



# 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 10<sup>th</sup> 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 is in the process of refreshing its Budget Strategy for this coming year (expected to be agreed by Council in October). 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 oil 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			
<b>Total</b>		<b>£437,704</b>		

### WORKFORCE PLANNING

<b>Theme</b>	<b>Description of Efficiency Measure</b>	<b>Cashable (£)</b>	<b>Non-cashable</b>	<b>Impact on service delivery and performance / other information</b>
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		
<b>Total</b>		<b>£100,553</b>		

## 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
<b>Total</b>		<b>£115,758</b>		

### 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
<b>Total</b>		<b>£23,000</b>		

<b>OVERALL TOTAL</b>		<b>£677,015</b>		
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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**

<b>Theme</b>	<b>Description of Efficiency Measure</b>	<b>Cashable (£)</b>	<b>Non-cashable</b>	<b>Impact on service delivery and performance / other information</b>
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		
<b>Total</b>		<b>£35,380</b>		

## WORKFORCE PLANNING

<b>Theme</b>	<b>Description of Efficiency Measure</b>	<b>Cashable (£)</b>	<b>Non-cashable</b>	<b>Impact on service delivery and performance / other information</b>
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		
<b>Total</b>		<b>£10,000</b>		

## 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	Can only be		No adverse impact

		determined after move has taken place		
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		
<b>Total</b>		<b>£42,144</b>		

### STREAMLINING BUREAUCRACY

<b>Theme</b>	<b>Description of Efficiency Measure</b>	<b>Cashable (£)</b>	<b>Non-cashable</b>	<b>Impact on service delivery and performance / other information</b>
SB1	Trading Standards inspection processes computerised to minimise paperwork	TBC		No adverse impact
SB2	Introduction of EDI (web-based book ordering, cataloguing & invoicing), which will release Library staff time	TBC		No adverse impact
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
<b>Total</b>		<b>£40,000</b>		

### 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		
<b>Total</b>		<b>£500</b>		

### 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 meetings and making use of new video conferencing facilities	£300		
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
<b>Total</b>		<b>£126,900</b>		

<b>OVERALL TOTAL</b>		<b>£259,924</b>		
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