

REPORT TO: DSO COMMITTEE - 10 FEBRUARY 2003

**REPORT ON : DIRECT LABOUR ORGANISATION OPERATIONAL PERFORMANCE
FOR THE NINE MONTHS ENDED 31 DECEMBER 2002**

REPORT BY : DIRECTOR OF DUNDEE CONTRACT SERVICES

REPORT NO: 138-2003

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 2002.

2 RECOMMENDATIONS

2.1 The Committee is asked to:

- a note the operational performance of the DLO for the period stated;
- b where necessary, instructs 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 Scottish Ministers 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 THE NINE MONTHS ENDED 31 DECEMBER 2002

7.1 Trading Results

The DLO's performance monitoring report for the nine months ended 31 December 2002 is detailed in Appendix 1. The actual turnover for the period shows an overall increase of some £60,743 on the corresponding period last year made up as follows:

Maintenance Work	Increase	£182,378
Construction Work below £50,000	Increase	£109,951
Construction Work above £50,000	Decrease	£231,586

Activity on maintenance and small contract work has increased recently and it is anticipated that current workloads will be sustained over the remaining months of the financial year. The amount of large contract work has fallen short of expectations reflecting changes, which occur from time to time, in the size, type and content of construction and maintenance work available to the department.

The first nine months trading results show the surplus at £577,361 compared to £629,584 for the nine months ended 31 December 2001. 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 and, in accordance with the Department's continuing efforts to improve efficiency, has committed some £239,000 of the current financial year's surplus to the replacement of vehicles and equipment.

Based on the nine months results the DLO will achieve its statutory financial objectives and meet the £565,000 surplus included in the City Councils approved 2002/2003 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 2002 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	56,380
Out of Hours Emergency Repair Jobs	9,011
External Cyclical Maintenance on Properties	3,043
Non Housing	
Responsive Repair Jobs	6,097
Out of Hours Emergency Repair Jobs	208
Housing Co-operatives	
Responsive Repair Jobs	3,589
Out of Hours Emergency Repair Jobs	586

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

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.

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	26	3,912,652
Minor Contracts	247	2,123,512

7.4 **Training**

The DLO's commitment to construction industry training is reflected by the recruitment of a further 11 new apprentices who began training during August 2002. 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.

7.5 **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

30 JANUARY 2003

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 ENDED 31 DECEMBER 2002

<u>Revenue Account</u>	<u>Actual Nine months to 31/12/01 (Previous Year) £</u>	<u>Actual Nine months to 31/12/02 £</u>	<u>Estimate Year 2002/2003 £</u>
<u>Maintenance Work</u>			
Income	9,193,374	9,375,752	13,094,473
Expenditure (incl Estimated Capital Charges)	<u>8,710,353</u>	<u>9,117,733</u>	<u>12,705,753</u>
Surplus/(Deficit)	<u>483,021</u>	<u>258,019</u>	<u>388,720</u>
<u>Construction Work below £50,000</u>			
Income	258,092	368,043	690,886
Expenditure (incl Estimated Capital Charges)	<u>242,573</u>	<u>320,505</u>	<u>670,376</u>
Surplus/(Deficit)	<u>15,519</u>	<u>47,538</u>	<u>20,510</u>
<u>Construction Work above £50,000</u>			
Income	3,316,413	3,084,827	5,247,305
Expenditure (incl Estimated Capital Charges)	<u>3,185,369</u>	<u>2,813,023</u>	<u>5,091,535</u>
Surplus/(Deficit)	<u>131,044</u>	<u>271,804</u>	<u>155,771</u>
<u>Total</u>			
Income	12,767,879	12,828,622	19,032,664
Expenditure (incl Estimated Capital Charges)	<u>12,138,295</u>	<u>12,251,261</u>	<u>18,467,664</u>
Surplus/(Deficit)	<u>629,584</u>	<u>577,361</u>	<u>565,000</u>