

APSE Scotland Roads & Street Lighting Advisory Group

Future Opportunities and Tips for
Getting Started

25 January 2019

Talk will cover

1. Tayside Contracts – who we are
2. Commercialisation – what do we mean by this term?
3. Are you ready to compete in the wider market?
 - a. Local Authority / Government Market
 - b. Private Market

What is Tayside Contracts

- Unique DLO/DSO within Scotland (established in 1996) – Original Shared Service
- Operating under Joint Committee
 - Angus Council
 - Dundee City Council
 - Perth & Kinross Council
- Employ 2547 people (3458 posts)
- Turnover £70 million for 2016/17
- Provide the following services
 - Catering
 - Cleaning
 - Construction
 - Janitorial
 - School Crossing Patrollers
 - Vehicle Maintenance & Fleet Management
- Provide internally our own Support Services e.g. IT, HR, Finance etc.
- Undertake work for other authorities and the private sector



Tayside Contracts as an Exemplar of Shared Services

Shared services and collaborative working in a Welsh context: Applying theory to practice



Final Report

National Roads Maintenance Review

July 2012



THE SCOTTISH ROAD WORKS COMMISSIONER

COSLA



Municipal entrepreneurship



Local authority

Innovative public services ahead

NO

Bureaucracy

Inefficiency

Stick-in-the-mud attitudes

What is Tayside Contracts?

- We are wholly owned by the three Councils
 - *We the Councils' Direct Service Provider*
- The share of Tayside Contracts is:-

	2018/19	1996
– Angus Council -	32.2%	(26.5%)
– Dundee City Council -	31.1%	(25.5%)
– Perth and Kinross Council -	36.7%	(48.0%)
- We are **NOT** a private company
- We are **NOT** an independent legal entity
- However to all intent and purpose we are a separate body negotiating our own terms and conditions of employment etc.

Main Services we provide

• Construction

- Roads and Footway maintenance
- Winter maintenance
- 24 hour Emergency response
- Cyclic and Routine maintenance
- Street Lighting renewal and maintenance
- Surface Dressing
- Quarry products
- Recycling and waste minimisation
- Sign manufacture

• Transport

- Fleet Management
- Vehicle Maintenance
- Fleet Procurement

We also provide all of these for Angus Council

• Facilities Management

- School Cleaning (including PPP schools for Angus and Dundee City Councils)
- Building Cleaning
- Other Cleaning
- Janitorial Services
- School Crossing Patroller Services

• Catering

- School Meals
- Function Catering
- Community Meals (Dundee only)

Commercialisation

Definition (Oxford Dictionary)

***The process of managing or running something
for financial gain***

Sean Nolan, Advisor, Local Government, CIPFA

The **funding constraints** that have been piled on to local authorities over the last few years have caused a significant amount of difficulty for finance managers, but this pressure has also acted as a **driver for creative solutions** right across the country.

Stripping away waste and ensuring services are delivered efficiently, with optimal value for money is, simply put, a good idea, but as funds continue to dwindle, councils must **look for more enterprising approaches** in order to balance their budgets. Many are **looking beyond service efficiencies and actively seek new revenue streams**.

As a concept for delivering public services, 'commercialisation' is by no means a new idea, but how it has been interpreted and adopted over the years has varied widely. **In essence it comes down to income generation or, at least, a return on investment**. This can take a **number of forms**, from establishing partnerships with commercial organisations, to council's setting up independent, autonomous profit-making companies.

Of course, the commercialising public services can be a **contentious issue**, with some arguing that **public services and businesses are inherently different entities**, with different primary responsibilities and aims. It is true that innovation within the public sector does differ from that in the private sector, so while many lessons can be shared, these learnings need to be shaped and adapted.

Questions

- Do you believe that you are a commercial organisation?
- Are you ready to compete in the market place, both public and private?

Commercialisation



Adapting for Success

Here you will find all the information you need about our organisation and the services it provides to the people of Tayside.

Tayside Contracts is a contractor's based local authority contracting organisation providing catering, cleaning, waste management, vehicle maintenance and other maintenance throughout the Tayside area of Scotland.

We are the commercial trading arm of the Councils of Angus, Dundee City and Perth and Kinross and employ approximately 2500 people operating out of in excess of 300 establishments.

Tayside Contracts operates under a joint Committee consisting of elected members from each constituent council.

[MORE INFO](#)



OR



QUALITY OF LIFE SERVICES





It's a JUNGLE out there!

Tayside 
contracts



Look what has happened to them!

DO YOU THINK YOU ARE READY?

Benefits delivered by Tayside Contracts

- 
- A yellow snowplow is shown clearing a snow-covered road in a winter setting. The road is flanked by snow-laden trees and bushes. A triangular warning sign is visible on the left side of the road. The snowplow is moving towards the viewer, leaving a clear path through the snow.
- Management/General
 - Financial
 - Innovation

Our Definition

Summed up through:

- **Our Vision:**

“To be the preferred business model, delivering an increasingly diverse range of high quality, cost efficient frontline services”

- **Mission Statement**

“Community benefit through the pursuit of excellence”



Management/General

- ✓ We have grown out of the CCT era which means that we are a cost focussed and service focussed organisation
- ✓ Single management structure covering three Councils areas
- ✓ Flexible to respond to differing needs of our three constituent Councils
- ✓ Economies of scale
- ✓ Can offer services which are too expensive for a single Council
- ✓ Retention of specialist skills
- ✓ Market regulation
- ✓ Ability to go after large public contracts
- ✓ Ability to deal with budgetary difficulties which a Council may have

Community Benefit

- ✓ The majority of our materials are purchased from Tayside companies
- ✓ All, except specialist sub contractors are Tayside based
- ✓ Our employees live local to their work locations
 - ***£35 million employee costs, supporting the Tayside economy***
- ✓ Surpluses we generate are returned to the Councils to reinvest in local services
- ✓ We are committed to protecting the local environment
- ✓ We offer competitive high quality services
- ✓ We are committed to working in partnership with local businesses
- ✓ Provide meals in the holidays for the Dundee Food and Fun programme

Innovations – some examples

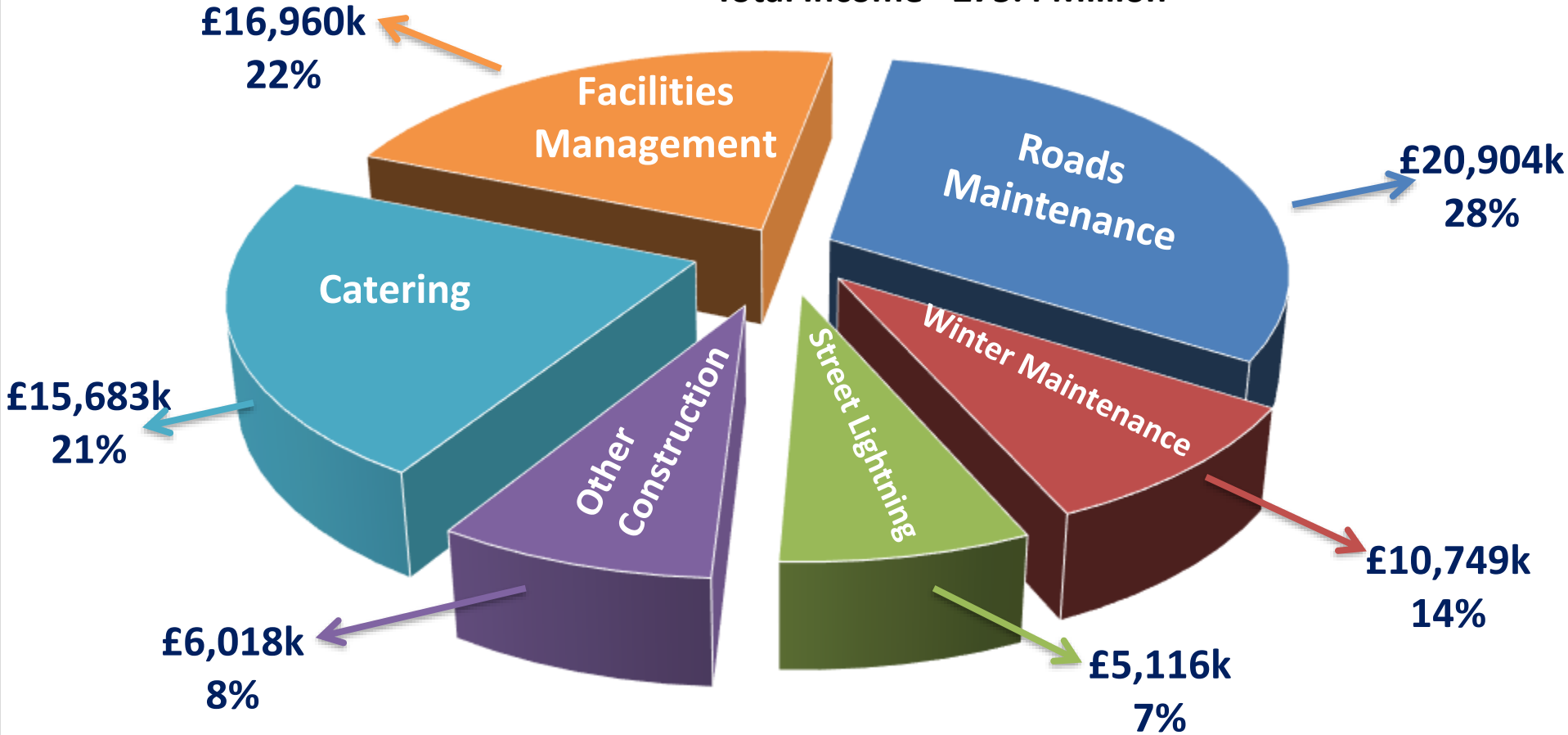
- Reed bed treatment of gully waste
- Cold mix paving system utilising recycling materials – 30% cheaper than conventional systems
- Use of DERL incinerator ash
- Lean construction (business improvement techniques)

Commercialism

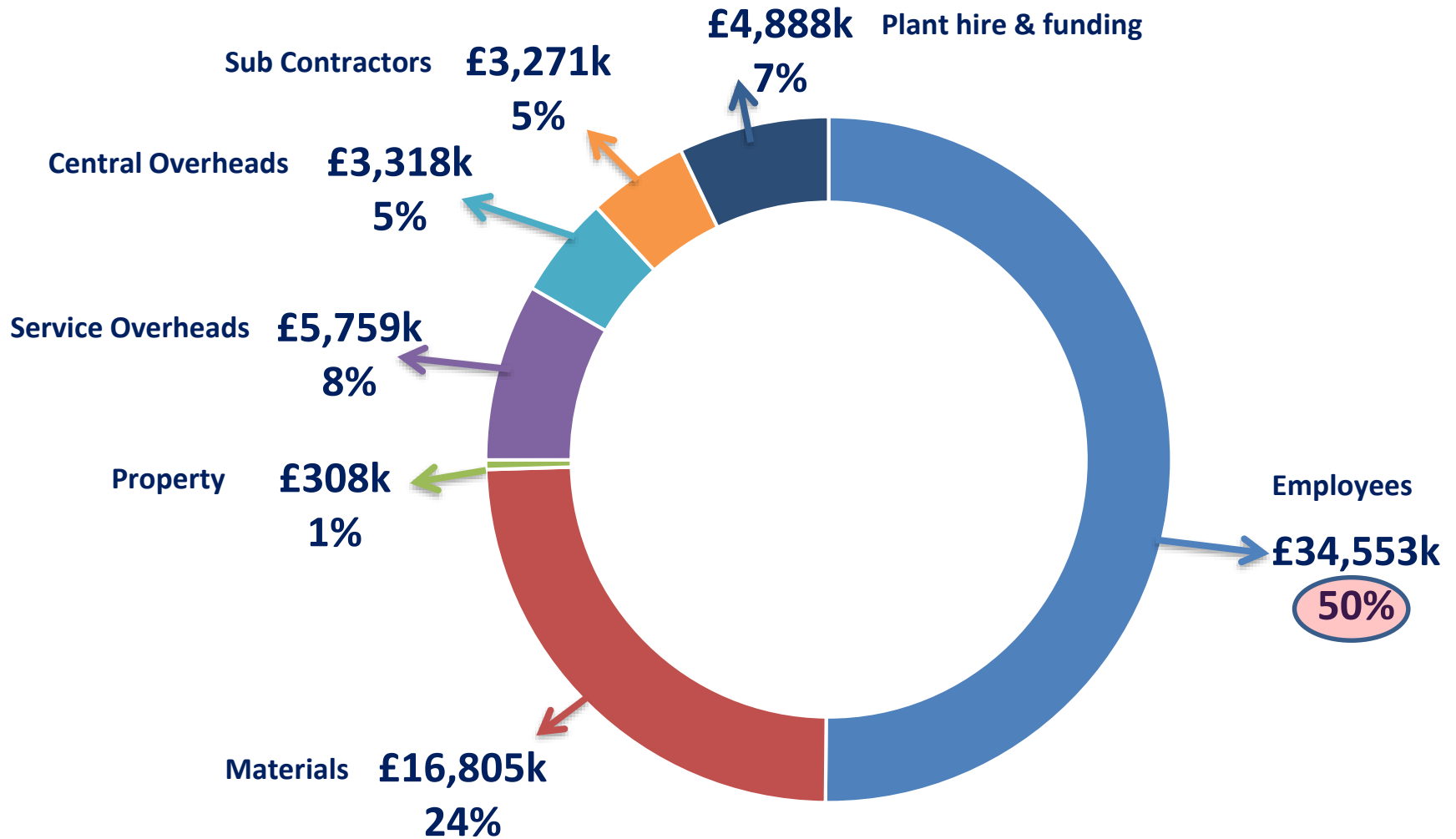
- Know and have control of all your costs

Tayside Contracts income 2017/18

Total Income - £75.4 Million



Tayside Contracts total expenditure 2017/18



**We run Tayside Contracts
as a BUSINESS**

Corporate Services

In house provision of: -

- Senior Management
- IT services
- HR services
- Training
- Health and Safety
- Financial services
- Administrative services
- Property Services
- Procurement

86 employees
(2.5% of employees)

Central Costs

- Do you know what these are?
- Do you have any say in agreeing the budget for these?
- Do you have any control over them?
- If your income is reducing can you reduce any of these?

Commercialism

- Know and have control of all your costs
- Know what you are good at

Example

- September 2014
 - Transfer of Janitorial and School Crossing Patrol services from Angus and Dundee City Councils
 - *£430k year on year savings*
- June 2017
 - Transfer of Janitorial and School Crossing Patrol services from Perth and Kinross Council
 - *£200k year on year savings*
 - ***TOTAL SAVINGS £630K Year on Year***

Financial Benefits

- Since 1996 Tayside Contracts has returned **£23 million** to the three Councils
- Since 1996 Tayside Contracts has invested **around £40 million** back into the organisation through the purchase of new plant and equipment and innovation
- Retained **£580,000** in our reserves

Commercialism

- Know and have control of all your costs
- Know what you are good at
- Know what you are not so strong at

Management/General

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- ✓ Economies of scale
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Commercialism

- Know and have control of all your costs
- Know what you are good at
- Be aware of your weaknesses

Private Markets

- Need staff who are contractually aware
- Cash is key

Debt Management

Constituent Councils	Construction	Facilities Management	Catering	Other	Total	%
	£'000	£'000	£'000	£'000	£'000	
Angus	1,840	470	502	4	2,816	37%
Dundee City	681	119	465	0	1,265	16%
Perth & Kinross	2,010	86	660	1	2,757	36%
Total	4,531	675	1,627	5	6,838	89%
Non-Council Debtors						
Other Public Bodies	36	0	2	3	41	1%
Private parties	515	295	6	9	825	11%
Total	5,083	970	1,634	17	7,704	100%

Aged Analysis of Debtors

	Construction	Facilities Management	Catering	Other	Total	%	Council & Other Public	
							Other	
Within Terms	4,488	443	667	16	5,614	73%	5,077	538
0 - 14 Days Over	184	462	509	1	1,156	15%	1,067	89
15 - 30 Days Over	294	26	456	0	777	10%	655	122
31 - 60 Days Over	81	20	1	0	102	1%	45	57
61 - 90 Days Over	-3	9	0	0	6	0%	6	0
> 90 Days Over	39	10	0	0	50	1%	29	20
Total	5,083	970	1,634	17	7,704	100%	6,879	825
	66%	13%	21%	0%			89%	11%

Major Customers > 30 days overdue

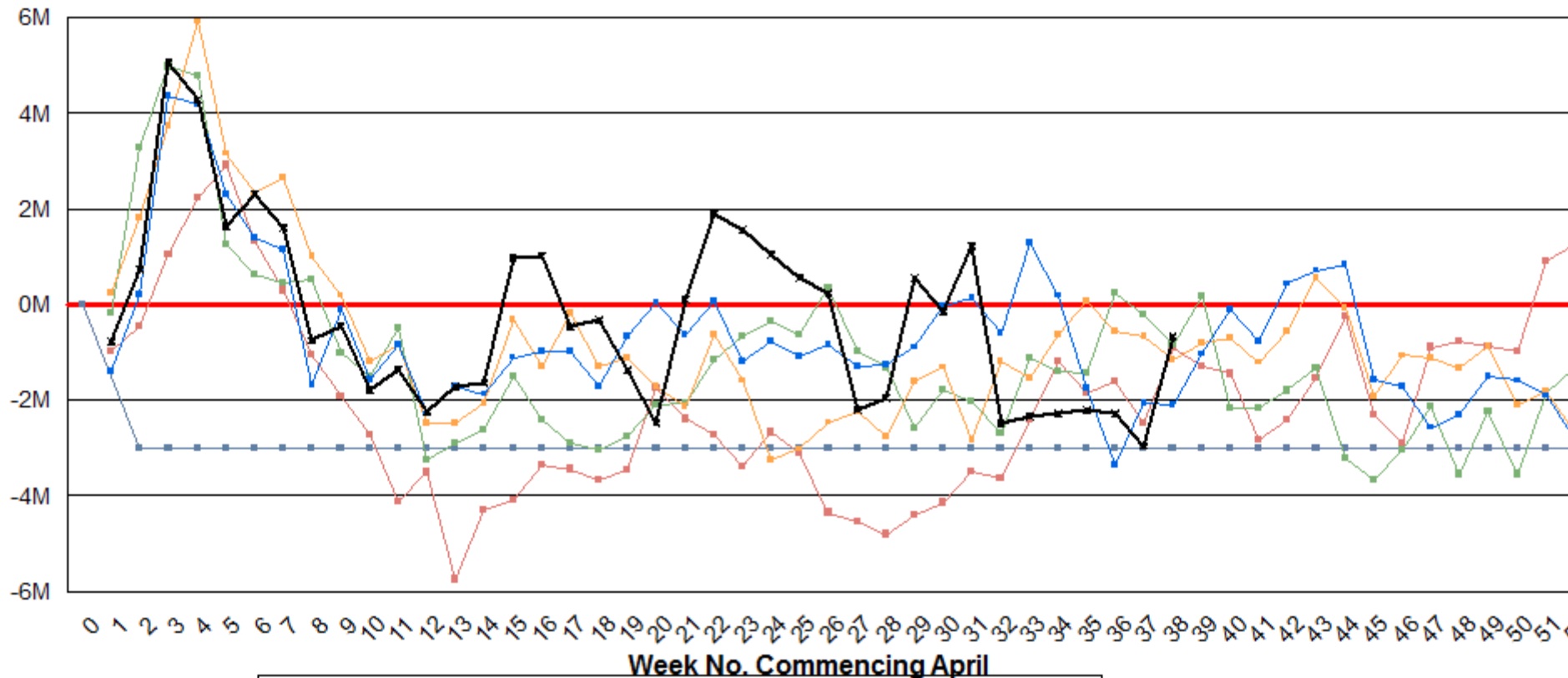
	Construction	Facilities Management	Catering	Other	Total	Inv/Cr N No	Days os
DC-30EDUCATION		3			3	1000132657	49
AC-ANGUSHOUSE		7			7	1000133097	31
PKC-HOUSINGREPAIRS		9			9	1000132936	41
ROBERTSONTAYSIDE	(1)				-1	2000009574	48
HADDEN	1				1	1000132613	58
LAND & BUILDING SERVICES LTD	1				1	1000133041	37
LAND & BUILDING SERVICES LTD	1				1	1000133007	38
D J LAING (CONTRACTS) LIMITED	4				4	1000132948	41
A R MACASKILL	9				9	1000132953	40
HARTBUILDERS	9				9	1000132718	54
D J LAING (CONTRACTS) LIMITED	12				12	1000132888	46
KILMACLIMITED	18				18	1000132974	39
ANGUS COUNCIL	24				24	1000132815	51
PKC-HOUSINGREPAIRS		9			9	1000132456	65
PKC-HOUSINGREPAIRS		10			10	1000131920	96
ANGUS COUNCIL	(1)				-1	2000009523	96
NHSTRANSPORT	7				7	1000131539	115
DCC- ENVIROCITYSQ	3				3	1000131253	132
F J FRASER & SON	12				12	1000131504	132
GALLIFORD	7				7	1000128031	116
PKC-ENVIR(PULLAR HSE)	4				4	1000129512	245
STIRLINGCOUNCIL	4				4	1000128793	242
All others under £1k balance	3	0	1	0	4		3%
All others under £1k balance	-3	0	0	0	-3		-2%
All others under £1k balance	3	0	0	0	3		2%
Total	117	39	1	0	157		100%
	74%	25%	1%	0%	2.04%	Movement in Month	-183

of total debtors

Tayside Contracts

Comparison of Bank Balance Position

Produced Wednesday, December 19, 2018 at 11:10AM



Current Week	2018	2017	2016	2015	2014	5 Year Average
18-Dec-2018	-£676,739.63	-£2,093,398.17	-£1,162,011.55	-£849,695.34	-£907,900.29	-£1,137,949.00
Weekly Bank Balance	-£263,550.71	-£511,250.05	-£616,038.20	-£824,508.61	-£2,390,532.74	-£921,176.06
Interest at: 0.35%	-£661.36	-£1,282.95	-£1,545.91	-£2,069.05	-£5,998.88	-£2,311.63

Private Markets

- Need staff who are contractually aware
- Cash is key
 - Remember you are putting public money at risk
- Companies you work for could close down



Summary

Tayside Contracts' experience since 1996 shows that:-

We are extremely good at what we do i.e. focusing on the delivery of cost effective front line services because it is the sole reason why we are in existence.

Questions

- Do you believe that you are a commercial organisation?
- Are you ready to compete in the market place, both public and private?