

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 10
March 2008 at 2. p.m.

Present: - Councillors M. Cook (Chairman), N. Calvert, J. Fullarton, K. Gunn, L. Wyse.
Apologies:- Councillor J. Brown, G Garvie.
In Attendance:- Acting Head of Roads and Fleet, Head of Business Management - Technical
Services, Business Support Manager, - Corporate Finance, DLO Roads Manager,
Parks Manager, Business Manager, DLO Operations, Team Leader - Technical
Services Business Support, Corporate Finance, Committee Officer, (S.
Seivwright.)

MINUTE

1. There had been circulated copies of the Minute of 3 December 2007.

DECISION

APPROVED the Minute of 3 December 2007.

2. With reference to paragraph 1(b) Members were advised that a paper had been drafted for approval of the Corporate Management Team before coming to the next meeting.

DECISION

NOTED.

SBC CONTRACTS TRADING OPERATION – ANALYSIS OF TRADING SURPLUS

3. With reference to paragraph 2 of the Minute of 3 December 2007, there had been circulated copies of a report by the Director of Technical Services on Contracts Significant Trading Operations for the period 1 November 2007 to 31 December 2007. It was noted that in the first nine months of this financial year, £9.7m of tendered work had been won at a success rate of 25% on value, compared with £7.6m for the same period last year. Although the success rate last year remained higher at 33%, there were a number of tender decisions in the current year where the client had yet to make the final award of contract. Success in some of these contracts would further boost the value of work won and the overall success rate. Trunk Road work orders were disappointing and it was estimated that the total income from BEAR would not exceed £500,000, compared to a total of £3.6m last year. The section were now targeting resurfacing works and had won a tender for works at the new Park and Ride at Straiton. It was further noted that SBc Contracts were forecasting a surplus for 2007/08 of £310,000 after making provision for the deduction of £48,000 in internal charges paid to the Council's loan fund, against an original budget provision of zero. This interest charge was calculated based on SBc Contract's monthly cash flow position. A number of actions had 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 had however had a detrimental effect on cash flow which had been reflected in this higher than budgeted interest charge. The surplus shortfall which was some £19k below the current approved budget could be explained largely by interest charges. Appended to the report were the details of the calculations used to reach the projected surplus total. The Business Manager, Technical Services, detailed the

Contracts completed this period, the ongoing major customers the number and percentage of tenders won. Following a recent successful visit from an external verifier from the Scottish Qualifications Authority (SQA), the SQA Centre had indicated that they would be channelling their future training through the Langlee Training Centre. During the discussion which followed, concern was expressed at the implications of the Single Status changes with regard to the Sunday overtime multiplier and the difficulty in providing non-contractual overtime on a Sunday for winter and emergencies. The proposed phased removal of essential car user allowances presented a risk to business continuity if staff chose not to make private cars available for business travel. The reduction in the volume of major trunk road work from BEAR and without any roads prudential capital funding in place in 2008/09 there could be a significant volume of spare capacity on specialist equipment for surfacing and surface dressing which would need to be addressed. Members congratulated officers on the performance and significant rise in turn-over, which they hoped would continue to grow and create new business.

DECISION

(a) NOTED the report.

(b) AGREED to approve the projected outturn, detailed in the Appendix to the report as the revised approved budget.

FLEET MANAGEMENT

4. With reference to paragraph 4 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 November 2007 to 31 December 2007. The Acting Head of Roads and Fleet advised that Borders College had requested that SBC Fleet Management undertake all their vehicle maintenance for a trial period. Eildon Housing also had indicated that they wished SBC to provide vehicle management and maintenance of their full fleet. This would add approximately 21 vehicles and potentially increase turnover by £19,000 per year. It was noted that, despite recruitment and retention difficulties earlier in the year, Fleet Management had made a good recovery and was now forecasting a budget surplus of £20,000 for 2007/08. The details of the calculations used to reach the projected surplus total were detailed in the Appendix I to the report. In terms of the Accident Reduction Scheme, meetings held with union representatives had been encouraging. Statistics were currently being gathered, although it was believed that there were unrecorded incidents. Fuel prices had maintained a high level in the final quarter of 2007 with no sign of any sustained reduction. The fuel price movements for DERV since January 2007 were detailed in Appendix II. Two new fitters had commenced employment at the Newtown workshop in December 2007 and two new apprentices at Newtown and Duns in January 2008. In response to a question regarding the recruitment and retention of staff, members were advised that flexibility from Human Resources had allowed the section to attract a relatively good response to recent vacancies. With regard to a further question regarding the possibility of stock piling fuel in the light of the recent increased fuel prices, Members were advised that at present there would be a problem with storage capacity, but that the report being prepared on the upgrade of depots included proposals for fuel storage. In response to a query regarding accidents involving Council vehicles and regular checks of drivers' licences, it was explained that this was currently being looked at by a small working group. It was further noted that the reduction in income (dayworks repairs/contract fees) budget in the appendix to the report included £89,000 support recharge income, which was off set, and which would need to be vired to expenses and income.

DECISION

(a) NOTED the report.

(b) AGREED to approve the projected outturn as detailed in Appendix I of the report as the revised approved budget.

CATERING AND BUILDING CLEANING

5. With reference to paragraph 9 of the Minute of 3 December 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 November to 31 December 2007. Business Support Manager – Corporate Finance, gave an update on the Free School meals Pilot for Primary pupils in years one to three. The pilot, which had commenced on 29 October 2007, was initially for the period to the 31 of March 2008. The Director of Education awaited official confirmation in line with guidance received from the Scottish Government that the pilot was 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 had averaged at 62.85% during November 2007. Therefore 37.15% of parents had declined to take up the option. The Education Department was currently reviewing and collating the information received following visits to schools, and future development opportunities had been identified. The next stage following the review would be to draft proposals, and consult the participating schools. The scheme as a whole appeared to be operating well. David Cowan, Policy Officer from the Scottish Governments Schools Directorate would be visiting Headquarters and primary schools on 6 March 2008. Vivianne Buller, Acting Catering Manager, had been invited to Glasgow in January to make a presentation to the Hungry for Success National Network. It was reported that the APSE review report service improvement plan had been initiated for each service. The key objectives were detailed in the report. With regard to Cashless Catering, a working group was being formed with representatives from Education, IT and Finance. The project would be run under PRINCE 2 methodology and it was intended that a report would be submitted to the Administration Policy Working Group in March detailing the progress to date and implementation plans. The proposed upgrading of Melrose Grammar School kitchen to a production kitchen had been delayed due to insufficient electricity supply to support the kitchen. The Council had applied to Scottish Power to increase the electricity supply to the school and once this work has been completed, the new kitchen could be installed. It was anticipated that the upgrading would take place during the schools summer break. With regard to training, 60 school catering managers had attended and Elementary Food Safety Course on 12 And 13 February with all attendees achieving a 100% exam success rate. The Catering and Cleaning Service were projecting a deficit of £28k in 2007/08 compared with a projected surplus of £15k. This was due to inflationary pressures on food cost and the loss of income from external contracts. It was hoped that the deficit could be contained within the service overall or otherwise within the overall Technical Services Budget. During the discussion which followed concern was expressed at the reasons for low uptake of the Free Schools pilot. It was suggested that the Acting Catering Manager, investigate pilots in other areas and report back to this Committee with her findings.

DECISION

(a) **NOTED the report.**

(b) **AGREED**

(i) **AGREED to approve the projected outturn as detailed in Appendix I of the report as the revised approved budget.**

(ii) **that the Acting Catering Manager, investigate pilots in other areas and report back to this Committee with her findings.**

GROUNDS MAINTENANCE

6. With reference to paragraph 12 of the Minute of 3 December 2007, there had been circulated copies of a report by the Director of Technical Services to update Members on the Ground

Maintenance operation from 1 November to 31 December 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 previously agreed trading loss of £1,000 had been increased to a trading surplus of £13,000 following a decision to defer training and health and safety expenditure to April 2008. Significant contracts with external clients, including SBHA, Waverley housing association were being extended for a further period. Eildon Housing association had indicated that they would be going through a full tender exercise, and that the service would be included. Meetings with internal customers had been ongoing and successful in improving communications. Steps to improve the maintenance standards at industrial sites had been agreed with the relevant officers, and staff deployed to deal with hedge/shrub and weed issues. Progress had 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 they could be re-employed without interview. This was a significant breakthrough and would serve to streamline the employment process. The trial of grassing cutting on steep slopes had proved successful

DECISION

(a) NOTED the report.

(b) AGREED to approve the projected outturn as detailed in Appendix I of the report as the revised approved budget.

MEMBER

Councillor Calvert left the meeting during consideration of the following item.

MINI-REVIEW OF PARKS AND OPEN SPACES

7. With reference to paragraph 16 of the Minute of 3 December 2007, Jason Hedley, Parks Manager and Mick Hannon A.P.S.E gave a presentation on progress to date of the Parks and Open Space review. Mr Hedley spoke of the importance of parks, as photos of some of the Council's parks had been used to promote the Scottish Borders. Mr Hedley and Mr Hannon expanded on the presentation slides, which covered the background to the review, the short and medium term actions taken in respect of the recommendations in the report, the outstanding short and medium recommendations, the ongoing work with A.P.S.E, and the cultural change required to implement the recommendations. Concern was expressed that the Council was at risk as it did not have a tree inspection regime. There was a financial impact for the service with regard to design efficiencies identified in the review as there was no capital budget. During the questions which followed, Members were advised that staff had welcomed the review and were supportive of the proposed changes. In terms of grass cutting, which was affected by climate and seasonality, the workforce had to work within the budget framework, prioritising and managing the frequency of cutting. It was highlighted that money was a huge constraint, as changes had to be zero based. There was sometimes a realistic expectation of what should be done and what could actually be delivered within the financial constraints. The importance of harmonisation across the Borders was also highlighted. In response to a question in relation to the degree of coherence and correlation between other services in the Council, and whether the objectives of this review were in line with the objectives of the Corporate Asset review in terms of the sale of parcels of land, Mr Hedley advised that they had worked with Economic Development on parcels of land. It was suggested that there should be an overall asset management approach, with all the strands being brought together in the one place. Members were advised that there would be a report to Scrutiny in November, and that the final report would be presented to the Executive.

DECISION

NOTED the presentation.

The Meeting concluded at 4.20.p.m.