

**EAST AYRSHIRE COUNCIL****SPECIAL AD HOC COMMERCIAL STRATEGY REVIEW COMMITTEE****MINUTES OF MEETING HELD ON MONDAY 22 JUNE 1998 AT 1330 HOURS IN  
THE MEETING ROOM, COUNCIL HEADQUARTERS, LONDON ROAD,  
KILMARNOCK**

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

**ATTENDING:** David Montgomery, Chief Executive; Fiona Lees, Depute Chief Executive; Stephen Chorley, Director of Development Services; John Hillis, Director of Housing; Iain McLachlan, Director of Personnel Services; Alex McPhee, Senior Depute Director of Finance; Chris McAleavey, Senior Depute Director of Housing; William Taylor, Acting Director of Commercial Operations; Robin Gourlay, Depute Director of Commercial Operations; Kate McVey, Head of Legal Services; Douglas Campbell, Head of Public Relations and Marketing; John Donahoe, Building and Works Manager; Martin O'Rourke, Senior Planning Officer; and Julie Armstrong, Senior Administrative Officer.

**APOLOGY:** Councillor Drew McIntyre.

**CHAIR:** Councillor David Sneller, Chair.

**CHAIRS REMARKS**

1. The Chair welcomed Members to the first meeting and expressed disappointment that the SNP Group had not taken up the offer to be represented on the Committee as the problems to be faced and decisions to be taken by the Committee were joint problems to be shared. He stated that he personally had never had to face as big a responsibility in connection with this matter and then thanked Officers who were under intense pressure for putting together papers for today's meeting.

**TIMETABLE OF MEETINGS**

2. There was submitted a report dated 19 June 1998 (circulated) by the Director of Support Services which provided information on the timetabling arrangements for meetings of the Special Ad Hoc Commercial Strategy Review Committee.

It was agreed:

- (i) to note that the Main Meeting Room had been reserved on the undernoted dates for Committee meetings as required;

Monday 29 June 1998	1400 Hours
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Tuesday 7 July 1998	1400 Hours
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Monday 13 July 1998	1400 Hours
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Monday 20 July 1998	1400 Hours
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Monday 27 July 1998	1400 Hours
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- (ii) to note that additional meetings of the Committee would also be convened as and when required; and

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

### **MANAGEMENT ACTION TO ADDRESS THE COUNCIL'S DEFICIT AND THE CURRENT POSITION**

- 3. There was submitted a report dated 19 June 1998 (circulated) by the Chief Executive which advised the Committee of the management action both taken and proposed to address the Council's deficit and the current position.

It was agreed:

- (i) to note the management action taken to date and endorse the approach set out within the report;
- (ii) that the action referred to be incorporated within the response to be made to the Secretary of State; and
- (iii) otherwise to note the terms of the report.

### **REBUILDING PUBLIC CONFIDENCE**

- 4. There was submitted a report dated 19 June 1998 (circulated) by the Chief Executive to propose initial actions to publicise the circumstances surrounding the Commercial Operations deficit as part of the process of rebuilding public confidence in East Ayrshire Council.

It was agreed:

- (i) to dedicate a future edition of Headlines magazine to summarise the main issues surrounding the Commercial Operations deficit and that this publication would also indicate the times and venues of any public meetings;
- (ii) that the edition of Headline magazine would also reassure the public of the continuance of contracts already awarded and that the Council would continue to provide value for money services;
- (iii) to organise a special round of Community Forums where the Council would report the main elements of its proposals which could be discussed and questions answered;
- (iv) to consider and propose additional measures that could be taken to publicise the circumstances surrounding the Commercial Operations deficit; and
- (v) that a further report be submitted in due course on other measures that the Council should undertake to rebuild public confidence.

### **EXCLUSION OF PRESS AND PUBLIC**

- 5. 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 paragraph 6 of Schedule 7A of the Act.

**ACCOUNTS COMMISSION INTERIM REPORT -  
COMMERCIAL OPERATIONS DEFICIT**

6. There was submitted a report dated 18 June 1998 (circulated) by the Director of Support Services which: (i) advised the Committee of the receipt of the interim report by the Accounts Commission on the deficit within Commercial Operations; (ii) outlined the legal obligations of the Council in relation to the recommendations contained in the report; and (iii) advised of the duty on Members to ensure the Council does not incur financial loss.

Having noted that the figures had yet to be confirmed by the Accounts Commission, it was agreed:

- (i) to instruct the preparation of a short-term and medium-term business plan to minimise the deficit for 1998/99 in accordance with the guidance received from the Accounts Commission;
- (ii) that the Chief Executive (through the Officer Task Group) identify internal and external management resources required to assist the Council with the preparation and implementation of the short-term and long-term action plans;
- (iii) to have regard to the issues identified by the Accounts Commission in formulating the response to the Secretary of State;
- (iv) to note the duty of Elected Members to ensure the Council does not incur financial loss and the role of the Monitoring Officer;
- (v) that a further report by the Chief Executive be submitted to a future meeting on the action taken in respect of Paragraph 3.3; and
- (vi) otherwise to note the terms of the report.

**RESPONSE TO STATUTORY NOTICE BY THE SECRETARY OF STATE - LOCAL  
GOVERNMENT PLANNING AND LAND ACT 1980**

7. There was submitted the following reports in respect of the undernoted issues to be addressed in finalising a response to the Secretary of State.

**7.1 BUILDING AND WORKS DLO**

There was submitted a report dated 19 June 1998 (circulated) by the Chief Executive to (i) outline the relevant issues regarding the financial position of the Building and Works DLO in the financial year 1997/98 and the projected financial position for the current financial year; (ii) set out a number of proposed measures to address the issues identified; (iii) outline the possible future options for the securing of Building Maintenance Services; and (iv) recommend that the Committee approve the proposed actions and that the issues and actions outlined in the report and the Committee's decision thereon be incorporated into the Council's response to the Secretary of State.

It was agreed:

- (i) to note the current financial position within the Building and Works DLO;
- (ii) in light of the current position, that further discussions with the Trades Unions be carried out with a view to gaining agreement on the implementation of the deficit reduction measures outlined in Paragraph 5.3 of the report;

- (iii) to note the further measures being examined to reduce the budget deficit also outline in Paragraph 5.3 of the report;
- (iv) to note that a report would be made to the next meeting of this Committee outlining the measures required to reduce employee costs in order to move the Building and Works Service out of a position of budget deficit;
- (v) to approve the undertaking of a trawl for expressions of interest for voluntary redundancies with an early closing date of Monday 29 June 1998 at 1000 Hours to allow the position to be reported to the next meeting of the Committee;
- (vi) to agree actions outlined in the report and have these actions and the issues identified in the report incorporated into the Council's response to the Statutory Notice from the Secretary of State;
- (vi) that option 1 at Paragraph 7.2 be the preferred option for the Council but initiate discussions with the Secretary of State on Options 2 and 3 and that Option 4 be not pursued; and
- (vii) otherwise to note the terms of the report.

## **7.2 ROADS DLO**

There was submitted a report dated 19 June 1998 (circulated) by the Chief Executive to (i) outline the relevant issues regarding the financial position of the Roads DLO in the financial year 1997/98 and the projected financial position for the current financial year; (ii) set out a number of proposed measures to address the issues identified in meeting the Secretary of State's financial objectives for 1998/99; and (iii) recommend that the Committee approve these proposed actions and that the issues and actions outlined in this report and the Committee's decision thereon be incorporated into the Council's response to the Secretary of State.

It was agreed:

- (i) to note that at the table in Paragraph 3.2 of the report the last two table headings had been transposed;
- (ii) to note the current financial position within the Roads DLO;
- (iii) in light of the current position, to the actions outlined under Paragraphs 3.2 and 3.3 of the report;
- (iv) that information be obtained on the volume of work going out to competitive tendering in terms of the 1980 Work Act; and
- (v) to incorporate the issues and actions outlined in the report into the Council's response to the Statutory Notice from the Secretary of State.

## **7.3 OTHER DSOs**

There was submitted a report dated 19 June 1998 (circulated) by the Chief Executive which advised the Committee of the initial work being undertaken with regard to the position of those services covered by the 1988 Act

It was agreed:

- (i) to note the initial work being undertaken to examine the position with regard to the services covered by the 1988 Act;

- (ii) that details of the initial work and future intended work in respect of the 1988 Act services be intimated to the Secretary of State as part of the Council's response to the Statutory Notice;
- (iii) to note the request made by the Secretary of State that all Scottish Councils provide assurance that any bonus schemes are operating appropriately and that there are the means of both identifying and capping any excesses;
- (iv) to receive at future meetings reports in respect of each of the services which will re-project the budget for the current year, identify the need for cost reduction measures and to recommend accordingly; and
- (v) otherwise to note the terms of the report.

#### **COMMERCIAL OPERATIONS DEPARTMENT - HARMONISATION OF PAYROLL ARRANGEMENTS**

- 8.** There was submitted a report dated 22 June 1998 (circulated) by the Director of Personnel Services on the current position in relation to the attempts to harmonise payroll arrangements within the Commercial Operations Department.

It was agreed to note the position reached to date and that the Director of Personnel Services ensure that payroll harmonisation is given appropriate priority in the current negotiations linked to budgetary issues.

The meeting terminated at 1530 hrs.