

SCOTTISH BORDERS COUNCIL
EXECUTIVE COMMITTEE
TRADING OPERATIONS SUB-COMMITTEE

Item No 4

MINUTE of MEETING of the TRADING OPERATIONS SUB-COMMITTEE held in the COUNCIL CHAMBER, COUNCIL HEADQUARTERS on 15 JANUARY 2007 at 2p.m.

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

Apologies:- Councillor D. Parker.

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

CHAIRMAN

1. In the absence of Councillor Parker, Councillor Edgar took the Chair

MINUTE

2. There had been circulated copies of the Informal Minute of 6 November 2006.

DECISION

APPROVED the Informal Minute of Meeting of 6 November 2006. The Director of Technical Services in response to a question from Councillor Mitchell updated Members on the current state of negotiations regarding the loss of the Neidpath Grazings.

SBC CONTRACTS SIGNIFICANT TRADING OPERATION

3. There had been circulated a report by the Director of Technical Services on Contracts Significant Trading Operations for the period 1 April to 30 November 2006. It was noted that based on the available data to 30 November 2006, SBc Contracts were forecasting a surplus for 2006/07 of £332K against a budget target of £280k. Appended to the report was a summary of the overall 2006/07 financial position, which forecasted total year expenditure of £21.2M against an approved budget for the year of £19.3M. The higher level of expenditure was however more than offset by a higher level of income which was expected to reach £21.5 million against an approved budget of £19.6 million for 2006/07. All of the forecasted growth in income was expected to come from external sources. The Business Manager, Roads and Fleet, detailed the total chargeable hours generated for the period, the Contracts completed, 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 and had been awarded to BEAR for the next five years. SBc Contracts management had already opened discussions with BEAR. The Business Manager highlighted that any possible future gritting work for BEAR on the trunk roads would have to be undertaken using pre-wetting technology which is a Scottish Executive requirement under the terms of the contract awarded to BEAR. This might 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 would be taken in due course when the situation becomes clear. The steps taken to address the manpower retention pressures highlighted at previous meetings were explained. Following discussions with HR, agreement was reached during November to increase the overtime multipliers applied to manual staff. Standard overtime would now have a multiplier of 1.50 compared to a previous 1.38. Special overtime would now have a multiplier of 2.0 compared to a previous rate of 1.90. These changes would now give a high degree of confidence in elevating the workforce retention problem. Members asked question regarding the Sign Workshop, and the

effect the Tupe agreement could have on the workforce. The work carried out by the Department which was beneficial to the Environment was also discussed.

DECISION

- (a) NOTED the report; and**
- (b) APPROVED the projected outturn as revised approved budget;**
- (c) AGREED that in future the work carried out by the Section which had environmental benefits be also detailed in the report.**

FLEET MANAGEMENT

4. 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 November 2006. The report forecasted a surplus for 2006/07 of £44K comfortably ahead of the revised budget expectation of £18k. The Fleet Manager detailed that total income was expected to reach £3.26 million, some £80K ahead of the budgeted income value. External income remained some £76k below budget, due to the on-going restriction in the Section's ability to accept work from external clients as a result of the current manpower shortage. The reduced external income was however more than offset by a much higher than predicted internal workload, which was expected to generate £3.15 million, some £156k ahead of budget. It was noted that expenditure was also running higher than budget and was forecast to reach almost £3.22 million by the end of the year. The net forecast result was a £26K positive variance in expected surplus relative to the approved budget of £18K. Up to the end of November 2006 Fleet had generated a total of 25,146 productive hours, which 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 represented a very strong performance from our workforce. Members welcomed that that the section had been successful in managing to recruit two new mechanics for our Newtown depot. Both of these mechanics would start work in January on a temporary 6 month contract, which will allow time to evaluate and review their performance. A decision about offering further employment will be made at the end of this evaluation period. A new fuel card system was being introduced using the ARVAL system, which was designed to supplement existing in-house systems and to consolidate total expenditure on vehicles, fuel and plant. Members discussed the new fuel card system and congratulated the Section on their performance.

DECISION

- (a) NOTED the report; and**
- (b) APPROVED the projected outturn as revised approved budget.**

CATERING AND CLEANING

5. 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 November 2006. Appended to the report was a summary of the overall 2006/07 financial position. It was noted that the projected income for the year of £4,542k was £11k more than budget and projected expenditure of £4,493k was in line with budget. Overall the projected surplus was a net £11k over the forecasted budget of £38k. The Catering and Building Cleaning Manager explained that a comparison of meals from April 2006 to November 2006 with the same period last year had indicated an overall decrease of 2.56%. A further breakdown of primary school meals into traditional meals and frozen meals (regeneration meals) indicated that traditional meals had decreased by 5.32% while frozen meals had decreased by 0.08%. Appendices were attached to the report detailing the trends for the above information. It was noted that The school meal dinner price had been increased in August to £1.60 (true cost £1.65 – 5p subsidy from Hungry for Success funds), that there had been an overall reduction in the Primary School roll and that a new menu had been introduced to Traditional school meals in October 2006. The Delivered Meals Service (frozen meals) menu had not been altered since it was introduced in April 2006 due to negotiations as to where the meals would be

sourced in the future. The two Hungry for Success pilot schools, Berwickshire HS and Earlston HS continued to be monitored, which indicated 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 showed decrease of 10.57% (15.63%). The Executive agreed on 19 of December to provide milk and fruit juice as part of the school lunch. This would be at no extra charge to the pupil and will be funded from the Hungry for Success grant funding. This was estimated to be at a cost of between £50,000 and £80,000 per annum. The outstanding tendering for supplies of disposables had been awarded to Bunzl Cleaning and Hygiene Supplies with the Multi Portion frozen meals contract having been awarded to Clackmannanshire Council Catering Services and would 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 sum of £124,600 has been set aside from the Schools Fund Capital Grant and a phased refurbishment of specific pieces of kitchen equipment had commenced. Recruitment and retention of staff still remained a risk to the service. The Catering and Building Cleaning Manager highlighted the fact that Galashiels Academy lost almost half of their domestic staff in one week, with the opening of the new 24 hour Tesco and Asda stores. Further reviews were also on-going to look at the attractiveness of posts, operational hours and the HR processes surrounding references and disclosure checks. Two new external contracts had commenced at Selkirk Riverside and Tweed Horizons. The two reviews reported in the September 2006 to look at provision for packed lunches and nursery class children were now underway. Members discussed the cost of the meals and the cost of agency staff to fill vacancies on a short term basis. It was also felt that the environmental improvements carried out by the Section could be included in the report in future

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 November 2006. The Parks Manager explained that the section was undertaking its winter work programme which included shrub and hedge maintenance, litter picking, pitch maintenance, tree pruning and ad-hoc work in response to issues raised during the year. The 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 arose from an increase in client charges, to recover higher than expected depreciation, interest, maintenance and fuel costs, with expenditure in excess of budget has been kept to a minimum by delaying replacement of both full time and seasonal staff throughout the year. The section had been participating in its first year of APSE performance networks which was a benchmarking exercise designed to give an indication of performance against other similar authorities throughout the UK. Grass cutting operations throughout the Borders have been ongoing up to and including the beginning of December. The requirement to carry on grass cutting had 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, the section was confident that all of the winter work would be complete in time for the next season. Attached to the report were details of the programme of play area improvements for the current year and also details of training programmes highlighting the types of training and the numbers of staff involved. It was noted that completion of the programme would result in a formal improvement to the Councils position under the relevant legislation governing the operations of the service. Discussions had commenced with providers in advance of delivering a similar programme in the winter period next year. The question of bedding plant procurement continued to be challenged, in light of the proposed closure of the nursery at Glenraig, Peebles, should the site be required late July then the plan was to de-cant to the nursery at Wilton Lodge park in Hawick, which would 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. Work was also ongoing with HR over the contractual options which might present themselves when employing seasonal staff. However management were making provision to employ seasonal staff earlier and for a longer period, which would be a significant step towards ensuring that resources were available to cope with the climatic changes which effected the service. There could be significant financial pressures as a result, which if no additional financial resource became available the cutting experienced this year might not be able to be managed to such a high standard in future. Members asked questions with particular regard to the play area upgrading programme and complimented the Section on their achievements to date.

DECISION

(a) NOTED the report; and

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

The meeting concluded at 3. p m