

REPORT TO : DSO COMMITTEE - 12 FEBRUARY 2001

**REPORT ON : DIRECT LABOUR ORGANISATION OPERATIONAL PERFORMANCE
FOR THE NINE MONTHS ENDED 31 DECEMBER 2000**

REPORT BY : DIRECTOR OF DUNDEE CONTRACT SERVICES

REPORT NO: 108-2001

1 PURPOSE OF REPORT

1.1 To inform the Committee of the operational performance of the City Council's Direct Labour Organisation (DLO) for the nine month period ended 31 December 2000.

2 RECOMMENDATIONS

2.1 The Committee is asked to:

- a note the operational performance of the DLO for the period stated;
- b where necessary, instruct the relevant Chief Officers within the City Council to take the appropriate steps to ensure the DLO achieves its performance targets.

3 FINANCIAL IMPLICATIONS

None

4 LOCAL AGENDA 21 IMPLICATIONS

None

5 EQUAL OPPORTUNITIES IMPLICATIONS

None

6 BACKGROUND

6.1 In December 1999 the Accounts Commission for Scotland published a report entitled Understanding our Business which "aims to improve understanding of the importance of management information and corporate management practices to the successful operation of DLO's". The report indicates that Councillors, as committee members, have a responsibility for the supervision and control of DLO's.

This report, along with other reports which are brought forward as necessary, contains information to assist Councillors in undertaking their responsibilities for the City Council's DLO.

6.2 In terms of the Local Government Planning and Land Act 1980 as amended by the Local Government Act 1988 and subsequent regulations, Local Authorities who undertake construction and maintenance work must produce separate Revenue Accounts for different categories of work unless exemptions apply.

Three Revenue Accounts are published by the City Council:-

- a Works of Maintenance
- b Construction Work below £50,000
- c Construction Work above £50,000

6.3 The legislation also requires DLO's to achieve an annual financial objective set by the Secretary of State for Scotland for each Revenue Account published. Monitoring the financial objectives are the subject of a separate joint report by the Chief Executive and Director of Finance which is presented to the DSO Committee on a quarterly basis.

7 OPERATIONAL PERFORMANCE FOR NINE MONTHS ENDED 31 DECEMBER 2000

7.1 Trading Results

The DLO's performance monitoring report for the nine months to 31 December 2000 is detailed in Appendix 1. The actual turnover for the period is higher than originally estimated and shows an increase of £1,793,562 on the corresponding period of last year. This is mainly due to the improvement in performance of construction work over £50,000. Turnover in this Revenue Account is significantly up on last year and has exceeded the nine month period estimated income figure by £476,496.

The first nine months' trading results show, in total, both an increase on profitability on last year's comparative figures and on expected outturn for the period. The DLO has exceeded the financial requirements in each Revenue Account as defined by the Local Government Planning and Land Act 1980. These results reflect the DLO's commitment to continued improvement and the attainment of Best Value for the City Council's maintenance and construction projects.

The DLO continues to monitor and evaluate performance through monthly meetings of its Business Planning Group.

Based on the nine months' results the DLO will achieve its statutory financial objectives and exceed the £240,000 surplus included in the City Council's approved 2000/2001 Revenue Budget.

7.2 Works of Maintenance

The programme of work during the period under review was sufficient to keep the workforce fully employed and it is anticipated that the current level of activity will be maintained throughout the remainder of the financial year.

The Gas and Lift Maintenance service programmes are on target and in addition, during the period April to December 2000 the workforce completed the following day-to-day repairs and planned maintenance work:-

<u>Description</u>	<u>Number</u>
Housing	
Responsive repair jobs	60,000
Out of Hours Emergency Repair Jobs	7,600
External Cyclical Maintenance on Properties	4,200
Non Housing	
Responsive Repair Jobs	6,450

Out of Hours Emergency Repair Jobs

325

7.3 **Construction Work above and below £50,000**

The volumes of contract work undertaken during the overall review period exceeded the anticipated level of activity. However, in the three month period since the last report, activity on construction work below £50,000 has fallen and is now in line with expectations and this should continue until the end of the financial year. Turnover on construction work above £50,000 remains in excess of original estimates and this is likely to continue until the end of the financial year.

During the period April to December 2000 the following contracts were awarded to the DLO:-

<u>Description</u>	<u>Number</u>	<u>Total Value</u> £
Major Contracts	42	5,520,924
Minor Contracts	268	1,209,807

7.4 **Training**

The DLO's commitment to construction industry training is reflected by the employment of a further 13 new apprentices during August 2000. This maintains the DLO's 10% tradesmen/apprenticeship ratio which greatly surpasses the construction industry norm. Training and development of all employees is recognised by the department's management team as being critical to maintaining the organisation's success.

Application has been made for assessment as an Investor in People with the review conducted by the assessor expected to be undertaken in May 2001.

7.5 **Summary**

It is anticipated that the level of workforce will be sustained for the remainder of the financial year and the DLO achieve all the objectives set down in its Business Action Plan.

8 **CONSULTATIONS**

The following Chief Officers have been consulted in the preparation of this report - Chief Executive and Director of Finance

R P JACKSON
DIRECTOR OF DUNDEE CONTRACT SERVICES

BACKGROUND PAPERS

No background papers, as defined by Section 50D of the Local Government (Scotland) Act 1973 (other than any containing confidential or exempt information), were relied on to any material extent in preparing this report.

DUNDEE CITY COUNCIL - FINANCE DEPARTMENTDLO PERFORMANCE MONITORING REPORT
FOR THE NINE MONTHS ENDING 31 DECEMBER 2000

<u>Revenue Account</u>	<u>Actual Nine months to 31/12/99 (Previous Year) £</u>	<u>Actual Nine months to 31/12/00 £</u>	<u>Estimate Year 2000/2001 £</u>
<u>Maintenance Work</u>			
Income	9,084,784	9,202,774	12,071,461
Expenditure (incl Estimated Capital Charges)	<u>8,772,420</u>	<u>8,781,490</u>	<u>11,928,408</u>
Surplus/(Deficit)	<u>312,364</u>	<u>421,284</u>	<u>143,053</u>
 <u>Construction Work below £50,000</u>			
Income	165,949	208,508	309,208
Expenditure (incl Estimated Capital Charges)	<u>154,569</u>	<u>202,446</u>	<u>296,293</u>
Surplus/(Deficit)	<u>11,380</u>	<u>6,062</u>	<u>12,915</u>
 <u>Construction Work above £50,000</u>			
Income	2,809,733	4,442,745	5,288,332
Expenditure (incl Estimated Capital Charges)	<u>2,792,785</u>	<u>4,167,920</u>	<u>5,204,299</u>
Surplus/(Deficit)	<u>16,948</u>	<u>274,825</u>	<u>84,032</u>
 <u>Total</u>			
Income	12,060,465	13,854,027	17,669,000
Expenditure (incl Estimated Capital Charges)	<u>11,719,773</u>	<u>13,151,856</u>	<u>17,429,000</u>
Surplus/(Deficit)	<u>340,692</u>	<u>702,171</u>	<u>240,000</u>