more efficient for services to pay Essential Car User allowances to staff instead of allowing them to take vehicles home.

According to analysis carried out, it costs the Council £1561.54 each year in tax and NI contributions when a basic rate taxpayer has unlimited use of a Council vehicle. For the Council to have to pay out the same amount to an Essential Car User, the employee would have to claim 2017 miles (in addition to the £822 lump sum s/he would also receive).

6.6.3 Review numbers and specification of current fleet

Managers could be asked, through this review, to justify the numbers of vehicles they currently have in their areas and the specifications of each. The clear emphasis would be on identifying efficiency savings wherever possible.

The outcome from the short review could be reported back to the Audit and Scrutiny Committee in the Autumn and would provide Members with the information that would allow a decision to be taken on whether more far-reaching changes can be considered.

7. Further work

This is largely dependent upon the recommendations the Audit and Scrutiny Committee chooses to make to the Council. However, one option would be to establish a short-life Working Group made up of managers from services with Council vehicles to take forward any recommendations and ensure proper consideration of any implications for service delivery. This groups could be involved in the review of the Council's Private use of Council Vehicles Policy.

8. Suggested Interviews

The Committee may wish to discuss this report with some/all of the managers mentioned in Appendix 6. It may also be appropriate to involve the following Members.

- Chair – Infrastructure Services Committee (Ferries, Fleet Management Unit, Roads, Building Maintenance)
- Chair – Services Committee (Social Care, Community Development/Schools, Housing)
- Any Members of the Finance Review Panel

Appendix 2

Private use of Council Vehicles

Terms of Reference

1. Background and rationale to investigation

It was decided at the Audit and Scrutiny Committee meeting on 30th November 2007 that use of Council vehicles is an area Members wished to look at in more detail.

Members felt that this is an area which is regularly discussed by the media, the public and Council officials, with anecdotal evidence suggesting that the Council could improve its efficiency in the way vehicles are being used.

Therefore, the aim of the investigation is to gain a better understand of the issues surrounding Council vehicles and identify improvements/efficiencies wherever it is possible.

2. Scope

What is going to be included?

- Rationale for having Council vehicles and the process that exists for reviewing numbers.
- Breakdown of which services have Council vehicles and how many there are.
- Cost of fuel consumption for Council vehicles.
- Confirm what the policy on the Private Use of Council Vehicles is.
- Arrangements that are in place to ensure the Council's Policy is being adhered to.
- The number of vehicles that are taken home at night by employees.
- Vehicle turnover (ie. how often are they serviced and replaced)
- Employee entitlement through terms and conditions to Council vehicles for work purposes.
- Tax implications for the Council of employees using vehicles for private use.

The ability to gather some of the above data will be dependent on the quality of information systems.

What is not going to be included?

- No individual will be identified through this investigation.
- The investigation will not include other employee benefits, such as clothing allowances, safety equipment etc that is provided by the Council.

This is not an audit exercise. It is information gathering, which will allow Members to discuss the issues and seek to identify any potential improvements.

3. Overarching questions

This work will identify:

- How many vehicles does the Council have and where are they?
- How much do they cost each year in fuel?
- What does the current policy allow with regard to private use of Council vehicles?
- Who is responsible for ensuring that employees comply with this?
- Are there arrangements in place in service areas to ensure that the policy is being adhered to?
- Are there alternative models of use that could be considered, to improve efficient use of Council owned vehicles?
- How much tax does the Council have to pay due to employee benefit derived from private use of Council vehicles?

4. Expected outcomes

What do we want to happen as a result of the investigation?

Improve Members' understanding of the reasons why vehicles are deployed in the way they are by services. They should be in a better position to answer queries from members of the public about this long-standing issue relating to Council efficiency.

Whatever the outcome of the investigation, whether changes are recommended or not, this exercise will help Members and the public feel more confident that the way vehicles are being deployed is the most efficient way possible.

This should make a contribution to one of the most important Council goals of improving efficiency levels across Council services.

5. Who will be involved in the investigation?

We will be inviting:

Chair – Infrastructure Committee
Executive Director – Infrastructure Services
Expenditure Manager, Finance Services

Any other managers, as considered necessary.

6. Methods that will be used to investigate the topic:

We will use the following approaches to investigate the issues:

Analysis of relevant policy documents.
Face to face interviews with Council officers.

Questionnaire issued to all managers.
Analysis of relevant financial information such as Customs and Excise tax information.

7. Evidence required:

Relevant policy documents and when they were agreed by Council.
Procedures in place to comply with these.
Headline figures for fuel consumption.
Maintenance policy.
Employee terms and conditions relating to allowances.

8. Resources required:

Officer time:

Data will be gathered over a period of 4 weeks. However, the officer gathering the information will not be working on this full-time, so it is estimated it will take approximately 4 days.

Member time:

½ day to consider issues arising with the officers invited to attend Committee meeting.

½ day Audit and Scrutiny Committee meeting to consider final report.

9. Timescales

Duration:

It is expected that the findings from this investigation will be reported to the Audit and Scrutiny Committee in April.

Key milestones:

February – data gathering from services across the Council.

March – meeting arranged to discuss draft outcomes

April – Report prepared for the Audit and Scrutiny Committee



REPORT

To: **Audit and Scrutiny Committee**

30 April 2008

From: **Performance Management Co-ordinator
Organisational Development**

CE-18-F

Private use of Council vehicles

1 Introduction

- 1.1 The Audit and Scrutiny Committee decided at its meeting on 30th November 2007 that the issue of the private use of Council vehicles was something that they wished to study in more detail (min ref. 19/07). Terms of Reference were agreed at the following meeting on 23 January 2008.
- 1.2 The attached report and appendices sets out the findings.

2 Link to Corporate Priorities

- 2.1 The investigation sought to identify potential efficiencies through better use of Council vehicles. This contributes to the Council's Corporate Plan 2008-11 aim of "being efficient in everything we do", particularly in seeking to deliver 2% efficiency savings each year in General Fund revenue spending.

3 Summary of findings

- 3.1 The report provides answers to the specific questions which were posed by Members in the Terms of Reference. As well as this, it has also sought to discuss some of the issues surrounding this topic, so that Members can get a better understanding of what managers and unions' viewpoints are.
- 3.2 Wherever possible, the report makes suggestions as to options for making improvements. The report does not put forward one "big solution" which will dramatically reduce vehicle usage. The main finding is that there are several opportunities for improving efficiency in the way Council vehicles are used, which, if added together, could make a difference.
- 3.3 The point is also made that this is a complicated and emotive topic and if Members wish to look at making larger scale changes, this needs to be properly managed, to avoid having a negative impact on service delivery.

As a result, an option is suggested that a review could be carried out of the current Policy on the Private use of Council Vehicles, to further improve understanding of why vehicles are used in the way they are and set out the costs / benefits of making changes.

4 Financial Implications

- 4.1 There are no financial implications arising from this report. The report does suggest some options which, if implemented and managed effectively, have the potential to reduce the amount spent on Council fuel.

5 Policy and Delegated Authority

- 5.1 As described in Section 11 of the Council's Scheme of Delegations, the remit of the Audit and Scrutiny Committee includes reviewing Council performance information.

6 Conclusions

- 6.1 This short covering report has introduced the investigation into the private use of Council vehicles.

7 Recommendations

- 7.1 I recommend that members of the Audit and Scrutiny Committee discuss the attached report, consider the options outlined within it and decide what further action should be taken on this matter.

April 2008

CE-18-F

APPENDIX 5

The reference period chosen for this analysis was the 13-weeks between 1 September and 30 November 2007. This was felt to be a fair period as it avoided the main holiday periods and the bulk of the winter maintenance season, which could skew vehicle usage figures.

Two vehicles that are based in rural areas, were chosen from each of 4 service areas. The aim was to check whether the argument that many of these vans go straight to their job in the morning, and that these jobs are very often nearer to the employee's house than a central depot, stands up to scrutiny.

Table 1

Service area	Vehicle type	Miles incurred per week	Gallons of fuel used	Cost per week	Total cost for 3 months
Ferries	Medium-sized Van	316	7.2	£24.4	£317
Ferries	4x4	388	14.1	£51.6	£671
Roads	4-wheeler Truck	538	65	£237.5	£3088
Roads	Medium-sized Pickup	385	21.4	£78.7	£1022
Environment & Building	Large Pickup	328	14.2	£54.2	£704
Environment & Building	4x4	216	9	£36.3	£471
Housing	Small Van	432	11.6	£43.5	£565
Housing	Large Van	374	12.5	£48.3	£627
Total cost					£7465

It would appear from the analysis of these vehicles that the above argument does not stand up. In terms of the truck, it would be expected that it would have high mileage, as it is meant to be driving most of the working day. However, in terms of the vans and pickups, this shows that each of the employees in the sample is doing an average of 348 miles a week, or almost 70 miles a day.

If the employee were travelling to a workplace that is nearer to their home than a central depot and is then starting work at that workplace, it would be reasonable to expect lower mileage rates.

Please note:

Full details of where the vehicles are based and the model, make etc are available. These details have not been included in the table as they would

undoubtedly have identified the individual employee, which was something the Audit and Scrutiny Committee wanted to avoid).

Table 2

The table below is included to show the variation in miles per gallon that was registered on the Fuel Management System during the reference period.

This sets out the miles per gallon that was logged by Council drivers. These figures have been affected by the way the vehicles have been driven, distances they have been driven etc. As a result, they therefore aren't necessarily in line with industry norms for these vehicles.

Vehicle make	Miles per gallon
Volvo 4-wheeler truck	8.3
Ford Pickup	18
Toyota 4x4	23.14
Land Rover	23.57
Citroen Relay Van	25
Nissan Terrano	27.49
Peugeot Van	27.55
Citroen Dispatch Van	37.17
Vauxhall Van	47.6

Summary Report by Policy by Cause

		<u>No. Claims</u>			<u>Payments</u>	<u>O/S Estimate</u>	<u>Total Claim</u>
		<u>Closed</u>	<u>Open</u>	<u>Total</u>			
07ELA	Employers Liability						
Accidental Injury	(EL01)	0	1	1	0.00	0.00	0.00
Errors & Omissions	(EL02)	0	1	1	0.00	0.00	0.00
07ELA Employers Liability Totals		0	2	2	0.00	0.00	0.00
07FRA	Hull& Machinery + I/V						
Dropped in water/sea/oil	(PR23)	0	1	1	0.00	0.00	0.00
Equipment Failure	(FR10)	0	1	1	0.00	70,000.00	70,000.00
07FRA Hull& Machinery + I/V Totals		0	2	2	0.00	70,000.00	70,000.00
07FRB	Protection & Indemnity						
Accidental Damage	(PL01)	1	0	1	0.00	0.00	0.00
07FRB Protection & Indemnity Totals		1	0	1	0.00	0.00	0.00
07HRD	Hired in Plant						
Accidental Damage	(FR01)	1	1	2	0.00	575.49	575.49
Stone/Object	(MV40)	0	1	1	0.00	50.00	50.00
07HRD Hired in Plant Totals		1	2	3	0.00	625.49	625.49

		<u>No. Claims</u>					
		<u>Closed</u>	<u>Open</u>	<u>Total</u>	<u>Payments</u>	<u>O/S Estimate</u>	<u>Total Claim</u>
07MVA	Motor Vehicle General						
Accidental Damage	(MV01)	4	4	8	564.59	8,890.26	9,454.85
Collision - Fixed Object	(MV11)	2	3	5	109.35	2,651.11	2,760.46
Fire	(MV03)	1	0	1	33,500.00	0.00	33,500.00
Hit Stationary Vehicle	(MV18)	0	4	4	0.00	447.64	447.64
Hit Whilst Parked	(MV19)	0	2	2	0.00	671.62	671.62
Other Vehicle	(MV99)	0	3	3	189.43	0.00	189.43
Pothole	(MV44)	0	1	1	0.00	162.25	162.25
Reversing	(MV27)	4	3	7	1,793.05	1,265.12	3,058.17
Severe Weather	(MV07)	1	4	5	469.60	282.77	752.37
Sideswipe - Head-On	(MV29)	0	1	1	50.90	-50.90	0.00
Stone/Object Thrown Up	(MV14)	0	2	2	0.00	315.60	315.60
Tyre puncture	(MV47)	0	1	1	0.00	104.21	104.21
Uncoded	(0000)	0	3	3	374.17	351.38	725.55
Unknown	(MV42)	1	0	1	46.99	0.00	46.99
Vandalism	(MV39)	1	0	1	1,420.07	0.00	1,420.07
07MVA Motor Vehicle General Totals		14	31	45	38,518.15	15,091.06	53,609.21
07PAA	Travel						
Travel	(PR52)	10	2	12	3,763.25	691.10	4,454.35
Uncoded	(0000)	1	2	3	218.70	366.16	584.86
07PAA Travel Totals		11	4	15	3,981.95	1,057.26	5,039.21

		<u>Closed</u>	<u>Open</u>	<u>Total</u>	<u>Payments</u>	<u>O/S Estimate</u>	<u>Total Claim</u>
07PLA	Public Liability						
Accidental Damage	(PL01)	8	1	9	813.51	45.00	858.51
Accidental injury	(PL19)	0	1	1	0.00	0.00	0.00
C'way - Other	(PL18)	0	1	1	0.00	0.00	0.00
C'way - Stone	(PL17)	8	0	8	1,131.75	526.97	1,658.72
Contractor Works	(PL77)	0	1	1	0.00	0.00	0.00
Council Works	(PL78)	0	1	1	30.00	0.00	30.00
Fell	(PL36)	0	2	2	0.00	0.00	0.00
Flood	(PL04)	1	1	2	0.00	0.00	0.00
Housing - Condensation	(PL51)	1	0	1	1,049.00	0.00	1,049.00
Housing - Structure Fault	(PL60)	1	0	1	810.00	0.00	810.00
Loose Chippings	(PL88)	1	0	1	0.00	0.00	0.00
Slip	(PL97)	0	1	1	0.00	0.00	0.00
Tar/paint/oil	(PL48)	0	1	1	0.00	475.00	475.00
Trip - Footway	(PL42)	1	0	1	0.00	0.00	0.00
Uncoded	(0000)	0	1	1	0.00	150.00	150.00
07PLA Public Liability Totals		21	11	32	3,834.26	1,196.97	5,031.23
07PLC	Officials Indemnity						
Accident On Council Premis	(PL70)	0	1	1	0.00	0.00	0.00
07PLC Officials Indemnity Totals		0	1	1	0.00	0.00	0.00
07PRA	Fire - Housing						
Accidental Damage	(PR01)	2	0	2	338.30	0.00	338.30
Fire	(PR03)	0	1	1	8,439.19	60.81	8,500.00
Fire - Unknown Cause	(PR16)	0	1	1	262.53	557.47	820.00
Malicious Damage	(PR37)	35	12	47	7,925.71	2,221.59	10,147.30
Police raid	(PR24)	2	3	5	637.66	1,689.03	2,326.69
Severe Weather	(PR07)	6	7	13	11,733.79	120.74	11,854.53
Uncoded	(0000)	1	2	3	276.01	200.00	476.01
Unknown	(PR17)	2	0	2	261.95	0.00	261.95
Vehicle Impact	(PR55)	0	1	1	557.42	0.00	557.42
Water - Overflow	(PR28)	0	1	1	0.00	2,039.40	2,039.40
Water Leak	(PR63)	1	0	1	1,052.41	0.00	1,052.41
07PRA Fire - Housing Totals		49	28	77	31,484.97	6,889.04	38,374.01

No. Claims

		<u>Closed</u>	<u>Open</u>	<u>Total</u>	<u>Payments</u>	<u>O/S Estimate</u>	<u>Total Claim</u>
07PRB	Fire - General Prop						
Accidental Damage	(PR01)	5	3	8	1,794.70	0.00	1,794.70
Fire - Cigarette	(PR12)	0	1	1	0.00	0.00	0.00
Fire - Unknown Cause	(PR16)	0	1	1	0.00	0.00	0.00
Malicious Damage	(PR37)	4	0	4	1,004.86	0.00	1,004.86
Severe Weather	(PR07)	1	2	3	83,077.54	7,980.00	91,057.54
Uncoded	(0000)	1	0	1	0.00	0.00	0.00
Unknown	(PR17)	1	0	1	0.00	0.00	0.00
Vandalism	(PR09)	0	1	1	0.00	200.00	200.00
Vehicle Impact	(PR55)	0	4	4	241.34	4,818.66	5,060.00
Water Leak	(PR63)	1	0	1	1,262.67	0.00	1,262.67
07PRB Fire - General Prop Totals		13	12	25	87,381.11	12,998.66	100,379.77

07PRC	Fire - Education						
Accidental Damage	(PR01)	5	3	8	597.71	230.00	827.71
Arson - Perpetrator Unkn.	(PR20)	1	0	1	109.60	0.00	109.60
Break In	(PR56)	0	1	1	0.00	760.45	760.45
Collision - person/object	(AC07)	0	1	1	0.00	1,200.00	1,200.00
Fire	(PR03)	0	1	1	1,567.38	68,432.62	70,000.00
Malicious Damage	(PR37)	8	7	15	2,334.32	4,132.36	6,466.68
Severe Weather	(PR07)	1	3	4	1,214.97	2,130.00	3,344.97
07PRC Fire - Education Totals		15	16	31	5,823.98	76,885.43	82,709.41

07PRN	Sullom Voe Marine						
Accidental Damage	(PR01)	0	1	1	0.00	20,000.00	20,000.00
Malicious Damage	(PR37)	0	1	1	0.00	0.00	0.00
Uncoded	(0000)	0	1	1	0.00	0.00	0.00
07PRN Sullom Voe Marine Totals		0	3	3	0.00	20,000.00	20,000.00

No. Claims

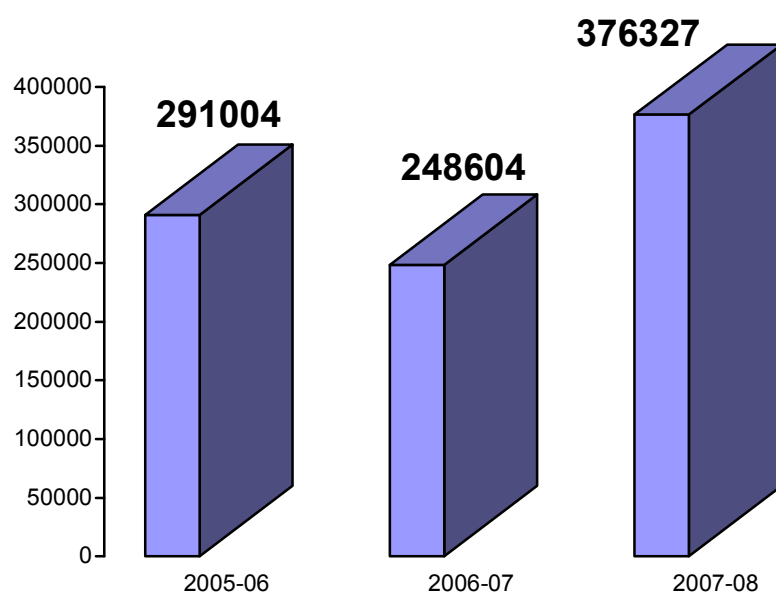
<u>Closed</u>	<u>Open</u>	<u>Total</u>	<u>Payments</u>	<u>O/S Estimate</u>	<u>Total Claim</u>
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07PRW	Computer Policy						
Accidental Damage	(PR01)	1	3	4	270.20	475.80	746.00
07PRW Computer Policy Totals		1	3	4	270.20	475.80	746.00
08FRA	Hull& Machinery + I/v						
Equipment Failure	(FR10)	0	1	1	0.00	100,000.00	100,000.00
08FRA Hull& Machinery + I/v Totals		0	1	1	0.00	100,000.00	100,000.00
Grand Total:		126	116	242	171,294.62	305,219.71	476,514.33

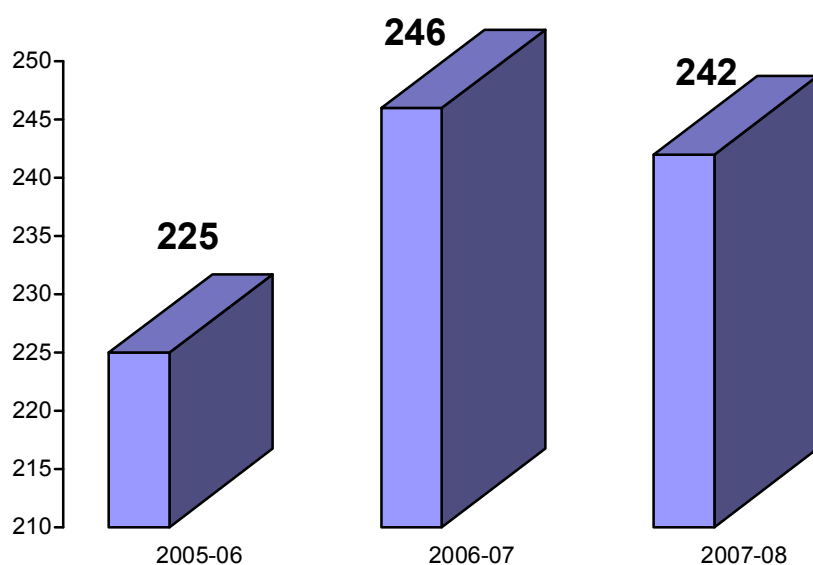
Summary Report by Policy Type

		<u>No. Claims</u>			<u>Payments</u>	<u>O/S Estimate</u>	<u>Total Claim</u>	<u>Insurer</u>	<u>LA Internal</u>	<u>Dept/Indiv</u>
		<u>Closed</u>	<u>Open</u>	<u>Total</u>				<u>Funded</u>	<u>Funded</u>	<u>Funded</u>
07ELA	Employers Liability	0	2	2	0.00	0.00	0.00	0.00	0.00	0.00
07FRA	Hull& Machinery + I/V	0	2	2	0.00	70,000.00	70,000.00	60,000.00	0.00	10,000.00
07FRB	Protection & Indemnity	1	0	1	0.00	0.00	0.00	0.00	0.00	0.00
07HRD	Hired in Plant	1	2	3	0.00	625.49	625.49	625.49	0.00	0.00
07MVA	Motor Vehicle General	14	31	45	38,518.15	15,091.06	53,609.21	3,198.84	50,410.37	0.00
07PAA	Travel	11	4	15	3,981.95	1,057.26	5,039.21	4,814.21	225.00	0.00
07PLA	Public Liability	21	11	32	3,834.26	1,196.97	5,031.23	4,881.23	150.00	0.00
07PLC	Officials Indemnity	0	1	1	0.00	0.00	0.00	0.00	0.00	0.00
07PRA	Fire - Housing	49	28	77	31,484.97	6,889.04	38,374.01	0.00	37,816.59	557.42
07PRB	Fire - General Prop	13	12	25	87,381.11	12,998.66	100,379.77	0.00	100,379.77	0.00
07PRC	Fire - Education	15	16	31	5,823.98	76,885.43	82,709.41	75,003.42	7,705.99	0.00
07PRN	Sullom Voe Marine	0	3	3	0.00	20,000.00	20,000.00	20,000.00	0.00	0.00
07PRW	Computer Policy	1	3	4	270.20	475.80	746.00	546.00	200.00	0.00
08FRA	Hull& Machinery + I/v	0	1	1	0.00	100,000.00	100,000.00	90,000.00	0.00	10,000.00
Grand Total:		126	116	242	171,294.62	305,219.71	476,514.33	259,069.19	196,887.72	20,557.42

Value of Insurance claims over the last 3 Years



Number of Insurance claims over the last 3 Years





REPORT

To: **Audit and Scrutiny Committee**

30 April 2008

From: **Service Manager – Safety & Risk
Legal & Administration
Executive Services**

REPORT NO: LA-23-F

Insurance Claims

1 Introduction and Background

- 1.1 This report is designed to advise Members on the level of insurance claims being lodged against the Council's insurance portfolios for the financial year and to demonstrate performance in relation to claims submitted in previous years.
- 1.2 Insurance claims make up a percentage of the total unplanned incidents that occur within the Council which results in a direct and compensatory loss. There are many more incidents and "near misses" that also occur where there is no direct or compensatory loss and these are classed and recorded via PIN (Personal Incident Notification) forms. For the purpose of this report, however, it is only insurance claims that are being considered, and PINs are the subject of a separate report.
- 1.3 A summary of the total cost of insurance claims for 2007-08 can be found in appendix 1. Members will note that the entries highlighted in grey are those policies against which the most frequent claims are made.
- 1.4 A further breakdown of the claims lodged for the last financial year is contained in appendix 2. This document demonstrates the causes of incidents, and their associated costs, broken down into specific policies of insurance.

2 Links to Corporate Priorities

- 2.1 This report supports Corporate Priorities in relation to the following sections of the Corporate Plan 2004-2008:
 - Section 3 – Sustainable Organisation – Ensuring we are being efficient in everything we do.

3 Current Position

- 3.1 As can be seen from the charts in Appendix 3, although there are peaks and troughs within the claims patterns relating to individual policies, the overall number and value of insurance claims have remained fairly static over the last 3 years. The 2007-08 financial year shows an increased value but this is down to just over £90k of severe weather claims during the 2007-08 financial year.
- 3.2 Taking the last 3 years as a baseline, the average number of claims is 238, with an average value of £305,312 per annum. Clearly, the data contained within this report requires more in-depth consideration to determine areas where improvements can perhaps be made, particularly bearing in mind that the true cost of risk (calculated by industry experts) when the indirect costs are also taken into account is between 8 and 36 times the value of the insurance claim, depending on the nature of the incident itself. In that respect, the average cost of loss to this council on an annual basis is actually between £2,442,496 and £10, 991,232.

4 Financial Implications

- 4.1 Budgets exist within the Council to meet the cost of insurance premiums and claims, however as no budget provision is made for the indirect costs associated with loss (referred to in 3.2 above), therefore this is an additional drain on Council resources.

5. Policy and Delegated Authority

- 5.1 The role of Audit and Scrutiny Committee is to carry out a corporate scrutiny role to evaluate the effectiveness of the Council as an organisation and ensure that effectiveness is actively monitored and measured, as detailed in Section 11 of the Scheme of Delegation.

6 Recommendations

- 6.1 I recommend that the Audit and Scrutiny Committee note the content of this report.

Report no: LA-23-F
Our Ref: SP/A&S

15 April 2008



REPORT

To: Audit and Scrutiny Committee

30 April 2008

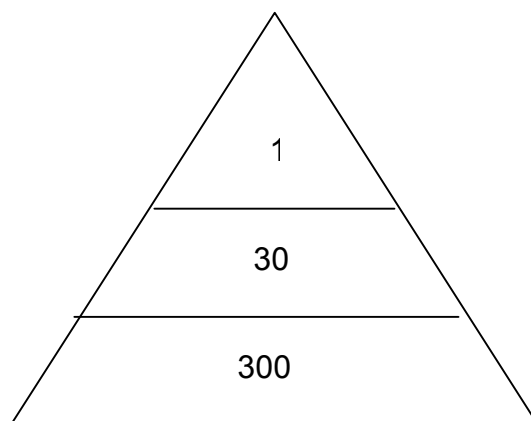
**From: Service Manager – Safety & Risk
Legal & Administration
Executive Services**

REPORT NO: LA-24-DE1

Personal Incident Notification (PIN) Occurrences

1 Introduction and Background

- 1.1 The purpose of this report is to inform Members on the level of personal incidents and “near misses” that occur within the Council on an annual basis.
- 1.2 Although, on average, there are in the region of 238 insurance claims in any given year, there are approximately 5 times as many incidents that do not become a valid claim as there were no direct or compensatory loss associated with them, and/or they were classed as “near misses” in that a claimable incident almost occurred.
- 1.3 The council collects data on these incidents on a PIN (Personal Incident Notification) Form. The importance of these incidents is that they allow us to identify areas where trends or patterns beginning to emerge thereby assisting us to put in control measures before a serious incident can occur. For example, in its simplest form, if there are several incidents involving slipping in the stairs of a particular building without causing any real harm to the individual, the indication is that there may be a problem with the stairs. This this can be then be assessed and, if necessary, control measures can be implemented before someone slips to their serious injury.
- 1.4 Members may recall that industry experts calculated the value of indirect costs as falling somewhere between 8 and 36 times the direct cost of loss, depending on the nature of the claim itself. By tracking the PIN incidents, staff within Safety and Risk Services can identify areas of concern and try to minimise the risk to a level that makes it unlikely to occur.
- 1.5 The Heinrich Triangle, an industry recognised model, (shown below) demonstrates that for every 300 minor incidents, there will be 30 serious ones, and that for every 30 serious incidents there will be one major incident or fatality. By addressing the minor incidents we can delay the time it takes to reach 300, which in turn means that it will take much longer to reach the major incident.



2 Links to Corporate Priorities

2.1 This report supports Corporate Priorities in relation to the following sections of the Corporate Plan 2008:

- Section 3 – Sustainable Organisation – Ensuring we are being efficient in everything we do.

3 Current Position

- 3.1 As can be seen from the charts in Appendix 1, the number of PINs seem to be on the increase, however, it is believed that this is as a result of better reporting of incidents and that the number remains reasonably steady year on year.
- 3.2 Setting aside “falls” which amounts to the largest incident type (roughly 40%) and predominantly occurs in the school playground and care homes, the next most significant in terms of numbers is assault or physical/mental/emotional abuse and totals between 16 and 19% of all PIN incidents occurring in any given year. As can be seen from the breakdown in appendix 2, slightly more than half of all these incidents are against staff.

4 Financial Implications

- 4.1 No budget provision is made for indirect costs associated with PINs (referred to in paragraph 1.4 above) and they are therefore an additional drain on Council resources.

5. Policy and Delegated Authority

- 5.1 The role of Audit and Scrutiny Committee is to carry out a corporate scrutiny role to evaluate the effectiveness of the Council as an organisation and ensure that effectiveness is actively monitored and measured, as detailed in Section 11 of the Scheme of Delegation.

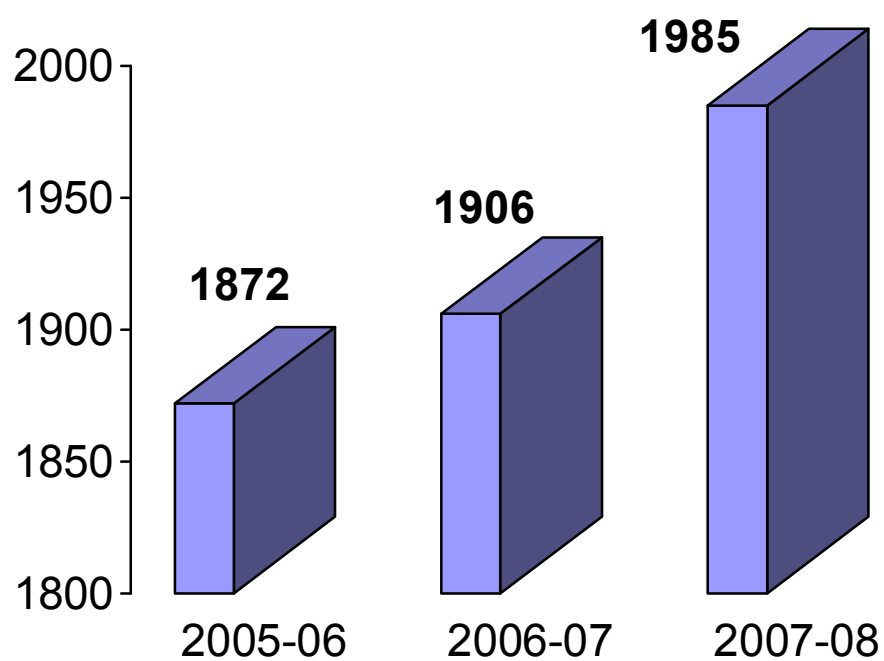
6 Recommendations

- 6.1 I recommend that the Audit and Scrutiny Committee note the content of this report.

Report no: LA-24-D1
Our Ref: SP/A&S

15 April 2008

Number of PIN forms over last 3 Financial Years



Year	CountOfYear	Cause Description	Status	Status Description
2005	27	Accidental injury	10	PIN
2005	132	Banged into someone/thing	10	PIN
2005	7	Bitten by person	10	PIN
2005	26	Burn	10	PIN
2005	1	Children's Playground	10	PIN
2005	16	Cut by sharp object	10	PIN
2005	12	Cutting	10	PIN
2005	1	C'way - Other	10	PIN
2005	12	Defective Tools/Equipt.	10	PIN
2005	8	Drugs/Alcohol	10	PIN
2005	4	Epileptic Seizure	10	PIN
2005	9	Equipment Failure	10	PIN
2005	10	Errors & Omissions	10	PIN
2005	732	Fell	10	PIN
2005	5	Fire	10	PIN
2005	1	Fire - Chip Pan	00	Incident
2005	1	Flood	10	PIN
2005	3	Foreign body	10	PIN
2005	6	Hazardous Substance	10	PIN
2005	5	Hit	10	PIN
2005	56	Hit by falling/moving obj	10	PIN
2005	1	Hit From Behind	00	Incident
2005	81	Illness	10	PIN
2005	5	Irritant	10	PIN
2005	4	Knife/Cutting tool	10	PIN
2005	22	Lifting - Job Related	10	PIN
2005	5	Malicious Damage	00	Incident
2005	4	Manual Handling	10	PIN
2005	43	Medication error/problem	10	PIN
2005	8	Motor Accident - Other	10	PIN
2005	3	Natural Death	10	PIN
2005	2	Noise	10	PIN
2005	1	Repetative Work Process	10	PIN
2005	2	Reversing	00	Incident
2005	17	Seizure	10	PIN
2005	3	Severe Weather	10	PIN
2005	1	Sleep problems	10	PIN
2005	21	Slip	10	PIN
2005	136	Sporting Activities	10	PIN
2005	2	Stabbed by object	10	PIN
2005	2	Stress	10	PIN
2005	2	Struck by falling object	10	PIN
2005	1	Struck by object	00	Incident
2005	1	Theft	00	Incident
2005	14	Trapped by something	10	PIN
2005	16	Trapped in door	10	PIN
2005	1	Travel	10	PIN
2005	5	Trip	10	PIN
2005	3	Uncoded	10	PIN
2005	1	Unknown	00	Incident
2005	21	Unknown	10	PIN
2005	2	Uplifting	10	PIN
2005	6	Use Of Machines/Equipt.	10	PIN
2005	3	Use Of Tools	10	PIN
2005	28	Vandalism	10	PIN

2005	52	Verbal Abuse	10	PIN
2005	51	Wandered	10	PIN
2006	1	Accidental Damage	00	Incident
2006	2	Accidental Damage	10	PIN
2006	25	Accidental Injury	10	PIN
2006	87	Banged into someone/thing	10	PIN
2006	9	Banged into something/one	10	PIN
2006	4	Bending	10	PIN
2006	1	Bitten by dog	10	PIN
2006	5	Bitten by person	10	PIN
2006	1	Break In	00	Incident
2006	24	Burn	10	PIN
2006	1	Burn - Hot fat	10	PIN
2006	2	Children's Playground	10	PIN
2006	1	Contractor Works	10	PIN
2006	1	Council Works	00	Incident
2006	12	Cut by sharp object	10	PIN
2006	4	Cutting	10	PIN
2006	14	Defective Tools/Equipt.	10	PIN
2006	19	Drugs/Alcohol	10	PIN
2006	9	Epileptic Seizure	10	PIN
2006	6	Equipment Failure	10	PIN
2006	22	Errors & Omissions	10	PIN
2006	774	Fell	10	PIN
2006	7	Fire	10	PIN
2006	1	Foreign body	10	PIN
2006	2	Games/Sports/Keep Fit	10	PIN
2006	1	Hazardous Substance	10	PIN
2006	3	Hit	10	PIN
2006	40	Hit by falling/moving obj	10	PIN
2006	4	Illness	10	PIN
2006	2	Inhalation	10	PIN
2006	2	Irritant	10	PIN
2006	6	Kicked	10	PIN
2006	1	Knife	10	PIN
2006	7	Knife/Cutting tool	10	PIN
2006	20	Lifting - Job Related	10	PIN
2006	1	Malicious Damage	00	Incident
2006	26	Manual Handling	10	PIN
2006	69	Medication error/problem	10	PIN
2006	1	Motor Acc. - Passenger	10	PIN
2006	6	Motor Accident - Other	10	PIN
2006	1	Other Vehicle	00	Incident
2006	1	Repetative Work Process	10	PIN
2006	1	Reversing	00	Incident
2006	10	Seizure	10	PIN
2006	1	Severe Weather	10	PIN
2006	16	Slip	10	PIN
2006	1	Smoke Damage	10	PIN
2006	2	Spillage	10	PIN
2006	64	Sporting Activities	10	PIN
2006	2	Stress	10	PIN
2006	4	Struck by falling object	10	PIN
2006	1	Theft	00	Incident
2006	4	Theft	10	PIN
2006	9	Trapped by something	10	PIN

2006	21	Trapped in door	10	PIN
2006	1	Travel	10	PIN
2006	9	Trip	10	PIN
2006	1	Trip - Footway	10	PIN
2006	1	Trip - Kerb	10	PIN
2006	2	Uncoded	00	Incident
2006	1	Uncoded	10	PIN
2006	2	Unknown	00	Incident
2006	110	Unknown	10	PIN
2006	1	Uplifting	10	PIN
2006	5	Use Of Machines/Equipt.	10	PIN
2006	2	Use Of Sports Equipment	10	PIN
2006	6	Use Of Tools	10	PIN
2006	10	Vandalism	10	PIN
2006	65	Verbal Abuse	10	PIN
2006	1	Vessel collision	00	Incident
2006	71	Wandered	10	PIN
2007	1	Accident - Travelling	10	PIN
2007	2	Accidental Damage	00	Incident
2007	59	Accidental Injury	10	PIN
2007	2	Animal	10	PIN
2007	95	Banged into someone/thing	10	PIN
2007	14	Banged into something/one	10	PIN
2007	3	Bending	10	PIN
2007	3	Bitten by dog	10	PIN
2007	6	Bitten by person	10	PIN
2007	1	Bullying/violence at work	10	PIN
2007	30	Burn	10	PIN
2007	21	Children's Playground	10	PIN
2007	2	Contractor Works	10	PIN
2007	19	Cut by sharp object	10	PIN
2007	6	Cutting	10	PIN
2007	3	Defective Tools/Equipt.	10	PIN
2007	18	Drugs/Alcohol	10	PIN
2007	1	Education Supervision	10	PIN
2007	1	Epileptic Seizure	10	PIN
2007	1	Equipment Failure	00	Incident
2007	9	Equipment Failure	10	PIN
2007	19	Errors & Omissions	10	PIN
2007	679	Fell	10	PIN
2007	9	Fire	10	PIN
2007	1	Foreign body	10	PIN
2007	7	Hazardous Substance	10	PIN
2007	2	Hit	10	PIN
2007	48	Hit by falling/moving obj	10	PIN
2007	2	Housing - Structure Fault	10	PIN
2007	21	Illness	10	PIN
2007	3	Irritant	10	PIN
2007	1	Kicked	10	PIN
2007	5	Knife/Cutting tool	10	PIN
2007	14	Lifting - Job Related	10	PIN
2007	2	Lifting - Unusual	10	PIN
2007	1	Malicious Damage	00	Incident
2007	13	Manual Handling	10	PIN
2007	99	Medication error/problem	10	PIN
2007	4	Motor Accident - Other	10	PIN

2007	1	Other Vehicle	00	Incident
2007	3	Repetative Work Process	10	PIN
2007	2	Reversing	00	Incident
2007	7	Seizure	10	PIN
2007	1	Sleep problems	10	PIN
2007	13	Slip	10	PIN
2007	1	Spillage	10	PIN
2007	76	Sporting Activities	10	PIN
2007	2	Stabbed by object	10	PIN
2007	2	Stress	10	PIN
2007	2	Struck by falling object	10	PIN
2007	1	Theft	00	Incident
2007	4	Theft	10	PIN
2007	13	Trapped by something	10	PIN
2007	21	Trapped in door	10	PIN
2007	1	Travel	00	Incident
2007	4	Trip	10	PIN
2007	1	Trip - Kerb	10	PIN
2007	2	Uncoded	00	Incident
2007	15	Uncoded	10	PIN
2007	1	Unknown	00	Incident
2007	91	Unknown	10	PIN
2007	13	Use Of Machines/Equipt.	10	PIN
2007	5	Use Of Sports Equipment	10	PIN
2007	3	Use Of Tools	10	PIN
2007	10	Vandalism	10	PIN
2007	49	Verbal Abuse	10	PIN
2007	120	Wandered	10	PIN
2007	1	Wrongful Removal Of Goods	10	PIN
2008	1	Vandalism	10	PIN
2008	1	Verbal Abuse	10	PIN



REPORT

To: Audit and Scrutiny Committee

30 April 2008

From: Human Resources Manager

Report No: CE-21-F

Occupational Health/Promoting Attendance

1. Introduction

- 1.1 The Audit and Scrutiny Committee at its meeting on 26th October 2007 considered the Statutory Performance Indicators and noted the increase in sickness absence across the Council. As a result, they asked for a report to be brought forward on the Council's occupational health arrangements (min ref 11/07).
- 1.2 This report seeks to widen this out, and to provide information on the Council's general approach to promoting good attendance, and describes major activities in this area set out in the Human Resources service plan.

2. Links to Council Priorities

- 2.1 The Council's Corporate Plan 2008-11 contains a specific target to "Reduce the employee sickness absence rate for the whole Council to less than 4.5%, thereby ensuring that the Council is ranked in the top 8 Councils in Scotland".
- 2.2 By shifting the focus from managing absence to promoting attendance the Council will work towards promoting a healthy workplace and promote staff health and attendance. This report, which seeks to provide Members with information on the occupational health service and the work that is ongoing to promote better attendance, makes a contribution to the achievement of that target.

3. Background

- 3.1 The Council must report on absence levels amongst its statutory performance indicators. The comparative figures in the specified groups as a percentage of working days lost in 05/06 and 06/07 are as follows:-

Specified Group	05/06	06/07	Better/worse
Chief Officers and local government employees	5.7	6.9	worse
Craft Employees	7.0	5.8	Better
Teachers	3.2	4.2	worse
Overall Figure for the Council	5.3	5.6	worse

- 3.2 The Performance Management Review Sessions in 2007 and again in February 2008 allowed elected Members to engage with various Services about attendance and it was noted this was an area for improvement.
- 3.3 Services have noted the need for improved management information in this area, and this is reflected in our Service Plan activities, and action plans for this incoming year.
- 3.4 The Council's Occupational Health Service, provided through NHS Shetland, has had staffing difficulties during this last year, and this has highlighted the importance of continuing to review service requirements and delivery.
- 3.5 The statutory Performance Indicators are not yet available for 07/08 and will be provided to members when calculated.

4. Forthcoming Plans for 08/09

- 4.1 There are a suite of policies applicable to employees in this area; Absence Management Policy, Ill Health Capability Policy, Mental Health and Well-being Policy, Phased Return to Work Policy, Ill Health Retirement Policy etc. These have been developed in consultation with managers and employee representatives, and are subject to review through the normal consultative mechanisms. However, rather than simply review these policies it is intended to focus first on a consistent application of these, with necessary support through better reporting, training, HR advice and guidance. Following this process, if it has been identified that policies require review this will be done taking account of information gathered throughout.
- 4.2 Human Resources staff will work, in partnership, with all stakeholders during 2008/09 in promoting attendance through the following stages:-
 - 4.2.1 Documenting current absence recording and determine scope for improvements to meet the needs of Services;
 - 4.2.2 Assessing current Occupational Health Service provision and determining requirements to meet the needs of the Council through discussion with Services; satisfaction surveys from users of the occupational health service; seeking information on best practice from other authorities/employers; and plan improvements accordingly;
 - 4.2.3 Taking account of available absence data, identify targeted approach for priority areas;
 - 4.2.4 Using current policies and improved data, work with line managers and employee representatives to improve attendance;
 - 4.2.5 Ensuring data protection regulations and Human Rights Act are followed in respect of all health records;

4.2.6 Taking account of all information gained during earlier stages, review associated policies and procedures as required.

4.3 It is anticipated that there will be different training and support needs, and priorities across Service areas, and a differentiated approach will be required from Human Resources staff to meet these needs. However, there will also be issues identified across services and these will influence overall priorities for Human Resources and Safety and Risk staff. It is expected that there will be opportunities to consider how to improve the health and wellbeing of employees across the Council at a corporate level.

5. Update on Occupational Health Provision

5.1 The Council has a contract with NHS Shetland for the delivery of an occupational health service to provide a range of health, welfare and medical services to the Council, which includes assisting the Council in meeting its statutory obligations in terms of employee health, safety and welfare. This is delivered through an Occupational Health Consultant, who is based in Inverness and comes up for 10 hours each calendar month, and an Occupational Health Nurse based in Shetland who provides 65 hours per month. In the last calendar year there have been 573 appointments with the occupational health service.

5.2 As noted earlier, because of ongoing staffing difficulties NHS Shetland have struggled to provide the service we require for occupational health support, and recently this has meant that additional external staff have been engaged by them. However NHS Shetland has recently made an appointment to a new post of Senior Occupational Health Nurse, and this new employee will take up post on 16 June 2008. NHS Shetland have highlighted the sound background in occupational health of their new member of staff, who has experience of NHS and other public bodies from her previous job in a large NHS Trust. Pending the start date above, agency staff will continue to be involved in the occupational health service to enable the delivery of the contract.

5.3 For some time now health surveillance activity has not taken place in line with the Council's expectations. However, despite recent staffing difficulties in Occupational Health the Human Resources Service has required a high priority to be given to this area of work and during the last few months 131 employees have been seen for health surveillance appointments.

5.4 Employees have received health surveillance appointments. This has covered HAVS, audiometry, spirometry, skin checks, and general health checks.

5.5 It is timely to review the occupational health needs of the Council, as set out in 4.2.2. above, and this will be reflected in a revised specification for this service. NHS Shetland have been notified that the Council are considering our needs in this area and ongoing dialogue will take place during the period of the review.

6. Financial Implications

- 6.1 There are no direct financial implications arising from this report. While there are financial benefits, as well as improvements in service delivery, that will result from improved attendance it is difficult to quantify these definitively. Any impact on budgets from a revised occupational health specification will be set out in a further report to Council.

7. Policy and Delegated Authority

- 7.1 The Audit and Scrutiny Committee is authorised to discharge the Council's audit and scrutiny functions, as detailed in Section 11.0 of the Scheme of Delegations 2007.

8. Conclusions

- 8.1 Human Resources staff have recognised the importance of improving current support to managers, and employees in the area of promoting attendance at work. This has been given a high priority within the forthcoming Service Plan, and will require sustained attention through the year. The Council's Central Safety Consultative Committee has given its backing to this approach and has recognised the importance to the Council in bringing improvements to promoting attendance, and members of the committee expect to see this reflected in improved attendance.
- 8.2 The provision of occupational health services is a key factor in promoting attendance and the Human Resource service will work alongside NHS Shetland in ensuring that the needs of council managers and staff are met.

9. Recommendation

- 9.1 I recommend that the Committee note the content of this report.

Date: 23 April 2008
MG/EM/DH

Report: CE-21-F