

SCOTTISH BORDERS COUNCIL
EXECUTIVE COMMITTEE
TRADING OPERATIONS SUB-COMMITTEE

MINUTE of MEETING of the TRADING
OPERATIONS SUB-COMMITTEE
held in the COUNCIL CHAMBER,
COUNCIL HEADQUARTERS on 3
December 2007 at 2. p.m.

Present: - Councillors M. Cook (Chairman), N. Calvert, J. Brown, J. Fullarton, G Garvie, K. Gunn, L. Wyse.

In Attendance:- Director of Technical Services, Acting Head of Roads and Fleet, Head of Business Management - Technical Services, Business Support Officer - Technical Services, DLO Roads Manager, Parks Manager, Business Manager, DLO Operations, Team Leader - Technical Services Business Support, Corporate Finance, Committee Officer, (F. Henderson.)

MINUTE

1. There had been circulated copies of the Minute of 22 October 2007.

**DECISION
NOTED:-**

- (a) **the Minute of Meeting of 22 October 2007;**
- (b) **With reference to paragraph 2(b) of the Minute of 22 October 2007, Members were advised that the report would be submitted to a future meeting; and**
- (c) **With reference to the attendance of the Meeting on 22 October 2007, it was noted that Councillor Garvie had been present at the meeting.**

SBc CONTRACTS SIGNIFICANT TRADING OPERATION – ANALYSIS OF TRADING SURPLUS

2. There had been circulated copies of a powerpoint presentation on SBc Contract: Analysis of Costs, Income and Surplus. It was explained that SBc Contracts financial arrangements were very complex and the presentation would give a better overview of how these operated. The presentation looked at a variety of issues and focused on a number of key issues; Cost Centre & Work Centre Structure; Number and distribution of jobs undertaken; Sources of income in terms of job types; Job risks & rewards; Job Costs & Margins; an analysis for 2007/08 of Current and Projected Internal & External surplus. It was explained that the Cost centres were divided into West Division, East Division, Surfacing, Major Schemes, Lighting/ Signs and Miscellaneous. It was further explained that the average job size was just £9,419 and that there was a huge diversity in average job size by cost centre family and in total job values from £10 small sign shop up to £3.665m for Amey multiple jobs, with the largest private major scheme being £1.865m at Prestonpans.
3. There were three broad families of job income type: cost plus, fixed price and measured work which was very different from any other DLO in Scotland and was much more like a private commercial company who took Risks in pursuit of reward. The key distinction was that on half its work (Internal) whether Cost Plus or Measured SBc Contracts was not trying to make a profit but simply to break-even and offer 'Best Value' to the client. It was explained that in

order to move from the Job Profit Margin position to the final surplus position three further groups of items had to be added or subtracted, Plant Account (surplus or deficit), Labour Account (surplus/or deficit) and non-recovered Costs, the sum of these items plus the job margin was the expected surplus outcome.

DECISION

(a) NOTED the report.

(b) AGREED that an end of year report be presented in June 2008.

FLEET MANAGEMENT

4. With reference to paragraph 5 of the Minute of 22 October 2007, there had been circulated copies of a report by the Director of Technical Services to update Members on the activities of the Fleet Management Trading operation for the period 1 September to 31 October 2007. The Acting Head of Roads and Fleet explained that there had been no further developments on the proposals made to Eildon Housing and to Borders College to undertake maintenance on their respective vehicle fleets. Budget surplus forecasts updates were usually synchronised with the Council's revenue monitoring cycle and were therefore not available due to the timing of the meeting. The surplus projection would be updated in the report for the Trading Committee meeting on 16 of January 2008.
5. The report further explained that a recent review of the Council's series of "local" accident reduction schemes for occupational drivers (i.e. staff employed to drive Council vehicles) had suggested that a more systematic approach, with a common, structured approach to dealing with drivers who were involved in more accidents than others could significantly improve driver performance, and substantially reduce repair costs. There was also a risk that if this issue was not effectively addressed – that the Council could be liable to prosecution under Corporate Manslaughter legislation and 3rd party claims if an occupational driver with a known accident record continued driving without some type of corrective intervention by the Council, and was then the cause of a serious or fatal accident. In order to address this issue, a new system (based on a successful scheme running in another local authority) and developed in collaboration with Human Resources would be trialled within Technical Services in the coming months. The report further detailed the scheme to be trialled and advised that Managers and foremen were being briefed on this issue, negotiations with the unions had started and that the scheme would be introduced to drivers in a series of meetings over the coming weeks and it was anticipated that the scheme would be implemented around mid December. Further reports would be presented to the committee once the scheme had been running for some months, and performance data had been analysed.
6. It was reported that while there had been spikes in fuel prices previously, these had not been sustained and average unit costs over the year had generally come close to the budgeted average values. However, this may not be possible in 2008/9 and appendix 1 to the report provided an analysis of the fuel usage throughout SBC. The service had recently participated in a questionnaire issued by the Tripartite Fleet Review Board for the "blue light" emergency services. This was part of an investigation aimed at collaboration in fuel sourcing with the aim of reducing costs and maintaining strategic energy sources of supply in times of emergency. The cost advantages to the Council of maintaining its own fuel supplies of fuel had always been marginal when the full cost of storing, maintaining and administering fuel supplies were taken into account. However, the argument for maintaining a reliable strategic source of fuel supply out-with the public network was very compelling and was again strongly emphasised by the Tripartite Fleet Review Board. Independently controlled fuel supplies also featured in some of the Council's business continuity plans.

7. Following recent changes in the regulations, there was a risk that the Council may be exposed to litigation and / or 3rd party claims if it does not administer the use of private (casual and essential users) and lease cars engaged on Council business effectively. At present the system was largely self-policing, with the drivers themselves required to ensure they are fit to drive, have valid licences and insurance and that their vehicles are roadworthy. It is strongly recommended that legal opinion be sought on the position and, if necessary, funding made available to ensure that an appropriate management regime was established.
8. The service had successfully recruited two additional fitters to work on agricultural, horticultural and plant maintenance work and this would relieve the capacity pressure on the plant side of the business and allow the level of external work having to be commissioned to be minimised. It had not yet been possible to recruit any additional commercial vehicle fitters. A recruitment drive for new apprentice fitters and managers had been undertaken and two new apprentices would be appointed, one for Duns and one for the Newtown depot. A third appointment was under consideration should it continue to prove difficult to recruit a qualified heavy goods mechanic.

DECISION

- (a) **NOTED the report.**
- (b) **AGREED that;-**
 - (i) **an outline report be presented to the next meeting on the benefits of maintaining fuel tanks;**
 - (ii) **the Director of Technical Services seek a legal opinion on the private car/driver issues set out in paragraph 3.4.3. of the report, and report back to a future meeting recommending appropriate action.**
 - (iii) **consideration be given to recruiting an apprentice each year.**

CATERING AND CLEANING ASPE REVIEW

9. With reference to paragraph 5 of the Minute of 22 October 2007, there had been circulated copies of a report by the Director of Technical Services to update Members on the performance of the Catering and Cleaning operations for the period 1 September to 31 October 2007. The Head of Business Management – Technical Services advised that this was a time of significant change in the Catering and Cleaning service. The Scottish Government Free School meals Pilot for Primary pupils in years one to three commenced on 29 October 2007 with the average take-up of meals in all primary schools for the first three weeks of the trial rising to 48% compared to the average 36% take-up of meals in 2006/07. The percentage of primary pupils in year's 1-3 pupils taking a school meal had averaged at 62% which meant that 38% of parents had declined to take up the option of a free school meal for their child for a variety of reasons. The Education Department had taken the opportunity to introduce a new advance ordering system for parents and it was hoped that this would encourage more parents to allow their children to stay for a free school lunch. The free school meals pilot was now moving into the evaluation stage and particular attention would be paid to those schools where uptake was still low. The indication was now that funding would continue to June and that it was Scottish Government's intention to roll the project out across Scotland in the longer term. More information was awaited before the detailed implications of this could be considered. However, the 1st phase of the project included the set up costs, so any further phases should be fully funded.
10. It was further reported that the ASPE review report was presented to the Administration Policy Working Group on the 13 November 2007 and all the recommendations were accepted and endorsed. A draft of the Implementation Plan was scheduled to be to be

presented to the Executive on the 18 December 2007 and was detailed in Appendices 1 and 2 of the report. Action 1 of the APSE review was establishing the service delivery and funding priorities. This would consider the future policy on production method for Members to review. It was of note that the APSE review and Free School Meals take up does not highlight a borderswide preference for production kitchens – although there were clearly issues in individual regeneration schools. Also the aim of the training programme recommended by APSE was aimed to improve consistency of quality in all schools.

11. A proposal for the detailed implementation of cashless catering was scheduled to be reported to Executive on the 18 December 2007 and following a request from members a list of Regeneration Kitchens by geographical area had been prepared and was attached to the report at Appendices 3 and 4. This initiative to provide milk and fruit juice in primary schools as part of the school lunch was fully implemented in January 2007 and fully funded from the Hungry for Success grant funding at an estimated cost of between £50,000 and £80,000 per annum depending on take-up. The cost from April to September, 2007 was £27,000 and the annual estimate was £60,000. However, with the implementation of the Free School Meals Pilot on 29 October, it would increase in accordance with the increased take-up of meals. Early indications suggest an additional cost of around £6,000 for the period 29 October to 28 March, making a total annual estimate of £66,000.

DECISION

NOTED the report.

GROUNDS MAINTENANCE

12. With reference to paragraph 6 of the Minute of 22 October 2007, there had been circulated a report by the Director of Technical Services to update Members on the on the Ground Maintenance operation from 1 September to 31 October 2007. The Parks Manager explained that the section had completed the summer maintenance programme and had commenced with the autumn schedule of maintenance including grass cutting leaf collection, shrub bed pruning, hedge cutting, sports pitch maintenance, litter picking, play area maintenance, landscaping including planting of trees and shrub/rose beds. The budget trading surplus of £44k had been reduced to break-even following a revision of the income forecast for the year and increased overtime had been funded by transport cost savings. External customer charges increased by 7.5% in this financial year and whilst further significant increases were being proposed for 2008/09 some clients had indicated that further increases could not be sustained. It was noted that a report on the sourcing of plants previously grown at the Glenraig Nursery in Peebles had been prepared and due to the nature and content of the report would be placed before the Administration Policy Working Group for consideration in December.
13. The service had been successful in its application for recognition by Investors In People (IIP) as meeting the standard of IIP. The section's approach to training was a major part of that achievement. The IIP had highlighted the issue of Agency/Seasonal staff being able to maintain the high standards of the service and it was explained that some of the issues raised had already been taken forward and those staff returning next year would be included in the single status. The section had continued to review risk assessments and one emerging issue was that of cutting grass on embankments. In anticipation of the outcome of the risk assessment review, a trial of grass cutting machinery operated by remote control had been undertaken at the Mote hill in Hawick. The trial proved reasonably successful attracting press and community interest and further trials were being arranged in other such locations around the borders, to ascertain the usability and functionality of the machinery in a range of different settings.

14. The outcome of the national Beautiful Scotland competition had seen both Galashiels and Peebles achieve national recognition for their efforts. Galashiels was awarded four Thistles (with five being the highest mark) in their category, effectively placing them third in their national category. Recognition was also achieved by Whitsome in the neighbourhood awards.

DECISION

NOTED the report.

A MINI-REVIEW OF PARKS AND OPEN SPACES

15. With reference to paragraph 6 of the Minute of the Meeting of 19 June 2007, there had been circulated copies of a report by the Director of Technical Services on an interim report by APSE on the Parks and Open Spaces service. A copy of the interim report was attached at Appendix I of the report and the key findings were detailed in the report. The interim report concluded that there was scope for improvement, but investment in capacity and information systems would be necessary. With particular reference to **grass cutting**, the interim report recommended a detailed examination of what land was currently maintained; better matching of service standards to the purpose of each site; agreeing and applying a hierarchy of standards (higher and lower) and Addressing capacity issues such as machinery – types, numbers, locations, skills and more effective enablement and empowerment of staff. However, the report also recommended that this be undertaken as part of a comprehensive review of the service as a whole

16. The Parks Manager further advised that it was proposed that the review work be concluded in 2008 to resolve the immediate concerns over grass cutting (particularly in high amenity and/or high profile areas) prior to the next cutting season. The Section would develop proposals for a hierarchical approach so that this could be achieved within the existing budget. It would identify the development resource required to address the recommendations, and develop a detailed improvement plan for approval and once approved, start implementation (within available budgets).

DECISION

(a) NOTED the content of the report.

(b) AGREED that the review process continue (including improvements to grass cutting, to be made prior to the next cutting season) and that a further report be considered by the committee in February/March 2008, detailing progress.

The meeting concluded at 4 p.m