

# FINANCE AND CORPORATE RESOURCES COMMITTEE

Minutes of meeting held via Microsoft Teams on 20 January 2021

**Chair:**

Councillor Gladys Miller

**Councillors Present:**

Councillor Alex Allison, Councillor John Anderson, Councillor Graeme Campbell, Councillor Peter Craig, Councillor Maureen Devlin, Councillor Isobel Dorman, Councillor Joe Fagan, Councillor Grant Ferguson, Councillor Eric Holford, Councillor Graeme Horne (Depute), Councillor Eileen Logan, Councillor Joe Lowe, Councillor Hugh Macdonald, Councillor Monique McAdams, Councillor Catherine McClymont, Councillor Mark McGeever, Councillor Jim McGuigan, Councillor Mo Razzaq, Councillor Collette Stevenson (Depute), Councillor Jared Wark

**Councillors' Apologies:**

Councillor Walter Brogan, Councillor Geri Gray, Councillor Ian Harrow, Councillor John Ross (ex officio), Councillor Jim Wardhaugh

**Attending:**

**Finance and Corporate Resources**

P Manning, Executive Director; C Fergusson, Head of Finance (Transactions); T Little, Head of Communications and Strategy; C Lyon, Administration Officer; K McVeigh, Head of Personnel Services; J Taylor, Head of Finance (Strategy); B Teaz, Head of Information Technology

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## 1 Declaration of Interests

No interests were declared.

*Councillor Razzaq entered the meeting during this item of business*

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## 2 Minutes of Previous Meeting

The minutes of the meeting of the Finance and Corporate Resources Committee held on 28 October 2020 were submitted for approval as a correct record.

**The Committee decided:** that the minutes be approved as a correct record.

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## 3 Minutes of Appeals Panel

The minutes of the meetings of the Appeals Panel held on 27 October, 25 November and 17 December 2020 were submitted for approval as a correct record.

**The Committee decided:** that the minutes be approved as a correct record.

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## 4 Revenue Budget Monitoring 2020/2021 – Finance and Corporate Resources

A report dated 27 November 2020 by the Executive Director (Finance and Corporate Resources) was submitted comparing actual expenditure for the period 1 April to 6 November 2020 against budgeted expenditure for 2020/2021 for Finance and Corporate Resources.

As at 6 November 2020, there was an overspend of £1.159 million against the phased budget, which consisted of £0.880 million due to COVID-19 costs incurred by the Resource and £0.279 million in the loss of income due to COVID-19.

Costs associated with COVID-19 were detailed in Appendix I to the report and related to COVID-19 Business Support Grants from the Scottish Government.

The forecast to 31 March 2021, excluding COVID-19 costs and loss of income, was a breakeven position.

Appendices to the report provided details on proposed budget virements across the Resource to realign budgets.

**The Committee decided:**

- (1) that the overspend of £1.159 million, as detailed in Appendix A to the report, be noted;
- (2) that the forecast to 31 March 2021 of a breakeven position, excluding COVID-19 costs and loss of income, be noted; and
- (3) that the budget virements, as detailed in the appendices to the report, be approved.

*[Reference: Minutes of 28 October 2020 (Paragraph 4)]*

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## **5 Capital Budget Monitoring 2020/2021 – Finance and Corporate Resources**

A report dated 21 December 2020 by the Executive Director (Finance and Corporate Resources) was submitted advising of progress on Finance and Corporate Resources' capital programme for 2020/2021 and summarising the expenditure position at 6 November 2020.

The budget reflected the revised programme for the year, agreed by the Executive Committee on 23 September 2020, along with further adjustments presented to the Executive Committee on 16 December 2020. The revised budget was £3.644 million, which was a reduction of £1.105 million. Spend to 6 November 2020 totalled £0.871 million.

**The Committee decided:** that the Finance and Corporate Resources' capital programme of £3.644 million, and expenditure to date of £0.187 million, be noted.

*[Reference: Minutes of 28 October 2020 (Paragraph 5) and Minutes of the Executive Committee of 16 December 2020 (Paragraph 3)]*

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## **6 Finance and Corporate Resources – Workforce Monitoring – September and October 2020**

A report dated 8 December 2020 by the Executive Director (Finance and Corporate Resources) was submitted on the following employee information for Finance and Corporate Resources for the period September and October 2020:-

- ◆ attendance statistics
- ◆ occupational health statistics
- ◆ accident/incident statistics
- ◆ disciplinary hearings, grievances and Dignity at Work cases
- ◆ analysis of leavers and exit interviews
- ◆ Staffing Watch as at 14 September 2020

**The Committee decided:** that the report be noted.

*[Reference: Minutes of 28 October 2020 (Paragraph 6)]*

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## **7 Council-wide Workforce Monitoring – September and October 2020**

A report dated 8 December 2020 by the Executive Director (Finance and Corporate Resources) was submitted on the following Council-wide employee information for the period September and October 2020:-

- ♦ attendance statistics
- ♦ occupational health statistics
- ♦ accident/incident statistics
- ♦ disciplinary hearings, grievances and Dignity at Work cases
- ♦ analysis of leavers and exit interviews
- ♦ recruitment monitoring
- ♦ Staffing Watch as at 14 September 2020

**The Committee decided:** that the report be noted.

*[Reference: Minutes of 28 October 2020 (Paragraph 7)]*

*Councillor Allison entered the meeting during this item of business*

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## **8 Treasury Management Activity – Second Quarter Review**

A report dated 9 December 2020 by the Executive Director (Finance and Corporate Resources) was submitted on the second quarter review of Treasury Management activity for 2020/2021.

Details were given on:-

- |  |                                  |
|--|----------------------------------|
| ♦ market performance                     | ♦ next quarter investment plans  |
| ♦ debt management and borrowing strategy | ♦ treasury management indicators |
| ♦ investment activity                    | ♦ loans fund review              |
| ♦ management of risk                     |                                  |

**The Committee decided:** that the report be noted.

*[Reference: Minutes of 19 August 2020 (Paragraph 10)]*

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## **9 Revenue Collection and Approval for Write-offs**

A report dated 21 December 2020 by the Executive Director (Finance and Corporate Resources) was submitted on:-

- ♦ collection performance for the financial year 2020/2021 to 30 November 2020 on revenue income which comprised Council Tax, non-domestic rates, sundry debts and arrears
- ♦ performance in the Business Rates Incentivisation Scheme (BRIS)
- ♦ the write-off of irrecoverable Council Tax, Hamilton, Carlisle and Lanark Town Centre Business Improvement District (BID) levies, sundry debt and Housing Rent and associated charges

Collection across all income streams had been significantly impacted upon by the temporary cessation of recovery action for the first 4 months of 2020/2021 due to the COVID-19 pandemic. No statutory recovery and sheriff officer activity had taken place between April and July 2020 in respect of Council Tax for both the current year and arrears. The health crisis had also seen financial support provided, via Council Tax Reduction, increase by almost 11% for this financial year.

Statutory recovery in the form of reminders and recovery action for all income streams had recommenced at the end of July 2020.

In light of the impact of the health crisis, collection targets for 2020/2021 had been reviewed. Those targets were consistent with those in the Resource Plan for 2020/2021 and were detailed in the report.

Given the impact of COVID-19, the provisional annual buoyancy target for the Council in 2020/2021 had still to be confirmed by the Scottish Government (the final target in 2019/2020 was 1.0%). The Scottish Government currently had no timescales for when the provisional target would be confirmed.

Performance against the BRIS target was closely monitored and reported to this Committee on a quarterly basis. Buoyancy for the second quarter, to the end of September 2020 had seen a reduction of 0.16%.

Should the buoyancy target remain the same as in 2019/2020, the tax base must achieve growth of 1.16% during the remaining 2 quarters of the financial year to secure additional income under the scheme.

It was proposed that the following debts be written off:-

- ◆ irrecoverable Council Tax accounts from 1993/1994 to 2020/2021 to the value of £147,226.35, relating primarily to prescribed debt, sequestrations and estates of the deceased
- ◆ non-domestic rates from 2018/2019 to 2020/2021 totalling £941,195.90 relating to debtors who were in liquidation, had ceased trading or had been sequestrated
- ◆ Business Improvement District (BID) levies totalling £2,542.96
- ◆ sundry debts to a value of £166,760.26.
- ◆ former tenant rent arrears totalling £200,297.49, factoring arrears totalling £10,478.51 and Housing Benefit overpayments totalling £45,263.00

**The Committee decided:**

- (1) that the Council's performance in the collection of revenues be noted;
- (2) that the Council's performance against the Business Rates Incentivisation Scheme target be noted, and
- (3) that the write-off of the following irrecoverable debts be approved:-
  - ◆ Council Tax debt from 1993/1994 to 2020/2021 to the value of £147,226.35
  - ◆ non-domestic rates from 2018/2019 to 2020/2021 totalling £941,195.90
  - ◆ Hamilton, Carluke and Lanark Business Improvement District levies totalling £2,524.96
  - ◆ sundry debts to a value of £166,760.26
  - ◆ house rent and associated charges totalling £265,039.00

*[Reference: Minutes of 28 October 2020 (Paragraph 8)]*

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## **10 Finance and Corporate Resource Plan - Quarter 2 Progress Report 2020/2021**

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A report dated 10 December 2020 by the Executive Director (Finance and Corporate Resources) was submitted on the Finance and Corporate Resource Plan for 2020/2021. Details were provided on progress made at the end of quarter 2, covering the period 1 April 2020 to September 2020, in implementing the priority projects identified in the Resource Plan.

**The Committee decided:** that the report be noted.

*[Reference: Minutes of the Executive Committee of 23 September 2020 (Paragraph 8)]*

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## **11 Early Retirement, Voluntary Severance and Switch 2**

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A report dated 19 November 2020 by the Executive Director (Finance and Corporate Resources) was submitted on early retirements, voluntary severances, re-employment of early retirees and the Switch 2 programme for the period 1 April to 30 September 2020.

**The Committee decided:** that the report be noted.

*[Reference: Minutes of 8 May 2019 (Paragraph 11)]*

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## **12 Common Good Update**

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A report dated 15 December 2020 by the Executive Director (Finance and Corporate Resources) was submitted on:-

- ◆ the cyclical spend committed against the Common Good repairs and maintenance budgets for both Lanark and Hamilton
- ◆ projects committed from the Common Good budgets for both Lanark and Hamilton
- ◆ public consultations relating to Common Good properties

The Common Good funds held within South Lanarkshire Council were Lanark, Biggar, Hamilton and Rutherglen. The unaudited accounts for 2019/2020 were presented to this Committee on 19 August 2020 and had since been approved by Audit Scotland.

The Common Good accounts in Lanark and Hamilton held a number of properties and a proactive approach to maintenance supported the viability of those assets and reduced the Council's risk to greater liability in the future. On 2 October 2013, this Committee had approved an annual cyclical maintenance plan of £15,000 for both Lanark and Hamilton Common Good properties.

Details of current expenditure and commitments in relation to the Lanark and Hamilton Common Good repairs and maintenance budgets for 2020/2021, together with projects committed outwith the repairs and maintenance budgets for Lanark and Hamilton Common Good funds were provided in the report. An update was also provided on ongoing projects previously reported to this Committee.

Section 102 of the Community Empowerment (Scotland) Act 2015 required each local authority to establish and maintain a register of property which was held by the authority as part of the Common Good.

South Lanarkshire Council had established a Common Good Asset Register and, in line with the Community Empowerment (Scotland) Act 2015, had consulted with elected members and community groups on the Register. The consultation had closed on 31 March 2020 and the outcome had resulted in:

- ◆ continued dialogue with community representatives within Biggar regarding the Common Good Register, including research of titles
- ◆ a request from Lanark Community Development Trust for continued dialogue in relation to the role of Lanark Common Good Assets in the development of proposals for the town

Going forward, where there were proposed changes to ownership or use for assets held with the Common Good Registers, consultation on those changes would be undertaken with the community in accordance with Section 104 of the Community Empowerment (Scotland) Act 2015.

Information was provided on 2 ongoing consultations on the proposed change of use of properties at 43 High Street, Lanark and 11 Keith Street, Hamilton.

**The Committee decided:**

- (1) that the cyclical spend committed against the Common Good repairs and maintenance budgets for Lanark and Hamilton be noted;
- (2) that the projects committed from the Lanark and Hamilton Common Good funds be noted; and
- (3) that details of consultations relating to Common Good properties be noted.

*[Reference: Minutes of 19 August 2020 (Paragraph 15)]*

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### **13 Procurement Strategy Action Plan Update 2020/2021**

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A report dated 14 December 2020 by the Executive Director (Finance and Corporate Resources) was submitted on the first bi-annual review of progress against the Procurement Strategy Plan Action Plan 2020/2021 for the period April to September 2020.

On 13 May 2020, the Executive Committee approved the Procurement Strategy 2020 to 2023 which included 7 strategic objectives, that linked to key outcomes for the Procurement Service. An update on each of those objectives and evidence of progress in working towards those outcomes was detailed in Appendix 1 to the report.

The Procurement Strategy Action Plan included specific projects for 2020/2021 in support of those strategic objectives which included 14 actions. Progress made to the end of September 2020 was detailed in Appendix 2 to the report.

Responding to COVID-19 priorities had impacted on the allocation of resources to the Procurement Service's strategic objectives.

The Procurement Service would continue to focus on COVID-19 priorities and the implications of the EU exit until March 2021 and, consequently, it was anticipated that a number of strategic actions would be carried into 2021/2022.

**The Committee decided:** that the report be noted.

*[Reference: Note of Delegated Decisions taken by the Chief Executive - Executive Committee Agenda of 13 May 2020 (Paragraph 6)]*

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## **14 Update of the Finance and Corporate Resources' Risk Register and Risk Control Plan**

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A report dated 15 December 2020 by the Executive Director (Finance and Corporate Resources) was submitted on the Risk Register and Risk Control actions for Finance and Corporate Resources.

The Resource had followed Council guidance in developing, monitoring and updating its Risk Control Register on an ongoing basis. The Register had been developed to ensure that the Resource was fully aware of the main risks that it had, was able to prioritise those risks and had controls in place to eliminate or minimise the impact of risk.

The risks were scored in accordance with the Council's revised 5x5 scoring matrix, which had been changed from a 3x3 matrix, following a review of the Council's Risk Management Strategy. The revised scoring matrix and definitions for likelihood and impact were outlined in Appendix 1 to the report. This had resulted in risks being scored between 1 to 25 (low to very high). Risks were scored on their inherent risk (risk if nothing was done) and their residual risk (risk after applying controls).

The Risk Register had been developed and was monitored on an ongoing basis to add any new risks and to review the scores of existing risks. The main changes to the Finance and Corporate Resources' register were:-

- ◆ a new, very high risk level had been added to the risk register in respect of 'The COVID-19 pandemic'
- ◆ a new, high level risk in respect of potential liabilities which arose from claims for historic abuse noted following details of the Scottish Government's financial redress scheme having been published
- ◆ a new, high level of risk added in respect of the IT led project to upgrade the telephone network from analogue to digital. This also affected the community alarm systems
- ◆ all risks had been rescored in line with the 5x5 risk scoring matrix, following a review of the Council's Risk Management Strategy at the start of the year. The revised 5x5 scoring matrix and definitions for likelihood and impact was shown at Appendix 1 of the report

Risks scored 15 to 25 were considered very high and risks scored 8 to 12 were considered high risks. The top risks identified for the Resource were detailed in Appendix 2 to the report.

There were no risk control actions due for delivery between April and October 2020.

16 actions were due for completion during 2019/2020 and had been completed.

There were currently 13 risk actions due for completion during the remainder of 2020/2021, with a further 5 actions due to be completed in future years. Details of those actions were noted at Appendix 3 to the report. Outstanding actions to mitigate the risks would be progressed by relevant officers.

Within Finance and Corporate Resources, 4 partnerships had been identified, of which the Community Planning Partnership (CPP) had been assessed as high risk and the remaining 3 partnerships had been assessed as low risk.

Appropriate risk management arrangements were in place for the CPP with regular reports on their risk register and action plan presented to the CCP Board.

As part of the work that was currently being undertaken in connection with the ongoing Insurance Fraud Review, the Council's insurers had been approached and asked to carry out an analysis of claims experience for the last 5 years for Public Liability, Employers' Liability, motor and property claims, with a view to identifying areas where a number of similar types of claim or high value claims were originating, through claims leakage reports.

The first stage of the analysis had been completed and insurers had now been asked to provide their opinion on mitigating measures that could be implemented by the Council to prevent future reoccurrence of the identified insurance hotspot areas. The outcome of this hotspots review would be reported as part of the Insurance Fund Review recommendations.

**The Committee decided:**

- (1) that the contents of the Finance and Corporate Resources' Risk Register be noted; and
- (2) that it be noted that the outstanding risk control actions would be progressed by relevant officers.

*[Reference: Minutes of 11 December 2019 (Paragraph 16)]*

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## **15 Call for Views – Procurement Reform (Scotland) Act 2014 – Post Legislative Scrutiny**

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A report dated 29 December 2020 by the Executive Director (Finance and Corporate Resources) was submitted on the Scottish Parliament's Economy, Energy and Fair Work Committee's call for views on the Procurement Reform (Scotland) Act 2014.

The Procurement Reform (Scotland) Act 2014 ("the 2014 Act") placed a number of responsibilities on public bodies to consider how procurement activity could be used to improve the economic, social and environmental wellbeing of their area and how they would facilitate the involvement of SMEs, third sector and supported businesses and promote innovation.

The Economy, Energy and Fair Work Committee had agreed to carry out post-legislative scrutiny of the 2014 Act and had requested written evidence on how the Act had impacted procurement in Scotland since it came into force in April 2016.

The Economy, Energy and Fair Work Committee issued a call for views on the Bill on 7 December 2020 with a response deadline of 22 January 2021.

Details of the Council's response to the call for views were attached as Appendix 1 to the report.

**The Committee decided:** that the Council's response to the call for views on the Procurement Reform (Scotland) Act 2014 be noted.

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## **16 Urgent Business**

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There were no items of urgent business.