

**SCOTTISH BORDERS COUNCIL**  
**EXECUTIVE COMMITTEE**  
**TRADING OPERATIONS SUB-COMMITTEE**

**Item No 4**

MINUTE of INFORMAL MEETING of the TRADING  
OPERATIONS SUB-COMMITTEE held in the COUNCIL  
CHAMBER, COUNCIL HEADQUARTERS on 11  
SEPTEMBER 2006 at 2p.m.

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Present: - Councillors R. G. Edgar (Chairman), N. Calvert, J. G. Mitchell.  
Apologies:- Councillor M. S. Browne J. Law, D. Parker D. Paterson. .In Attendance:-Director of  
Technical Services, Head of Corporate Finance, Head of Corporate Administration,  
Head of Roads and Fleet Management, Fleet Manager, Business Support Officer,  
Catering and Cleaning Manager, Senior Technician, Business Support for Technical  
Services, Business Manager, Technical Services, DLO Roads Manager, Committee  
Officer, (H. Reid.)

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**QUORUM**

1. As the meeting was inquorate it was agreed to hold the meeting on an informal basis with any recommendations being considered at the next meeting of the Sub-Committee.

**CHAIRMAN**

2. In the absence of Councillor Parker, Councillor Edgar took the chair.

**MINUTE**

3. There had been circulated copies of the Minute of 19 June 2006.

**DECISION**

- (a) **APPROVED the Minute of meeting of 19 June 2006; and**
- (b) **NOTED that with regard to paragraph 5(b) that the report on review of subjects to be classed as Trading Operations be submitted to the meeting to be held on the 6 November 2006.**

**SBc CONTRACTS SIGNIFICANT TRADING OPERATION**

4. With reference to paragraph 2 of the Minute of 19 June 2006, there had been circulated a report by the Director of Technical Services on Contracts Significant Trading Operations for the period 1 April to 31 July 2006. It was noted that based on the available data to July 31 2006, SBc Contracts were forecasting a surplus for 2006/07 of £300K against a budget target of £278k. Appended to the report were the details of the underlying calculations used to reach the projected surplus total. The Business Manager, Technical Services, detailed the Contracts completed this period, the ongoing major customers, the number and percentage of tenders won and recent new/repeat customers. Members asked questions on the effect Single Status would have on the organisation, on the maintenance of the future workload and on the impact the loss of experienced staff for higher remuneration elsewhere would have on the organisation.

**DECISION**

**NOTED the report.**

**FLEET MANAGEMENT**

5. There had been circulated a report by the Director of Technical services to update Members on the Fleet Management Trading operation from 1 April to 31 July 2006. The report forecasted a surplus for 2006/07 of £39K comfortably ahead of the budget expectation of £20k. The Fleet manager reported that the first quarter of 2006/07 Fleet generated a total of 10,155 productive hours. This was an increase of 8.8% over the same period in 2005/06 when 9,292 productive hours were

generated. It was noted that the service was now suffering pressure on its productive capacity due to the loss of qualified fitters. In the coming quarters, this could result in a reversal of the trend established last year, when more work was undertaken in-house with contractor costs as a result dropping. It was noted that three apprentices undergoing training would reach the end of their apprenticeship period in September 2006. All three apprentices would be retained for a further six months evaluation period at the end of which time, a decision would be made regarding the offer of permanent employment contracts. Members discussed the problems encountered by the existing pay scales for qualified fitters.

#### **DECISION**

**(a) NOTED the report; and**

**(b) CONGRATULATED the service who were finalists for Best Internal Team Services (Transport and Fleet).**

#### **CATERING AND CLEANING**

6. There had been circulated a report by the Director of Technical Services to update Members on the on the Catering and Cleaning operation from 1 April to 31 July 2006. Appended to the report was a summary the overall 2006/07 financial position for Catering and Cleaning as at 31 July 2006, forecasting a surplus of £63K in 2006/07, which projected a total net surplus of £8K, a shortfall of £4K against budget. Projected income for the year of £4,543K is £39K less than budget and projected expenditure of £4,480K is £51K less than budget. Overall the projected surplus is a net £12K over the forecasted budget of £51K. It was noted that employee costs and third party payments had savings due to changes in service delivery (Catering) and there was a reduction in the use of sub-contractors (Cleaning). The overall uptake of primary school meals for 2005/06 increased by over 100,000 meals over the same period for 2004/05. This equated to a 20% increase in meal numbers. During this time however there was a change of service provision in various schools from a cash cafeteria service to a traditional meals service, taking this into account the actual increase in meals number was 16%. The results of the pilot period, for both secondary schools, in terms of meals income is shown in the tables appendix to the report which indicated that turnover fell by 20% compared to the previous year at Earlston HS and 24% at Berwickshire HS. Education and Lifelong Learning would fund this loss up to the value of £7,000. Members asked questions with particular regard to packed lunches.

#### **DECISION**

**NOTED the report.**

#### **GROUNDS MAINTENANCE**

6. There had been circulated a report by the Director of Technical Services to update Members on the on the Ground Maintenance operation from 1 April to 31 July 2006. The report explained that external work was forecast to account for 21% of turnover and the contribution to overheads from this area was significant. With the retirement of the External Works Officer the department was restructuring with a renewed emphasis and fresh approach to customer relations. A training needs analysis for Ground Maintenance staff had recently been undertaken. Up to five posts had been identified as suitable for the modern apprenticeship scheme and preliminary discussions were underway with training providers to have these posts filled with Scottish Executive funding available for formal training e.g. SVQ in horticulture. Sickness levels in the department for the first six months of 2006 at 4.15% reflect a significant improvement on the previous year. The section was forecasting a surplus of £57k in 2006/07. Appended to the report was a summary the overall 2006/07 financial position for Ground Maintenance as at 31 July 2006, which forecast income for the year of £3,182k, £16k less than budget. The forecast expenditure of £3,125k was £26k less than budget with increased transport related costs resulting from higher than budget depreciation, interest, maintenance and fuel costs being offset by employee costs savings partly due to delays in uptake of positions by seasonal staff.

#### **DECISION**

**NOTED note the report.**

*The meeting concluded at 3. 00 p m*

**6<sup>th</sup> November 2006**

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**REPORT BY DIRECTOR OF TECHNICAL SERVICES**

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**SBc Contracts**

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**1 Purpose of Report**

- 1.1 To update the members of the Trading Operations Sub-Committee on the performance of SBc Contracts for the period 1<sup>st</sup> April to 30<sup>th</sup> September 2006.

**2 Business Performance**

**2.1 Financial Performance 1<sup>st</sup> April to 30<sup>th</sup> September 2006**

Appendix 1 provides an analysis of the income and expenditure achieved up to the 30<sup>th</sup> of September and the projected outcome for 2006/07 relative to budget. Based on the available data to 30<sup>th</sup> September 2006, we are forecasting that SBc Contracts will generate a surplus of £332K for the 2006/07 financial year, against a revised budget target of £280K.

We are forecasting total year expenditure of £21.1M against an approved budget for the year of £19.3M. This higher level of expenditure is more than offset by a higher level of income which is expected to reach £21.4 million against an approved budget of £19.6 million for 2006/07. All of the forecast growth in income relative to budget is expected to come from external sources.

**2.2 Business Performance and Monitoring**

In view of the manpower retention pressure being felt, we will continue to closely monitor the level of chargeable hours generated. During the period from 1<sup>st</sup> of April to 1<sup>st</sup> of October (Week 26), SBc Contracts generated a total of 183,775 chargeable hours. This is below the level of 188,332 hours generated in the comparable period of 2005/06. This fall is a direct result of a lower number of direct workers available this year.

The average weekly chargeable hours generated per worker up to the end of September was 37.7, slightly below the level of 37.9 generated in the comparable period last year and above the 3 year average of 37.4. The drop in employee numbers has been slightly offset by an increase in chargeable hours from the remaining workers.

The split of the chargeable labours hours generated up to the end of September this financial year was:

SBC Funded Work	= 56.5%
Non-SBC Work	= 33.2%
Council Winter Maintenance	= 1.7%
Non-Recoverable Work	= 8.6%

The external portion of work, which accounts for 33% of the labour hours recovered to date, makes a very important financial contribution to SBC. Not only is it the source of almost all the surplus generated, but also produces a high level of fixed overhead cost recovery. It is calculated that over £4.60 of every labour hour charged out and 55% of every plant hour charged out is related to fixed overhead costs. On that basis the external non-SBC work undertaken so far this year has generated over £605,000 in recovery of the council's fixed costs.

For this reason, maintaining the level of external work is very important for SBC Contracts and the council as a whole. We are still actively seeking new work to replace the external contracts which are coming to completion in the coming months. There remains a shortage of new private sector schemes coming forward for tender at the moment and this may lead to a shortfall of external work during the final quarter of this financial year. We are at an advanced stage of negotiations to secure work on the Eyemouth and Berwickshire High School projects. If we are successful in these this will give some additional workload in the form of ground-works this year. However the major work component will not arise until the 2007/08 financial year and is likely to be lower margin work. Thus there remains a degree of uncertainty about the level and nature of our future external workload and the associated level of job profits for the final quarter of this year.

### 2.3 **Summary of Contracts Won to End of August**

The value of tenders issued and won on a monthly basis so far this year is shown in Appendix 2. The overall success rate in terms of number of tenders won is 40%, whilst the value success rate has dipped to only 24%. The value rate however is heavily influenced by the high value tender submitted for the Berwickshire High School project which was not confirmed as won at the time of writing. If this contract is won the overall value of tenders won to date will rise to 39%.

	<b>April to August 2006</b>
Number of tenders completed	<b>331</b>
Number of tenders confirmed as won	<b>135</b>
% Success	<b>40%</b>
Value of tenders completed	<b>£15,752,693</b>
Value of tenders confirmed as won	<b>£3,849,201</b>
% Success	<b>24%</b>

### **Other Main Issues**

#### 3.1 **Office Space**

We are taking delivery of additional office accommodation portacabins at the Reiver Complex on the 21<sup>st</sup> of October. These are being fitted out to provide additional and more flexible office space which will allow the street-lighting team to relocate from HQ and will see a number of the client and contracting staff relocate to more logical working groups within the expanded office space available.

#### 3.2 **Trunk Road Contract**

The trunk road contract which AMEY currently holds with the Scottish Executive expires at the end of March 2007. This is currently being re-tendered with both AMEY and BEAR bidding for this contract. If BEAR is successful we will have to begin negotiations with them to win work on the trunk roads. It is possible that AMEY may bid for the contract using a partnership arrangement with a third party which may preclude SBC Contracts from obtaining the trunk road work we have had in the past. Either outcome could pose a potential threat to our trunk road work which was worth almost £2.0 million on routine, winter and scheme work in the 2005/06 financial year.

### 3.3

#### **Staffing**

As highlighted at the previous Trading Sub-Committee meeting the issue of workforce retention remains of high importance. At the end of September the workforce stood at 200, 9 down from 209 at the start of this financial year.

Efforts are continuing to recruit suitable road-workers and the situation will be monitored closely with regard to both staffing and future workload.

#### **4 Financial Implications**

4.1 SBc Contracts is projecting a surplus of £332K for 2006/07, £52K above target.

#### **5 Consultation**

5.1 The Heads of Corporate Finance, Financial Administration, Corporate Administration, and Legal Services have been consulted and their comments have been incorporated into the report.

#### **6 Equality**

6.1 It is anticipated there will be no adverse impact due to race, disability, gender, age, sexual orientation or religion/belief arising from the proposals contained in this report.

#### **7 Environment**

7.1 There are no environmental issues directly associated with this report.

#### **8 Risk Commentary**

8.1 The retention of our skilled workforce and maintaining adequate productive capacity is the main risk at present.

#### **9 Recommendations**

9.1 I recommend that the Trading Operations Sub-Committee:

a) agree the contents of this report

b) approve the projected outturn as revised approved budget.

**Approved by**

Name	Designation	Signature
Callum Hay	Director of Technical Services	[insert signature]

**Author(s)**

Name	Designation
Robert Black	Head of Roads and Fleet
Donald MacDonald	Business Manager, Roads and Fleet

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## REVENUE BUDGET MONITORING 2006/07

Based on actuals to 30 September 2006

## TECHNICAL SERVICES TRADING OPERATION - Sbc Contracts

Ref	Description (Expenditure)	Actual Expenditure to 30/09/06	Projected Outturn	Current Approved Budget for the Year	Ref	Description (Income)	Actual Income to 30/09/06	Projected Outturn	Current Approved Budget for the Year
	(1)	(3)	(4)	(2)		(5)	(7)	(8)	(6)
		£'000	£'000	£'000			£'000	£'000	£'000
	<b>Expenditure - Internal Recoverable</b>					<b>Income</b>			
A	Employee costs and on-costs	2,923	6,280	6,341	L	From SBC client accounts	(3,395)	(8,900)	(9,107)
B	Signshop on-costs	33	70	93	M	From SBC capital accounts	(1,199)	(2,550)	(2,550)
C	Depot on-costs	185	511	496	N	From outside bodies	(4,924)	(9,995)	(7,976)
D	Management, admin and office oncosts Includes central support and asset rentals	532	1,390	1,634	O				
E	Own plant and vehicles	1,513	3,675	3,573					
<b>F</b>		<b>5,186</b>	<b>11,926</b>	<b>12,137</b>					
	<b>Expenditure - External (Direct to Jobs)</b>								
G	Direct materials and stock	2,827	5,716	5,738					
H	Sub contractors	1,643	3,021	1,058					
I	Hired plant and vehicles	220	450	420					
<b>J</b>		<b>4,690</b>	<b>9,187</b>	<b>7,216</b>					
<b>K</b>	<b>Total Expenditure</b>	<b>9,876</b>	<b>21,113</b>	<b>19,353</b>	P	<b>Total Income</b>	<b>(9,518)</b>	<b>(21,445)</b>	<b>(19,633)</b>
					Q	<b>Net (Surplus) / Deficit</b>	<b>358</b>	<b>(332)</b>	<b>(280)</b>
					R	<b>Variance</b>			<b>(52)</b>

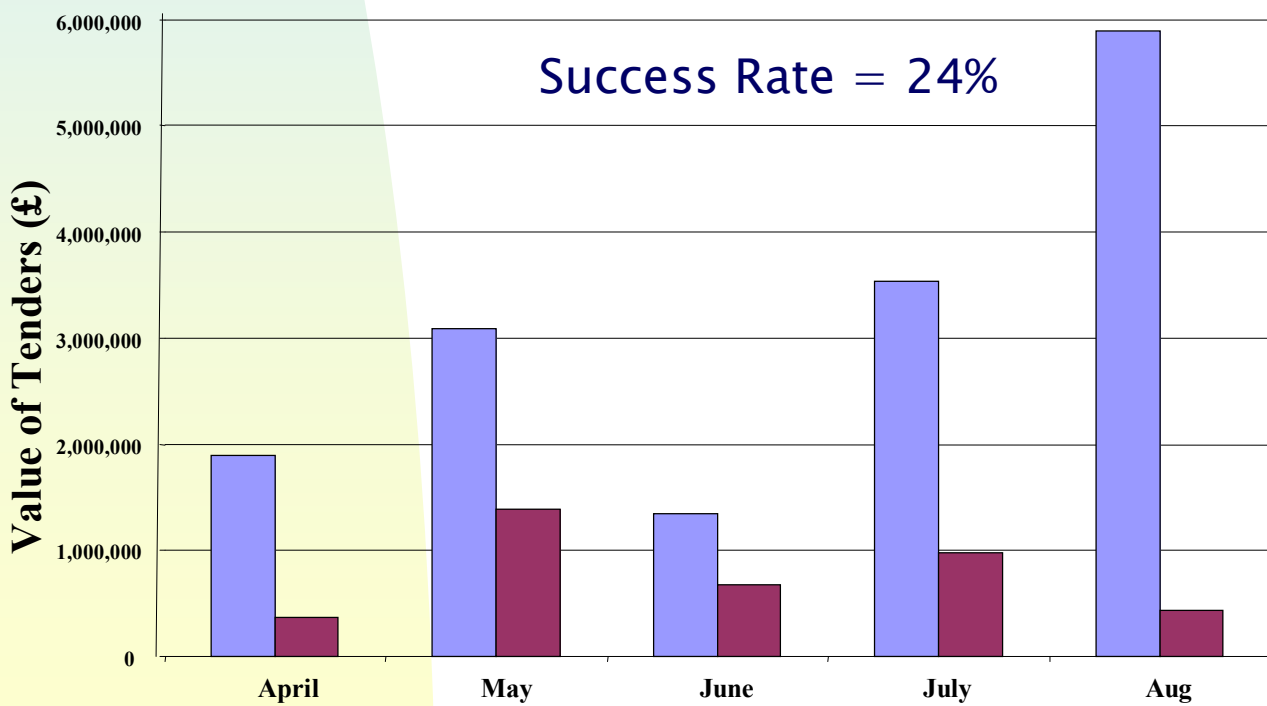
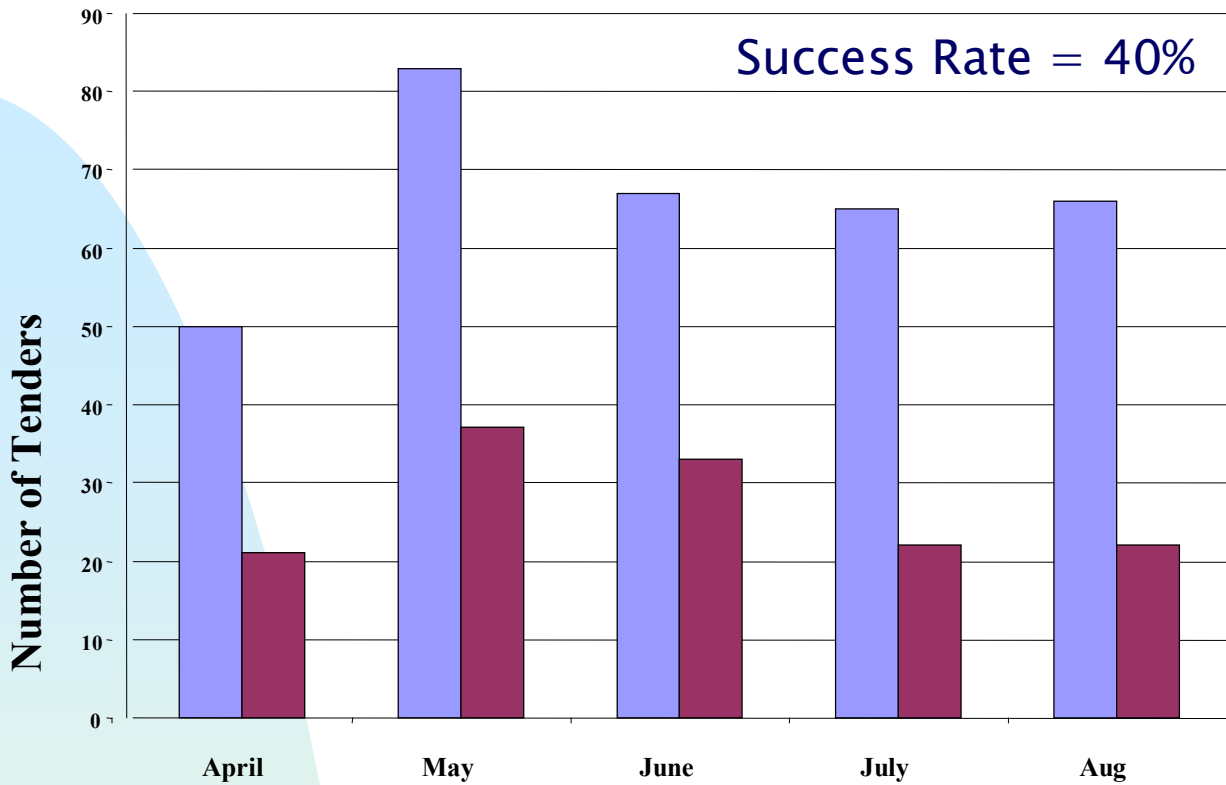
## Notes

A to D Labour Overhead Account Expenditure (chargeable via labour hours)

E Plant and Vehicle Account Expenditure (chargeable via plant hours)

J External Costs (charged direct to jobs)

# Tender Success Rate 2006/07



TENDERS ISSUED
  TENDERS WON



**6<sup>th</sup> November 2006**

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**REPORT BY DIRECTOR OF TECHNICAL SERVICES**

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**FLEET MANAGEMENT**

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**1 Purpose of Report**

- 1.1 To update the members of the Trading Operations Sub-Committee on the performance of Fleet Management for the period 1<sup>st</sup> April to 30<sup>th</sup> September 2006.

**2 Business Performance & Financial Position**

- 2.1 Based on the information available to 30<sup>th</sup> of September, a year end surplus out-turn of £43K is forecast. This surplus forecast is comfortably ahead of the revised budget expectation which was for a surplus of £19K in 2006/07.
- 2.2 We are expecting total income to fall some £21K short of the budgeted value. The major change is external income which has dropped by £69k. This has arisen due to our current manpower shortage, which has meant that less capacity is available to accept work from external customers such as Scottish Water, particularly at our Newtown depot. The overall shortfall in income will be more than offset by reduced expenditure particularly for employee costs down by £33K on budget, and also a reduction of £29K in third party payments. The net forecast result is a £24K positive variance in expected surplus relative to the approved budget of £19K.
- 2.3 Up to the 30<sup>th</sup> of September 2006 Fleet generated a total of 18,760 productive hours. This was an increase of 13.6% over the same period in 2005/06 when 16,503 productive hours were generated. As highlighted under Issues & Risks, Fleet Management is still suffering pressure on its productive capacity due to the loss of qualified fitters. In the coming quarters, this is likely to result in a reversal of the trend established last year and evident in the first quarter of this year, when more work was undertaken in-house with contractor costs as a result dropping.

**3 Issues & Risks**

**3.1 Productive Capacity**

As highlighted previously the ability to attract and retain skilled workers such as fitters continues to be an issue for Fleet. The recruitment drive undertaken over the last two months to try and attract new workers has been unsuccessful and produced no appropriately qualified and experienced candidates. This shortage of qualified fitters appears to be also affecting our private sector competitors who have been quoting lengthy waiting times for some repair work we wanted to sub-contract, citing restricted capacity as the main reason. There is a risk that the restricted maintenance capacity may pose a risk to some front line services if key items of plant and vehicles cannot be maintained and repaired quickly and time is lost with vehicles queuing awaiting repair.

### 3.2 **Absence & Sickness**

As the issue of maximising productive capacity is so important, we are closely monitoring on a monthly basis our rates of absence and sickness within Fleet. The results for calendar year 2006 to date are shown on the chart in the attached appendix 2. These rates have increased again recently due to a further employee having been signed off work as long-term sick.

### 3.3 **Apprentices**

In view of the difficulties experienced in attracting and retaining skilled workers we will be placing increased emphasis on the long term training of new apprentices as the main means of ensuring that we have sufficient future productive capacity. This will be particularly important means for addressing the longer term issue of the high age profile of our existing workforce in Fleet which is current 54 years. We will now be actively looking to recruit new applicants for apprenticeship places within Fleet.

## 4 **Financial Implications**

4.1 The Fleet management trading operation is forecasting a surplus of £43K in 2006/07. Full analysis of this forecast can be seen in Appendix 1.

## 5 **Consultation**

5.1 The Heads of Corporate Finance, Financial Administration, Corporate Administration, and Legal Services have been consulted and their comments have been incorporated into the report.

## 6 **Equality**

6.1 It is anticipated there will be no adverse impact due to race, disability, gender, age, sexual orientation or religion/belief arising from the proposals contained in this report.

## 7 **Environment**

7.1 There are no environmental issues directly associated with this report.

## 8 **Risk Commentary**

8.1 The retention of skilled fitters and our productive capacity poses no immediate financial risks in the current financial year, however, looking ahead, this remains the main medium term risk.

## 9 **Recommendations**

9.1 I recommend that the Trading Operations Sub-Committee:

- a) agree the contents of this report
- b) approve the projected outturn as revised approved budget.

### **Approved by**

Name	Designation	Signature
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Callum Hay	Director of Technical Services	[insert signature]
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**Author(s)**

Name	Designation
Robert Black	Head of Roads & Fleet
Donald MacDonald	Business Manager, Roads & Fleet

**Background Papers:**

**ADD AS APPROPRIATE**

**Previous Minute Reference:**

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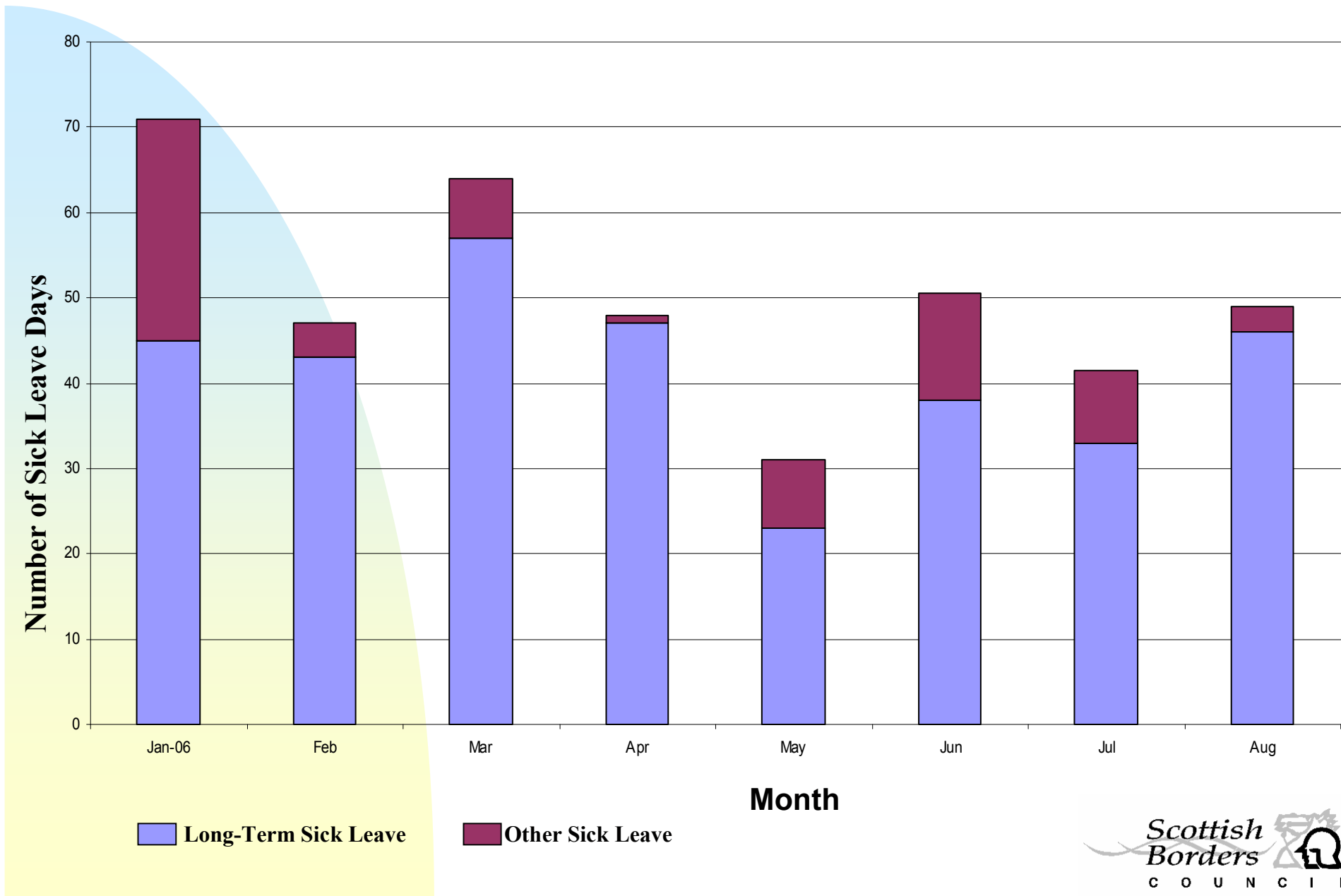
## REVENUE BUDGET MONITORING 2006/7

Based on actuals to 30 September 2006

## TECHNICAL SERVICES TRADING OPERATION - FLEET

Description (1)	Actual Expenditure/ Income to 30/09/06 (2) £ 000	Projected Outturn (3) £ 000	Current Approved Budget for the Year (4) £ 000	Variance (3) - (4) (5) £ 000	Proposed Virement (6) £ 000	Projected over/(under) spend after virement (5) - (6) (7) £ 000	Comments on outturn and virements
<b>Income</b>							
Internal Charges	(1,278)	(3,010)	(2,962)	(48)		(48)	
External Charges	(66)	(118)	(187)	69		69	
Interest Received				0		0	
	<b>(1,344)</b>	<b>(3,128)</b>	<b>(3,149)</b>	<b>21</b>	<b>0</b>	<b>21</b>	
<b>Expenditure</b>							
Employees	485	1,043	1,076	(33)		(33)	
Premises Related Expenses	33	185	166	19		19	
Transport Related Expenses	181	461	459	2		2	
Supplies & Services	399	1,025	1,032	(7)		(7)	
Payments to Other Bodies	162	292	321	(29)		(29)	
Interest Charged	0	0	0	0		0	
Central Support Charges	0	48	45	3		3	
Asset Rentals	0	31	31	0		0	
	<b>1,260</b>	<b>3,085</b>	<b>3,130</b>	<b>(45)</b>	<b>0</b>	<b>(45)</b>	
<b>Net (Surplus)/Deficit</b>	<b>(84)</b>	<b>(43)</b>	<b>(19)</b>	<b>(24)</b>	<b>0</b>	<b>(24)</b>	

# FLEET : Monthly Sick Days Lost



**6<sup>th</sup> NOVEMBER 2006**

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**REPORT BY DIRECTOR OF TECHNICAL SERVICES**

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**CATERING AND BUILDING CLEANING TRADING OPERATION**

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**1 Purpose of Report**

- 1.1 To update the members of the Trading Operations Sub-Committee on the performance of the Catering and Building Cleaning trading operation for the period 1<sup>st</sup> April to 30<sup>th</sup> September 2006.

**2 Business Performance and Monitoring**

- 2.1 Appendix 1 provides an analysis of income and expenditure and of the projected outturn for 2006/07 compared to budget. Projected income for the year of £4,542k is £31k more than budget and projected expenditure of £4,493k is £20k more than budget. Overall the projected surplus remains a net £12k over the forecasted budget of £38k. The surplus may increase once the new food contracts have been established for a period of time.
- 2.2 A comparison of meals for the first quarter of 2005 and 2006 has been undertaken as part of the ongoing school meals performance indicators. Overall there has been a decrease in uptake of primary school meals. This decrease equates to 3.25%. A further breakdown of primary school meals into traditional meals and frozen meals (regeneration meals) indicates that traditional meals have decreased by 2.48% while frozen meals have decreased by 5.44%. Appendices 2.1, 2.2 and 2.3 indicate the trends for the above information. Further work will be undertaken to identify the reasons for this trend and reported back to the next Sub-Committee meeting.

**3 Business Update**

- 3.1 The secondary school Hungry for Success pilots undertaken at Berwickshire HS and Earlston HS between April and June 2006 have now been updated to take account of the period from the commencement of the school term after the summer holidays to the end of September 2006. The updated figures can be viewed at Appendix 3. This indicates that in the case of Berwickshire HS there has been a decrease in income of 21.36% whereas the figures for Earlston HS show a decrease of 15.63%. Taking account of the lessons learned from the pilot schools a phased approach to the removal of high sugar & high fat products will be undertaken in the remaining seven secondary schools as part of the Hungry for Success initiative. The timings for the phased introduction to secondary schools and the removal of specified products are shown at Appendix 4. Introducing the changes in the seven remaining high schools will be a challenge and it is likely that those changes will need some time to become effective.
- 3.2 The supplies tendering process that the Catering/Cleaning section has been undertaking in partnership with the Corporate Procurement Section, has now been

completed for three out of the five categories. The following categories have been contracted to the companies indicated with the contracts commencing on the 2 October 2006 for a period of three years with an option to extend for one year.

Dry Goods – Brake Brothers

Frozen Foods – 3663

Chilled Products – Campbell

The contract for Disposables has been awarded to Bunzl and commences on 1 December, 2006. The Multi Portion frozen meals contract has been awarded to Clackmannanshire Council Catering Services and will commence at a date yet to be determined. In the meantime these meals are continuing to be supplied by the present contractor.

- 3.3 School kitchens are presently introducing a recycling initiative by separating tins and plastics from general kitchen waste.

#### **4 Issues & Risks Commentary**

- 4.1 The Association for Public Service Excellence (APSE) are undertaking a wide-scale service review for both Catering and Cleaning, which has now been scoped. Initial performance information for comparison purposes with other authorities is currently being gathered and a detailed review will commence shortly. Early discussions are to be held with Education and Life Long Learning to ensure that the review delivers the specific requirements of the client department.
- 4.2 The two reviews reported in the September report to look at provision for packed lunches and nursery class children have now commenced with a conclusion date of December 2006 for the packed lunch review and March 2007 for the nursery review. The completion date for the packed lunch review has been brought forward by three months to allow a reasonable timescale for the introduction of an in-house packed lunch service should the demand be there.

#### **5 Consultation**

- 5.1 The Heads of Corporate Finance, Financial Administration, Corporate Administration, and Legal Services have been consulted and their comments have been incorporated into the report.

#### **6 Equality**

- 6.1 It is anticipated there will be no adverse impact due to race, disability, gender, age, sexual orientation or religion/belief arising from the proposals contained in this report.

#### **7 Environment**

- 7.1 The introduction of the separation of kitchen waste will contribute to the Council's targets for recycling.

#### **8 Financial Implications**

- 8.1 The Catering and Building Cleaning trading operation is forecasting a surplus of £49K in 2006/07. Full analysis of this forecast can be seen in Appendix 1.

#### **9 Recommendation**

- 9.1 I recommend that the Trading Operations Sub-Committee:
- a) agree the contents of this report
  - b) approve the projected outturn as revised approved budget.

**Approved by**

Name	Designation	Signature
Callum Hay	Director of Technical Services	[insert signature]

**Author(s)**

Name	Designation
Graham Clark	Catering and Building Cleaning Manager

**Background Papers:**

**ADD AS APPROPRIATE**

**Previous Minute Reference:**

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## REVENUE BUDGET MONITORING 2006/07

Based on actuals to 30 September 2006

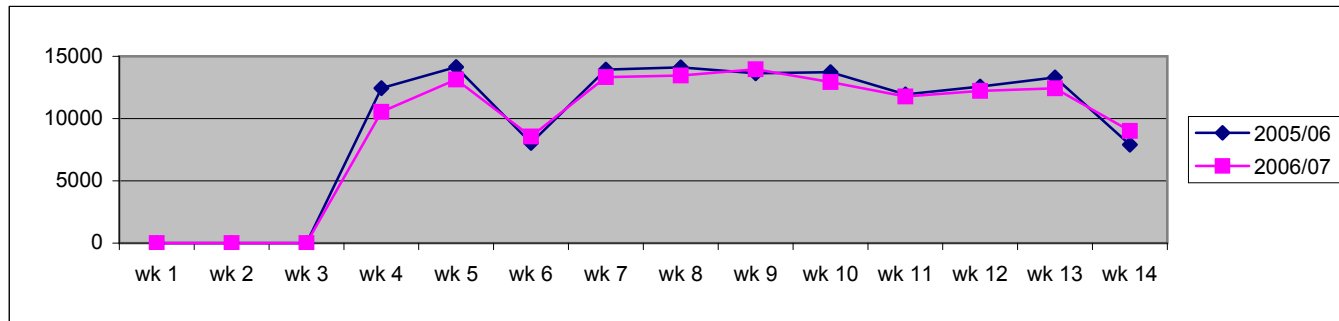
## TECHNICAL SERVICES TRADING OPERATION - CATERING AND CLEANING

Description (1)	Actual Expenditure/ Income to 30/09/06 (2) £ 000	Projected Outturn (3) £ 000	Current Approved Budget for the Year (4) £ 000	Variance (3) - (4) (5) £ 000	Proposed Virement (6) £ 000	Projected over/(under) spend after virement (5) - (6) (7) £ 000	Comments on outturn and virements
<b>Income</b>							
Internal Charges	(1,731)	(4,211)	(4,245)	34		34	
External Charges	(187)	(331)	(266)	(65)	(23)	(42)	
Interest Received	0	0	0	0		0	
	<b>(1,918)</b>	<b>(4,542)</b>	<b>(4,511)</b>	<b>(31)</b>	<b>(23)</b>	<b>(8)</b>	
<b>Expenditure</b>							
Employees	1,245	2,754	2,785	(31)		(31)	
Premises Related Expenses	28	96	128	(32)		(32)	
Transport Related Expenses	41	99	96	3	1	2	
Supplies & Services	303	1,188	1,072	116		116	
Payments to Other Bodies	106	231	267	(36)	23	(59)	
Interest Charged	0			0		0	
Central Support Charges	0	118	118	0		0	
Asset Rentals	0	7	7	0		0	
	<b>1,723</b>	<b>4,493</b>	<b>4,473</b>	<b>20</b>	<b>24</b>	<b>(4)</b>	
<b>Net (Surplus)/Deficit</b>	<b>(195)</b>	<b>(49)</b>	<b>(38)</b>	<b>(11)</b>	<b>1</b>	<b>(12)</b>	

All Primary units excluding those previously cash cafeteria service

	wk 1	wk 2	wk 3	wk 4	wk 5	wk 6	wk 7	wk 8	wk 9	wk 10	wk 11	wk 12	wk 13	wk 14	Totals
2005/06	0	0	0	12,444	14,134	8,045	13,931	14,117	13,635	13,732	11,943	12,565	13,302	7,904	135,752
2006/07	0	0	0	10,535	13,135	8,555	13,326	13,460	13,953	12,933	11,769	12,228	12,431	9,015	131,340

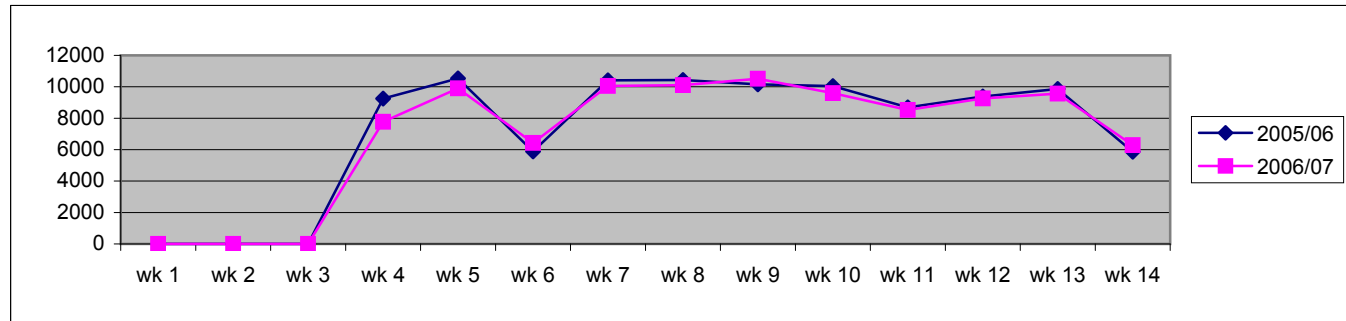
3.25%  
decrease



Traditional units excluding those previously cash cafeteria service

	wk 1	wk 2	wk 3	wk 4	wk 5	wk 6	wk 7	wk 8	wk 9	wk 10	wk 11	wk 12	wk 13	wk 14	Totals
2005/06	0	0	0	9,252	10,530	5,889	10,408	10,428	10,160	10,049	8,691	9,386	9,857	5,870	100,520
2006/07	0	0	0	7,777	9,905	6,424	10,051	10,103	10,515	9,600	8,528	9,264	9,568	6,289	98,024

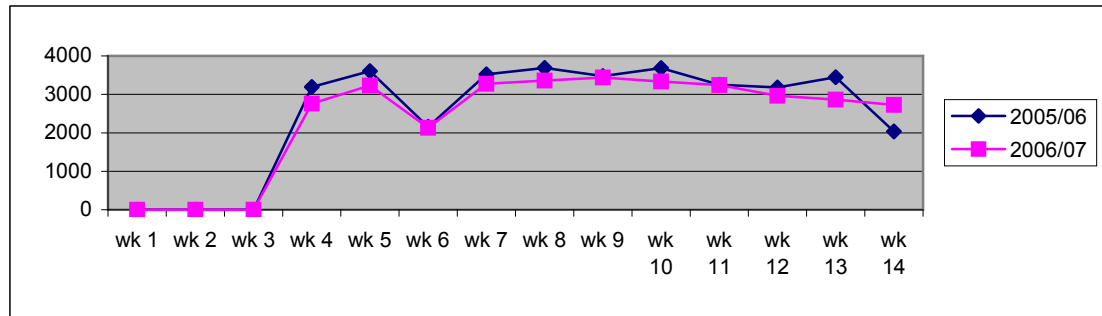
2.48%  
decrease



DMS units

	wk 1	wk 2	wk 3	wk 4	wk 5	wk 6	wk 7	wk 8	wk 9	wk 10	wk 11	wk 12	wk 13	wk 14	Totals
2005/06	0	0	0	3,192	3,604	2,156	3,523	3,689	3,475	3,683	3,252	3,179	3,445	2,034	35,232
2006/07	0	0	0	2,758	3,230	2,131	3,275	3,357	3,438	3,333	3,241	2,964	2,863	2,726	33,316

5.44%  
decrease



Hungry For Success Secondary School Roll Out

## Phase 2 (Eyemouth, Galashiels, Jedburgh, Kelso)

Early September	Initial discussions with head teachers and area managers
Mid September	Informing and information sharing with staff, pupils and parents
Early October	Initial changes and replacement menu items
Mid October	Menu and Meal deal prices agreed
Mid October to Mid November	Phasing in of new menu
End November	New menu begins and initial removal of confectionery items and fizzy drinks
End of Term	All confectionery items and fizzy drinks removed
January	Evaluation

## Phase 3 (Hawick, Peebles, Selkirk)

Early October	Initial discussions with head teachers and area managers
Mid October	Informing and information sharing with staff, pupils and parents
Early November	Initial changes and replacement menu items
Mid November	Menu and Meal deal prices agreed
Mid November to Mid December	Phasing in of new menu
Mid December	New menu begins and initial removal of confectionery items and fizzy drinks
End of February	All confectionery items and fizzy drinks removed
March	Evaluation

**6 NOVEMBER 2006**

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**REPORT BY DIRECTOR OF TECHNICAL SERVICES**

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**GROUNDS MAINTENANCE TRADING OPERATION**

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**1 Purpose of Report**

- 1.1 To update the members of the Trading Operations Sub-Committee on the performance of the Grounds Maintenance trading operation for the period 1<sup>st</sup> April to 30<sup>th</sup> September 2006.

**2 Business Performance and Monitoring**

- 2.1 The Grounds Maintenance trading operation continues to perform contracted maintenance mainly for Parks and Open Spaces and Burial Grounds. 21% of the grounds maintenance operation is also carried out for local housing associations and private individuals. The section has now completed its summer programme. However due to warm weather during September, the requirement for additional grass cutting staff is now greater than it was in July and August. In addition there has been an increase in overtime due to watering flower beds and hanging baskets over the summer period.

Appendix 1 provides an analysis of income and expenditure for the first six months and of the projected outturn for 2006/07 compared to budget.

Forecast income for the year of £3,257k is £60k more than budget. Forecast expenditure of £3,257k is £73k greater than budget with increased transport related costs resulting from higher than budget depreciation, interest, maintenance and fuel costs being offset by employee costs savings, partly due to delays in uptake of positions by seasonal staff.

- 2.2 Monitoring of performance in all areas continues to ensure that all customer complaints in the period are recorded and addressed. In monitoring our business performance the section is currently preparing a submission to APSE performance networks for parks and open spaces. The data will allow us to benchmark our service provision alongside every other participating UK authority.

**3 Business Update**

- 3.1 The review of this year's expenditure for play areas has now been completed; a report is drafted and will be circulated to area committees for endorsement/approval. Due to limited budgets, discussions are being held with SB Local managers to identify funding, specifically for fencing, from the SB Local small schemes budget.
- 3.2 The programme of equipment maintenance has now started and core skills training as detailed at the meeting of 11<sup>th</sup> September is scheduled to be completed over the winter period.

- 3.3 Following the success of Melrose, Galashiels, Hawick and Coldstream in the Beautiful Scotland in Bloom competition, and locally the increased interest in Scotland's Floral Gateway competition, the section is already in discussions with a number of communities in planning for next year, with the potential to hold a seminar locally aimed at increasing involvement in both competitions.
- 3.4 As the result of the planned development of Neidpath grazings, Peebles, and the need to relocate the plant nursery, a review is planned to take place on the general issue of plant procurement. However, it appears that planned development in 2007 can be managed by relocating the winter crop to the Hawick nursery, as a contingency measure if necessary. The loss of Neidpath may also lead to vehicle storage problems, potential redundancies and staff housing issues. Negotiations are ongoing to resolve these potential problems in advance of entry.
- 3.5 External work continues to contribute to overheads with an additional £55k of turnover in excess of budget being forecast. The external works officer has now retired and a planned restructuring of the department is taking place. The planned recruitment of four apprentices has been deferred to 2007/08 due to budget pressures, although negotiations are still ongoing over the provision of training locally.

#### **4 Financial Implications**

- 4.1 The Grounds Maintenance trading operation is forecasting a break-even position in 2006/07. Full analysis of this forecast can be seen in Appendix 1.

#### **5 Consultation**

- 5.1 The Heads of Corporate Finance, Financial Administration, Corporate Administration, and Legal Services have been consulted and their comments have been incorporated into the report.

#### **6 Equality**

- 6.1 It is anticipated there will be no adverse impact due to race, disability, gender, age, sexual orientation or religion/belief arising from the proposals contained in this report.

#### **7 Environment**

- 7.1 Recent developments and obligations placed on the council as a result of the biodiversity duty legislation, could lead to significant impacts on the future of grounds maintenance provision.

**“It is the duty of every public body and office-holder, in exercising any functions, to further the conservation of biodiversity so far as is consistent with the proper exercise of those functions.” - *Nature Conservation (Scotland) Act 2004 Part 1 Biodiversity***

Basically, the obligation has now been clearly outlined for councils, to demonstrate awareness and operate in a sympathetic manner when carrying out work. For example, hedge trimming and disturbance of vegetation must be restricted to times when the effect on nesting birds is minimised. Discussions are ongoing with colleagues in P&ED over the management implications. It is envisaged that more information can be supplied at the next trading sub committee meeting in January 07.

- 7.2 The issue of weather change is ongoing. The committee should be aware that the weather patterns experienced this season could in future signal more radical requirements to change the nature of grounds maintenance provision.

Issues may include:

- the timing and nature of grass cutting operations
- the timing and nature of planting operations including, bedding plants, shrubs, and trees
- the requirement to irrigate both landscaped and sports areas
- the nature and timing of sports pitch management.

## 8 Risk Commentary

- 8.1 Immediate threats concern the contractual complications of using seasonal staff beyond their traditional 26 weeks contract period, as the climate becomes less predictable. In order to continue to maintain high standards of maintenance throughout, it may be necessary to commence grass cutting in March and continue through at least until the end of October. This would increase the requirement for seasonal staff to be employed by up to an extra eight weeks per year, potentially adding 33% to the spend, or introducing a different, variable type of employment contract.
- 8.2 Officers are exploring ways in which seasonal staff can be employed on longer term contracts, which would avoid the need to go through time consuming costly recruitment campaigns every six months. In order to allow this, decisions about the length of the employment for seasonal staff will need to be addressed.

## 9 Recommendations

- 9.1 I recommend that the Trading Operations Sub-Committee:
- a) agree the contents of this report
  - b) approve the projected outturn as revised approved budget.

### Approved by

Name	Designation	Signature
Callum Hay	Director of Technical Services	[insert signature]]

### Author(s)

Name	Designation
John Cook	Head of Environmental Services

**Note** – You can get this document on tape, in Braille, large print and various computer formats by contacting the address below. Collette Lamb can also give information on other language translations as well as providing additional copies.

Contact us at Collette Lamb, Technical Services Department, Council Headquarters, Newtown St.Boswells, Melrose, TD6 0SA. Tel:01835 824000 ext 5230 Fax:01835 825071 or email: [clamb@scotborders.gov.uk](mailto:clamb@scotborders.gov.uk)



## REVENUE BUDGET MONITORING 2006/07

Based on actuals to 30 September 2006

## TECHNICAL SERVICES TRADING OPERATION - GROUNDS MAINTENANCE

Description (1)	Actual Expenditure/ Income to 30/09/06 (2) £ 000	Projected Outturn (3) £ 000	Current Approved Budget for the Year (4) £ 000	Variance (3) - (4) (5) £ 000	Proposed Virement (6) £ 000	Projected over/(under) spend after virement (5) - (6) (7) £ 000	Comments on outturn and virements
<b>Income</b>							
Internal Charges	(1,367)	(2,886)	(2,817)	(69)		(69)	
External Charges	(105)	(371)	(380)	9		9	
Interest Received	0	0	0	0		0	
	<b>(1,472)</b>	<b>(3,257)</b>	<b>(3,197)</b>	<b>(60)</b>	<b>0</b>	<b>(60)</b>	
<b>Expenditure</b>							
Employees	1,207	2,198	2,336	(138)		(138)	
Premises Related Expenses	32	60	59	1		1	
Transport Related Expenses	482	804	612	192		192	
Supplies & Services	36	66	59	7		7	
Payments to Other Bodies	26	24	13	11		11	
Interest Charged	0		0	0		0	
Central Support Charges	0	73	73	0		0	
Asset Rentals	0	32	32	0		0	
	<b>1,783</b>	<b>3,257</b>	<b>3,184</b>	<b>73</b>	<b>0</b>	<b>73</b>	
<b>Net (Surplus)/Deficit</b>	<b>311</b>	<b>0</b>	<b>(13)</b>	<b>13</b>	<b>0</b>	<b>13</b>	

## PROTECTED SPECIES AND HABITATS – AN INTERIM GUIDE

Following the seminar for Council staff on the biodiversity duty held on 18<sup>th</sup> May 2006, this interim guidance note is to advise Council officers of activities that may impact on protected species and habitats and the types of action required to be compliant with the law.

Amendments to the criminal legislation made under the Nature Conservation (Scotland) Act 2004 has introduced recklessness into the offences, so that individuals and organisations must demonstrate that they have taken reasonable steps to avoid killing, injuring or some instances disturbing the protected biodiversity. In brief summary, the following applies under the Wildlife & Countryside Act 1981 (as amended by the Nature Conservation (Scotland) Act 2004), The Conservation (Natural Habitats, & c.) Regulations 1994 (as amended) and The Protection of Badgers Act 1992 were applicable:

- *It is illegal to intentionally or recklessly kill, injure or take any **wild bird**, or to damage or destroy the nest or eggs of breeding birds.*
- *It is also illegal to “intentionally or recklessly disturb” **bird species on Schedule 1 of the WCA 1981 when they are breeding.***
- *It is illegal to intentionally or recklessly kill or injure **badgers** or to disturb badgers while they are occupying a sett or to intentionally or recklessly damage, destroy or obstruct access to a badger sett*
- *it is illegal to intentionally or recklessly kill, injure or disturb **bats** or to damage, destroy or obstruct bat roosts (whether occupied or not).*
- *it is illegal to intentionally or recklessly kill, injure, or disturb **otters** or to damage, destroy or obstruct their habitat*

The table below indicates some typical activities that Council officers may be undertaking which may impact on protected biodiversity and the types of reasonable steps that are required to ensure that the Council and individuals are compliant with the law. This list is illustrative and not definitive.

Type of Activity	Protected biodiversity	Action
Hedgerow clearance and scrub clearance.  Cutting of hedgerows	Breeding birds, nests and their eggs are protected.  Badgers	Avoid clearance between March- August.  If unavoidable- check for nesting birds. If in any doubt contact consultant to carry out survey  Check for evidence of badger setts  If in any doubt, contact a consultant to carry out survey  Avoid cutting in breeding bird season (March- August). Preferably cut after November (berry crops)

<p>Felling of woodland or individual mature or old trees, or ivy clad trees Tree surgery on mature or old trees. Management of ivy.</p>	<p>Bats and their roosts Breeding birds, nests and their eggs  Badgers</p>	<p>Avoid work May- September for bat maternity roosts.  Avoid work March- August for breeding birds  If works unavoidable check for breeding birds and bat signs*, evidence of badgers setts.  If in any doubt, contact a consultant to carry out survey</p>
<p>Demolition, renovation or alteration of old buildings, out buildings or buildings of any age with a complex roof structure.</p>	<p>Bats and their roosts Breeding birds, nests and their eggs</p>	<p>Avoid work March- August for breeding birds  Avoid work May- September for bat maternity roosts  Avoid work Nov- March for hibernation roosts  If works unavoidable check for breeding birds and bat signs*  If in any doubt contact a consultant to carry out survey</p>
<p>Bridgeworks, roadworks and engineering work that may affect River Tweed</p>	<p>River Tweed Special Area of Conservation (SAC)**.  Qualifying interest: <i>Otter</i> <i>Atlantic Salmon</i> <i>Sea lamprey</i> <i>River lamprey</i> <i>Brook lamprey</i> <i>Water crowfoot communities</i>  Bats and their roosts (see above)*  Otters, their holts and resting places are protected in any location.</p>	<p>Environmental risk assessment of any works that may impact on River Tweed.  Adopt SEPA best practice guidelines to avoid any significant impacts  If in doubt contact SNH and SBC Ecology Officer.  Note bat timings as above  Note, activity may no longer be permitted development, it may now require planning permission. Seek advice from SBC Ecology Officer and SNH</p>

\*Useful link for further information on bats [Ask Us Your Bat Questions](http://www.bats.org.uk/helpline/helpline_roosts.asp) ([www.bats.org.uk/helpline/helpline\\_roosts.asp](http://www.bats.org.uk/helpline/helpline_roosts.asp))

\*\* Useful link for guidance on Freshwater SACs <http://www.snh.org.uk/pdfs/publications/heritagemanagement/guidanceforcompetentauthorities.pdf>

Further guidance will be developed by P&ED for Council staff to help ensure that the Council is compliant with the wildlife legislation.

Andy Tharme, Ecology Officer (Ext 6514)

22 May 2006