

East Ayrshire Council

Competitive Services

Annual Report & Accounts



2002/2003

STATEMENT OF ACCOUNTING PRINCIPLES	2-3
CATERING DSO	
Annual Report	4
Revenue Account	5
CLEANING OF BUILDINGS DSO	
Annual Report	6
Revenue Account	7
SCHOOL CROSSING PATROLS SERVICE	
Annual Report	8
Revenue Account	9
ROADS DLO	
Annual Report	10
Revenue Account & Analysis of Maintenance Work on Council Property	11
VEHICLE MAINTENANCE DSO	
Annual Report	12
Revenue Account	13
REFUSE COLLECTION DSO	
Annual Report	14
Revenue Account	15
STREET CLEANSING DSO	
Annual Report	16
Revenue Account	17
LEISURE MANAGEMENT DSO	
Annual Report	18
Revenue Account	19
OUTDOOR AMENITIES DSO	
Annual Report	20
Revenue Account	21
BUILDING AND WORKS DLO	
Annual Report	22
Revenue Account & Analysis of Capital and Maintenance Work on Council Property	23

The Secretary of State specifies the financial objectives to be achieved by the defined activities, which are that each individual DLO and DSO must at least break even after taking account of Capital Charges.

This report shows revenue accounts for ten activities, all of which exceeded the statutory performance target set.

Authorities are free to decide how surpluses or deficits on DLO and DSO Revenue Accounts should be treated. Accordingly, the Council has approved that a proportion of any surplus in excess of that budgeted may be transferred to the Renewals & Repairs Fund for use in future years, with the remaining balance being credited to the General Fund.

Alexander McPhee, ACMA
Director of Finance
26 June 2003

for all specific debtors and creditors as at 31st March 2003. In accordance with Financial Reporting Standard 12, provision has been made for liabilities of uncertain timing or amount, principally in relation to bad or doubtful debts. All such provisions are reviewed annually in order to reflect current best estimate.

Provisions have been recognised only where:

A present legal or constructive obligation exists as a result of a past event; and

It is probable that a transfer of economic benefit will be required to settle the obligation; and

A reliable estimate can be made of the amount of the obligation.

CAPITAL EXPENDITURE

Capital transactions have been recorded on an accruals basis. The proceeds of disposal of fixed assets are used to reduce outstanding loan debt and finance capital expenditure for the year.

REDEMPTION OF DEBT

Provision is made in the revenue accounts for redemption over the recommended useful life of the assets. The apportionment over Revenue of the debt redemption and interest charges is on the basis of the outstanding capital advances made to each service from the Loans Fund.

CAPITAL ACCOUNTING

The requirements of the Code of Practice on Local Authority Accounting in Great Britain as they relate to Capital Charges have been complied with.

STOCKS

Consumable Stocks and Work in Progress are valued on a cost price basis, except in the case of Building and Works where average cost is used. Although the use of average cost is not in accordance with the Accounting Code of Practice it is recognised as an acceptable methodology.

DEBTORS AND CREDITORS

Revenue income and expenditure includes debtors and creditors outstanding at 31 March 2003. Where actual figures are not available, estimated provisions are made.

CENTRAL SERVICES EXPENSES

separate revenue accounts for the following categories of work.

- Works of new construction estimated to be more than £50,000.
- Works of new construction estimated to be less than £50,000.
- Maintenance work within the meaning of the Local Authority (Goods & Services Act 1970), including minor improvements and minor extensions.

YEAR END CARRY FORWARDS

The Council has approved that DLO's and DSO's may carry forward a proportion of any surplus in excess of budget for use in future years, such balances being transferred to the Renewals & Repairs Fund to assist in efficiency improvements with the remaining balance being transferred to the General Fund.

MISSION

To provide the best catering service possible for every customer at the most economic cost.

Objectives

To demonstrate high standards of food safety, food service and value for money measured through performance indicators and benchmarking.

Workload

The Council's catering operations cover schools, residential homes, public and staff restaurants. This involves 77 locations.

The services provided include:

- Catering in schools
- Social Work residential catering and the provision of community meals
- Special functions; public and staff restaurant catering
- Catering equipment repairs and maintenance

The majority of work is provided under the terms of the Local Government (Scotland) Act 1988. Services are delivered to the requirements of the contracts that are being developed through the Service Level Agreements to provide services most appropriate to East Ayrshire.

The service maintains its own quality assurance and food safety systems to ensure performance to a high standard.

Personnel

At 31 March 2003, the catering service employed 360 staff.

Financial Matters

As detailed on page 5, the Onsite Catering Direct Service Organisation has achieved a surplus of £0.189m in respect of Catering and £0.012m in respect of Other Catering after taking account of the charge for the use of capital assets. £0.066m has been transferred to the Renewals & Repairs Fund, the remaining balance being transferred to the General Fund.

Summary

Onsite catering will develop and progress through its business plan and meet the challenge of Best Value.

Actual £000s		Actual £000s	Statutory Services Actual £000s	& Social Services Actual £000s
3,629	Income			
	Contract Income	3,874	718	3,156
3,629	Total Income	3,874	718	3,156
	Less Direct Costs			
1,600	Labour	1,710	412	1,298
1,221	Materials	1,334	225	1,109
2,821	Direct Costs	3,044	637	2,407
(808)	Gross Margin	(830)	(81)	(749)
634	Less Indirect Costs	641	74	567
(174)	Surplus for Year	(189)	(7)	(182)
0	Accumulated Reserves Brought Forward	0		
(174)	Surplus Available for Transfer	(189)	(7)	(182)
0	Surplus Transferred to Renewals & Repairs Fund	66	0	66
174	Surplus Transferred to General Fund	123	7	116

Revenue Account - Other Catering				
2001-02		2002-03	2002-03	
Actual £000s		Actual £000s	Other Statutory Catering £000s	
467	Income			
	Contract Income	466	466	
467	Total Income	466	466	
	Less Direct Costs			
204	Labour	220	220	
192	Materials	183	183	
396	Direct Costs	403	403	
(71)	Gross Margin	(63)	(63)	
52	Less Indirect Costs	51	51	
(19)	Surplus for Year	(12)	(12)	
0	Accumulated Reserves Brought Forward	0	0	

To provide the best cleaning service possible to every customer at the most economic cost.

Objectives

To demonstrate high standards and value for money through key performance indicators and benchmarking.

Workload

The Council's cleaning operations cover 227 premises of which 70 are schools and 8 are residential homes; offices and public halls form the remainder of the contract.

The services provided within these premises include:

- Cleaning and janitorial service in schools
- Cleaning and domestic services in social work residences
- Council office cleaning and caretaking
- Police station cleaning and janitation

Building cleaning covers a range of statutory work under the Local Government (Scotland) Act 1988 and also non-statutory services. Much of the work is carried out under the terms of CCT contracts which are being further developed through Service Level Agreements to provide a better focus on service delivery for the needs of East Ayrshire and meet the challenge of the Best Value regime.

Personnel

At 31 March 2003, the Onsite Building Cleaning DSO employed 573 Cleaning staff and 94 Janitorial and Caretaking employees. During the course of the year Onsite continued the training of cleaning employees to an equivalent British Institute of Cleaning Science standard and entered into discussions with employees and Unions on a comprehensive Review of Janitorial Caretaking Services in schools.

Financial Matters

As detailed on page 7, the Onsite Building Cleaning Direct Service Organisation has achieved a surplus of £0.074m after taking account of the charge for the use of capital assets. £0.008m has been transferred to the Renewals & Repairs Fund, the remaining balance being transferred to the General Fund.

Summary

The DSO will continue to progress through its business plan and meet the challenge of Best Value.

The staff in the Service are to be congratulated in maintaining a consistent and high standard of

Actual £000s		Actual £000s	Actual £000s	Actual £000s
	Income			
4,818	Contract Income	5,058	2,260	2,798
4,818	Total Income	5,058	2,260	2,798
	Less Direct Costs			
4,118	Labour	4,381	2,000	2,381
126	Materials	149	105	44
4,244	Direct Costs	4,530	2,105	2,425
(574)	Gross Margin	(528)	(155)	(373)
466	Less Indirect Costs	454	141	313
(108)	Surplus for Year	(74)	(14)	(60)
0	Accumulated Reserves Brought Forward	0	0	0
(108)	Surplus Available for Transfer	(74)	(14)	(60)
0	Surplus Transferred to Renewals & Repairs Fund	8	0	8
108	Surplus Transferred to General Fund	66	14	52

To provide the best school crossing patrol service possible for every customer at the most economic cost.

Objectives

To provide a consistent and well trained school crossing patrol service that controls key areas of cost and ensuring value for money.

Workload

The school crossing patrol service is delivered by East Ayrshire Council on behalf on Strathclyde Police. The client for this work is the Department of Development Services. The work is delivered through a detailed service level agreement by Onsite services.

Personnel

At 31st March 2003, the School Crossing Patrol Service employed a supervisor and 86 employees. A bank of trained relief patrollers is maintained to ensure consistency of service delivery.

Financial Matters

As detailed on page 9, the School Crossing service achieved a surplus of £0.005m after taking account of the charge for the use of capital assets. This balance has been transferred to the General Fund.

Summary

The school crossing service is a key part in the portfolio of work undertaken by the Onsite business unit. The service will continue to develop through its business plan and to meet the challenge of Best Value.

The staff in the Service are to be congratulated in maintaining a consistent service valued by the communities in which they work.

The statutory financial requirement is to break even. The Service has met and exceeded that target.

£000s		£000s
	Income	
	Charges to Other Services	
301	Contract Income	322
301	Total Income	322
	Less Direct Costs	
226	Labour	249
2	Materials	2
228	Direct Costs	251
(73)	Gross Margin	(71)
70	Less Indirect Costs	66
(3)	Surplus for Year	(5)
0	Accumulated Reserves Brought Forward	0
(3)	Surplus Available for Transfer	(5)
0	Surplus Transferred to Renewals & Repairs Fund	0
3	Surplus Transferred to General Fund	5

Roads Contracts operates as a business unit within the Roads and Transportation division of the Development Services Department. The DLO carries out highway maintenance work including carriageway and footway resurfacing, patching, gully emptying, winter maintenance and other emergency work and is responsible for the operational service of the Council owned car parks.

Objectives

- To provide a best value service for highway maintenance.
- To deliver a cost-effective service for winter maintenance and emergencies.
- To carry out local improvements including car parks and traffic control installations.
- To operate the Council owned car parks.

Work Load

Under the Local Government Planning and Land Act 1980 Part III, Roads Contracts carries out the following categories of work:

- Maintenance work on roads funded from the revenue budget of the Council.
- Minor improvements on roads funded from the capital budget of the Council.
- Minor work carried out for other departments of the Council, and other Local Authorities, and other agencies.

Personnel

At 31 March 2003, Roads Contracts employed 53 road workers and 5 car park operatives.

Operations

Roads Contracts seek to continuously improve its productivity and service quality by developing best practices, and will invest in systems to provide high quality, accurate and easily understood performance information on financial and operational matters. Improved quality monitoring was introduced during the year.

Financial Matters

As detailed on page 11, Roads Contracts operated at a surplus of £0.027m for the financial year after taking account of the charge for the use of capital assets. This balance has been transferred to the General Fund.

Summary

The Roads Contracts unit provided a best value service and met its financial objective for the year. Continuous improvements in quality control and financial monitoring are being implemented

Actual		Actual
£000s		£000s
	Income	
	<u>Charges to Other Services</u>	
3,965	Contract Income	4,784
3,965	Total Income	4,784
	Less Direct Costs	
1,265	Labour	1,401
921	Materials	1,198
858	Expenses	1,272
3,044	Direct Costs	3,871
(921)	Gross Margin	(913)
889	Less Indirect Costs	886
(32)	Surplus for Year	(27)
0	Accumulated Reserves Brought Forward	0
(32)	Surplus Available for Transfer	(27)
0	Surplus Transferred to Renewals & Repairs Fund	0
32	Surplus Transferred to General Fund	27

Analysis of maintenance work on Roads within the area for the year ended 31st March 2003

	Maintenance	
	£000s	%
1. Analysis of work carried out by the Council:-		
(a) Total value of work undertaken by Roads Contracts	4,077	85
(b) Total value of work undertaken by contractors	707	15
	4,784	100
2. Analysis of work carried out by Roads Contracts:-		
(a) For which tenders were not invited	4,043	99
(b) For which tenders were invited	34	1
(c) Total value	4,077	100
3. Details of all jobs undertaken by Roads Contracts for which its tender was not the lowest	Nil	Nil

- To provide a vehicle repairs and maintenance service for Council vehicles
- To manage vehicle administration and maintenance for all Council vehicles
- To carry out MOT and taxi tests
- To provide fuel for vehicles at designated facilities

Workload

Under the Local Government 1988, Vehicle Maintenance carries out the following:

- Repair and maintain vehicles

In addition, Vehicle Maintenance carries out work out-with the scope of the Local Government Act. Vehicle Maintenance assists in the procurement, specification and disposal of vehicles. It also administers vehicle licensing and service scheduling, ensuring all council vehicles comply with current legislation.

Personnel

At 31 March 2003, Vehicle Maintenance employed 15 workers.

Employee levels are continuously monitored due to variations in workload, as a result of fleet reductions throughout council departments.

Operations

During the year Vehicle Maintenance continued to implement various operational changes and improvements in management information in order to develop the service and adhere to the Service's business plan.

New fuel supply facilities were installed during the year.

Financial Matters

As detailed on page 13, Vehicle Maintenance made a surplus of £0.059m after taking account of the charge for the use of capital assets. £0.025m has been transferred to the Renewals & Repairs Fund, the balance being transferred to the General Fund.

Summary

New procedures and work practices were implemented throughout the year, creating an environment for continuous improvement to ensure a competitive, cost efficient, quality service.

Actual £000s		Actual £000s
	Income	
1,098	Contract Income	1,207
1,098	Total Income	1,207
	Less Direct Costs	
327	Labour	316
295	Materials	274
82	Expenses	118
704	Direct Costs	708
(394)	Gross Margin	(499)
348	Less Indirect Costs	440
(46)	Surplus for Year	(59)
0	Accumulated Reserves Brought Forward	0
(46)	Surplus Available for Transfer	(59)
0	Surplus Transferred to Renewals & Repairs Fund	25
46	Surplus Transferred to General Fund	34

- To provide the highest quality, most cost effective refuse collection service within the budgetary resources available.
- To encourage the principles of a quality culture throughout all the DSO's activities and promote continuous improvement.

Workload

The Refuse Collection Service is primarily for the uplift of domestic waste from approximately 52,000 households within East Ayrshire together with such commercial premises as may request a collection service. Recycling includes the collection of glass, cans, white goods and cardboard. Skip hire is provided internally and externally on a commercial basis.

The contract is overseen by the Waste Management section acting as client. There is a distinct client/contractor split below the Head of Protective Services.

No default notices were issued in the year. Complaints, of which there were 822, were dealt with within the required time limit. The number of complaints is regarded as extremely low having regard to the number of service visits carried out (3m).

The pre-existing Refuse Collection contracts for the former authorities have harmonised into a single Service Level Agreement.

The Southern part of East Ayrshire Cleansing has been registered to ISO 9002 since 1995. The Northern part was registered in August 2002.

Personnel

At 31 March 2003, the DSO employed 62 manual workers and shares 7 staff with Street Cleansing.

A high priority is given to customer care and Health and Safety issues.

Financial Matters

As detailed on page 15, the Refuse Collection DSO achieved a surplus of £0.052m after taking account of the charge for the use of capital assets. £0.015m has been transferred to the Renewals & Repairs Fund, the balance being transferred to the General Fund.

Summary

The co-operation of the workforce particularly in the achievement of higher productivity levels is recognised.

£000s		£000s
	Income	
2,480	Contract Income	2,617
2,480	Total Income	2,617
	Less Direct Costs	
1,163	Labour	1,378
38	Materials	38
1,201	Direct Costs	1,416
(1,279)	Gross Margin	(1,201)
1,203	Less Indirect Costs	1,149
(76)	Surplus for Year	(52)
0	Accumulated Reserves Brought Forward	0
(76)	Surplus Available for Transfer	(52)
0	Surplus Transferred to Renewals & Repairs Fund	15
76	Surplus Transferred to General Fund	37

- to provide the highest quality, most cost effective street cleansing service within the budgetary resources available.
- To encourage the principles of a quality culture throughout all the DSO's activities and promote continuous improvement.

Workload

The Street Cleansing Service is primarily for the removal of litter, grit, broken glass and dog fouling within East Ayrshire which covers an area of 125,199 hectares with a population of 123,820.

The contract is overseen by the Waste Management section acting as client. There is a distinct Client/Contractor split below the Head of Protective Services.

No default notices were issued in the year. Complaints, of which there were very few, were dealt with within the required time limit.

The pre-existing Street Cleansing contracts for the former authorities are currently being harmonised into a single Service Level Agreement.

The Southern part of East Ayrshire Cleansing has been registered to ISO 9002 since 1995. The Northern part gained registration in August 2002.

Staffing

At 31 March 2003, the DSO employed 50 manual workers and shares 7 staff with Refuse Collection.

A high priority is given to customer care and health and safety issues.

Financial Matters

As detailed on page 17, the Street Cleansing DSO achieved a surplus of £0.062m after taking account of the charge for the use of capital assets. £0.024m has been transferred to the Renewals & Repairs Fund, the balance being transferred to the General Fund.

Summary

The introduction of improved vehicles and equipment together with the extension of the quality system into the North is achieving an improved service.

The statutory financial requirement is to break even. The Service has met and exceeded that target.

£000s		£000s
	Income	
1,478	Contract Income	1,645
1,478	Total Income	1,645
	Less Direct Costs	
918	Labour	1,090
43	Materials	40
961	Direct Costs	1,130
(517)	Gross Margin	(515)
464	Less Indirect Costs	453
(53)	Surplus for Year	(62)
0	Accumulated Reserves Brought Forward	0
(53)	Surplus Available for Transfer	(62)

0	Surplus Transferred to Renewals & Repairs Fund	24
53	Surplus Transferred to General Fund	38

to provide a wide range of Leisure opportunities through the effective management of sports and leisure facilities throughout East Ayrshire and meeting the requirements of the Council's Leisure Management Contract.

Workload

The Leisure Management Contract was won in-house in 1997 and covers 8 games halls, 38 outdoor team sports facilities, 1 bowling green, 1 outdoor swimming pool and 3 tennis facilities.

The contract provides for both indoor and outdoor Leisure needs and encompasses several seasonal facilities which open in the summer only.

A diverse and varied range of activities are programmed to meet the specific need of the local communities whilst encompassing new initiatives.

Personnel

At 31 March 2003 the Leisure Management DSO employed 23 full time staff, 55 part time, 23 casual and 36 instructors and coaches on a sessional basis.

Financial Matters

As detailed on page 19, the Leisure Management DSO has achieved a surplus of £0.020m. £0.006m has been transferred to the Renewals & Repairs Fund, the balance being transferred to the General Fund.

Summary

The financial year 2002/03 once again showed an increase in attendance figures through the 8 Games Halls amounting to a total in excess of 258,000 spread across the Centres. This can be attributed to the development of new initiatives such as Children's Themed Parties and the introduction of a fully revamped Aerobic / Fitness programme. The service is continually being assessed to ensure that the quality of service provision is maintained and improved.

The statutory financial requirement is to break even. The Service has met and exceeded that target.

£000s		£000s
	Income	
1,019	Contract Income	1,028
1,019	Total Income	1,028
	Less Direct Costs	
246	Labour	665
70	Materials	44
316	Direct Costs	709
(703)	Gross Margin	(319)
696	Less Indirect Costs	299
(7)	Surplus for Year	(20)
0	Accumulated Reserves Brought Forward	0
(7)	Surplus Available for Transfer	(20)
0	Surplus Transferred to Renewals & Repairs Fund	6
7	Surplus Transferred to General Fund	14

- To demonstrate high standards of operational and financial performance through a regime of detailed contract specifications and service level agreements.

Workload

The Council Outdoor Amenities section operates as 5 separate Business Units. The services are carried out as part of the Service Level Agreement and Grounds Contract and on behalf of a number of other Council departments including Housing and Education. The majority of work is provided under the terms of the Local Government (Scotland) Act 1988. Services are delivered in accordance with the specifications outlined in the documents named above.

The services provided include maintenance of:

- Parks
- Public amenity areas and open spaces
- Cemeteries and burials
- Cemetery Safety
- Sports areas/ golf courses and bowling greens
- Golf bookings etc
- Arboreal work
- Landscaping
- Ornamental flower bedding and floral displays
- Gully cleaning
- Litter collection
- Maintenance of road verges and related works
- Equipment repair and maintenance
- Playparks
- Garden care (sub-contractor)

Personnel

At 31 March 2003 the Outdoor Amenities section employed 110 staff which can be supplemented by seasonal temporary and relief staff in the summer months depending on workload.

The service was restructured as from 1 April 2001. The new structure defines the 5 Business Units as:

- Administration
- Grounds Maintenance
- Golf Services
- Cemetery Services
- Miscellaneous

The service maintains its own quality assurance system, giving a high priority to health and safety and quality of performance. This system is independently monitored by the Leisure Client Section.

Financial Matters

As detailed on page 21, the 5 Business Units has achieved a surplus of £0.175m after taking account of the charge for the use of capital assets. £0.074m has been transferred to the Renewals & Repairs Fund, the balance being transferred to the General Fund.

£000s		£000s
	Income	
4,400	Contract Income	4,887
4,400	Total Income	4,887
	Less Direct Costs	
1,935	Labour	2,479
451	Materials	394
0	Expenses	0
2,386	Direct Costs	2,873
(2,014)	Gross Margin	(2,014)
1,986	Less Indirect Costs	1,839
(28)	Surplus for Year	(175)
0	Accumulated Reserves Brought Forward	0
(28)	Surplus Available for Transfer	(175)
0	Surplus Transferred to Renewals & Repairs Fund	74
28	Surplus Transferred to General Fund	101

- To carry out routine building and works maintenance of council owned housing and public buildings
- To deal with emergencies

Workload

Under the Local Government, Planning and Land Act 1980 Part III, Building and Works carries out the following categories of work:

- Maintenance work on buildings funded from the revenue budget of the Council.
- Minor improvements on buildings funded from the capital budget of the Council.
- Minor work carried out for other departments of the Council, other Local Authorities, and other agencies.

Personnel

At 31 March 2003, Building and Works employed 213 craft workers. Initiatives on training and absence monitoring continued during the year.

Financial Matters

As detailed on page 23, Building and Works made a surplus of £0.816m in 2002/2003. The surplus was higher than budget and was arrived at after taking account of the charge for the use of capital assets. £0.100m has been transferred to the Renewals & Repairs Fund, the balance being transferred to the General Fund.

Summary

Building and Works is continuing to operate profitably and its financial situation has improved again since the last financial year.

The statutory financial requirement is to break even. The Service has met and exceeded that target.

£000s		£000s
	Income	
12,345	Contract Income	13,169
12,345	Total Income	13,169
	Less Direct Costs	
4,653	Labour	4,642
2,846	Materials	3,143
1007	Expenses	1489
8,506	Direct Costs	9,274
(3,839)	Gross Margin	(3,895)
	Less Indirect Costs	
1,490	Labour	1,509
358	Property	209
830	Transport	877
537	Administration	432
57	Capital Charges	52
3,272	Indirect Costs	3,079
(567)	Surplus for Year	(816)
0	Accumulated Reserves Brought Forward	
(567)	Surplus Available for Transfer	(816)
0	Surplus Transferred to Renewals & Repairs Fund	100
567	Surplus Transferred to General Fund	716

Analysis of capital and maintenance work on Council Property for the year ended 31 March 2003

	Capital		Maintenance	
	£000s	%	£000s	%
1. Analysis of work carried out by the Council:-				
(a) Total value of work undertaken by Building & Works	4,489	99	7,191	83
(b) Total value of work undertaken by contractors	66	1	1,423	17
	4,555	100	8,614	100
2. Analysis of work carried out by Building & Works:-				
(a) For which tenders were not invited	-	-	-	-
(b) For which tenders were invited	4,489	100	7,191	100
(c) Total value	4,489	100	7,191	100

