

EAST AYRSHIRE COUNCIL**SPECIAL AD HOC COMMERCIAL STRATEGY REVIEW COMMITTEE****MINUTES OF MEETING HELD ON MONDAY 28 SEPTEMBER 1998 AT 1400 HOURS IN THE MEETING ROOM, COUNCIL HEADQUARTERS, LONDON ROAD, KILMARNOCK**

PRESENT: Councillors David Sneller, Drew McIntyre, Jane Darnbrough, Tommy Farrell and Eric Jackson.

ATTENDING: David Montgomery, Chief Executive; John Hillis, Director of Housing; Iain McLachlan, Director of Personnel Services; William Taylor, Acting Director of Commercial Operations; Alex McPhee, Acting Director of Finance; Robin Gourlay, Depute Director of Commercial Operations; Douglas Campbell, Head of Public Relations and Marketing; 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 Gordon Cree and David Macrae.

CHAIR: Councillor David Sneller, Chair.

FUTURE TIMETABLE

1. There was submitted a report dated 23 September 1998 (circulated) by the Chief Executive advising of the updated timetable for the submission of reports to future meetings of this Committee.

Having heard the Chief Executive explain that a meeting of the Special Commercial Strategy Review Committee may be required during the week beginning 5 October 1998 to approve the Business Plan and Council Strategy for securing Building Maintenance Services, prior to submission to the Scottish Office, it was agreed to otherwise note the amended timetable.

ACCOUNTS COMMISSION FOR SCOTLAND - REVIEW OF MANAGEMENT AND FINANCIAL CONTROLS OF DLO/DSOs

2. There was submitted a report dated 25 September 1998 (circulated) by the Chief Executive advising of (i) the receipt of the final report by the Controller of Audit in respect of the Accounts Commission's review of management and financial controls within DLO and DSOs across all Scottish Authorities; (ii) the receipt of additional information from the Controller of Audit regarding details of the financial performance of all DLO/DSOs in 1997/98; and (iii) the main issues contained within the report and of the Council's action thereon.

It was agreed:-

- (i) to note the receipt of the final report by the Controller of Audit on the review of financial and management arrangements within DLO/DSOs in Scotland;
- (ii) to note that the Council, in response to the Secretary of State's Statutory Notice had committed itself to deal in a systematic and rigorous fashion with all the issues arising from the operation of the Council's DLO and DSOs to ensure value for money in service delivery; and

(iii) otherwise, to note the contents of the report.

Councillor McIntyre joined the meeting during discussion of the above item.

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 item of business on the grounds that it involved the likely disclosure of exempt information as defined in Paragraph 6 of Schedule 7A of the Act.

BUDGETARY CONTROL SUMMARY STATEMENT FOR COMMERCIAL OPERATIONS TO 11 SEPTEMBER 1998 (PERIOD 6)

4. There was submitted a joint report dated 22 September 1998 (circulated) by the Acting Directors of Commercial Operations and of Finance advising of the current budgetary control position and the projected out-turn for the year for the Commercial Operations Department for the period ended 11 September 1998 (Period 6).

The Acting Director of Finance reported concern that over 80% of the Building and Works DLO's budget for payments to sub-contractors had been expended and that the Acting Director of Commercial Operations had advised that management action was being taken in this respect to ensure it out-turned on budget.

The Acting Director of Finance also indicated that verification of the projected actual figures detailed in the report had been limited by the timescale and that further investigation was under way; the level of Building and Works income shown in a report by the Acting Director of Commercial Operations to be considered under Agenda Item 10 of this meeting also would be the subject of further scrutiny in relation to consistency with the Budget Control report.

Councillor Sneller reported that there may be difficulties in achieving required income from the Garden Maintenance Scheme primarily due to the weather and that it had been highlighted that other employee costs within the Grounds Maintenance Service were particularly high in comparison with other DSOs.

It was agreed:-

- (i) that it be remitted to the Acting Director of Commercial Operations in consultation with the Acting Director of Finance to report to a future meeting of this Committee with details of management action being taken to address the budgetary problems identified in relation to sub-contractor payments within the Building and Works DLO;
- (ii) to note that the outcome of investigations into the verification of the projected actual figures contained within the report would be clarified in the next Budgetary Control summary statement;
- (iii) that the Acting Director of Finance report to a future meeting of this Committee on investigations into the anticipated level of income for Building and Works in the current financial year;
- (iv) that it be remitted to the Director of Community Services to report to a future meeting of this Committee, the latest financial position and achievement of

income for the Grounds Maintenance Service, to include an explanation of the high level of other employee costs within the service; and

- (v) otherwise, to note the contents of the report.

RE-ADMISSION OF PRESS AND PUBLIC

5. The Press and public were re-admitted to the meeting at this point.

REVIEW OF COMMITMENT ACCOUNTING PROCEDURES CURRENTLY IN OPERATION WITHIN THE COUNCIL

6. There was submitted a report dated 23 September 1998 (circulated) advising of an ongoing review being carried out by the Finance Department in respect of the commitment accounting procedures currently in operation within Council Departments.

It was agreed:-

- (i) that the Acting Director of Finance prepare a detailed report for consideration of this Committee on 26 October 1998; and
- (ii) to otherwise note the contents of the report.

CENTRAL SERVICE SUPPORT TO COMMERCIAL OPERATIONS

7. There was submitted and noted a report dated 23 September 1998 (circulated) by the Acting Director of Finance advising of the effects on central service costs charged to Commercial Operations arising from the organisational changes approved and proposed.

EXCLUSION OF PRESS AND PUBLIC

8. 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)

9. There was submitted and noted the Minutes of the Meeting held on 14 September 1998 (circulated).

During discussion of the above Minutes, Councillor Sneller reported and it was noted that the Director of Personnel Services would arrange meetings with appropriate Trade Unions to establish a clear understanding of manning levels within the Street Cleaning and Refuse Collection Services and the Grounds Maintenance Service.

BUILDING AND WORKS INVOICES (PARA 6)

10. There was submitted and noted report dated 8 September 1998 (circulated) by the Acting Director of Commercial Operations informing of progress made in clearing Building and Works invoices.

BUILDING AND WORKS STOCK TAKE (PARA 6)

11. There was submitted a report dated 23 September 1998 (circulated) by the Acting Director of Commercial Operations informing of the results of the recent stock take carried out.

It was agreed to note the contents of the report and that a further report, following further investigation into the variance between book stock and physical stock values would be submitted to a future meeting of this Committee.

BUILDING AND WORKS INCOME RECOVERY (PARA 6)

12. There was submitted and noted a report dated 22 September 1998 (circulated) by the Acting Director of Commercial Operations informing of the amount of income recovered by Building and Works to the end of week 16.

**REVIEW OF PAYMENTS TO SUB-CONTRACTORS (PARA 6)
(Item 10, Page 3633)**

13. There was submitted and noted a report dated 23 September 1998 (circulated) by the Acting Director of Finance providing an update on the progress of the review of sub-contractor payments.

The meeting terminated at 1430 hours.