

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

15th January 2007

REPORT BY DIRECTOR OF TECHNICAL SERVICES

SBc Contracts

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 1st April to 30th November 2006.

2 Business Performance

2.1 Financial Performance 1st April to 30th November 2006

Appendix 1 provides an analysis of the income and expenditure achieved and the projected outcome for 2006/07 relative to budget. Based on the available data, 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 £21.2M 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 £21.5 million against an approved budget of £19.6 million for 2006/07. All of the forecasted growth in income is expected to come from external sources.

Business Performance and Monitoring

- 2.2 During the period from 1st of April to 26th of November (Weeks 1 to 34), SBc Contracts generated a total of 258,190 chargeable hours. This is slightly below the level of 260,226 hours generated in the comparable period of 2005/06.

The average weekly chargeable hours generated per worker for this period was 37.8, slightly above the 3 year average level of 37.7.

The split of the chargeable labour hours generated up to the end of November this financial year was:

SBC Funded Work	= 54.0%
Non-SBC Work	= 33.5%
Council Winter Maintenance	= 3.6%
Non-Recoverable Work	= 8.9%

The potential shortfall in work for the fourth quarter of this financial year, reported at the last Trading Committee meeting, has now been successfully filled. The negotiations to secure work on the Eyemouth and Berwickshire High School projects were successful and work on both of these projects is well underway. We have also been awarded additional trunk road work from Amey valued at around £1 million to be completed in the current financial year. These contracts won since the last trading committee meeting will help to secure a full workload for our staff for the remainder of this financial year.

2.3 **Contracts Tendered and Won**

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 36%, whilst the value success rate was 29%. There is inevitably a lag on these numbers with decisions still awaited on some estimates issued towards the end of this recording period.

	April to November 2006
Number of tenders issued	531
Number of tenders confirmed as won	193
% Success	36%
Value of tenders completed	£21,463,687
Value of tenders confirmed as won	£6,325,605
% Success	29%

Other Main Issues

3.1 **Office Space**

The additional office accommodation units at the Reiver Complex have now been fully commissioned and the street-lighting team have successfully relocated from HQ to this new office space. This additional and more flexible office space has also seen a number of client and contracting staff relocate to more logical work groups.

3.2 **Trunk Road Contract**

The South East Scotland trunk road contract, currently held by AMEY, has been awarded to BEAR for the next 5 years following the re-tendering process which has just been completed by the Scottish Executive. The present Amey contract will expire at the end of March 2007. SBC Contracts management have already opened discussions with BEAR. It should be noted that any possible future gritting work for BEAR on the trunk roads will have to be undertaken using pre-wetting technology which is a Scottish Executive requirement under the terms of the contract awarded to BEAR. This may require the purchase of additional capital equipment which would have to be depreciated over the life of the contract. A report to the Capital Management Working Group will be taken in due course when the situation becomes clear.

In addition to gritting work we have also undertaken an important volume of Routine and Scheme works on the trunk road network on behalf of Amey. In the 2005/06 financial year this amounted to:

AMEY ROUTINE WORKS	1,459,132.60
AMEY SCHEME WORKS	514,994.25

The future level, if any, of routine and scheme trunk road work to be undertaken on behalf of BEAR remains uncertain at the present time and is a potential gap in our 2007/08 workload programme. Discussions will be pursued with BEAR with a view to securing such additional trunk road work. Success will depend on the strategy to be adopted by BEAR and our ability to meet their requirements.

3.3

Staffing

To address the manpower retention pressures highlighted at previous meetings, and following discussions with HR, agreement was reached during November to increase the overtime multipliers applied to manual staff. Standard overtime will now have a multiplier of 1.50 compared to a previous 1.38. Special overtime will now have a multiplier of 2.0 compared to a previous rate of 1.90. These changes were effected

following our success in securing the schools contract and the additional work for Amey. It was considered essential to have an adequate and reliable workforce in place to ensure that this work could be successfully undertaken within client deadline dates. The changes made to the overtime multipliers now give us a high degree of confidence that this can be achieved and that our workforce retention problem has stabilised.

Appropriate adjustments will be made in the labour charge-out rates for 2006/07 onwards to reflect these changes in our labour costs. The additional costs arising in this financial year between October and March will be absorbed by SBc Contracts and off-set by additional profits expected from the schools contracts and the additional work won from AMEY. SBc Contracts is forecasting that it will achieve the £332k level of surplus forecast at the last Trading Committee which is some £52k in excess of the budget for this year.

At the end of November the workforce stood at 200, 9 down from 209 at the start of this financial year.

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 November 2006

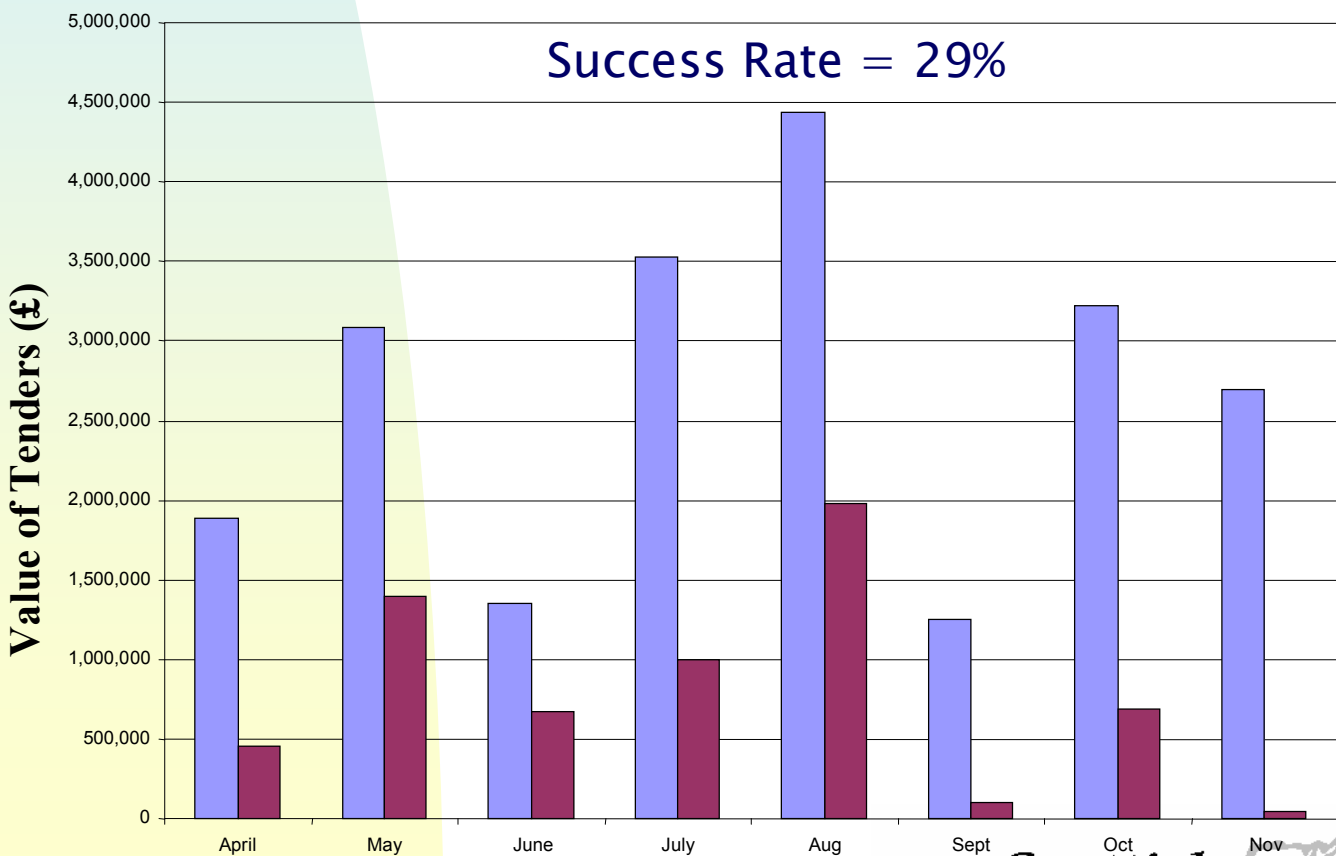
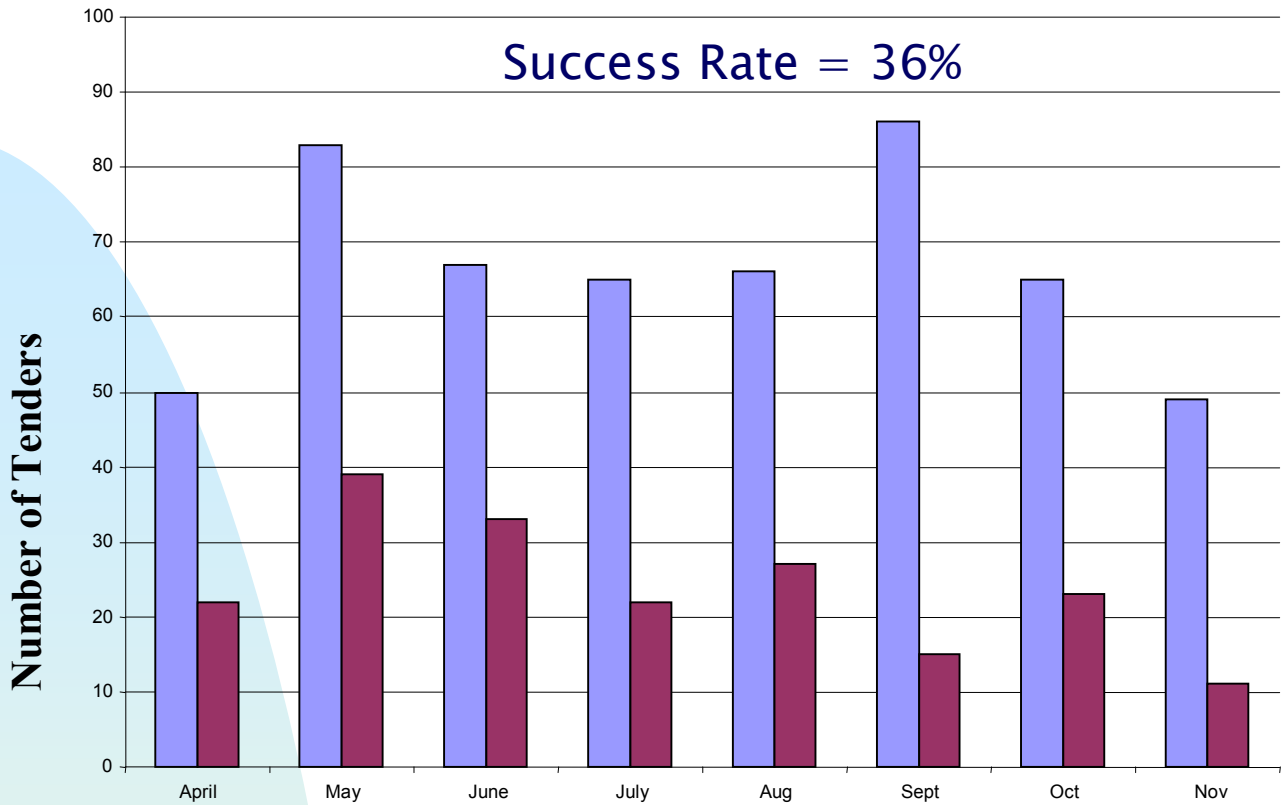
TECHNICAL SERVICES TRADING OPERATION - Sbc Contracts

Ref	Description (Expenditure)	Actual Expenditure to 30/11/06	Projected Outturn	Current Approved Budget for the Year	Ref	Description (Income)	Actual Income to 30/11/06	Projected Outturn	Current Approved Budget for the Year
	(1)	(3)	(4)	(2)		(5)	(7)	(8)	(6)
		£'000	£'000	£'000			£'000	£'000	£'000
	Expenditure - Internal Recoverable					Income			
A	Employee costs and on-costs	3,865	6,318	6,341	L	From SBC client accounts	(4,565)	(8,900)	(9,107)
B	Signshop on-costs	40	68	93	M	From SBC capital accounts	(1,712)	(2,550)	(2,550)
C	Depot on-costs	209	550	496	N	From outside bodies	(6,552)	(10,116)	(7,976)
D	Management, admin and office oncosts Includes central support and asset rentals	907	1,375	1,634	O				
E	Own plant and vehicles	2,197	3,705	3,573					
F		7,218	12,016	12,137					
	Expenditure - External (Direct to Jobs)								
G	Direct materials and stock	3,687	5,520	5,738					
H	Sub contractors	2,108	3,211	1,058					
I	Hired plant and vehicles	335	487	420					
J		6,130	9,218	7,216					
K	Total Expenditure	13,348	21,234	19,353	P	Total Income	(12,829)	(21,566)	(19,633)
					Q	Net (Surplus) / Deficit	519	(332)	(280)
					R	Variance			(52)

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

15th January 2007

REPORT BY DIRECTOR OF TECHNICAL SERVICES

FLEET MANAGEMENT

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 1st April to 30th November 2006.

2 Business Performance & Financial Position

- 2.1 Fleet Maintenance is forecasting a year end surplus out-turn of £44K. This surplus forecast is comfortably ahead of the revised budget expectation which was for a surplus of £18K in 2006/07.
- 2.2 We are expecting total income to reach £3.26 million, some £80K ahead of the budgeted income value. External income remains some £76k below budget, due to an on-going restriction in our ability to accept work from external clients as a result of our current manpower shortage. The reduced external income is more than offset by a much higher than predicted internal workload, which is expected to generate £3.15 million, some £156k ahead of budget.

Expenditure is also running higher than budget and is forecast to reach almost £3.22 million by the end of the year. The net forecast result is a £26K positive variance in expected surplus relative to the approved budget of £18K.

- 2.3 Up to the end of November 2006 Fleet generated a total of 25,146 productive hours. This was an increase of 7% over the same period in 2005/06 when 23,498 productive hours were generated. Given the staffing and long-term sickness levels experienced this year, this represents a very strong performance from our workforce.

3 Issues & Risks

3.1 Productive Capacity

We have been successful in managing to recruit two new mechanics for our Newtown depot. Both of these mechanics will start work in January on a temporary 6 month contract, which will allow us time to evaluate and review their performance. A decision about offering further employment will be made at the end of this evaluation period.

Note: This an update on an on-going issue related to capacity.

3.2 Fuel Card System

A new fuel card system is being introduced using the ARVAL system. This is designed to supplement existing in-house systems and to consolidate total expenditure on vehicles, fuel and plant. Instead of individual departments within SBC having different accounts with various garages these will now all be consolidated through use of the ARVAL card system. This will allow users to make purchases at a range of garages within the region and receive a monthly consolidated invoice directly to their own department. This system has been rolled-out so far in Social Work, Passenger Transport and Education with no adverse reports and will now be implemented throughout the remaining departments.

3.3 Fuel Storage & Management

The issue of the costs associated with providing a complete fuel storage, management and issuing service needs to be examined. At present Fleet Maintenance provides this service to all council users without charge. However, when there are costs incurred in maintaining or replacing fuel storage or delivery equipment, these costs have to be carried by Fleet. It is proposed consideration be given to establishing a fund from the annual fuel supplier rebate, which is currently part of revenue income. This fund should be capable of being rolled-over from year to year to meet the high and variable level of costs incurred with providing the fuel storage and delivery system. This is important as the condition of the fuel tanks is deteriorating and will incur significant costs within the foreseeable future.

We would propose to consult with corporate finance on the possible options available to effectively address the on-going problem of the cost variability associated with providing the fuel storage and management service.

4 Financial Implications

- 4.1 The Fleet management trading operation is forecasting a surplus of £44K 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
Callum Hay	Director of Technical Services	[insert signature]

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 November 2006

TECHNICAL SERVICES TRADING OPERATION - FLEET

Description	Actual Expenditure/ Income to 30/11/06	Projected Outturn	Current Approved Budget for the Year	Variance (3) - (4)	Proposed Virement	Projected over/(under) spend after virement (5) - (6)	Comments on outturn and virements
(1)	(2) £ 000	(3) £ 000	(4) £ 000	(5) £ 000	(6) £ 000	(7) £ 000	
Income							
Internal Charges	(1,826)	(3,152)	(2,996)	(156)		(156)	
External Charges	(70)	(111)	(187)	76		76	
Interest Received				0		0	
	(1,896)	(3,263)	(3,183)	(80)	0	(80)	
Expenditure							
Employees	634	1,032	1,076	(44)		(44)	
Premises Related Expenses	41	188	166	22		22	
Transport Related Expenses	228	469	460	9		9	
Supplies & Services	551	1,133	1,092	41		41	
Payments to Other Bodies	241	318	295	23		23	
Interest Charged				0		0	
Central Support Charges	45	48	45	3		3	
Asset Rentals		31	31	0		0	
	1,740	3,219	3,165	54	0	54	
Net (Surplus)/Deficit	(156)	(44)	(18)	(26)	0	(26)	

15th January 2007

REPORT BY DIRECTOR OF TECHNICAL SERVICES

CATERING AND BUILDING CLEANING TRADING OPERATION

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 1st April to 30th November 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 £11k more than budget and projected expenditure of £4,493k is in line with budget. Overall the projected surplus is a net £11k over the forecasted budget of £38k. We continue to monitor the new food contracts which commenced in October 2006.
- 2.2 A comparison of meals from April 2006 to November 2006 compared to the same period April 2005 and November 2005 indicates an overall decrease of 2.56%. A further breakdown of primary school meals into traditional meals and frozen meals (regeneration meals) indicates that traditional meals have decreased by 5.32% while frozen meals have decreased by 0.08%. Appendices 2.1, 2.2 and 2.3 indicate the trends for the above information. Indications as to the down turn in meals uptake are difficult to pinpoint.
- The school meal dinner price was increased in August to £1.60 (true cost £1.65 – 5p subsidy from Hungry for Success funds)
 - There is an overall reduction in the Primary School roll.
 - A new menu was introduced to Traditional school meals in October 2006. The Delivered Meals Service (frozen meals) menu has not been altered since it was introduced in April 2006 due to negotiations as to where the meals will be sourced in the future.

All these issues or a combination of these issues may impact on the service.

Steps are being taken by both the Catering and Cleaning Service and the Education and Lifelong Learning Department to identify specific reasons and schools where take up has fallen. A key priority for the next year will be addressing how to improve take-up using a variety of methods and using the APSE review to identify priorities.

3 Business Update

- 3.1 The two Hungry for Success pilot schools, Berwickshire HS and Earlston HS continue to be monitored. 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 17.5% (21.36%) whereas the figures for Earlston HS show a decrease of 10.57% (15.63%).

It can be seen from appendix 3 that the trend is for an improving situation.

Phase 2 and 3 of the implementation of Hungry for Success in the remaining seven secondary schools has now commenced and is being closely monitored, and will be reported in detail in the next trading sub committee report. Additional equipment is being purchased to support the implementation.

The Executive agreed on 19th of December to provide milk and fruit juice as part of the school lunch. This will be at no extra charge to the pupil and will be funded from the Hungry for Success grant funding. This is estimated to be a cost of between £50,000 and £80,000 per annum.

3.2 The outstanding tendering for supplies of disposables has been awarded to Bunzl Cleaning and Hygiene Supplies. The Multi Portion frozen meals contract has been awarded to Clackmannanshire Council Catering Services and will commence with effect from the 15 January 2007. From this point all schools will be operating on one menu based on the traditional meals service. A staff training day has been arranged for Friday 5 January 2007 in St Boswells Primary School to familiarise the staff with the new products. Further training is planned during the February "In Service" days.

3.3 A sum of £124,600 has been set aside from the Schools Fund Capital Grant and a phased refurbishment of specific pieces of kitchen equipment has commenced. Two phases have been identified at present with a further phase to be identified after the Christmas/New Year holiday period. The identified phases can be seen at Appendix 4. In the initial phases fourteen schools will benefit from the funding which seeks to address issues surrounding health and safety and energy savings. The new equipment consists of combination ovens to replace old conventional ovens and new dishwashing systems to replace the sterilising sinks presently found in the majority of kitchens.

In addition to this the introduction of new servery areas has been approved for Drumlanrig PS and Lilliesleaf PS to overcome serving, queuing and health and safety issues. This will be funded by Hungry for Success.

An investigation into the upgrading of some of the regeneration kitchens that produce the meals service from frozen dishes, has been undertaken to introduce a more sustainable method of producing soups and custards etc. The introduction of "hob" units to the kitchens will be undertaken after the Christmas/New Year holidays.

The kitchen area at Ayton PS is presently being reviewed with a view to increasing space and preparation areas. This is being undertaken as part of a bid submitted by the Head Teacher and would entail encroaching into the present dining area. These changes have been discussed and agreed by the Head Teacher as part of the consultation process.

3.4 A revised report on the proposed introduction of Smartcard technology and a Catering and Cleaning Management Information System, incorporating comments from APSE and the revised financial position will be taken to the Capital Management Steering Group early in the new year. An update will be provided in the next report.

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. So far the work has included a benchmarking exercise designed to give an indication of performance against other similar authorities throughout the UK. Initial performance information is currently being gathered and a detailed review will commence shortly.

Early discussions are to be held in conjunction with Education and Lifelong Learning to ensure that the review delivers the requirements of the client department.

4.2 Recruitment and retention of staff still remains a risk to the service. In particular

Galashiels Academy lost almost half of their domestic staff in one week, with the opening of the new 24 hour Tesco and Asda stores. The Catering and Cleaning Manager is actively considering the use of agency staff and Aptus as recommended by Midlothian Council. Further reviews are also on-going to look at the attractiveness of posts, operational hours and the HR processes surrounding references and disclosure checks.

4.3 Two new external contracts have commenced at Selkirk Riverside and Tweed Horizons. Discussions are taking place to consider the best methods for meeting their requirements.

4.4 The two reviews reported in the September report to look at provision for packed lunches and nursery class children are now underway with a conclusion date of December 2006 for the packed lunch review and March 2007 for the nursery review.

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 issues that impact on the environment.

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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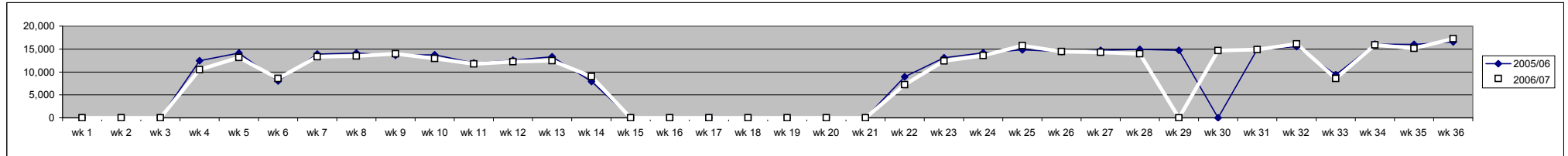
TECHNICAL SERVICES TRADING OPERATION - CATERING AND CLEANING

Description (1)	Actual Expenditure/ Income to 30/11/06 (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
Income							
Internal Charges	(2,557)	(4,211)	(4,232)	21		21	
External Charges	(219)	(331)	(299)	(32)		(32)	
Interest Received	0	0	0	0		0	
	(2,776)	(4,542)	(4,531)	(11)	0	(11)	
Expenditure							
Employees	1,708	2,754	2,785	(31)		(31)	
Premises Related Expenses	58	96	128	(32)		(32)	
Transport Related Expenses	56	99	96	3		3	
Supplies & Services	670	1,188	1,072	116		116	
Payments to Other Bodies	163	231	287	(56)		(56)	
Interest Charged	0	0	0	0		0	
Central Support Charges	118	118	118	0		0	
Asset Rentals	0	7	7	0		0	
	2,773	4,493	4,493	0	0	0	
Net (Surplus)/Deficit	(3)	(49)	(38)	(11)	0	(11)	

All Primary units excluding those previously cash cafeteria service

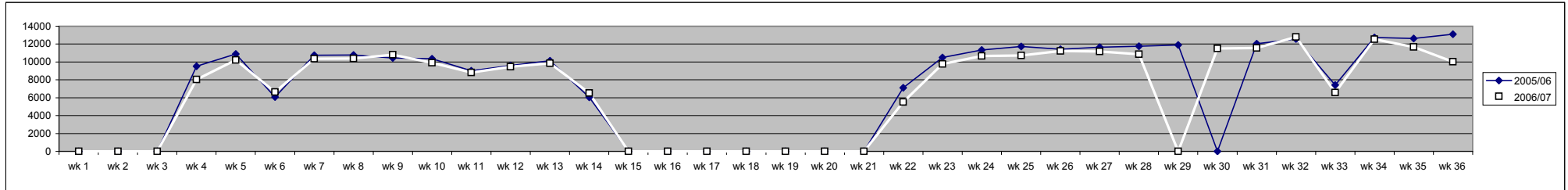
	wk 1	wk 2	wk 3	wk 4	wk 5	wk 6	wk 7	wk 8	wk 9	wk 10	wk 11	wk 12	wk 13	wk 14	wk 15	wk 16	wk 17	wk 18	wk 19	wk 20	wk 21	wk 22	wk 23	wk 24	wk 25	wk 26	wk 27	wk 28	wk 29	wk 30	wk 31	wk 32	wk 33	wk 34	wk 35	wk 36	Totals
2005/06	0	0	0	12,444	14,134	8,045	13,931	14,117	13,635	13,732	11,943	12,565	13,302	7,904	0	0	0	0	0	0	0	8,973	13,084	14,157	14,840	14,442	14,711	14,924	14,726	0	14,923	15,552	9,380	16,085	15,999	16,570	334,118
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	0	0	0	0	0	0	0	7,237	12,389	13,609	15,735	14,448	14,295	13,937	0	14,676	14,876	16,143	8,566	15,926	15,153	17,240	325,570

2.56%
decrease



Traditional Units excluding those previously cash cafeteria service

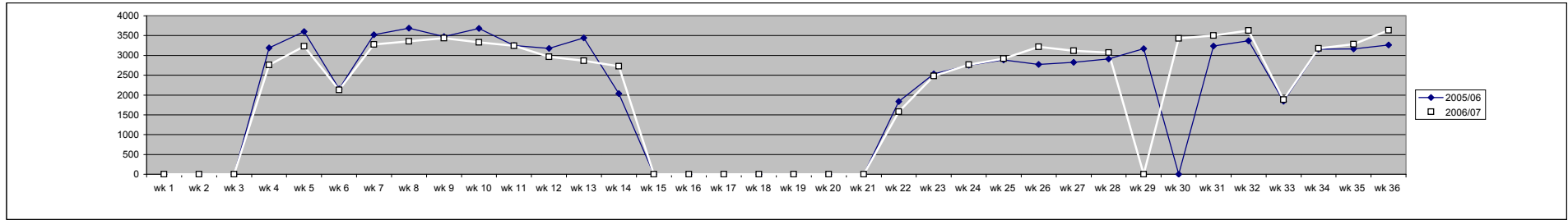
	wk 1	wk 2	wk 3	wk 4	wk 5	wk 6	wk 7	wk 8	wk 9	wk 10	wk 11	wk 12	wk 13	wk 14	wk 15	wk 16	wk 17	wk 18	wk 19	wk 20	wk 21	wk 22	wk 23	wk 24	wk 25	wk 26	wk 27	wk 28	wk 29	wk 30	wk 31	wk 32	wk 33	wk 34	wk 35	wk 36	Totals
2005/06	0	0	0	9,526	10,887	6,086	10,740	10,775	10,451	10,366	9,028	9,592	10,132	6,040	0	0	0	0	0	0	0	7,107	10,510	11,353	11,723	11,431	11,649	11,769	11,899	0	12,039	12,573	7,418	12,729	12,620	13,094	261,537
2006/07	0	0	0	8,029	10,224	6,625	10,364	10,396	10,795	9,908	8,821	9,460	9,849	6,536	0	0	0	0	0	0	0	5,530	9,761	10,661	10,715	11,224	11,177	10,863	0	11,496	11,576	12,795	6,575	12,550	11,669	10,016	247,615
																																					-5.32%
																																					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	wk 15	wk 16	wk 17	wk 18	wk 19	wk 20	wk 21	wk 22	wk 23	wk 24	wk 25	wk 26	wk 27	wk 28	wk 29	wk 30	wk 31	wk 32	wk 33	wk 34	wk 35	wk 36	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	0	0	0	0	0	0	0	0	1,835	2,536	2,751	2,888	2,771	2,829	2,913	3,170	0	3,235	3,369	1,841	3,158	3,161	3,263	74,952
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	0	0	0	0	0	0	0	0	1,582	2,481	2,765	2,920	3,214	3,118	3,074	0	3,428	3,502	3,626	1,887	3,176	3,286	3,636	75,011

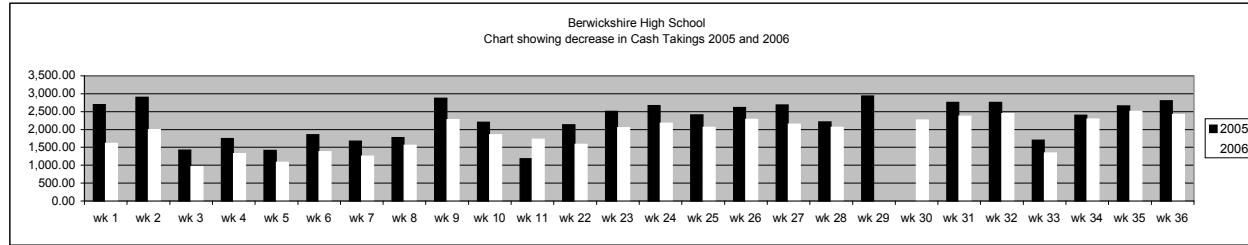
-0.08%
decrease



Secondary School Hungry for Success pilots
Period April to March

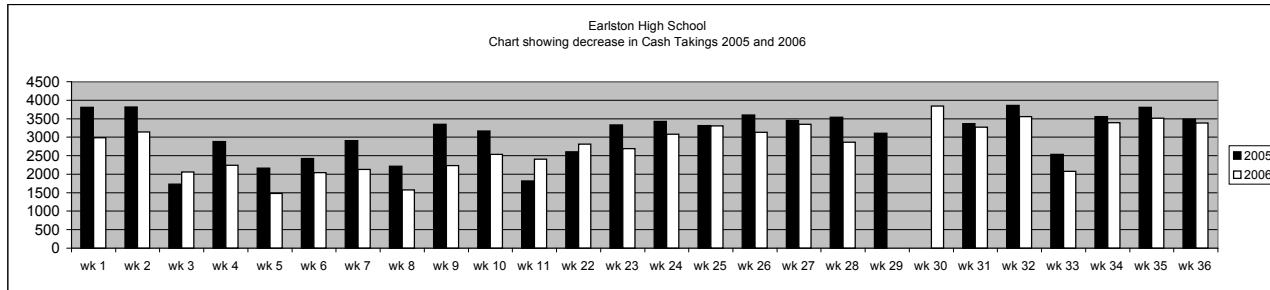
Berwickshire

	wk 1	wk 2	wk 3	wk 4	wk 5	wk 6	wk 7	wk 8	wk 9	wk 10	wk 11	wk 22	wk 23	wk 24	wk 25	wk 26	wk 27	wk 28	wk 29	wk 30	wk 31	wk 32	wk 33	wk 34	wk 35	wk 36	Total
2005	2,698.79	2,897.59	1,420.45	1,742.14	1,410.22	1,857.41	1,677.02	1,769.76	2,876.74	2,203.35	1,178.19	2,130.61	2,505.68	2,665.32	2,407.54	2,612.22	2,687.32	2,207.11	2,933.18	0.00	2,756.67	2,757.92	1,701.79	2,401.31	2,656.95	2,806.24	56,961.52
2006	1,609.31	1,997.58	956.70	1,323.48	1,080.91	1,374.84	1,252.64	1,557.47	2,270.87	1,852.86	1,728.14	1,582.67	2,050.98	2,176.13	2,056.34	2,281.42	2,147.09	2,057.64	0.00	2,264.73	2,370.61	2,439.58	1,341.02	2,289.17	2,508.20	2,420.65	46,991.03
%	-40.37	-31.06	-32.65	-24.03	-23.35	-25.98	-25.31	-12.00	-21.06	-15.91	46.68	-25.72	-18.15	-18.35	-14.59	-12.66	-20.10	-6.77	-100.00	#DIV/0!	-14.00	-11.54	-21.20	-4.67	-5.60	-13.74	-17.50



Earlston

	wk 1	wk 2	wk 3	wk 4	wk 5	wk 6	wk 7	wk 8	wk 9	wk 10	wk 11	wk 22	wk 23	wk 24	wk 25	wk 26	wk 27	wk 28	wk 29	wk 30	wk 31	wk 32	wk 33	wk 34	wk 35	wk 36	Total
2005	3,803.92	3,817.10	1,734.20	2,881.79	2,164.02	2,426.09	2,907.58	2,217.94	3,351.85	3,166.56	1,819.25	2,601.70	3,331.52	3,425.75	3,316.73	3,601.94	3,449.29	3,541.93	3,107.50	0.00	3,370.47	3,862.38	2,532.56	3,559.75	3,808.07	3,486.98	77,286.85
2006	2,986.22	3,141.83	2,061.55	2,239.11	1,475.98	2,039.07	2,130.39	1,576.32	2,232.80	2,536.87	2,406.77	2,814.14	2,695.48	3,084.65	3,309.95	3,131.31	3,345.12	2,866.75	0.00	3,839.57	3,273.87	3,556.42	2,079.25	3,390.70	3,515.92	3,387.38	69,117.42
%	-21.50	-17.69	18.88	-22.30	-31.79	-15.95	-26.73	-28.93	-33.39	-19.89	32.29	8.17	-19.09	-9.96	-0.20	-13.07	-3.02	-19.06	-100.00	#DIV/0!	-2.87	-7.92	-17.90	-4.75	-7.67	-2.86	-10.57



15 JANUARY 2007

REPORT BY HEAD OF ENVIRONMENTAL SERVICES

GROUNDS MAINTENANCE TRADING OPERATION

1 Purpose of Report

- 1.1 To update the members of the Trading Operations Sub-Committee of the activities of the Grounds Maintenance trading operation for the period 1st April to 30th November 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 and also for local housing associations and private individuals.
- 2.2 The section is undertaking its winter work programme which includes shrub and hedge maintenance, litter picking, pitch maintenance, tree pruning and ad-hoc work in response to issues raised during the year
- 2.3 Appendix 1 provides an analysis of income and expenditure for the first eight months of the year and of the projected outturn for 2006/07 compared to budget. Forecast income for the year of £3,350k is £152k greater than budget. Forecast expenditure of £3,349k is £165k greater than budget. The resulting surplus of £1k is £13k less than budget. The additional income arises from an increase in client charges, to recover higher than expected depreciation, interest, maintenance and fuel costs.
- 2.4 Expenditure in excess of budget has been kept to a minimum by delaying replacement of both full time and seasonal staff throughout the year.
- 2.5 The section has been participating in its first year of APSE performance networks. This is a benchmarking exercise designed to give an indication of performance against other similar authorities throughout the UK. The report on our submission has just been received and committee will be updated on the headline information verbally by the Parks Manager on the day of the meeting.

3 Business Update

- 3.1 Grass cutting operations throughout the Borders have been ongoing up to and including the beginning of December. This requirement to carry on grass cutting has resulted in delays in undertaking shrub bed renovations and has the potential to delay further some other functions which are traditionally undertaken in advance of the Christmas break. However, we are confident that all of the winter work will be complete in time for the next season.

- 3.2 External works are now being managed by the parks works manager. No significant changes to performance are expected as a result of this change.
- 3.3 An audit of the pricing strategy of existing contracts is currently underway. The results of this audit may impact on financial performance in future. Committee will be updated on its completion.
- 3.4 A programme for upgrade and improvement of play facilities has commenced. Whilst it had been previously intimated that reports would be circulated to area committees, due to time constraints a decision was taken to consult locally with those ward members affected about planned upgrades. This is now been complete and all issues satisfactorily resolved enabling efficient delivery of the programme.
- 3.5 SB Local have successfully managed to support the programme for play area improvements by securing funds to contribute towards fencing of those sites identified as requiring fencing on safety grounds. This is seen as a significant help towards addressing the Councils duties under the relevant health and safety legislation.
- 3.6 Appendix 2 attached details the programme of play area improvements for the current year.
- 3.7 A significant training programme is in the process of being delivered to all FTE manual staff in the parks section. Appendix 3 attached details the types of training and the numbers of staff involved. Completion of the programme will result in a formal improvement to the Councils position under the relevant legislation governing the operations of the service. Discussions have commenced with providers in advance of delivering a similar programme in the winter period next year.

4 Financial Implications

- 4.1 The Grounds Maintenance trading operation is forecasting a surplus of £1k for 06/07. 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 There are no equality issues directly associated with this report.

7 Environment

- 7.1 An audit has been completed on the issue of the bio-diversity duty, previously outlined at the last committee.
- 7.2 Discussions are now ongoing with colleagues in PED about those actions which are realistic and achievable and those which due to varying constraints are not. Committee can expect an update at the next round of monitoring meetings.

8 Risk Commentary

- 8.1 The question of bedding plant procurement continues to be challenged, in light of the proposed closure of the nursery at Glenraig, Peebles.
- 8.2 Short term the timing of the closure to facilitate the building of the school remains unclear. However, should the site be required late July then the plan is to de-cant to the nursery at Wilton Lodge park in Hawick, this will allow the winter/spring crop for 07/08 to be grown as usual. Discussions and decisions about this aspect of procurement which continue beyond March 2008 could result in the need to buy in a

proportion of the plants for the summer displays of 2008. Any potential for this to happen will be anticipated and the committee informed of any fluctuations in expenditure as a result of this action.

8.3 Work is ongoing with HR over the contractual options which may present themselves when employing seasonal staff. However management are making provision to employ seasonal staff earlier and for a longer period. This will be a significant step towards ensuring resources are available to cope with the climatic changes which effect the service. There could be significant financial pressures as a result, which will be managed subject to the outcome of the 2007/08 budget. However should no additional financial resource become available then members should be aware that the extended period of grass cutting experienced this year may not be able to be managed to such a high standard. This may inevitably lead to increases in complaints from the public.

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
John Cook	Head of Environmental Services

Associated Papers: Appendix 1, 2 & 3.

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REVENUE BUDGET MONITORING 2006/07

Based on actuals to 30 November 2006

TECHNICAL SERVICES TRADING OPERATION - GROUNDS MAINTENANCE

Description	Actual Expenditure/ Income to 30/11/06	Projected Outturn	Current Approved Budget for the Year	Variance (3) - (4)	Proposed Virement	Projected over/(under) spend after virement (5) - (6)	Comments on outturn and virements
(1)	(2) £ 000	(3) £ 000	(4) £ 000	(5) £ 000	(6) £ 000	(7) £ 000	
Income							
Internal Charges	(1,983)	(2,943)	(2,817)	(126)		(126)	
External Charges	(117)	(407)	(381)	(26)		(26)	
Interest Received	0	0	0	0		0	
	(2,100)	(3,350)	(3,198)	(152)	0	(152)	
Expenditure							
Employees	1,586	2,247	2,336	(89)		(89)	
Premises Related Expenses	37	61	59	2		2	
Transport Related Expenses	567	836	612	224		224	
Supplies & Services	46	65	59	6		6	
Payments to Other Bodies	27	35	13	22		22	
Interest Charged	0		0	0		0	
Central Support Charges	73	73	73	0		0	
Asset Rentals	0	32	32	0		0	
	2,336	3,349	3,184	165	0	165	
Net (Surplus)/Deficit	236	(1)	(14)	13	0	13	

Play area upgrading program 2006/7

Location	Proposal	Actions	Cost
Bowden (Eildon)	Establish new site on level ground just inside the entrance gate. New equipment is required. To accommodate new equipment, kick about area will be moved forward 8m.	New equipment:- 1 x Double bay swing unit, with 2 x flat & 2 cradle seats 1 x Metal climbing frame 1 x Roundabout 2 x Junior goals Remove existing equipment	<p align="right">£8,376.00 £13,234.00 £7,235.00 £690.00 £200.00</p> <hr/> <p align="right">Total £29,735.00</p>
Lillesleaf (Eildon)	Remove existing equipment at Musilee Drive and erect new equipment of same value.	New equipment:- 1 x Large metal climbing frame, using the existing loose fill surfacing 1 x Double bay swing unit, with 2 x flat & 2 cradle seats Remove existing equipment	<p align="right">£17,030.00 £8,376.00 £200.00</p> <hr/> <p align="right">Total £25,606.00</p>
Hawick Burnfoot School (Teviot & Liddesdale)	In order to attend to specific concerns raised in the inspection	8 x Safety barriers at swings to be erected Extend rubber safety surfacing at existing swings Top up existing loose fill surfacing/cut back hedge (routine maintenance)	<p align="right">£3,040.00 £850.00</p> <hr/> <p align="right">Total £3,890.00</p>
Hawick Buccleuch Road (Teviot & Liddesdale)	Remove spiral slide as there are 4 other slides. Install safety barriers at the swing units to reduce risk of collision and introduce equipment for less able children.	Install DDA compliant Nest swing unit 12 x Safety barriers to be installed 2 x DDA compliant spring mobiles to be installed Remove existing equipment	<p align="right">£3,700.00 £4,560.00 £1,200.00 £300.00</p> <hr/> <p align="right">Total £9,760.00</p>

Play area upgrading program 2006/7

Location	Proposal	Actions	Cost
Hawick Stirches School (Teviot & Liddesdale)	In order to attend to specific concerns raised in the inspection.	Remove existing swing unit and install new one using existing safety surfacing	£3,058.00
			Total
Denholm Green (Teviot & Liddesdale)	To reduce risk of collision	4 x Safety barriers to be erected at the swing units	£1,520.00
			Total
Jedburgh Hume Place - Elliot Road (Cheviot)	Erect "bow-top" metal fencing to alleviate road safety. Replace old equipment	New cradle seat swing unit, incorporating the existing safety surfacing New slide unit Remove existing equipment Re-lay existing rubber tiles Install 60 linier metres of bow top metal fencing 2 x Self closing pedestrian gates to be installed 1 x Metal access gate to be installed	£2,190.00
			Total
Jedburgh Priors Meadow (Cheviot)	Erect "bow-top" metal fencing to alleviate road safety. Replace old equipment	New flat seat swing unit, incorporating the existing safety surfacing New slide unit Remove existing equipment Re-lay existing rubber tiles Install 88 linier metres of bow top metal fencing 2 x Self closing pedestrian gates to be installed 1 x Metal access gate to be installed	£2,190.00
			Total
Jedburgh Fort Hill (Cheviot)	Remove 2 x sets of existing swings and replace with 1 x set of double bay swings. These will have 2 x cradle seats and 2 x flat seats.	2 x New bay swing unit Remove existing unit Re-lay existing rubber tiles	£2,958.00
			Total

Play area upgrading program 2006/7

Location	Proposal	Actions	Cost
Yetholm (Cheviot)	All existing equipment be removed and new equipment be installed at a more level site adjacent to existing one. Site will be remain unfenced because no evidence of dog fouling or road safety implications. New equipment will be clad with rubber surfacing.	1 x Set of double bay swings , with 2 x cradle & 2 x flat seats 1 x Metal climbing frame Remove existing equipment	£8,376.00
			£17,030.00
			£400.00
			Total £25,806.00
Kelso Meadow Court (Cheviot)	Seek permission to remove 2 x old existing units to little play value. Metal telecommunications tower, which was a safety hazard, was removed in September 2006.	Completely re-furbish existing swing unit and extend safety surfacing	£1,300.00
			£1,300.00
			Total £1,300.00
Kelso Orchard Park (Cheviot)	Replace existing timber fence with metal "bow top" fence with self closing gate to prevent vandalism. Install safety barriers at swing unit to reduce risk of collision.	8 x Safety barriers to be installed Install 17 linier metres of bow top metal fencing 1 x Self closing pedestrian gates to be installed Refurbish existing items (routine maintenance)	£3,040.00
			£1,071.00
			£400.00
			Total £4,511.00
Leitholm (Berwickshire)	Replace existing timber climbing frame with new metal one	Install new climbing frame Remove existing climbing frame	£13,234.00
			£100.00
			Total £13,334.00
Coldstream Priory Hill (Berwickshire)	Erect "bow-top" metal fencing to alleviate road safety.	Install 124 linier metres of bow top metal fencing 2 x Self closing pedestrian gates to be installed 1 x Metal service access gate to be installed	£7,812.00
			£800.00
			£400.00
			Total £9,012.00

Ground Maintenance Appendix 3.

Core Skills Training

Mobile elevated work platforms - 4 staff

Hedge Trimmers: - 60 staff

Wood Chipper: - 16 staff.

Orbital Flail: - 4 staff

Training to be completed

Strimmers - 54 staff

Pedestrian mowers – 54 staff

Ride-on Mowers - 54 staff