

REPORT TO: DSO COMMITTEE - 18 AUGUST 2003

**REPORT ON : DIRECT LABOUR ORGANISATION OPERATIONAL PERFORMANCE
FOR THE THREE MONTHS ENDED 30 JUNE 2003**

REPORT BY : DIRECTOR OF DUNDEE CONTRACT SERVICES

REPORT NO: 526-2003

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 three months ended 30 June 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, 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 This monitoring report provides details to the DSO Committee of the operational performance of the City Council's DLO.

- 6.3 Three Revenue Accounts are summarised in this report:

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

- 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 Depute Chief Executive (Finance) which is presented to the DSO Committee on a quarterly basis.

7 OPERATIONAL PERFORMANCE FOR THE THREE MONTHS ENDED 30 JUNE 2003

7.1 Trading Results

The DLO's performance monitoring report for the three months ended 30 June 2003 is detailed in Appendix 1. The actual turnover for the period is slightly below expectations, but shows an increase of some £828,929 on the corresponding period of last year. This is due 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 three months trading results show the surplus at £333,710 compared to £263,552 for the three months ended 30 June 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 £225,000 expenditure on replacement vehicles and equipment out of the current financial year's surplus.

Based on the three months results the DLO will achieve the £565,000 surplus included in the City Council's approved 2003/2004 Revenue Budget after the purchase of replacement vehicles and equipment.

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 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 | 18950 |
| Out of Hours Emergency Repair Jobs | 3008 |
| External Cyclical Maintenance on Properties | 750 |
| Non Housing | |
| Responsive Repair Jobs | 2310 |
| Out of Hours Emergency Repair Jobs | 35 |
| Housing Co-operatives | |
| Responsive Repair Jobs | 900 |
| Out of Hours Emergency Repair Jobs | 100 |

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 three 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 June the following contracts were either won in competition or awarded to the DLO:-

| <u>Description</u> | <u>Number</u> | <u>Total Value</u> £ |
|---------------------------|----------------------|---------------------------------------|
| Major Contracts | 8 | 2,541,000 |
| Minor Contracts | 102 | 704,000 |

7.4 **Training**

The DLO's commitment to construction industry training is reflected by the recruitment of a further 10 new apprentices who will begin 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.

7.5 **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, Depute Chief Executive (Finance) and Depute Chief Executive (Support Services).

R P JACKSON
DIRECTOR OF DUNDEE CONTRACT SERVICES

25 JULY 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 DEPARTMENT
DLO PERFORMANCE MONITORING REPORT
FOR THE THREE MONTHS ENDED 30 JUNE 2003

| <u>Revenue Account</u> | <u>Actual Three months to 30/06/02 (Previous Year)</u> | <u>Actual Three months to 30/06/03</u> | <u>Estimate Year 2003/2004</u> |
|---|---|---|---|
| | <u>£</u> | <u>£</u> | <u>£</u> |
| <u>Maintenance Work</u> | | | |
| Income | 3,027,096 | 3,321,022 | 14,419,246 |
| Expenditure (incl Estimated Capital Charges) | <u>2,875,353</u> | <u>3,129,872</u> | <u>14,007,926</u> |
| Surplus/(Deficit) | <u>151,743</u> | <u>191,150</u> | <u>411,320</u> |
| | | | |
| <u>Construction Work below £50,000</u> | | | |
| Income | 110,338 | 91,263 | 614,006 |
| Expenditure (incl Estimated Capital Charges) | <u>89,888</u> | <u>79,628</u> | <u>596,491</u> |
| Surplus/(Deficit) | <u>20,450</u> | <u>11,635</u> | <u>17,515</u> |
| | | | |
| <u>Construction Work above £50,000</u> | | | |
| Income | 851,087 | 1,405,165 | 4,773,404 |
| Expenditure (incl Estimated Capital Charges) | <u>759,728</u> | <u>1,274,240</u> | <u>4,637,239</u> |
| Surplus/(Deficit) | <u>91,359</u> | <u>130,925</u> | <u>136,165</u> |
| | | | |
| <u>Total</u> | | | |
| Income | 3,988,521 | 4,817,450 | 19,806,656 |
| Expenditure (incl Estimated Capital Charges) | <u>3,724,969</u> | <u>4,483,740</u> | <u>19,241,656</u> |
| Surplus/(Deficit) | <u>263,552</u> | <u>333,710</u> | <u>565,000</u> |