

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 31st January 2007.

2 Business Performance & Financial Position

- 2.1 Fleet Maintenance is forecasting a year end surplus out-turn of £50K. This surplus forecast is in excess of the revised budget expectation which was for a surplus of £44K in 2006/07.
- 2.2 We are expecting total income to reach £3.3 million, some £52K ahead of the budgeted income value. External income is more than offset by a higher than predicted internal workload, which is expected to generate just over £3.2 million, some £51k ahead of budget.

Expenditure is also running higher than budget and is forecast to reach just over £3.26 million by the end of the year. The forecast surplus is £50K, which is a £6K positive variance relative to the approved budget of £44K.

- 2.3 Up to the end of January 2007 Fleet generated a total of 32,734 productive hours. This was an increase of almost 2% over the same period in 2005/06 when 32,145 productive hours were generated. Given the staffing and long-term sickness levels experienced this year, this again represents a good level of performance.

3 Issues & Risks

3.1 Productive Capacity

The current average age of the workforce has been reduced to 41 years from 52 years due to the retirement of senior workshop fitters through ill health retirement and two of the three apprentices taking up full time positions. External recruitment is still a problem and will continue to drive recruitment through training of apprentices internally, this years intake will be three, one in the fabrication workshop and two in the maintenance workshop at Newtown and Duns.

3.2 Fuel Card System

The fuel card system is working well with Protective Services, Passenger Transport

and Social Work now 100% signed up to receiving fuel supplied through SBC sites or using ARVAL fuel cards. The current monthly transaction values are:

Protective Services £711

Passenger Transport £1,016

Social Work £485

3.3 Fuel Storage & Management Facilities

Based on the assumption that our existing George Street depot will be closed and used for housing redevelopment, it is intended that our new depot facilities in Peebles will be located at Eshiels where work is currently underway on the new access road. The new Eshiels depot will require both fuel storage & management facilities on the new site. This will also include the new sonic tank measuring device being evaluated at Spylaw Kelso. This system gives accurate tank readings without the need for manual tank dips and eliminates the need for foremen to monitor tank levels. If this continues to be successful it will be rolled out to other sites as permitted by available funding.

3.4 Newtown Workshop Development

Phase two of the Newtown workshop development needs to be completed as soon as possible as it included accommodation provision for management staff and stores facilities both of which are currently located in old portable cabins. In addition, the toilet and washroom facilities for both workshop and office staff is in breach of Health and Safety regulations.

4 Financial Implications

4.1 The Fleet management trading operation is forecasting a surplus of £50K 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

8.2 Depot facilities require to be upgraded to meet welfare standards and to avoid falling foul of HSE, and to maintain workforce morale.

9 Recommendations

9.1 I recommend that the Trading Operations Sub-Committee:

