

EAST AYRSHIRE COUNCIL**SPECIAL AD HOC COMMERCIAL STRATEGY REVIEW COMMITTEE****MINUTES OF MEETING HELD ON MONDAY 27 JULY 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 Taylor, Acting Director of Commercial Operations; William Stafford, Director of Community Services; Stephen Chorley, Director of Development Services; Alex McPhee, Acting Director of Finance; John Hillis, Director of Housing; Iain McLachlan, Director of Personnel Services; Barbara Haughan, Director of Support Services; Robin Gourlay, Depute Director of Commercial Operations; Kate McVey, Head of Legal Services; Robert McLeary, Head of Property Services; Douglas Campbell, Head of Public Relations and Marketing; John Donohoe, Building and Works Manager; Lorna Service, Senior Accountant; Martin O'Rourke, Senior Planning Officer; and Julie Armstrong, Senior Administrative Officer.

APOLOGIES: Councillors Drew McIntyre and Tommy Farrell.

CHAIR: Councillor Sneller, Chair.

**LOCAL GOVERNMENT PLANNING AND LAND ACT 1980: SECTION 19(B) -
DIRECTION TO EAST AYRSHIRE COUNCIL**

1. There was submitted a report dated 24 July 1998 (circulated) by the Chief Executive which advised the Committee of the Direction under Section 19(B) issued by the Secretary of State on 23 July 1998 to the Council to highlight the implications for the Council and the action the Council now requires to take.

It was agreed:

- (i) that the Chief Executive forward to the Secretary of State details of capital work in progress as contained within Appendix 1 of the report and in accordance with the terms of the Secretary of State's Direction;
- (ii) to approve the measures required to undertake a market testing exercise by September and to instruct the securing of any necessary external support to assist with the exercise and the proposed tendering package;
- (iii) that the Chief Executive produce options for strengthening both the client side and the management of the DLO and ways to ensure effective contract monitoring and financial control and bring forward initial proposals for consideration at the next meeting;
- (iv) that the necessary detail be provided to the Secretary of State in relation to the Roads DLO as newly restructured to demonstrate its efficiency and competitiveness;
- (v) that the Director of Support Services clarify the position regarding the Grange Academy works;
- (vi) that a report be submitted to the next meeting on the updated position in respect of the Building and Works DLO following the results of the ballot including information on the latest budget projection; and

(vii) otherwise to note the contents of the report.

MONITORING AND REVIEW OF PROGRESS: TIMETABLE

2. There was submitted a report dated 24 July 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.

It was agreed:

- (i) to note the amended timetable; and
- (ii) otherwise to note the terms of the report.

CoSLA CONSULTANT PROGRESS REPORT (Item 5, Page 3539)

3. There was submitted a report dated 21 July 1998 (circulated) from Sam Craig, CoSLA Consultant which updated Members on the progress which had been made in carrying out the assignment given to the CoSLA Consultancy.

Following a verbal update on progress by the Acting Director of Finance, it was noted that further reports would be provided to Committee as issues emerged.

BUDGET MONITORING AND REPORTING MECHANISMS INVOLVING ELECTED MEMBERS

4. There was submitted a report dated 23 July 1998 by the Chief Executive together with report dated 21 July 1998 (circulated) from Sam Craig, CoSLA Consultant to submit a Discussion Paper from the CoSLA Consultant on a review of the budget monitoring mechanisms which should be put in place at Member level.

It was agreed:

- (i) in principle to the proposals as detailed within the CoSLA consultant's discussion paper dated 21 July 1998 to provide for Elected Members to participate more effectively in the budget monitoring process;

- C (ii) to recommend to Council that a Member/Officer Budget Monitoring Group be established in line with the proposals as detailed within CoSLA Consultant's discussion papers dated 21 July 1998 and that the Council consider C

- (a) the appointment of seven Elected Members to a Member/Officer Budget Monitoring Group;

- (b) that the Chief Executive and Director of Finance be appointed members of the Member/Officer Budget Monitoring Group and that other Chief Officers be co-opted as and when required;

- (c) that the remit of the Budget Monitoring Group be: to review and monitor on a continuous basis spending levels in relation to the Department and DLO and DSO budgets (including capital and revenue) and to report and make recommendations on their findings to the appropriate Service Committees and the Policy and Resources Committee. The Budget Monitoring Group would have no delegated powers;

- (d) to remit to the Chief Executive in consultation with appropriate Officers the implementation of the proposals as detailed within the CoSLA Consultant's discussion paper and to make the necessary operational

arrangements required for the Budget Monitoring Group in respect of administrative support and determining the frequency of meetings; and

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

REVIEW OF FINANCIAL CONTROLS

5. There was submitted a report dated 24 July 1998 (circulated) by the Acting Director of Finance on a review of budget setting and monitoring systems and financial controls across all Departments of the Council.

It was agreed:

- (i) to note the issues raised by Departmental Directors in relation to financial management;
- (ii) to note that a report from CoSLA consulting on options to clarify responsibilities of Service Directors, Service finance staff and the Director of Finance would be forthcoming;
- (iii) to note that further reports on the provision of financial management support staff would be brought forward in respect of Service Departments in due course;
- (iv) that the Director of Support Services, in consultation with the Director of Finance, provide a further report on the information technology systems in place and the mechanism for using these systems;
- (v) to refer this report to the Policy and Resources Committee for its consideration; and
- (vi) to otherwise 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 paragraph of Schedule 7A of the Act as shown against each item.

NOTE OF MEETING WITH TRADE UNION REPRESENTATIVES HELD ON 20 JULY 1998 REGARDING SPECIAL AD HOC COMMERCIAL STRATEGY REVIEW COMMITTEE (PARA 11)

7. There were submitted and noted Minutes of Meeting held on 20 July 1998 (circulated).

7.1 MATTERS ARISING

7.1.1 Irvine Valley Area Repair Team Premises, Barrmill Road, Galston (Item 4.1.1, Page 3549)

Noted that written confirmation on the information on projected transport savings would be sent to the Trade Unions this week.

7.1.2 Bonus Scheme and Travel to Work Issues

Noted that the information on the breakdown of bonus figures on a trade by trade basis would be issued to the Trade Unions this afternoon.

COMMERCIAL OPERATIONS OUT-TURN 1997/98 (PARA 6)

8. There was submitted a report dated 24 July 1998 (circulated) by the Acting Director of Finance on the current out-turn position for Commercial Operations for 1997/98 and to show comparison of Commercial Operations income with Client Department expenditure.

It was agreed:

- (i) to note that a report would be submitted to a future Committee meeting on the costs of the refurbishment and equipping of Holmquarry House;
- (ii) to note that a report would be submitted to Committee in due course regarding the increased value of payments to other bodies; and
- (iii) otherwise to note the report.

IMPACT OF ADDITIONAL CHARGES 1998/99 (PARA 6)

9. There was submitted a report dated 24 July 1998 (circulated) by the Directors of Housing and of Support Services and Acting Director of Finance on the consequences for budgets for 1998/99 arising from the decision to increase recharges by Commercial Operations in 1997/98 to take account of recharging problems.

It was agreed:

- (i) to note the measures available to address the implications for the Housing Revenue Account and that the Director of Housing bring forward specific proposals in light of discussions and following consultation with the Chair of the Housing Committee;
- (ii) to note the position regarding the General Services Account and that a further report would be submitted when the mid-year review was completed; and
- (iii) otherwise to note the contents of the report.

PRICING OF BUILDING MAINTENANCE CONTRACT (PARA 6)

10. There was submitted a joint report dated 23 July 1998 (circulated) by the Directors of Housing and of Support Services on the investigation which was undertaken to compare the pricing of the current East Ayrshire Council Building Maintenance Measured Term Contract with a range of other Councils and the private sector.

It was agreed:

- (i) to note the actions taken to establish the pricing of the Building Maintenance Contract and the outcome obtained; and
- (ii) otherwise to note the contents of the report.

**INDEXATION OF COMMERCIAL OPERATIONS
CONTRACTS (PARA 6) (Item 7, page 3550)**

11. There was submitted a report dated 24 July 1998 (circulated) by the Acting Director of Finance to consider the method by which Commercial Operations Contracts should be updated from 1 April 1998 onwards.

It was agreed:

- (i) that the proposals outlined in Section 4 of the report be implemented for the current and future financial years;

- (ii) to alert the Secretary of State to the specific effect of these general proposals on the contracts covered by his Statutory Notice and Direction when submitting further business plans; and
- (iii) otherwise to note the terms of the report.

**BUILDING AND WORKS DLO -
VOLUNTARY SEVERANCE - (PARA 1 & 6) (Item 8, Page 3527)**

12. There was submitted a joint report dated 27 July 1998 (circulated) by the Director of Personnel Services and Acting Director of Commercial Operations which updated the Committee on the current position in relation to employees in the Building and Works DLO who had been offered voluntary severance.

It was agreed:

- (i) to note that the figure at paragraph 3.2 should now read "75" and not "72";
- (ii) that the voluntary severance facilities currently available to the Building and Works DLO workforce be continued meantime;
- (iii) to note the position regarding short-term temporary work available to alleviate the situation; and
- (iv) that power be delegated to a Chair's Sub-Committee of this Committee to specify the employees identified as surplus, if necessary, and report back to Committee in due course.

BUILDING AND WORKS DLO - CONDITIONS OF SERVICE BALLOT (PARA 6)

13. There was submitted a joint report dated 27 July 1998 (circulated) by the Director of Personnel Services and Acting Director of Commercial Operations which outlined the issues to be addressed concerning a proposed revision of certain Conditions of Service to craft operatives in the Building and Works DLO.

It was agreed:

- (i) to approve the terms of the documentation attached to the report for immediate discussion with the Trade Unions with the result of the workforce ballot being reported to an early meeting of this Committee;
- (ii) to note that a response was awaited from the Trade Unions as to whether they were carrying out the ballot and that a response had been requested for close of business today;
- (iii) to approve the proposed option 1b in respect of the bonus proposals and that the Acting Director of Commercial Operations and Director of Personnel Services commence negotiations with the Trade Unions to achieve an implementation before 1 September 1998;
- (iv) that these papers be issued as a draft direct to employees today; and
- (v) to note that following minor amendments the figures may change before being issued to the employees.

REVIEW OF DSOs - BUILDING CLEANING (PARA 6)

14. There was submitted a report dated 24 July 1998 (circulated) by the Chief Executive which provided a current status position with regard to the progress being made in determining the issues which needed to be addressed in the Building Cleaning DSO.

It was agreed:

- (i) to note the position in relation to the financial out-turn of the Building Cleaning DSO in 1996/97 and the current position for 1997/98;
- (ii) to note the work which was being undertaken to establish clearly the financial position of the DSO in 1998/99;
- (iii) to note that a detailed report would be brought to the Committee of 3 August 1998 which indicated the options available to ensure that the Building Cleaning DSO met the financial objectives of the Secretary of State and operates on a firm financial and operational base for the future; and
- (iv) otherwise to note the terms of the report.

REVIEW OF DSOs - SPORT AND LEISURE MANAGEMENT (PARA 6)

15. There was submitted a report dated 24 July 1998 (circulated) which provided the Committee with the current updated position in relation to the financial projections for the Sport and Leisure Management DSO in the current financial year and which sought the Committee's approval to initiate a number of measures which were proposed to establish the Sport and Leisure Management DSO on a firm operational and financial base for the future delivery of these services.

It was agreed:

- (i) to note the current financial position for the Leisure Management DSO in 1997/98;
- (ii) to note the inherent flaws identified in the Leisure Management Contract and the resultant impact on the projected income under the Contract for 1998/99;
- (iii) to note the projected financial position for the DSO in 1998/99 before cost reduction measures are effected;
- (iv) to note the projected deficit position for the DSO in 1998/99 after cost reduction measures are effected;
- (v) to an increase of £35,000 in the tender sum under the Leisure Management Contract in the light of (ii) above;
- (vi) to note further that subject to agreement under (iv) and (v) above the cost reduction measures identified and the variation in the tender sum would place the Leisure Management DSO on a firm financial and operational base for the future delivery of services; and
- (vii) otherwise to note the terms of the report.

The meeting terminated at 1625 hrs.