

SAVINGS ACHIEVED IN YEAR TWO OF THE *PUBLIC SERVICE AGREEMENT* 2010-2014

SECTOR: DEFENCE

PERIOD UNDER REVIEW: 01.04.2011 to 31.03.2012 (i.e. end Q1 2011 – end Q1 2012 incl.)

[illegible]

2. Non-Pay (Administrative Efficiency) Savings in YEAR 2

<p><i>(arising from initiatives taken forward under Action Plans, for example, in the following areas:</i></p> <ul style="list-style-type: none"> – Productivity and Performance – ICT, online services, other e-Government initiatives – Procurement and purchasing costs – Travel costs – Shared services, integration of services – Changed Work Practices – Restructuring or rationalising of operations and accommodation costs – Reconfiguration of Services – Other Administrative Efficiencies/VFM Initiatives 	<p><u>Travel Costs</u></p> <p>Spending under Travel Subhead A15 can fluctuate substantially, either upward or downward, in any given year owing to the timing and sizes of deployment for overseas missions as determined by Government.</p> <p>Travel completed in the year 2011 when compared against travel conducted in 2010 increased in volume by 8% with a decrease in cost of spend by 14% and the average fare decreasing by 10%.</p> <p>These efficiencies were achieved by:</p> <p><u>Administrative Efficiencies and VFM Initiatives</u></p> <p>Use of Self Booking Tool (SBT) to procure flights generates savings on 3rd party management fees according to usage.</p> <p>In 2011 DF completed 60.31% on SBT, giving a saving of 25% of 3rd party management fees.</p> <p><u>ICT, online services, other e-Government initiatives</u></p> <p>DF Travel processes all invoices online. It is the only Govt Department to do so and this generates a saving in administration, paper, photocopying and postage.</p> <p><u>Naval Service (NS)</u></p> <p><u>Procurement & Purchasing</u></p> <p>In 2011 the NS utilised the first multi-annual Official Journal of the European Union (OJEU) level tenders for equipment procurement.</p> <p><u>Framework Agreements</u></p> <p>The Naval Service has utilised framework agreements at OJEU level and E tenders to rationalise contracted services being used for the maintenance of vessels.</p>	<p>€1.4m</p> <p>€5,000</p>			
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	<p><u><i>Changed work practices</i></u></p> <p>Implementation of recommendations falling out of Value For Money (VFM) Report on Naval Ship Maintenance. Project management of all ship refits and dry-dockings. Boat transport crew downsizing and rationalisation of boat scheduling and crew roster arrangements.</p> <p>Implementation of single engine running Standard Operating Procedures (SOP) has led to savings in fuel usage on NS ships. The single engine running SOP has been implemented under the aegis of EN50001 Energy Management processes being implemented in the NS.</p> <p>NS has initiated 'risk based analysis' fisheries inspections to improve patrol efficiency at sea.</p> <p><u><i>Other Administrative Efficiencies/VFM Initiatives</i></u></p> <p>The NS has engaged a 'dynamic scheduling' project to improve annual patrol planning management and operational outcome efficiency.</p> <p>The NS has implemented an in-house project to record cost base in terms of labour (known as Naval Cost Accounting Information System (NCAIS)). This has allowed the introduction of efficiencies based on improved planning and better predicted costs. This information is now being captured along with procedural and engineering data as part of the NS introduction of ISO 9001:2008 in the Naval Dockyard (role out Q3/4 2012) and commitment to our external and internal customers to provide a quality service. Our partnership model has provided the platform for change, management and has produced measurable efficiencies. (ISO 9001:2008 already implemented in the Naval College).</p> <p>Total savings under above initiatives.</p> <p><u>Defence Forces Training</u></p> <p>Director of Defence Forces Training (DDFT) adopted an aggregated procurement policy and developed a medium term purchasing programme to maximise the cost effectiveness of funds and ensure economies of scale in addition to prioritisation of courses conducted leading to a 17% reduction on 2011 figures.</p>				
		€1.96m			
		€400,000			

	<u>Air Corps (AC)</u>				
	<u>Procurement and Purchasing</u>				
	Air Corp utilisation of Performance Based contracts to optimise fleet maintenance and apportion the costs more evenly over the year.	€600,000			
	Air Corps Power by the hour contracts and utilisation of consignment stock has meant the AC does not hold as much stock for the Piliatus and AW139 Aircraft. (Consignment stock is stock placed in the Air Corps owned by the suppliers for the availability of the Air Corps)	€1.9m			
	Utilisation of Framework Agreements has been employed for multi annual maintenance requirements of aircraft.				
	<u>Ordnance/Clothing/Food</u>				
	Cooperation between units (Engineers & Transport) for the joint purchase and delivery of common compressed gasses and other consumables	€10,000			
	Use of the National Procurement Service Tender for DPM (Disruptive Pattern Material) Field Dress Contract provided overall savings in the region of 18% on previous contract prices.	€130,000			
	Maintain sufficient stocks of clothing for annual usage requirements while continuing to reduce the current assets (Inventory) registry value.	€100,000			
	Rationalisation and re-design of individual ration packs re tendered during 2011.	€40,000			
	Daily Ration Allowance review during 2011.				
	<u>Energy Management</u>				
	In 2011 the Defence Forces reduced their energy consumption by 8% below 2010 levels. This helped mitigate the increased costs of energy during this period. Megawatt usage reduced from 241,142 MW/Hr to 221,935 MW/Hr in 2011.	€400,000			
	<u>Human Resource Management</u>				
	<u>Shared services. integration of services</u>				

	<p>Certain HR functions have been outsourced to the Public Appointments Service (PAS), saving four posts in Defence Forces Competition Section, namely :</p> <ul style="list-style-type: none"> Recruitment Psychometric testing Competency based promotion scheme design Board and candidate interview training 	€299,000			
	<p><u>Communication and Information Services</u></p> <p>Communication and Information Services utilising shared service arrangements with the OPW. Desktop PCs, laptops and printers are now tendered centrally by the OPW.</p>	€179,200			
	<p><u>Waste Management</u></p> <p>In 2011 the total cost for waste management with the DF was €353,000. This compares to €408,000 for 2010.</p> <p>There are a number of contributing factors to the Defence Forces achieving our Waste Savings in 2011. The main contributing factors were:</p> <ul style="list-style-type: none"> Continued improvement on our Recyclable rate More emphasis put on the reduction of Waste that we create. (e.g. return of Packaging to suppliers etc.) On the waste contract 2 year review and the extension of the contract for a third year, we achieved a reduction by the contractor on all their Waste Rates of 5% across the board for this additional year. (i.e. From 01 Aug 2011 to 31 Jul 2012). <p>Savings accrued on water charges In 2011 compared to 2010.</p>	€2.6m			
	<p><u>Barrack Closures</u></p> <p>Following the Government decision to further consolidate Defence Forces personnel into fewer locations four Military Barracks closed on the 31 March 2012. Resulting in expected savings on utilities and maintenance.</p>	€55,000			
		€80,000			
TOTAL		€1.3 m			€10.858 m

3. Costs Avoided in YEAR 2					
<i>(i.e. costs that have been successfully avoided / which would have been incurred without the flexibilities and co-operation provided by the Agreement)</i>					
TOTAL					
4. Ongoing Annual Savings from Initiatives taken in YEAR 1					
TOTAL		€16.458 m			€16.458 m