

Committee Minutes

Resource Management and Audit Scrutiny Panel

Edinburgh, 22 April 2004

Present:- Councillors Jackson (Convener), Aldridge, Dixon (substitute for Councillor Gilchrist), Fitzpatrick (substitute for Councillor Maginnis), Milligan, Munro, O'Donnell, Scobbie and Wheeler.

Also Present: Councillors Gilmore and Whyte

1 Apologies

Apologies for absence were received from Councillors Gilchrist, Maginnis and Russell (Executive Member for Human and Corporate Resources).

2 Minute

Decision

The minute of the Resource Management and Audit Scrutiny Panel of 11 March 2004 was approved as a correct record.

3 Matter Arising from Minute of 11 March 2004

3.1 Edinburgh Community Newspaper Trust (ECNT) – Funding Report (Item 7)

Decision

To note that the Executive of the Council on 23 March 2004 had agreed to ask the Director of Corporate Services to report to the Executive and the Resource Management and Audit Scrutiny Panel, within a period of six months, on a comprehensive review of ECNT in light of changing funding arrangements.

(Reference – Executive of the Council 23 March 2004 (item 5)).

4 Called-in Decision – Edinburgh Building Services – Progress Report

The decision of the Executive of the Council on progress made in key areas relating to the future strategic direction of EBS (Edinburgh Building Services) had been called into this Scrutiny Panel.

Councillor Whyte (lead signatory to the call-in) explained that he had called this item in to review the cost implications for the Housing Revenue Account. In particular he sought information on the decision by the Executive to approve an increase of 15% in the rates payable to EBS under the Housing repairs contract for 2003/04 and future years. He felt the current report did not explain how the additional costs associated with the 15% increase would be met in the financial year 2003/2004. He also sought information on the level of benchmarking undertaken in addition to the comparisons which had been drawn with a similar contract let by Sheffield City Council in April 2003 to an external company.

Mark Turley (Director of Housing) emphasised that W S Atkins, the Council's Framework Consultant had concluded that the EBS prices had become undervalued by up to approximately 34 per cent and the prices paid to EBS needed to be increased to reflect the significant changes that had occurred within the construction industry market within Edinburgh compared to the rest of Scotland. This course of action was recommended by the consultant. The comparison drawn with the contract let by Sheffield City Council was included as an example and was not the overriding factor in this issue.

Thereafter the Director of Housing and Douglas Esslemont (Head of Building Design Services) summarised the main elements of the current report and drew the Scrutiny Panel's attention to the following:

- In order to address concerns about the existing pay system within EBS, an interim arrangement whereby employees received an additional payment of £23 per week subject to work undertaken meeting the agreed standards had been successfully introduced. Discussions were ongoing with the trades unions aimed at reaching a satisfactory permanent agreement.
- In order to place the current discussions with the trade unions in context, it should be noted that there was currently 23 separate bonus schemes in use within EBS. There was an urgent need to address the complexity of the current bonus schemes with a view to introducing a more equitable and simpler system.
- As the negotiations between EBS and the trades unions were essentially a sub-set of wider negotiations between the Council and the trade unions it had been agreed that the EBS negotiations be treated as a pilot project.
- Difficulties arose in accurately budgeting as the EBS budget was demand lead. It was important to strike an appropriate balance between meeting tenants' expectations and successfully managing the services' budget.

Resource Management and Audit Scrutiny Panel
22 April 2004

- The precise source of the additional costs associated with an increase of 15% in the rates payable to EBS during the financial year 2003/04 under the Housing repairs contract would be reported to the Executive of the Council in June 2004 when all accounts in respect of the financial year 2003/04 were closed.
- In order to minimise the affect of a 15% increase on the repairs budget it was proposed to increase the repairs budget by at least £1m, as outlined in the 2004/05 HRA revenue budget recently approved by Council. In addition, the actions taken to date, and planned over the next 12 months will provide efficiency savings.
- IT problems have beset EBS over the last year. To resolve this an IT Support and Development Team had been established.
- It had been extremely difficult to accurately control expenditure last year due to serious IT problems. To enable more effective controls to be in place over EBS' finances, cost centre management had been introduced which will ensure much more effective monthly budgetary controls.
- The service was gradually improving however it was important to obtain reliable customer feedback before the extent of improvement could be accurately confirmed. However, as an indication of improvements the service was close to meeting the target of 80% of telephone calls being answered within an agreed time.
- A new unit had been created to oversee all aspects of communications, complaints and customer service. Surprisingly, the level of complaints had not reduced as anticipated. However, the Department of Housing were not receiving the extremely high level of serious complaints from elected members which had been the case last summer.
- On the whole there were reasonable grounds to suggest that EBS were now moving in the right direction. However until all appropriate monitoring systems were in place it was difficult to accurately measure the extent of recovery.

Councillor Gilmore (Executive Member for Community Safety and Housing) stressed that the Council were fully aware of the condition of the current housing stock in the city. Problems sometimes occurred with the management of tenants' expectations and also difficulties occurred from time to time in encouraging home owners to agree to necessary repair works being carried out. However, experience had shown that a patient approach often resulted in an amicable solution being reached.

Decision

- 1) To let the following decision of the Executive of the Council of 23 March 2004 be implemented:

Resource Management and Audit Scrutiny Panel
22 April 2004

- a) To note the action taken to date and endorse the Action Plan for EBS.
 - b) To approve an increase of 15% in the rates payable to EBS under the Housing Repairs Contract for 2003/04 and future years.
 - c) To note that a best value regime for EBS was currently under development and this included regular price benchmarking as described in the report by the Director of Housing.
 - d) To agree that a further report showing the progress made by EBS for the first six months of 2004/05 be brought to an autumn meeting of the Executive.
- 2) To note that the Director of Housing would submit future progress and monitoring reports on Edinburgh Building Services to the Executive of Council and the Resource Management and Audit Scrutiny Panel.

(References – Resource Management and Audit Scrutiny Panel 14 August 2003 (item 3); 11 September 2003 (item 2); Executive of the Council 23 March 2004 (item 13); report no E/542/03-04/H by the Director of Housing, submitted).

5 Management Information Report: April-September 2003

The Executive of the Council on 9 March 2004 noted a report by the Director of Corporate Services on internal measures of the Council's performance between April and September 2003 and referred the report to the Resource Management and Audit Scrutiny Panel for consideration.

The Scrutiny Panel considered the report by the Director of Corporate Services and heard from Mark Turley (Director of Housing) and David Jack (Head of Strategic Support Services, Corporate Services Department).

David Jack indicated that the Director's report followed a six-monthly pattern of reporting approved by the Council in June 2002. He stressed that the current management information differed from the statutory performance indicators which would be produced in September.

David Jack specifically drew the Panel's attention to the main findings from the corporate data which related to sickness levels across the Council, levels of staff turnover, percentage of women employees, percentage of staff belonging to an ethnic minority, levels of car mileage and percentage of invoices paid within 30 days.

In terms of the housing indicators, Mark Turley reminded the Panel that the period covered by the current report was during the height of the IT systems migration. Accordingly, the information submitted should be viewed in that context. In short the information in the current report was not satisfactory however neither was it particularly reliable.

In relation to the percentage of householder planning applications dealt with in three months and the percentage of major planning applications dealt with in four months, Ian Stirton (Chief Internal Auditor) indicated that, as part of the 2004/2005 budgetary process, additional resources had been allocated to the Department of City Development in order to recruit additional planning officers.

In relation to the percentage of invoices paid within 30 days, Ian Stirton indicated that, due to schools being unstaffed during school holidays, the Education Department had traditionally taken slightly longer to pay invoices.

Decision

To note the decision of the Executive of the Council of 9 March 2004 and the report by the Director of Corporate Services.

(Reference – Executive of the Council 9 March 2004 (item 23) and report no E/533/03-04/CS by the Director of Corporate Services, submitted).

6 Former DSO/DLO Business Plans: 2004-2007

The Council had previously approved the Scrutiny Panel's Work Programme which indicated that review reports on DSO/DLO performance, including performance targets and financial issues would, in addition to being submitted to the Executive of the Council, be submitted to the Resource Management and Audit Scrutiny Panel.

The Executive of the Council on 9 March 2004 had considered the Council's former DSO/DLO Business Plans covering the period 2004-2007. The Executive had approved the Business Plans and referred them to the Resource Management and Audit Scrutiny Panel as part of its work programme.

The Panel discussed the content of the Business Plans and heard from Steve Renwick (Consultant, Performance and Development Unit). Mr Renwick confirmed that Business Plans for Trade Waste and BlindCraft would be submitted with the former DSO/DLO Business Plans for the period 2005-2008.

Decision

To note the decision of the Executive of the Council of 9 March 2004 and the report by the Director of Corporate Services.

(Reference – Executive of the Council 9 March 2004 (item 22) and report no E/523/03-04/CS by the Director of Corporate Services, submitted).