

## **AGENDA ITEM**

### **REPORT TO EXECUTIVE SCRUTINY**

**17<sup>th</sup> NOVEMBER 2009**

### **REPORT OF HEAD OF DIRECT SERVICES**

## **EFFICIENCY, IMPROVEMENT AND TRANSFORMATION COMMERCIAL TRADING SERVICES – PROGRESS REPORT AND EMERGING FINDINGS**

### **SUMMARY**

This report provides an update on progress being made on the EIT Review of Commercial Trading Services, and the emerging findings from this review.

### **RECOMMENDATIONS**

That the update on progress being made on the EIT Review of Commercial Trading Services, and the emerging findings from this review are noted.

### **BACKGROUND**

The Executive Scrutiny Select Committee noted the proposed scope and project plan of the EIT Review of Commercial Trading Services at its meeting on 10<sup>th</sup> June 2009. Further to this, the Executive Scrutiny Select Committee noted the detailed baseline and initial challenge information at its meeting on 22<sup>nd</sup> September 2009.

As stated at those previous meetings, 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.

## **DETAIL - UPDATE ON EIT REVIEW PROGRESS**

An update on the progress being made on the EIT Review of Commercial Trading Services, to the end of October 2009, is provided at Appendix 1 to this report.

## **DETAIL – EMERGING FINDINGS**

Detailed analysis has been undertaken on a number of different strands of work, in order to get a full picture of the present services provided and to ascertain what efficiency savings can be made.

A number of options have been developed, which are currently being appraised for their financial benefits to the Council, as well as the impact on the service provided.

Amongst the options being considered are:

- Reduction in commercial waste collections from two rounds to one (estimated savings £40k per annum);
- Use of re-useable waste sacks rather than disposable (estimated savings £50k per annum)
- Dedicated procurement/contracts officer to generate savings through improved buying of materials and negotiation of contracts.

## **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.

**Jamie McCann**  
**Head of Direct Services**  
**Telephone 01642 527071**  
**Email Address: [Jamie.mccann@stockton.gov.uk](mailto:Jamie.mccann@stockton.gov.uk)**

**Scrutiny Team Leader**  
**Telephone No. 01642 528158**  
**Email Address: [Judith.trainer@stockton.gov.uk](mailto:Judith.trainer@stockton.gov.uk)**

Background Papers                      None

Ward(s) and Ward Councillors:              Not Ward Specific