

EAST AYRSHIRE COUNCIL

POLICY AND RESOURCES COMMITTEE: 4 OCTOBER 2001

LOCAL GOVERNMENT PLANNING AND LAND ACT 1980 – SECTION 19B DIRECTION

Report by Chief Executive

1.0 PURPOSE OF REPORT

- 1.1** To advise the Committee of the lifting of the Direction imposed on the council by the then Secretary of State for Scotland on 23 July 1998 in respect of Building Maintenance and General Highways with effect from 24 August 2001.

2.0 BACKGROUND

- 2.1** Over the last three years since the imposition of the Section 19B Direction in July 1998, the council has taken significant steps to address the issues identified by the council's external auditors in relation to the Commercial Operation deficit in 1997/98.

- 2.2** The actions taken by the council at that time led quickly to much improved financial and operational performance across all of its DLO and DSO services. This has since been built upon and over the last two financial years all of the council's DLO/DSO services have returned a surplus in their trading accounts.

3.0 THE LIFTING OF THE DIRECTION

- 3.1** Immediately upon receiving confirmation of the lifting of the Section 19B Direction, the Chief Executive wrote to all elected members on 24 August 2001 advising of the terms of the letter on this matter from the Scottish Executive.
- 3.2** The Committee will recall that over the period in which the Direction has been in force, the council has been required to respond formally on matters raised by the Scottish Office, subsequently the Scottish Executive, the Accounts Commission and the Controller of Audit.
- 3.3** The Committee will also appreciate that over this period senior officers have provided the Scottish Executive with regular updates on progress, particularly in relation to the council's Building and Works DLO and Roads DLO which were directly affected by the terms of the Section 19B Direction.
- 3.4** In the last such communication the Chief Executive set out a detailed case which charted the council's progress and sought from the Scottish Executive consideration for a return to normal status for East Ayrshire Council's DLO operations.
- 3.5** With the assurance that the council will abide by rigorous best value criteria in the discharge of its functions and powers and in the conduct of future tendering procedures for revenue and capital works, the Scottish Executive confirmed in a letter dated 24 August 2001 that the Direction imposed on 23 July 1998 in respect of Building Maintenance and General Highways was to be lifted with immediate effect. This now allows the council to proceed for the future to determine and deliver these services under national best value arrangements, in line with the generality of Scottish local authorities.

3.6 The lifting of the Direction concludes what has undoubtedly been a difficult period for the council. Whilst we can share in the satisfaction of having achieved the national recognition and endorsement of the position the council has now achieved with its Building and Works and Roads Business Units, there remains a determination to secure continuous improvement in the quality of services the council delivers.

4.0 POLICY IMPLICATIONS

4.1 The council will now proceed in future in these areas of activity in accordance with national best value policy, in common with other Scottish councils.

5.0 LEGAL IMPLICATIONS

5.1 The Section 19B Direction was initially imposed on the Council on 23 July 1998 under the Local Government Planning and Land Act 1980. The Direction prevented the Council from carrying out building maintenance and general highways works under the 1980 Act from 1 May 1999 and also prevented the carrying out by the Council of new capital works. The Direction was subsequently modified to restore the Council's powers to carry out general highways work and works of maintenance (property) after 1 May 1999 and also to permit the carrying out of some capital work.

5.2 The lifting of the Direction as subsequently amended returns the council's Building and Works and Roads Business units to a normal status of operation from the effective date of 24 August 2001.

6.0 FINANCIAL IMPLICATIONS

6.1 None.

7.0 RECOMMENDATIONS

7.1 The Committee is asked to:

- i) note the lifting of the Section 19B Direction in respect of Building Maintenance and General Highways with effect from 24 August 2001;
- ii) ask relevant directors to continue to monitor and take action to improve matters in relation to the operational and financial management of the DLO and DSO services for which they are responsible, and
- iii) otherwise note the terms of this report.

LIST OF BACKGROUND PAPERS

1. Letter from the Chief Executive to David Middleton, Head of Local Government Group, Scottish Executive dated 23 March 2001
2. Letter from Christie Smith, Head of Local Government Finance and Performance, Scottish Executive dated 24 August 2001.

For further information on this report please contact David Montgomery, Chief Executive on (01563) 576002.

AGENDA