

**REPORT TO : DSO COMMITTEE - 13TH NOVEMBER 2000**

**REPORT ON : DIRECT LABOUR ORGANISATION OPERATIONAL PERFORMANCE  
FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2000**

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

**REPORT NO: 701-2000**

**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 six month period ended 30 September 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 SIX MONTHS ENDED 30 SEPTEMBER 2000

### 7.1 Trading Results

The DLO's performance monitoring report for the six months to 30 September 2000 is detailed in Appendix 1. The DLO's total turnover for the period is up by £1,543,155 compared to the corresponding six month period of last year and slightly ahead of estimated income. 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 half yearly estimated income figure by £508,304.

The first six 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 six month 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.

Gas servicing and lift maintenance is on target. In addition, during the period April to September 2000 the workforce completed the following day-to-day repairs and planned maintenance work:-

<u>Description</u>	<u>Number</u>
<b>Housing</b>	
Responsive repair jobs	47,500
Out of hours emergency repair jobs	5,700
External cyclical maintenance on properties	2,000
<b>Non Housing</b>	
Responsive repair jobs	5,000
Out of hours emergency repair jobs	260

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

The volumes of contract work undertaken during the review period exceeded the anticipated level of activity. However, this high level of activity is not expected to be maintained in the second half of the financial year. The trend in income is set to fall and Construction Work turnover for the full year is expected to level out at the budgeted figure of £5.6m. The drop in workloads is likely to affect trading conditions resulting in a more competitively priced market place for contract work. The drop in turnover will not materially affect the permanent workforce.

During the period April to September 2000 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	30	4,514,404
Minor Contracts	206	950,000

### 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.

### 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 SIX MONTHS ENDING 30 SEPTEMBER 2000

<u>Revenue Account</u>	<u>Actual Six Months to 30/09/99 (Previous Year) £</u>	<u>Actual Six Months to 30/09/00 £</u>	<u>Estimate Year 2000/2001 £</u>
<u>Maintenance Work</u>			
Income	6,398,659	6,333,818	12,071,461
Expenditure (incl Estimated Capital Charges)	<u>6,107,265</u>	<u>5,755,863</u>	<u>11,928,408</u>
Surplus/(Deficit)	<u>291,394</u>	<u>577,955</u>	<u>143,053</u>
<u>Construction Work below £50,000</u>			
Income	84,096	102,827	309,208
Expenditure (incl Estimated Capital Charges)	<u>73,550</u>	<u>96,302</u>	<u>296,293</u>
Surplus/(Deficit)	<u>10,546</u>	<u>6,525</u>	<u>12,915</u>
<u>Construction Work above £50,000</u>			
Income	1,563,205	3,152,470	5,288,332
Expenditure (incl Estimated Capital Charges)	<u>1,543,097</u>	<u>3,004,600</u>	<u>5,204,300</u>
Surplus/(Deficit)	<u>20,108</u>	<u>147,870</u>	<u>84,032</u>
<u>Total</u>			
Income	8,045,960	9,589,115	17,669,000
Expenditure (incl Estimated Capital Charges)	<u>7,723,912</u>	<u>8,856,765</u>	<u>17,429,000</u>
Surplus/(Deficit)	<u>322,048</u>	<u>732,350</u>	<u>240,000</u>