



**Direct Services Organisation**

**Business Plan 2007 - 2010**

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## **1.0 INTRODUCTION**

Successful organisations know how important it is to perform well and continue to develop. They not only ensure that their product meets current demands but they also plan and invest for the future.

Whilst good strategic, operational and financial management is essential stakeholders must also be engaged if they and the business are to progress together and in the same direction.

A good Business Plan can provide the communication needed to convey to Members, customers, the community and employees the condition of its service and its commercial intentions.

The following Business Plan should run in parallel with the Service Plan and is a statement of “where it is now, where it wants to be and how it intends to get there”.

## **2.0 EXECUTIVE SUMMARY**

This is the first Direct Services Organisation Business Plan and can be developed further in time.

There is a clear need to concentrate on core services, developing them to meet the needs of a modern and changing commercial environment and also to maximise the use of the valuable skills and expertise of staff both for the Authority and Council Tax payers.

The Service requires the support of the Executive and the commitment of other Service Areas to commission and interact with our in-house service as a first option in procuring work.

The ultimate aims of the DSO are:

- (i) in the short term, to reach a break-even position financially and
- (ii) in the longer term, to develop the quality and width of its services to levels that will benefit the Council, its other Services and the Community.

The DSO has made great strides in minimising the operating financial deficit and in building a sound customer base. It intends to continue its improvement by seeking more external customers and providing new and additional services.

## **3.0 SITUATION ANALYSIS**

### **3.1 What is the DSO?**

The Vale has operated a works unit called the DSO for many years providing a 24-hour daily service to the Council and to external customers (and neighbouring Authorities) that own or occupy domestic and commercial property in the Vale, South Oxfordshire and neighbouring Districts.

On 1 April 2005, with the discontinuance of Technical Services and the restructuring of the senior management of the Vale of White Horse District Council, the DSO and Address Management were transferred to join with Building Control. After a year of initial recovery the Council endorsed the DSO's viability subject to its continuing improvement and the submission of a Business Plan.

The DSO is one of 4 Services within the Commercial Services group and now comprises:

1. **Workforce Unit** – a range of building and manual services for the Council and private customers
2. **Address Management** – statutory duty of Street Naming, Property Identification and Road Closures
3. **Public Conveniences Cleaning** – this work was previously contracted-out and has recently been taken back in-house

The DSO's fundamental objective is to provide the Council with a cost-effective resource facility that it needs to ensure its own operations are adequately supported as well as meeting the expectations of the community and the public.

It is managed and led by the DSO Manager who is a member of the Commercial Services Management Team (CMT) and reports to the Deputy Director for Commercial Services.

Its Points of Excellence are:

- Quality Service
- Customer Confidence
- Customer Care
- Reliability
- Cost

### 3.2 The Services

The DSO carry out a range of work listed below:

**Septic Tanks** - emptying units on a daily basis for householders and businesses in the Vale and South Oxfordshire District.

**Sewer Blockages** - clearing drains daily for private householders, businesses, local authorities and housing associations in the Vale and South Oxfordshire District.

**Sewer Treatment Works and Pumping Stations** - maintenance and repairs on a regular basis on units owned by private householders, businesses, local authorities and housing associations in the Vale and South Oxfordshire District.

**Car Parks** - continual maintenance and repairs on premises owned by and situated in the Vale.

**Public Conveniences** - maintenance and repairs as well as the cleaning of 6 premises owned by and situated in the Vale.

**CCTV Surveys** - specialist work commissioned occasionally by private householders and businesses in the Vale and South Oxfordshire District

**Contract Work (External)** - wide range of minor building and manual work commissioned by private customers, companies and other local authorities. It provides services to the community that require quick and reliable responses and which the private sector often cannot or decline to provide. The DSO responds to emergencies and other incidents, eg. flooding (sandbagging) and dangerous structures.

**Contract Work (Internal)** - wide range of building and manual work for other Council Services. In addition to speed and reliability the Services also benefit from the confidence in assured flexibility, control and costs. Services are recharged at the most economical commercial rate. This necessary work includes Committee set-ups, office moves, road signage, etc.

**Address Management** - this section of the DSO administers the statutory duty of ensuring that names are given to all roads and streets and that their signs are properly erected and displayed. It also has the responsibility for closure of roads when suitable applications are made for events and incidents.

### **3.3 Customers**

DSO has a wide range of customers from private owners and occupiers of property, commercial businesses and local authority and statutory bodies:

#### **Individual Users**

- Businesses
- Council tax payers
- Property owners
- Riparian owners
- Tenants

#### **Service Providers**

- Consultants
- Contractors
- Developers
- Solicitors
- Utility Service providers
- Sign manufacturers
- Street map publishers

#### **External Bodies**

- Oxfordshire County Council
- South Oxfordshire District Council
- Town and Parish Councils in the Vale of White Horse DC and South Oxfordshire DC
- Environment Agency
- Thames Water
- Housing Associations
- Ordnance Survey
- Land Registry
- Royal Mail

## **3.4 Resources**

### **Staff**

The current establishment headcount for the DSO is 13 staff (set out in Appendix A). The multi-skilled DSO operatives cover each other and deliver the whole range of the services. The section works in teams and as individuals depending upon timescales, standards agreed and the nature of the contracts.

The flexibility and commitment of the staff and management is essential for effective service delivery. When staff resources are low, due to extra business and/or vacancies, agency personnel and/or overtime are used to meet the contracts.

### **Facilities and Premises**

The administration is based at Abbey House, Abingdon with the service depot located at Regis Yard, Challow Station. The DSO service properties at:

- Charter Car Park, Abingdon
- Public Conveniences (6no.) in Abingdon, Botley, Faringdon and Wantage
- Sewer Treatment Works and Pumping Stations (7no.) at various locations in the Vale

Communication with the public and customers is routed via Abbey House using the most appropriate method available, ie. mail, telephone (land line or mobile), fax, and e-mail.

### **Vehicle and Plant**

The DSO fleet vehicles operate from Regis Yard with maintenance being carried out by external agents.

Appendix B shows the current list with the year of purchase and programmed dates of replacement. Due to the nature of the work, the large geographical area covered and response times, the vehicles need to be in good mechanical order and reliable. Therefore, the replacement periods are use-dependent, varying from 5 to 10 years (or more).

A reserve of £50,000 is set up to fund the vehicle purchases the cost of which being met, in due course, from the service's revenue account. Occasionally vehicles are leased or hired depending upon the timing and the type of work. Generally only small items of plant are purchased, other than jetting or generator units, with specific items of mechanical plant or machinery hired in as required on a rechargeable basis.

### 3.5 SWOT Analysis

The most important asset that Local Authorities have is their knowledge of their own operating area. Their weakness is often the combination of restrictive legislation, highly competitive market place and internal overheads.

	<b>Internal</b>	<b>External</b>
<b>Strengths</b>	<ul style="list-style-type: none"> <li>◦ Experience</li> <li>◦ Motivation</li> <li>◦ Trained Staff</li> <li>◦ New positive corporate attitude</li> <li>◦ Support/back-up of large organisation</li> </ul>	<ul style="list-style-type: none"> <li>◦ Local knowledge (Vale &amp; SODC)</li> <li>◦ Reputation of quality service</li> <li>◦ Accountability</li> <li>◦ Existing Team</li> <li>◦ Available 24 / 7</li> <li>◦ Fast response time</li> <li>◦ Price</li> </ul>
<b>Weaknesses</b>	<ul style="list-style-type: none"> <li>◦ Staffing levels</li> <li>◦ De-motivation</li> <li>◦ Council policies and procedures</li> <li>◦ Legislation</li> <li>◦ Bureaucracy</li> <li>◦ Lack of feedback</li> <li>◦ Staff resistant to change</li> </ul>	<ul style="list-style-type: none"> <li>◦ Depot location</li> <li>◦ Overload of work</li> <li>◦ Disposal restrictions</li> </ul>
<b>Opportunities</b>	<ul style="list-style-type: none"> <li>◦ Training and apprenticeship</li> <li>◦ Profit share</li> <li>◦ Partnership and joint working</li> <li>◦ ICT and communication</li> </ul>	<ul style="list-style-type: none"> <li>◦ Expand core work</li> <li>◦ Diversification</li> <li>◦ Marketing and promotion of business</li> <li>◦ Standing orders</li> <li>◦ E-Gov</li> </ul>
<b>Threats</b>	<ul style="list-style-type: none"> <li>◦ Council Policy</li> <li>◦ Overheads and costs</li> <li>◦ Recruitment</li> <li>◦ Staff retention</li> <li>◦ Ageism</li> <li>◦ Political Change</li> </ul>	<ul style="list-style-type: none"> <li>◦ Competition</li> <li>◦ Marketplace climate (inflation)</li> <li>◦ Loss of work</li> <li>◦ Externalisation threats</li> <li>◦ Lack of support and leadership</li> <li>◦ Redundancy</li> </ul>

## **4.0 AIMS AND OBJECTIVES**

### **4.1 Mission Statement**

The DSO intends to provide:

- the Council with effective, efficient and economic services that will meet the demands of its internal services and the community and
- services underpinned by quality, reliability and value for money, which meets the performance standards demanded of a modern and dynamic local authority.

### **4.2 Core Values**

The DSO is committed to:

- Customer Care
- Good Management and Leadership
- Environmental; Awareness
- Equal Opportunities
- Commercial Attitude

### **4.3 Limiting Factors and Changes**

Local Government is restricted by legislation in a number of areas:

- Who the Authority can work for
- The nature of the work
- The location of the work
- The value of the contract
- The staff used to resource the contract

Council policies and procedures, which the private sector is not subject to, can hinder the ability to win business - eg. Contract Standing Orders, Equal Opportunities, etc.

Changes in the following areas might influence business development:

- European and national legislation
- Budgets
- Council priorities
- National and local economy



## **5.0 STRATEGIC REVIEW**

### **5.1 Service Review**

During the first 6 months after the transfer of the DSO in April 2005 its operations and finances were rigorously analysed. Whilst the management of staff and service delivery was found to be sound all other areas required immediate attention.

Subsequently the administration and financial control was improved, charges increased and accounting simplified and a commercial and business enterprise approach was introduced.

Most of the DSO services have maintained their market share. The volume of work has increased with no loss of customers and order books remain full.

Commercial links with organisations such as Vale Housing Association were increased and terms of the Housing Act Works contract were extended with South Oxfordshire District Council. Other work in that District has also increased.

In June 2006, the contracted-out public convenience cleaning contract was taken back in-house and assigned to the DSO and, in January 2007, the Street Naming and Numbering Policy was updated with the introduction of Charges.

The core services of septic tank emptying, sewer clearances and sewer treatment works have remained very strong. Similarly, minor works contracts have also expanded beyond internal and external clients to town and parish Council in other authorities.

### **5.2 New Service Development**

The SWOT analyses and feedback from customers indicates the need for expansion and development of existing core services. However, opportunities exist for joint or partnership working in associated construction related activities, ie. property repairs and maintenance, cleaning contracts, drainage works, etc.

### **5.3 Priorities**

#### Council Priorities

The DSO is continuing to explore with other Authorities ways of making services better and more cost effective through possible partnering and joint working. It also contributes to Council Priorities with respect to (i) creating a cleaner, greener, safer and healthier environment and (ii) the Medium Term Financial Plan.

#### Service Priorities

The following areas require particular attention:

- Continue to review finances and accounting procedures
- Marketing of services
- Benchmarking performance standards and charges
- Establishing relevant and useful performance indicators
- Customer surveys
- Risk assessments

## 6.0 THE FUTURE

2005-06 was an exceptional year in which the final deficit was reduced, beyond expectations, to £47k. In a year of consolidation, 2006-07 is likely to produce a £44k deficit. In 2007-08, the deficit is expected to fall to £20k and the service is expected to break even in 2008-09. Appendix C illustrates a 4 year schedule of account.

If the current trends continue the DSO expect to achieve their fundamental goals:

- An excellent service to the community and its customers
- Retain and increase market share and income
- Balance the accounts
- Maintain staffing levels and develop a motivated, professional and happy team

In doing so the following aspects have been identified as Critical Success Factors:

- Marketing
- Training
- Communications & ICT Systems
- Good Financial and Performance Management

In 4 years time the DSO expect that:

- Current levels of income and volume of work are sustained
- Opportunities for partnership and regional working have increased
- Services would be more diverse
- Liability will have increased and litigation will have become easier and more common

## 7.0 CONCLUSIONS

The DSO's commercial approach, through financial control, efficient management, minimising expenditure and maximising income, has established itself as a substantial and business-like unit with scope to develop further.

The professional and committed attitude of the workforce gives confidence in the unit being well organised and efficient. The high market share and volume of compliments illustrate its popularity.

It is a well-organised and efficient unit that is a credit to the Council and, given sufficient time and support, it should prove to be a worthwhile asset.

All elements of the business shall be overhauled with a greater emphasis on marketing the service.

Within a commercial environment and competing against the private sector, the level of Charges will play an important part in achieving success and a large market share. The benefit to the Council would be to provide its community with a service that it could trust to maintain high standards but cost effectively.

The DSO could develop the business with a view to breaking even financially by the end of 2008-09 with a further intention of sustaining a healthy and useful direct service group that could enhance and support the Council.

The DSO provides the community with a cost effective quality service. Ceasing the function would have two significant effects:

- *Work for the Council*

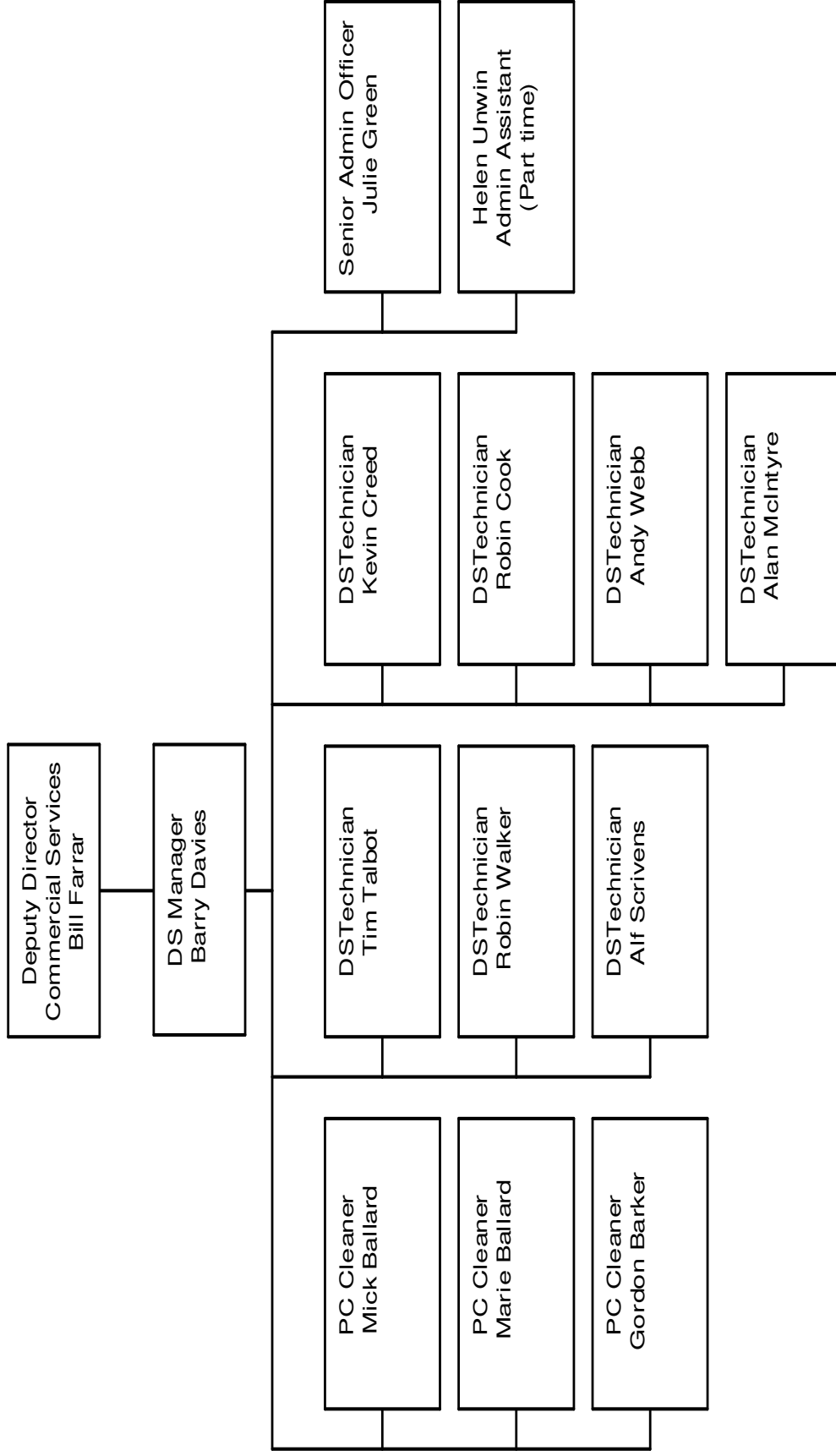
The Council would need to commission external private contractors to fulfil these tasks - there is a risk that these costs would be greater than the current recharges.

- *Work for the Community*

There is no legal obligation for the Council to provide such services. However, as customers have relied on these services for many years, this may lead to an adverse public perception of the Council. Furthermore, as much of the work is not financially attractive to private contractors this could result in reductions in local standards and amenities in the Vale.

Appendix A

**DIRECT SERVICES ORGANISATION - 2007**





## Appendix C

## 4-Year Financial Projection for DSO Business

Costc (T)	CC	Ac	Account (T)	Predict 2006-07	Predict 2007-08	Predict 2008-09	Predict 2009-10
Address Management	T03	409	Materials	12,000	12,000	13,000	14,000
Address Management	T03	414	Printing	50	100	150	200
Address Management	T03	436	Communications - Telephones	117	120	150	200
Address Management	T03	702	Internal Recharges (actuals)	12,000	12,000	13,000	14,000
Address Management	T03	918	Sales	0	0	0	0
Address Management	T03	920	Fees For Services	(3,000)	(15,000)	(18,000)	(19,000)
			<b>Address Management</b>	<b>21,166</b>	<b>9,220</b>	<b>8,300</b>	<b>9,400</b>
Direct Services Other	T93	101	Salaries	261,186	281,205	295,000	310,000
Direct Services Other	T93	102	Overtime	57,878	60,000	62,000	64,000
Direct Services Other	T93	103	Employers Nat Insurance	18,372	20,137	21,000	22,000
Direct Services Other	T93	105	Employers Superannuation	45,446	48,930	50,000	52,000
Direct Services Other	T93	109	Standby Overtime	14,231	15,000	16,000	18,000
Direct Services Other	T93	119	Agency and Temporary Staff	18,144	20,000	20,000	22,000
Direct Services Other	T93	202	Repairs & Maintenance of Fix & Fittings	0	0	0	0
Direct Services Other	T93	203	Repairs & Maintenance of Buildings	150	150	200	400
Direct Services Other	T93	212	Property Rental	18,000	14,000	15,000	12,000
Direct Services Other	T93	216	Business Rates	4,491	4,491	5,000	5,500
Direct Services Other	T93	225	Waste Management	1,406	1,406	0	0
Direct Services Other	T93	301	Repairs & Maintenance of Vehicles	10,000	12,000	0	0
Direct Services Other	T93	302	Fuel	32,483	35,000	36,000	38,000
Direct Services Other	T93	303	Licences	2,740	2,740	2,800	3,000
Direct Services Other	T93	304	Materials - Vehicle	7,029	7,029	7,000	8,000
Direct Services Other	T93	305	Other Consumables	1,843	1,843	2,000	2,500
Direct Services Other	T93	306	Hire of Plant and Vehicles	11,000	8,000	8,000	9,000
Direct Services Other	T93	310	Car Allowances - Lump Sum	542	542	600	700
Direct Services Other	T93	311	Car Allowances - Mileage	820	820	1,000	1,200
Direct Services Other	T93	312	Transport Insurance	6,560	6,560	9,000	12,000
Direct Services Other	T93	313	Vehicle Purchases	3,000	13,000	30,000	30,000
Direct Services Other	T93	402	Tools and Equipment	2,906	3,000	3,000	3,500
Direct Services Other	T93	403	Repairs/Maint of Furniture, Tools & Equip	354	500	500	600
Direct Services Other	T93	409	Materials	27,812	30,000	31,000	32,000
Direct Services Other	T93	413	Clothing	221	500	500	600
Direct Services Other	T93	414	Printing	320	400	400	500
Direct Services Other	T93	418	Stationery - Other Stationery	69	100	100	150
Direct Services Other	T93	423	Advertising	0	0	500	700
Direct Services Other	T93	424	External Services	26,000	28,000	29,000	30,000

<b>Costc (T)</b>	<b>CC</b>	<b>Ac</b>	<b>Account (T)</b>	<b>Predict 2006-07</b>	<b>Predict 2007-08</b>	<b>Predict 2008-09</b>	<b>Predict 2009-10</b>
Direct Services Other	T93	429	Public Liability Insurance	3,320	3,320	3,500	4,000
Direct Services Other	T93	436	Communications - Telephones	1,089	1,200	1,400	1,600
Direct Services Other	T93	437	Computing	69	100	200	500
Direct Services Other	T93	439	Subsistence	57	100	100	200
Direct Services Other	T93	452	Subscriptions to Bodies	1,603	1,600	1,600	1,000
STWs & Pump Stations - SODC	U04	202	Repairs & Maintenance of Fix & Fittings	0	0	0	0
STWs & Pump Stations - SODC	U04	208	Electricity	1,638	1,638	1,700	1,800
STWs & Pump Stations - SODC	U04	222	Discharge Fees	2,069	2,200	2,400	2,600
STWs & Pump Stations - SODC	U04	424	External Services	0	0	0	0
STWs & Pump Stations - SODC	U04	920	Fees For Services	(37,000)	(40,000)	(41,000)	(42,000)
STWs & Pump Stations - Private	U05	920	Fees For Services	(13,049)	(14,000)	(16,000)	(17,000)
STWs & Pump Stations - Private	U05	953	Internal Recharges	(13,000)	(13,000)	(14,000)	(15,000)
STWs & Pump Stations - Unallocat	U06	213	Property Leases	0	0	0	0
STWs & Pump Stations - Unallocat	U06	920	Fees For Services	0	0	0	0
Maintaining Car Parks	U08	953	Internal Recharges	(49,000)	(50,000)	(52,000)	(53,000)
Emptying Septic Tanks - Vale	U09	222	Discharge Fees	37,377	38,000	40,000	41,000
Emptying Septic Tanks - Vale	U09	920	Fees For Services	(59,053)	(70,000)	(80,000)	(90,000)
Emptying Septic Tanks - SODC	U11	222	Discharge Fees	0	0	0	0
Emptying Septic Tanks - SODC	U11	920	Fees For Services	(72,125)	(80,000)	(90,000)	(102,000)
Sewer Blockages - Vale Private	U13	920	Fees For Services	(8,261)	(25,000)	(31,000)	(33,000)
Sewer Blockages - VHA	U14	920	Fees For Services	(32,653)	(35,000)	(38,000)	(39,000)
Sewer Blockages - SODC	U15	920	Fees For Services	(2,228)	0	0	0
Sewer Blockages - SODC Private	U16	920	Fees For Services	(9,884)	0	0	0
Sewer Blockages - Unallocated	U17	920	Fees For Services	0	0	0	0
Contract - AEA	U21	920	Fees For Services	0	0	0	0
Contract - Didcot Power Station	U22	920	Fees For Services	0	0	0	0
Contract - Minor Works	U23	208	Electricity	67	0	0	0
Contract - Minor Works	U23	920	Fees For Services	(45,000)	(50,000)	(57,000)	(63,000)
Contract - Minor Works	U23	953	Internal Recharges	(150,000)	(160,000)	(165,000)	(170,000)
Contract - PC Cleaning	U24	920	Fees For Services	0	0	0	0
Contract - PC Cleaning	U24	953	Internal Recharges	(70,000)	(91,000)	(93,000)	(97,000)
Contract - Committee Meeting Setup	U26	702	Internal Recharges (actuals)	846	0	0	0
			<b>DSO Expenditure</b>	<b>59,887</b>	<b>35,510</b>	<b>19,500</b>	<b>10,050</b>
			DSO Expenditure	59,887	35,510	19,500	10,050
			Deduct Address Mgmt Salaries	(16,000)	(17,000)	(18,000)	(19,000)
			<b>Net DSO Deficit / (Surplus)</b>	<b>43,887</b>	<b>18,510</b>	<b>1,500</b>	<b>(8,950)</b>