

COMMERCIAL SERVICES - Service Annual Performance Review 2021/22

DELIVERING OUR OUTCOMES – Our case studies help illustrate the positive contribution the Service has made to our communities and provides examples of good service delivery.

Corporate Outcome – Children and Young People have the Best Possible Start

Business Outcome BO107: The Support And Lifestyle Needs Of Our Children, Young People And Their Families Are Met

CATERING AND CLEANING

- a) The Council continues to offer fresh, healthy and sustainable school lunches, and hold the Soil Association Scotland's Bronze Food for Life Served Here award. This award is a widely respected and independently assessed scheme, supported by the Scottish Government, which helps local authorities to source food from the local area for school meals so that children benefit from freshly prepared, sustainable meals. It recognises Councils that serve food made from fresh ingredients, free from genetically modified ingredients and undesirable additives, using free-range eggs and high-welfare meat. The catering service serves 4,300 Food for Life accredited meals a day.
- b) The Catering Department has implemented a new menu compliant with the requirements of the Food and Drink in Schools (Scotland) Regulations 2020. This means our pupils are receiving a nutritious meal, lower in sugar, a decrease in red meat and an increase in fruit and vegetables. There are also changes to the permitted products in secondary schools and a change to how the secondary meals are analysed.
- c) The Catering department had a surveillance audit for continued accreditation for ISO 9001:2015.
- d) The Catering and Cleaning Innovations projection was successfully completed, which led to a redesign of the service that will be fit for future purpose and will assist in the services continuing to provide a service for our children and young people.
- e) In January 2022, P4 and P5 children were included in the provision of Universal Free School Meals. This has been successfully implemented throughout Argyll and Bute.
- f) Successful implementation of the new allergen legislation resulting in full compliance by the implementation date in all our secondary schools.

- g) The Beach Café in Oban has opened and is being run by Argyll and Bute Council Catering Department. This has been a hugely successful operation, and has proved popular with visitors and locals, and is used extensively by users of the centre as well as special catering provision.
- h) Positive recovery of events as we begin to emerge from the pandemic.
- i) Argyll and Bute Council were awarded the Footprint Foodservice award for the Community Food Project.

Corporate Outcome - We Have An Infrastructure That Supports Sustainable Growth

Business Outcome BO113: Our infrastructure is safe and fit for the future

ESTATES

- a) During 2021/22 the Estates Section met its targets for marketing properties identified as 'held for sale' and delivered significant capital receipts disposing of properties to meet the longer term capital targets. This not only generates income to be reinvested in the wider priorities of the Council but also reduces ongoing running costs, maintenance and insurance risk in addition to providing accommodation for new enterprises to develop. A good example of this was the disposal of Blairvadach House and grounds which generated a capital receipt and also transferred a listed building to a developer which reduced the Council's risk exposure and will bring the property back into beneficial use.

MAJOR PROJECTS

Success Measure: COM113_03-The Council's Capital Plan is delivered within the approved budget tolerances as at the investment decision stage

In the Reporting Year, 5 projects, from the Council's Capital Plan, were being delivered by the Programme and Project Management Services Team within Commercial Services i.e.

- b) Oban Transit Berthing Facility (OTBF) – Practical Completion Achieved and Facility Operational. Closing out remaining defect, following appointment of specialist marine engineering consultant to review, assess and report on root cause and mitigation.
- c) Rothesay Pavilion Adaptive Restoration (RPN) – Original Contractor entered into Administration. Services of replacement Tier 1 Contractor secured, Robertson Construction Central West, for the delivery of Phase 1 Pre-Construction Activities, and Phase 2 Construction Works to Completion. Due to emerging cost/budget issues, the Phase 2 Construction Works are currently on hold whilst additional capital funding support is sought.

- d) Helensburgh Waterfront Development (HWD) – Main Contract Awarded to Heron Bros Ltd on 14 July 2020 with works commencing on site in August 2020. Section 1 works i.e. the construction of coastal flood defences, car parking and public realm, and new Leisure Building are well advanced, and on programme to be handed over to the Council on 29 July 2022.
- e) Kilmory Business Park – a joint public (Argyll and Bute Council) and private sector (M&K MacLeod Ltd) development to provide the area with a new facility is being progressed, supported by funding contributions from the Scottish Government Regeneration Capital Grant Fund; Argyll and Bute Council; Highlands and Islands Enterprise; and M&K MacLeod Ltd. The Planning application has been submitted and validated, the funding from the Scottish Government has been secured, and we are in the process of finalising the various legal agreements (funding, construction, land/property/access rights etc.) to facilitate the delivery of the works later in FY22/23.
- f) Lochgilphead Front Green – providing project management support and mentoring to the Projects and Renewables team within Development and Economic Growth for the delivery of significant public realm improvements in Lochgilphead, with the project programmed to achieve Practical Completion in FQ1 FY22/23.

Success Measure: COM113_04-The Council's Capital Plan is delivered on time.

In the reporting year, 4 projects from the Council's Capital Plan were being delivered by the Programme and Project Management Services Team within Commercial Services

- a) Oban Transit Berthing Facility (OTBF) – Closing out remaining defects:
- b) Oban Maritime Visitor Facility (OMVF) – Project being formally closed out, following on from which some additional works will be implemented.
- c) Rothesay Pavilion Adaptive Restoration (RPN): Main Contractor in Administration, with works 70% Complete. Replacement Contractor to be procured for works required to achieve Practical Completion.
 - Original Forecast Completion – FQ2 FY19/20
 - Revised Forecast Completion – TBC subject to positive resolution of funding shortfall

- d) Helensburgh Waterfront Development (HWD) – Main Contract Awarded on 14 July 2020 to Heron Bros Ltd, construction works have commenced on site.
- Original Forecast Completion – FQ4 FY22/23
 - SECTION 1 Practical Completion – 29 July 2022
 - SECTION 2 Practical Completion – FQ4 FY22/23

PROPERTY SERVICES

- a) The Property Maintenance Team's continued partnership approach to term maintenance contracts has resulted in locally based contractors being awarded contracts resulting in significant benefit to the Argyll and Bute economy. In addition, training and employment opportunities are being provided to Argyll and Bute residents through the community benefit requirements of these contracts.
- b) Working in conjunction with colleagues in the Education Service, the Council's Property Design Team substantially delivered projects in Early Years settings to allow the provision of 1140 hours of pre-school education.
- c) Combinations of the Energy & Building Services Team and the Property Maintenance Team have again successfully delivered the emergency, planned and statutory maintenance programmes associated with the £2Million+ annual/revenue Central Repairs Account. For 2021/22, additional challenges have included the additional costs associated with COVID and earlier processing dates to meet the end of financial year deadlines resulting from the proposed upgrading of Council financial systems.

Business Outcome BO114 Our Communities are Cleaner and Greener

PROPERTY SERVICES

- a) The Energy & Building Services Team utilised the Non-Domestic Energy Efficiency Framework (NDEEF) to invest £1.2m in carbon friendly energy solutions (LED Lighting, Air Source Heat Pumps, Solar PV panels) which will provide the Council with a simple payback on the investment of 10 years. As a result the Council's carbon footprint will reduce by circa 460 Tonnes/annum. Most 'mini-projects' have been delivered with a modest balance scheduled to be implemented at the start of the 22/23 delivery year.

- b) The Energy & Building Services Team accessed £60K grant funding to support internal Fleet colleagues with the installation of Electric Vehicle charging points – 14 no. individual charging points across 5 properties.
- c) The property Maintenance Team continued to take opportunities to improve insulation and replace single glazing with double glazing while carrying out normal building maintenance to our properties.

Corporate Outcome - Getting it right

Business Outcome BO115: We Are Efficient And Cost Effective

PROPERTY SERVICES

- a) Agreement was reached to review the staffing and team structure within Property Services. This had a particular focus on the reorganisation of the Major Projects Team and Property Services given the opportunities for synergies and enhanced programme management whilst refocusing towards contract management, client management and climate change priorities. These structural changes will be implemented/delivered during 2022/23.
- b) The Energy & Building Services Team commenced a large-scale project to review water, waste water and drainage charges for the whole Council. While at an early stage, a Council target to save £25K-£50K per annum was achieved during 2021/22 and further savings opportunities are being explored for delivery in 2022/23.

Business Outcome BO116: We engage and work with our customers, staff and partners

ESTATES

- a) An innovative project which was completed in 2021/22 was the lease of a derelict site at Lochside Street, Oban. The ground had been vacant for some time and there were title concerns but after extended marketing a lease was agreed for a garden centre with a rooftop bar based on a temporary building structure. This generated a good income, redeveloped a derelict but central site and also generated new employment opportunities.

- b) Marketing a former schoolhouse on Islay during the pandemic was always going to be a challenge. However using a combination of marketing on Rightmove, video tours and staff visiting the island the school house was sold in 2022 with a local family acquiring it which also supports the challenges of housing in our island communities.
- c) Part of the team's role under the One Council approach was to take on more valuation work internally which makes savings for the council and also builds the knowledge and experience of the team. During 2021/22 the team completed the annual update of the asset valuation programme which is regulated by the terms and conditions of engagement with Finance as the client department. Team members were able to attend CIPFA and RICS courses as part of this learning experience and also utilise an online training facility (asset valuation circle) to develop wider knowledge which will benefit the individuals involved.
- d) Working with partners is a key component of an estates management service but it can also be challenging as the Council has a number of interactions with partners and not all are to deliver good news. However over the last 12 months the team have worked well with large landowners such as Argyll Estates and Luss Estates along with developing key relationships with ACHA and Fyne Homes who deliver social housing in the area. This has led to long running issues around car park leases and civic amenity sites being resolved along with progressing development schemes with the housing associations.

SIGNIFICANT CHALLENGES – These are the significant challenges faced by the Service during 2021/22. These challenges either created pressures on the Success Measures or impacted on delivery. Specific additional activity or mitigating actions were carried out to reduce the negative impact on service delivery.

Corporate Outcome - Children and Young People have the Best Possible Start

Business Outcome BO107: The Support And Lifestyle Needs Of Our Children, Young People And Their Families Are Met

CATERING AND CLEANING

- a) Delivering an enhanced cleaning service has been challenging as prior to the pandemic the cleaning standards in schools and offices was already at the lower end of acceptable. Limited logistics funding has enabled some enhanced cleaning to be delivered in schools however this is not sustainable in the long term without committed funding and permanently increased hours.

- b) The Soil Association have implemented a new inspection portal which has meant the reaccreditation process is extremely challenging.
- c) The service has continued to prepare for the roll out of UFSMs for P6 and P7s, breakfast and holiday provision. This has been challenging due to lack of clarity on budgets, information and resources to continue with the implementation.
- d) In addition to price increases there have been on-going supply issues in the food industry.
- e) Continued recovery of commercial catering and events income. The increase in events is promising but will need continued support and nurturing to continue and increase.

Corporate Outcome - We Have An Infrastructure That Supports Sustainable Growth

Business Outcome BO113: Our infrastructure is safe and fit for the future

ESTATES

- a) During the last 12 months the wider economy has suffered and this has in turn put pressure on local and national businesses. It is anticipated that this will remain a challenge for some time and this will have an ongoing impact on the ability of businesses to meet ongoing commitments such as rental payments. In addition the pressure on finances has led to less investment and developers looking to progress with projects which has impacted on capital receipts and the progress of development schemes. There is also pressure on the supply of building materials which is causing construction cost price inflation which may make development schemes unaffordable. Finally there has been a noticeable increase in the workload of the team in the last 2 years which can be challenging for a small team to meet and lead to a firefighting approach which increases the risk of incorrect decision making.
- b) The Council's insurers identified in 2021 that a revaluation of the full property portfolio is required. This is a significant task and relies on property data which has been highlighted as being of variable quality across the asset base. It will be a challenge for the team to complete this along with other tasks.
- c) A number of large property projects have been moving forward at the same time and while this is positive from the wider council viewpoint it will be increasingly challenging for a small team to progress this in addition to the day to day workload. Additional external support has been procured but the time taken to complete the procurement and management of the consultants also requires to be factored into the demand on the team.

MAJOR PROJECTS

Success Measure: COM113_03-The Council's Capital Plan is delivered within the approved budget tolerances as at the investment decision stage.

Success Measure: COM113_04-The Council's Capital Plan is delivered on time.

- a) Rothesay Pavilion Adaptive Restoration - Following the insolvency of the Main Contractor (CBC) in Mar-20 the Council procured the services of Robertson Construction Central West, through the SCAPE Procure National Construction Framework, to deliver: (1) Pre-Construction Activities i.e. develop a Schedule of Activities and Tendered Price to take the project through to Practical Completion.
- b) In December 2021 the Council was advised that the cost of completing the works would significantly exceed the available and approved budget, by some £12million. At that point the Council took the decision to 'pause' the works at the end of the Pre-Construction Activities, and to lobby for additional capital funding support from external organisations, including the Scottish and United Kingdom Governments.
- c) The Project Team, including the Design Team, Cost Consultants and the Contractor, are developing proposals for interim works, which might be delivered within the remaining available budget, and which would help protect the significant investment already made in the building.
- d) Project Affordability – given the unprecedented impact of recent global events e.g. COVID-19 Pandemic, the UK withdrawal from the EU, and most recently the Russian invasion of Ukraine, national and global economies have been adversely affected, and the cost of construction materials, equipment, plant, and resources has risen significantly. This raises significant issues for the on-going delivery of capital works projects at a time when not only is the Council's capital budget being reduced, but also its ability to finance the cost of borrowing, using revenue funding, is also being reduced.

PROPERTY SERVICES

- a) Irrespective of whether works/contracts are funded from revenue or capital, we continue to have access to only a limited number of contractors. This creates difficulty in delivery of programmes of work especially where availability of sites is restricted such as school holiday periods. Additionally, our contractors are suffering from the nationwide skills shortage and again this causes difficulty in being able to deliver a service within the desired timescales.
- b) The annual revenue Central Repairs Account continues to be under pressure across all services to conduct essential maintenance. There are however particular 'hotspots' (Depots, HSCP, Airfields) where funding allocations are below that required to limit H&S risks and maintain business continuity.

Business Outcome BO114 Our Communities are Cleaner and Greener

PROPERTY SERVICES

- a) The significant progress that has been made in reducing the Council's property-related carbon footprint has primarily been as a result of dealing with the more straightforward and cost effective solutions. The journey to net-zero requires the delivery of more complicated solutions which are more costly and there is challenge in balancing the need for carbon reduction at a time when budgets/resources are reducing.
- b) Many areas within Argyll and Bute are off gas grid and the electrical grid has limitations in terms of capacity/constraints. These issues continue to impact on the Council (and the wider community) in terms of resilience and delivering renewables solutions, EV charging etc.

Corporate Outcome - Getting it right

Business Outcome BO115: We Are Efficient And Cost Effective

PROPERTY SERVICES

- a) Elements of the Property Team had longer-term staffing shortages during the year. This made service delivery particularly challenging but it is anticipated that this will be resolved during 2022/23.

CONSULTATION AND ENGAGEMENT - WE ASKED, YOU SAID, WE DID....The following are all the consultations and resulting actions that the Service has carried out during this period.

No consultations took place.