



MINUTE

A & B

Audit and Scrutiny Committee
Council Chamber, Town Hall, Lerwick
Wednesday 11 June 2008 at 10am

Present:

F B Grains	A T Doull
A G L Duncan	R S Henderson
A J Hughson	C H J Miller
J W G Wills	

Apologies:

C L Smith

In attendance (Officers):

C Medley, Head of Housing and Capital Programme Services
C McIntyre, Internal Audit Manager
P Peterson, Performance Management Co-ordinator
S Pearson, Safety and Risk Manager
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 30 April 2008, was confirmed on the motion of Mrs C H J Miller, seconded by Mr A G L Duncan.

12/08 – Disabled Access to Ferry Terminals

The Chairperson referred to the previous discussions regarding an alternative solution for disabled toilets at Grutness Pier, and reported that signs advising on the location of disabled facilities are currently being designed.

Min. Ref.	Subject	Action/Info
18/08	<u>Annual Audit and Scrutiny Committee Activity Report</u> The Committee considered a report by the Performance Management Co-ordinator (Appendix 1).	

Min. Ref.	Subject	Action/Info
	<p>The Performance Management Co-ordinator introduced the report. He advised that Section 3 outlined the Committee's main areas of activity during the first year of this Council, and Section 4 provided feedback from Officers involved with the Committee, with suggestions on areas where improvements could be made. The Performance Management Co-ordinator reported that a new Work Programme for 2008/09 would be presented to Committee in August, and Members should put forward issues to be considered for inclusion in the Work Programme.</p> <p>In response to a question from Mr A G L Duncan, the Internal Audit Manager advised that the issues raised by the Committee provided another useful tool to support matters to be addressed. The Head of Housing and Capital Programme Services said that from a housing perspective the Committee was very important and fulfils a good purpose, particularly when set outcomes and actions are to be followed, and with officers being accountable to the Committee.</p> <p>Mr R S Henderson enquired whether the Council would have any jurisdiction to remove abandoned vehicles from people's properties. Mrs C J H Miller explained that the Policy had recently been amended to allow removal of abandoned vehicles from private property. The Chairperson added that Shetland Amenity Trust encourage people to hand over their abandoned vehicles, however they cannot remove vehicles from private property without the agreement of the individual, regardless of whether the vehicle is an eyesore.</p> <p>Mrs Miller commented that the Committee had achieved a considerable amount during the first year. She advised that she would be attending a Seminar on 19 June, which addressed personal development, and she would pass on any useful information to Members.</p> <p>Dr J W G Wills advised the Committee of issues that he would like to be considered for inclusion in the Work Programme. He referred to Agenda Item 7, Efficient Use of Council Buildings, and proposed that the study should also address the proposal for new Council headquarters. He suggested that an Environmental Audit of the Council should be undertaken, to ensure that best practise was being followed. Dr Wills explained that he had concerns regarding the mechanisms in place for handling major capital projects, and suggested that the current procedures should be reviewed to ensure that the correct processes are adhered to at each stage of a project.</p> <p>Following a suggestion from Mrs Miller, the Committee agreed that Council employees should be made aware that they can also raise relevant issues for consideration by the Committee.</p>	

Min. Ref.	Subject	Action/Info
	<p>The Chairperson thanked the Performance Management Co-ordinator for the report, and thanked the Officers involved in providing responses to the issues raised by the Committee.</p>	
19/08	<p><u>Internal Audit – Annual Report 2007/08 and Operational Plan 2008/09</u></p> <p>The Committee considered a report by the Internal Audit Manager (Appendix 2).</p> <p>The Internal Audit Manager summarised the main terms of the report.</p> <p>In response to a question from Mr A G L Duncan, the Internal Audit Manager explained that the 6% of the 2007/08 Audit Plan still outstanding referred mainly to issues with single status and youth work, and would be addressed during the 2008/09 Audit.</p> <p>In response to a comment from Dr J W G Wills relating to the information in paragraph 9.3, the Internal Audit Manager advised that the issues with staff not completing the Register of Interests forms would be addressed through EMT, and the standard of completion of expenses forms and purchase orders has been gradually improving.</p> <p>Dr Wills stated that this was a very comprehensive and reassuring report, and moved that the Committee approve the recommendations contained therein. Mrs C H J Miller seconded.</p> <p>In response to a question from the Chairperson, the Internal Audit Manager advised that the outstanding audit issues at Social Care would be reported to Committee in the Internal Audit Six-monthly Progress Report.</p>	
20/08	<p><u>Update Report – Insurance Claims at “in progress” Status</u></p> <p>The Committee noted a report by the Service Manager, Safety and Risk (Appendix 3).</p> <p>The Service Manager, Safety and Risk summarised the main terms of the report, advising that 188 insurance claims were currently being handled by Safety and Risk Services, and that 28 of the claims had been received in 2008. Members noted the information on the breakdown of claim types in Section 3 of the report. The Service Manager advised that she could not provide Members with specific details on any of the claims, as ongoing claims were subject to confidentiality.</p> <p>In response to a question from Dr J W G Wills as to whether the Council's insurance would cover the type of claim made by</p>	

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	<p>Lerwick Port Authority, the Chairperson clarified that due to confidentiality issues the Service Manager could not advise on particular insurance claims. Dr Wills noted with concern that this information could not be provided.</p>	
21/08	<p><u>Update Report – Year to Date Personal Incident Notifications</u></p> <p>The Committee noted a report by the Service Manager, Safety and Risk (Appendix 4).</p> <p>The Service Manager, Safety and Risk, advised that the report provided Members with information on the number and types of Personal Incident Notifications (PIN's) reported to the Service since 1 April 2008.</p> <p>In response to questions from Members regarding the causes of incidents in Section 3 of the report, the Service Manager advised that the incidents relating to assaults mainly occurred in care homes and schools, the "Errors and Omissions" incidents could relate to when individuals carried out processes in an incorrect way or had acted wrongly or had not acted when they should have done, and "hazardous substances" could be any substance that could cause harm such as when staff were working with chemicals/boiling water. The Service Manager stated that it was important that the Service is made aware of all incidents and potential incidents, to be able to focus resources in certain areas.</p> <p>Dr J W G Wills commented that the number of incidents were quite alarming, particularly when incidents of assault and abuse resulted in risk to staff.</p> <p>In response to a question from Mr A G L Duncan, the Service Manager advised that at the moment none of the incidents had progressed to an insurance claim. She went on to explain that individuals have a period of time after an incident occurs in which to bring forward a claim. Members noted that a claim can be made a considerable number of years after an incident, as in some cases realisation of the injury is not known until some years after the actual incident. The Service Manager added that it was therefore important to retain details of all incidents, to be able to make a decision on whether a case can be defended.</p> <p>In response to a question from Mr A J Hughson, the Service Manager advised that for issues that are service specific, Safety and Risk staff would work with the Service to find solutions or alternative ways of working to remedy the situation or reduce the severity of incidents. She added that corporate issues are dealt with through the Risk Management Board</p>	

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	<p>In response to a question from Mr Duncan, the Service Manager advised that progress was being made with the Safety and Risk computer system. A further key phase would be carried out in July, with training for staff expected in August, and the system should be running at full capacity by the end of the year.</p> <p>The Chairperson thanked the Service Manager for the information provided.</p>	
22/08	<p><u>Information on Past Capital Projects</u></p> <p>The Committee noted a report by the Head of Housing and Capital Programme Services (Appendix 5).</p> <p>The Head of Housing and Capital Programme Services advised that the report provides information on the specific contracts identified by the Committee for further scrutiny.</p> <p>In response to questions from Dr J W G Wills regarding the Cinema and Music Venue project, the Head of Housing and Capital Programme Services said that he would provide Dr Wills with information on the spend to date, and he confirmed that there would be ongoing costs to pay staff undertaking the current review.</p> <p>Mr A G L Duncan enquired whether there were any particular reasons or trends for major overspends on budgets. The Head of Housing and Capital Programme Services advised that there could be a number of contributing factors, however in general terms overspends could occur due to the inadequacy of the brief, insufficient time to prepare for the contract, urgency for the project to go ahead when it is not at the appropriate stage, changes/additions to a project, staff errors, routine variances and unexpected issues arising during the project. The Committee noted that Councillor involvement could also be relevant to projects overspending.</p> <p>Mr A T Doull said it was important that Members are made aware of any overspend as projects progress, rather than being informed when the project is complete. The Chairperson said that update reports should include information on the agreed budget, progress on the projects and provide an explanation on any overspends.</p> <p>In response to a question from Mr Duncan, the Head of Housing and Capital Programme Services advised that the price of construction projects in Shetland could cost 25% more than the same project on the mainland, construction costs and tender returns are increasing, and there was also a growing trend that contractors in Shetland were not so willing to tender</p>	

Min. Ref.	Subject	Action/Info
	<p>for the smaller construction projects.</p> <p>Mr R S Henderson proposed that the current procedure of the Council agreeing the price for projects prior to tender should be changed. He suggested that the tenders should specify the costs involved, and only then should the Council make a decision on whether a particular project should go ahead. During the discussion that followed it was noted that the Council employed professional staff to determine the price of projects, to establish a budget indicative to plan resources, and to allow the projects to be included in the Capital Programme. In response to a question from Mr Duncan, the Internal Audit Manager advised that Internal Audit are involved in monitoring budgetary controls and that financial estimates are required to plan the project.</p> <p>Dr Wills proposed that briefs should be set for all major capital project to ascertain what items should be included in each project.</p> <p><i>(Mr A J Hughson left the meeting).</i></p>	
23/08	<p><u>Low Floor Buses Study</u></p> <p>The Committee considered a report by the Assistant Chief Executive (Appendix 6).</p> <p>The Committee noted that the Council's functions relating to the provision of bus services had transferred to ZetTrans, and therefore ZetTrans approval would be required for the study to be undertaken.</p> <p>On the motion of Mr A G L Duncan, seconded by Mr R S Henderson the Committee approved the recommendations in the report.</p>	
24/08	<p><u>Efficient Use of Council Buildings</u></p> <p>The Committee considered a report by the Performance Management Co-ordinator (Appendix 7).</p> <p>Mrs C H J Miller moved that the Committee approve the terms of reference for the study.</p> <p>Dr J W G Wills referred to information in a recent report to Infrastructure Committee, that there are currently 19 properties in Lerwick, with a total floor area of 9,559sq.m., which the Council utilises for office accommodation. He said that should the building of the Council's headquarters go ahead, a significant number of the properties could be released back for housing and commercial accommodation. Dr Wills proposed that the remit of the study could be extended to include a detailed examination of the costs and benefits of building</p>	

Min. Ref.	Subject	Action/Info
	<p>Council headquarters, or the work involved could be considered as a separate investigation. The Chairperson noted that the proposed Scope of the Study included "Information on the debate into a single Council campus and some discussion of options that have been considered/are being considered ...". The Head of Housing and Capital Programme Services advised that a purpose built Council headquarters would bring about cost savings to the Council.</p> <p>In response to a suggestion from Dr Wills that the Council headquarters should be located at the Shetland College campus, Mr A T Doull commented that there would be parking issues. Mr Duncan said it was essential that the Council found savings and made efficiencies, and suggested that the Council headquarters should be located at a new site that would have the capacity for the car parking requirements. Mr Duncan seconded.</p> <p>Members noted the proposal that the findings from the investigation would be reported to Committee in August, however taking into consideration the amount of work involved with this investigation, it was agreed that interim reports should be provided to Committee, with the final report presented in November.</p> <p style="text-align: center;">-----</p> <p>Mrs C H J Miller enquired whether it would be possible to get sight of the requests for new Council vehicles, to allow the Committee to consider whether the types of vehicles requested are necessary, and whether more fuel efficient vehicles could be used. The Chairperson advised that a request could be made for the information.</p> <p>Mr A G L Duncan suggested an additional item 'AOCB' should be included on the agendas for this Committee. However following discussion, the Committee agreed that "Items for Future Discussion" would be included on the agendas.</p>	

The meeting concluded at 11.20am.

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F B Grains
Chairperson



REPORT

To: Audit and Scrutiny Committee

27 August 2008

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

REPORT NO: LA-44-F

Risk Health Checks

1 Introduction and Background

- 1.1 The purpose of this report is to inform Members of the purpose and content of the Risk Health Check which is a relatively new function carried out for Services across the Council as part of the overall Risk Management effort.
- 1.2 Risk Management concerns itself with all aspects of risk, both in strategic and operational arenas. The risks categories contained within these arenas are as follows:

Strategic Risks

- Political
- Economic
- Social
- Technological
- Legal
- Environmental
- Customer/citizen
- Competitive

Operational Risks

- Contractual
- Physical (people and property)
- Financial
- Technological
- Compliance/Legal
- Professional
- Environmental

- 1.3 The purpose of the Risk Health Check is to work with the Manager and staff to identify the key areas of risk affecting their specific service and to devise an Action Plan containing sustainable solutions for implementation, with the fundamental aim of minimising the level of risk to a manageable degree.

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 The work involved in completing a Risk Health Check is quite time-consuming and culminates in a report (normally running to around 20 pages), taking account of the background to the Service as well as their targets, and covers the range of risks associated issues, such as:

- Departmental Risk Register Entries
- PIN Forms
- Stress Management
- Contingency/Business Continuity Plan
- Staff Issues
- Client/Customer issues
- Sickness Statistics and issues
- Training Issues inc. Driver Development
- Disclosure Checks
- Professional Registration (where appropriate)
- Safety Inspection Report
- ICT Issues
- Other risks and strategic issues
- Joint Futures

3.2 The report also sets baseline indicators and deals with staff, service and premises matters and sets timescales for the review and monitoring stages of process. Internal Audit have been issued with copies of all completed reports and this will be a standard part of the overall process in order to ensure that both functions are working in harmony with each other.

3.3 To date there are 3 reports complete, namely Taing House, Laburnum House, and Anderson High ASN department, with Scord Quarry and the Library ready to be signed off.

3.4 The next services scheduled to undergo a Risk Health Check are Rova Head 1 (old rubbish dump), Red Pit and Murrister depots, the Viking Bus Station, and Shetland College/Train Shetland.

3.5 The time required to complete a Risk Health Check varies depending on the Service and cannot really be predicted until work has already started and the range of issues begin to emerge. “People” services such as Social Care establishments and schools generally take significantly longer, more often up to 6 months, than smaller Services like Viking Bus Station.

4 Financial Implications

- 4.1 There are no direct financial consequences although incidents can lead to some expense when finding appropriate risk controls but all such costs are met from existing budgets, with the overall benefit of reducing unnecessary expenditure through the effective management of risk.

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 10 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-44-F
Our Ref: SP/A&S

13 August 2008



REPORT

To: **Audit and Scrutiny Committee**

27 August 2008

From: **Performance Management Co-ordinator
Executive Services**

CE-26-F

Housing Voids Investigation – Update report

1 Introduction

- 1.1 The Audit and Scrutiny Committee carried out an investigation back in September 2006, into the time it was taking to re-let Council houses. This followed on from evidence, as presented through the Statutory Performance Indicators (SPIs), that Shetland performed relatively poorly compared to other Councils on the following indicator:

“Percentage of empty houses that were re-let within 4 weeks”. This included all categories of housing, namely:

- *General needs*
- *Sheltered housing/very sheltered housing”*

At the time, Shetland was managing to re-let 22% of its houses within 4 weeks and this meant that the Council was 25th out of 32 Councils in Scotland on this indicator.

- 1.2 Now that the 2007-08 SPI data is available*, it was felt that it would be a good time to check whether progress is being made on this area. Checking progress in areas that have been looked at, to monitor the impact being made by the Committee, was something that was agreed with the CIPFA Northern Ireland trainer as being an essential part of the Audit and Scrutiny Committee’s remit.

* Please note that the 2007-08 SPIs are currently being audited by Audit Scotland. Formal sign-off of these indicators has not yet taken place, however, the Audit Manager has confirmed that he does not expect the figure to be challenged.

2 Links to Corporate Priorities

- 2.1 This report does not directly contribute to the priority areas set out in the Council’s Corporate Plan 2008-11. However, the audit and scrutiny function

is an important part of ensuring that the Council is challenging itself and delivering continuous improvement.

3 Actions agreed by Housing

- 3.1 The investigation report produced a detailed breakdown of the causes for delays in re-letting Council houses, and explored whether the indicator was an effective measure of the Council's performance. The full details of the report is available on the Council's Committee Information System, through the following link:

<http://www.shetland.gov.uk/coins/opendocument.asp?documentid=8609>

- 3.2 Having considered the report, the Audit and Scrutiny Committee organised a useful meeting with representatives from the Housing Service and Hjaltsland Housing Association. This allowed discussion of the issues that were being faced in re-letting properties in the two organisations and allowed Council officers to explain in more detail, the steps that were being put in place to improve performance on this indicator.

At the end of the meeting, a number of points were noted by the Committee and reported to the Executive Committee as outcomes from the investigation. These were:

- Review the existing Voids Management policy and produce a void management manual;
- Carry out a review of the Allocation Policy to take account of possible implementation of choice-based lettings scheme and the Homelessness Policy Review;
- Start the void management process earlier – not waiting till the departing tenants hand their keys back.

4 Analysis

- 4.1 As can be seen from Table 1, since the Audit and Scrutiny Committee last looked at this issue in September 2006, 25% more houses are now being re-let within 4 weeks. Admittedly, the numbers of houses being re-let has decreased over the time, but this is still a significant improvement in a relatively short time.
- 4.2 Table 1 also shows that since 2005-06, the average time taken to re-let high demand houses has reduced from 257 days to 63 days.
- 4.3 It's not yet clear where this level of performance would put the Council with regard to other Scottish Councils. However, it is likely to be an improvement on the 20th place for the % of houses re-let within 4 weeks and 27th place for the average time taken to re-let high demand houses, which was achieved last year.

Table 1 - Break-down of time taken to re-let high demand Council houses in Shetland

	05/06		06/07		07/08	
	Number	%	Number	%	Number	%
Number and % of high demand houses that were re-let within 4 weeks	34	22%	48	31%	54	47%
Total number of high demand houses re-let	154	100	154	100	114	100
Average time taken to re-let high demand houses	257 days	--	125 days	--	63 days	--

4.4 In addition to this, figures for the first 3 months of the 2008-09 financial year show that 61% of high demand houses have been re-let within 4 weeks. Therefore, the Housing Service appear to be sustaining the improved performance in this area.

5 Improvements made since September 2006

5.1 Following on from the Audit and Scrutiny investigation, the Housing Service carried out a review of the void process. This identified the following issues;

- The service was not making the most of pre-termination visits in relation to identifying work required to the property before it could be relet;
- The service was not making the most of the 28-day notice period in relation to planning essential work or getting non-essential, routine repairs done in advance of the void period;
- The service was not carrying out accompanied viewings;
- The service took a long time to make and process offers, and the offer process was overly complex and bureaucratic;
- There were some delays in getting keys to the DLO and getting keys back when work was complete;
- The service was not carrying out a high number of post inspections;
- The service did not have a defined lettable standard for our properties; and

- The service tended to try and carry out all work to a property when it was void, rather than splitting work into repairs essential before the property can be re-let, routine repairs and planned maintenance work.

5.2 The review led to the following improvements being put in place.

- The Housing Service wrote a comprehensive Void Policy and Procedures, which defined aims and objectives and set clear timescales and targets for officers.
- A 'Vacating Your Property Booklet' was produced. This is now completed by the tenant before the pre-termination inspection by the area Technical Officer. It asks the tenant to identify any repairs that are needed and to list any problems they have had with the property. The booklet also reminds tenants of their responsibilities in relation to leaving the property clear of rubbish, clean and in good decorative order. The booklet also includes an 'end of tenancy' survey.
- Clear procedures were written for actions required by officers on receipt of the notice of termination, along with a list of officers who need to be advised of the 28-day notice period for the void e.g. the rents section, the recovery section if there are any outstanding arrears, and the DLO.
- Timescales were set for the completion of the pre-termination inspection, making an offer(s), the full inspection, carrying out essential works to the property, the post inspection and the new tenant sign up.
- Holding the pre-termination inspection as soon as possible into the 28-day notice period ensures the vacating tenant has the opportunity to carry out any repairs they are responsible for themselves, and therefore avoid any recharges for the Council having to do this work. This also reduces the amount of work the Council has to do during the void period
- The service clearly defined what are consider to be essential repairs (this is in line with legislation and the Scottish Secure Tenancy Agreement).
- The service defined the standards that a property should be at before it is let.
- It was agreed that an offer to the prospective tenant could be made verbally and that a refusal could be accepted verbally – but be followed up in writing. This speeds up the offer process and ensures time is not wasted waiting for a reply to a written offer from an applicant who may not be able to move at that time, or may not be interested in the property
- Accompanied viewings for all voids are now carried out, which is a good opportunity to introduce the prospective new tenant to the area Housing Officer, and to the Council.

- Sign up procedures were improved and the information given out to new tenants on their responsibilities and the Council's responsibilities.
- A new tenancy visit and survey was introduced, which is carried out 4 weeks after the new tenant has moved in.
- A clear target was set for re-let times. The aim is now to re-let all vacancies within 2 weeks.
- Void performance is now monitored on a monthly basis and performance is reported on a quarterly basis.
- Training is provided to all staff on the new void policy and targets, and the policy is reviewed regularly to ensure it remains effective.

6 Financial Implications

- 6.1 There are no financial implications arising from this report. However, improvements to the void management process, which shortens the time taken to re-let properties would increase the amount of rental income being raised by the Council.

7 Policy and Delegated Authority

- 7.1 As outlined in Section 10 of the Council's Scheme of Delegations, the remit of the Audit and Scrutiny Committee includes reviewing Council performance information.

8 Conclusion

- 8.1 This report is being produced to allow the Audit and Scrutiny Committee to review progress in an area that it previously investigated, to see whether any improvements have been made.
- 8.2 It's clear from the latest SPI data that there have been marked improvements in the number of high demand houses that are re-let within 4 weeks and the length of time it takes to re-let them. This can be attributed to a number of factors, but significant among those are the fact that a Void Policy and Procedure was introduced, which improved the re-letting process.

9 Recommendations

- 9.1 I recommend that the Committee highlights the fact that significant improvements appear to have been made in this area and invites representative from the service management team to explain in more detail the work they have undertaken to achieve this, as considered appropriate.



REPORT

To: Audit & Scrutiny Committee

27 August 2008

**From: Waste Services Manager
Environment & Building Services
Infrastructure Services Department**

ENVIRONMENTAL MANAGEMENT SYSTEM: UPDATE ON BASELINE AUDIT OF COUNCIL SERVICES

1. Introduction

- 1.1 In January 2006 the Council adopted an environmental policy. (Min Ref 2/06) Baseline scoping audits of almost all Council buildings and services have now been carried out and the results of these audits returned to senior management across the Council.
- 1.2 The purpose of this report is to advise the Audit and Scrutiny Committee as requested of our initial findings and to highlight areas where change in operations and corporate policy could result in cost and resource savings.

2. Links to Corporate Priorities

- 2.1 This work is highlighted in the corporate plan with regard to the sustainable use of resources.
- 2.2 The report also supports sustainable service provision and the maintenance of budgets within sustainable limits. The recommendations if supported will enhance the ongoing financial savings review and the development and implementation of service planning.

3. Background

- 3.1 The environmental scoping audits examined procurement, usage and disposal of materials, energy usage in general and made recommendations as to necessary improvements.
- 3.2 The database of information provides Council with a complete picture of resource use across the board. Use of resources and wastage can now be compared between and within service units.

- 3.3 The findings were discussed in full with staff and senior management to ensure that any useful further information could be obtained by the auditors to assist in refining the recommendations and conclusions.
- 3.4 Certain common themes have been identified which will require corporate action to change outcomes. Some form of central procurement and increased staff understanding/confidence in the use of technology are two clear areas for improvement. If fully developed considerable costs savings could be gained by the Council.

4. Findings

- 4.1 Considerable variation in resource use was noted across the Council. Some services are much more in line with national standard resource use figures than others. Paper use in particular across services varied considerably ranging from 3 reams of paper per staff member to 80 reams per staff member in another. National good practice is 7 reams per staff member. The main reason for the difference was in how much one service used electronic office practices compared with the other.
- 4.2 Energy use also varied considerably with some units being careful to switch off lights and computers as requested. It could be considered that there is no incentive to be efficient as budgets are held centrally.
- 4.3 Solid waste produced also differed greatly between similar establishments suggesting a real link between human attitude and actions and resource efficiency.
- 4.4 It was also clear that a number of managers felt uncomfortable at asking staff to change their ways and work in a more resource efficient manner. In particular to remove items such as desk top printers from staff and develop a more efficient printing system based round larger copiers shared by a number of staff.
- 4.5 It was discovered that savings of over £75,000 could be achieved quickly if there was a will to change.
- 4.6 It was also noted that further substantial savings could be achieved with more detailed analysis of operating practices. These have not been included in the total of savings identified as discussion is required to achieve them and some of them would be spend to save.

5. The Next Phase

- 5.1 It is a requirement of an environmental management system that all areas of the Council be regularly audited to ensure continued compliance and the use of best practice. When all first round reports are returned to managers a second round of audits will commence to ensure first round recommendations have been implemented and to further examine certain issues.

- 5.2 It is also proposed that targets be placed in all service plans with regard to reduction in the use of resources and waste.
- 5.3 It is the intention to produce an annual report on progress of implementation identifying areas where gains have been made and where progress has not been achieved by the individual services.
- 5.4 We will deliver training courses on specific issues to assist staff in developing confidence with regard to waste reduction, incorporating best practice within the Council.
- 5.5 Further consideration will be given to the adoption of a programme such as p-counter to limit the amount of unnecessary printing being carried out. This programme gives a count of the number of printings sent from each PC and would thus identify staff possibly requiring extra support in limiting excessive printing with a senior member of the administration staff being asked to monitor this for their service.
- 5.6 It is proposed that within every building a member of staff is assigned the job of responsible officer to ensure that monitoring, switching off and staff training is carried out.
- 5.7 Where possible it is suggested that more electronic meetings take place by using video and telephone conferencing already available and greatly under used in departments. This will reduce fuel and mileage costs.
- 5.8 It is proposed that the number of printers in each building be limited to reduce paper wastage. Waste prevention staff can offer support in obtaining the optimum level.

6. Financial Implications

- 6.1 The amount of “easy” savings to the Council has been identified as £75,000. Further savings can be identified by the proposals in section 5.
- 6.2 Where savings are identified it may be necessary to spend to save. In each case a report will be put to Council identifying the savings and costs involved.

7. Policy and Delegated Authority

- 7.1 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 10 of the Scheme of Delegation.

8. Conclusion

- 8.1 The achievement of a Council wide comprehensive database of resource usage and identified wastage is a valuable asset in the Council’s drive to work cost effectively and in a sustainable manner.

- 8.2 It is clear from the audits carried out that considerable savings can be made across the Council without affecting services. These savings would be generated by increased staff awareness of how their individual actions affect the whole and by certain corporate changes where cross cutting themes are in need of refocusing.
- 8.3 If the savings identified are to be realised then there is a clear need for senior management to be seen to be taking a lead role in implementing these initiatives.

9. Recommendation

- 9.1 I recommend that the Audit and Scrutiny Committee note this report.

ES-36-08-F

Audit and Scrutiny Committee

Work Programme – August 2008 to January 2009

The aim of this Work Programme is to help members of the Audit and Scrutiny Committee and supporting officers organise agenda items for meetings between now and January. It's hoped that this will help to manage the Committee's workload as well as improve Members' information on future agenda topics.

The Programme will be updated as new items arise during the year.

Meeting date	Agenda Items	Officer responsible
27 August	<ul style="list-style-type: none"> Housing Voids investigation - update report Shetland Islands Council - Annual Efficiency Statement Shetland Islands Council - Environmental Management System – update on baseline audit Audit & Scrutiny Work Programme 2008-09 <p><u>Standing item</u></p> <ul style="list-style-type: none"> Risk Health Checks 	<p>P Peterson</p> <p>P Peterson</p> <p>J Grant / M Lisk</p> <p>P Peterson</p> <p>S Pearson</p>
8 October	<ul style="list-style-type: none"> Breakdown of the costs in the Islesburgh Complex Gender balance in the SIC – update report Annual Statutory Performance Indicators Use of Council Vehicles – conclusions and recommendations to Council Procedures for the effective management of large-scale Capital Projects <p><u>Standing item</u></p> <ul style="list-style-type: none"> Corporate Risk Register 	<p>N Watt</p> <p>J Smith / L Saunders</p> <p>A Sutherland</p> <p>P Peterson</p> <p>G Johnston</p> <p>S Pearson</p>
19 November	<ul style="list-style-type: none"> Efficiency of Council Buildings use Abstract of Accounts 2007-08 6-monthly internal audit progress report 	<p>P Peterson</p> <p>G Johnston</p> <p>C McIntyre</p>

	<p>2008-09</p> <ul style="list-style-type: none"> • Audit Scotland report on annual Statutory Performance Indicators • 'Sustaining Shetland' annual update • Corporate Plan 6-month update • Management of Council-subsidised Catering establishments <p><u>Standing item</u></p> <ul style="list-style-type: none"> • Corporate Risk Register 	<p>P Peterson</p> <p>J Smith</p> <p>P Peterson</p> <p>TBC</p> <p>S Pearson</p>
<p>January 2009 Date TBC</p>	<ul style="list-style-type: none"> • Statutory Performance Indicators – annual comparative analysis with Orkney Islands and Western Isles Councils • Analysis of the policy on allocation of Development Grants • Analysis of Council scrutiny of external inspection reports <p><u>Standing item</u> Corporate Risk Register</p>	<p>P Peterson / L Saunders</p> <p>TBC</p> <p>P Peterson</p>



REPORT

To: **Audit and Scrutiny Committee**

27 August 2008

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

CE-35-F

Audit and Scrutiny Committee Work Programme 2008-09

1 Introduction

During the course of the last Council session, a Work Programme was prepared for the Audit and Scrutiny Committee. This report introduces a refreshed Work Programme for the period August 2008 to January 2009. This will be reviewed in January 2009 and further items added.

2 Link to Corporate Priorities

This report does not make any specific links to the priorities in the Corporate Plan 2008-11.

3 Work Programme 2008-09

- 3.1 Judging by feedback from Members and officers, a Work Programme is seen as a useful tool for the Audit and Scrutiny Committee. Setting out in advance the areas which the Committee would like to look at, will provide greater clarity for Members on what to expect at each meeting and will also give officers time to prepare reports. It is also a useful way of keeping track of progress during the year and when reviewing achievements at the end of the year.
- 3.2 A number of items have been carried over from the 2007-08 Work Programme as these have yet to be completed. These are added to the Work Programme, along with the cyclical items which form part of the Committee's regular business (SPIs, audit updates etc).
- 3.3 Members of the Audit and Scrutiny Committee were consulted on new issues that they felt should be taken forward during the coming year. The Committee then prioritised these items and the final list has been added to the Work Programme. This has been done in the knowledge that there will be additional items that will come out of reports such as the SPIs and

Internal Audit 6-monthly update, which the Committee may seek to look at in more detail.

- 3.4 Members of the Committee are asked to discuss the draft Work Programme, agree or reprioritise items, as considered appropriate. Once agreed, it is proposed that this be brought to the attention of managers across the Council.

4 Financial Implications

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

5 Policy and Delegated Authority

- 5.1 As outlined in Section 10 of the Council's Scheme of Delegations, the remit of the Audit and Scrutiny Committee includes reviewing Council performance information.

6 Conclusion

- 6.1 This report has sought to refresh the Audit and Scrutiny Committee's Work Programme for 2008-09. It is hoped that this will help members of the Committee to be aware of what items to expect at future meetings and give officers adequate time to prepare reports.

7 Recommendations

- 7.1 I recommend that the Audit and Scrutiny Committee considers and agrees the attached Work Programme.

August 2008

CE-35-F

Shetland Islands Council – Efficiency Statement – August 2008

Introduction

The Shetland Islands Council has continued to pursue its efficiency agenda over the past year, building on the Efficiency Statement that was prepared for 2007-08.

As will be described throughout this Efficiency Statement, the main strategies underpinning the Council's approach to efficiency is the "Medium-term Budget Strategy", the Corporate Plan 2008-11 and the Shetland Community Planning Partnership's Single Outcome Agreement. These documents outline the key policy principles that the Council is seeking to pursue through its efficiency agenda, namely, to eliminate the annual draw on reserves to support revenue spending by 2012/13, ensure that everything the Council does is sustainable and that 2% efficiency savings are delivered each year.

In order for the Council to meet its targets, budget responsible officers have been required to exert downward pressure on spending. However, in line with the Guidelines that were issued on the preparation of Efficiency Statements, this Statement only includes a the main efficiencies achieved during the past year which meet the criteria that was set for "efficiencies". As well as that, it was felt that in order to aid public understanding of the Statement and to avoid overcomplicating calculations, only efficiencies which had resulted in cashable savings for the Council would be included.

Opening Position

At the start of the 2007-08 financial year, this Council's main efficiency aim continued to be to reduce the draw on Council reserves to augment general fund revenue spending. The Budget Strategy, which was set in September 2006 set out a target of drawing no more than £5million during the 2007-08 financial year. The provisional outturn, reported to Council in June 2008, outlined a favourable position in that it was anticipated that less than the £5m target had been achieved in spite of continuing to cover interim equal pay awards. The result was an overall improvement in position on reserves.

During the past year, a Finance Review Panel, consisting of elected Members and the Executive Management Team, was established. Their remit was to monitor efficiency activity and ensure that required savings were being made. As well as that, having analysed the 2008 Efficiency Statement, the Audit and Scrutiny Committee has, over the past 11 months, taken an active interest in promoting the efficiencies agenda and have carried out studies into a number of areas. .

The Council has been working through the Improvement Service-sponsored 'Diagnostic Project'. The outputs from this project are still being worked through, in conjunction with the Improvement Service. However, the data did provide a useful insight into the deployment of staff time in the 30 key processes and has raised a number of areas where potential efficiencies could be made. Any savings achieved will be fed into the 2009 Efficiency Statement.

Efficiency Gains Achieved in 2007/08

Procurement:

Improving procurement practices continues to be an area where the Council feels significant efficiencies can be realised. This was confirmed through the Diagnostic Project and therefore, will be one of the main areas of focus for the Council's efficiency work during this coming year, particularly the potential that could be offered through joining Scot Excel.

A senior officer has been seconded with a specific remit to set up a central procurement service within the Council to enable identified opportunities for major efficiencies in this area to be realised.

During 2007-08, three main projects contributed £172,000 in efficiency savings. These were - connecting the Council's tugs to shore-based power which reduced the amount of fuel being used, acquiring Quendale House in Lerwick, which saved £25,000 in rental payments, introducing a new contract for the provision of buses on a few routes in Shetland, which yielded £60,000 in efficiency savings and continuing to replace analogue telephones with an internet system and cancelling disused/low use telephone lines which saved £67,000 in revenue costs.

Workforce Planning:

SPI data, which has yet to receive audit sign-off, indicates that the sickness absence rate in the Council has increased. Therefore, a comprehensive review is being carried out on the Council's attendance management processes, with the view to realise efficiencies in absence rates. The existing corporate target of 'less than 4.5%' absence rate has again been set for the whole Council for 2008-09 and will be monitored throughout the year through the performance management framework.

Despite that, over £224,000 has been saved under this heading during the past year. The main areas of savings relate to staffing reorganisations, which contributed almost £200,000.

Asset Management:

Three areas, totalling almost £85,000, have been highlighted in this Statement. These focus on the efficiencies that have been made in energy usage across services, changes that have been made to frequency of cleaning Council offices and the connecting of 4 Council premises to the District Heating Scheme.

Shared Services:

Over the past 3 years, efficiency savings have been delivered through the rationalisation of the structure of arms-length Trusts. However, this process is largely complete, with the Islesburgh Trust being the last to be taken into the Council. The saving highlighted here relates to the impact that that transfer has had on overtime rates. This is also an area that the Audit and Scrutiny Committee have requested further information on.

Streamlining Bureaucracy:

The main savings in this area related to a rationalisation of ferry timetables and a reduction in the time spent by officers on admin duties, which saved over £30,000.

Other:

The other efficiencies, which didn't appear to fit into the Efficiency Strands, amounted to over £260,000. Following a change in Revenue and Customs tax legislation, the Council introduced a Policy on the Private Use of Council Vehicles. This has saved an estimated £144,894 in tax payments.

Verification

The Council continues to encourage all service areas to design services with customer experience in mind. Over the past year, most services have carried out customer satisfaction surveys, to gauge success in meeting customer requirements.

For the purposes of this Efficiency Statement, it also allows monitoring of the impact any of the 2007-08 efficiency saving has had on the quality of service being delivered. Therefore, again, the following table has been prepared to map as many of the efficiency savings contained in this Statement against feedback from customers.

Table 1

Efficiency area(s) from Appendix	Service area	Measure of customer satisfaction
SB1, O1	Adult Learning	Customer satisfaction rate: 92% 'fairly' or 'very' satisfied with the service
PR4	ICT Unit	Customer satisfaction rate: 78.5% 'fairly' or 'very' satisfied with the service
AM1, WP10, O11-O16	Building Maintenance	Customer satisfaction rate: 100% 'fairly' or 'very' satisfied with the service
WP6, SB3, SB5, O5, O17, O18	Finance	Customer satisfaction rate: 100% 'fairly' or 'very' satisfied with the service
CF1, WP7, SS1, O3, O6	Sport and Leisure	Customer satisfaction rate: 100% participants on survey were 'very' satisfied

SB8, WP4, WP5, WP8, O24	Environmental Health	Customer satisfaction rate: 97.5% 'fairly' or 'very' satisfied with the service. 3 Customer complaints received.
WP3, WP9, SB5, SB6, O7, O23	Ferries	Customer Care measures Negative feedback received from customers - 18 Positive feedback received from customers - 24
SB4	Library & Information	Customer Care Satisfaction Rate: 85.5% 'fairly' or 'very' satisfied with the service

Key Areas Targeted for 2008/09

The Corporate Plan 2008-11 commits the Council to the following target:

- Deliver 2% efficiency savings in General Fund revenue spending each year (approximately £2.3 million)

The full Corporate Plan can be accessed through this link to our internet site:
<http://www.shetland.gov.uk/corporateplan/documents/corporateplan2008.pdf>

This will ensure that the Council continues to seek to deliver against the corresponding efficiency target in the Single Outcome Agreement.

As you will see from Appendix 1, some of the main areas of efficiency activity for the coming year include.

- Further rationalisation of the staffing structures across the Council, seeking wherever possible, to reduce establishment numbers without impacting on service levels.
- Seeking to spend to save on various Council building upgrades and reduce the overall amount of fuel being used across Council services.
- Joining the National Recruitment Portal – a website which will host all Scottish Local Authority jobs, thereby reducing the need to advertise in national newspapers.
- Carry out a review of vessel docking contracts

Conclusion

An extensive consultation exercise with the Shetland public, carried out in 2004, established that one of the main concerns for the long-term future of Shetland was sustainability of the Council's oil reserves.

The efficiency gains that have been delivered as part of the Council's drive to reduce the use of these reserves to augment revenue expenditure, is making a contribution to the long-term sustainability of those funds. This not only means that it will be more likely that they can be maintained at a level that continues to generate significant returns for the public of Shetland, it also means that the Council's capital programme can be maintained. This is absolutely crucial to maintaining the quality of life experienced by the population of Shetland.

Therefore, continuing to deliver on the efficiency agenda set by this Council through its Corporate Plan and Medium-term Budget Strategy is having a direct effect on everyone in Shetland.

Overall, this Council is very committed to continuing to build on the work that has already been started on the efficient government agenda.

Approval



Morgan Goodlad (Chief Executive)



Sandy Cluness (Convener)

APPENDIX 1**SHETLAND ISLANDS COUNCIL - EFFICIENCY GAINS 2007/08****PROCUREMENT**

Theme	Description of Efficiency Measure	Cashable (£)	Non-cashable	Impact on service delivery and performance / other information
PR1	Shore power for tugs whilst alongside	£20,000		The installation was completed in November 2007 & so the savings are for four months only. The saving in fuel alone in this period was £4,000. Further savings are through reduced running hours on the Tugs Generator sets, which amount to a hidden benefit of about £2,000. There is an enormous benefit to staff & maintenance working in the quiet environment when on shore power.
PR2	Council acquisition of Quendale House.	£25,000		Acquisition completed under the 'Spend to Save' initiative resulting in a saving of rental payments of £25,000 per annum.
PR3	Purchase of 2 No. Super Low Floor Buses	£60,000		These have been provided to operators in return for a reduction in contract costs.
PR4	Continuing the project to introduce Internet Protocol Telephony system and cancelling low-use telephone lines across the Council	£67,000		No impact on service
Total		£172,000		

ASSET MANAGEMENT

Theme	Description of Efficiency Measure	Cashable (£)	Non-cashable	Impact on service delivery and performance / other information
AM1	Phased introduction of alternative day office cleaning in Building Maintenance	£20,700		None
AM2	Electricity efficiency savings across the Council	£54,777		None
AM3	District Heating installed in 4 Council buildings in Lerwick. Buildings have benefited from lower cost heating, generated from the Council's Waste to Energy facility.	£9,490		None
Total		£84,967		

WORKFORCE PLANNING

Theme	Description of Efficiency Measure	Cashable (£)	Non-cashable	Impact on service delivery and performance / other information
WP1	Savings from introduction of new staffing structure in Capital Programme Service	£7,500		Additional duties spread amongst existing admin staff, so no impact on service delivery.
WP2	Capital Programme Planning – reorganisation reduced Finance establishment by 1.0 FTE.	£69,105		None
WP3	Sea staff and working arrangements restructure in Ferries Service	£65,000		None

WP4	Use of area offices/working from home to reduce travelling time, fuel costs and enable more efficient area allocation of work throughout Environmental Health Service	£500		No impact on service.
WP5	Staff development programme implemented, to create more flexible working capacity across all areas of Environmental Health, reducing travelling time and fuel usage.	£500		None
WP6	Revenues Service redesign resulted in an overall reduction in staff compliment 0.82 FTE.	£17,152		No adverse impact on service area.
WP7	Parks Staff Overtime Budget has been reduced.	£2,000		Changes in working practices have meant that there is no impact on service delivery.
WP8	Authorisation of Neighbourhood Support Workers to carry out enforcement activities in Lerwick has enabled other officers to focus on wider area and use resources more effectively;	£800		None
WP9	Ferry crew qualification and training needs examined and rationalised.	£15,450		None
WP10	Electricians have attended one course so far to allow them to design and install fire alarm systems but more training is required. This will avoid the need for specialist contractors costing at least £5,000 more than the cost of direct employees.	£5,000 per specialist contractor		None

WP11	Reorganisation of staffing structure in Ports and Harbours	£41,087		None
Total		£224,094		

SHARED SERVICES

Theme	Description of Efficiency Measure	Cashable (£)	Non-cashable	Impact on service delivery and performance / other information
SS1	From 1 st April 2008 Shetland Arts assumed full responsibility for the Garrison Theatre. This has meant that no Islesburgh Stewards or cleaners are required to work at the Garrison Theatre, which was previously carried out at overtime rates.	£5,000		None
Total		£5,000		

STREAMLINING BUREAUCRACY

Theme	Description of Efficiency Measure	Cashable (£)	Non-cashable	Impact on service delivery and performance / other information
SB1	Reduced postage costs in Adult Learning through increased use of e-mail to communicate with learners.	£100		No Impact on service delivery
SB2	Electronic filing system developed in Capital Programme Service	£1,890		Reduction in file and paper usage. Faster accessibility of records.
SB3	Remittance Advises on Finance Service be able to be faxed-email instead of posted	£2,900		Provides a much better service to customers as they are advised much more quickly about funds paid into their account.
SB4	Library using e-mail when communicating with library users, instead of mail service.	£200		No impact on service delivery.
SB5	Ferry timetables reviewed to produce meaningful efficiencies in labour and materials	£11,000		None
SB6	Better integration of admin support into Ferry Service to reduce officer time spent on admin tasks	£20,000		None
Total		£36,090		

OTHER

Theme	Description of Efficiency Measure	Cashable (£)	Non-cashable	Impact on service delivery and performance / other information
O1	Charges and fee waivers reviewed for evening classes to increase income in Adult Learning Service	£5,000		No impact – participation rates increased
O2	Introduced Computer links to tugs via radio network.	£1,200		None
O3	Car Allowance Budgets have been reduced across the Sport and Leisure service. Staff are planning their car travel more effectively to reduce mileage claims and reliance on car transportation.	£5,322		None
O4	Trade Supervisors have produced designs for some minor works and for fire alarm systems which have saved on design fees to design consultants.	£25,000		None
O5	Introduction of Policy on Private Use of Council Vehicles, following changes in tax treatment of private use of Council-owned vehicles	£144,894		None
O6	Reduce budget for Grounds Maintenance but maintain service at satisfactory standard	£46,000		None
O7	Onshore management needs and costs in Ferries Service were reviewed, with efficiencies being made to mirror offshore	£40,105		None

	efficiencies.			
Total		£267,521		

CUSTOMER FIRST

Theme	Description of Efficiency Measure	Cashable (£)	Non-cashable	Impact on service delivery and performance / other information
CF1	Following a customer review, area-based leaflets are now being printed in-house at Sport and Leisure Services. This has meant a significant reduction in use of paper and new style leaflets are more focused and only provide relevant detail for children and parents living in a particular part Shetland.	£2,000		None
Total		£2,000		

OVERALL TOTAL		£791,672		
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**SHETLAND ISLANDS COUNCIL -
Key Efficiency Areas Targeted for 2008/09**

WORKFORCE PLANNING

Theme	Description of Efficiency Measure	Cashable (£)	Non-cashable	Impact on service delivery and performance / other information
WP1	Review staffing in Ports and Harbours in light of retirement of General Manager at end of 2008.	£100,000		None
WP2	Continue to identify efficiency savings in Ports and Harbours that can be made through rationalising staffing levels through natural wastage such as retirement, employees leaving and voluntary redundancy.	£100,000		None
WP3	Employ a trainee Building Maintenance Officer. This would provide an efficiency saving by delivering the same service at lower cost and increase the local skill base.	£35,000		None
WP4	Train direct employees to maintain specialist equipment	£5,000		None
WP5	Review overtime on Street Cleansing Service	4,553		Slightly less quality of street cleansing on Saturdays and Sundays.
Total		£244,553		

ASSET MANAGEMENT

Theme	Description of Efficiency Measure	Cashable (£)	Non-cashable	Impact on service delivery and performance / other information
AM1	Energy costs in Ports and Harbours to be further reduced.	£5,000		None
AM2	Connecting Islesburgh House to the Lerwick District Heating Scheme will achieve significant energy savings.	£9,500		None
AM3	Motion detecting light switches are to be installed in the toilets throughout the Islesburgh Complex buildings which will achieve energy savings.	£1,500		None
AM4	A new insulated roof is to be put on the Seafeld Park pavilion which will achieve energy savings.	£600		None
AM5	Replace existing heating system with Air Source Heat Pumps at Seafeld Pavillion.	£3,000		None
AM6	Spend to save on Building Management Systems to improve monitoring and control of heating systems	£2,000		None
AM7	Reduction in the amount of fuel being used by employees in Council-owned vehicles (2% target expected to be set)	£18,000		

Total		£39,600		
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STREAMLINING BUREAUCRACY

Theme	Description of Efficiency Measure	Cashable (£)	Non-cashable	Impact on service delivery and performance / other information
SB	Council joining the National Recruitment Portal and reducing the amount of national posts being advertised in paper media	£40,000		None
Total		£40,000		

OTHER

Theme	Description of Efficiency Measure	Cashable (£)	Non-cashable	Impact on service delivery and performance / other information
O1	Increase fees for evening classes by more than inflation	£3,000		Could result in decrease in participation, but classes still remain value for money and concessions are still available, so hope to continue to increase participation levels.
O2	Review vessel docking arrangements and docking contracts	£25,000 (est)		Subject to successful tender for multiple contract
Total		£28,000		

OVERALL TOTAL		£352,153		
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UNCOSTED AREAS

The following efficiencies have been suggested as potential areas for taking forward during 2008-09, but these have yet to be costed.

Theme	Description of Efficiency Measure	Cashable (£)	Non-cashable	Impact on service delivery and performance / other information
U1	Re-organise Payroll Service to reflect simplified terms and conditions after Single Status has been implemented. Single Status proposed to pay all employees on a monthly basis, therefore costs savings will be generated in respect of both payslips and postage.			Implementation of Single Status still pending.
U2	Implement Integra 'e-series and workflow', reducing the reliance on paper documents, may free staff time for other activities			Project ongoing, with proposed phased implementation following the success of the initial pilot.
U3	Possible increase in the quantity of Fund Managers with little increase in staff costs.			
U4	Investigate the generation of further savings on water rates through metering.			None

U5	Review overtime on Refuse Collection Service			Subject to delivery of a second larger vehicle.
U6	Review purchase of cleansing supplies			None
U7	Review/audit fare collection in Ferries Service.			Presently part of on-going project to offset fuel price increase
U8	Review ferry timetables and usage to eliminate or make under-used voyages bookings only			Presently part of on-going project to offset fuel price increase
U9	Greater usage of standardised contract documents. Will enable us to use and adapt standard document to individual projects with a saving in staff time on projects.			None
U10	BT Wayleave Claim – Bring a substantial BT wayleave claim for the Busta Estate to a satisfactory conclusion.			None
U11	Moving planning system from paper-based to electronic, will help to streamline bureaucracy and lead to more efficient process.			



REPORT

To: **Audit and Scrutiny Committee**

27 August 2008

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

CE-36-F

Annual Efficiency Statement

1 Introduction

- 1.1 All Scottish Councils are required by the Scottish Government to produce an annual Efficiency Statement. This report sets out a sample of some of the main efficiencies that meet the Scottish Government's definition of an "efficiency saving" and have been delivered during the 2007-08 financial year.

2 Link to Corporate Priorities

- 2.1 Members agreed in their Corporate Plan 2008-11 to "Deliver 2% efficiency savings on General Fund revenue spending each year and publish these in an annual Efficiency Statement". This report sets out that Efficiency Statement.

3 Summary

- 3.1 The Audit and Scrutiny Committee is invited to review the efficiencies that have been reported in the attached Statement. A few of these are perhaps worth highlighting.
 - £67,000 was saved by continuing to replace analogue telephones with an internet system and cancelling disused/low use telephone lines;
 - Almost £200,000 was saved through staffing reorganisations;
 - Over £54,000 was saved through electricity reductions across the Council;
 - Well over £140,000 was saved in tax payments through the introduction of a Policy on the private use of Council vehicles.

- 3.2 As the production of an Efficiency Statement is an annual requirement and delivering year-on-year efficiencies is one of the main ways the Council will deliver on its Budget Strategy targets, it is recommended that the Audit and Scrutiny Committee review these efficiencies. Where necessary, Members may wish to seek further information from services and share this with other areas as examples of good practice. This could be a useful exercise ahead of the forthcoming budget setting exercise where efficiency savings will again be sought.

4 Financial Implications

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

5 Policy and Delegated Authority

- 5.1 As outlined in Section 10 of the Council's Scheme of Delegations, the remit of the Audit and Scrutiny Committee includes reviewing Council performance information.

6 Conclusion

- 6.1 This report has introduced the Council's second Efficiency Statement. It has been submitted to the Audit and Scrutiny Committee for further comment, with the view of sharing good practice ahead of the forthcoming budget setting process.

7 Recommendations

- 7.1 I recommend that the Audit and Scrutiny Committee analyses the attached Efficiency Statement and makes comment, as considered appropriate.