

EAST AYRSHIRE COUNCIL

SPECIAL AD HOC COMMERCIAL STRATEGY REVIEW COMMITTEE

**MINUTES OF MEETING HELD ON MONDAY 13 JULY 1998 AT 1400 HOURS IN
THE MEETING ROOM, COUNCIL HEADQUARTERS, LONDON ROAD,
KILMARNOCK**

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

ATTENDING: David Montgomery, Chief Executive; Bill Stafford, Director of Community Services; John Hillis, Director of Housing; Iain McLachlan, Director of Personnel Services; Barbara Haughan, Director of Support Services; Alex McPhee, Acting Director of Finance; William Taylor, Acting Director of Commercial Operations; Douglas Campbell, Head of Public Relations and Marketing and James Lally, Senior Administrative Officer.

APOLOGIES: Councillors Gordon Cree and Eric Jackson.

CHAIR: Councillor David Sneller, Chair.

MONITORING AND REVIEW OF PROGRESS: TIMETABLE

1. There was submitted report dated 10 July 1998 (circulated) by the Chief Executive updating the timetable for the submission of reports to future meetings of this Committee on a range of issues which had been identified to date in relation to the current situation within the Commercial Operations Department.

It was agreed:-

- (i) that any additional tasks added to the timetable or amended timescales should be highlighted in future reports on this matter;
- (ii) that it be remitted to the Director of Support Services in consultation with the Chair to prepare a report for consideration at the next meeting of the Committee providing a timetable for future meetings of this Committee beyond the end of July; and
- (iii) to note the amended timetable appended to the report.

**IRVINE VALLEY AREA REPAIR TEAM PREMISES, BARMILL ROAD,
GALSTON**

2. There was submitted report dated 7 July 1998 (circulated) by the Acting Director of Commercial Operations seeking approval to postpone the setting up an operational base for the Irvine Valley Area Repair Team.

Having noted Commercial Operations structures would be reviewed in due course, it was agreed to approve the postponement of the setting up an operational base for the Irvine Valley Area Repair Team.

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

3. There was submitted a report dated 10 July 1998 (circulated) by the Chief Executive advising of the completion and submission to the Accounts Commission of the review documentation associated with the Accounts Commission Review of Management and Financial Controls within DLO/DSOs across all Scottish Authorities and suggesting further action following receipt and appraisal of the review documentation.

It was agreed:-

- (i) to note the completion of the review documentation associated with the Accounts Commission Review of Management and Financial Controls within DLO/DSOs;
- (ii) that it be remitted to the Chief Executive to make appropriate arrangements for Members to view the completed review documentation;
- (iii) that following receipt of the Accounts Commission's appraisal on East Ayrshire Council's returns, the Chief Executive submit a report to this Committee in the form of an Action Plan to address any issues raised by the Accounts Commission; and
- (iv) otherwise, to note the contents of the report.

EXCLUSION OF PRESS AND PUBLIC

4. 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)

5. There was submitted Minutes of Meeting held on Tuesday 7 July 1998 at 1300 hours (circulated).

Agreed to note the Minutes and that further discussions would be held with Trade Unions later in the week on payroll harmonisation with a view to reporting the outcome thereof to a future meeting of the Committee.

It was further noted that a meeting had been arranged with Trade Union Representatives to take place on Thursday 23 July 1998 to discuss the bonus scheme and travel to work issues.

REVIEW OF DSOs - GROUNDS MAINTENANCE (PARA 6) (Item 4, Page 3539)

6. There was submitted a report dated 10 July 1998 (circulated) by the Chief Executive (i) outlining the relevant issues regarding the financial position of the Grounds Maintenance DSO in the current financial year; (ii) advising of measures which had been taken and which were proposed to move the Grounds Maintenance DSO out of the deficit position incurred in the previous financial years; and (iii) advising of the

need for the Council to demonstrate value for money in the delivery of the Grounds Maintenance Service.

The Chief Executive reported and it was noted that in Section 5.5 of the report the seventeen existing temporary employees referred to were not all deployed to work on the Garden Scheme but that five of them were used to cover sickness and holiday leave.

It was subsequently agreed:-

- (i) to note the relevant issues in relation to the financial position of the Grounds Maintenance DSO in the current financial year;
- (ii) to note the measures taken to date to address the issues resulting in the deficit incurred in previous financial years;
- (iii) to approve the additional measures proposed to stabilise the position of the DSO and provide a firm financial and operational base for the future delivery of the Grounds Maintenance Services;
- (iv) to approve in particular the employment of an additional 12 temporary employees for the remainder of the summer season to catch up with the outstanding backlog;
- (v) to approve the preparation of a winter service level agreement for the Grounds Maintenance Service for approval by this Committee in early August 1998;
- (vi) to note that the performance of the Grounds Maintenance DSO would be monitored closely and that reports would be brought to future meetings of this Committee on a monthly basis;
- (vii) to note that a report would be brought to the next meeting of the Committee on the issue of Best Value in the delivery of Grounds Maintenance; and
- (viii) otherwise, to note the terms of the report.

During discussion of the above report, Councillor Macrae expressed concern regarding the effect of the employment of Skillseekers within the Grounds Maintenance DSO on the existing bonus scheme. It was agreed to discuss these concerns with Trade Union Representatives when considering the bonus scheme and that reference to the position of Skillseekers should be included in the report to be prepared on the Winter Service Level Agreement.

It was further agreed that the Director of Community Services write to all Members providing a brief summary of the existing Service Level Agreement with the contractor indicating where access to the full specification could be obtained and providing Members with a contact point to report any compliance problems brought to their attention.

COMMERCIAL OPERATIONS - BUILDING AND WORKS CHARGES TO CLIENTS (PARA 6)

7. There was submitted a joint report dated 13 July 1998 (circulated) by the Directors of Housing and of Support Services advising of the work undertaken to date to investigate the Building and Works 1997/98 recharges to Housing and Property Services.

It was agreed:-

- (i) to note the actions being taken to establish the value of under-recovery of costs to the Building and Works Services;
- (ii) to note that a more detailed report would be submitted to the next meeting of the Committee; and
- (iii) to otherwise note the terms of the report.

BUILDING MAINTENANCE CONTRACT - SCHEDULE OF RATES (PARA 6)

8. There was submitted a joint report dated 8 July 1998 (circulated) by the Directors of Housing and of Support Services advising of the reasoning behind the choice of Schedule of Rates as used in the procurement of the Building Maintenance Contract, currently in force between East Ayrshire Council's Housing and Support Services Departments as clients and Commercial Operations Department as contractor and to report on the post tender developments.

It was agreed:-

- (i) to note the actions proposed to identify training requirements to assist in the implementation of the Schedule of Rates;
- (ii) that a further report on the detailed procedures to be introduced for the recharging of works be submitted to an early meeting of this Committee; and
- (iii) otherwise to note the report.

REVIEW OF DSOs - REFUSE COLLECTION (PARA 6)

9. There was submitted a report dated 10 July 1998 (circulated) by the Chief Executive (i) outlining the relevant issues regarding the financial position of the Refuse Collection DSO in Financial Year 1996/97 and 1997/98; (ii) setting out proposed measures to address the issues identified; and (iii) advising of the need for the Council to demonstrate value for money in the delivery of services by the Refuse Collection DSO.

It was agreed:-

- (i) to note the position in relation to the financial out-turn for the Refuse Collection DSO in 1996/97 and the current position for 1997/98;
- (ii) to note the steps which had been taken to date to improve the position of the DSO in the current financial year;
- (iii) to approve the preparation of a Service Level Agreement to harmonise the terms and conditions under which the Refuse Collection Service is currently delivered and to provide a firm financial and operational base for the future delivery of the service for consideration by this Committee in early August 1998;
- (iv) to note that the projected financial out-turn for the Refuse Collection DSO in 1998/99 would be reported to the same Committee, having close regard to the terms of the proposed Service Level Agreement;
- (v) to note that an interim statement on the financial projection for the Refuse Collection DSO 1998/99 would be submitted to the meeting of this Committee on 20 July 1998;

- (vi) to note that the Refuse Collection DSO would be subject to early scrutiny under the Best Value Review in order to establish value for money in the delivery of the service; and
- (vii) otherwise, to note the terms of the report.

During discussion of the above report, Councillor Darnbrough expressed concern regarding the practice of fly-tipping resulting from works being undertaken by or on behalf of the West of Scotland Water Board in the Shortlees area. In this respect, it was agreed that the Director of Community Services would raise this matter with the Chief Executive of the West of Scotland Water Board at their next scheduled meeting.

REVIEW OF DSOs - STREET CLEANING (PARA 6)

10. There was submitted a report dated 10 July 1998 (circulated) by the Chief Executive providing details of the current status position with regard to the operation of the Street Cleansing DSO.

It was agreed:-

- (i) to note the position in relation to the financial out-turn for the Street Cleansing DSO in 1996/97 and the current position for 1997/98;
- (ii) to note the issues which were currently being addressed in clearly establishing the financial position for the current financial year;
- (iii) to approve the preparation of a Service Level Agreement to harmonise the terms and conditions under which the Street Cleaning Service is currently delivered and to provide a firm financial and operational base for the future delivery of the service for consideration at a future meeting of this Committee in October 1998;
- (iv) to note that a detailed report on the projected financial position of the Street Cleansing DSO for the current financial year would be submitted for consideration by this Committee at its meeting on 20 July 1998; and
- (v) otherwise, to note the terms of the report.

ALLOCATION OF OVERHEAD COSTS (PARA 6)

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

It was agreed:-

- (i) to approve the change in overhead allocation methods proposed in the report and the consequent changes in basic expenditure budgets, service by service, for 1998/99;
- (ii) that the same approach should be taken by the Acting Director of Finance in the closure of Commercial Operations Accounts, service by service, for 1997/98 and that a report on the outcome thereof be submitted to a future meeting of this Committee;
- (iii) to request that the Directors of Support Services, of Personnel Services and of Finance proceed to prepare Service Level Agreements to form the basis of

central service recharges to Commercial Operations to be used in the 1999/2000 budget; and

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

The meeting terminated at 1530 hours.