

REPORT OF COMMERCIAL SERVICES JOINT COMMITTEE

(Meeting held on 7 September 2006)

1. APOLOGIES

Apologies were received from Councillors Arnell, Beck and Mrs Holding.

2. MINUTES

The minutes of the meeting on 8th June 2006 were confirmed and signed as correct.

3. PROGRESS ON THE PARTNERSHIP REVIEW

Consideration was given to a report by the Project Manager, Alan Higgins, which set out the progress on the Partnership Review. The Chairman informed members that this was an interim report and the final report would be reported back to the Committee in December.

4. DIRECTOR'S REPORT FOR THE PERIOD 1st APRIL 2006 TO 30TH JUNE 2006

(a) Financial Position

Consideration was given to the Director's Report which covered the period 1st April 2006 to 30th June 2006.

The New Forest Commercial Services was £31,000 over budget against a net budget of just under £2.5m for the first quarter. Within this was an overspend against budget of £29,000 against Public Conveniences for a new notional interest charge for which the budget has not been increased.

A deficit of £14,000 within the New Forest Building Works Section related to reactive maintenance work and was primarily due to overspends against profile budgets within the on-cost overhead recovery account. It is not anticipated that these overspends will continue during the year.

The refuse collection business unit was £16,000 over budget, £8,000 of which related to additional costs of vehicles hired to cover vehicles seriously damaged in accidents. These costs will be recovered through insurance claims.

Fuel costs were being monitored closely and whilst the price continued to be volatile it was difficult to predict the impact on existing budgets. The joint procurement of fuel by Test Valley Borough Council and New Forest District Council through the Hampshire County Council contract was ensuring the most competitive route and had achieved savings.

The Engineering Works business unit would struggle to achieve a target £42,000 surplus due to a reduction in the profitability of its contract with Raynesway Construction and HCC for Highways Term Maintenance. This was due to reduced turnover for this work and an erosion of profit margins due to insufficient annual RPI increases. A supplementary revenue bid may need to be submitted to Members later in the year.

An overview of Test Valley Commercial Services saw the account £73,000 in surplus against a budgeted surplus for the first quarter of £70,000.

The Building Works Section reported a small deficit of £5,000. It was anticipated that this would be reduced once the high level of work in progress (£95,000) was cleared.

The Vehicle Workshops had returned a deficit of £7,500 against a budgeted loss for the period of £10,000.

(b) Operational Issues

The selection of a third Assistant Director had been unsuccessful and it was decided to wait until there was a clear understanding of the Partnership Review before re-advertising this post. A lot of time and effort had been put in by staff in the selection process and the Director of Commercial Services extended his appreciation to them personally.

Sickness statistics for the previous financial year were attached to the report and set out a detailed breakdown of sickness statistics. The highest incidents related to back, neck and skeletal injuries. It was suggested that the length of sickness due to this type of injury might be reduced by speedy referral to and payment for a chiropractor service. This would be investigated with the Head of Human Resources at each Authority.

Members were requested to approve the creation at New Forest District Council of two General Operative posts and a Fencer/Multi-Skilled post due to the additional work taken on board from Housing rather than this work being contracted out. There was also a requirement to enhance one of the Test Valley Grounds Maintenance Operatives to that of Foreman.

Tenders were due back at 12 noon on 8th September for the Joint Tree Contract. This would be a schedule of rates contract to undertake call off work within New Forest District Council and Test Valley Borough Council areas. The start date was planned for 1st January 2007.

Actions identified at the last meeting to address the poor financial performance of the Test Valley Vehicle Maintenance Operations were in hand. An update would be brought back to the next meeting of the Committee.

Members resolved:

- (1) That the content of the report, be noted.
- (2) That the creation of two general operative posts and a fencer/multi trade post within the New Forest Building Works section, be approved.
- (3) That the enhancement of a grounds maintenance operative post at Romsey to that of Foreman, be approved.
- (4) That the additional vehicle and plant schedule to deliver the new sports pitch contract from December 2006, be approved.
- (5) That the decision to acquire equipment by lease or outright purchase, be delegated to the Director of Commercial Services in consultation with the TVBC Head of Finance.

Councillor M H Thierry
Vice-Chairman