

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

10th March 2008

REPORT BY DIRECTOR OF TECHNICAL SERVICES

SBc CONTRACTS TRADING OPERATION

1 Purpose of Report

- 1.1 To update the members of the Trading Operations Sub-Committee of the activities of the SBc Contracts trading operation for the period 1st November to 31st December 2007.

2 Background

- 2.1 SBc Contracts is the Council's only Significant Trading Organisation and performs a range of capital and revenue work for Network Roads, other SBC departments, other public sector bodies, and a wide range of external companies and private individuals.

3 Business Performance and Update

3.1.1 Existing Workload:

SBc Contracts has continued to have success in tendering for external work. In the first nine months of this fiscal year a total of £9.7 million of tendered work has been won at a success rate of 25% on value. This compares favourably with the same period last year when £7.6 million of work had been won at this stage. Although last years success rate of 33% remains considerably higher, as always there are a number of tender decisions in the current year where the client has yet to make the final award of contract. Success in some of these will further boost the value of work won and the overall success rate.

	Apr - Dec 2007	Apr - Dec 2006	+/- % base 2006
Number of Tenders Completed	564	575	-2%
Number of Tenders Won	185	241	-23%
% Success Rate	33%	42%	
Value of Tenders Completed (£ mn)	39.1	22.7	72%
Value of Tenders Won (£ mn)	9.7	7.6	28%
% Success Rate	25%	33%	
% Increase in external work secured	28%	-	

Trunk road work orders through BEAR via their sub-contractor Aggregate Industries remain disappointing and we estimate the total income from BEAR will not exceed £500k (including winter maintenance) compared to a total value of AMEY work undertaken last year of £3.6M last year.

3.1.2 Future Workload Outlook

We are aware that there may very well be a slowdown in the local housing market over the coming year and we will need to look for alternative sources of work. We would like to re-focus activity back towards roads construction works which is the core business strength of SBc Contracts. To this end, we will be tendering for a major road re-construction project on the A702 at Candymill in South Lanarkshire. This project, which is geographically only a few miles outside of the Borders region is estimated to be worth over £2 million and is being tendered by BEAR on behalf of the Scottish Executive.

We have also noted that in the absence of any major trunk road work from BEAR, and without any roads Prudential capital funding in place during 2008/09, we are likely to have a significant volume of spare capacity on our specialist equipment for surfacing and surface dressing roads which we will need to fill.

We have developed a good working relationship with Grahams through our collaboration on the Borders High School projects and we are continuing to work with them on a housing development on the site of the old Eastern Infirmary in Edinburgh. We are also hopeful of working with Grahams on the construction of a new Park & Ride facility at Straiton in Edinburgh worth around £350k.

We are also in discussions with the R.J Macleod to act as a sub-contractor on a further Park & Ride facility due to be constructed at Wallyford in Mid-Lothian.

We have also been successful in winning work worth £5.0 million over 2.5 years on the large Taylor-Wimpey housing development project at Peebles. This project has just started in February 2008, and is due to be complete in September 2010.

3.2 Budget:

SBc Contracts is forecasting a surplus of £310k after making a provision for the deduction of £48k in internal interest charges which are paid to the council's loan fund against an original budget provision of zero. This interest charge is calculated based on SBc Contract's monthly cash flow position. A number of actions have been put in place to accelerate the accounts payable position of SBc Contracts over the last year in order to meet a corporate KPI on accounts payable with significant improvements now becoming apparent. This has however had a detrimental effect on our cash flow which has been reflected in this higher than budgeted interest charge.

The surplus shortfall which is some £19k below the current approved budget can be explained largely by interest charges.

3.3 Updated Projections:

Appendix 1 shows the updated SBc Contracts financial results based on the revised budget. The forecast surplus target is £310k.

Increased turnover of £26.6m is forecast against the previously reported value and current budget of £24.3m. This additional turnover, which has been generated mainly from external customers, is necessary to help achieve the surplus target. SBc Contracts has experienced downward margin pressure in this financial year. The major reduction in the volume of profitable trunk road work available from BEAR has exacerbated this trend.

As highlighted under point 3.1 we have been successful in winning further works from outside bodies which has helped us expand our external turnover overall despite the lack of work emanating from BEAR. We will make extensive use of sub contractors to help undertake this additional work. As shown in Appendix 1, we now expect sub-contractor costs to be reach £5.1m this year providing a strong boost to the local economy, as most of the contractors we use are Borders based.

3.4 Single Status Issues:

Awaiting further updates on this issue.

3.5 Staffing:

SBc Contracts currently has 218 manual workers in place against a budgeted establishment figure of 228.

During November and December 2007 the SBc Contracts level of absence and sickness averaged 2.64%

3.6 Training :

We continue to develop our training facilities and are installing a deep manhole unit and pipe section at the Langlee site to allow confined space and deep shoring training to take place.

SBc Contracts recently had an external verifier visit from the Scottish Qualifications Authority (SQA) who was very impressed with our training facilities. The SQA centre has indicated that they are planning to channel their future training through our Langlee training centre. We are hopeful that our on-going training development efforts and the very strong emphasis we place on training within SBc Contracts will stand us in good stead with both Construction Industry Training Board (CITB) and the SQA and make us a natural choice for their training programmes.

3.7 Health and Safety :

SBc Contracts have recently had a visit from the Health and Safety Executive (HSE) regarding an operative with Hand and Arm Vibration Syndrome (HAVS). They have indicated that they are satisfied with SBc Contracts occupational health procedures and the ongoing yearly reviews of all our manual workers which we are undertaking.

4 Financial Implications

4.1 It is expected that SBc Contracts will make a trading surplus of £310k in the current financial year including provision for £48k of internal interest charges. This interest charge is calculated based on our average cash balance position throughout the year.

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 There are no environmental issues directly associated with this report.

8 Risk Commentary

8.1 The proposed changes to the Sunday overtime multiplier creates a risk that we have difficulties in providing non-contractual overtime cover on a Sunday for winter and emergencies.

8.2 The proposed phased removal of essential car user allowances also poses a risk to business continuity if staff choose not to make private cars available for business travel.

8.3 Due to the reduction in the volume of any major trunk road work from BEAR, and without any roads Prudential capital funding in place during 2008/09, there is a risk that

we will have a significant volume of spare capacity on our specialist equipment for surfacing and surface dressing roads which we will need to fill. This risk is detailed above in 3.1.2.

9 Summary

- 9.1 The volume of external tender work won remains strong and is running comfortably ahead of 2006/07 and strongly ahead of 2005/06 levels.

10 Recommendations

10.1 I recommend that the sub committee

- (a) **Agree the contents of this report**
- (b) **Approve the projected outturn as the revised approved budget.**

Approved by

Name	Designation	Signature
Callum Hay	Director of Technical Services	[insert signature]

Author(s)

Name	Designation
Kenny Hastings	Roads Manager

Background Papers:

Previous Minute Reference:

REVENUE BUDGET MONITORING 2007/08

Based on actuals to 31 Dec 2007

TECHNICAL SERVICES TRADING OPERATION - SBc Contracts

Ref	Description (Expenditure) (1)	Actual Expenditure to 31/12/07 (3) £'000	Projected Outturn (4) £'000	Current Approved Budget for the Year (2) £'000	Ref	Description (Income) (5)	Actual Income to 31/12/07 (7) £'000	Projected Outturn (8) £'000	Current Approved Budget for the Year (6) £'000
	Expenditure - Internal Recoverable					Income			
A	Employee costs and on-costs	4,852	6,841	6,593	L	From SBC client accounts	(5,113)	(7,976)	(7,976)
B	Signshop on-costs	34	49	67	M	From SBC capital accounts	(3,722)	(4,500)	(4,000)
C	Depot on-costs	259	585	518	N	From outside bodies	(9,483)	(14,150)	(12,352)
D	Management, admin and office oncosts Includes central support and asset rentals	923	1,565	1,471					
E	Own plant and vehicles	2,298	3,943	3,825					
F		8,366	12,983	12,474					
	Expenditure - External (Direct to Jobs)								
G	Direct materials and stock	5,852	7,500	6,744					
H	Sub contractors	4,245	5,100	4,171					
I	Hired plant and vehicles	611	733	610					
J		10,708	13,333	11,525					
K	Total Expenditure	19,074	26,316	23,999	P	Total Income	(18,318)	(26,626)	(24,328)
					Q	Net (Surplus) / Deficit	756	(310)	(329)
					R	Variance			19

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)

10th March 2008

REPORT BY DIRECTOR OF TECHNICAL SERVICES

FLEET MANAGEMENT TRADING OPERATION

1 Purpose of Report

- 1.1 To update the members of the Trading Operations Sub-Committee of the activities of the Fleet Management trading operation for the period 1st November to 31st December 2007.**

2 Background

- 2.1 Fleet Management is a trading organisation which provides vehicle procurement, fleet management, vehicle maintenance and a repair service for SBC Contracts, and a range of other SBC departments as well as some external private clients.**

3 Business Performance and Update

3.1 Workload:

Borders College have requested that SBC Fleet Management undertake all their vehicle maintenance for a trial period. The work will initially exclude cars, which are being supplied and maintained through a contract with a major manufacturer. Eildon Housing has been contacted again to confirm their intention regarding vehicle maintenance. They have now indicated that they wish SBC to provide vehicle management and maintenance of their full fleet. This will add approximately 21 vehicles and potentially increase turnover by £19K per annum. Although the contract values involved are relatively small, it is considered a positive endorsement of our Fleet Management, that both our standard of service and level of costs have been considered favourably by both of these organisations. This also fits well with public services collaborative working approach being advocated by the Scottish Government.

3.2 Budget:

Despite recruitment and retention difficulties earlier in the year Fleet Management has made a good recovery and is now forecasting a budget surplus of £20k for 2007/08.

3.3 Updated Projections

Appendix 1 shows the updated Fleet financial results agreed at the last budget monitoring round. We are expecting income to be some £147k below budget with this drop coming from reduced day-works and contract income.

There is an offsetting reduction against budget in our expenditure of £149k. Major items of note are a reduction in mechanic numbers and costs of £134k as a result of unfilled posts. Additional sub-contracting is being used to help bridge the current capacity limitations and this has resulted in a projected £33k overspend on payments to Other Bodies.

Overall appendix 1 shows that Fleet expects to generate a Surplus of £20k in the current financial year some £2k above the current approved budget of £18k.

3.4 Operational Issues

3.4.1 Accident Reduction Scheme:

A meeting has now been held with the respective union representatives regarding the accident reduction scheme. The unions were very enthusiastic about the scheme and they were calling for it to be rolled out across the council with immediate effect. It was explained that this scheme was seen as a pilot project within Technical Services, which would only be rolled out after the pilot had been completed and the results assessed. A further meeting on this subject will be held with the unions in the near future.

Statistics are being gathered at the moment and reported by workshops, however, we still believe there are unrecorded incidents. When the unions have fully endorsed the scheme and drivers are fully instructed, this may result in an increase in the number of incidents reported.

The statistics below show the number of incidents, previously unreported through the normal insurance system, now being captured with a value of up to £1,500. In subsequent reports these will continue to be updated.

Department	Oct	Nov	Dec	Jan-08
SBc Contracts	1	10	1	2
Environmental Services	3	3	1	1
Parks	1	1	1	1
Passenger Transport	1	2	0	2

The statistics shown below are the incidents reported through our normal insurance system:

Department	Sept	Oct	Nov	Dec	Jan-08
SBc Contracts	6	8	10	11	22
Environmental Services	3	9	5	7	11
Parks	0	1	6	3	1
Passenger Transport	0	3	0	4	1

The number of incidents reported through the insurance system has increased very significantly in January. This was due almost entirely to the adverse weather and icy conditions experienced during the month. It does however serve to emphasize the accident risk which exists on a wider scale for the entire Council particularly in light of the risk posed by changes to the corporate manslaughter regulations coming into force in April 2008. These changes will make organisations, including Councils, liable as a corporate body for accidental deaths where the organisation is deemed to be negligent.

3.4.2 Fuel

Fuel prices have maintained the high level of prices reached in the final quarter of 2007 with no sign of any sustained reduction in prices. By way of illustration, the fuel price movements for DERV since January 2007 have been plotted and are shown in Appendix 2. It should also be noted that a further 2 pence per litre increase in fuel duty is scheduled from April 2008, which will further add to the fuel price pressure.

3.5 Staffing

Two new fitters started at the Newtown workshop in December 2008 and had an immediate beneficial impact providing much needed support to our existing workshop team.

Two apprentices also started work at the Newtown and Duns workshops in January 2008.

3.6 Training

No new issues to report

3.7 Health & Safety

The Single Status arrangements are not currently applicable to our mechanics who are classified as Craft workers. The position is being reviewed by HR.

Sickness and Absence levels among our mechanics ran at 1.9% during November and December.

For the position regarding accident levels during this period see details in chapter 3.4.1 of this report

4 Financial Implications

4.1 Fleet management is forecasting the expected surplus to be some £2k above the current approved budget of £18k.

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 There are no environmental issues directly associated with this report.

8 Risk Commentary

8.1 There is a potential risk of litigation / 3rd party claims if the Council does not have an effective accident reduction / driver training scheme in place for occupational drivers.

8.2 The risk of staff losses has been partially mitigated by the recent recruitment initiative.

9 Summary

9.1 The forecast surplus is £2,000 above budget

9.2 The accident reduction scheme has been temporarily delayed due to difficulties in arranging union meetings.

9.3 Fuel cost pressure has reduced slightly but we will continue to monitor prices closely

9.4 Two new plant fitters have now started at the Newtown workshop.

10 Recommendations

10.1 I recommend that the sub committee:

(a) Agree the contents of this report

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

Approved by

Name	Designation	Signature
Callum Hay	Director of Technical Services	[insert signature]

Author(s)

Name	Designation
John Martin	Fleet Manager

Background Papers:

Previous Minute Reference:

REVENUE BUDGET MONITORING 2007/8

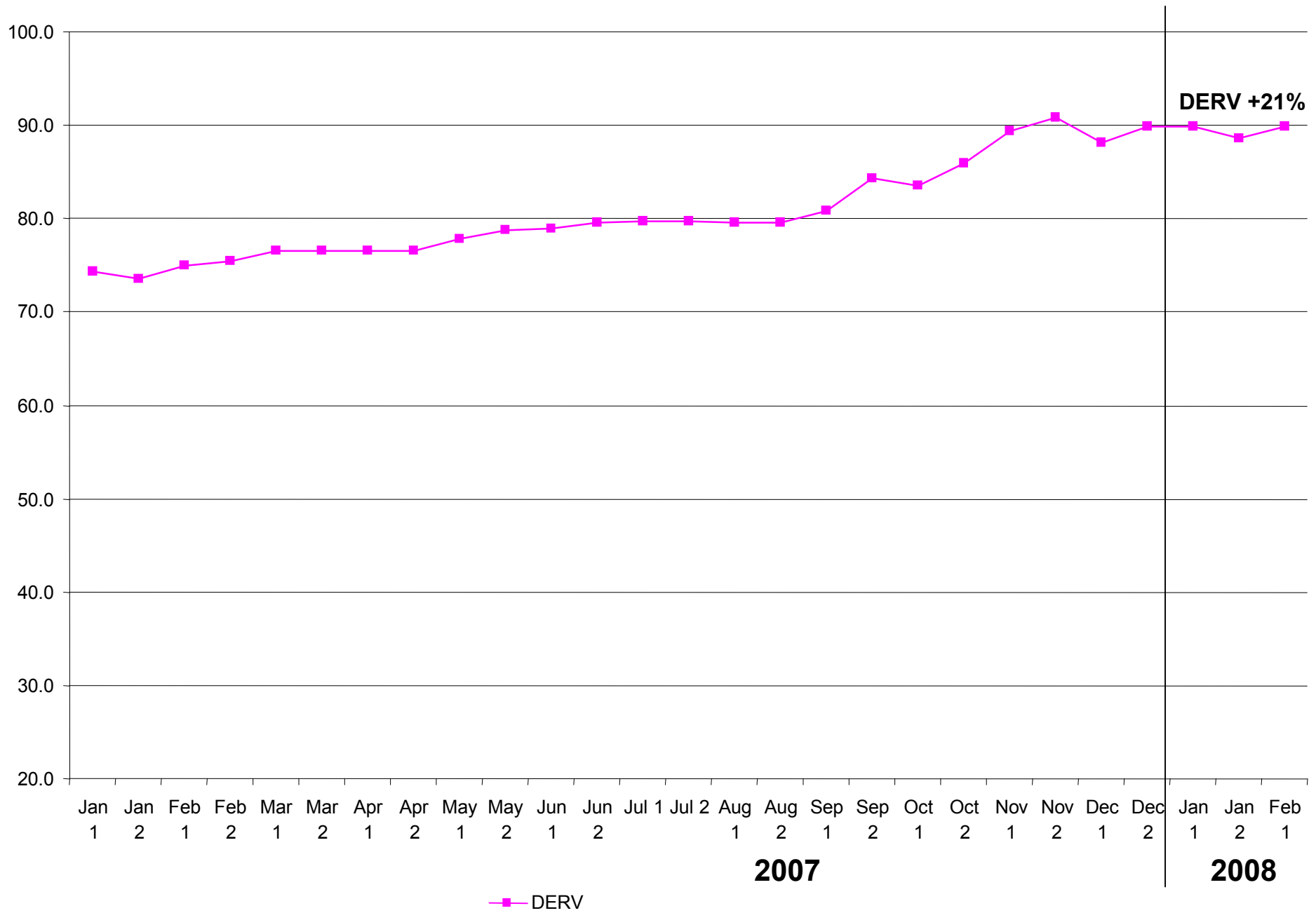
Based on actuals to 31 Dec 2007

TECHNICAL SERVICES TRADING OPERATION - FLEET

Description (1)	Actual Expenditure/ Income to 31/12/07	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
	(2) £ 000	(3) £ 000	(4) £ 000	(5) £ 000	(6) £ 000	(7) £ 000	
Income							
Internal Charges	(2,114)	(3,116)	(3,241)	125		125	Reduction in income (dayworks repairs/contract fees) Budget includes £89k support recharge income
External Charges	(50)	(76)	(98)	22		22	Less income from outside (NSN)
Interest Received	0	0	0	0		0	
	(2,164)	(3,192)	(3,339)	147	0	147	
Expenditure							
Employees	690	977	1,111	(134)		(134)	Mechanics leaving - some posts not filled
Premises Related Expenses	81	169	181	(12)		(12)	Reduction in depot cost charges
Transport Related Expenses	438	583	476	107		107	Increase in hired vans
Supplies & Services	571	1,004	1,147	(143)		(143)	Budget includes £89k support recharge cost
Payments to Other Bodies	261	372	339	33		33	Increase in sub contracted work
Interest Charged	0	0	0	0		0	
Central Support Charges	5	48	48	0		0	
Asset Rentals	0	19	19	0		0	
	2,046	3,172	3,321	(149)	0	(149)	
Net (Surplus)/Deficit	(118)	(20)	(18)	(2)	0	(2)	

Analysis of Fuel Price Changes

Appendix 2



10th March 2008

REPORT BY DIRECTOR OF TECHNICAL SERVICES

CATERING AND BUILDING CLEANING TRADING OPERATIONS

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 operations for the period 1st of November to 31st December 2007.

2 Background

- 2.1 Catering and Building Cleaning trading operation provides school catering and cleaning services, internal and external cleaning contracts to a range of buildings, hospitality catering, and specialist cleaning services.

3 Business Performance and Update

3.1 Workload:

3.1.1 Scottish Executive Free Meal Pilot for Primary 1 - 3

The Scottish Government Free School meals Pilot for Primary pupils in years one to three commenced on Monday the 29th October 2007. The pilot was initially for the period to the 31st of March 2008. The Director of Education awaits official confirmation in line with guidance received from the Scottish Government that the Free meal plot is now to be extended until the end of June 2008.

The percentage of primary pupils in year's 1-3 pupils taking a school meal has averaged at 62.85% during November 2007. Therefore 37.15% of parents have declined to take up the option of a free school meal for their child.

The Education Department is currently reviewing and collating the information received following visits to schools, future development opportunities have being identified. The next stage following the review will be to draft proposals, and consult the participating schools. The scheme as a whole appears to be operating well.

David Cowan, Policy Officer from the Scottish Governments Schools Directorate will be at Headquarters and primary schools during his visit to Scottish Borders Council on Thursday the 6th of March.

Vivianne Buller Acting Catering Manager was invited to Glasgow in January to make a presentation to the Hungry for Success National Network meeting on the implementation of the free meal pilot scheme in the Scottish Borders.

3.1.2 APSE Review

The ASPE review report service improvement plan has been initiated for each service. The key objectives are

- Organisational restructuring and development of key resources- Its people.
- Strategic decision making by establishing corporate and political service priorities including funding and investments.
- Operational priorities.
- Improving communications.
- Systems and procedures.

3.1.3 **Cashless Catering**

Members are keen for this project to progress. A working group is being formed with representatives from Education, IT and Finance. This project will be run under PRINCE 2 methodology. A report will be submitted to the APWG in March detailing the progress to date and implementation plans.

3.2 **Budget**

A £15k budget trading surplus has been set for the year 2007/08.

3.3 **Updated Profile**

The main financial report and supporting appendices are attached at appendix 1.

3.4 **Resources**

The proposed upgrading of Melrose Grammar School kitchen to a production kitchen has been delayed because of an insufficient electricity supply to support the kitchen. Scottish Borders Council has applied to Scottish Power to increase the electricity supply to the school and once this work has been completed, the new kitchen can be installed. No dates have been advised for the installation of the supply. We now anticipate that the upgrading will take place during the schools summer break.

3.5 **Training**

60 school catering managers attended an Elementary Food Safety Course on the 12th and 13th February and all the attendees achieved a 100% exam success rate.

We are currently planning training courses on nutrients and Health and Safety Risk Assessment.

4 **Financial Implications**

- 4.1 The Catering and Cleaning Service made is projecting a deficit of £28k in 2007/08 compared with a projected surplus of £15k. This is due to inflationary pressures on food cost and the loss of income from external contracts. It is hoped that these can be contained within the service overall or otherwise within the overall Technical Services Budget.

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 There are no environmental issues directly associated with this report.

8 Risk Commentary

8.1 The APSE review has helped to identify and alleviate risks to the service

9 Summary

9.1 The significant operational changes which are affecting all the services continue to place significant demands on the whole team as they continue to deliver services.

10 Recommendations

10.1 I recommend that the Trading Operations Sub-Committee

(a) Agree the contents of this report.

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

Approved by

Name	Designation	Signature
Callum Hay	Director of Technical Services	[insert signature]

Author(s)

Name	Designation
Vivianne Buller	Interim Manager

Background Papers:

Appendix 1 – Financial Appendice

REVENUE OUTTURN MONITORING 2007/08

TECHNICAL SERVICES TRADING OPERATION - CATERING AND CLEANING

Description (1)	Actual Expenditure/ Income to 31/12/07	Projected Outturn	Current Approved Budget for the Year	Proposed Virement	Projected over/(under) spend after virement (3) - (4)	Comments on outturn and virements
	(2) £ 000	(3) £ 000	(4) £ 000	(5) £ 000	(5) £ 000	
Income						
Internal Charges	(2,810)	(4,776)	(4,730)		(46)	
External Charges	(235)	(240)	(331)		91	
	(3,045)	(5,016)	(5,061)	0	45	
Expenditure						
Employees	2,054	2,962	3,056		(94)	
Premises Related Expenses	66	108	98		10	
Transport Related Expenses	71	106	95		11	
Supplies & Services	933	1,559	1,516		43	
Payments to Other Bodies	127	182	154		28	
Central Support Charges	0	6	6		0	
Asset Rentals	0	121	121		0	
	3,251	5,044	5,046	0	(2)	
Net (Surplus)/Deficit	206	28	(15)	0	43	

10th March 2008

REPORT BY DIRECTOR OF TECHNICAL SERVICES

GROUNDS MAINTENANCE TRADING OPERATION

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 of November to 31st December 2007.**

Background

- 2.1 The Grounds Maintenance trading operation performs contracted and ad-hoc maintenance mainly for Parks and Open Spaces and Burial Grounds and also for local Housing Associations and private individuals.

Business Performance and Update

3.1 Workload

The section has completed the autumn maintenance programme and has commenced with the winter schedule of maintenance which includes, , leaf collection, shrub bed pruning and renovations, hedge cutting, sports pitch maintenance, litter picking, play area inspections and maintenance, landscaping including planting of trees and shrub/rose beds.

The section also successfully delivered the councils 10 designated Christmas trees throughout borders towns and villages with a total value of over £5k.

3.2 Budget

The current approved budget for the year is of a trading loss of £1k.

3.3 Updated Projections

The section is currently forecasting a trading surplus of £13k.

3.4 Resources

A report on sourcing of plants previously grown at the GlenCraig Nursery in Peebles has been prepared. The report as previously advised was reported to the Administration Policy Working Group in December and will be heard by the Executive on 26th February.

In advance of this plans have been progressed to initiate the scheme as per the proposals contained in the report.

Following the last round of reporting, the service commissioned a review by APSE into general service provision, with a focus on grass cutting operations. At the last round of this committee the committee requested an update on progress against the actions contained in the action plan. This presentation will follow from this report.

3.5 Staffing

The section continues to employ its full compliment of 86 FTE manual staff, and 7 APT&C

staff.

Progress has been made on the issue of the employment of seasonal staff, with Human Resources advising that where a person was employed in the previous season, and they had successfully supplied references and medical self assessment then we could re-employ them without interview. This is a significant breakthrough and will serve to streamline the employment process.

3.6 Training

The training programme for the staff has continued to be delivered through the period

3.7 Health and Safety

The section has continued to review risk assessments, with 20 being complete and 2 remaining.

Further trials of grass cutting machinery for use on embankments were successfully concluded at Nisbet tower area, Eyemouth; Tweedgreen, Coldstream; Gunn Road Earlston. The service is now seeking finance to enable use of the machinery in the 08-09 season as a growth item in the 2008/09 budget.

5 incidents/ accidents were reported during November and December.

Sickness and Absence levels among our grounds maintenance staff ran at 3.31% during November and 2.30% during December.

Financial Implications

4.1 The previously agreed budget trading loss of £1k has been increased to a trading surplus of £13k following a decision to defer training and health and safety expenditure to April 2008 to contribute towards achieving a balanced budget in Environmental Services.

4.2 Significant contracts with external clients, including SBHA, Waverley housing association are being extended for a further period. Eildon Housing association has indicated that they will be going through a full tender exercise, which the service will be included in.

Meetings with internal customers have been ongoing and successful in improving communications. Steps to improve the maintenance standards at industrial sites have been agreed with the relevant officers, and staff deployed to deal with hedge/shrub and weed issues.

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.

Equality

6.1 There are no equality issues directly associated with this report.

Environment

7.1 The outcome of the national Beautiful Scotland competition has 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.

Risk Commentary

8.1 Recruitment and retention of seasonal staff remains a challenge for the section, due to

competition in the local employment market. The new streamlined recruitment policy of seasonal staff as detailed in section 3.5 should help greatly in the season 08-09.

- 8.3 Eildon Housing may choose an alternative supplier, subject to the outcome of their tendering exercise, which would be managed by reducing the expenditure on seasonal staff and machinery accordingly.
- 8.4 The risk to staff morale, generated by the ongoing uncertainty regarding single status has yet to be fully realised. However the unrest to staff which this issue continues to cause with should be acknowledged.

Recommendations

9.1 I recommend that the Trading Operations Sub-Committee:

- (a) Agree the contents of this report**
- (b) Approve the projected outturn as the revised approved budget.**

Approved by

Name	Designation	Signature
Callum Hay	Director of Technical Services	[insert signature]]

Author(s)

Name	Designation
Jason Hedley	Parks Manager

Background Papers:
Previous Minute Reference:

REVENUE OUTTURN MONITORING 2007/08

TECHNICAL SERVICES TRADING OPERATION - GROUNDS MAINTENANCE

Description (1)	Actual Expenditure/ Income to 31/12/07	Projected Outturn	Current Approved Budget for the Year	Proposed Virement	Projected over/(under) spend after virement (3) - (4)	Comments on outturn and virements
	(2) £ 000	(3) £ 000	(4) £ 000	(5) £ 000	(5) £ 000	
Income						
Internal Charges	(2,190)	(3,108)	(3,035)		(73)	
External Charges	(281)	(356)	(438)		82	
	(2,471)	(3,464)	(3,473)	0	9	
Expenditure						
Employees	1,797	2,371	2,381		(10)	
Premises Related Expenses	33	53	53		0	
Transport Related Expenses	604	824	832		(8)	
Supplies & Services	58	86	85		1	
Payments to Other Bodies	22	33	39		(6)	
Interest Charged	0	0	0		0	
Central Support Charges	75	75	75		0	
Asset Rentals	9	9	9		0	
	2,598	3,451	3,474	0	(23)	
Net (Surplus)/Deficit	127	(13)	1	0	(14)	