

WEST DUNBARTONSHIRE COUNCIL

Report by the Chief Executive

Corporate Services Committee : 28 March 2007

Subject : Trading Accounts Annual Review

1. Purpose

- 1.1 The purpose of this report is to advise Committee of the review undertaken of the Council's trading activities.

2. Background

- 2.1 The Local Government Scotland Act 2003 repealed the legislation governing compulsory competitive tendering (CCT) which led to the creation of direct labour organisations (DLOs) and direct service organisations (DSOs). In its place, the Act introduced the requirement for statutory trading accounts to be maintained for "significant trading operations".
- 2.2 From 2003/2004 local authorities were required to identify which activities should be treated as trading accounts. An in-house model was developed for testing which Council services should fall into the category of 'statutory' trading operations.
- 2.3 The model questioned each service provided by the Council (not just those previously managed under the CCT legislation) on the following two criteria:-
- (a) Is the service provided in a competitive environment?
 - (b) Is the service provided on a basis other than the straightforward recharge of cost?
- 2.4 If the service fails either of these criteria, no trading account is required. If it passes both, it should then be tested for significance and from this 5 Trading operations were approved at Council in April 2006.
- 2.5 The exercise has recently been carried out again for 2007/2008.

3. Main Issues

- 3.1 During the current review, all Council services were analysed against the criteria noted within 2.3 and 2.4 above, with no changes identified from the responses received from departments.

3.2 However, 2% of the Council's revenue budget (the Council's agreed significance level) is now calculated at £4.3m and as such all but two of the services previously provided as Statutory Trading Operations now fall below this significance level.

3.3 The only statutory trading accounts identified through the review in 2007 are therefore:-

- (a) Housing Repairs and Maintenance
- (b) Grounds Maintenance and Street Cleaning

3.4 Those services previously provided as Statutory Trading Operations, no longer considered as such are:-

- (a) Leisure
- (b) Catering
- (c) Roads

4. Personnel Issues

4.1 There are no personnel issues.

5. Financial Implications

5.1 There are no financial implications.

6. Risk Analysis

6.1 No risk analysis was required.

7. Conclusions

7.1 Through a recent review of Trading Accounts it has been necessary to recommend to Committee a change in focus of three services previously statutory trading operations, now being reclassified as non-statutory trading operations.

8. Recommendations

8.1 **The Committee is invited to agree the changes, resulting in only two proposed Statutory Trading Operation – Housing Maintenance and Grounds Maintenance.**

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Date: 14 March 2007

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Appendix: Not applicable

Background Papers: Departmental return submissions

Wards Affected: No Wards affected