

**REPORT TO: DSO COMMITTEE - 9 SEPTEMBER 2002**

**REPORT ON : DIRECT LABOUR ORGANISATION OPERATIONAL PERFORMANCE FOR THE THREE MONTHS ENDED 30 JUNE 2002**

**REPORT BY : DIRECTOR OF DUNDEE CONTRACT SERVICES**

**REPORT NO: 663-2002**

## **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 three months ended 30 June 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 THREE MONTHS ENDED 30 JUNE 2002**

7.1 **Trading Results**

The DLO's performance monitoring report for the three months ended 30 June 2002 is detailed in Appendix 1. The actual turnover for the period is in line with expectations, however shows a reduction of some £340,719 on the corresponding period of last year. This is mainly due to a reduction in turnover on works of maintenance, and construction work over £50,000. The department is anticipating that the volume of large contract work will increase over the forthcoming months.

The first three months trading results show the surplus at £263,552 compared to £320,928 for the three months ended 30 June 2001. The surplus while down on last year's comparative figures is better than anticipated for the period under review. 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 three 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 June 2002 the workforce completed the following day-to-day repairs and planned maintenance work: -

<b><u>Description</u></b>	<b><u>Number</u></b>
<b>Housing</b>	
Responsive Repair Jobs including voids	17,576
Out of Hours Emergency Repair Jobs	2716
External Cyclical Maintenance on Properties	985
<b>Non Housing</b>	
Responsive Repair Jobs	2066
Out of Hours Emergency Repair Jobs	45
<b>Housing Co-operatives</b>	
Responsive Repair Jobs	815

Out of Hours Emergency Repair Jobs

74

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

The volumes of major contract work undertaken during the review period were slightly below the anticipated level of activity. It is expected that this situation will improve over the next quarter as work gets underway on large contracts which have been awarded to the DLO in the early months of the financial year. This should ensure the workforce is fully employed.

During the period April to the end of June the following contracts were awarded to the DLO: -

<b><u>Description</u></b>	<b><u>Number</u></b>	<b><u>Total Value</u></b> <b>£</b>
Major Contracts	10	2,126,229
Minor Contracts	121	805,097

### 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

### **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 THREE MONTHS ENDED 30 JUNE 2002

<u>Revenue Account</u>	<u>Actual Three months to 30/06/01 (Previous Year) £</u>	<u>Actual Three months to 30/06/02 £</u>	<u>Estimate Year 2002/2003 £</u>
<u>Maintenance Work</u>			
Income	3,218,585	3,027,096	13,094,473
Expenditure (incl Estimated Capital Charges)	<u>2,969,306</u>	<u>2,875,353</u>	<u>12,705,753</u>
Surplus/(Deficit)	<u>249,279</u>	<u>151,743</u>	<u>388,720</u>
<u>Construction Work below £50,000</u>			
Income	97,079	110,338	690,886
Expenditure (incl Estimated Capital Charges)	<u>84,157</u>	<u>89,888</u>	<u>670,376</u>
Surplus/(Deficit)	<u>12,922</u>	<u>20,450</u>	<u>20,510</u>
<u>Construction Work above £50,000</u>			
Income	1,013,576	851,087	5,247,305
Expenditure (incl Estimated Capital Charges)	<u>954,849</u>	<u>759,728</u>	<u>5,091,535</u>
Surplus/(Deficit)	<u>58,727</u>	<u>91,359</u>	<u>155,770</u>
<u>Total</u>			
Income	4,329,240	3,988,521	19,032,664
Expenditure (incl Estimated Capital Charges)	<u>4,008,312</u>	<u>3,724,969</u>	<u>18,467,664</u>
Surplus/(Deficit)	<u>320,928</u>	<u>263,552</u>	<u>565,000</u>