

EAST AYRSHIRE COUNCIL

SPECIAL AD HOC COMMERCIAL STRATEGY REVIEW COMMITTEE

**MINUTES OF MEETING HELD ON MONDAY 10 AUGUST 1998 AT 1400 HOURS
IN THE MEETING ROOM, COUNCIL HEADQUARTERS, LONDON ROAD,
KILMARNOCK**

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

ATTENDING: David Montgomery, Chief Executive; Fiona Lees, Depute Chief Executive; William Taylor, Acting Director of Commercial Operations; Stephen Chorley, Director of Development Services; Iain McLachlan, Director of Personnel Services; Barbara Haughan, Director of Support Services; Robin Gourlay, Depute Director of Commercial Operations; Helen Dick, Depute Director of Finance (Internal Audit); Tom Wilkie, Head of Contracting and Technical Services; Robert McLeary, Head of Property Services; John Donohoe, Building and Works Manager; David McLellan, Acting Chief Accountant; David Mitchell, Principal Solicitor; David Morgan, Public Relations Officer; Carol Foote, Service Development Manager; and Julie Armstrong, Senior Administrative Officer.

CHAIR: Councillor David Sneller, Chair.

ACCOUNTS COMMISSION

1. There was submitted a report dated 7 August 1998 (circulated) by the Chief Executive which advised of the receipt of the report from the Controller of Audit on the 1997/98 Audit of Commercial Operations deficit, the requirement to provide a Council response to the Controller of Audit and to recommend accordingly. A copy of the Accounts Commission report dated 7 August 1998 was also circulated.

It was agreed:-

- (i) to note receipt by the Council of the report from the Accounts Commission on the 1997/98 Audit of Commercial Operations deficit;
- (ii) to note that a Special Meeting of the Council would take place on Wednesday 19 August 1998 for the purpose of considering the report and determining the Council's response; and
- (iii) otherwise, to note the terms of this report.

MONITORING AND REVIEW OF PROGRESS: TIMETABLE

2. There was submitted a report dated 7 August 1998 (circulated) by the Chief Executive which updated the timetable for the submission of reports to future meetings of this Committee and progress being made on the range of issues which had been identified to date in relation to the current situation within the Commercial Operations Department.

The Chief Executive reported that a letter had just been delivered from The Scottish Office which gave the Secretary of State's permission for East Ayrshire Council to continue work on ongoing contracts/projects after 7 August 1998 following his receipt

of the details requested at the time of issue of the Statutory Direction and considered by this Committee at its meeting on 27 July 1998.

It was agreed to note the amended timetable and to otherwise note the terms of the report.

REVIEW OF EMERGENCY REPAIRS PROTOCOL - HELPLINE

3. There was submitted a report dated 6 August 1998 (circulated) by the Director of Housing which requested a review of the emergency repair classifications for the out-of-hours service provided by the Council's Helpline.

It was agreed:-

- (i) that note 2 of Appendix I be changed to read "urgent repairs may be upgraded depending on vulnerability e.g. OAP's, blind, disabled or if there is an immediate health and safety risk";
- (ii) that the Director of Housing implement the changes detailed in Section 5 and Appendix I of the report; and
- (iii) otherwise, to note the terms of the report.

STORES UPDATE REPORT (Item 5, Page 3549)

4. There was submitted a report dated 29 July 1998 (circulated) by the Acting Director of Commercial Operations on the action and timescales to implement corrective actions in the Building and Works Stores systems and to advise on the timescale for the stores processing backlog.

It was agreed:-

- (i) to authorise the continued appointment of eight temporary Clerical Assistants as outlined in Paragraph 6.2 of the report;
- (ii) to note the corrective action taken by the Acting Director of Commercial Operations with regard to Stores and further, that monthly reports on progress would be submitted to the Committee;
- (iii) that a further report, if required, be brought to Committee on the future provision of an IT system for Stores Control; and
- (iv) otherwise, to note the terms of the report.

APPOINTMENT OF MARKET TESTING AND CONTRACT PACKAGING CONSULTANCY FOR BUILDING MAINTENANCE WORKS

5. There was submitted a report dated 7 August 1998 (circulated) by the Director of Support Services on progress to date with regard to the appointment of consultants, in respect of market testing and contract packaging strategy, in connection with Building Maintenance Etc Works.

It was agreed:-

- (i) to note the action taken to appoint consultants and the possibility of securing interim external management support for the Building and Works DLO;
- (ii) to note a letter of appointment had been issued to CAPITA Business Services Limited, Leeds; and

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

EXCLUSION OF PRESS AND PUBLIC

6. 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 Paragraphs as shown against item of Schedule 7A of the Act.

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

7. There was submitted and noted Minutes of Meeting held on 3 August 1998 (circulated).

REVISION OF THE ALLOCATION OF OVERHEAD COSTS (PARA 6)

8. There was submitted a joint report dated 10 August 1998 (circulated) by the Acting Directors of Finance and of Commercial Operations on proposals with regard to a revised allocation of overhead costs to Commercial Operations contracts.

It was agreed to approve the proposed revision in overhead allocation methods proposed in the report and the consequent changes in base expenditure budgets, service by service for 1998/99.

REVIEW OF BUILDING AND WORKS INVOICE PAYMENTS INCLUDING PAYMENTS TO SUB-CONTRACTORS (PARA 6)

9. There was submitted a report dated 7 August 1998 (circulated) by the Acting Director of Finance on the outcome of audit work on the review of payments made by Building and Works in respect of the financial year ended 31 March 1998.

It was agreed:-

- (i) that the Acting Director of Commercial Operations ensure that certification and authorisation of invoices is done in accordance with instructions issued by the Director of Finance in Accounting Policy Bulletin (APB) No 12;
- (ii) that the Acting Director of Commercial Operations ensure that any invoices already passed without full verification should be examined to ensure that charges are valid and report back to Committee in due course;
- (iii) that the Acting Director of Commercial Operations review and refine arrangements for processing invoices within the Department with a view to reducing the time taken to pass the verified invoice to the Finance Department to 18 days in line with Council policy;
- (iv) that the Acting Director of Commercial Operations reports progress on reducing the level of backlog to this Committee on a fortnightly basis;
- (v) that the Acting Director of Commercial Operations ensure the completion and implementation of the database of "approved" contractors and suppliers;
- (vi) that the Acting Director of Commercial Operations ensures the review and revision of the coding of sub-contractor payments;

- (vii) that a further report on the audit work outlined in Paragraphs 5.2.1 and 5.2.2 of the report be presented to this Committee by the end of August 1998; and
- (viii) otherwise to note the contents of the report.

LEISURE MANAGEMENT PROFIT SHARE - FORMER CUMNOCK AND DOON VALLEY EMPLOYEES (PARAS 1 & 6)

- 10.** There was submitted a joint report dated 5 August 1998 (circulated) by the Director of Personnel Services and Acting Directors of Commercial Operations and of Finance which sought approval to the proposed disbursement of a final Profit Share Scheme payment as prescribed within the conditions of service of employees transferred to the Council from the former Cumnock and Doon Valley District Council's Leisure Management DSO.

It was agreed to approve the proposed disbursement of a final Profit Share Scheme payment as prescribed within the conditions of service of employees within the former Cumnock and Doon Valley District Council's Leisure Management DSO.

REVIEW OF DSOs - VEHICLE MAINTENANCE DSO (PARA 6)

- 11.** There was submitted a report dated 7 August 1998 (circulated) by the Chief Executive which (i) advised of the position in relation to the financial out-turn for the Vehicle Maintenance DSO in 1996/97 and for 1997/98; (ii) informed of the projected financial out-turn for the Vehicle Maintenance DSO in the current financial year; (iii) requested consideration of a number of measures which would put the Vehicle Maintenance DSO onto a sound operational and financial base for the future delivery of the service; and (iv) informed of the need to demonstrate Value for Money in the delivery of the Vehicle Maintenance Service.

It was agreed, subject to Trade Union discussion:-

- (i) to note the financial position of the Vehicle Maintenance DSO in 1996/97 and in 1997/98;
- (ii) to note the projected financial position of the Vehicle Maintenance DSO in 1998/99;
- (iii) to the cost reduction measures outlined in Paragraph 6 of the report;
- (iv) to note that these measures would result in a firm financial and operational base for the future delivery of these services;
- (v) to note that it was essential to demonstrate Value for Money in the delivery of this service and that the Vehicle Maintenance DSO would be subject to scrutiny under Best Value in due course;
- (vi) to the commencement of the tendering process for work currently included in an agreement with an outside contractor and serve notice (at the appropriate time) on the contractor of the Council's intention to cease the agreement;
- (vii) that a further report be submitted to the Committee following Trade Union discussion; and
- (viii) otherwise, to note the terms of the report.

It was further agreed that the Acting Director of Commercial Operations investigate whether any profit share bonuses were outstanding for staff in the Western Road, Kilmarnock, depot.

**HARMONISATION OF PAYROLL ARRANGEMENTS
(Item 8, Page 3514) (PARA 6)**

12. There was submitted a joint report dated 6 August 1998 (circulated) by the Director of Personnel Services and the Acting Directors of Finance and of Commercial Operations which detailed proposals for the final phase of rationalisation of weekly pays.

It was agreed:-

- (i) to note that in Paragraph 3.2 the figure 555 had changed to 491; and
- (ii) to approve the outlined proposals detailed in the report for the harmonisation of payrolls and as detailed in the draft letter attached to the report subject to discussion with the appropriate Trade Unions.

REVIEW OF DSOs - BUILDING CLEANING (Item 14, Page 3558) (PARA 6)

13. There was submitted a report dated 7 August 1998 (circulated) by the Chief Executive which provided the current updated position in relation to the financial projections for the Building Cleaning DSO in the current financial year and which advised of further work required to be undertaken in establishing options for the future delivery of these services.

It was agreed:-

- (i) to note the financial position of the Building Cleaning DSO in 1997/98;
- (ii) to note the projected financial position of the contracts in operation within the Building Cleaning Service;
- (iii) to note that both the Kilmarnock and Loudoun District Council and Strathclyde Regional Council Statutory Contracts were projected to make a deficit in the current financial year;
- (iv) to note that a further report would be brought to a future meeting of this Committee outlining the options available for the future delivery of these services;
- (v) to note that the financial resource implications detailed in Paragraphs 7.1 of the report for the Education and Social Work Departments would be considered in the mid-year review of the Council's budget; and
- (vi) otherwise, to note the terms of the report.

**BUILDING AND WORKS DLO - VOLUNTARY SEVERANCE (Item 12, Page 3557)
(PARA 6)**

14. There was submitted a joint report dated 5 August 1998 (circulated) by the Director of Personnel Services and Acting Director of Commercial Operations which reported the outcome of the trawl for voluntary severance conducted during July 1998 of employees in the Building and Works DLO and which detailed the number of employees who consequently left the Council's service on 31 July 1998.

It was agreed:-

- (i) that the Acting Director of Commercial Operations investigate the possible additional Travel to Work costs which may be incurred on a trade by trade basis as a consequence of the voluntary severances; and
- (ii) otherwise, to note the terms of the report.

WINDOW CLEANING CONTRACT (PARA 6)

- 15.** There was submitted a report dated 6 August 1998 (circulated) by the Acting Director of Commercial Operations to request approval of the termination of the Window Cleaning Contract operated by Commercial Operations.

It was agreed to terminate the Window Cleaning Contract.

The meeting terminated at 1520 hours.