

EAST AYRSHIRE COUNCIL**SPECIAL AD HOC COMMERCIAL STRATEGY REVIEW COMMITTEE****MINUTES OF MEETING HELD ON MONDAY 31 AUGUST 1998 AT 1400 HRS
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; John Hillis, Director of Housing; Iain McLachlan, Director of Personnel Services; Barbara Haughan, Director of Support Services; William Taylor, Acting Director of Commercial Operations; Alex McPhee, Acting Director of Finance; Robin Gourlay, Depute Director of Commercial Operations; Helen Dick, Depute Director of Finance; Tom Wilkie, Head of Contracting and Technical Services; Kate McVey, Head of Legal Services; Robert McLeary, Head of Property; Douglas Campbell, Head of Public Relations and Marketing; John Donohoe, Building and Works Manager; Robert Pollock, Operations Manager, Cleansing and Grounds Maintenance; Robin Baker, Senior Accountant; Martin O'Rourke, Senior Planning Officer; and James Lally, Senior Administrative Officer.

CHAIR: Councillor David Sneller, Chair.

MONITORING AND REVIEW OF PROGRESS: TIMETABLE

1. There was submitted and noted report dated 25 August 1998 (circulated) by the Chief Executive updating the timetable for the submission of reports to future meetings of this Committee and advising of progress being made on a range of issues which had been identified to date in relation to the current situation within the Commercial Operations Department.

ANNUAL ACCOUNTS 1997/98 (Item 8, Page 3507)

2. There was submitted report dated 27 August 1998 (circulated) by the Acting Director of Finance enclosing an Abstract of the Annual Accounts for 1997/98 and seeking approval to forward them to the Controller of Audit.

It was agreed to note the Abstract of the Annual Accounts for 1997/98 which were enclosed as an appendix to the report and that the draft Audited Accounts for 1997/98 be forwarded to the Controller of Audit.

ANNUAL ACCOUNTS 1996/97 (Item 10, Page 3328)

3. The Chair agreed that this report which had been circulated as item 3A should be considered at this point.

There was submitted and noted report dated 27 August 1998 (circulated) by the Acting Director of Finance advising of amendments made to the 1996/97 Audited Accounts following consultation with the External Auditor.

COSLA CONSULTANCY - PROGRESS REPORT (Item 5, Page 3539)

4. There was submitted and noted second progress report dated 27 August 1998 (circulated) by Sam Craig, CoSLA Consultant, providing details of progress being made by the CoSLA Consultancy in carrying out their assignment.

THE OPTIONS FOR PROVIDING MORE CLEARLY DEFINED AND ACCOUNTABLE FINANCIAL SERVICES WITHIN THE AUTHORITY (Item 5, Page 3539)

5. There was submitted report dated 28 August 1998 (circulated) by the Chief Executive submitting for consideration a report from the CoSLA Consultant on the delivery of more accountable and more clearly defined financial services within the Council.

It was agreed:

- (i) to note the proposed new arrangements and clarification of roles for financial management and control within the Council as detailed in the CoSLA Consultant's report;
- (ii) that the proposed new arrangements be recommended to the Policy and Resources Committee for adoption across the Council; and
- (iii) otherwise to note the terms 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 REGARDING SPECIAL AD HOC COMMERCIAL STRATEGY REVIEW COMMITTEE (PARA 11)

7. There were submitted and noted Minutes of Meeting held on 24 August 1998 (circulated).

BUILDING AND WORKS DLO - RESULTS OF BALLOT ON CONDITIONS OF SERVICE (Item 5, Page 3560) (PARA 11)

8. The Committee unanimously resolved under Standing Order 51 to reconsider this matter.

There was submitted report dated 31 August 1998 (circulated) by the Director of Personnel Services advising of the results of the recent ballot of the Building and Works DLO operative workforce concerning Conditions of Service issues.

It was agreed:

- (i) to note the results of the ballots of the Building and Works DLO operative workforce held on 26 August 1998 and 31 August 1998;
- (ii) to note that as a result of the ballot on 31 August 1998, workforce agreement to the Council's Conditions of Service proposals had now been secured;
- (iii) that with effect from 1 September 1998 the Building and Works DLO travel to and from work scheme be discontinued and that the bonus payment

arrangements for Building and Works DLO operations be reconfigured in accordance with the proposals issued to employees at the workforce meeting held on 26 August 1998;

- (iv) that in the light of the above, the decision of this Committee held on 3 August 1998 to retender the Building Maintenance Contract under the restricted accelerated procedure, be set aside and that a Business Plan be developed for submission to the Secretary of State on proposals for the continued operation of the DLO in accordance with the Council's initial response to the Statutory Notice; and
- (v) otherwise to note the terms of the report.

**INTERIM MANAGEMENT ARRANGEMENTS TO STRENGTHEN THE
BUILDING AND WORKS DLO (Item 1, Page 3553) (PARA 6)**

9. There was submitted a report dated 31 August 1998 (circulated) by the Chief Executive advising of progress made to secure appropriate interim external management support for the Building and Works DLO.

It was agreed:

- (i) to note that meetings would take place with companies specialising in the provision of management services with a view to the Council securing early reinforcement for the management of its Building and Works DLO;
- (ii) to note that the outcome of these meetings would be reported to this Committee; and
- (iii) otherwise to note the contents of the report.

**SUPPLEMENTARY REVIEW OF BUILDING AND WORKS SUB-CONTRACTOR
PAYMENTS AND COMMERCIAL OPERATIONS'
NEW CREDITORS (Item 9, Page 3572) (PARA 6)**

10. There was submitted a report dated 27 August 1998 (circulated) by the Acting Director of Finance advising of the outcome of supplementary audit work carried out on Building and Works sub-contractor payments and new creditor references set up within Commercial Operations.

It was agreed:

- (i) to note the audit findings with regard to analysis of sub-contractor work and legitimacy of new creditor accounts;
- (ii) that the Acting Director of Finance remind all Directors of the contents of accounting policy bulletin 12b and Inland Revenue guidance on the processing of sub-contractor payments, with particular regard to procedures in respect of the construction industry tax deduction scheme and requirements in relation to sub-contractors' 714 Certificates;
- (iii) that the Acting Directors of Commercial Operations and of Finance review and refine arrangements for authorisation and processing of sub-contractor payments to include procedures in respect of the construction industry tax deduction scheme and requirements in relation to sub-contractor 714 Certificates;
- (iv) that safety net procedures be developed by the Acting Director of Finance to allow identification of payments coded as sub-contractor payments which had

not been flagged as being covered by the construction industry tax deduction scheme;

- (v) that the Acting Directors of Commercial Operations and of Finance ensure a review is carried out of payments already made to sub-contractors in order to ensure that no tax liability is incurred by the Council in respect of payments under the construction industry tax deduction scheme and report thereon to a future meeting of this Committee; and
- (vi) otherwise to note the contents of the report.

BUILDING AND WORKS INCOME RECOVERY (PARA 6)

11. There was submitted a report dated 27 August 1998 (circulated) by the Acting Director of Commercial Operations informing of the amount of income recovered by Building and Works.

The Acting Director of Commercial Operations reported that the narrative of the report referred to income recovered up to the end of Week 10 but that the Appendix to the report included figures which had been updated to the end of Week 11. It was further reported that the Week 11 figures, which showed additional income recovered from sub-contractors, would reduce the under-recovery of income to £80,729, subject to confirmation of agreed recharges by client departments.

It was agreed to note the current position with regard to the amount of income recovered by Building and Works and that this item be a standing Agenda item for future meetings of this Committee.

REVIEW OF DSOs - CATERING DSO AND BUILDING CLEANING DSO (PARA 6)

12. There was submitted a report dated 28 August 1998 (circulated) by the Chief Executive (i) proposing the establishment of a Site Services Business Unit incorporating the majority of the functions currently undertaken by the Catering DSO and the Building Cleaning DSO; (ii) providing financial projections across all of the Building Cleaning and Catering Contracts under the proposed new management arrangements; and (iii) advising of the need to demonstrate value for money in the delivery of the catering and cleaning services provided by the Council.

Having noted that Appendix 1 of the report showed how the proposed new management arrangements would impact on financial projections over a full financial year it was agreed:

- (i) to approve the establishment of a Site Services Business Unit incorporating the majority of the functions currently undertaken by the Catering DSO and the Cleaning DSO;
- (ii) to note that detailed proposals on the structure of the Site Services Business Unit would be brought to a future meeting of this Committee following consideration of proposals for the restructuring of the Commercial Operations Department;
- (iii) that discussions be entered into with appropriate Trade Unions on this proposal;
- (iv) that the Chief Executive prepare a further report for the consideration of this Committee showing the impact of the proposed new management

arrangements on financial projections for the current financial year for each of the contracts operating under the proposed Site Services Business Unit;

- (v) to extend the brief of the consultants currently engaged by the Council to undertake a market testing and benchmarking exercise for the Kilmarnock and Loudoun Statutory Cleaning Contract;
- (vi) to transfer the Social Work domestic cleaning services out of the Commercial Operations Department into the Social Work Department and that discussions be entered into with the relevant Trade Unions on this proposal;
- (vii) to note that variances which exist in the level of resources available and the cost of the services provided to the Social Work, Education and Community Services Departments would produce a significant funding shortfall which would be considered in the mid-year review of the Council's budget;
- (viii) to note that a Service Level Agreement would be prepared and agreed between the client and the contractor for catering services provided in the Lugar and London Road canteens;
- (ix) that it was intended to bring forward a review of the Council's catering services under the Best Value Regime; and
- (x) otherwise to note the terms of the report.

CLEANSING - VEHICLE REPLACEMENT (Item 8, Page 3368) (PARA 9)

13. There was submitted report dated 25 August 1998 (circulated) by the Acting Director of Commercial Operations requesting approval of acceptance of tenders for the provision of a refuse collection vehicle.

It was agreed:

- (i) to approve acceptance of the tender from Dennis Eagle being the lowest bid which fully met the award criteria at a capital cost of £122,488; and
- (ii) to instruct the Acting Director of Finance to secure an appropriate operating lease over a seven year term in respect of this vehicle acquisition.

STANDBY CO-ORDINATORS ALLOWANCE (PARA 1)

14. There was submitted a report dated 27 August 1998 (circulated) by the Acting Director of Commercial Operations requesting agreement of an increase in the Standby Co-ordinators allowance.

It was agreed to continue consideration of this item and that it be remitted to the Acting Director of Commercial Operations to prepare a more comprehensive report to include background information in relation to the proposed costs of providing the service; the job description of Standby Co-ordinators; and details of the technical input required by Standby Co-ordinators for consideration at the next meeting of the Committee.

The meeting terminated at 1510 hrs.