

EAST AYRSHIRE COUNCIL

POLICY AND RESOURCES COMMITTEE - 28 NOVEMBER 2002

DALSALLOCH SITE, AUCHINLECK : INSURANCE SETTLEMENT

Joint Report by the Director of Finance and the Director of Educational and Social Services

1. Purpose

- 1.1 To inform elected members of the terms of the insurance settlement for the Dalsalloch site, Auchinleck.

2. Background

- 2.1 During the night of 26/27 December 2001, a major fire completely destroyed the Social Work Office at Dalsalloch, Auchinleck.
- 2.2 On 9 April 2002, Social Work Committee considered a general report on future use of the Dalsalloch site and noted that a further report would be presented to its next meeting, setting out options for the future use of the site.
- 2.3 On 23 May 2002, Social Work Committee duly considered an options report and approved the planned development of a social care facility on the site, preferably in partnership with an independent provider, and instructed officers to conclude the settlement of the Council's insurance claims for the fire in those terms.

3. Insurance Settlement

- 3.1 Following considerable discussion and negotiation between officers and the Council's insurers, a settlement figure of £1.5 million has now been agreed, comprising £1.25 million for buildings and £0.25 million for contents. The figure is based on the notional reinstatement of the facilities destroyed by the fire.
- 3.2 As previously approved by the Council (Social Work Committee 23 May 2002 refers), the settlement figure will be used to develop a social care facility on the site and to ensure that suitable permanent accommodation is made available to those staff who have been operating from interim accommodation since being displaced following the fire.
- 3.3 A further report detailing the plans for realising those developments will be presented to the Social Work Committee for its consideration at the earliest feasible opportunity.

4. Policy, Financial and Legal Implications

- 4.1 There are no legal implications arising from the insurance settlement.
- 4.2 The policy implications of the insurance settlement are to be welcomed. The

service development interests of Educational and Social Services can now be funded and realised as approved by the Council. In addition, the Council's corporate interest in reaching a settlement on terms which safeguarded continuing insurance cover for its property portfolio as a whole has also been met.

- 4.3 Under the terms of the formal consent to meet capital expense issued by Scottish Ministers, the insurance settlement is deemed to be a capital receipt in the year of receipt and will require to be accounted for accordingly. The anticipated capital expenditure to provide social care facilities and alternative staff accommodation will require to be included within the general services capital programme and be funded from the anticipated capital receipt. The capital programme for 2002-2003 and 2003-2004 should be updated to reflect this as appropriate.

5. Recommendations

5.1 Committee is requested to :

- a) note the terms of the insurance settlement for the Dalsalloch site, Auchinleck, as set out in para. 3.1 above;
- b) to recommend to Council to instruct the Director of Finance, in liaison with the Director of Educational and Social Services, to incorporate the financial implications of the insurance settlement into the general services capital programme for the purposes described in para. 3.2 above, as appropriate;
- c) note that the Director of Educational and Social Services will submit a further report, in consultation with relevant interests, detailing plans for realising the developments previously approved by the Council for the consideration of the Social Work Committee;
- d) otherwise, note the content of the report.

Alex McPhee
Director of Finance

John Mulgrew
Director of Educational and Social Services

18 November 2002

For further information, please contact Stephen Moore, Head of Social Work (tel. 01563 576920)

IMPLEMENTATION OFFICER:STEPHEN MOORE