

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 6
NOVEMBER 2006 at 2p.m.

Present: - Councillors D. Parker (Chairman), M. S. Browne, N. Calvert, R. G. Edgar, J. Law, J. G. Mitchell.

Apologies:-

In Attendance:- Director of Technical Services, Head of Roads and Fleet Management, Fleet Manager, Catering and Cleaning Manager, Business Manager, Operations, Parks Manager, Business Support Manager Corporate Finance, Committee Officer, (H. Reid.)

ORDER OF BUSINESS

1. The Chairman varied the order of business as shown on the agenda and this Minute reflects the order in which the items were considered at the meeting.

MINUTE

2. There had been circulated copies of the Minute of 11 September 2006.

DECISION

APPROVED the Minute of meeting of 11 September 2006.

CATERING AND CLEANING

3. There had been circulated a report by the Director of Technical Services to update Members on the Catering and Cleaning operation from 1 April to 30 September 2006. Appended to the report was a summary of the overall 2006/07 financial position. It was noted that projected income for the year of £4,542k was £31k more than budget and projected expenditure of £4,493k was £20k more than budget. Overall the projected surplus remained a net £12k over the forecasted budget of £38k. The Catering and Building Cleansing Manager explained that the surplus may increase once the new food contracts have been established for a period of time. The secondary school Hungry for Success pilots undertaken at Berwickshire HS and Earlston HS between April and June 2006 had 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 indicated that in the case of Berwickshire HS there has been a decrease in income of 21.36% whereas the figures for Earlston HS showed 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 would be undertaken in the remaining seven secondary schools as part of the Hungry for Success initiative. Members asked questions with particular regard to the drop in uptake of meals and the Hungry for Success funding should the timescale for implementation require to be extended.

DECISION

(a) NOTED the report; and

(b) APPROVED the projected outturn as revised approved budget.

SBC CONTRACTS SIGNIFICANT TRADING OPERATION

4. There had been circulated a report by the Director of Technical Services on Contracts Significant Trading Operations for the period 1 April to 30 September 2006. It was noted that based on the available data to 30 September 2006, SBc Contracts were forecasting a surplus for 2006/07 of £332K against a budget target of £280k. Appended to the report were the details of the underlying calculations used to reach the projected surplus total. It was noted that all of the forecast growth in

income relative to budget was expected to come from external sources. 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. It was noted that the trunk road contract which AMEY currently held with the Scottish Executive would expire at the end of March 2007 was being re-tendered with both AMEY and BEAR bidding. It was noted that if BEAR was successful the Council would have to begin negotiations with them to win work on the trunk roads. It was also 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 that the currently had. Either outcome could pose a potential threat to the trunk road work which was worth almost £2.0 million on routine, winter and scheme work in the 2005/06 financial year. As highlighted at the previous Trading Sub-Committee meeting the issue of workforce retention remained. At the end of September the workforce stood at 200, 9 down from 209 at the start of this financial year. Efforts were continuing to recruit suitable road-workers and the situation would be monitored closely with regard to both staffing and future workload. The Members asked questions on the effect the impact the loss of experienced staff for higher remuneration elsewhere would have on the organisation. It was noted that discussions were on going with Human Resources with a view to addressing the situation. Discussion also took place regarding the workforce required for winter Road maintenance.

DECISION

(a) NOTED the report; and

(b) APPROVED the projected outturn as revised approved budget.

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 30 September 2006. The report forecasted a surplus for 2006/07 of £43K comfortably ahead of the budget expectation of £19k. It was noted that expectations were for total income to fall some £21K short of the budgeted value. The major change was external income which had dropped by £69k which had arisen due to the current manpower shortage, which had meant that less capacity was available to accept work from external customers such Scottish Water, particularly at the Newtown depot. The overall shortfall in income would be more than offset by reduced expenditure particularly for employee costs which was down by £33K on budget, and also a reduction of £29K in third party payments. The net forecast result was a £24K positive variance in expected surplus relative to the approved budget of £19K. The Fleet Manager reported that up to the 30 of September 2006 Fleet generated a total of 18,760 productive hours, which was an increase of 13.6% over the same period in 2005/06 when 16,503 productive hours had been generated. It was noted that Fleet Management was still suffering pressure on its productive capacity due to the loss of qualified fitters. The absence and sickness reports were discussed along with the age profile of the remaining workforce, in view of the difficulties experienced in attracting and retaining skilled workers it was noted that there would be an increased emphasis on the long term training of new apprentices as the main means of ensuring that there would be sufficient future productive capacity. Discussion took place on the recruitment of new applicants for apprenticeship places within Fleet.

DECISION

(a) NOTED the report; and

(b) APPROVED the projected outturn as revised approved budget.

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 30 September 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. It was noted that the section had now completed its summer programme. However due to warm weather during September, the requirement for additional grass cutting staff was now greater than it was in July and August. In addition there has

also been an increase in overtime due to watering flower beds and hanging baskets over the summer period. Appended to the report was 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 was £60k more than budget with the forecast expenditure of £3,257k being £73k greater than budget with increased transport related costs resulting from higher than budget depreciation, interest, maintenance and fuel costs. This was partly offset by employee costs savings, partly due to delays in uptake of positions by seasonal staff. It was noted that owing to Global Warming there could be 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 might 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. Members asked questions on the need to relocate the plant nursery as the result of the planned development of Neidpath Grazings, Peebles. It was noted that a review was planned to take place on the general issue of plant procurement. However, it appeared that planned development in 2007 could be managed by relocating the winter crop to the Hawick nursery, as a contingency measure if necessary. It was noted that loss of Neidpath may also lead to vehicle storage problems, potential redundancies and staff housing issues. It was noted that negotiations were ongoing regarding the loss of the Neidpath Grazings.

DECISION

(a) NOTED the report; and

(c) APPROVED the projected outturn as revised approved budget.

TRADING ORGANISATIONS

7. Discussion took place regarding the re-allocation of staff between organisations during the summer months and on the classification of trading Operations. Councillor Browne also enquired as to the expenditure on Winter Maintenance.

DECISION

(a) NOTED that the report on review of subjects to be classed as Trading Operations would be submitted to a future meeting; and

(b) AGREED that Councillor Browne be given the figures for the last five financial year's Winter Maintenance Budget.

The meeting concluded at 3. 35 p m