



MINUTE

A & B

Audit and Scrutiny Committee
Council Chamber, Town Hall, Lerwick
Wednesday 17 June 2009 at 10.00am

Present:

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

Apologies:

J W G Wills (for lateness)

In attendance (Officers):

C McIntyre, Internal Audit Manager
H Tait, Management Accountancy Service Manager
D Hughson, Financial Accountant
M Craigie, Head of Transport
A Rolfe, Acting Asset and Properties Manager
C Symons, Technical Support Manager
S Pearson, Safety and Risk Manager
D Bell, Human Resources Manager
P Peterson, Performance Management Co-ordinator
L Adamson, Committee Officer

Also:

M Ferris, Audit Scotland
L Brown, Audit Scotland

Chairperson

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

Circular

The circular calling the meeting was held as read.

Declarations of Interest

Mr A G L Duncan declared an interest in Agenda item 3 as he had a pension with the Council, however he would be asking questions relevant to the report.

Minute

The minute of the meeting held on 6 May 2009, was confirmed on the motion of Mrs C H J Miller, seconded by Mr A G L Duncan.

07/09 – Strategic Audit Risk Analysis 2008-09

The Chairperson advised that a special meeting of the Audit and Committee would be arranged for Members, the Chief Executive and the Head of Finance to meet with Mr Ferris, the Audit Manager.

17/09 – Items for Future Discussion

Housing Voids

Mr A G L Duncan provided a brief update on the improvements being made on housing voids and the time taken to relet properties. He said that although the progress was welcome news, further improvements could still be made. Members noted that a full report would be presented to the next meeting of the Committee.

11/09 – Audit Scotland Annual Audit Plan 2008-09

Mrs C H J Miller asked for an update on whether the Council could get a rebate for part of the local authority audit fee. The Chairperson advised that this was a matter for discussion with the external auditors, and would be discussed at the Special meeting of the Committee.

Mr M Ferris explained that the fee proposal was negotiated annually with the Head of Finance, and that the fee consisted of two components, with the fixed element representing the work associated with the Best Value Audit, and national and support functions, and the second part being the indicative fee which is based on the level of strategic risks.

Mr A G L Duncan stated that he was deeply concerned that a small island community was being charged such a large fee, and suggested that this charge should be reduced significantly.

Min. Ref.	Subject	Action/Info
18/09	<p><u>Annual Audit and Scrutiny Committee Activity Report</u></p> <p>The Committee considered a report by the Performance Management Co-ordinator (Appendix 1).</p> <p>The Performance Management Co-ordinator introduced the report, which he said highlighted a number of areas where the Committee has intervened and improvements have been made as a result.</p> <p>In response to a question from Mr A G L Duncan, the Performance Management Co-ordinator suggested that Manager could be consulted again to get their views on how the Committee was performing.</p> <p>Mrs C H J Miller commented that the investigation into Council vehicles had been taken seriously, and had ultimately resulted in the Executive Director reviewing both the type of vehicles and the numbers required. Mrs Miller referred to the reduction in the Council's overall sickness rate to 5.8%, but noted that the target rate was 4.5%. Members noted that a report on the Council's Sickness Absence would be presented to the next meeting of the Committee.</p> <p>Mr G Robinson referred to the recent investigation into the</p>	

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	<p>private use of Council vehicles, and explained that he was aware of a situation whereby an individual who was entitled to use a Council vehicle could not carry passengers, and therefore the household had to use two vehicles to travel to work, which went against the carbon reduction policy. During the discussion, the Safety and Risk Manager advised that this had come up as an issue some years ago and that individual departmental policies currently prohibited such use however she confirmed that from both insurance and health and safety perspectives there was not a problem with drivers carrying passengers and that from a Road Safety perspective she would support car sharing as this would reduce the number of vehicles on the road. The Performance Management Co-ordinator was asked to follow this up.</p> <p>In moving that the Committee approve the recommendation in the report, Mrs Miller said that policies should be altered where possible to allow drivers to carry passengers. Mr A G L Duncan seconded.</p>	PP
19/09	<p><u>Internal Audit – Annual Report 2008/09 and Operational Plan 2009/10</u></p> <p>The Committee noted a report by the Internal Audit Manager (Appendix 2).</p> <p>The Internal Audit Manager summarised the main terms of the report.</p> <p>Mrs C H J Miller referred to Section 4.4 of the report, and stated that she was appalled to read that staff were continuing to ignore requests to complete disclosure applications. Mrs Miller said that this had to be a priority, and suggested that a time limit be set for all disclosures to the complete. The Internal Audit Manager explained that progress had been made, however he suggested that the Committee could relay an instruction to the Service area. Mrs C H J Miller moved that the Committee recommend that Services be instructed to adhere to the disclosure policy. In seconding, Mrs F B Grains proposed that an update report should be presented to the next meeting.</p> <p>In response to a question from Mrs Miller relating to the issues raised in relation to the Ferry Service, the Internal Audit Manager reported that in some instances the Council's Standing Orders were not being adhered to. Regarding the inconsistencies between the master deck log-books and the ferry ticketing reports, he advised that this was a general problem in all ferries, however improvements had been made since the last Audit, and work was ongoing to improve this area.</p>	

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	<p>Mr A G L Duncan referred to Section 6.2 of the report, and congratulated the Audit and Finance Assistant on passing her exams toward the AAT qualification, and also to the Technical Assistant in progressing well in his studies.</p> <p>Mr Duncan stated that the audit reports on the Ferry Service and the Transport Service were appalling and disgraceful. Policies and procedures were being totally ignored, there was a lack of staff supervision and staff training was inadequate. Mr Duncan noted that eight major audit issues had been identified in the Transport Service which included an overspend relating to school transport provision, and he also highlighted two issues which had been identified relating to Ports and Harbours. Some discussion took place on the detail of the information Mr Duncan's was reporting, however the Internal Audit Manager clarified that the full copies of the internal audit reports from which Mr Duncan was reading were made available on the Internal Audit webpage, and this had been explained to Members in the covering report to the attached summary reports.</p> <p>In response to comments from Mr Duncan, the Chairperson advised that a decision had already been made that a report would be presented on the audit areas highlighted in the Education/Schools Service, and she suggested that reports should also be prepared on the issues raised from the audits on the Transport Service and Ferry Service. The Internal Audit Manager reported that he was aware that the Transport Service had moved towards addressing a number of the issues, and confirmed that it was normal practice for Audit and Scrutiny to call for a report from the service only if issues had not been resolved after a follow up audit.</p> <p>The Head of Transport explained that the issues raised by Internal Audit had been taken very seriously and he said that the Service had exceeded its budget and performance requirements and had in effect delivered nearly £500k of saving on 2008/09 budgets, and was committed as a service to continue moving ahead to play its role in addressing the Council's aim to achieve sustainable use of resources. Mr G Robinson said that Internal Audit had highlighted issues of concern, which would be addressed by the Head of Transport, and only instances where no improvements have been made should a report be brought to Committee. The Internal Audit Manager advised that it had been agreed that service areas would provide update reports and that the Committee would address any outstanding issues.</p> <p>In response to a question from Mr Robinson, the Safety and Risk Manager explained that it was first necessary to get the broad framework in place for Risk Registers, before</p>	

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	<p>developing Strategic Risk Assessments with partner organisations.</p> <p>In referring to the appendix, Ms L F Baisley requested that page numbering should be included in future Internal Audit reports.</p>	CM
20/09	<p><u>Internal Key Financial Controls 2008/09: External Audit Assurance Report</u></p> <p>The Committee noted a report by the Head of Finance (Appendix 3).</p> <p>The Management Accountancy Service Manager summarised the main terms of the report and highlighted the four areas to be addressed from the Action Plan, which were outlined in Section 4 of the report.</p> <p>In response to a question from Mr A G L Duncan relating to the problems with the Logotech Capital Accounting software, the Management Accounting Service Manager explained that there were very few providers of the service in the marketplace, and that all authorities were experiencing the same issues. She added that an update report on progress would be presented to Committee.</p> <p>In response to a question from Mrs C H J Miller, Mr M Ferris advised that a number of systems were operated in Scottish Councils, and different options were available for each Council to consider. The Management Accounting Service Manager advised that the Council was considering a system with Orkney Islands Council.</p> <p>[Dr J W G Wills attended the meeting].</p> <p>In response to a question from Mrs Miller relating to the possible merger of the Local Government Pension Funds in Scotland, Mr M Ferris advised that there was a possibility that pensions would be raised from 2010/11 and the Pension Fund could then require a separate audit certificate.</p> <p>Mr Duncan highlighted a number of issues from Audit Scotland report, attached as an appendix to the report. In his responses, Mr Ferris provided some explanation on the processes involved from their assessment of key control systems, and steps taken to ensure that the correct procedures are in place.</p>	
21/09	<p><u>Risk Management Strategy 2009-2014</u></p> <p>The Committee considered a report by the Service Manager – Safety and Risk (Appendix 4).</p>	

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	<p>The Safety and Risk Manager summarised the main terms of the report, advising that the Strategy provided a broad framework to pull in the relevant strands for good risk management. The Safety and Risk Manager then highlighted a number of key areas in the Risk Management Strategy document.</p> <p>In response to a question from Ms L F Baisley, the Safety and Risk Manager advised that the main work involved to implement the measures in the Strategy would be undertaken by Safety and Risk staff, and she did not consider it would require any significant amount of time from staff in other service areas. She advised that all Heads of Service would be involved through the Risk Management Board.</p> <p>Dr J W G Wills moved that the Board endorse the Risk Management Strategy, but to include that the Council asks for an urgent risk analysis of the new Anderson High School project, in view of the fact that the project appears to carry 7 of the 11 risks outlined in paragraph 1.4 of the Strategy document. Mr G Robinson seconded.</p> <p>Mrs C H J Miller moved as an amendment that the Board endorse the Risk Management Strategy. Ms L F Baisley seconded.</p> <p>In response to a question from Mr A G L Duncan as to whether the comments on risk management in the Strategic Audit Risk Analyses had prompted the production of the updated Strategy, the Safety and Risk Manager explained that the review of the previous Risk Management Policy had been planned for some time as it was no longer sufficient to meet the demands of modern government, and whilst Audit Scotland had recently picked up on this, no serious risk management failings had been highlighted, however it was simply time to replace the previous policy with a more sophisticated strategy that could harness the full range of risk the Council was exposed to.</p> <p>In response to questions from Mr Duncan, the Safety and Risk Manager explained that the areas where improvements could be made were dotted around the Council, however the updated Strategy clearly assigns roles and responsibilities to individuals. She advised that formal risk processes needed to be established for joint working arrangements, and for all relevant staff to be aware of our partners' risk management arrangements and to ensure all areas of activity are appropriately covered.</p> <p>Mr G Robinson outlined the importance to get Strategic Risk Registers in place for the larger trust bodies. The Safety and</p>	

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	<p>Risk Manager advised that a Risk Register was in place for the Shetland Charitable Trust, and work with the other Trusts would commence following approval of the Risk Management Strategy. She advised that any issues emerging from the Strategy would be reported to Committee.</p> <p>After summing up, voting took place by show of hands and the result was as follows:</p> <p>Amendment (Mrs C H J Miller) 5 Motion (Dr J W G Wills) 3</p>	
22/09	<p><u>Asset Management in Local Government</u></p> <p>The Committee noted a report by the Acting Asset and Properties Manager (Appendix 5).</p> <p>The Acting Asset and Properties Manager outlined the main terms of the report, and advised that the Council's Technical Support Manager was in attendance to answer any questions relating to the condition of buildings.</p> <p>In response to a question from Mr A G L Duncan relating to Exhibit 5 on the variation in Councils' assessments of building condition, the Technical Support Manager explained that the Anderson High School would be a large proportion of the 'bad condition' percentage rate from the assessment of buildings in Shetland.</p> <p>Mr R S Henderson noted the reference that, "Councils spent over £136 million on property maintenance in 2007/08" and commented that this appeared to be an excessively high amount. The Technical Support Manager explained that Audit Scotland consider that too much work is reactive than planned, and therefore a waste of money.</p> <p>In response to a question from Dr J W G Wills relating to Exhibit 19, the Technical Support Manager explained that Shetland Islands Council would appear to spend significantly on maintenance, however he added that costs were higher in Shetland than on the Scottish mainland.</p> <p>In response to a question from Mr Duncan, the Acting Asset and Properties Manager explained that the Council aims to minimise the number of void properties, and to dispose of any void properties as soon as possible. He added that any remaining void properties would be reported.</p> <p>[Mrs C H J Miller left the meeting].</p>	
23/09	<p><u>Diesel Usage Update 2008-09</u></p> <p>The Committee considered a report by the Performance</p>	

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	<p>Management Co-ordinator (Appendix 6).</p> <p>The Performance Management Co-ordinator summarised the main terms of the report, advising that the figures show some areas of improvement however there were other areas where the figures had increased.</p> <p>[Mrs Miller returned to the meeting].</p> <p>Ms L F Baisley commented that the usage rates were very interesting, and noted that there had been an overall decrease which she said was welcoming.</p> <p>The Head of Transport advised that there had recently been some progress on improving fuel additives, and a pilot study was being carried out to reduce fuel consumption through monitoring use and driver behaviour, without reducing the service.</p> <p>Ms Baisley suggested that consideration could be given to providing communal refuse bins at convenient pick up areas, to avoid the need for essay kerts to travel long distances to collect refuse from only a few houses.</p> <p>Dr J W G Wills said that he found the information very useful and he commended the staff who compiled the report. In response to a question from Dr Wills, the Head of Transport undertook to provide the figures on the cost of fuel to transport pupils to the Anderson High School, and from the school to the Clickimin Centre.</p>	
24/09	<p><u>Exit Interviews</u></p> <p>The Committee considered a report by the Human Resources Service Manager (Appendix 7).</p> <p>The Human Resources Manager summarised the main terms of the report, and advised on the exit process carried out when staff either leave the Council or their post.</p> <p>In response to a question from Mrs C H J Miller, the Human Resources Manager explained that currently 30% of Exit Interview questionnaires are returned; however the target in the Service Plan was for a 50% return. She reported that 6 questionnaires had highlighted some areas of concern, and that these had been followed up.</p> <p>[Mr R S Henderson left the meeting].</p> <p>During the discussion, Mr G Robinson suggested that the exit interviews should be conducted by another member of staff, rather than by the employee's Line Manager.</p>	

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	<p>The Human Resources Manager advised that a graduate student was currently reviewing the exit process, and therefore the existing processes and questionnaire may need to be changed.</p> <p>[Mrs L F Baisley left the meeting].</p>	
25/09	<p><u>Items of Future Discussion</u></p> <ul style="list-style-type: none"> • The meeting with Mr M Ferris, Audit Manager to discuss the Strategic Audit Risk Analysis. • Housing Void Report. • Sickness levels. • Dr J W G Wills referred to the Council's agreement to his suggestion that the governance of the Council should be reviewed through public consultation, and suggested that the Chief Executive should be invited to attend the next meeting to provide his proposals on how the public consultation should be conducted. <p>Mr G Robinson said that another governance issue was the requirement for confirmation on who would deputise for the Chief Executive.</p> <p>It was suggested that consideration should be given to changing future Audit and Scrutiny Committee meeting dates, so they are not held in the same week as the main Committees.</p> <ul style="list-style-type: none"> • Mr G Robinson stated that given the lack of proper planning procedures relating to the new AHS project, he moved that the new Chief Executive be asked to engage an independent, external scrutiniser to determine the extent of any interference and who may have been responsible for it. The scope should include Members and senior officials past and present and this should be carried out in a four-week timescale. Dr J W G Wills seconded. <p>Mrs C H J Miller stated that Mr Robinson's motion was not appropriate, legal advice had been received during the meeting of the Planning Board and the meeting had been conducted professionally. She added that she was appalled that the integrity of officers and Members was being questioned simply as some colleagues did not want the project to go ahead.</p> <p>Dr Wills stated that it was clear that the project had been</p>	

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	<p>railroaded through, and therefore the project needs to be investigated.</p> <p>The Chairperson said that although not a Member of the Planning Board, she had been in attendance at the meeting, and was satisfied that the advice given was appropriate, and she would support Mrs Miller's stance.</p> <p>Mrs Miller moved as an amendment that the Committee should not accept Mr Robinson's motion. Mr A T Doull seconded.</p> <p>Voting took place by a show of hands and the result was as follows:</p> <table><tr><td>Amendment (Mrs C H J Miller)</td><td>3</td></tr><tr><td>Motion (Mr G Robinson)</td><td>3</td></tr></table> <p>The Chairperson used her casting vote in favour of the amendment.</p>	Amendment (Mrs C H J Miller)	3	Motion (Mr G Robinson)	3	
Amendment (Mrs C H J Miller)	3					
Motion (Mr G Robinson)	3					

The meeting concluded at 11.55am.

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F B Grains
Chairperson



REPORT

To: Audit and Scrutiny Committee

2 September 2009

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

Report No: CE-35-F1

Annual Efficiency Statement

1.0 Introduction

- 1.1 All Scottish Councils are required by the Scottish Government to produce an annual Efficiency Statement. This report sets out a sample of some of the main efficiencies that meet the Scottish Government's definition of an "efficiency saving" and have been delivered during the 2008-09 financial year.

2.0 Link to Corporate Priorities

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

3.0 Summary

- 3.1 The Audit and Scrutiny Committee is invited to review the efficiencies that have been reported in the attached Statement. A few of these are perhaps worth highlighting.
- £238,000 was saved by replacing the existing Telephone system with IP Telephony;
 - £184,500 was saved through a reduction in number and or size of vehicles in the Council vehicle fleet;
 - £18,000 was saved due to a reduction in the amount of fuel being used by employees in Council-owned vehicles

- £86,000 has been saved through a staffing review, which led to the deletion of 2 FTE primary teaching posts
- The reduction in energy costs across the Council is estimated to have saved £89,000

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

4.0 Financial Implications

4.1 There are no financial implications arising from this report.

5.0 Policy and Delegated Authority

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

6.0 Conclusion

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

7.0 Recommendations

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



Shetland Islands Council

Efficiency Statement 2009

Introduction

The Shetland Islands Council is committed to delivering services to the people of Shetland in the most efficient and effective way possible, taking into account all the local circumstances faced by the Council in its remote location.

The Council's approach to the efficiency agenda is set out in the [Medium-term Budget Strategy](#). This document is refreshed on an annual basis and seeks to set the direction of travel for the budget setting process. The current Strategy was agreed on 10th September 2008. It reiterates the Council's main efficiency policy objective – to eliminate the annual draw on financial reserves to support General Fund revenue spending by 2012/13. It also seeks to deliver on the [Council's Corporate Plan 2008-11](#) aim of being sustainable in everything we do and aligns with the Shetland Community Planning Partnership's [Single Outcome Agreement](#) target to achieve 2% efficiency savings each year.

The Chief Executive's Management Team has recently introduced a 'Savings Register'. This will be collated by the Finance Service and updated throughout the year to capture savings and share good practice across services. The aim is for this to help embed efficient working throughout services, and encourage managers to think about how savings can be redeployed to other growth areas.

In order to improve public understanding of this Statement, only efficiency measures that resulted in cashable savings have been included in this Statement. However, as mentioned throughout the Statement, on a number of areas, the exact savings have yet to be quantified. These entries have been kept in, as the Chief Executive felt that they would help illustrate potential areas for future savings and, as such, were seen as ways of sharing good practice. We have also chosen to include comparatively small savings from service areas to help highlight the efforts that some areas are making to contribute to the Council's efficiency drive.

Opening Position

As stated above, at the start of the 2008-09 financial year, the Shetland Islands Council's efficiency policy aim continued to be to reduce the draw on Council reserves to augment general fund revenue spending. The Medium-term Budget Strategy, which was set in October 2007 set out a target of drawing no more than £4million during the 2008-09 financial year. The provisional outturn, reported to Council in July 2009, showed that the Council had underspent its overall target by over £7 million, although the position on general fund revenue spend was less favourable.

During the 2008-09 financial year, the Council faced the challenges of Equal Pay settlements and the global increase in fuel prices. These additional pressures heightened the need to ensure that services were being delivered as efficiently as possible.

Underpinning the delivery of the efficiency programme during 2008-09 has been the continued training of budget responsible officers by Management Accountancy staff. Improving officer understanding of budget monitoring and supporting them to make efficiency savings, wherever possible, remains a key commitment of the Council's Finance Service.

The issue of rising employee sickness absence was raised in last year's Efficiency Statement. During 2007-08, Shetland Islands Council had a sickness absence rate of 6.5%, which compared poorly with the Scottish average of 5.4%. Reducing this rate was therefore seen as a priority area in terms of making efficiency savings.

Recognising the potential to make significant savings in the way goods and services are procured, the Council also appointed a part-time procurement officer. The results of this have started to be fed through, with much more significant savings expected this year once work to quantify local impact of joining national contracts has been completed.

Efficiency Gains Achieved in 2008/09

Appendix 1 shows the full list of savings that were achieved in this Council over the 2008-09 financial year. However, the following section sets a few of these out in more detail.

Workforce Planning

As a result of the rising sickness absence rate, a decision was taken to commission a specific piece of work on attendance management from the HR Service. This has produced encouraging results during 2008-09 and contributed substantially to the Council's efficiency drive, with employee sickness being reduced from 6.3% in 2007-08 to 5.9% by March 2009. The impact this has had on costs of replacement cover and morale has not been calculated, but will be significant.

Asset Management

Following a study by the Audit and Scrutiny Committee into Council vehicle usage, the Council achieved a 0.76% reduction in Ultra Diesel Plus usage across services. More significant savings were expected, but the remoteness of some service delivery points has meant that it has been difficult to cut this significantly. This remains an area for action in the coming year.

Procurement

In September 2008, the Council approved the joining of Scotland Excel and participation in national contracts through Procurement Scotland. Substantial savings have been identified in:

Audio Visual & Presentation Equipment, Catering disposables, catering sundries, fitness equipment, plumbing materials, vending machines, water coolers, early learning materials, exercise books, science equipment and materials, musical instruments, specialist audio equipment, computers.

The Council is currently seeking to establish the potential savings that could accrue as a result of participating in further national contracts and is in the process of establishing a central Procurement Unit, to take this important work forward.

Shared Services

The Council is participating in the [HUB](#) initiative together with Aberdeen City Council, Aberdeenshire Council, Argyll and Bute Council, Comhairle nan Eilean Siar, Grampian Fire and Rescue Service, Grampian Police, Highland Council, HIFRS, Moray Council, NHS Grampian, NHS Highland, NHS Orkney, NHS Shetland, NHS Western Isles, Northern Constabulary, Orkney Island Council.

The Initiative aims to establish a Northern Territory Programme Board to help deliver community infrastructure projects between partners. It is intended that the board will contract a Private Sector Development Partner to help develop shared community infrastructure projects delivering efficiencies in procurement, tendering and construction.

Streamlining Bureaucracy

The main saving in terms of this efficiency heading is the Council joining the National Recruitment Portal. This has meant that the amount being spent on newspaper adverts is being reduced.

The Council has also initiated a LEAN Programme, with two Kaizen Blitz events having taken place in Building Services and HR Recruitment. The impact of these two projects has yet to be fully costed, but from the data already available, it is clear that they have made a significant improvement in time spent on non-productive tasks.

Verification

Efficiency area from Appendix	Service area	Measure of customer satisfaction
WP2	Cleansing Services	Take this from Your Voice
AM2	Sport & Leisure Services	91% customer satisfaction rate
AM4	Library & Information	85.5% customer satisfaction rate
U6	Safety & Risk	78% customer satisfaction rate

Key Areas Targeted for 2009/10

The Council has refreshed its Budget Strategy for this coming year. The main areas that are being targeted for efficiency savings are:

Procurement

Complete the evaluation of the impact of joining national contracts in the areas highlighted.

Significantly, the Council has joined the national electricity contract which will commence as of October 2009, with potential to make substantial savings on the £1.4 million spent on this each year. The Council is also participating with Caledonian McBrain, Northlink and Orkney Islands Council to establish a contract for marine fuel through Procurement Scotland. In addition, Scotland Excel is also negotiating with OGC on behalf of the Council to seek to improve the current fuel provision contract, with the longer-term aim being to join a new national fuel contract which will be introduced in 2010.

Workforce Management

Implement Single Status terms and conditions, in partnership with Trade Unions. This will involve a number of potential increases in productivity as staff move on to new job family structures and work towards achieving relevant competences. A large number of office-based staff will also move from a 34 hour week to a 37 hour week.

Asset Management

Continue to seek efficiency savings in the amount of fuel being used across the Council.

Also, continue to reduction in energy usage across Council services, which has been so successful in delivering efficiency savings over the past few years.

Streamlining Bureaucracy

Continue to pursue efficiency savings from the national recruitment portal and the attendance management project.

Conclusion

The Long Range Forecast public consultation exercise, carried out in 2004, established that one of the public's main concerns for the long-term future of Shetland was sustainability of the Council's financial reserves.

In terms of outcomes, the efficiency gains that continue to be delivered as part of the Council's Budget Strategy, is making a contribution to the long-term sustainability of those funds. This not only means that it will be more likely that they can be maintained at a level that continues to generate returns for the public of Shetland, it also means that the Council's existing infrastructure can be maintained. This is absolutely crucial to maintaining the services experienced by the population of Shetland.

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

Approval

David Clark (Chief Executive)

Sandy Cluness (Convener)

PROCUREMENT

Theme	Description of Efficiency Measure	Cashable (£)	Non-cashable	Impact on service delivery and performance / other information
P1	Participating in national procurement contracts in the following areas: - Building Materials - Computer Hardware - General Stationery, IT	Not yet delivered, but estimated to be in the region of £366,000		None. The impact of joining national contracts is being quantified in several other areas, to ensure that local businesses are not adversely affected.
P2	Replacing existing Telephone system with IP Telephony	£238,000		Reduction in call charges, line rentals, maintenance, moves and changes
P3	Centralisation of franking machines - Reduced leased machines from 10 to 1 - Reduced maintenance plans per annum as a result of changes to leases - Reduced collection payments to Royal Mail from 3 to 1	£15,204		No adverse impact
P4	Reduction in the numbers of vehicles in the Council vehicle fleet	£184,500		No adverse impact
P5	Shetland College is benefiting from corporate procurement savings as a result	TBC		No adverse impact

	of membership of APUC			
	Total of confirmed savings only	£437,704		

WORKFORCE PLANNING

Theme	Description of Efficiency Measure	Cashable (£)	Non-cashable	Impact on service delivery and performance / other information
WP1	Street Cleansing Service Overtime Review	£4,553		Redesign of weekend cleaning service
WP2	Reduction in employee sickness absence	£TBC		The impact of this efficiency saving is considerable in terms of replacement costs and impact on service delivery
WP3	Staffing review, which led to the deletion of 2 FTE primary teaching posts	£86,000		No impact on service delivery – deletion of surplus posts, following a review
WP4	Reconfiguration of staffing in schools management team	£10,000		
	Total of confirmed savings only	£100,553		

ASSET MANAGEMENT

Theme	Description of Efficiency Measure	Cashable (£)	Non-cashable	Impact on service delivery and performance / other information
AM1	Reduction in energy costs in Ports and Harbours	£5,000		None
AM2	A new insulated roof was put on the Seafield Park pavilion, and the existing heating system was replaced with an Air Source Heat Pump	£3,258		The Seafield Park Pavilion is now operating much more energy efficiently and users of the building have commented that changing rooms are now comfortable and warm to be in.
AM3	Reduction in the amount of fuel being used by employees in Council-owned vehicles	£18,000		None
AM4	District Heating installed in Old Library Centre	£500		None
AM5	Reduction in energy costs across the Council	Estimated at £89,000		None
	Total of confirmed savings only	£115,758		

STREAMLINING BUREAUCRACY

Theme	Description of Efficiency Measure	Cashable (£)	Non-cashable	Impact on service delivery and performance / other information
SB1	Council joining the National Recruitment Portal	TBC		Much more recruitment activity is being carried out online. The amount of national posts being advertised through paper media has reduced.
SB2	The Council carried out 2 Kaizen Blitz events in Building Services Maintenance and Staffing Sections.	TBC		The results from these show an improvement in time taken to recruit new staff and an increase in the % of jobs being completed on time
SB3	Introduction of Integra E-series	£23,000		Reduction in staff time processing orders/invoices. This has been calculated as saving 8 FTE posts in staff time, but one FTE has been deleted from the staffing establishment
	Total of confirmed savings only	£23,000		

CONFIRMED SAVINGS - OVERALL TOTAL	£677,015		
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OTHER AREAS

The following efficiencies were suggested as potential areas for taking forward during 2008-09, but most have yet to be accurately costed. They are included in this Statement as examples of opportunities for savings.

Theme	Description of Efficiency Measure	Cashable (£)	Non-cashable	Impact on service delivery and performance / other information
U1	Greater usage of standardised contract documents in the Capital Programme Service.			Will enable us to use and adapt standard document to individual projects with a saving in staff time on projects.
U2	Ensuring that scope of Capital Projects, roles, responsibilities and clear client briefs and accommodation schedules are agreed before design commences or costs estimated			Staff time saved on abortive work on individual projects
U3	Examine the re-use of existing buildings as well as new build options			No adverse impact on service delivery
U4	Incorporate sustainability measures into project design work			Saves on revenue costs in longer term
U5	Examine and report to Council on the use of Bonds on projects with a view to reducing these			Varied on each project where a bond is required

U6	New computer system installed in Safety and Risk			This includes a Premium Apportionment module, which should significantly reduce the time, involved in doing budgetary and recharge tasks, and departmental access to the rest of the system should drastically reduce the time officers spend getting information to the service.
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SHETLAND ISLANDS COUNCIL - Key Efficiency Areas Targeted for 2009/10

A number of the entries for this coming year are yet to be quantified in cashable terms. However, they are included here so that progress in achieving them can be monitored and reported in the 2010 Efficiency Statement. They are also useful examples for services in the Council of where efficiencies can be made.

PROCUREMENT

Theme	Description of Efficiency Measure	Cashable (£)	Non-cashable	Impact on service delivery and performance / other information
P1	Reduce purchase of equipment in Cleansing Services, e.g. litter/dog/cigarette/chewing gum bins by 25%	£4869		
P2	Reduce equipment purchase in Cleansing Services, e.g. refuse boxes by 25%	£2604		

P3	Reduce refuse sack purchase in Cleansing Services by 10%	£4907		
P4	Internal Audit will now undertake IT audits in house and no longer utilise external consultant for this purpose	£3000		
P5	Increase internal facilitator capacity to deliver Kaizen Blitz events, displacing use of external consultant	£20,000		
P6	Continue to explore use of national contracts in the following areas: Audio Visual & Presentation Equipment, Catering disposables, catering sundries, fitness equipment, plumbing materials, vending machines, water coolers, early learning materials, exercise books, science equipment and materials, musical instruments, specialist audio equipment,	TBC		
P7	Fleet purchase. Efficiencies to be delivered in the area of vehicle procurement, through investigation of bulk buying arrangements.	TBC		
	Total of confirmed savings only	£35,380		

WORKFORCE PLANNING

Theme	Description of Efficiency Measure	Cashable (£)	Non-cashable	Impact on service delivery and performance / other information
WP1	Maintain trend of reducing sickness absence across Council services – target less than 4.5% overall staff sickness rate for 2009-10 (reduced from 5.9%)	TBC		The impact would be significant on service delivery across the Council
WP2	Re-organise Payroll Services to reflect simplified terms and conditions after Single Status has been implemented.	TBC		Implementation of Single Status still pending
WP3	After Single Status all employees will be paid on a monthly basis, which will generate cost savings in payslips and postage	TBC		Implementation of Single Status still pending
WP4	Training a member of Capital Programme service to carry out SAP ratings on new build houses (current cost £150 each).	Estimated saving of £10,000		
	Total of confirmed savings only	£10,000		

ASSET MANAGEMENT

Theme	Description of Efficiency Measure	Cashable (£)	Non-cashable	Impact on service delivery and performance / other information
AM1	Reduce the net cost of the Islesburgh complex to the Council	£30,744		No impact on service
AM2	Motion detecting light switches are to be installed in the Toilets throughout the Islesburgh Complex Buildings	£1,500		Reduced energy costs and no impact on service delivery
AM3	New re-modelled public library in Lerwick to be designed with energy-efficient principles.	£400		Improvement in service delivered
AM4	Installation of thermostats in Old Library Centre to be explored	TBC		No adverse impact
AM5	Connecting Islesburgh House to the Lerwick District Heating Scheme will achieve significant energy savings	£9,500		Reduced energy costs and no impact on service delivery
AM6	Reduction in energy usage across the Council	TBC		No adverse impact
AM7	Move to new Housing office premises should result in efficiencies	TBC		No adverse impact

AM8	Installation of new heating system at the Shetland College will deliver efficiency savings in heating costs	TBC		No adverse impact
AM9	Shetland College have replaced all printers which could only print single sided, to save on paper consumption All photocopiers have likewise been programmed.	TBC		
AM10	Shetland College is using e-portfolios for SVQ candidates, again saving on paper and creating efficiencies in terms of staff time.	TBC		
	Total of confirmed savings only	£42,144		

STREAMLINING BUREAUCRACY

Theme	Description of Efficiency Measure	Cashable (£)	Non-cashable	Impact on service delivery and performance / other information
SB1	Trading Standards inspection processes computerised to minimise paperwork	TBC		No adverse impact
SB2	Introduction of EDI (web-based book ordering, cataloguing & invoicing), which	TBC		No adverse impact

	will release Library staff time			
SB3	Video conferencing project being led by ICT	£20,000		Reducing travel and subsistence costs through increased use of video conferencing facilities
SB4	Reduction in advertising costs owing to National Recruitment Portal	£20,000		No adverse impact
Total		£40,000		

SHARED SERVICES

Theme	Description of Efficiency Measure	Cashable (£)	Non-cashable	Impact on service delivery and performance / other information
SS1	Council gardeners from King George the V Park will continue the planned improvement and maintenance of the Islesburgh gardens and grounds, thus saving on external contractors fees	£500		Reduced costs from the use of external gardening contractors and more efficient use of staff. No impact on service delivery.
SS2	Through the Society of Chief Officers of Transport in Scotland, the Roads Service has joined with all other Scottish local authorities to develop and share the costs of an Asset Management Plan.	TBC		

SS3	Increase efficiency in Revenues Service by sharing premises with Citizens Advice Bureau and the Pensions Services	TBC		
Total		£500		

OTHER

Theme	Description of Efficiency Measure	Cashable (£)	Non-cashable	Impact on service delivery and performance / other information
O1	Install wind turbine to provide cheaper renewable electricity for the Energy Recovery Plant	Potential savings in excess of £100,000		
O2	Develop video conferencing with Literacies and Community Learning & Development partners in North of Scotland - 4-6 video conferences per year with colleagues on mainland	£1200		
O3	Work with ITC to install Pathfinder and IP phones in Community Work	£200		
O4	Reduce travel of north isles Community Work staff by video conferencing of local	£300		

	meetings and making use of new video conferencing facilities			
O5	Reduce travel of north mainland Community Work staff through pilot one day a week office in outlying island	£200		
O6	Bring a substantial BT wayleave claim for the Busta Estate to a satisfactory conclusion	TBC		None
O7	Review vessel docking arrangements and docking contracts	£25,000		Subject to successful tender for multiple contract
O8	Review/audit fare collection in Ferries Service.	TBC		Presently part of on-going project to offset fuel price increase
O9	Review ferry timetables and usage to eliminate or make under-used voyages bookings only	TBC		Presently part of on-going project to offset fuel price increase
Total		£126,900		

OVERALL TOTAL		£259,924		
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REPORT

To: Audit and Scrutiny Committee

2 September 2009

**From: Service Manager – Housing & Property
Education and Social Care Department**

Report No: HS-12-09

Housing Voids Investigation – Update Report

1 Introduction

- 1.1 The Audit and Scrutiny Committee carried out an investigation back in September 2006, into the time it was taking to re-let Council houses. An update report was presented to the Committee in August 2008, and a further update report was requested at the Committee meeting on 6th May 2009.

2 Links to Corporate Priorities

- 2.1 This report does not directly contribute to the priority areas set out in the Council's Corporate Plan 2008-11. However, the audit and scrutiny function is an important part of ensuring that the Council is challenging itself and delivering continuous improvement.

3 Analysis

- 3.1 As can be seen from Table 1, since the Audit and Scrutiny Committee last looked at this issue in August 2008, the number of houses being re-let within 4 weeks has continued to improve, with 31% more houses now being re-let within 4 weeks.
- 3.2 Since the initial investigation into housing voids, there has been a 109% improvement in the number of houses being re-let within 4 weeks.
- 3.3 The total number of high demand houses being re-let has increased by 20% since 07/08. The total number of general need houses being re-let has also increased each year overall from 154 in 05/06 to 182 in 08/09.
- 3.4 Table 1 also shows that since 2005-06, the average time taken to re-let high demand houses has reduced from 257 days to 48 days, an 81% improvement in the number of days taken to re-let high demand housing.

- 3.5 This demonstrates that the Housing Service is sustaining the improved performance in this area.

Table 1 – Breakdown of time taken to re-let high demand Council houses in Shetland

	05/06		06/07		07/08		08/09	
	Number	%	Number	%	Number	%	Number	%
Number and % of high demand houses that were re-let within 4 weeks	34	22%	48	31%	54	47%	71	52%
Total number of high demand houses re-let	154	100%	154	100%	114	100%	137	100%
Average time taken to re-let high demand houses	257 days	--	125 days	--	63 days	--	48 days	--
Total number of low demand houses re-let	N/A		N/A		45		45	
Average time taken to re-let low demand houses	N/A		N/A		138 days		160 days	
Total number of re-lets (high and low demand)	154		154		159		182	
Total number of general needs voids created 08/09							182	
Total number of temporary tenancy voids created 08/09							148	
Total number of voids created 08/09							330	

4 Further Improvements

- 4.1 Despite the improved performance, the importance of ensuring continuous improvement in this area is recognised. The following work is therefore planned for this year.
- 4.2 A review of the Void Policy and Procedures to take account of the restructure of the Technical team, and the subsequent changes within the Estate Management team.
- 4.3 Further training for all staff on the Void Policy and the targets for inspection, repairs, the offer process and the sign up of new tenants.
- 4.4 Consideration of the use of redecoration vouchers for new tenants.

- 4.5 The involvement of the Shetland Tenants Forum in an audit of the policy and vacant property visits as a check on re-let standards.
- 4.6 Continued monitoring of re-let times and void management on a monthly basis, with clear feedback on performance being provided to all staff involved in the process each month.
- 4.7 Ongoing provision of performance management information on a quarterly basis to the Housing Policy Group to ensure regular monitoring of the void policy by Elected Members.

5 Financial Implications

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

6 Policy and Delegated Authority

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

7 Conclusion

- 7.1 This report is being produced to allow the Audit and Scrutiny Committee to review progress in an area that it previously investigated, to see whether any further improvements have been made.
- 7.2 It's clear from the latest data that there have been ongoing improvements in the number of high demand houses that are re-let within 4 weeks, and the length of time it takes to re-let them.

8 Recommendations

- 8.1 I recommend that the Committee notes that significant improvements have continued to be made in this area and that work to ensure ongoing improvement is planned.

Date: 2 September 2009
Our Ref: LJ/VS

Report No: HS-12-09

Schools Service response to the Internal Audit Report follow up.

Audit issue	Action	Responsible Officer	Timescale
<p>Disclosures: The number of staff within the Schools Service not disclosed has reduced to approximately 100, however 20 individuals identified by Internal Audit as not disclosed are ignoring letters sent to them. Senior management have not escalated this matter.</p> <p>The process of ensuring individuals disclosures are renewed every three years is progressing.</p> <p>The Disclosure Policy has been updated by Human Resources but the feedback from Internal Audit has identified that further amendments are required.</p> <p>Contracts: Foodstuff and educational supplies contracts are subject</p>	<p>The 20 individuals identified by Internal Audit have now returned their forms following reminders from Head of Schools.</p> <p>A report is run every two months and any which are to be renewed in the next three month period are sent forms to be completed.</p> <p>Following the council-wide review of the Disclosure Policy in consultation with the Chief Social Work Officer/Disclosure Lead Signatory, these further amendments will be the subject of a report submitted to Shetland Islands Council by Human Resources.</p> <p>The fish contract, for both schools and care homes is</p>	<p>Staffing Officer</p> <p>Staffing Officer</p> <p>Human Resources</p> <p>Val Hall</p>	<p>July 2009.</p> <p>On-going.</p> <p>December 2009.</p> <p>August 2009.</p>

Appendix A

<p>to review as part of the Council's ongoing procurement project. However limited progress has been made in relation to contracts identified during the audit as requiring review.</p>	<p>being tendered and will be let for August 2009 for one year with the option to extend for another year.</p>		
	<p>The meat contract, for schools is being tendered and will be let for August 2009 for one year with the option to extend for another year.</p>	Val Hall	August 2009.
	<p>As part of a graduate placement programme the feasibility of procurement of fruit, vegetables and dried goods is being examined.</p>	Jim Grant	September 2009.
	<p>New procurement procedures for piano tuning have required written competitive quotations.</p>	Audrey Edwards	February 2009.
	<p>New procurement procedures for gym equipment are being looked into by Contract Compliance. Meantime the current supplier is Evans of Longton. Joint discussions with Shetland Recreational Trust are ongoing concerning this.</p>	Louise McQuade	March 2010.
	<p>Speech therapy service provided by the Health Board is under review. A service</p>	Audrey Edwards	September 2009.

<p>School Funds: New proposals were developed by Management Accountancy. These met with resistance within some schools. Legal advice is being pursued on this matter. There is a risk that in the meantime school funds are not being appropriately controlled. In the interim period, operational procedures should be issued to the schools.</p> <p>Matters partially addressed: A reminder was issued in</p>	<p>level agreement is to be drawn up between the Schools Service and NHS Shetland.</p>		
	<p>Educational supplies for this session are being ordered following cost comparisons by Devolved School Management Officers with support from Jim Grant.</p>	<p>Devolved School Management Officers</p>	<p>April 2009.</p>
	<p>Scotland Excel is yet to be progressed for the Schools Service.</p>	<p>Jim Grant</p>	<p>January 2010.</p>
	<p>Interim operational procedures will be developed.</p> <p>A request for further legal advice has been made by Senior Management.</p>	<p>Shona Thompson Devolved School Management Officers</p>	<p>January 2010.</p>
	<p>Devolved School Management</p>	<p>Devolved School Management</p>	<p>On-going</p>

relation to expenses, overtime and timesheets. This has resulted in some improvement in these areas.	Officers are no longer doing journals. Finance staff from Hayfield House are checking timesheets and Finance Services staff are collating codes and keying codes into the system.	Officers Finance staff at Hayfield and Finance Services	
Return to work interviews are being conducted at Hayfield House but are not routinely performed at the schools visited.	Devolved School Management Officers send in a copy of the return to work interview to the Staffing Section. Staffing Section log the forms when they come into the centre. They are filed in a specific folder for return to work interviews.	Devolved School Management Officers Staffing Officer	On-going On-going
The Flexible Relocation Policy has still to be reviewed by Human Resources but work is underway. Advice is sought from Human Resources when required.	New Flexible Relocation Policy will be presented at Council by Human Resources		September 2010.
Matters being addressed: A new school management information system is being introduced which will comply with the ICT security policy	SEEMIS management information system now in place for all schools and central service.	Management Information Officers	June 2009.
Work has commenced to	Further work on charging will	Shona Thompson	June 2010.

Appendix A

<p>review charging in the schools with some positive changes made.</p> <p>Advice has been sought with regard to records management issues and has either been implemented or is being progressed.</p> <p>ICT security requirements are only met in schools on SPSnet. This will improve as the roll out progresses. Internal Audit considers 55 minute screensaver arrangements in schools to present a higher level of risk than the current 10 minute arrangement within the rest of the Council. However ICT Management Board agreed to implement this level.</p> <p>It was evident from the schools visited that Risk Assessments have improved. Schools, in conjunction with the Safety Manager, will require to monitor progress across all schools.</p> <p>The School Meals system is scheduled for review by May 2009. Other income related</p>	<p>continue through this session.</p> <p>Work ongoing to progress the record management issues.</p> <p>The schools find the 55 minute screensaver to be better for children working with screens.</p> <p>Health and Safety Forum meets termly and discusses the issues which have been raised from risk assessments when appropriate.</p> <p>The Scottish Government has said that all P1-3 will receive free school meals from August</p>	<p>Devolved School Management Officers</p> <p>Carol Manson</p> <p>ICT Management Board</p> <p>Schools Service Safety forum.</p> <p>Audrey Edwards</p>	<p>October 2009.</p> <p>On-going.</p> <p>On-going.</p> <p>September 2009.</p>
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issues have been addressed with one exception.	2010. There has been one report to Committee on the costs for this. It has formed part of the Blueprint ongoing discussion.		
Employee Development Reviews are generally being performed or are scheduled to be done from the sample reviewed.	The annual reviews are on-going for all staff. The Training and Development Officer monitors the requests for training from schools and provides appropriate development opportunities.	Sarah Henry	On-going.
Matters not addressed: From the sample reviewed annual leave process is still not always appropriately administered.	The annual leave process is being monitored to ensure it is appropriately administered.	Staffing Officers	On-going.
We are advised teachers are refusing to properly account for home economics receipts in accordance with financial regulations.	Need to gather further information on the detail of this issue.	Shona Thompson	December 2009.
Instructions in relation to travel have been issued but requests to travel are not always appropriately authorised.	Devolved School Management Officers now book the travel. The travel is logged on SIC database. Authorisation is requested from the budget responsible officer by e-mail to allow appropriate authorisation.	Devolved School Management Officers Budget Responsible Officers	On-going.



REPORT

To: Audit and Scrutiny Committee

2 September 2009

From: Head of Schools

Internal Audit 2008-09 Schools Service

1. Introduction

- 1.1 The meeting of Audit and Scrutiny Committee held on 17 June 2009 requested an update report from Schools Service on matters outstanding from its follow-up audit in 2008/09 (Min Ref: 19/09). Appendix A provides, from Schools Service, the current position in relation to the issues outstanding.

2. Background

- 2.1 Schools Service 2008/09 follow-up Internal Audit report noted a number of issues remained outstanding from our original report, or were not fully addressed including the three key audit issues identified.

3. Links to Corporate Plans and Priorities

- 3.1 The Council will ensure a model for education is developed by 2009 that considers the educational and financial viability for schools and communities and its outputs are then implemented.
- 3.2 The Council will work to create and maintain a culture where individual learners can strive to realise their full potential.

4. Current Position on Key Audit Issues

4.1 Disclosures

- 4.1.1 Schools Service management continues to work with all its staff and with other Council departments to pursue outstanding actions.

- 4.1.2 The process of ensuring individual Disclosures are renewed every 3 years is progressing and has been given the required high priority by the service. As indicated in Appendix A, a report is run every two months from the database held by the service. Any employee whose Disclosure is due to be renewed in the next three month period is then sent out forms to be completed.
- 4.1.3 Further work on reviewing the Disclosure Policy is currently underway, led by Human Resources in consultation with the Chief Social Work Officer, as Lead Signatory for Shetland Islands Council. A revised policy and procedures will be submitted by Human Resources to Shetland Islands Council in due course.

4.2 Contracts

- 4.2.1 Schools Service had identified only a limited number of contracts for review.
- 4.2.2 Schools Service has now pursued new contracts for: fish and meat for school meals, and for piano tuning and gym equipment for schools. Best Value has also been pro-actively sought in the incoming year for educational supplies purchased for schools.
- 4.2.3 We are also pursuing four-year Service Level Agreements in all areas where this is relevant. This is in line with the approved Commissioning Strategy and includes therapy services and our arrangements with partner providers of pre-school education.

4.3 School Funds

- 4.3.1 New proposals were developed by Management Accountancy to manage school funds. However, these met with resistance within some schools. As a result we are pursuing advice from Legal Services to resolve this. There is a risk that in the meantime school funds are not being appropriately controlled.
- 4.3.2 In the interim, operational procedures are being developed and will be issued to schools.

5. Financial Implications

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

6. Policy and Delegated Authority

- 6.1 As described in Section 10.0 of the Council's Scheme of Delegation the Audit and Scrutiny Committee remit includes consideration of audit matters.

7. Recommendations

- 7.1 It is recommend that the Audit and Scrutiny Committee note the content of this report and Appendix A.

August 2009

Our Ref: HB/AE/sm

Report No: ED-25-F2

Category	Outstanding Issues	Short Term Action	Medium Term Action	Long Term Action	Other Relevant Information
1. RM Strategies	None at present		Review Strategy 2014	Maintain Forward-looking stance to meet future aims	
2. RM Structures & Processes	Elected Members to consider risk in decision making process	Inclusion of a Risk Management Section with Committee Reports	Risk Management Training for Members	Maintain Forward-looking stance to meet future aims and consider the long-tail impact of decisions taken now.	
	RM to be written in job descriptions for Operational Managers & above	Liaise with HR	Amend JD's as necessary		
	RM to be included within Performance Management & Review & Development	Liaise with Org Dev & HR	Amend Performance Management & Review & Development		
	RM embedded in Change Programmes	Create policy	Implement policy	Monitor Policy	
3. Risk Identification & Evaluation	Define SIC's Risk appetite	Liaise with Executive	Liaise with Partner Organisations	Monitor and refine as appropriate	
	Feedback from Tenants/citizens forums to identify public perception & identify risks	Collate all existing information centrally	Improve SIC consultation process	Monitor, review and refine as appropriate	
4. Risk Recording, Tracking & Reporting	None at present		Review annually		

5. Risk Financing	None at present		Review annually		
	RM included in Induction Training	Liaise with HR Set up training to include this.			
	Quality of Training well regarded & feedback informs content & style	Review Training needs and offer corresponding training opportunities	Monitor, review and refine training to meet maturing understanding		
	Facilities for self-training & reference	Establish online options	Monitor effectiveness		
	Training as part of the response when things go wrong	Carry out occasional but specific training as appropriate	Monitor feedback		
	Individual's RM's training reviewed regularly	Ensure RM staff receive continual professional development	Monitor through Performance Appraisal		
	Corporate RM training needs assessment	Devise training needs at HoS level and above	Monitor feedback and effectiveness		
	RM policies systems & processes communicated, followed & understood by all relevant staff	Incorporate into induction training	Ongoing interaction with staff throughout the Council		
	Committee Reports contain RM Implications section	Write report to Committee	Converse with report authors to assist them with this section		
	Formally defined levels of RM competencies for Managers & staff	Develop a set of core competencies	Implement and monitor achievement		
6. RM Communication & Training					

6. Communication & Training (continued)	Competencies reviewed & tested through performance appraisal	Incorporate into existing performance appraisal process	Monitor standards and achievements		
7. RM Board	None at present		Review Strategy 2014		
8. Corporate Risk Officer	None at present				
9. Managers' Accountability for RM	Guidance for Managers, e.g. RM Manual, timetable for Risk Identification	Develop a Risk Management Manual	Distribute to all staff and make accessible on intranet.	Ensure working practices adhere to manual. Monitor, review and refine content as appropriate.	
	RM included in Managers performance appraisals	Incorporate into existing performance appraisal process	Monitor standards and achievements		
	Managers able to explain how they manage risks	Incorporate into existing performance appraisal process	Monitor standards and achievements		
	Risks Identified, assessed & documented in accordance with timetable.	Higher focus on Risk Register process.	Spotlight on internal timescales. Regular reports to Executive and Audit & Scrutiny		
10. Embeddedness of RM within SIC	General culture of RM at all levels	Initiate acceptance and understanding across all levels	Test embeddedness regularly and report same to Executive and Audit & Scrutiny		
	Managers understand RM in their own area & have appreciation of wider RM arrangements	Work with colleagues across departments to assist	Single/joined up approach driven by Executive via RM Board		

Embeddness of RM within SIC (continued)	RM accountabilities & performance embedded in Managers recruitment & performance appraisal	Liaise with HR to implement process	Monitor effectiveness		
	Competence in managing risk recognised & important for career progression, Service Managers attuned to RM implications of their decisions	Work with colleagues across departments to assist	Single/joined up approach driven by Executive via RM Board		
	Managers think about the RM implications of the way they do business	Work with colleagues across departments to assist	Single/joined up approach driven by Executive via RM Board		
	Control strategies appropriate	Evaluate existing control measures	Refine and improve controls as necessary	Move predominantly towards proactive stance across SIC with minimal levels of reactivity	
	RM a regular agenda item at team meetings	Work with colleagues across departments to assist	RM Staff in attendance at team meetings to assist where appropriate		
	RM incorporated into quality measures, e.g. investors in people, etc.	Determine areas where RM stream is absent	Work with colleagues across departments to ensure RM thread is an integral part of activity		
	Managers required to self-certify performance of RM & internal control in their areas	Increase focus of risk based approach	Implement Risk based approach as a standard practice		

Embeddness of RM within SIC (continued)	Departmental teams agree budgets for risk control projects	Encourage 'spend to save' approach to budget use	Work with departments to assist in risk identification & controls		
	Cost benefit analysis carried out on risk control measures	Establish this as routine practice	Implement as integral part of departmental activity		
	Early warning mechanisms adequate	Test and assess existing mechanisms	Identify weakness and galvanise accordingly		
Projects & Partnerships	Risk assessment carried out before every major project	Formalise the risk based approach used for AHS review	Implement Risk Based approach	Monitor, review and refine as appropriate	
	Risk assessments review regularly throughout project risk assessment before entering into new partnership	Formalise and improve on existing process			
	Potential partners required to produce risk assessments	Establish procedures and implement	Maintain risk assessments on JCAD system		
	RM performance of partners reviewed regularly	Create standard for regular submission by partner orgs.	Implement regular review procedures		
	Partnership arrangements reviewed regularly	Establish periodic Review dates	Harmonise RM arrangements between partner orgs and SIC	Monitor, review and refine as appropriate	
	Effective arrangements on risk sharing	Devise process for spreading risk across partners orgs & SIC	Cost/benefit analysis and risk reviews	Monitor, review and refine as appropriate	

Projects & Partnerships (continued)	Review existing contracts to highlight risks retained by the organisation	Carry out audit of existing contracts	Address any unacceptable level of risk		
	Risk Assessment carried out when entering into new contractual arrangements	Formalise as an integral part of tendering process and input on JCAD system	Review as appropriate and assess ongoing effectiveness		
	All Risk assessments fully documented	input on JCAD system	Review as appropriate and assess ongoing effectiveness		
RM Information Systems	Finalise implementation & roll out of new system	Resolve teething problems	Roll out training at various levels	Monitor outputs	



REPORT

To: Audit and Scrutiny Committee

2 September 2009

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

REPORT NO: LA-29-F

Risk Management Development Plan

1 Introduction and Background

- 1.1 The purpose of this report is to obtain approval from Council for the appended Risk Management Development Plan, in line with the Risk Management Strategy (min. ref,21/09) and aims to implement those processes necessary to meet CiPFA's voluntary self-assessment checklist and adequately support the requirements of modern government.
- 1.2 The Development Plan covers a range of 12 main elements, as detailed in the aforementioned Checklist, which are essential for embedding the Risk Management ethos and realising a comprehensive approach to Risk Management within the Organisation. (see appendix 1)

2 Links to Corporate Priorities

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

3 Current Position

- 3.1 At approximately 75% overall, Shetland Islands Council is largely compliant, however those elements that have not yet been fully embedded will impact negatively on those areas that are. In other words, whilst we might seem to be 75% compliant, in terms of effectiveness, it will be noticeably less than that

given the general “dragging down” caused by the elements that are absent or only partially achieved.

- 3.2 Appendix 1, attached, shows the 12 elements and our achievement rate in general percentage terms. For ease of reference, a traffic light sequence has been employed and they have therefore been coloured green (fully compliant), amber (largely compliant), and red (hardly/not compliant). It is in the red areas, therefore, that we need to do the most work, with attention also placed on the amber. For the elements that are green, no additional or significant work needs to be done other than ongoing monitoring to establish continued effectiveness, with the expectation that it will occasionally be necessary to fine-tune processes to maintain a harmony with changing issues and agendas both internal and external to the Council.
- 3.3 Attached to this report, at Appendix 2, is the Development Plan which summarises the work that would need to be done to bring our compliance levels up, ideally to 100% but, at least to a more robust level. The Plan should be seen as a living document in that it will need to be able to adapt in line with changes to the organisation and its activities. It should therefore be noted that some of the entries within the Plan will be amended over time to ensure that it is flexible enough to deliver on its aims, regardless of structures, requirements, or change adopted or imposed upon the Organisation.

4 Financial Implications

- 4.1 There are no financial implications that are not already accounted for within in existing budgetary provision.

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) endorse this report and the appended Risk Management Development Plan, for onward approval by Shetland Islands Council.

Report no: LA-29-D1
Our Ref: SP/A&S

21 August 2009

CiPFA Self-Assessment Checklist – 75.18% Complaint Overall 24/6/09

Specifically:		Compliance %
1	Risk Management Strategies	100.00
2	Risk Management Structures & Processes	77.78
3	Risk Identification & Evaluation	81.25
4	Risk Recording, Tracking & Reporting	100.00
5	Risk Financing	100.00
6	Risk Management Communication & Training	44.44
7	Corporate Risk Management Board	100.00
8	Corporate Risk Officer	100.00
9	Managers' Accountability for Risk Management	63.64
10	Embeddedness of Risk Management within SIC	35.00
11	Projects & Partnerships	0.00
12	Risk Management Information Systems	100.00



REPORT

**To: Audit and Scrutiny Committee
 Services Committee
 Central Safety Committee**

**2 September 2009
3 September 2009
11 September 2009**

From: Human Resources Manager

**Promoting Attendance Project Up Date
Report No. CE-38-F**

1. Introduction

- 1.1 This report provides an up-date to Members on progress made in regard to sickness absence in the last financial year, and the current one. It also allows an opportunity to look at some of the wider initiatives being developed to promote attendance across the Council.
- 1.2 Services Committee has had particular concerns with attendance in the Education and Social Care department and this report highlights progress since Members of that Committee looked at this issue in May 2009 [Min Ref.: 52/09].

2. Links to Council Priorities

- 2.1 The Council's Corporate Plan 2008-11 contains a specific target to "Reduce the employee sickness absence rate for the whole Council to less than 4.5%, thereby ensuring that the Council is ranked in the top 8 Councils in Scotland".

3. Statistical Data

- 3.1 As this Committee is aware, the Council must report on sickness absence amongst its Statutory Performance Indicators (SPI's). In previous years the indicator required the Council to report on "the number of days lost through sickness absence expressed as a percentage of the total working days available, for Chief officers and local government employees; Craft operatives and for Teachers". For 2008-09 the indicator has changed to require data on "the average number of working days per employee lost through sickness

absence for local government employees and craft workers, and for teachers”.

- 3.2. In order that Members can note progress, comparative figures in the specified groups are set out in the following table for both sets of SPI's:

Specified Group	SIC 2007-08	Scottish 2007-08	SIC 2008-09*	***SIC 2008- 09 Av days lost
Chief Officers and local government employees	6.8%	5.8%	5.9%	13.3days
Craft Employees	6.5%	6.6%	**	
Teachers	4.8%	3.9%	2.7%	5.3 days

* This data has been audited as agreed by Internal Audit and passed to Audit Scotland

* This category is not now used by Audit Scotland, and is included along with other non-teaching

*** This is the revised SPI, looking at average days lost, and for combined non-teaching group

- 3.3 The 2008-09 days lost as a % of total days available shows a steady improvement for non-teaching staff and excellent progress for teachers. Clarity gained from Audit Scotland on how sickness over school holidays should be treated for teachers has contributed in part to the improvement, but the 2007-08 data also reflects the relatively high numbers of teachers who had serious illnesses causing long term absence in that period.
- 3.4 The year end figure for non teaching employees is consistent with the 9 month figure gathered through the quarterly performance review process. It reflects steady progress through the year and it is heartening to see the increased efforts made by managers and HR staff in addressing absence coming through in these figures.
- 3.5 It is not possible to see where the Council's position for 2008-09 will sit alongside other local authorities in Scotland until the comparative SPI's are released at the beginning of next year. However data gathered each year by the Chartered Institute of Personnel and Development across all sectors reports 4.7% working time lost, and 10.7 average days lost across local government in its 2009 survey report, looking at the previous year. That data is a reminder that within Shetland Islands Council we should be aspiring to continued and sustained improvement as there remains considerable scope for improvement.
- 3.6 As well as gathering data for SPI reporting, the Human Resources service gathers management information on absence reflecting days lost and numbers of instances of absence quarterly, by service. The table below shows days lost at departmental level.

	2008-09 Q1	2008-09 Q2	2008-09 Q3	2008-09 Q4	2009-10 Q1
Education & Social Care	10,284	9,705.5*	11,129	8,557**	9,692
Executive Services	1,342	731.5	844	678.5**	473
Infrastructure Services	3,276	1,675.5*	1,659.5	1,576	1,689
EDU & P&H	297	345	210.5	206.5	328
Council total	15,199	12,457.5	13,843	11,018	12,182

* School cooks and cleaners and office cleaners move between Infrastructure and Ed & Social Care

**Housing moves between Executive Services and Education and Social Care

- 3.7 The data for quarter 1 of 2009-2010 compared with the same period the previous year shows an improvement in days lost and numbers of instances.
- 3.8 An area where there has been particular improvement over the period is Cleansing Services who had the worst absence rate across the Council throughout 2008-09 of over 14% to 8% in quarter 1 of 2009-2010. This improvement reflects the continued focus on attendance set by the Service Manager and the relevant HR Adviser and while it is still a higher level of absence than average, action will continue to be taken using the applicable policies to gain the necessary improvement. Similarly the Community Care service who consistently have had absence rates of over 11% have reflected improved numbers of days lost in the last two quarters, again reflecting sustained focus on absence management and joint working between managers, particularly at Unit Manager level and HR staff. In both these cases progress is linked to the additional emphasis on improved attendance required of managers in the department by the Executive Director.

4. Education and Social Care Department

- 4.1 Members of Services Committee and senior managers of Education and Social Care have been concerned for some time with the higher than average absence levels in the department. While it is recognised that factors such as higher proportion of women and older workers, and higher proportion of challenging public facing roles often quoted as an explanation for differences between absence rates between private and public sectors can also describe patterns of absence in Education and Social care it cannot allow these levels of absence to go unchallenged. Indeed, a more robust management culture is beginning to be developed in the department, and managers have a greater understanding of absence levels in their service area and expectations of them of challenging staff to improve.
- 4.2 Trends in absence across the department are beginning to move in the right direction, however changes such as all school cooks and cleaners, and office cleaners moving from Infrastructure to Education and Social Care in 2008-2009, and Housing service coming from

Executive Services to Education and Social Care have increased the numbers in the department, and increased the numbers of women and changed the demographic picture as well. These changes have improved absence figures at Infrastructure and Executive Services while it has impacted on those of Education and Social Care negatively.

- 4.3 That aside, the department has worked hard since the last report to Services Committee in May 09 across all services to improve performance in relation to absence. A working group has been looking particularly at Social Care and the outputs from this group have included the production of improved documents for use by occupational health at pre-employment screening and management referrals; improved information systems for managers; pro forma posters showing impact of absence in financial and lost hours for use at each centre.
- 4.4 The Social Care working group recognised the importance of Return to Work interviews being carried out in accordance with Council policy, and this has been underlined by the Council's Internal Audit service's concerns in this regard. To ensure that this is improved the Council has provided additional training in this area, and taking account of the particular difficulties in Social Care more than half of the 48 places were reserved for their staff.
- 4.5 The Social Care working group also noted that managers of the service were looking for more assistance from HR in challenging attendance issues and this has resulted in focused pieces of work with particular managers and resulted in improvements in some areas and termination of contracts where necessary.
- 4.6 Measures being developed in Social Care to improve recruitment, particularly in attracting a wider recruitment base and different demographic, for example the development of trainee Social Care Worker posts, is expected to assist absence levels in that service. Dependency levels in residential care, ongoing commitment to training and development particularly in relation to matters such as manual handling, and support and supervision of staff are also believed to have an impact on absence levels.

5. Other Council-wide Initiatives

- 5.1 While HR have developed a suite of reports provided to managers at departmental, service, and unit level, as well as analysing reasons for absence, trends and hot spots, for some purposes these are limited by the historical nature of the data. Taking account of these limitations, and in an effort to fully use the benefits to managers of better notification systems a LEAN workshop will take place in late August looking to identify improvements that could take place in sickness administration that may release workflow benefits. The workshop will involve staff from all areas of the Council. An action plan will be developed after the workshop to take that project forward.

- 5.2 The Council like other large employers has recognised the benefits that can accrue from improvements to the health and wellbeing of employees. The Council is embarking upon the Healthy Working Lives awards programme which is designed to help organisations to develop a planned and integrated approach to improving health at work. As part of that process HR has issued a health needs assessment through a survey to all employees to identify health issues that are of concern to them, and that will assist the Healthy Working Lives working group to draw up its action plan to address the award criteria.
- 5.3 Central Safety Committee and the Council's Risk Management Board requested that the HR service reviewed the provision of Employee Health Checks to Council employees. The results of that review is to be provided to the Risk Management Board later in September but the response from employees to a survey on the service has indicated that it was valued by staff. While the review is not yet complete it is likely that Employee Health Checks will again be offered to employees as part of the Council's focus on improving Health and wellbeing.
- 5.4 In a similar vein the Council's Welfare Officer and other HR staff have arranged a Health Fair for Council employees and their families, with the support of Safety and Risk Service and the Risk Management Board. The Health Fair will take place on 8 September 2009 and will provide information on a wide range of health and wellbeing matters, including opportunities for some staff to take part in alternative therapy and exercise tasters, as well as providing information on healthy eating, smoking cessation, alcohol and drugs, the benefits of exercise etc.
- 5.5 It is important that the Council reviews the policies and procedures used to manage absence as well as ensuring that the Occupational Health provision meets the needs of managers and employees. These will be reviewed in the last quarter of the year, and managers and staff representatives will be consulted.

6. Policy and Delegated Authority

- 6.1 The Audit and Scrutiny Committee is authorised to discharge the Council's audit and scrutiny functions, as detailed in Section 10.0 of the Scheme of Delegations.
- 6.2 All matters relating to Education and Social Care come under the remit of the Services Committee. In accordance with Section 13 of the Council's Scheme of Delegations, the Services Committee has delegated authority to implement decisions within its remit for which the overall objectives have been approved by the Council, in addition to appropriate budgetary provision.
- 6.3 The role of Central Safety Consultative Committee is a consultative one and focuses on all matters concerning the Health, Safety and

Welfare of all Council employees as well as the Health and Safety of anyone affected by the Council activities.

7. Financial Implications

- 7.1 There are no direct financial implications arising from this report as all actions outlined have been met from within existing budgets.
- 7.2 Improving sickness absence statistics offers opportunities for sizeable financial savings.

8. Conclusions

- 8.1 Statistics available on 2008-09 SPI's and quarterly departmental and service level information for 2008-09 and quarter 1 of 2009-10 show improvements in absence figures. However, Members and managers are all aware that there continues to be scope for continued and sustained improvement in these figures.
- 8.2 While information available on absence levels has been developed further over the last year there are plans to improve that through analysis using LEAN techniques, and an action plan will be developed to take this further after the event in late August 2009.
- 8.3 Improving health and wellbeing of employees will assist towards improved attendance and will assist in meeting the Council's Corporate Plan 2008-11 on "promoting active lives and mental health and wellbeing".
- 8.4 Appendix 1 summarises these ongoing actions in one table.

9. Recommendation

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

Date: 24 August 2009
Ref: MG/

Report No: CE-38-F

Action Plan

<u>Activity</u>	<u>Timescale</u>
<u>Information</u> Statutory Performance Indicators on Absence, and comparative analysis	Annual - ongoing
Performance Management Review Sessions - By Service	6, 9 & 12 monthly - ongoing
Reports analysing by reason, duration, service and departmental area	Quarterly - ongoing
Rolling Balance Reports to HR Advisers, with follow up meetings with Managers	Monthly - ongoing
Report on Anxiety, Stress & Depression for Staff Welfare Officer, triggers follow ups with Managers	Monthly - ongoing
Drill Down Reports to Heads of Service / HR Advisers, with follow up meetings with managers, employees as required	Quarterly - ongoing
LEAN Workshop "Reporting and recording sickness data in the Council", with follow up action plan ensuring improved info and workflow	25 th & 26 August 2009 within next quarter
<u>Health & Wellbeing Initiatives</u> Review of Employee Health Check provision Healthy working Lives award programme Employee Health Fair	September 2009 Beginning of September - ongoing 8 September 2009
<u>Training & Development</u> Ongoing training provided in Absence Management, Stress Management through Train Shetland Having difficult conversations, by ACAS Coaching sessions by HR to managers	Ongoing annual plan August Ongoing
Review of Occupational Health provision	2009/10 January to March
Absence Management Policies Review	2009/10 January to March
<u>Targets</u> Reduce employee Sickness Absence Rate for whole Council to less than 4.5% Progress checked annually, expecting to see year by year reduction	By 2011