

REPORT TO: DUNDEE CONTRACT SERVICES COMMITTEE - 9 FEBRUARY 2004

**REPORT ON : DIRECT LABOUR ORGANISATION OPERATIONAL PERFORMANCE
FOR THE NINE MONTHS ENDED 31 DECEMBER 2003**

REPORT BY : DIRECTOR OF DUNDEE CONTRACT SERVICES

REPORT NO: 123-2004

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 months ended 31 December 2003

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 This monitoring report provides details to Dundee Contract Services Committee of the operational performance of the City Council's DLO.
- 6.3 Four Revenue Accounts are summarised in this report:
- a Property Maintenance
 - b Construction Work below £50,000
 - c Construction Work above £50,000
 - d Ground Maintenance and Other Works

- 6.4 Monitoring the DLO's budgeted contribution to the General Fund is the subject of a separate joint report by the Chief Executive and Deputy Chief Executive (Finance) which is presented to Dundee Contract Services Committee on a quarterly basis.

7 OPERATIONAL PERFORMANCE FOR THE NINE MONTHS ENDED 31 DECEMBER 2003

7.1 Trading Results

The DLO's performance monitoring report for the nine months ended 31 December 2003 is detailed in Appendix 1. The actual turnover for the period is greater than anticipated and shows an increase of some £2,502,497 on the corresponding period of last year. This is due in the main to an increase in turnover on works of maintenance and construction work above £50,000. The department is anticipating that the volume of large contract work will be maintained over the forthcoming months.

The first nine months trading results show the surplus at £947,095 compared to £664,930 for the nine months ended 31 December 2002. The surplus is better than anticipated for the period under review due to the excellent trading results achieved on maintenance work and large contracts. 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 and, in accordance with the Department's continuing efforts to improve efficiency, has budgeted for £496,000 expenditure on replacement vehicles and equipment out of the current financial year's surplus.

Based on the nine months results and after the purchase of replacement vehicles, plant and equipment the DLO will achieve the £665,000 surplus, being the combined surpluses of £565,000 and £100,000 for Dundee Contracts and Parks DSO respectively, included in the City Council's approved 2003/2004 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 2003. The workforce completed the following day-to-day repairs and planned maintenance work: -

<u>Description</u>	<u>Number</u>
Housing	
Responsive repair jobs including voids	53,756
Out of Hours Emergency Repair Jobs	9,452
External Cyclical Maintenance on Properties	2,790
Non Housing	
Responsive Repair Jobs	5,775
Out of Hours Emergency Repair Jobs	103
Housing Co-operatives	
Responsive Repair Jobs	2,650
Out of Hours Emergency Repair Jobs	290

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

The volumes of contract work undertaken during the review period were slightly above the anticipated level of activity. The amount of construction work above £50,000 has risen over the last nine months and is expected to remain at current levels over the next few months. This should ensure the workforce is fully employed.

During the period April to the end of December the following contracts were either won in competition or awarded to the DLO: -

<u>Description</u>	<u>Number</u>	<u>Total Value</u>
		<u>£</u>
Major Contracts	19	5,056,000
Minor Contracts	340	2,217,000

7.4 **Grounds Maintenance and Other Works**

The winter grounds maintenance programme which includes new bulb, shrub and tree plantings is now underway. Work on landscape contracts and projects is also progressing. This, along with other grounds maintenance work, will keep the section fully employed for the remainder of the financial year.

7.5 **Training**

The DLO's commitment to construction industry training is reflected by the recruitment of a further 10 new apprentices who began training during August 2003. 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.

The department has been recognised for its commitment to training with accreditation to the prestigious Investors in People standard.

7.6 **Summary**

It is anticipated that the level of workforce will be sustained for the remainder of the financial year and that the department will 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, Depute Chief Executive (Finance) and Depute Chief Executive (Support Services).

9 **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.

R P JACKSON
DIRECTOR OF DUNDEE CONTRACT SERVICES

30 JANUARY 2004

DUNDEE CITY COUNCIL - FINANCE DEPARTMENT
DLO PERFORMANCE MONITORING REPORT
FOR THE NINE MONTHS ENDED 31 DECEMBER 2003

APPENDIX 1

<u>Revenue Account</u>	<u>Actual Nine months to 31/12/02 (Previous Year) £</u>	<u>Actual Nine months to 31/12/03 £</u>	<u>Estimate Year 2003/2004 £</u>
<u>Property Maintenance</u>			
Income	9,375,752	10,549,896	14,419,246
Expenditure (incl Estimated Capital Charges)	9,117,733	10,120,273	14,007,926
Surplus/(Deficit)	<u>258,019</u>	<u>429,623</u>	<u>411,320</u>
 <u>Construction Work below £50,000</u>			
Income	368,043	179,613	614,006
Expenditure (incl Estimated Capital Charges)	<u>320,505</u>	<u>171,639</u>	<u>596,491</u>
Surplus/(Deficit)	<u>47,538</u>	<u>7,974</u>	<u>17,515</u>
 <u>Construction Work above £50,000</u>			
Income	3,084,827	4,260,291	4,773,404
Expenditure (incl Estimated Capital Charges)	<u>2,813,023</u>	<u>3,894,536</u>	<u>4,637,239</u>
Surplus/(Deficit)	<u>271,804</u>	<u>365,755</u>	<u>136,165</u>
 <u>Ground Maintenance and Other Works</u>			
Income	3,206,649	3,547,968	4,471,026
Expenditure (incl Estimated Capital Charges)	<u>3,119,080</u>	<u>3,404,225</u>	<u>4,371,026</u>
Surplus/(Deficit)	<u>87,569</u>	<u>143,743</u>	<u>100,000</u>
 <u>Total</u>			
Income	16,035,271	18,537,768	24,277,682
Expenditure (incl Estimated Capital Charges)	<u>15,370,341</u>	<u>17,590,673</u>	<u>23,612,682</u>
Surplus/(Deficit)	<u>664,930</u>	<u>947,095</u>	<u>665,000</u>