

EAST AYRSHIRE COUNCIL

SPECIAL AD HOC COMMERCIAL STRATEGY REVIEW COMMITTEE

**MINUTES OF MEETING HELD ON MONDAY 26 OCTOBER 1998 AT 1400 HRS
IN THE MEETING ROOM, COUNCIL HEADQUARTERS,
LONDON ROAD, KILMARNOCK**

PRESENT: Councillors David Sneller, Gordon Cree, Jane Darnbrough, David Macrae and Eric Jackson.

ATTENDING: David Montgomery, Chief Executive; Fiona Lees, Depute Chief Executive; William Stafford, Director of Community Services; John Hillis, Director of Housing; William Taylor, Acting Director of Commercial Operations; Alex McPhee, Acting Director of Finance; Robin Gourlay, Depute Director of Commercial Operations; Graham Haugh, Depute Director of Personnel Services; Tom Wilkie, Head of Contracting and Technical Services; John Griffiths, Head of Leisure; John Donohoe, Building and Works Manager; Alex Reid, Senior Procurement Officer; Martin O'Rourke, Senior Planning Officer; and James Lally, Senior Administrative Officer.

APOLOGIES: Councillors Drew McIntyre and Tommy Farrell.

CHAIR: Councillor David Sneller, Chair.

FUTURE TIMETABLE

1. There was submitted and noted report dated 20 October 1998 (circulated) by the Chief Executive updating the timetable for submission of reports to future meetings of this Committee.

During discussion of the above report, Councillor Sneller advised that a report showing the current financial performance of all DLO/DSO contracts would be submitted to the next meeting of this Committee.

DATE OF NEXT MEETING

2. It was reported and noted that the Meeting Room in the Council Headquarters had been reserved for Monday 23 November 1998 for the next meeting of this Committee and that for any other meetings required notice would be given in the normal way.

EXCLUSION OF PRESS AND PUBLIC

3. The Committee resolved that under Section 50A(4) of the Local Government (Scotland) Act 1973, as amended, the Press and public be excluded from the meeting for the following items of business on the grounds that they involved the likely disclosure of exempt information as defined in the paragraph of Schedule 7A of the Act as shown against each item.

**NOTE OF MEETING WITH TRADE UNION REPRESENTATIVES REGARDING
SPECIAL AD HOC COMMERCIAL STRATEGY REVIEW COMMITTEE (PARA 11)**

4. There were submitted and noted Minutes of Meeting held on 12 October 1998 (circulated).

MATTERS ARISING - INHERITED PROFIT SHARE SCHEME

5. It was agreed that the Acting Director of Finance report to a future meeting of this Committee with details of options available for funding 1996/97 profit share payments without detriment on subsequent years' profits.

**REVIEW OF COMMITMENT ACCOUNT PROCEDURES CURRENTLY
IN OPERATION WITHIN THE COUNCIL (PARA 6)**

6. There was submitted report dated 22 October 1998 (circulated) by the Acting Director of Finance advising of the findings of the review carried out by the Finance Department in respect of the Commitment Accounting procedures currently in operation within Council Departments.

It was agreed:

- (i) to request that the Director of Finance ensure that the Council's new financial management system includes an integrated Commitment Accounting Module and that this should be used by all Departments of the Council once implemented;
- (ii) to request that in the shorter term the new out-posted Financial Management Teams give a high priority to reviewing systems to ensure that they are used as effectively as possible; and
- (iii) otherwise to note the contents of the report.

BUILDING AND WORKS INVOICES (PARA 6)

7. There was submitted and noted report dated 20 October 1998 (circulated) by the Acting Director of Commercial Operations informing of the progress made in clearing the level of Building and Works invoices.

BUILDING AND WORKS INCOME RECOVERY (PARA 6)

8. There was submitted and noted report dated 21 October 1998 (circulated) by the Acting Director of Commercial Operations advising of the amount of income recovered by Building and Works to the end of week 25.

Councillor Sneller advised of continuing concern in respect of the under-recovery of income and it was noted that further investigations to establish the reason for the under-recovery were ongoing and that discussions would be held with Trade Unions once more detailed financial and performance data was available.

During discussion of the report Councillor Jackson enquired whether final income figures had been agreed with Service Departments.

The Acting Director of Commercial Operations reported that details of actual income, up to and including week 12, would be available for the next meeting of the Committee and it was noted that the report on income recovery to the next meeting would include details of actual income up to and including week 12.

BUILDING AND WORKS - SUB-CONTRACTORS (PARA 6) (Item 4, Page 3761)

9. There was submitted report dated 23 October 1998 (circulated) by the Acting Director of Commercial Operations informing of management action taken to address problems identified in relation to the level of commitment incurred to date on sub-contractor payments.

It was agreed to note the position with regard to expenditure on sub-contractors and that it be remitted to the Acting Director of Commercial Operations to prepare a further report providing a profile of the nature of works carried out by sub-contractors to date in the current financial year for consideration at the next meeting of this Committee.

**KILMARNOCK AND LOUDOUN CLEANING CONTRACT - MARKET TESTING
AND BENCHMARKING EXERCISE (PARA 6) (Item 12, Page 3635)**

10. There was submitted report dated 23 October 1998 (circulated) by the Chief Executive advising of the outcome of the market testing and benchmarking exercise undertaken by consultants in respect of the Kilmarnock and Loudoun Cleaning Contract and on the basis of the findings of this exercise seeking approval to increase the hourly recharge rate for this contract.

It was agreed:

- (i) to note the findings of the consultants in respect of the benchmarking and market testing exercise for the Kilmarnock and Loudoun Cleaning Contract;
- (ii) to increase the hour recharge rate applicable under this contract to £5.92 in line with the current Strathclyde Regional Council Cleaning Contract recharge rate;
- (iii) to note that subject to agreement under (ii) above, this contract would be anticipated to operate on a firm financial basis in future years;
- (iv) to note that as far as possible, Client Departments should integrate this increase in costs to them within existing budgets and that this would be assessed further in the next review of the Council's budgets;
- (v) to note that a Service Level Agreement would be prepared in respect of the services provided under this contract; and
- (vi) otherwise to note the terms of this report.

**OTHER CLEANING (STREET SWEEPING)
SERVICE LEVEL AGREEMENT (PARA 6) (Item 10, Page 3544)**

11. There was submitted report dated 16 October 1998 (circulated) by the Director of Community Services advising of the action taken to harmonise and consolidate the two existing CCT Other Cleaning Contracts into a single Service Level Agreement.

It was agreed:

- (i) to note that a Service Level Agreement had now been prepared;
- (ii) that it be remitted to the Director of Community Services following consultation with Trade Unions, to conclude agreement on the Service Level Agreement; and
- (iii) otherwise to note the contents of the report.

**FINANCE DEPARTMENT SERVICE LEVEL
AGREEMENT (PARA 6) (Item 11, Page 3544)**

12. There was submitted report dated 22 October 1998 (circulated) by the Acting Director of Finance advising of the preparation of the draft Service Level Agreement for the provision of financial services to or on behalf of other Departments of the Council.

It was agreed:

- (i) to approve the draft Service Level Agreement for the provision of financial services insofar as they related to the DLO/DSOs;
- (ii) that it be remitted to the Acting Director of Finance to discuss it with customer Departments insofar as it related to DLO/DSOs and refine it in the light of these discussions;
- (iii) that the report be remitted to the next meeting of the Policy and Resources Committee to allow consideration of the recommendations insofar as they related to other Departments of the Council; and
- (iv) to otherwise note the contents of the report.

**FINAL PROGRESS REPORT ON EAST AYRSHIRE
COUNCIL ASSIGNMENT (PARA 6)**

13. There was submitted report (circulated) by Sam Craig, CoSLA Consultant, confirming that all tasks initially consigned to the CoSLA Consultancy had now been completed.

It was agreed to note the contents of the report and that after Sam Craig had fulfilled his commitment to provide a training session for Members before the first meeting of the Council's Budget Monitoring Group, the Chief Executive should write to CoSLA and Sam Craig personally to thank them for their support and advice.

**GROUND'S MAINTENANCE SERVICE - RESULTS OF MARKET TESTING
AND BENCHMARKING EXERCISE (PARA 6)**

14. There was submitted joint report dated 23 September 1998 (circulated) by the Directors of Community Services and of Support Services advising of the results of the market testing and benchmarking exercise recently carried out for the Council's Grounds Maintenance Service and requesting approval of an appropriate way forward for the delivery of this service.

Having heard Councillor Sneller express his concern that the results of the benchmarking exercise could only be considered as being inconclusive at this stage, since they showed such significant variations in prices for works involved, that doubts were raised as to whether like was being compared with like, and explain that consequently there was a need for a more detailed investigation into these variances, it was agreed:

- (i) to note the findings of the initial market testing/benchmarking exercise as detailed in the report;
- (ii) to note the significant variations in prices for the works involved and the need for more detailed investigation into these variations;
- (iii) to agree to extend the remit of the current Capita Consultancy to include benchmarking in the Grounds Maintenance Service; and

- (iv) that it be remitted to the Director of Community Services to bring forward a further report following completion of the Capita review and further discussions with Trade Unions and other appropriate interests.

**GROUNDS MAINTENANCE - OTHER EMPLOYEE
COSTS (PARA 6) (Item 4, Page 3761)**

- 15. There was submitted and noted report dated 23 October 1998 (circulated) by the Acting Director of Commercial Operations informing of the composition of the Other Employee costs budget heading within the Grounds Maintenance Budget.

**STRENGTHENING THE CLIENT SIDE TO ENSURE EFFECTIVE
CONTRACT MONITORING AND FINANCIAL CONTROL (PARA 6)**

- 16. There was submitted report dated 23 October 1998 (circulated) by the Chief Executive advising of the actions taken to strengthen the client side operation to ensure effective contract monitoring and financial control and seeking agreement to advise the Scottish Office of these measures.

It was agreed:

- (i) to note the actions taken to improve and strengthen the client side operation to ensure effective contract monitoring and financial control;
- (ii) to agree to inform the Scottish Office of these measures, particularly in relation to the submission by the Council to the Secretary of State's Direction, the determination on which was currently awaited; and
- (iii) otherwise to note the terms of the report.

**INITIAL REVIEW OF BUILDING AND WORKS MANAGERIAL AND
OPERATIONAL ARRANGEMENTS AND
FORWARD ACTION PLAN (PARA 6) (Item 13, Page 3735)**

- 17. There was submitted report dated 23 October 1998 (circulated) by the Chief Executive advising of the outcome and findings of the review of managerial and operational arrangements within the Building and Works DLO undertaken by the consultant engaged by the Council to provide external management reports to the DLO and providing an outline of the action which had been identified to take any in-house service forward.

It was agreed:

- (i) to note the main findings and recommended actions put forward by the consultant working within the Building and Works DLO;
- (ii) to note that the appointment of the management consultant in Building and Works had been extended for a further two months;
- (iii) that a further report setting out the detailed actions proposed to take the Building and Works DLO forward into the new contract arrangements would be brought to an early future meeting of this Committee following receipt of the Secretary of State's decision; and
- (iv) otherwise to note the contents of the report.

The meeting terminated at 1523 hrs.