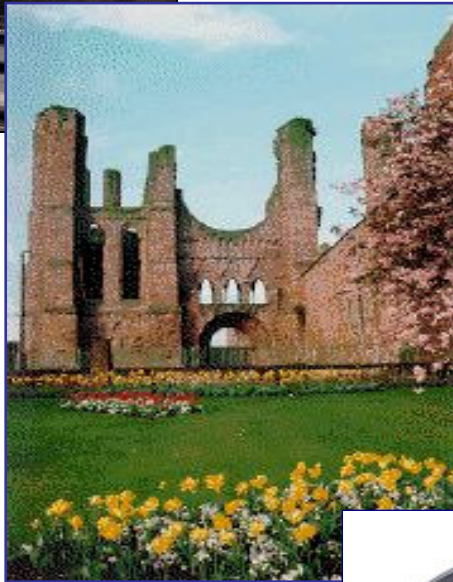
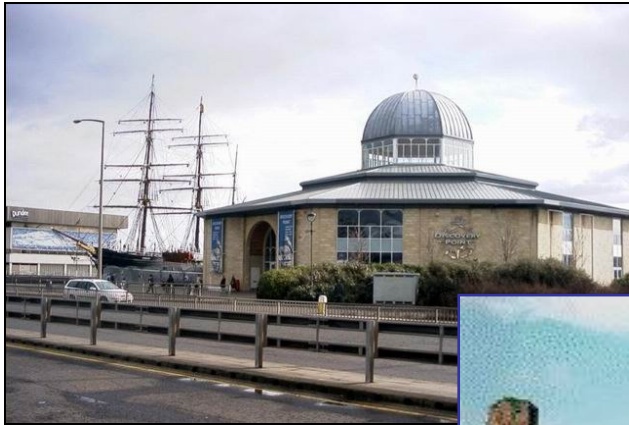


ANNUAL PERFORMANCE REPORT 2007/08



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Introduction

The Local Government in Scotland Act 2003 introduced a statutory duty for local authorities to make arrangements to secure Best Value. A key requirement of this Act, under Section 13 (1), is the duty of a local authority to make arrangements for reporting the outcome of the performance of its functions to the public. Section 13 of the Act specifically extends this requirement to Joint Boards and Joint Committees as well as to Councils.

The nature and content of Tayside Contracts performance report differs substantially from those produced by the constituent Councils. The public performance reports published by Councils are largely influenced by the Statutory Performance Indicators (SPIs) which have been drawn up by Audit Scotland in order to facilitate comparisons between local authorities' performance in different years and with other local authorities. The vast majority of those SPIs are not applicable to Tayside Contracts, given their focus on areas such as Education, Housing, Environmental Services, Planning, Sport & Leisure and collection of Council Tax. Those few SPIs which can be applied to Tayside Contracts have been included in this report.

The focus of this report is, therefore, on three key aspects of Tayside Contracts' activities and performance:

- Employees
- Financial Outcomes
- Operational Activities

The report is not intended as a detailed management information document, but rather as a summarised guide to some of the key statistics and performance indicators which underpin the business of Tayside Contracts. It is intended to continuously develop the report year on year as additional information of a suitably robust and meaningful nature is collected.

Managing Director's Overview

Tayside Contracts is increasingly regarded as an excellent example of local authorities working together to the benefit of the public, and in many ways is viewed as a model for the shared services agenda promoted by the Scottish Executive and being progressed across a range of public bodies. It was set up in its present form at local government re-organisation in 1996 by Angus, Dundee City and Perth & Kinross Councils, and is unique within Scotland as a joint local authority trading organisation. Tayside Contracts employs in excess of 2,300 people, has an annual turnover of some £59 million, and since 1996 has returned in excess of £11 million to the constituent Councils in the form of surpluses.

Since 1996 Tayside Contracts has had a mission statement which is "Community benefit through the pursuit of excellence", clearly demonstrating our commitment to providing quality services to the public of Tayside. The mission statement is supported by our vision for Tayside Contracts, which is "To excel and grow as a commercial local authority trading organisation". In order to measure progress towards achievement of our vision, Tayside Contracts' Business Plan for the period 2006 to 2011 is underpinned by four key business objectives:

1. To produce a cost effective, profitable, quality service that satisfies customer expectations.
2. To sustain and expand our customer base
3. To effectively manage and develop our people
4. To be proactive in promoting positive Health and Safety and an environmentally friendly approach to providing services.

A range of Key Performance outcomes are included in the Business Plan as a means of measuring progress and performance against those objectives. These measures are monitored on a quarterly basis, and reported to the Joint Committee half-yearly. Many of those measures are included in this report.

Tayside Contracts' Annual Report for 2007/08 provides some comment on progress and achievement against these key objectives, and should be read in conjunction with this Performance Report. Work is ongoing in Tayside Contracts within the European Foundation for Quality Management (EFQM) framework, under the banner of "Making Excellence Happen", as the framework for managing and improving the performance of Tayside Contracts. One key aspect of EFQM is the development of appropriate performance measures and collection of relevant and robust data to support those performance measures. For the purposes of this Annual Performance Report, the focus remains on the critical elements which underpin delivery of the business plan objectives – our employees, the services we provide and our financial performance.

To deliver a consistent and sustained high quality of service, it is important that our employees work in an environment which promotes a commitment to their health, welfare and development. During 2007/08, an improvement in Tayside Contracts already good health and safety performance was recorded, with no serious accidents reported, and a significant reduction in the number of reportable accidents following an increase last year. Investment in training and development continues to be both substantial and cost-effective. An active approach to sickness absence management continues to be applied, although a small number of long-term

absences have resulted in an increase in the statistics for office based staff and a small increase for craft and manual employees.

The financial performance in 2007/08 was sound, with the overall surplus earned being in excess of the amount targeted for distribution to the constituent Councils. This has enabled a further increase to reserves, which have now been rebuilt to approximately 1% of net turnover. Both the Construction and Facilities Services Divisions returned operating surpluses for the year, and both have achieved the statutory objective of breaking even over a rolling three year period on their Trading Accounts. The Construction Division has earned a surplus of £457k over the three year period 2004/05 to 2006/07 and the Facilities Services Division generated a surplus of £868k over the three years.

With respect to services provided to the constituent Councils, and other public and private bodies, more detailed information can be read in the divisional operational reports contained in the Annual Report.

Within the Facilities Services Division, the Cleaning Unit recorded an overall increase in workload, continuing to expand on the traditional school and office cleaning into provision of cleaning services for communal tenement areas, and computer terminal cleaning. Cleaning operations continue to be delivered to a high standard, and the introduction of a new quality monitoring system has provided good management information to address areas of concern, and also recorded a strong overall quality performance in the year. The Catering Unit also consistently demonstrates a very strong commitment to the highest quality standards, reflected in their achievements in gaining national recognition and awards and positive feedback from statutory HMIE school inspections. However, while falling school populations and an initial reluctance of pupils to embrace healthy eating have had a detrimental impact on meal numbers in the last few years, an improvement in school meal uptake was seen in 2007/08 indicating that we are moving in the right direction with more pupils now eating healthier meals.

The Construction Division, which includes roads construction and maintenance, street lighting, vehicle maintenance, quarry and sign manufacturing, had a strong year despite a relatively low value of work on the trunk road network. A very busy end to the year through a heavy constituent Council workload, together with increased sale of quarry materials enabled a solid operating surplus to be generated despite another relatively mild winter and the consequent effect on winter maintenance activity. The responsiveness and contribution of the workforce was again evident throughout the year in delivering a strong and improving operational and financial performance.

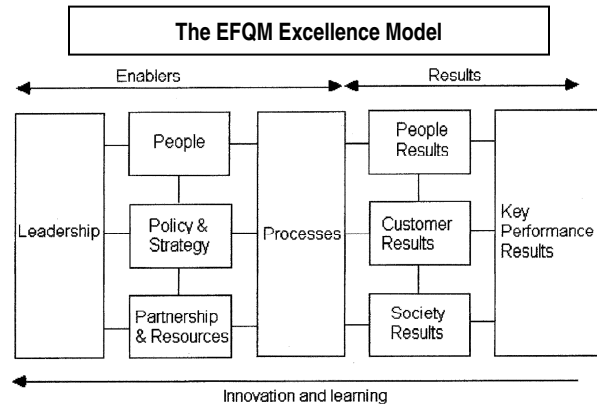
The specific measures included in this report include the statutory indicators relating to street lighting, and statistical information on Construction operational activities, school and welfare meal number trends and cleaning activity. Performance measures and statistical information will be further developed and reported in future years as robust and meaningful information is collected.

Iain C Waddell
Managing Director
27 October 2008

Making Excellence Happen

The Business Plan 2006 – 2011 identified that the European Foundation for Quality Management (EFQM) model would be adopted as Tayside Contracts framework for managing performance improvement across the organisation. This framework has been branded within Tayside Contracts as “Making Excellence Happen” or MEH for short and is now becoming established and embedded within the organisation. The MEH branding aligns with Tayside Contracts mission statement “*Community benefit through the pursuit of excellence*” and also the vision statement, “*To excel and grow as a commercial local authority trading organisation*”.

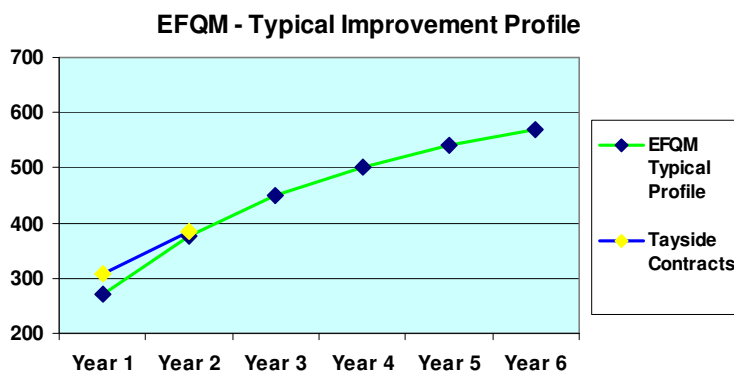
The EFQM Excellence Model divides the business into nine criterion parts, categorised as ‘enablers of performance’ and ‘results’. Enablers include hard issues, such as processes, as well as softer issues, such as leadership and people management. The results half of the model contains not only financial performance, but customer, society and employee results. The whole process is supported by innovation and learning.



A significant amount of work has been undertaken during 2007/08 to progress MEH, following intensive staff training and a detailed self-assessment exercise at the end of 2006. From the 2006 self assessment, along with initial employee and customer surveys, an improvement log was developed. The improvement log was then reviewed and priorities identified. All of the short-term “easy win” improvements were achieved, and more importantly the major issues identified were aligned with the Business Plan objectives and targets. These were:

- Customer focus
- Leadership
- Business Development / Marketing

Actions and targets for these areas were built into Divisional and Unit service plans, and progress closely monitored throughout the year.



In the 2006 self-assessment an overall score of 308 was achieved. The follow-up self-assessment in November 2007 returned an overall EFQM score of **386**. These scores are shown against Years 1 and 2 the EFQM “typical improvement profile” chart, and demonstrate that the actions and improvements put in place are having the desired effect, with Tayside Contracts overall performing better than the average EFQM organisation.

Employee Statistics and Measures

The Vision for Tayside Contracts is “to excel and grow as a commercial local authority trading organisation” and our success in achieving our vision will be reflected in the provision of quality services to the communities we serve.

Our employees are the key to our success and their health, welfare and development are vitally important to us. Effective employment, safety and training policies are required to ensure that we manage the business within a culture of mutual benefit and respect. We need to understand what expectations we have of each other and to communicate in a positive and open manner.

We are committed to developing a competence-based culture where all employees have access to training & development opportunities which will allow them to carry out their work safely and to the required standard, while also identifying potential for the future.

Furthermore a range of measures are in place to assess our performance by reference to national standards, for example: our achievement of Investors in People status, comparison of our accident statistics against the HSE’s Revitalising Health & Safety targets and where possible by benchmarking against other local authorities in Scotland in relation to levels of sickness absence.

Details of Tayside Contracts’ performance in 2007/08 are provided in the following section and in general provide positive feedback on our efforts through the year.

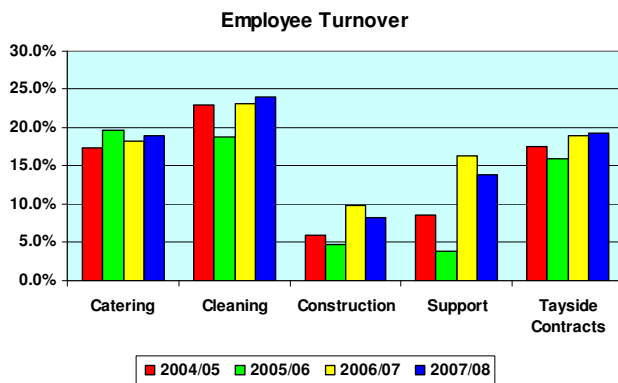
Employee Numbers

Tayside Contracts has an establishment of some 2,700 jobs and over the past five years has provided employment to on average 2,360 people, some of whom have 2 or more jobs. Employee numbers have gradually reduced over the past five years through more efficient and productive ways of working, from 2,450 in 2004 to 2,320 in 2007 and reduced further to 2,293 in 2008. The contribution of this level of employment to the local economy can be measured from a total staff cost in the region of £29m. The nature of the work in the Cleaning and Catering Units dictates that more than 75% of employees are part-time, with Full-Time Equivalent staff numbers of 1,300.



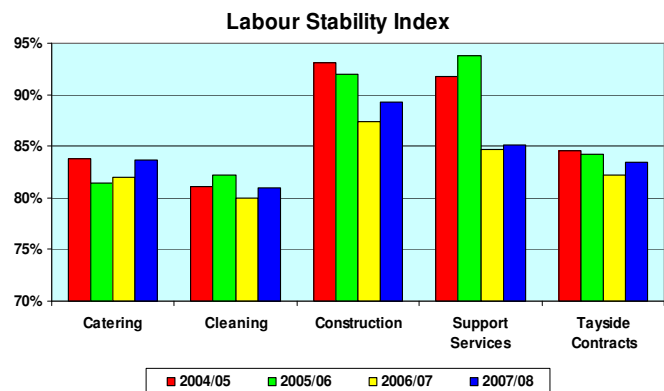
Employee Retention

Fundamental to Tayside Contracts' success is the need to recruit and retain the number and quality of employees required to achieve our business objectives. Tayside Contracts has historically had a relatively stable workforce within Construction, Transport and Support Services, but there has been an ongoing challenge in recent years to recruit and retain catering and cleaning employees. This issue is not unique to Tayside Contracts, and a national average staff turnover rate in excess of 30% in the cleaning sector illustrates the scale of the problem. In total, employee turnover within Tayside Contracts increased from 18.9% in 2006/07 to 19.3% in 2007/08. An improvement was seen in the Construction and Support Services after an unusually high level of staff turnover in 2006/07, while the Catering and Cleaning Units both showed an increase in employee turnover compared to the previous year.



Employee turnover within the Catering Unit increased from 18.2% in 2006/07 to 19.0%, while the Cleaning Unit also showed an increase, to 24.0%. Employee turnover within both Construction and support service functions showed a worrying decline in 2006/07, but have improved in 2007/08 to 8.2% and 13.9% respectively. The overall employee turnover rate of 19.3% has required Tayside Contracts to recruit some 450 new staff over the course of the year.

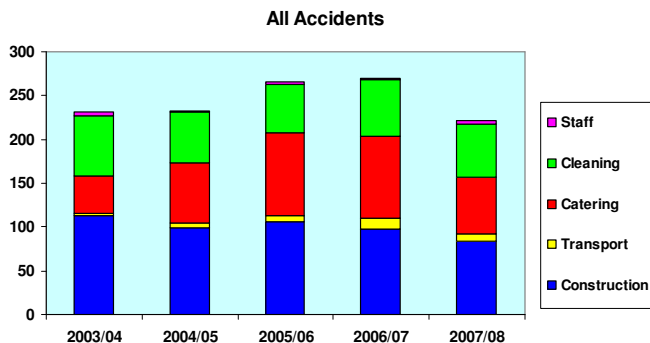
Conversely, the labour stability index (which measures the proportion of employees who have remained in post throughout the year) has increased by 1.3% to 83.5% in 2007/08. This continues the trend of longer-serving employees being less likely to leave than those with shorter service. It is encouraging that we can retain more experienced employees, which can help to enhance our service delivery capability and also ensures that we receive a return on our training and development investment.



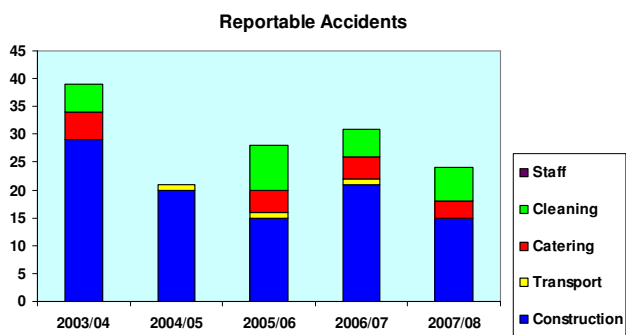
Health & Safety

Tayside Contracts continues to actively address its responsibilities as an employer to provide a healthy and safe environment for all employees. In addition, the organisation remains committed to the promotion of proactive health and safety management by creating a culture which secures involvement and participation of employees at all levels.

The trend of all accidents recorded, having shown a small increase from 265 in 2005/06 to 270 in 2006/07 now reflects an encouraging improvement in 2007/08 to 221. The improvement has been achieved in all operational areas, with fewer accidents recorded in Construction, Transport, Catering and Cleaning, with the only increase in reported accidents being recorded in office-based staff, up from 1 to 3.



It is also pleasing to note that ongoing active health and safety management has resulted in a reduction in the number of accidents reportable to the Health & Safety Executive from 31 in 2006/07 to 24 in 2007/08. The biggest improvement is in Construction, with a reduction from 21 to 15 which equals the best performance in the last 10 years. Transport and Catering both improved on 2006/07 performance, while reportable accidents in Cleaning increased from 5 to 6.



Training & Development

Tayside Contracts is committed to training, developing and realising the potential of all staff and generating a culture within the organisation which actively encourages innovation. A significant proportion of staff training is delivered from in-house training resources in order to ensure that training is appropriately targeted to meet staff and business needs and is delivered in a cost-effective manner.

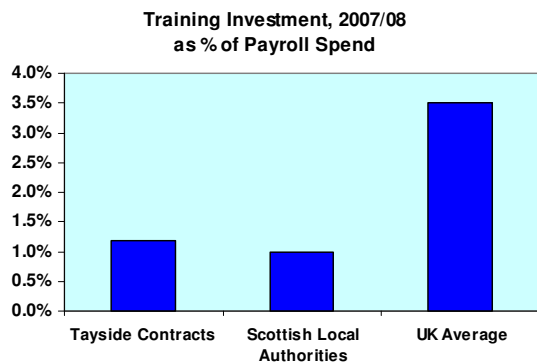
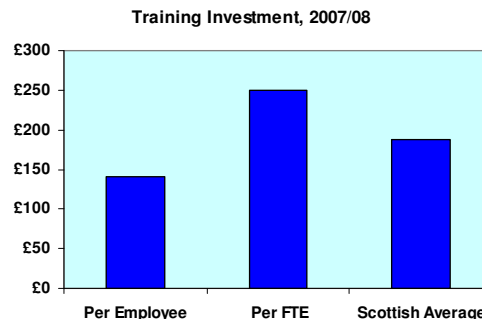
During 2007/08

- 6,326 employee training occasions
- 60 employees achieved food hygiene certification
- 143 employees achieved Construction Skills Certification Scheme registration
- 59 employees achieved/retained Traffic Management registration cards
- 192 employees passed Health & Safety test
- 198 employees achieved SVQ
- 140 employees attended induction training
- £328k invested in training
- £91k income generated from training third parties
- 84% of Training Plan delivered

Tayside Contracts is an approved Training & Assessment Centre for:

- Scottish Qualifications Authority
- British Sign Graphics Association
- Royal Environmental Health Institute of Scotland
- Equipment Operators Registration Scheme
- Street Works Qualification Register
- Institute of Leadership & Management

The amount invested in training during 2007/08 per employee would appear to be below the national average for local authorities. However, when measured on a basis of investment per full-time equivalent employee, Tayside Contracts' investment is higher than the national average.

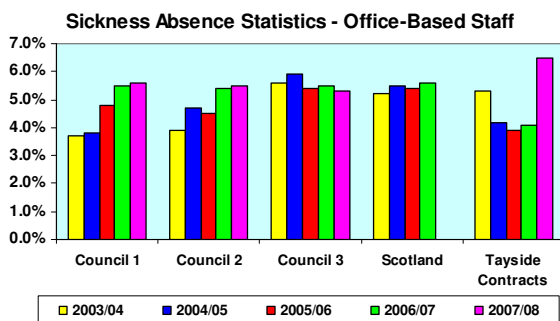


This statistic is reinforced by the amount invested as a percentage of payroll costs, which is marginally higher than the average for Scottish local authorities, although investment at this level is significantly lower than the UK average for all businesses and public organisations.

Sickness Absence Management

Tayside Contracts is committed to a policy of support for employees through periods of absence from work through illness, and their subsequent return to work. A positive and active approach is also applied to the management of sickness absence to minimise any detrimental impact on employees and costs to the organisation and consequently to the local taxpayer.

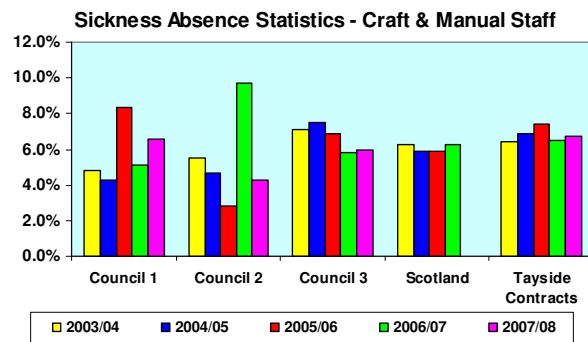
To facilitate valid and effective benchmarking, Tayside Contracts applies the same basis for calculating sickness absence statistics as that employed by the 32 Scottish Councils. Comparative figures are provided over the last three years against the three constituent Councils, and the national average as published by Audit Scotland. Note that the national average figures for 2007/08 are not yet available.



In 2007/08, the absence rate for office-based staff increased by 2.4% from 2006/07 to 6.2%. The increase is largely due to a small number of long-term absences, and places Tayside Contracts in the lower quartile of the national rankings based on 2006/07 Audit Scotland

data, and 0.6% above the national average of 5.6%.

The position for craft and manual employees has typically reflected a higher level of sickness absence. An active management approach resulted in a strong improvement to 6.5% in 2006/07. However this has slipped back slightly in 2007/08 to 6.7%. This rate would place Tayside Contracts 17th in the national rankings (2006/07 data) compared to 16th the previous year, 0.4% above the national average, which indicates that there remains room for improvement.



The costs associated with sickness absence can be categorised as direct costs (i.e. the total cost of occupational and statutory sick pay) and indirect costs. Indirect costs include those which are tangible and readily measurable, such as occupational health referrals and administration, and costs which are detrimental but not readily measurable, such as loss of productive time, management time, back-up staff and impact on staff morale. In 2007/08 the direct costs of sickness absence increased by £63k (7%) against 2006/07, while the indirect costs (the costs invested in managing absences) also increased, albeit by a small amount (£1k).

Health surveillance is increasingly applied as a pro-active means of supporting employee health. The main areas of focus were HAVS testing, audiograms, vaccinations and other specific medicals (e.g. night working, quarry and traffic management employees).

Equal Opportunities Policy

The delivery of quality services is dependent on a trained and motivated workforce and it is therefore essential that an organisation's employment policy reflects their commitment to equal opportunities. To that end, Statutory Performance Indicators have been introduced to measure the percentage of the highest paid 5% and 2% of earners among employees that are women.

Against the top 2% measure, the national average among Scottish councils reported for 2006/07 was 33.9%. Tayside Contracts is somewhat lower than the national average at 20% for 2007/08, although this represents a small increase on previous years.

Against the top 5% measure, the national average in 2006/07 was 40.4%. Tayside Contracts comes in closer to this measure at 35% in 2007/08, an increase of 3% against 2006/07.

Employee Satisfaction

The annual employee survey was carried out in November 2007 as part of the Making Excellence Happen performance framework. The aim of the survey was to establish the extent to which our values and performance targets are understood and embedded into the day-to-day work of our employees. The survey also provides a means of engaging with all of our employees and affords everyone the opportunity to contribute towards shaping the culture of Tayside Contracts. A highly encouraging response rate of 43%, some 1,000 employees was achieved in the survey. It is also encouraging that overall a **positive rating of 58%** was

achieved. Since this is the first fully comprehensive survey conducted, the rating provides a benchmark against which to measure future improvement.

The key messages which came out of the survey may be summarised as follows:

<p>Positives:</p> <ul style="list-style-type: none">• Embedding of values and performance measures• Employees understand their roles and contribution they make to TC objectives• Management, development, team working and customer focus• Employees happy working for Tayside Contracts	<p>Negatives:</p> <ul style="list-style-type: none">• Employee benefits (pay and other non financial rewards)• Concern over staffing levels• Time deadlines and cost targets perceived to take precedence over quality of service
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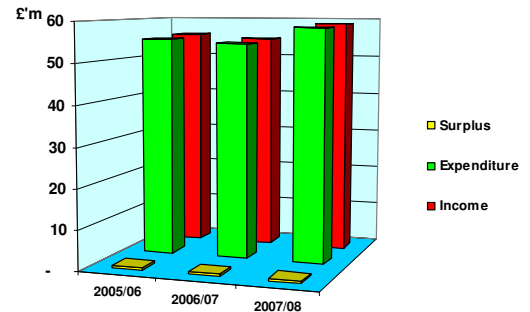
Financial Measures

Summary Financial Performance

Tayside Contracts overall financial performance in 2007/08 showed an operational surplus of £0.77m, of which £0.5m was returned to the constituent Councils and £0.27m retained in reserves. Income generated from Construction and Facilities Services activities showed a 7.5% increase over the previous year to £58.8m.

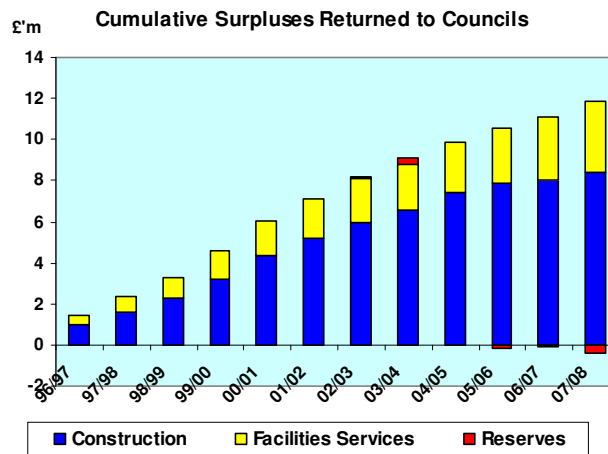
Consolidated Income and Expenditure

	2005/06	2006/07	2007/08
	£'m	£'m	£'m
Income	55.6	54.7	58.8
Expenditure	(54.9)	(54.0)	(58.0)
Operational Surplus	0.7	0.7	0.8
Transfer (to)/from Reserves	(0.1)	(0.2)	(0.3)
Returned to Constituent Councils	0.6	0.5	0.5



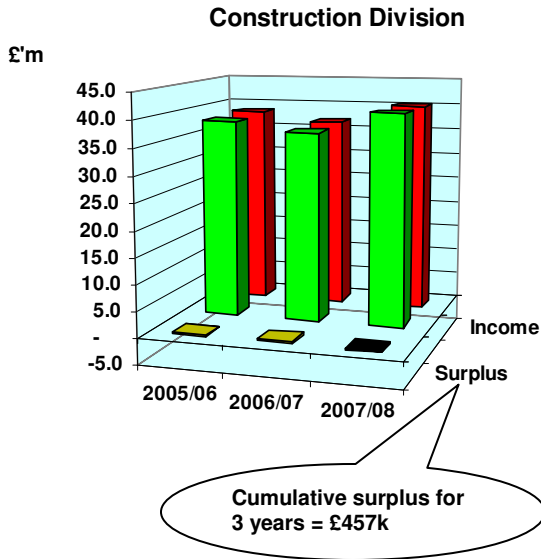
Surpluses Returned to Constituent Councils

In the 12 years since local government reorganisation in 1996, Tayside Contracts has returned a total of £11.4m to the constituent Councils, of which 71% has been generated from Construction activities and 29% from Facilities Services. General reserves are used to meet any shortfall in surplus due to the Councils, and are built up from excess surpluses earned.



Statutory Trading Accounts

The Local Government in Scotland Act 2003 requires that trading accounts be maintained for significant trading operations, and these must achieve a financial break-even position over a rolling three year period. Tayside Contracts complies with this requirement through the inclusion in the Annual Report of trading accounts for the Construction Division and Facilities Services.

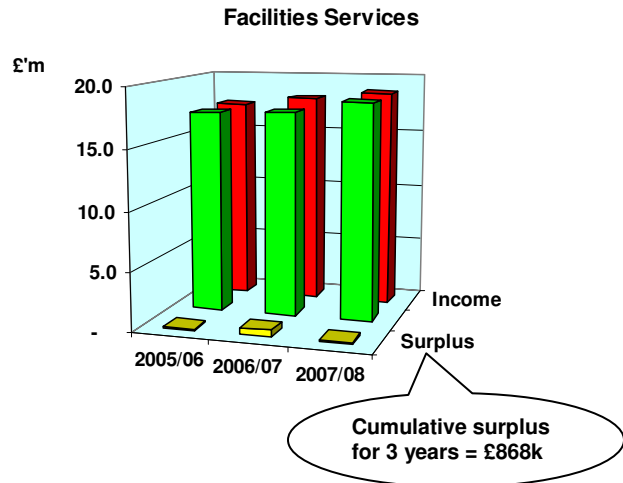


In 2007/08, the Construction Division trading account shows a surplus of £50k before applying notional pension costs as required by Financial Reporting Standard (FRS)17. Over the rolling three year period from 2005/06 a cumulative surplus of £534k has been achieved.

After adjusting for FRS17 notional costs of £194k in 2007/08, a deficit of £144k results. The cumulative 3 year surplus after FRS 17 adjustments, against which the statutory break-even objective is measured, amounts to £457k thereby achieving the statutory requirement.

The Facilities Services Division, which comprises the Cleaning and Catering Units, reported a surplus of £313k in 2007/08 before applying FRS17 notional charges. Over the three years from 2005/06 a cumulative surplus of £885k has been achieved.

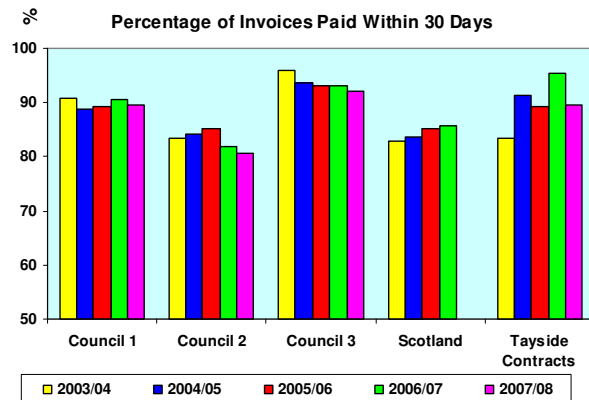
After adjusting for FRS17 notional costs of £114k in 2007/08, the surplus is reduced to £199k. The cumulative 3 year surplus after FRS 17 adjustments amounts to £868k thereby comfortably achieving the statutory requirement.



Invoices Paid Within 30 Days

One of the Statutory Performance Indicators which local authorities are required to report relates to the payment of invoices to suppliers within 30 days.

Tayside Contracts performance over the last five years has generally been better than the national average. In 2006/07 the performance improved significantly from 89.4% to 95.4% as a result of increased use of procurement cards through which suppliers are paid more quickly. The payment performance fell back to 89.6% in 2007/08, but this remains well ahead of the national average of 85.8% for 2006/07.



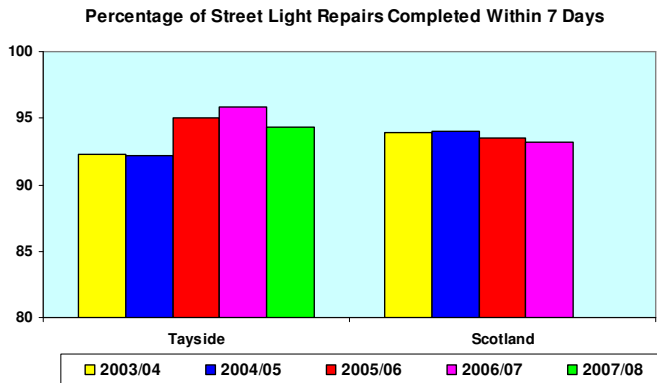
Service Measures

Almost all of the service-related statutory performance indicators reported to Audit Scotland relate to Council services which are not relevant to Tayside Contracts. A range of performance measures are used within Tayside Contracts for operational management purposes. Further performance indicators are being developed to measure achievements against Business Plan targets and objectives, and these will be included in future performance reports when they are considered to provide sufficiently robust and meaningful performance information.

Construction Operations

Street Lighting

One of the major activities within the Construction Division is the maintenance of street lighting in each of the constituent Council areas. A statutory performance indicator relating to the percentage of street light repairs completed within 7 days is reported by each of the Councils.

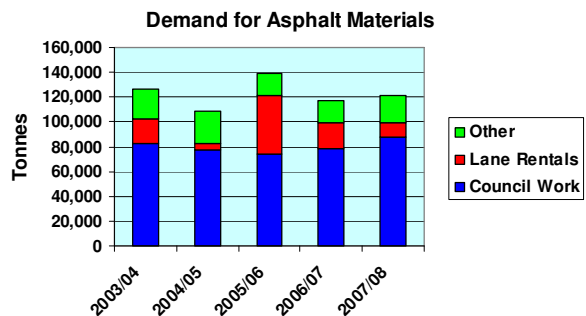


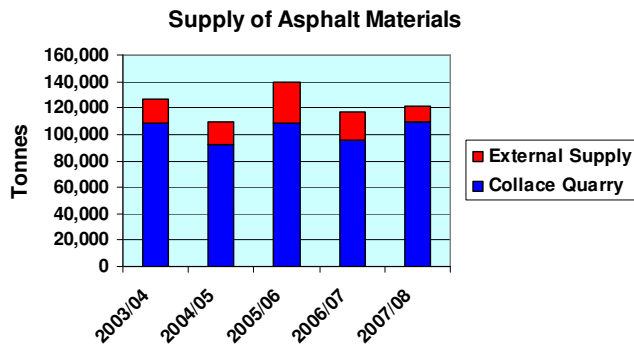
The performance of each constituent Council, and therefore of Tayside Contracts street lighting operations continues to be of a consistently high level and continues to be well above the average for Scottish Councils. A performance rating of 94.3% was recorded in 2007/08 (down from 95.8% in 2006/07), which compares with the national average of 93.2% (2006/07).

Surfacing Activity

Tayside Contracts is involved in providing a range of roads maintenance services to the constituent Councils which are the subject of statutory performance indicators. However, because these services are not exclusively provided by Tayside Contracts they cannot be reported as measures of Tayside Contracts performance.

Taking the demand for asphalt materials as an indication of road surfacing activity, the level of activity during 2007/08 was slightly higher (+1%) than in 2006/07, but lower than the average over the past 5 years. Work for the constituent Councils was higher in 2007/08; lane rental work was below average activity while work carried out for other Councils and third parties was in line with previous years.





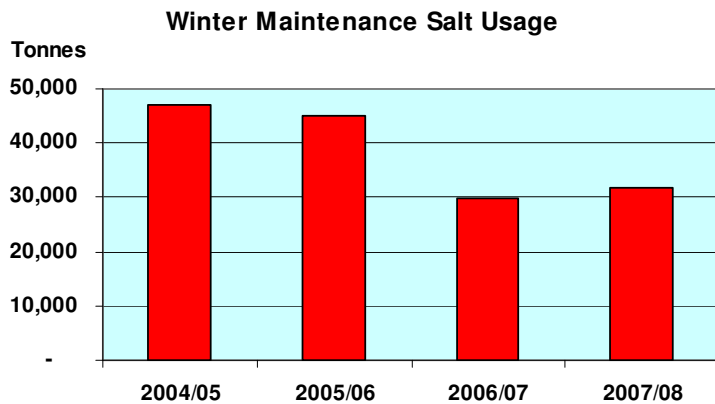
On average, 123,000 tonnes of asphalt per annum has been used over the last four years, comprising 103,000 tonnes supplied from Collace Quarry and 20,000 tonnes from external quarries. In 2007/08, the volume sourced externally was below average at 12,000, meaning that in-house supply from Collace was 14% higher than previous year and also up on the average level of output. This is a result of more works being carried out in locations which are economic to supply from Collace, and also more focus on

minimising the need for external sourcing of asphalt.

Winter Maintenance Activity

A key feature of Tayside Contracts activity on behalf of the constituent Councils is the provision of a winter maintenance service, involving road and footpath gritting and snow clearing. The workforce in the Construction Division is largely determined by the level of manning required to provide the level of winter maintenance service specified by the Councils. The level of activity

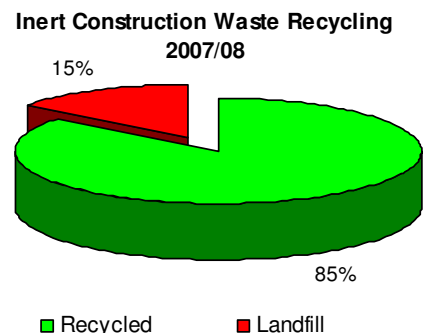
and to some extent the profitability of Tayside Contracts is dependent on the severity of winter conditions. An indicative measure of winter conditions and of the level of winter maintenance activity may be taken from the amount of salt used in gritting. As may be seen from the chart showing winter maintenance salt usage over the last four years, there was a significant reduction in 2006/07 due in part to the loss of the trunk road contract with BEAR Scotland, but also to the milder, wetter winter conditions. Salt usage reduced from in excess of 45,000 tonnes in the previous two years to 30,000 tonnes in 2006/07. Of the reduced salt usage, some 5,000 tonnes is due to the reduced trunk road work while the bulk of the reduction (approximately 10,000 tonnes) is attributable to milder weather conditions. Usage increased slightly to 32,000 tonnes in 2007/08, reflecting an increase in the frequency of precautionary pre-gritting and prevalence of frost conditions despite a generally mild winter.



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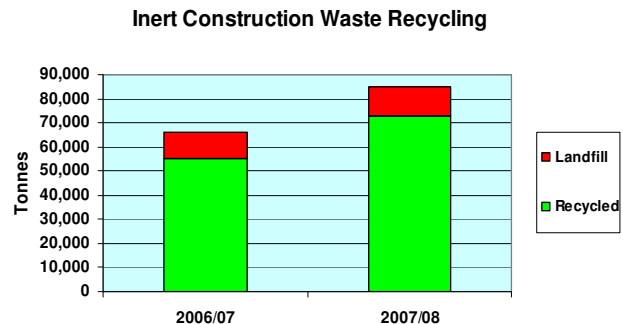
Recycling

Recycling is increasingly a core consideration in Construction activities, for both environmental and economic reasons. Significant amounts of material are generated from road planings and other civil engineering works, and with the increasing cost and tax burdens of disposal to landfill, together with taxes on quarrying new stone and the high cost of bitumen,



it is both financially and environmentally advantageous to seek means of recycling these materials. Tayside Contracts has set up a number of recycling centres across Tayside to separate out the reusable materials (primarily top soil, stone aggregates and asphalt planings).

During 2007/08, some 85,000 tonnes of such material was generated from Construction activities, of which 85% or 73,000 tonnes was recycled and the balance of 15% sent to landfill. This compares to a total of 64,000 tonnes in 2006/07, of which 84% (55,000 tonnes) was recycled, thus representing an increase in both the total tonnage and the proportion recycled. Around half of the landfill material was directed to Pairnie quarry, which is an exempt site and is being landfilled for environmental reasons.



In addition to these materials, around 8,000 tonnes of gully waste was collected. This material is processed through the reed bed systems at Forfar and Loanleven, enabling the liquid content of 60% to be cleaned and recycled. The objective for the remaining solids is to meet the required environmental standard to allow recycling as green compost. In 2007/08 more than 50% of these solids were composted and the balance was sent to landfill. However, environmental legislation now classifies this material as active waste, which carries a disposal cost of £50 per tonne. Trials are progressing in conjunction with Dundee City Council and SEPA to enable all of the residual material to be composted, so that landfill can be eliminated along with the associated costs.

Development of the cold mix recycling process has continued throughout 2007/08, ahead of the Tayset© product launch in June 2008. The product has been developed in partnership with Dundee University and Nynas Bitumen through a Knowledge Transfer Partnership. Building on initial laboratory work and small scale outdoor trials, some 500 tonnes were used in a large trial at the Stirling park and ride scheme.

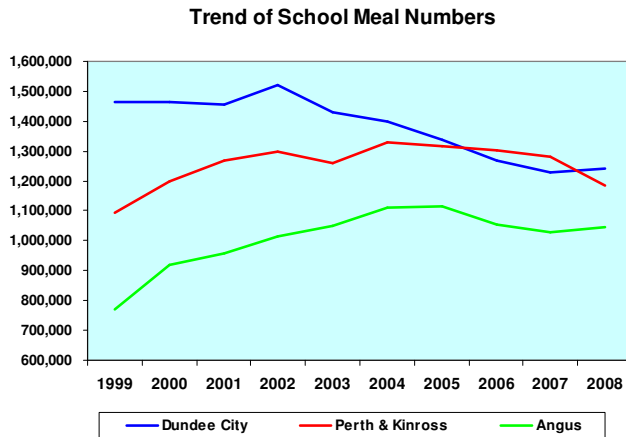
The main advantages of Tayset© include:

- Greatly reduced energy consumptions and CO2 emissions as the manufacturing process is carried out at ambient temperature and does not require heating – saving some 24kg of CO2 emissions per tonne of Tayset© produced
- Conserves quarried materials, uses less bitumen and conserves landfill space as significant quantities of recycled materials may be used
- The product itself can be recycled
- Storage life is extended, thereby eliminating waste
- H & S benefits
- Tayset© performs as well as traditional hot mix material

The cold mix technology applied to Tayset© builds on the development of hot mix recycled asphalt which has been applied at Collace Quarry since 2004 and has delivered both financial and environmental benefits through reduced bitumen usage and consequently a reduction in crude oil used to manufacture the bitumen and an associated carbon reduction. Cumulatively, financial benefits of some £300k have accrued, derived from a reduction of some 500t in bitumen usage. This translates into 550,000 litres of crude oil saved and a carbon reduction of 140 tonnes.

Catering

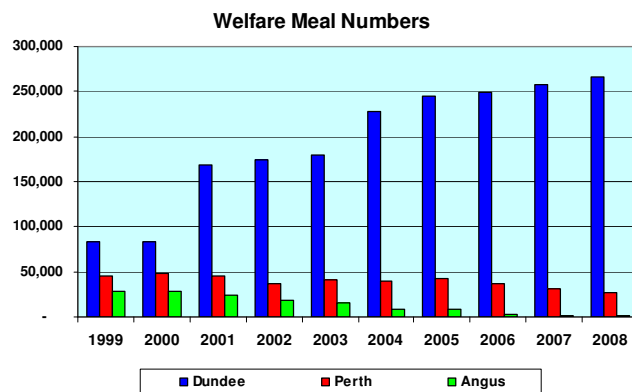
Catering operations are predominantly on the provision of school meals to the three Councils and the welfare meals service in Dundee. A small amount of welfare meals are provided from school kitchens in Perth & Kinross and Angus, and a function catering service is also provided. Some statistics are provided relating to trends in the number of school and welfare meals provided.



After a period of sustained growth in school meal numbers, these levelled off in 2004/05 and began to fall in the next two years as the combined impact of a declining school population and an initially negative response from pupils to the implementation of the healthy eating agenda were seen. However, the healthy eating agenda is a long term commitment and a holistic approach is being followed involving close working with the constituent Councils to achieve a sustained

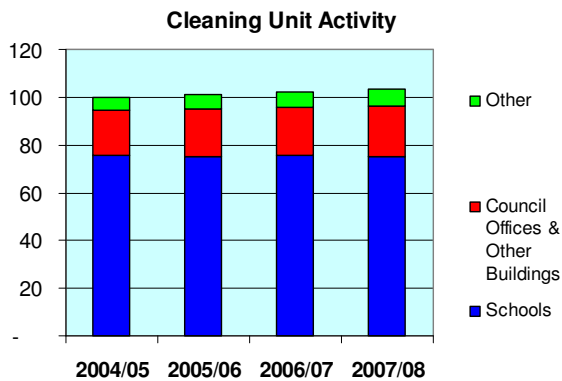
improvement. The decline would appear to have bottomed-out, and some increases in school meal uptake were evidenced in 2007/08. It is encouraging to note that more school children were eating healthier meals, a success which we are committed to improving further.

The trend in Welfare meal numbers have shown substantial growth in Dundee, where meals have been provided from the Tay Cuisine cook-chill facility since 2003. Previously, welfare meals were provided from school kitchens and then from the kitchens at Harefield House with a limited capability of some 80,000 and 180,000 meals per annum respectively. The level of meals provided has continued to grow, albeit at a much slower rate, with 266,000 meals provided in 2007/08 compared to around 256,000 in 2006/07. A relatively small number of meals are provided in Perth & Kinross, but these are produced in school kitchens, and are therefore restricted to school days and term times. A very small number of welfare meals are provided by Tayside Contracts in Angus.



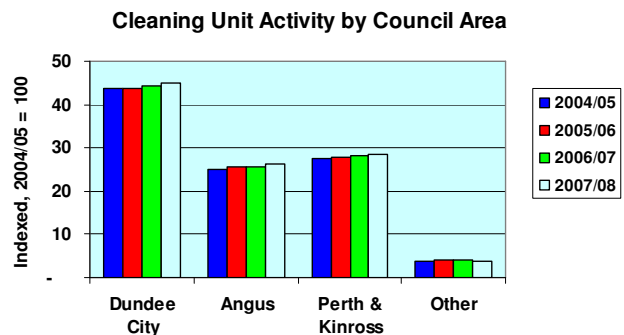
Cleaning

There are no statutory performance indicators which relate to cleaning activities. However, some information is provided on the activity of the Cleaning Unit in 2007/08 compared with the previous three years.

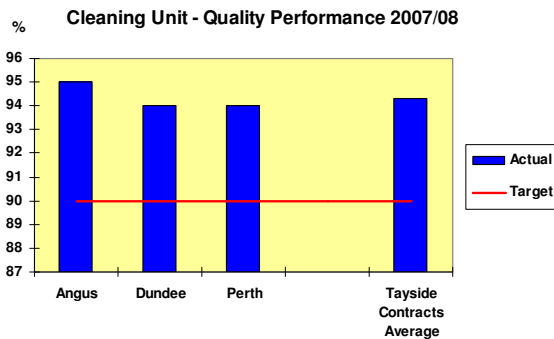


The major element of the Cleaning Unit's activity is the schools' cleaning service, which accounts for around 75% of the work carried out. Of the remaining work, 20% relates to cleaning of Council offices and other buildings, while the remaining 5% relates to the cleaning service provided to Tayside Fire & Rescue and the communal area service to housing tenants. There has been a small amount of growth in each area over the last three years of around 1% per annum. The Cleaning Unit income has increased to £9.15m in 2007/08 from £8.8m in 2006/07.

When viewed by Council area, it can be seen that the growth over the last three years has been achieved in each Council area, and also in the non-Council work. The more routine nature of cleaning work enables the Cleaning Unit to benefit from a greater degree of stability than either the Catering Unit or Construction Division. This stability has in turn enabled ongoing investment in equipment and employees to deliver a quality service and continuous improvement in productivity to the mutual benefit of Tayside Contracts and the constituent Councils.



Quality and customer satisfaction are critical to the ongoing success of the Cleaning Unit. A



system of inspections and audits has been developed in conjunction with the Councils, and this is supplemented by self-audits and customer surveys. A computerised quality monitoring system was installed across the three Council areas in 2007/08, which makes it easier to analyse and summarise information from tens of thousands of checks carried out during inspections, and also from customer feedback (both complaints and compliments). A target quality performance of 90% was set at

the start of the year, and this has been exceeded in all areas with an overall performance of 94% achieved.