

AGENDA ITEM

REPORT TO EXECUTIVE SCRUTINY

22nd SEPTEMBER 2009

REPORT OF HEAD OF DIRECT SERVICES

EFFICIENCY, IMPROVEMENT AND TRANSFORMATION COMMERCIAL TRADING SERVICES BASELINE AND INITIAL CHALLENGE

SUMMARY

This report presents the baseline and initial challenge information relating to the EIT Review of Commercial Trading Services, and provides an update on progress to date on the review.

RECOMMENDATIONS

That the baseline and initial challenge information is noted.

DETAIL

The Executive Scrutiny Select Committee noted the proposed scope and project plan of the EIT Review of Commercial Trading Services at its meeting on June 10th 2009.

The overall aim of the EIT review was to investigate options for the future strategy and business development of the Commercial Trading Services. This will help to ensure that these services are commercially focused and at least maintain their market share and profitability during the economic downturn and are fully prepared to take advantage of the opportunities for appropriate growth afforded by economic recovery. Services included were:

- Heating, ventilation and electrical works
- Civic catering
- Fleet management
- Vehicle maintenance
- Highway schemes and improvements
- Commercial trade waste collections

There is a built-in expectation within the Medium Term Financial Plan that trading profits will be generated by the Commercial Trading Services to help the Council as a whole to deliver its key objectives. As the financial position becomes tighter in terms of grant, investment and subsidy income, the need to generate income from external commercial operations and to maximise the opportunities to deliver services to internal customers becomes more pressing, if the expectations of residents in terms of service delivery are to be met whilst keeping Council Tax increases to reasonable levels.

For example, in the current year, the various Commercial Trading Services as a whole have received a budget allocation of £10.623m and are targeted to achieve income targets of £12.188m, a targeted surplus of £1.565m.

The table below provides a breakdown of these figures for each service area within the EIT Review of Commercial Trading Services.

2009/10 Budgets - Commercial Trading Services

Service Area	HV&E	Civic Catering	Fleet Management	Vehicle Maintenance	Highways	Trade Waste
Expenditure	3,608,350	544,164	985,449	867,306	4,147,726	470,801
Income	4,366,954	507,838	1,107,983	986,416	4,687,423	532,338
Contribution to overheads/surplus	-758,604	36,326	-122,534	-119,110	-539,697	-61,537

SERVICE BASELINES AND INITIAL CHALLENGE DOCUMENTS

Because of the diverse nature of the services within this EIT Review, the individual service baselines and initial challenge documents relating to the various Commercial Trading Services are provided at Appendix 1 to this report.

UPDATE ON EIT REVIEW PROGRESS

An update on the progress being made on the EIT Review of Commercial Trading Services is provided at Appendix 2 to this report.

FINANCIAL AND LEGAL IMPLICATIONS

There are no direct financial or legal implications arising from the report.

RISK ASSESSMENT

The proposal is categorised as low to medium risk. Existing management systems and daily routine activities are sufficient to control and reduce risk.

COMMUNITY STRATEGY IMPLICATIONS

Enhanced service delivery through the EIT process.

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Background Papers

Scope and Project Plan (Appendix 1)

Ward(s) and Ward Councillors:

Not Ward Specific