



## **REPORT**

**To: Audit and Scrutiny Committee**

**8 October 2008**

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

**REPORT NO: LA-51-F**

### **Strategic Risk Register – Economic Risks**

#### **1 Introduction and Background**

- 1.1 The purpose of this report is to inform Members of some of the risks held on the Strategic Risk Register.
- 1.2 As Members will be aware, the range of risk categories held within the Strategic Risk Register are as follows:

##### Strategic Risks

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

- 1.3 The Risk Category that forms the subject of this report is only the Economic (Financial) risks at a Strategic level, which have been documented in appendix 1 of this report. The “owner” of these risks is Graham Johnston, Head of Finance and as such it is his responsibility, on behalf of the Council and EMT, with input as necessary from the Risk Management Board, to identify and implement appropriate risk controls to reduce these risks to an acceptable level.

## 2 Links to Corporate Priorities

2.1 This report supports Corporate Priorities in relation to the following sections of the Corporate Plan 2008-2011:

- Section 3 – Sustainable Organisation – Living within our means.
- Section 3 – Sustainable Organisation – Ensuring we are being efficient in everything we do.

## 3 Current Position

- 3.1 There are currently a total of 28 risks in this category as can be seen in appendix 1 of this report. Members should note that the risks listed are in their **unmitigated** form and should not therefore deduce that the consequences listed are imminent. Strategies are already in place to address these risks.
- 3.2 Whilst residual grading of these risks is still ongoing, it is intended that this process be finalised in time for the next meeting of the Audit & Scrutiny Committee.

## 4 Financial Implications

- 4.1 Left unchecked, these risks have the potential for significant financial loss however strategies are in place to minimise these risks and reduce them to their lowest possible level under current circumstances and it should be noted that no further action is necessary at this particular point in time.
- 4.2 The Head of Finance will monitor these risks accordingly and will effect such actions as deemed appropriate wherever necessary. Issues that require further reporting will be brought before the appropriate Committee(s).

## 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;
- i) note the content of this report, and
  - ii) Seek a comparative report in 12 months time.

**REVISED LISTING**

<b>RISK CATEGORY</b>	<b>RISK TYPE</b>	<b>RISK SUB-TYPE</b>	<b>Triggers</b>	<b>Consequences</b>
Financial	Government Funding Loss	General Revenue Funding/Non-Domestic Rates	Government funding review	Major cuts in revenue and/or capital spending, affecting services, infrastructure, jobs
Financial	Government Funding Loss	Special Islands Needs Allowance	Government funding review	Major cuts in revenue and/or capital spending, affecting services, infrastructure, jobs
Financial	Government Funding Loss	Notional Loan and Leasing Charges	Government funding review	Major cuts in revenue and/or capital spending, affecting services, infrastructure, jobs
Financial	Government Funding Loss	Specific/Capital Grants	Government funding review	Significant cuts in revenue and/or capital spending, affecting services, infrastructure, jobs
Financial	Government Funding Loss	Housing Support Grant	Government funding review	Major cuts in revenue and/or capital spending, affecting services, infrastructure, jobs
Financial	Government Funding Loss	Population Reduction	Population fall	Major cuts in revenue and/or capital spending, affecting services, infrastructure, jobs
Financial	Fees/Charges Loss	Council Tax	Population fall/taxpayer resistance	Modest cuts in revenue and/or capital spending, affecting services, infrastructure, jobs
Financial	Fees/Charges Loss	Harbour Charges	Reductions in Sullom Voe tanker traffic	Losses of Reserve Fund income causing significant cuts in spending
Financial	Fees/Charges Loss	Housing Rents	Population fall/council house voids	Significant cuts in revenue and/or capital spending, affecting services, infrastructure, jobs
Financial	Fees/Charges Loss	Other Charges	Population fall/charge payer resistance	Significant cuts in revenue and/or capital spending, affecting services, infrastructure, jobs
Financial	Treasury Losses	Council Reserves Investment Returns	Economic downturns	Falls in Reserves, requiring major cuts in capital spending
Financial	Treasury Losses	Pension Fund Investment Returns	Economic downturns	Increase in Employers Contributions, requiring significant cuts in revenue and/or capital spending
Financial	Treasury Losses	Charitable Trust Investment Returns	Economic downturns	Falls in Reserves, requiring major cuts in revenue and/or capital spending
Financial	Treasury Losses	Banking Returns	Economic downturns	Falls in balances, requiring significant cuts in revenue and/or capital spending
Financial	Treasury Losses	Broker Lending	Economic downturns	Falls in balances, requiring significant cuts in revenue and/or capital spending
Financial	Statutory (Failure to Meet)	Best Value	Best Value reviews/inefficiencies	Financial or reputational penalties imposed by Government
Financial	Statutory (Failure to Meet)	State Aid	Complaint/case law	Restricted ability to act in the field of economic development
Financial	Statutory (Failure to Meet)	Group Accounting	External Audit of accounts	Reputational damage caused by qualification to the accounts
Financial	Statutory (Failure to Meet)	Prudential Code	External Audit of accounts	Reputational damage caused by being found to be imprudent
Financial	Statutory (Failure to Meet)	Proper Financial Administration	External Audit of accounts	Reputational damage, financial losses due to improper or inefficient practices
Financial	Statutory (Failure to Meet)	Other Financial Accounting	External Audit of accounts	Reputational damage, financial losses due to improper or inefficient practices
Financial	Government Policy (Failure to Meet)	Single Outcome Agreement	Government review	Reputational damage, financial losses due to revised Government settlements
Financial	Government Policy (Failure to Meet)	Council Tax Freeze	Government action	Loss of control of significant element of funding
Financial	Unsustainable Council Spending	Increased Social Work Client Groups	Client group population increase	Major increases in revenue and/or capital spending, affecting Reserves and/or other spending
Financial	Unsustainable Council Spending	Revenue	Service demands	Major increases in revenue spending, affecting Reserves and/or other spending
Financial	Unsustainable Council Spending	Capital	Infrastructure demands	Major increases in capital spending, affecting Reserves and/or other spending
Financial	Economic Impact	Excessive Demand/Inflation	High Council spending	Economic overheating, triggering economic downturn
Financial	Economic Impact	Insufficient Demand/Recession	Reduced Council spending	Economic depression, triggering reduced employment/population/standards of living





## REPORT

To: **Audit and Scrutiny Committee**

**8 October 2008**

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

**CE-44-F**

### **Private use of Council vehicles**

#### **1 Introduction**

- 1.1 This report sets out conclusions from the Audit and Scrutiny Committee's study into the private use of Council vehicles. The aim of this report is to allow the Audit and Scrutiny Committee to draw a line under their involvement in this area, make recommendations to the Council, with the provision that this could be revisited in the future to monitor progress.

#### **2 Link to Corporate Priorities**

- 2.1 The study 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. Reducing fuel usage also contributes to the Shetland Community Planning Partnership's target of reducing carbon emissions by 30% by 2020.

#### **3 Background**

- 3.1 The Audit and Scrutiny Committee decided at its meeting on 30<sup>th</sup> 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.
- 3.2 A report was then considered at the Audit and Scrutiny Committee meeting on 29<sup>th</sup> April, which answered the specific questions Members had raised. However, at that meeting, it was requested that a meeting be set up with managers and Trade Union representatives, to seek to engage with them on the issue of vehicle usage. It was felt that this would be a good way of getting their buy-in to any change process and seeking their suggestions for efficiencies. That meeting took place on 9<sup>th</sup> June and a note is attached as Appendix 1, for information.

3.3 The following 5 actions were agreed on conclusion of that meeting:

3.3.1 Policy Unit to gather further data from services:

- number of vehicles that are being taken home at night;
- reasons why vehicles are allowed to be taken home at night;
- justifications for makes/models of vehicle;
- cost of taking vehicles home at night (to be calculated in line with an agreed formula);
- opportunity cost of leaving vehicles in a central depot (again, calculated in line with an agreed formula);

3.3.2 Building Services to look at downsizing their larger transit-sized vans wherever possible.

3.3.3 The Roads Service to look at replacing several 3.5 tonne trucks with 7.5 tonne pickups, to reduce the number of trucks needed and to see whether 4x4 vans have towing capacity, so they could replace larger 4x4s currently in use.

3.3.4 The Environment and Building Service to look at ways the checking of community skips could be carried out more efficiently – by essay kers crews.

3.3.5 Baseline derelict usage data to be established for 2007-08 and a method for monitoring this throughout the year to be developed.

3.4 The report to yesterday's Infrastructure Committee on reducing fuel usage across all Council Services was prepared with full knowledge of this vehicle usage study. As a result, both reports should align with each other.

## **4 Outcomes from the Study**

4.1 According to the data that was gathered from managers, at least 137 vehicles are taken home at some time by employees. Two main reasons were given for this.

4.1.1 Some employees are 'on-call' after hours, so require a vehicle to respond to a callout situation. (At least 53 employees with vehicles have some on-call responsibilities – these are not 53 employees who are on-call every single night, it's normally the case that they are on a rota).

4.1.2 A number of vehicles are taken home by employees who have 'no fixed place of work' (at least 65). The argument made by managers is that this allows the employee to go straight to the job in the morning, instead of having to call along a depot to first pick up a vehicle and then go to the job. It also means that, at the end of the day, the employee can finish work and go straight home, instead of finishing earlier and returning the vehicle to the depot.

The data, which was gathered, is available for Members to view, as requested.

- 4.3 As the Council's Policy on the Private Use of Council Vehicles requires the Council to ensure that it is able to "*demonstrate that it is cheaper to allow vehicles to be taken home*", the Audit and Scrutiny Committee decided in June that an attempt be made at establishing the cost of allowing vehicles to be taken home at night and cost of leaving at a central depot. A formula was developed to try to capture this data, although it was acknowledged that, with so many employees not having a fixed place of work, it was going to be extremely difficult to get figures that were absolutely accurate.
- 4.4 According to the data that was gathered, it would appear that in a significant number of cases, the cost of taking home a vehicle at night would be less than the opportunity cost of collecting and returning it to a central depot. This is mainly due to the wages that would be paid for unproductive travelling time at the start and end of the day. Bearing in mind the fact that it wasn't possible to verify every individual calculation carried out, and the requirements of the Council's Private Use of Council Vehicles Policy, Internal Audit could be asked to verify vehicle usage data, as part of their Audit Plan. This would allow more detailed sampling of data on a service-by-service basis, as part of their normal audit work. Clearly, this would require services to keep the information that was provided for this study up to date, so that Internal Audit had relevant data to verify.
- 4.5 The report to the Audit and Scrutiny Committee highlighted the fact that a local agreement currently exists with craft operatives, which sets out the following as an entitlement:

*"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)

It is outwith the scope of the Audit and Scrutiny Committee to change this local agreement, which covers a large proportion of employees who have vehicles. Therefore, with this in mind, instead of becoming involved in how services are managed, it would probably be more effective if the Committee focused on ensuring overall derv usage reduces across the Council. This issue will be dealt with through Single Status negotiations.

- 4.6 Setting an overall target for fuel reduction without being prescriptive about how that is to be achieved, would enable managers to take operational decisions which are relevant to their individual service area, in order to meet the target. It would be for them to decide whether this is to be best achieved through reducing home to work usage of vehicles or some other method. Data from the Council's Triscan Fuel Management system was analysed for the last financial year. As a result, a clear picture is now available of the amount of derv each service area used in 2007-08. This has established a baseline usage figure that can be used for monitoring purposes from this

year onwards. With this preparatory work having been completed and monthly reports being provided to managers on derf usage, the monitoring arrangements for fuel usage across services will be improved.

- 4.7 Building Services agreed to look at replacing their larger vans with smaller, more fuel efficient alternatives. There have been no procurement exercises for larger vans since the Audit and Scrutiny last discussed this issue. However, this will be explored at the time the next contract is being prepared for procuring these types of vans.

- 4.8 The Roads Service agreed to look at procuring 7.5 tonne pickups to replace some of the 3.5 tonne ones currently owned. The aim was to increase carrying capacity and thereby reduce the number of trips required to complete a job, and in the longer term, reduce the need for larger, fuel-inefficient 18 tonne trucks. This is currently being explored with the Fleet Management Unit who are investigating specifications and prices before this can be taken further.

It was also agreed that the Roads Service would seek information from the Fleet Management Unit on whether smaller 4x4 vans were capable of towing. The aim is to investigate the practicality of 4x4 vans in place of pickups for the Road Inspectors when their existing vehicles need replacement. Again no procurement exercise for 4x4s has taken place since this was last discussed, but this will be considered in detail the next time the contract is being prepared.

- 4.9 The Environment and Building Service looked at whether the essay kerts crews could check community Council skips. This has been looked at, but the point has been made that the Skip Inspector, when checking the contents of the skips for unsafe items, removes any found and places them in the back of a pick-up and transports them for safe disposal. If an essay kert was used, the vehicle would not have anywhere suitable/safe to store the hazardous items in transit.

In addition, the current workload of the essay kerts is such that there is no spare time for them to do this - their routes would need to be re-organised if this suggestion was to be put into practice.

- 4.10 Since the Audit and Scrutiny meeting in April, the Safety and Risk section has agreed to extend Driver Development training to include a section on how driving habits affect fuel consumption. As the report to Infrastructure Services Committee mentioned, there is no current mechanism for monitoring whether the training has any effect on driving habits – a check could be made on drivers who have a Council vehicle and attended training, to see whether this made any difference.
- 4.11 The Audit and Scrutiny Committee endorsed the pilot studies that were being carried out into fuel additives. At the meeting in June, the Transport Services Manager mentioned that a report was being prepared for the Infrastructure Committee on the results of these studies.



- 4.12 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). In order to ensure that the Council is seeking to reduce the derv usage rate and reduce CO<sup>2</sup> emissions, the FMU could be given greater responsibility to engage with services, to challenge them to demonstrate that vehicles being sought are ‘fit for purpose’. 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 small van or other more efficient model).
- 4.13 As part of the Infrastructure Committee report into fuel usage across the Council, an observation was made that the Council could be doing something to reduce the size of its vehicle fleet. This would have obvious capital and revenue savings for the Council, as well as reducing the number of CO<sup>2</sup> - emitting vehicles. The Fleet Management Unit could therefore be tasked with ensuring that when vehicle procurement exercises are taking place, the exercise does not add to the overall size of the Council’s vehicle fleet and, wherever possible, seeks to reduce it.
- 4.14 A number of suggestions were made in the April report, and at the June meeting, relating to the management and deployment of the workforce. These included:
- Collecting colleagues on the way to work;
  - Reducing the number of larger, fuel inefficient vehicles (like trucks) being taken home at night;
  - Improving deployment of the workforce during the working day – particularly in relation to wasted time dealing with responsive repairs.

In line with the points raised in paragraph 4.6 above, rather than seeking to impose any of those suggestions onto service areas, which is not within the remit of the Audit and Scrutiny Committee, it would perhaps be more productive for the Committee to focus on developing an overall target for reducing derv usage across services.

- 4.15 In line with the information that was presented in the report to Infrastructure Services on 7<sup>th</sup> October on fuel usage across Council Services, a target of 5% for reducing vehicle derv usage could be recommended to Council for endorsement. With the baseline figures now in place and regular reports available for managers, Members could monitor this at the quarterly performance reviews, starting in January 2009.

## **5 Proposals**

- 5.1 Internal Audit to include verification of vehicle usage data, as part of their ongoing Audit Plan. This would allow more detailed sampling to verify the data gathered from services and assist managers in the efficient management of their vehicle fleet.

- 5.2 The Fleet Management Unit to ensure that the Council is not increasing the overall size of its vehicle fleet and seeks to reduce this, wherever possible, during procurement exercises.
- 5.3 A target of 5% be set for reducing Council vehicle derv usage each year for the next 3 years.
- 5.4 A vehicle derv usage indicator to be added to service performance management reports. This will allow Members the chance to monitor progress against the 5% target at the quarterly performance review sessions. (starting in January 2009).
- 5.5 The Fleet Management Unit to be given greater responsibility to engage at an early stage with services seeking to procure new vehicles, to challenge them to demonstrate that vehicles being sought are 'fit for purpose' and, wherever possible, smaller, more fuel efficient alternatives are purchased.

## **6 Financial Implications**

- 6.1 The recommendations outlined in this report, if implemented, would help reduce the amount of vehicle derv being used across the Council. A 5% reduction in derv used by Council vehicles could amount to approximately £35,000 over a full year. Evidence would suggest that there are also savings that can be achieved as a result of improving employees' driving habits (up to £20,000), reduction in the number of vehicles owned (reduction in capital, revenue and maintenance costs) and continuing to use fuel additives.

## **7 Policy and Delegated Authority**

- 7.1 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.

## **8 Conclusions**

- 8.1 This report has sought to draw together all the work carried out on behalf of the Audit and Scrutiny Committee on vehicle usage. As noted, a study has been carried out which was reported to the Audit and Scrutiny Committee in April, a follow-up meeting with managers and Trade Unions took place in June and further data was gathered over the summer on the way vehicles are being used.
- 8.2 A set of proposals has been outlined for consideration by the Audit and Scrutiny Committee. If these are endorsed, they will be submitted to the full Council for agreement.

## **9 Recommendations**

- 9.1 I recommend that the Audit and Scrutiny Committee recommends to the full Council that they endorse the proposals outlined in paragraphs 5.1 to 5.5 of this report.

- 9.2 If these were endorsed, it would also be recommended that the Audit and Scrutiny Committee ask for a follow-up report in 1 year's time on all areas, to monitor the impact that has been made.

September 2008

CE-44-F



**Audit and Scrutiny**

**9<sup>th</sup> June 2008**

**Note of consultation meeting**

**Present** – Florence Grains, Allison Duncan, Addie Doull, Robert Henderson, Caroline Miller, Andrew Hughson, Ron Beardsley (Roads), Mary Smith (Payroll), David Williamson (Building Svs), Stephen Cooper (Env & Building Svs), Andrew Inkster (Ports and Harbours), Ian Halcrow (Roads), Robby Watt (Housing), Ian Jeromson (Fleet Mgmt Unit), Ian Bruce (Transport), Peter Peterson (Policy). Stephen Russell (GMB), Barry Edwards (UNISON), Alistair Christie-Henry (TGWU),

IJ said that the Council currently uses approx 800,000 litres of derv each year on vehicles and plant. At £1.12 a litre, it's looking like the cost of derv will be over £900K this year.

After a question, IJ confirmed that the Council is linked to a bulk buying agreement for all Councils and public bodies in Scotland. He confirmed that this is for derv only – can't bunker petrol. The contract is re-tendered every 2 years. It has just been issued recently.

Fuel additive

There's a drawback with this as the additive has to be manually added to fuel.

The pilot project would suggest that the vehicles emit less CO<sub>2</sub>, but there is no conclusive evidence to suggest that this affects fuel consumption rates.

Pilot – 6 vehicles (2 buses, 2 big vans and 2 small vans). 2 showed better fuel consumption rates, 2 were the same and 2 were worse.

Ferries Pilot – 3 months on the Filla and Leirna. The pilots have been inconclusive – the ferries have been running at lower speeds, so can't compare the data.

AI made the point that warranty issues on vehicles, tugs etc would need to be taken into account if adding additives to fuel.

IB confirmed that the new pilot would take 8 months – indicative results would be known in 4 months. A report would be produced for Infrastructure Committee to confirm the results of the study.

Fuel efficiency could be given even higher priority when procuring vehicles

Roads Service has tried to reduce spec on trucks – now down to 2 x 6-wheelers. Also, seeking to ensure that any new trucks are dual-purpose so that they can be altered to act as gritters during the winter.

Roads – could look at procuring 7.5 tonne pickups to replace 3.5 tonne ones currently owned. This could increase carrying capacity and reduce need for some trucks.

**Action Point** – IH said that he was going to take this forward with the Fleet Management Unit.

**Action Point** – IH to also check with FMU as to whether smaller 4x4 vans were capable of towing.

BE made the point that it would be important that vehicles were fit for purpose and that the health and safety of employees is taken into account.

#### Leaving vehicles in depots

RB made the point that there are no depots in many areas

- reluctant to make changes to working arrangements if it meant that 3 men on average of £8 an hour were going to have half an hour downtime owing to travel to a central depot. This would be more costly to the Council than the fuel that would be saved.

DW said that he had carried out some analysis and this showed that even if only 1 in 3 employees were going straight to their work instead of coming in to a central depot, the Council would break-even.

AH – suggested that Building Services look at downsizing vans - as smaller jobs is now the norm so perhaps no need for large transits.

**Action point** - DW agreed that smaller vans could be looked at when replacing the larger transit vans.

#### Fuel reduction

CM raised the issue of the Council setting fuel efficiency targets for services and that these be reported through the quarterly service performance reviews.

IB confirmed that data could be extracted from the fuel management system on a monthly basis and provided to managers to allow them to see which areas of the service were using the most fuel.

It was recognised that there will be situations where fuel use increases during the year – perhaps due to increase in productivity. However, managers would be able to explain the reasons for any fuel increase, at the reviews.

**Action Point** – Indicator to be developed between managers and PP, for application across all service areas at the performance reviews.

Important to keep this simple and not overcomplicate.

Efficiency target to be set in terms of the amount of fuel that is being used by each service

#### Managers to improve deployment of staff

SC spoke about discussions with employees to identify improvements in Building Services Potential to look at introducing handhelds for operatives, to issue electronic job tickets.

Also, better information to be taken down at the Helpdesk to help tradesmen fix the problem in one visit. Form being designed by tradespersons at the moment.

Report being submitted to Infrastructure Committee on Building Maintenance – this covers the areas that have been discussed

It was suggested that essay kers could check Community Council skips – to reduce fuel being used by Skips Inspector

**Action Point** – SC to take a look at that suggestion.

Further data gathering

Information to be gathered on how vehicles are being used in each service area – to feed into assessment of the Private use of Council vehicles policy. Cost/benefit of making changes to the current deployment of vehicles.

**Action Point** – PP to consult with group and design a template which will then be circulated to gathered the info required. Report to be prepared for the A&S Committee with the findings of this.

AI said that P&H have replaced 2 4x4s with smaller vans, but have identified an ongoing need for some 4x4s owing to service need.







## REPORT

To: Audit and Scrutiny Committee

8th October 2008

From: Sport and Leisure Services Manager

### Islesburgh Complex

#### 1. Introduction

- 1.1 At a meeting of the Audit and Scrutiny Committee on 30<sup>th</sup> April 2008, Members considered a report from the Head of Finance entitled "Education and Social Care Directorate – Requested Detailed Budgets for 2007/08". On consideration of this report a request was made for further detailed information on the services provided through the Islesburgh Complex and the associated costs and income generated by them.
- 1.2 This report has therefore been prepared to provide this information for the Audit and Scrutiny Committee.

#### 2. Links to the Corporate Plan

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

#### 3. Background

- 3.1 Since April 2006, Shetland Islands Council has assumed ownership and overall responsibility for all buildings, services and staff that formerly belonged to, or were managed by Islesburgh Trust.
- 3.2 The only exception is the Garrison Theatre and its staff who are now managed by Shetland Arts.

#### 4. The Islesburgh Complex

- 4.1 **Islesburgh Community Centre** is a town centre hub for community activity in Shetland, and is open to the public for a minimum of 105 hours a week (8am to 11pm, seven days a week for 50 weeks of the year). It provides high quality facilities and essential services for individuals, families, community groups and organisations from all sectors of Shetland life. It is estimated that over 220,000 people make use of the facilities on an annual basis. These facilities and services are summarised below:

## **Facilities available In Islesburgh Community Centre**

**The Central Café** - open 7 days a week - is a very busy and popular café with locals and visitors. It includes a play area for young children. In addition, the Islesburgh kitchen also undertakes a full catering service in-house for delivery to room hirers in the Centre and Islesburgh House and provides an external catering service. The café opens late during the major festivals.

**The Central Lounge** - located next to the café has pool tables, games and seating areas and is used by different groups and the general public during each day. It also provides additional seating for café customers. A large screen satellite TV shows music and sporting events in a family-friendly atmosphere. It is open to the public from 10am to 5pm Monday to Saturday and 12noon to 6pm on Sundays. This is a very important facility for locals and visitors alike as it provides “wet-weather” facilities for all ages all year round.

**Drama Room** - Available for general hires, this room is popular with drama groups for rehearsals as it closely matches the size of the Garrison Theatre stage and has lighting bars in place. It is adjacent to the South Attic, which accommodates the Islesburgh Drama Group’s extensive wardrobe.

**Darkrooms** - Used by the Islesburgh Photographic Club.

**Video Edit Suite** - Available to the public once they have been trained. Videotapes can be edited, copied and/or transferred to DVD. This suite also accommodates the Islesburgh Video Collection, which includes approximately 1000 videotapes, some of which are very important for local and historical reasons.

**General Rooms** - A further seven public rooms are available to hire for meetings, training events, weddings, dances, festivals, birthday parties, squad meetings etc. All are set up to suit the hirer’s needs. Pianos can be made available in all rooms.

## **Services available from and located in Islesburgh Community Centre**

- Box office and sale of tickets, including the Shetland Box Office (launch date 3<sup>rd</sup> October 2008)
- AV service to room hirers
- Full range of office services available to the public and groups
- Equipment bank – hire of equipment for community groups
- Exhibition space for local artists, photographers etc
- Youth clubs – managed by the Youth Services
- Out of School Club – managed by Shetland Family Services
- Pre-School – managed by Shetland Family Services
- Breakfast Club – managed by Shetland Family Services
- First-aid. There is always a First-Aider on duty.

## **Regular Users**

Islesburgh 60+ Group	Islesburgh Drama Group
Islesburgh Exhibition	Islesburgh Photographic Club
Lerwick Bridge Club	Lerwick Dance Club
Lerwick Old Time Dance Club	Shetland Choral Society
Shetland Needle Workers	Shetland Fiddlers Society
Shetland School of Dancing	Shetland Tai Chi
Shetland Western Line Dancers	Heritage Fiddlers
Spinning Group	Fiddle Attraction
Belly Dance	Latin & Belly Dance
RNMDSF Night Cap	RNMDSF Ladies Guild
Serpentine Drama Group	Shetland Youth Theatre
Shetland Folk Dance	Shetland Field Studies
Shetland Bird Club	

### **Youth Clubs**

Peerie Club  
Junior Club  
Senior Club

### **Children's Clubs**

Breakfast Club  
Pre-School  
Out of School Club

## **Festivals and events held in Islesburgh Community Centre:**

Islesburgh Community Centre is also used as a venue for a number of Shetland's main festivals and events, most of which are spread over a number of days and go on late into the night / early the next morning.

### **Shetland Folk Festival**

For almost a week in May each year, Shetland Folk Festival is staged from Islesburgh Community Centre, which becomes the Festival Club for society members. Over the weekend performances are held on 5 consecutive nights with workshops and sessions organised during the day for children and visitors to the Festival. This is Islesburgh's and perhaps Shetland's biggest and busiest weekend of the year. For the main 5-night period the centre is open until 5.00am with the café and bar staying open until 2.00am and staff being in the building until 7.00am. The Centre is shut for about an hour each morning before the cleaners and day-shift stewards arrive to make arrangements for daytime users arriving at 8am. Over this weekend an estimated 6000 visitors make use of the facilities.

### **Shetland Accordion and Fiddle Festival**

Held in October each year, Shetland Accordion and Fiddle Festival is staged from Islesburgh Community Centre, which becomes the Festival Club for Society members. The Festival lasts for a 5 day period with sessions and workshops being held throughout the day, and concerts and dances being held in the evenings. Over the main 4 nights of the Festival the bar is open until 2.00am on 3 of the nights, with staff being in the building until approximately 6.00am. The café is open until 12.30am on 2 of the nights and provides a full table service dining for members during the day in the Central lounge. The Centre is shut for about an hour each morning before the cleaners and day-shift stewards arrive to make arrangements for daytime users arriving at 8am. The Festival attracts an estimated 4500 visitors to Islesburgh each year.

### **Up Helly Aa**

Islesburgh Community Centre is one of the 12 “Halls” used for the annual Up-Helly-Aa Festival staged on the last Tuesday of January each year. On this day Islesburgh staff are in from 6:30am to begin preparations and to host various aspects of the Festival. This includes providing a venue for the “steeping” of the torches during the day, selling tickets for, and hosting one of the “Fiery Sessions” Concerts, providing refreshments for the Junior Jarl squad in the afternoon, supporting the picking up of torches in the evening, becoming a prime location for disabled drivers and spectators wishing to see the procession and finally becoming a “Hall” for guizers and guests during the night. Islesburgh is open continuously for over 24 hours until around 9am on the Wednesday morning when the last guizers and guests leave. Once the building is clear, staff begin a massive clean-up operation, which lasts into the afternoon. The Wednesday following Up Helly Aa is the only day in the year (apart from the Christmas shutdown) when Islesburgh Community Centre is closed to the public. Meanwhile the Hostel is open for guests. During this day an estimated 2000 people make use of the facilities.

### **Islesburgh Exhibition**

The Exhibition, which has been running for over 60 years, features the best of Shetland knitwear and other goods, local music, dance, films and food. The Exhibition is open three nights a week during the summer months.

### **Fiddle Frenzy**

This annual event attracts traditional fiddle players from all round the world. Numerous workshops and concerts are held with Islesburgh being a main venue. In 2008, 60 students attended morning and afternoon workshops with local musicians providing their tuition.

### **Wordplay**

This Festival, which was organised in conjunction Screenplay, continues to grow each year. It is a Festival of books, poetry, workshops and readings and attracted over 900 visitors in 2008.

- 4.3 **Islesburgh House** is used to accommodate the Islesburgh Youth Hostel, which is a 5 star rated Scottish Tourist Board hostel. The main hostel season runs from April to October each year. The hostel is available for group bookings outwith this period and at festival times (e.g. Up Helly Aa). The hostel can accommodate up to 64 visitors at a time and provides the following facilities and services:

### **Hostel Facilities**

1 - two bed room	2 - four bed rooms	4 - four bed rooms - en-suite
1 - six bed room	1 - eight bed room	2- twelve bed rooms
6 – showers	Games room	TV lounge
Left luggage room	Laundry/drying room	Hostellers kitchen
Dining room	Lockable bike shed	

Wi-fi internet access (due in 2009)

Public computer with internet access (due in 2009)

### **Hostel Services**

Tourist Information Point  
Local brochures  
Tourist advice

- 4.4. Outwith the main hostel season Islesburgh House is used for meetings, events and functions.
- 4.5. It also provides office accommodation all year round for Driving Examiners whilst in Shetland and becomes the operational base for Shetland's Driving Test Centre.
- 4.6. Islesburgh House also provides indoor viewing areas for Up-Helly-Aa for elderly and infirm spectators.

## **5. Financial Information**

- 5.1 To inform Members, a complete copy of Islesburgh's estimated and actual income and expenditure for 2007/08 can be seen in Appendix A to this report. The reason for using these figures is to provide a whole year of operational figures.
- 5.2 A summary of the final out-turn position for Islesburgh's budgets can be seen in Table 1 below:

Table 1

Budgets for 2007-08	Budget	Actual	Variance
	£	£	£
<b>Employee Costs</b>	<b>676,538</b>	<b>665,891</b>	<b>10,647</b>
<b>Operating Costs</b>	<b>404,112</b>	<b>402,525</b>	<b>1,587</b>
<b>Income</b>	<b>(363,263)</b>	<b>(383,505)</b>	<b>20,242</b>
Controllable Costs	717,387	684,911	32,476
<b>Compensation Payments</b>	<b>0</b>	<b>31,186</b>	<b>(31,186)</b>
<b>Financing Costs</b>	<b>0</b>	<b>5,204</b>	<b>(5,204)</b>
<b>Recharges In</b>	<b>66,717</b>	<b>99,242</b>	<b>(32,525)</b>
Total Cost	784,104	820,542	(36,438)

- 5.3 Members will note from Table 1 above that the net cost of Islesburgh services to the Council for 2007/08 was £36,438 lower than the amount budgeted for. In addition, Members should also note that a further saving of £62,584 was achieved on Islesburgh budgets prior to the start of the financial year. This further saving was achieved through a management restructure at Islesburgh, which was implemented following the transfer of these services back into the Council.

- 5.4 The compensation payments were not budgeted for as they were dependent upon Single Status being approved or not and the recharges were higher than budget due to a change in how management time was being distributed across services.
- 5.5 In order to provide some additional information please note the following points:

**Overtime Costs** – The total cost of overtime at Islesburgh for 2007/08 was £49,649.75. However, £11,628 of this sum was recharged to Shetland Arts for the cost of Islesburgh Stewards continuing to provide a stewarding service in the Garrison Theatre until Shetland Arts had its own staff in place. This arrangement ended on 1st April 2008 when Shetland Arts assumed full responsibility for the stewarding of the theatre.

As indicated in 4.1 above, Islesburgh Community Centre is open for almost 24 hours a day during the large Festivals. Therefore, a significant amount of overtime costs are incurred during these events. However, this overtime cost is more than compensated by the additional income that is generated over these weekends. As an example, the Shetland Folk Festival weekend in 2008 generated an income of over £17,000 for Islesburgh, on rooms hires, cafeteria income and hostel bookings, whereas a normal weekend might generate an income of no more than £3,500.

Islesburgh Community Centre is open for a minimum of 105 hrs per week, 7 days a week, 50 weeks a year. In order to maintain this level of opening hours and service, a minimum of two shifts of staff are required each day. Therefore, during periods of staff absences, vacancies or annual leave, where no relief staff are available then existing staff are required to work overtime to maintain service levels, particularly in areas such as the café, reception, cleaning and stewarding.

**Central Café** – During 2007/08 the Central Café had an operational deficit of approximately £66,000 based on staffing and supply costs. However, this figure is a significant improvement on the previous year, which had a deficit of approximately £83,000.

Since transferring back into the council on 1<sup>st</sup> April 2006, Islesburgh's management team has been steadily trying to improve the café service and undertaking steps to further reduce the café deficit. The steps taken so far include:

- Closing the Islesburgh House Cafe to consolidate the cafeteria service in the Community Centre. This has significantly reduced energy costs in Islesburgh House and allowed staff to focus on the services being delivered from the Central Café.
- Installing a vending machine in Islesburgh House for visitors to the youth hostel;
- On Saturday and Sunday nights closing the café at 6.00pm instead of 9.00pm. This makes a significant saving on staffing costs as hours worked at the weekends include a weekend enhancement;

- On weekday nights - Monday to Friday, closing the café at 9.00pm instead of 10.15pm. This makes a reasonable savings on staffing costs as hours worked late in the evening include an unsociable hours working enhancement;
- Installing a vending machine in Islesburgh Community Centre for centre users when the café is closed;
- Increasing the Central Café capacity to accommodate more customers;
- Setting up the Central Lounge as an overspill area for café customers during peak times, to further increase capacity;
- Re-organising the café sales point to increase the speed of customer service;
- Introducing a credit / bank card machine into the café to improve service delivery and encourage people that might not have cash on them to use the café;
- Installing a new cold store servery fridge to accommodate more pre-prepared sandwiches etc that can be bought by customers with less time;
- Introduced a 6 monthly low level increase in charges on 1<sup>st</sup> April and 1<sup>st</sup> October each year to keep pace with increased supplier costs.

**Other Council Services** – Islesburgh Community Centre is used by a number of other Council Services, who make use of the building and other services without charge. These include Youth Services who have their main Office in the building and operate the Islesburgh Youth Clubs from the building. It also includes Shetland Family Services who operate their Breakfast Club, Pre-School Group and Out of School Club from Islesburgh Community Centre. Therefore, the property and operational costs for Islesburgh cover a variety of other Council Services and include the costs for the Islesburgh Squash Courts at the rear of the centre and a storage facility on Knab road.

## **6. Financial Implications**

There are no financial implications arising from this report.

## **7. Policy and Delegated Authority**

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

## **8. Recommendations**

I recommend that the Audit and Scrutiny committee note the information contained in this report.

Date: May 2008  
Our Ref: NWW/ds/ mr/CC3

Report No: ESCD-55-F





		2007/08 Budget £	2007/08 Actual £	2007/08 Variance £
<b>Employee Costs</b>				
GRJ31010000	Basic APT&C Permanent	142,307.00	138,557.29	3,749.71
GRJ31010001	Basic APTC Temp	4,579.00	5,308.40	(729.40)
GRJ31010020	Basic Manual Perm	264,217.00	264,479.38	(262.38)
GRJ31010021	Basic Manual Temp	4,267.00	6,227.25	(1,960.25)
GRJ31010027	Basic Manual Flexible Cover	17,498.00	17,001.31	496.69
GRJ31010200	Overtime APT&C Permanent	8,562.00	5,245.01	3,316.99
GRJ31010220	Overtime Manual	44,572.00	44,404.74	167.26
GRJ31010320	Bonus Manual	30,961.00	33,248.98	(2,287.98)
GRJ31010400	Pensions ER : APT&C	20,418.00	17,419.38	2,998.62
GRJ31010402	Pension Employer Contrib:Manua	32,649.00	33,080.47	(431.47)
GRJ31010412	Pensions Unfunded	6,803.00	6,836.65	(33.65)
GRJ31010570	Nat Insurance ER : APT&C	12,013.00	9,257.87	2,755.13
GRJ31010572	NI Employers Contrib:Manual	28,701.00	26,386.36	2,314.64
GRJ31010600	Islands Allowance APT&C	42,625.00	44,483.40	(1,858.40)
GRJ31010604	Maternity Benefit	0.00	1,191.52	(1,191.52)
GRJ31010610	Shift Allowance	5,073.00	4,126.80	946.20
GRJ31010618	Supplements	6,633.00	2,397.04	4,235.96
GRJ31010623	First Aid Allowance	1,614.00	3,406.99	(1,792.99)
GRJ31010822	Liability Insurance	3,046.00	2,832.00	214.00
	<b>Employee Costs</b>	<b>676,538.00</b>	<b>665,890.84</b>	<b>10,647.16</b>

**Operating Costs**

GRJ31011501	Stationery	2,000.00	2,773.56	(773.56)
GRJ31011505	Advertising	3,500.00	3,489.30	10.70
GRJ31011506	Postage	500.00	1,508.57	(1,008.57)
GRJ31011536	Photocopier Charges	264.00	1,563.91	(1,299.91)
GRJ31011560	Computer Costs General	0.00	339.01	(339.01)
GRJ31011564	Computer Maint Agreemts/Licenc	2,236.00	4,471.60	(2,235.60)
GRJ31011566	Centrally Ordered ICT Equip	0.00	1,803.65	(1,803.65)
GRJ31011567	Central Mobile & B/brry Chgs	0.00	237.42	(237.42)
GRJ31011600	All Training Costs	2,000.00	2,684.00	(684.00)
GRJ31011662	Subsistence	495.00	0.00	495.00
GRJ31011663	Licence Fees	1,188.00	1,689.00	(501.00)
<b>Administration</b>		<b>12,183.00</b>	<b>20,560.02</b>	<b>(8,377.02)</b>

GRJ31011030	Non-Domestic Rates	63,551.00	66,737.41	(3,186.41)
GRJ31011032	Sewerage Rates	0.00	1,181.24	(1,181.24)
GRJ31011034	Water Rates	1,662.00	1,386.77	275.23
GRJ31011035	Water Meter Charge	12,500.00	14,161.22	(1,661.22)
GRJ31011050	Hire/Rent of Property	8,737.00	7,280.80	1,456.20
GRJ31011100	Repair & Maintenance Bldg Srvs	102,000.00	83,252.99	18,747.01
GRJ31011120	Other Repair & Maint Costs	0.00	790.15	(790.15)
GRJ31011160	Energy Costs Electricity	32,661.00	29,272.91	3,388.09
GRJ31011162	Energy Costs Fuel Oil	9,833.00	9,833.20	(0.20)
GRJ31011164	Energy Costs District Heating	9,099.00	8,203.27	895.73
GRJ31011172	Cleaning Materials	5,000.00	7,785.05	(2,785.05)
GRJ31011176	Property and Fixed Plant Insur	1,966.00	3,095.00	(1,129.00)
<b>Property and Fixed Plant</b>		<b>247,009.00</b>	<b>232,980.01</b>	<b>14,028.99</b>

GRJ31011200	Equipment Purchase	18,100.00	22,447.01	(4,347.01)
GRJ31011202	Equipment Repair and Maintenanc	1,500.00	2,251.46	(751.46)
GRJ31011204	Furniture Purchase	0.00	179.98	(179.98)
GRJ31011209	Operating Lease Payments	0.00	603.00	(603.00)
GRJ31011222	Consumables	1,000.00	859.30	140.70
GRJ31011270	Subscriptions + Memberships	1,500.00	954.00	546.00
GRJ31011272	Books/Publications	300.00	740.27	(440.27)

GRJ31011282	Meal Supplies	109,500.00	107,684.93	1,815.07
GRJ31011322	Protective Clothing/Uniforms	1,000.00	2,154.04	(1,154.04)
GRJ31011342	Laundry	3,000.00	2,866.87	133.13
GRJ31011360	Miscellaneous	500.00	675.62	(175.62)
GRJ31011360	Compensation Payments	0.00	31,185.64	(31,185.64)
<b>Supplies and Services</b>		<b>136,400.00</b>	<b>172,602.12</b>	<b>(36,202.12)</b>
GRJ31011461	Car Allowance/Mileage	1,020.00	884.86	135.14
GRJ31011470	Travel Costs	0.00	11.00	(11.00)
GRJ31011482	Refuse Collection Contractor	1,500.00	1,445.81	54.19
GRJ31011486	Hired and/or Contracted Srvs	5,000.00	5,197.04	(197.04)
GRJ31011488	Haulage Other	1,000.00	7.93	992.07
GRJ31011490	Export of Waste	0.00	21.92	(21.92)
<b>Transport and Mobile Plant</b>		<b>8,520.00</b>	<b>7,568.56</b>	<b>951.44</b>

**Operating Costs**

**404,112.00    433,710.71    (29,598.71)**

**Financing Costs**

GRJ31013095	Depreciation	0.00	5,181.86	(5,181.86)
GRJ31013760	Bank Charges	0.00	21.95	(21.95)
<b>Financing Costs</b>		<b>0.00</b>	<b>5,203.81</b>	<b>(5,203.81)</b>

**Income**

GRJ31014170	Photocopy Reimbursed	0.00	(157.56)	157.56
GRJ31014172	Phone Call Reimburse	(1,100.00)	(604.15)	(495.85)
GRJ31014200	Sale of Publications	0.00	(661.70)	661.70
GRJ31014201	Sale of Meals	(207,000.00)	(223,650.24)	16,650.24
GRJ31014203	Sale of Materials	(5,000.00)	(4,157.56)	(842.44)
GRJ31014230	Miscellaneous Income	(14,384.00)	(15,889.62)	1,505.62
GRJ31014244	Registration Fees	(100.00)	(146.04)	46.04
GRJ31014284	Board & Accommodation	(63,000.00)	(56,234.86)	(6,765.14)
GRJ31014504	Premises Lettings	(67,774.00)	(77,316.70)	9,542.70
GRJ31014505	Equipment Rental	(4,905.00)	(4,686.84)	(218.16)
<b>Income</b>		<b>(363,263.00)</b>	<b>(383,505.27)</b>	<b>20,242.27</b>

**Recharges In**

GRJ31015005	Messenger Service	534.00	560.17	(26.17)
GRJ31015372	ESC Sports & Leisure Svs Mgt	20,667.00	69,001.09	(48,334.09)
GRJ31015471	Tech/Man Supp - Building Svs	16,010.00	11,463.90	4,546.10
GRJ31015473	Education - Testing & Fees	29,506.00	18,216.57	11,289.43
<b>Recharges In</b>		<b>66,717.00</b>	<b>99,241.73</b>	<b>(32,524.73)</b>

**ISLESBURGH TOTAL**

**784,104.00    820,541.82    (36,437.82)**



## **REPORT**

**To: Audit and Scrutiny Committee**

**8 October 2008**

**From: Head of Organisational Development**

**Statutory Performance Indicators - 2007/08**

**Report No: CE-45-F**

### **1.0 Introduction**

- 1.1 The purpose of this report is to present the Statutory Performance Indicators for 2007-08

### **2.0 Background and Link to Corporate Priorities**

- 2.1 Statutory Performance indicators are required to be submitted to Audit Scotland and published by the end of September 2008.
- 2.2 The Local Government Act 1992 requires Audit Scotland to ensure that local authorities publish certain performance indicators. These indicators are intended to facilitate "the making of appropriate comparisons (by reference to the criteria of cost, economy, efficiency and effectiveness) between:
  - a) the standards of performance achieved by different authorities in that financial year; and
  - b) the standards of performance achieved by such bodies in different financial years."
- 2.3 Audit Scotland then collates and publishes data and comparisons between Councils each year.
- 2.4 This report makes no specific contribution to the priorities set out in the Council's Corporate Plan 2008-11.

### **3.0 Statutory Performance Indicators for 2007/08**

- 3.1 Appendix A contains a summary of the Performance Indicators, which were submitted to Audit Scotland at the end of August 2008. Information on previous years' performance indicators has been included for comparative purposes and an indication of whether

performance has got better or worse since 2006/07. In summary, **65** indicators have improved, **54** have got worse and **33** have stayed the same.

- 3.2 A point worthy of note is that Audit Scotland has confirmed that this Council has performed very well, receiving no 'X' marks or Failures to Report (FTR) this year. All data submitted has been deemed to be reliable.

- 3.3 Areas where performance has improved

Response Repairs

The percentage of first priority response repairs completed within target time (24 hours) has increase from 95.9% in 2006/07 to 97.7% in 2007/08.

Staff qualification

The percentage of care staff who are qualified, working in care homes for older people increased from 52.8% in 2006/07 to 60.3% in 2007/08.

Probation

The proportion of new probationers seen by a supervising officer within one week rose from 88 in 2006/07 to 97 in 2007/08.

Equal opportunities policy

Percentage of highest paid 5% of earners among council employees that are women rose from 14% in 2006/07 to 20.9% in 2007/08.

Museums

Number of visits to/usages of council funded or part funded museums and expressed per 1,000 population has risen from to 261 in 2006/07 to 5,198 in 2007/08.

Refuse collection

The net cost per property (£) of refuse disposal has decreased from £63.96 in 2006/07 to £55.64 in 2007/08.

- 3.4 Areas where performance has deteriorated

Sickness absence

The percentage of working days lost through sickness absence for craft employees has risen from 5.8 days in 2006/07 to 6.5 days in 2007/08.

Similarly the percentage of working days lost through sickness absence for teachers has also risen from 4.2 in 2006/07 to 4.8 in 2007/08.

#### Civil Liability Claims

The number of claims expressed per 10,000 population has risen dramatically from 4.1 in 2006/07 to 20.1 in 2007/08.

#### Planning applications processing time

The percentage of householder applications that were dealt with, within two months decreased significantly from 70.9 in 2006/07 to 24.2 in 2007/08.

#### The number of complaints of domestic noise received during the year

The average time (hours) between the time of the complaint and the attendance on site has risen from 120 in the year 2006/07 to 540 in 2007/08.

### **4.0 Public Performance Reporting arrangements**

- 4.1 The Executive Management Team decided on 5<sup>th</sup> August to create another performance calendar to report Council performance for 2007-08. Production of this has therefore started, with employees submitting photos for inclusion. This will again be made at various public points across Shetland (ferries, leisure centres, bus station, Council office).
- 4.2 As a contribution towards the Council's Public Performance Reporting Framework for 2008-09, it is proposed that we collate these performance indicators, together with explanations of any significant items of note, and publish this on the Council's Internet site. Some of these will also be mentioned in the calendar.

### **5.0 Financial Implications**

- 5.1 The production and distribution costs of the performance indicators, performance calendar and information supplement will be met within existing resources.

### **6.0 Policy and Delegated Authority**

- 6.1 The remit of the Audit and Scrutiny Committee includes the review of Council performance and investigation of areas of under performance/good performance. Review of the annual Statutory Performance Indicators is therefore within this Committee's remit.

### **7.0 Conclusions**

- 7.1 There is a legal requirement for the Council keep the people of Shetland informed about how it is performing in terms of the level of service delivery they can expect. This exercise is in line with principles of Best Value, which focuses attention on service delivery standards and continuous improvement.

## **8.0 Recommendations**

### **8.1 I recommend:**

that the Audit and Scrutiny Committee analyses the Performance Indicators outlined in Appendix A for 2007-08 and decides whether any areas requires further investigation.

Date: September 2008  
Ref: LS/JRS

Report No: CE-45-F

## Appendix A

	Measure	PI measurement				Better, worse or stayed the same since 06/07
		04/05	05/06	06/07	07/08	
	<b>Adult Social Work</b>					
1	Average time (median) taken to provide CCS from first identification of need to first service provision	N/A	25 days	FTR	63 days	√
2.a.	Staff qualification – the percentage of care staff who are qualified, working in care homes for older people	52.6	58.2	52.8	60.3	√
2.b.	Staff qualification – the percentage of care staff who are qualified, working in care homes for other adults	35.7	29.6	20.7	26.7	√
3.a.i	Privacy – percentage of residential care places occupied by older people that are in single rooms – Council	100	100	100	100	=
3.a.ii	Privacy – percentage of residential care places occupied by older people that are in single rooms – Voluntary Sector	100	100	100	100	=
3.a.ii i	Privacy – percentage of residential care places occupied by older people that are in single rooms – Private Sector	No service	No service	No service	No service	=
3.b.i	Privacy – percentage of residential places occupied by other adults that are in single rooms - Council	100	100	100	100	=
3.b.ii	Privacy – percentage of residential places occupied by other adults that are in single rooms – Voluntary	No Service	No Service	No Service	No Service	=
3.b.ii	Privacy – percentage of residential places occupied by other adults that are in single rooms – Private	No Service	No Service	No Service	No Service	=
3.c.i	Privacy – percentage of residential care places occupied by older people that have en-suite facilities - Council	100	100	100	100	=
3.c.ii	Privacy – percentage of residential care places occupied by older people that have en-suite facilities -Voluntary	No Service	No Service	No Service	No Service	=
3.c.ii i	Privacy – percentage of residential care places occupied by older people that have en-suite facilities - Private	No Service	No Service	No Service	No Service	=
3.d.i	Privacy – percentage of residential places occupied by other adults that have en-suite facilities - Council	100	100	100	100	=
3.d.ii	Privacy – percentage of residential places occupied by other adults that have en-suite facilities - Voluntary	No Service	No Service	No Service	No service	=
3.d.ii i	Privacy – percentage of residential places occupied by other adults that have en-suite facilities – Private	No Service	No Service	No Service	No Service	=

4.a.	Home care – number of people aged 65+ receiving homecare	465	470	429	400	<b>X</b>
4.b.	Home care – total hours as a rate per 1,000 population aged 65+	790.2	782.2	750.8	762.7	√
4.c.i.	Home care – number of home care clients aged 65+ receiving personal care as a percentage of clients	40	32.3	47.1	54.5	√
4.c.ii	Home care – number of home care clients aged 65+ receiving care in evenings/ overnight as a percentage of clients	14.8	16	21.7	24.8	√
4.c.ii i.	Home care – number of home care clients aged 65+ receiving care at weekends as a percentage of clients	34.2	32.6	36.6	44.0	√
5.a.	Respite care – total overnight respite nights provided for people 65+	N/A	6,369	6,289	6,652	√
5.b.	Respite care – percentage of overnight respite nights not in a care home for people 65+	N/A	0	0	0	=
5.c.	Respite care – total daytime respite hours provided for people 65+	N/A	4,359	5,818	7,207	√
5.d.	Respite care – percentage of daytime respite hours not in a day care centre for people 65+	N/A	100	100	100	=
5.e.	Respite care – total overnight respite nights provided for people 18-64	N/A	2,194	1,741	1,491	<b>X</b>
5.f.	Respite care – percentage of overnight respite nights not in a care home for people 18-64	N/A	29.3	16.5	3.5	<b>X</b>
5.g.	Respite care – total daytime respite hours provided for people 18-64	N/A	2,828	2,550	1,605	<b>X</b>
5.h.	Respite care – percentage of daytime respite hours not in a day care centre for people 18-64	N/A	35.3	40.1	46.0	<b>X</b>
6.a	Social enquiry reports – number of reports submitted to the courts during the year	95	114	107	165	<b>X</b>
6.b.	Social enquiry reports – the proportion of reports submitted to the court by the due date	100	100	100	98.8	<b>X</b>
7.a.	Probation – number of new probation orders issued during the year	37	54	30	37	<b>X</b>
7.b.	Probation – the proportion of new probationers seen by a supervising officer within one week	100	97.4	88	97	√
8.a.	Community service – number of new community service orders issued during the year	34	38	38	40	<b>X</b>
8.b.	Community service – the average hours per week taken to complete community service orders	9.4	5	3.1	4.3	<b>X</b>
<b>Benefits Administration</b>						
1.a	Average rent rebate; Weighted rent rebate	/	/	1,344	1,267	√
1.b	Average private rented sector; Weighted private rented sector caseload	/	/	132	115	√
1.c	Average registered Social Landlord Caseload; Weighted registered social landlord caseload	/	/	179	184	<b>X</b>



1.d	Average Council Tax benefit caseload Weighted council tax benefit caseload	/	/	2,090	1,999	√
1.F	Gross Administration cost per case	/	/	£65.53	£69.80	<b>X</b>
2.a	Processing time – the average time (days) taken to process new claims	36	31.9	32.1	29.2	√
2.b	Average time to process changes of circumstance	2.9	6.3	12.3	7.9	√
3.a.	Accuracy of processing – percentage of cases for which the calculation of benefit due was correct	99.8	100	99.8	99.8	=
3.b.	Accuracy of processing – percentage of recoverable overpayments that were recovered in the year	FTR	82	66.7	85.3	<b>X</b>
<b>Corporate Management</b>						
1.a.	Sickness absence – the percentage of working days lost through sickness absence for chief officers and local government employees	FTR	5.7	6.9	6.8	√
1.b.	Sickness absence – the percentage of working days lost through sickness absence for craft employees	FTR	7	5.8	6.5	<b>X</b>
1.c.	Sickness absence – the percentage of working days lost through sickness absence for teachers	3.2	3.2	4.2	4.8	<b>X</b>
2.a.	Civil Liability Claims – number of claims per 10,000 population	4.1	8.7	4.1	20.1	<b>X</b>
2.b.	Claims – claims value as a percentage of revenue budget	0	0	0	4.8	<b>X</b>
3.a.	Equal opportunities policy – percentage of highest paid 2% of earners among council employees that are women	13.6	10	11.5	12.3	√
3.b.	Equal opportunities policy – percentage of highest paid 5% of earners among council employees that are women	21	11	14	20.9	√
4	Public access – percentage of public access buildings that are suitable and accessible to disabled people	53.9	72	63.6	64.7	√
5	Council tax – the cost of collecting council tax per dwelling (£)	18.50	13.26	14.36	10.21	√
6.a.	Council tax – the income due from council tax for the year	6,343,816	6,795,790	7,106,218	7,494,513	√
6.b.	Council tax – the percentage of council tax income for the year that was collected in the year	96.1	96	96.3	96.4	√

7.	Invoice payment – the percentage of invoices sampled and paid within 30 days	84.1	81.5	83.7	86.4	√
8.a	Proportion of Gross Internal floor Area that is in satisfactory condition (operational buildings)	/	/	73.5	73.5	=
8.b	Number and percentage of operational buildings that are suitable for their current use	/	/	68.7	65.9	X
<b>Cultural and Community Services</b>						
1.	Sport and leisure management – the number of attendances expressed per 1,000 population	15,901	15,626	15,496	12,402	X
2.	Indoor sports facilities – the number of attendances expressed per 1,000 population	17,126	19,171	17,120	14,996	X
3.a.	Museums – number of visits to/usages of council funded or part funded museums an expressed per 1,000 population	N/A	N/A	261	5,198	√
3.b.	Museums – number of visits in part a) that were person and expressed per 1,000 population	N/A	N/A	245	3,687	√
4.	Library stock turnover – Changes in Adult, teenage and children's library lending stocks of books and audio visual material					
4.a.i	Library stock turnover – Adult - Number of Additions, expressed per 1,000 population	238	398	343	357	√
4.a.ii	Library stock turnover – Total number of closing stock items, expressed per 1,000 population	3,273	3,413	3,589	3,507	X
4.b.i	Library stock turnover – Teenagers and Children - Number of Additions and expressed per 1,000 population	244	272	253	275	√
4.b.ii	Library stock turnover – Teenagers and Children - Total number of closing stock items and expressed per 1,000 population	3,277	3,153	3,271	3,286	√
5.a.	Use of libraries – the number of visits to libraries and expressed per 1,000 population	N/A	N/A	8,024	8,045	√
5.b.	Use of libraries – the number of borrowers as a percentage of the resident population	35.7	35.4	35.1	34.7	X
6.a.	Learning centre and learning access points – number of users as a percentage of the resident population	14.5	21.1	26.0	23.6	X
6.b.	Learning centre and learning access points – number of times terminals are used per 1,000 population	978.9	1,307	1,254.5	1,128.2	X
<b>Development Services</b>						
1.a.	Planning applications processing time – number of householder applications	124	117	110	120	√
1.b.	Planning applications processing time – percentage of householder applications dealt with within two months	77.4	71.8	70.9	24.2	X

1.c.	Planning applications processing time – number of non-householder applications	288	230	300	336	√
1.d.	Planning applications processing time – percentage of non-householder applications dealt with within two months	50	65.7	28.0	23.7	X
2.a.	Appeals – number of planning applications that went to appeal	2	2	1	3	X
2.b.	Appeals – number of successful appeals	0	0	1	2	√
2.c.	Appeals – number of successful appeals as a percentage of the number of decisions that went to appeal	0	0	100	66.7	X
3.	Development plans – the percentage of the population covered by a Local Plan which has been adopted or finalised within the last five years	100	100	100	100	=
<b>Education &amp; Children's Services</b>						
1.a.i.	Primary schools – the percentage of primary schools in which the ratio of pupils to available places is between 0% and 40%	21.2	24.2	28.1	34.4	√
1.a.ii.	Primary schools – the percentage of primary schools in which the ratio of pupils to available places is between 41% and 60%	33.3	33.3	31.1	25	X
1.a.iii.	Primary schools – the percentage of primary schools in which the ratio of pupils to available places is between 61% and 80%	24.2	18.2	21.9	28.1	√
1.a.iv.	Primary schools – the percentage of primary schools in which the ratio of pupils to available places is between 81% and 100%	21.2	24.2	18.8	12.1	X
1.a.v.	Primary schools – the percentage of primary schools in which the ratio of pupils to available places is 101% or more	0	0	0	0	=
1.b.	Primary schools – the total number of primary schools	33	33	32	32	=
2.a.i.	Secondary schools – the percentage of secondary schools in which the ratio of pupils to available places is between 0% and 40%	11.1	11.1	11.1	11.1	=
2.a.ii.	Secondary schools – the percentage of secondary schools in which the ratio of pupils to available places is between 41% and 60%	0	0	0	0	=
2.a.iii.	Secondary schools – the percentage of secondary schools in which the ratio of pupils to available places is between 61% and 80%	66.7	55.6	77.8	66.7	X
2.a.iv.	Secondary schools – the percentage of secondary schools in which the ratio of pupils to available places is between 81% and 100%	22.2	33.3	11.1	22.2	X
2.a.v.	Secondary schools – the percentage of secondary schools in which the ratio of pupils to available places is 101% or more	0	0	0	0	=
2.b.	Secondary schools – the total number of secondary schools	9	9	9	9	=

3.a.i	Teaching staff equal opportunities – the percentage of head and deputy head teachers in secondary schools that are women	23.1	23.5	33.3	33.3	=
3.a.ii	Teaching staff equal opportunities – the percentage of head and deputy head teachers in primary schools that are women	79.3	80.6	84.6	79.3	√
3.a.ii i.	Teaching staff equal opportunities – the percentage of head and deputy head teachers in special schools that are women	100	100	100	0	=
3.b.i	Teaching staff equal opportunities - the percentage of teachers in secondary schools that are women	54.9	55.9	63.1	52.1	√
3.b.ii	Teaching staff equal opportunities – the percentage of teachers in primary schools that are women	89.9	88.5	95.1	87.5	√
3.b.ii i.	Teaching staff equal opportunities – the percentage of teachers in special schools that are women	92.1	94.1	95.2	0	=
4.a.	Social background reports – number of reports submitted to the Reporter during the year	55	101	50	69	X
4.b.	Social background reports – proportion of reports requested by the Reporter which were submitted within target time	45	73.3	52	85.5	√
5.a.	Supervision – number of new supervision requirements made during the year	6	4	13	6	√
5.b.	Supervision – proportion of children seen by a supervising officer within 15 days	6	4	13	6	X
6.a.	Academic achievement – number of children ceasing to be looked after	6	1	1	1	=
6.b.	Academic achievement – number of these attaining at least one SCQF level 3	2	1	1	0	X
7.	Staff qualification - Care Staff in Local Authority Residential Children's Homes, who have the appropriate qualification (%)	N/A	N/A	50	46.9	X
8.a.	Respite care – for children aged 0-17 with disabilities - Total overnight respite nights provided	N/A	N/A	591	622	√
8.b.	Respite care – for children aged 0-17 with disabilities, Number of overnight respite nights provided not in a care home	N/A	N/A	92	101	√
8.c.	Respite care – for children aged 0-17 with disabilities - Total hours daytime respite provided	N/A	N/A	8,146	8,908	√
8.d.	Respite care – for children aged 0-17 with disabilities, percentage of daytime respite hours provided not in a day care centre	N/A	N/A	1.7	0.9	X
	<b>Housing</b>					
1.a.	Response repairs – the percentage of first priority response repairs completed within target time (24 hours)	98.5	97.5	95.9	97.7	√
1.b.	Response repairs – the percentage of Second priority response repairs completed within target time (3 days)	89.8	86.1	84.3	82.8	X

1.c.	Response repairs – the percentage of third priority response repairs completed within target time (1 month)	76.8	71.9	73.6	56.7	<b>X</b>
1.d.	Response repairs – the percentage of fourth priority response repairs completed within target time (3 month)	71.9	57.2	77.3	64.5	<b>X</b>
2.	Tenancy changes – the percentage of rent loss due to voids	5.4	4	3.2	3	√
3.a.	Tenancy changes – the total number of houses re-let (not in low demand)	200	154	154	114	<b>X</b>
3.b.	Tenancy changes – the number of houses re-let that took less than 2 weeks (not in low demand)	20	21	20	14	<b>X</b>
3.c.	Tenancy changes – the number of houses re-let that took between 2 weeks and 4 weeks (not in low demand)	14	13	28	40	√
3.d.	Tenancy changes – the number of houses re-let that took more than 4 weeks (not in low demand)	166	120	106	60	<b>X</b>
3.e.	Tenancy changes – the average time to re-let houses in days (not in low demand)	183	257	125	63	√
4.a.	Rent arrears – current tenant arrears as a percentage of the net amount of rent due in the year	6.8	4.5	4.5	3.9	√
4.b.	Rent arrears – the percentage of current tenants owing more than 13 weeks rent at the year end, excluding those owing less than £250	3.1	4.1	4.5	4	√
5.a.	Council house sales – the percentage of sales completed within 26 weeks	20	28.6	21.1	24.4	√
5.b.	Council house sales – the average time taken for council house sales in weeks	40	46	45	39	√
6.a.	Homelessness – the number of households assessed as homeless or potentially homeless during the year	169	193	236	238	=
6.b.	Homelessness – average time between presentation and completion of duty by the council for those cases assessed as homeless or potentially homeless (in weeks)	28.4	32.1	24.6	29	<b>X</b>
6.c.	Homelessness – percentage of cases reassessed as homeless or potentially homeless within 12 months of previous case being completed	13.6	18.7	14.8	16	<b>X</b>
<b>Protective Services</b>						
1.a	Percentage of premises requiring inspection that were inspected in time	/	29.4	23.8	22.2	<b>X</b>
1.b	Food hygiene – the percentage of premises with a minimum inspection frequency of 6 months or less, that were inspected on time	0	100	100	60	<b>X</b>

1.c	Food hygiene – the percentage of premises with a minimum inspection frequency of 12 months or less, that were inspected on time	26.3	63.2	66.7	85.7	√
1.d	Food hygiene – the percentage of premises with a minimum inspection frequency of more than 12 months, that were inspected on time	19	11.6	46.1	50	√
2.a.	The number of complaints of domestic noise received during the year					
2.a.i	Settled without the need for attendance on site	N/A	N/A	303	222	√
2.a.ii	Requiring attendance on site	N/A	N/A	5	4	√
2.a.ii i	Dealt with under Part V of the antisocial Behaviour (Scotland) Act 2004	N/A	N/A	0	0	=
2.b	For a.ii and a.iii above, the average time (hours) between the time of the complaint and the attendance on site;					
2.b.i	Requiring attendance on site	N/A	N/A	120	540	X
2.b.ii	Dealt with under Part V of the antisocial Behaviour (Scotland) Act 2004	N/A	N/A	0	0	=
3.a	The number of complaints of non-domestic noise received during the year					
3.a.i	Settled without the need for further action	N/A	N/A	9	10	√
3.a.ii	Requiring formal action	N/A	N/A	0	0	=
3.b	For those requiring formal action, the average time (calendar days) to institute formal action	N/A	N/A	1	No Service	/
5.a.	Consumer complaints – the percentage of complaints processed within 14 days of receipt	89.2	88.6	87.3	86.7	X
5.b.	Business advice requests – the percentage of requests dealt with within 14 days of receipt	93	91.2	90.4	92.6	√
6.a	Inspection of trading premises - the percentage of premises in inspection level 12 months or less that were inspected on time	86.4	91.4	87.1	96.3	√
6.b	Inspection of trading premises – the percentage of premises in inspection level of 2 years or less that were inspected on time	19.3	41	71.3	79.4	√
	<b>Roads and Lighting</b>					
1.	Carriageway condition – percentage of network that should be considered for maintenance treatment	33.1	26.9	38.7	40.2	X
2.	Traffic light repairs – the percentage of repairs completed within 48 hours	0	0	40	19.1	X
3.	Street lighting – the percentage of repairs completed within 7 days	57.5	50	69.6	66.5	X
4.	Street lighting – the proportion of street lighting columns that are over 30 years old	FTR	FTR	FTR	0.9	√

5.a.	Road network restrictions – the percentage of council and private bridges assessed that failed to meet the European standard of 40 tonnes	FTR	FTR	14.3	12.2	√
5.b.	Road network restrictions – the percentage of council and private bridges assessed that have a weight or width restriction placed on them	FTR	FTR	0	0	=
<b>Waste Management</b>						
1.a.	Refuse collection – the net cost per property (£) of refuse collection	33.52	70.50	67.01	76.89	X
1.b.	Refuse collection – the net cost per property (£) of refuse disposal	47.00	71.11	63.96	55.64	√
2.	Refuse collection – the number of complaints per 1,000 households	1.7	5	0	2	X
3.a.	Refuse recycling – of the municipal waste collected by the authority, the percentage that was recycled	9.7	9.4	13.7	16.5	√
3.b.	Refuse recycling – of the municipal waste collected by the authority, the percentage that was used for recovery including energy from waste	63	67	73.3	73.0	=
3.c.	Refuse recycling – of the municipal waste collected by the authority, the percentage that was put in landfill	27.3	28.2	9.4	7.8	√
4.	Cleanliness – overall cleanliness index achieved	76	75	FTR	79	√
5	Abandoned Vehicles – Proportion of abandoned vehicles removed within 14 days	N/A	N/A	FTR	1.3	√







## **REPORT**

**To: Audit and Scrutiny Committee**

**8 October 2008**

**From: Head of Finance**

### **CAPITAL PROJECT MANAGEMENT** **Report No: F-028-F**

#### **1. INTRODUCTION**

- 1.1 Members of the Audit and Scrutiny Committee, at a recent informal discussion of topics for future consideration, requested a report from me on the handling of capital projects in the Council. This was then written into the Committee's work programme under the title "Procedures for the effective management of large-scale capital; projects". The underlying concern was that a number of high profile projects appeared to have had a very long, troubled and inconclusive gestation, and that some involved substantial expenditure without much as yet to show for it. The Committee asked me to report from a Finance perspective with particular reference to the Anderson High School, Bressay Transport Links and Mareel projects, all of which have been the subject of much recent attention.
- 1.2 This is a big subject, and an important one, and is precisely the kind of issue the Audit and Scrutiny Committee needs to focus upon. The Committee's job is not to get involved in service management and policy formulation (these are matters for the Council and its service delivery Committees), but to reflect upon how well these are being done in the Council, offering advice to other parts of the Council about how they might be done better in future.
- 1.3 This report provides, in my view, the starting point for consideration of this big issue. I consider it to be a stimulus for debate, and must emphasise that it sets out views on capital project management based upon my own perspective and experience. It may well be that the Committee will hereafter want to widen the discussion to include contributions from other perspectives (including senior service managers and capital project managers).

#### **2. LINKS TO THE CORPORATE PLAN**

- 2.1 This report seeks to engage members in the scrutiny of capital project management. This contributes to the Corporate Plan aim of seeking to ensure the Council is sustainable in everything it does.

#### **3. BACKGROUND**

- 3.1 A recent study by Audit Scotland concluded that almost two thirds of Scottish public sector projects were completed over budget and behind schedule. Too

often, that study found, project success was simply judged by output (i.e. that such and such was completed for a certain sum by a certain date), where the real criteria for judging success should be whether the outcome provides the benefits in terms of policy goals and service delivery objectives which were the point of the project in the first place.

- 3.2 Several large and high profile capital projects (notably Bressay Transport Links, Anderson High School and Mareel) are examples of projects that have been under some form of consideration by the Council for a very long time, have had very substantial amounts spent on them, but have not as yet commenced on site. Below is a summary of spend and timescale on these three projects (see Appendix A for further details).
- 3.3 £3.0 million has been spent to date on the Anderson High School project, starting in 2000/01.
- 3.4 £2.0 million has been spent to date on the Bressay Transport Links project, starting in 1999/2000.
- 3.5 £1.1 million has been spent to date on the Mareel project, starting in 2000/01.
- 3.6 In summary, then, on these three project examples, £6.1 million has been spent over the course of 10 financial years, without work having commenced on site on any of them.
- 3.7 This makes a compelling case for scrutiny, with a view to learning lessons and applying them in future to avoid the problems of the past. I think it's only fair to add that the project teams for these three projects are very aware of the problems of the past, and are also in the business of seeking improvements for the future, with which the Audit and Scrutiny Committee may be of assistance.

#### **4. CAPITAL PROJECT MANAGEMENT: THE MAIN STAGES**

##### **4.1 Policy Formulation**

4.1.1 Good projects should be born out of Council policy (including the Corporate Plan, and Service Plans). The need to do something should derive from an identified problem or objective defined in Council policy. When that is done well, there will be maximum clarity about what the project needs to achieve, and that will be of tremendous assistance to the project manager in setting clear criteria for measuring the success of the project. Done well, a project born out of clear policy will give the entire project team a clear goal to focus on, and that clarity should help see the project through to a successful outcome.

4.1.2 How do the three chosen project examples stack up against this test?

##### **4.1.3 Anderson High School**

4.1.3.1 The Anderson High School has been mentioned in Corporate Plans for some time now. There has been some degree of recognition for a very long time that the CLASP blocks built in the 1970s leave

something to be desired, and that the rest of the school is a none-too well planned assemblage of assorted building going back over 140 years. The problem is, in my view, that the general feeling that “something must be done” has not in the past been developed into a solid policy framework which would help define what it is that must be done.

4.1.3.2 It's obvious that the Anderson High School is at the centre of our secondary education service, but it also needs to closely fit with the other parts of education (e.g. Additional Support Needs, Primary, College) and also with other key services (Leisure Facilities, Transport), and is of such a magnitude that how it fits in with the locality (houses, shops and other infrastructure) is important as well. It's also clear that the future AHS needs to be compatible with long term socio-economic developments. The education it offers needs to be in tune with the current and future needs of society, the needs of the economy and the current and future size of the relevant part of the secondary-age population.

4.1.3.3 Ideally, there should be a detailed policy framework which defines what is needed in all these areas, and coherently ties these together into a rational overall policy mix. Then everyone would have the clearest pointers to what the AHS needs to deliver, how big it needs to be, and where it should be located.

4.1.3.4 I think it is readily apparent that we have not had such a policy framework in the past (there have been serious attempts to create such a framework, under Best Value Service Reviews of Education and a subsequent review of Schools Estates, but none came to fruition). However, two important developments suggest that improvements will be achieved in future. Firstly, the Services Committee is developing a blueprint for the Education service which will hopefully provide a clear policy for that service, an approach which can hopefully then be applied to other services and blended together into an overall policy framework for the Council. Secondly, the new framework for the prioritisation of capital projects has recently been approved by the Council, and the first manifestation of this is a report to Services Committee this cycle (“Prioritisation of Education and Social care Projects”) which is a major step towards linking projects with policy across service boundaries. Again, it will be important to extend that approach right across the Council.

#### 4.1.4 **Bressay Transport Links**

4.1.4.1 In the case of the AHS, the view that “something must be done” was based on the solid foundation that there were real defects in the condition of the existing infrastructure. The Bressay Transport Links project is less solidly founded. The terminals, while of some age, are operationally satisfactory, and the substantial investment in a purpose-built ferry for the Bressay route should prove sufficient until at least its 20<sup>th</sup> birthday (2012), and past experience suggest it should be good for longer than that.

4.1.4.2 A good deal of work has been done to create a policy framework for Transport, but this does not as yet fit into a complete framework for the Council as a whole, far less a complete and definitive community planning framework for Shetland as a whole, and nor does it fully explain the need for early action on Bressay. Arguably, Bressay has had more attention and resources than it deserves in circumstances where there are some pressing issues about the adequacy of the infrastructure on the Whalsay route. And, looking even wider, there is an identified concern about the need for more infrastructures in Social Care to address an aging and more needy population, but for which policy has been developed but project outlines have not yet been formulated. The danger is that areas where policy and/or projects already exist in isolation is that they may consume resources which are actually needed for higher priorities elsewhere which are not yet as well defined.

#### 4.1.5 **Mareel**

4.1.5.1 The Mareel project was not generated by a policy imperative. Instead, it was generated by an enthusiastic arts community, as represented by an enthusiastic arts agency, which generated consideration and created a priority within the Council. Subsequent to that, the Cinema and Music Venue project was specifically mentioned in the 2004-2008 Shetland Cultural Strategy, but without much in the way of argument about the specifics.

4.1.5.2 This sort of pressure from lobby groups with vested interests is inevitable, and as such the Council needs to be able to deal with it effectively. That means that the Council's overall policy framework needs to be flexible and capable of adapting to pressure from all sources. Policy formulation, in other words, needs to be an everyday consideration, and not something which is done one day and then left alone for extended periods. A good policy for the Arts (which should be part of a good overall policy framework for the whole Council and community), should have been challenged by the pressure for a cinema and arts venue. The Committee concerned should have considered the need to change policy in light of this proposal, having due regard to the constraints of overall policy. If so minded, it would then have proposed a change in policy to the Council, who would then have had to grapple with the need to switch resources from some other priority in favour of this one.

4.1.5.3 Instead of that, the lack of a comprehensive and effective overall policy framework meant that the merits of the Mareel project (like so many others) got considered in isolation, and without the case for it getting earlier priority than (say) the Whalsay Transport Links or the Social Care infrastructure needs getting an airing. It may or may not be that Mareel would have won priority and resources if it had been put to those tests: the point is that as things stand proposals born out of the pressure of vested interests don't get put to such tests.

- 4.1.5.4 I think it can therefore be reasonably concluded that the Council needs a more comprehensive and fully developed policy framework, which has clear things to say about relative priorities, within which projects would get considered.

## 4.2 **Project Definition**

- 4.2.1 Once it is clear, based upon the requirements of policy, and upon clearly defined service need, and within a clear understanding of the resource constraints (there are always resource constraints, whether human, physical, and/or financial), that “something must be done”, then work on defining the project needs to begin in earnest.
- 4.2.2 Once the Council has done all it can to define what is needed it is then up to project managers to consider all the feasible options for meeting that need (I should just say that I’m using the term “project manager” very broadly in this report: there is a need to be much more precise in practice, for instance to distinguish between the roles of “Investment Decision Maker” and “Project Manager”, and good work has been done in the Capital Projects Procurement Guidance, but that is at a level of detail not covered by this report). This option appraisal is a critical area, requiring a great deal of thoroughness, imagination and care, the assembly of all relevant evidence, and the presentation of the most objective option appraisal possible to the service committees or the Council for a choice to be made.
- 4.2.3 This feasibility study, or option appraisal stage, needs to be adequately funded, and given adequate time, to ensure that thoroughness is achieved. The cost of this exercise should be proportional to the project concerned (it shouldn’t cost a significant proportion of the overall project cost, but at the same time should not be starved of resources). It is after this stage that a clear and definitive decision should emerge in favour of one or other project option, after which costs will start escalating rapidly along the traditional s-curve of project costs, and consequently turning back and changing projects should only be considered in the most pressing of circumstances.
- 4.2.4 In my view there should be a clear budget approval stage for option appraisal, so that the Council and the project manager have agreed how much is to be spent, with there being no budget for further stages until this stage is duly approved.
- 4.2.5 How do our three project examples stand up against this approach?
- 4.2.6 **Anderson High School**
- 4.2.6.1 Despite a very long time having passed since it became conventional wisdom that “something must be done”, and despite a very substantial expenditure on developing proposals for two different sites, there is not yet a final settled decision in favour of building a particular design at a particular location. The current position is that an existing design for the Knab site requires to be substantially

reworked to try to get the project down to some recently established resource constraints set by the Council. That task should finally determine the way ahead for this project.

- 4.2.6.2 All the while that the Knab proposals have been in development there remained a significant body of opinion that argued the merits of the abandoned Clickimin site, and recently other sites have also been publicly discussed. While these other ideas are not presently on the table, at the very least this points to a project definition stage which has failed in the past to establish a final and settled choice of project, despite the expenditure of several years and substantial costs.

#### **4.2.7 Bressay Transport Links**

- 4.2.7.1 The situation on this project is not dissimilar to the AHS project. Despite the expenditure of time and money a lot of options remained under consideration for a very long time without a conclusion being finally reached. A preferred approach (a tunnel) is being explored, but a final decision on whether to proceed with that is still some way off. There is, as yet, no budget for the construction of such a project.

- 4.2.7.2 Conclusive objective advice from officers is not all that is required to make a good decision. It's actually vitally important that Councillors make a major contribution to final project choice, overlaying advice from officials (on the things that can be measured) with political judgment of the things that can't be measured.

#### **4.2.8 Mareel**

- 4.2.8.1 This project took a while to get there, and again probably too much (almost 10% of total project cost) was spent getting there, but there is now a clear (if narrow) decision in favour of building a particular building on a particular site over a particular timescale at a particular cost.

- 4.2.8.2 The final arguments regarding this project mainly concerned whether it was a priority and whether it could be afforded (which indicates that the policy framework and resource constraint arguments which didn't conclusively answer those questions earlier, which would have been beneficial). Any issues about the final design and location were of relatively minor significance in the recent debate, mainly because the key issues about priority and affordability weren't conclusively settled earlier.

- 4.2.8.3 It can be concluded that the choice of project to meet a particular policy objective or service requirement needs to be thoroughly and definitively taken at an early stage, so there is no wastage of time and money going down blind alleys, or turning back, or changing direction part of the way through projects.

### 4.3 **Project Planning**

- 4.3.1 Once a particular project is chosen, it is then up to the project manager to assemble a suitable project team to plan the implementation of the project. By this stage the policy goals for the project should be clear, and the specific project should have been defined, including the major resource and time constraints. It is then up to the project manager to commission a detailed design and to generate a realistic implementation plan.
- 4.3.2 This stage should lead to another critical decision point, at which the Council gives the green light for project implementation.
- 4.3.3 In my view there should be a clear budget approval stage for project planning, so that the Council and the project manager have agreed how much is to be spent, with there being no budget for implementation until this stage is duly approved. I believe it is important for these clear milestones to be built into the process, at which Members are given a clear choice to say yes, no or maybe (the latter only being appropriate if there are specific concerns requiring further consideration). There has been widespread concern, for some time, about the lack of Member engagement with capital projects, and I believe this would help to overcome that. Having said that, it is important to recognise that officers and Members have very different roles in capital projects, and it is important to avoid mixing these up (which contains the danger of confusion and treading on one another's toes), and that will require clear definition and demarcation of everyone's roles and responsibilities. As said earlier, important work has been done on this in the Capital Projects Procurement Guidance.
- 4.3.4 Our three project examples don't yet have a lot to teach us about project planning, because neither the AHS nor Bressay Transport Links have got there yet, and Mareel is only entering that phase now (and it's being done by an outside agency). There is some evidence that Council projects go over budget, but there is more evidence of them going over time, often because of unrealistic timescales to assemble the necessary resources (e.g. land) and obtain the necessary consents. Pressure from Councillors to get on with projects sometimes leads to officers setting unrealistic timescales which are not met in practice.
- 4.3.5 The relative roles of in-house officers and external consultants is worth considering here. Detailed design and project planning is quite often put out to external consultants. This is useful when a project requires specialisms which the Council cannot support in perpetuity, but where there is enough work to support in-house staff on an ongoing basis then that should be the preference, based on the lower unit costs and the greater long-term commitment to, and understanding of, the Council which in-house staff should always exhibit. This issue might usefully be considered in the context of the Council's current initiative to pursue efficiency savings in the procurement of goods and services.

#### **4.4 Project Implementation**

- 4.4.1 Once a project is approved for implementation (with the what, when, how much questions all clearly answered) the project should be clearly in the hands of the project manager and his/her project team. The tendering of works, the management of contracts, site supervision, and day-to-day management decisions are clearly matters for the project manager (with all due accountability to the Investment Decision Maker, typically the Head of Service who will use the asset, and the relevant Committee and the Council). Beyond that, the project manager's only obligation is to meet the requirements of an appropriate project monitoring regime (which will usually mean providing information to Investment Decision Makers and programme managers, who will carry the news to committees and/or the Council as appropriate), or to alert Investment decision makers and programme managers to any departure from the project plan (which again they will report to committee and/or Council for decisions to change the timing, budget or (more rarely) the specification of the project).
- 4.4.2 Provided that projects are adequately defined and planned, so that there is sufficient detail against which progress can be monitored, the monitoring regime should be relatively straight forward.

#### **4.5 Project Monitoring**

- 4.5.1 It follows from the issues raised in 4.4 that detailed project monitoring needs to be more thoroughly and comprehensively applied in the Council. Monitoring at programme level (which is mainly what happens at present) at the Council is insufficient. There are too many projects to allow adequate monitoring to take place at Council. What may be needed is direct dialogue between individual project managers and Investment Decision Makers and the relevant Committees (albeit to a standard, agreed, Council-wide format) on a frequent basis. Maybe every cycle is too much for both the officers and the committees, but review should take place at each agreed major milestone (to see that key cost, timing and specification targets are being met).
- 4.5.2 It might be desirable for Audit and Scrutiny Committee to undertake some project monitoring, but this would really only be appropriate where there was prima facie evidence that normal processes aren't achieving the required results.

#### **4.6 Post-Project Review**

- 4.6.1 Every project should be tested after completion to see how well it has met all its objectives, with the intention of identifying problems, holding the relevant parties (whether Councillors, officers, consultants or contractors) duly accountable, and learning any lessons which will improve the prospects for future projects. The Council doesn't do this on a systematic basis at present. This almost certainly mean that



lessons aren't comprehensively learned and there is a danger that problems encountered in the past are not avoided in the future.

## **5. POLICY AND DELEGATED AUTHORITY**

- 5.1 Responsibility for scrutiny of Council policy, implementation, practices and processes stands referred to the Audit and Scrutiny Committee. It is ultimately for this Committee to make recommendations for change to the Council and its Committees, who have ultimate responsibility for these matters.

## **6. CONCLUSIONS**

- 6.1 This report sets out a view of the problems with capital project management in the Council in the past. I believe this is an important starting point for debate, which will no doubt need to be opened up to receive alternative perspectives on the issues raised, and maybe will raise more issues besides.
- 6.2 Existing processes of policy formulation need to be strengthened and broadened to cover all services, with clear reference to relative priorities, in order to provide an adequate framework for all stages of capital project management. Existing policy doesn't yet give sufficient guidance on what is required, what are the relative priorities, what are the timescales, and what are the resource constraints. There are, however, developing examples of good practice which can be built on, such as the Transport strategy, the forthcoming Education blueprint, and the work being done on the new capital project prioritisation regime.
- 6.3 Project definition also needs to be strengthened, which will partly come from improved policy formulation. Rigorous development and appraisal of the various feasible options is a vital stage, which should close off alternative options and clearly lead to a conclusive choice of a particular project. The differing roles of officers (who should provide the fullest possible objective evidence to distinguish between the options) and Members (who should overlay consideration of the objective professional advice with all the other considerations (e.g. political, non-quantifiable) which make up good quality decision-making) need to be clearly recognised. In fact, the roles and responsibilities of everyone involved in capital project management need to be clearly defined, understood and agreed, as a prerequisite for achieving good management and proper accountability. Important work has already been done on this in the Capital Projects Procurement Guidance.
- 6.4 Project planning and implementation stages also contain room for improvement, both in terms of the improvements required in the foregoing stages and the current weaknesses in detailed monitoring and accountability.
- 6.5 It follows from this last point that project monitoring needs to be strengthened and that post project reviews should be carried out, as part of ensuring proper control and accountability, and also to learn lessons for the future.

## **7. RECOMMENDATIONS**

- 7.1 I recommend that the Audit and Scrutiny Committee should debate the contents of this report and should call for further views from either Committees, the Council or officers where they feel they wish to hear other perspectives.
- 7.2 Subject to its debate, and consideration of any further evidence and views, the Committee should recommend what it considers to be best practice in capital project management to the Council and its Committees.

Date: 1 October 2008  
Ref: GJ/DS/F/1/1

Report No: F-028-F

## AHS - Expenditure to 24 September 2008

Subjective		Financial Year										Totals
		99/00	00/01	01/02	02/03	03/04	04/05	05/06	06/07	07/08	08/09	
0001	APT&C Temp								153.04			153.04
0200	O/T APT&C Perm							683.07	2,595.79	13,239.09	1,769.96	18,287.91
0400	Pension ER:APTC									54.53		54.53
0401	Pension ER:Tch							171.46			21.39	192.85
0570	NI ER:APTC								126.10	1,006.61	116.04	1,248.75
0571	NI ER: Teache							211.45	26.68	53.83	45.52	337.48
0600	Isl Allow APT&C							55.44		41.29		96.73
0601	Isl All Teacher							80.14	16.32	34.02	31.67	162.15
0821	Crim Rec Chck									40.00		40.00
0822	Liability Insu			29.08								29.08
1002	Works Contract		7,860.00				14,771.50	680.00	2,107.50	1,138,497.11	470,251.51	1,634,167.62
1050	Hire/Rent Prop						230.85	804.51	203.55	3,024.57	87.50	4,350.98
1200	Equipment Purch					2,483.21	1,000.00	855.32		20,168.14		24,506.67
1220	General Matrls						85.43					85.43
1222	Consumables									258.17		258.17
1270	Subscr+Mmbshp							120.00	5,874.69	31.00		6,025.69
1272	Books/Publicns							51.49	247.50	283.00		581.99
1282	Meal Supplies						80.00					80.00
1360	Miscellaneous					1,057.44		66.63		177.44		1,301.51
1470	Travel Costs		1,039.60	32.30		2,349.46	3,756.56	8,881.61	6,599.78	7,073.59	5,470.96	35,203.86
1486	Hired/Cntrct S							315.01				315.01
1500	Printing						3,809.29	25.00	120.00			3,954.29
1505	Advertising						4,674.38	82.38	11,077.55	4,847.89		20,682.20
1506	Postage					4.80		127.29	202.87	83.11	6.40	424.47
1536	Photocopier								313.25			313.25
1560	Gen Computer							1,323.00				1,323.00
1566	Ordrd ICT Equip									1,031.73		1,031.73
1567	Mob&B/brry chg								65.59			65.59
1600	All Train Costs									4,050.00		4,050.00
1662	Subsistence			82.53		199.10		2,388.33	1,005.78	230.06	172.29	4,078.09
1760	Ext Consultant		184.33	318.20		22,260.10	485.00	337,240.00	141,150.38	23,702.59	90,625.89	615,966.49
1767	Other Prof Fee		297.00			168.00	4,725.00	12,828.21	6,781.45	51,168.04	9,765.89	85,733.59
1770	P/Fee Strc Eng					6,987.10				9,095.03		16,082.13
1771	P/Fee Architect			707.58		35,941.80	4,575.00	3,678.58	37,907.56	-420.53		82,389.99
1772	P/Fee Q Survey			235.86			900.00			61,396.96	33,823.51	96,356.33
1775	P/Fee Prof Man		500.00									500.00
1777	P/Fee M&E S Eng							5,300.00				5,300.00
5112	Contract Strds						1,672.22	665.96	3,814.80	4,915.96		11,068.94
5383	Cap Proj Unit					28,440.63	69,033.26	27,609.12				125,083.01
5402	Cap Proj Unit						10,821.51	9,310.35				20,131.86
5820	Cap Proj Unit								102,439.54	42,984.50		145,424.04
5911	Asset Srv Man			78.49		1,520.36						1,598.85
5914	Proj Co-ord					1,262.18						1,262.18
5915	Property					742.31						742.31
Totals per Year		0.00	9,880.93	1,484.04	0.00	103,416.49	120,620.00	413,554.35	322,829.72	1,387,067.73	612,188.53	2,971,041.79

## Bressay Link Expenditure - To 24 September 2008

Subjective		Financial Year										Totals
		99/00	00/01	01/02	02/03	03/04	04/05	05/06	06/07	07/08	08/09	
0200	O/T APT&C Perm				1,798.20	8,057.47	4,941.37	4,565.33	8,762.57			28,124.94
1002	Works Contract	6,500.00				288,720.71	77,505.74	42,393.35	77,979.16	3,528.66	-312.27	496,315.35
1050	Hire/Rent Prop							140.00	82.35	233.28	141.00	596.63
1176	Property Insur					823.47						823.47
1200	Equipment Purch					1,317.39	1,496.11					2,813.50
1222	Consumables										118.30	118.30
1272	Books/Publicns									282.44		282.44
1360	Miscellaneous				161.56	8,479.03	2,495.77	5,816.94	2,500.00			19,453.30
1470	Travel Costs				2,447.57	5,724.10	8,063.80	9,859.20	12,739.32	860.20		39,694.19
1472	Ferry Fares				6.50		6.80					13.30
1500	Printing					197.60	917.79	42.60				1,157.99
1501	Stationery										13.19	13.19
1505	Advertising		158.80		2,616.37	6,316.50	3,742.84	1,822.47	93.31			14,750.29
1506	Postage						46.48	84.87	8.14			139.49
1536	Photocopier						114.20	357.38				471.58
1600	All Train Costs								3,078.79			3,078.79
1662	Subsistence								495.18			495.18
1760	Ext Consultant		9,285.00	2,050.00	74,734.15	56,756.61	5,367.98	1,167.97	5,004.53	2,063.94	12,872.01	169,302.19
1762	Legal Fees						155.02	27,209.76	152,284.81	120,567.12		300,216.71
1774	Other Works				1,750.00							1,750.00
1767	Other Prof Fee					3,150.00	28,921.12	43,129.01	26,560.41	10,169.21	1,250.00	113,179.75
1770	P/Fee Strc Eng	3,550.00				185,900.00	65,771.66	37,400.65	65,259.96	2,309.70		360,191.97
1774	Other Works					21,942.28						21,942.28
4230	Misc Income					-111.06						-111.06
5106	Legal Services						16,703.31					16,703.31
5112	Contract Stdrs					3,096.37						3,096.37
5454	Roads Network							8,450.93		8,800.88		17,251.81
5455	Roads Design				6,000.00	8,760.11	31,242.20	12,413.16	11,590.66			70,006.13
5457	Laboratory						4,974.29	3,509.59		2,100.96		10,584.84
5820	Cap Proj Unit						63,857.63	75,771.89	54,075.89	2,058.19		195,763.60
5911	Asset Srv Man				88.74		5,820.54					5,909.28
5912	Proj&Purch				4,468.22							4,468.22
5914	Proj Co-ord			4,466.41		57,744.53						62,210.94
5915	Property				327.94	2,226.93						2,554.87
5917	Land Surveyor				1,473.19							1,473.19
Totals per Year		10,050.00	9,443.80	6,516.41	95,872.44	659,102.04	322,144.65	274,135.10	420,515.08	152,974.58	14,082.23	1,964,836.33

## Mareel - Expenditure to 24 September 2008

Subjective		Financial Year										Totals
		99/00	00/01	01/02	02/03	03/04	04/05	05/06	06/07	07/08	08/09	
0001	APT&C Temp								318.54			318.54
0200	O/T APT&C Perm							716.19	966.02			1,682.21
1050	Hire/Rent Prop						233.64	7.90	333.03	209.10		783.67
1179	Bldng Warrants									35,800.00		35,800.00
1200	Equipment Purch								252.20	24.00		276.20
1222	Consumables										106.64	106.64
1360	Miscellaneous			74.25			59.95	1.15	518.85	-85.05		569.15
1470	Travel Costs						641.60	1,752.92	5,315.43	2,094.45	1,680.39	11,484.79
1501	Stationery							45.62				45.62
1505	Advertising			457.00				5,100.57	2,500.00	-978.07	304.98	7,384.48
1506	Postage										84.74	84.74
1567	Mob&B/brry chg								65.59			65.59
1662	Subsistence							330.12	1,674.28		417.88	2,422.28
1760	Ext Consultant		3,373.99	21,115.17		11,658.84	39,692.76	5,261.51	127,464.08	199,521.72	191,872.83	599,960.90
1767	Other Prof Fee						6,027.00	1,000.00	1,452.50	2,322.29		10,801.79
1771	P/Fee Architect			6,347.89				10,000.00	69,266.25	139,743.76	23,037.69	248,395.59
1772	P/Fee Q Survey							992.25	12,316.00	9,965.00	79,998.45	103,271.70
5112	Contract Stdrs							998.94		491.60		1,490.54
5383	Cap Proj Unit						7,628.87	15,351.88				22,980.75
5820	Cap Proj Unit								22,658.56	8,153.60		30,812.16
<b>Totals per Year</b>		<b>0.00</b>	<b>3,373.99</b>	<b>27,994.31</b>	<b>0.00</b>	<b>11,658.84</b>	<b>54,283.82</b>	<b>41,559.05</b>	<b>245,101.33</b>	<b>397,262.40</b>	<b>297,503.60</b>	<b>1,078,737.34</b>