

**FINANCE AND INFORMATION TECHNOLOGY RESOURCES COMMITTEE**

Minutes of meeting held in Committee Room 1, Council Offices, Almada Street, Hamilton on 16 March 2010

**Chair:**

Councillor Eileen Logan

**Councillors Present:**

Walter Brogan, Graeme Campbell, Gordon Clark, Pam Clearie, Russell Clearie, Peter Craig, Lynn Filshie, Jim Handibode, Graeme Horne, Bobby Lawson, Anne Maggs, Archie Manson, Lesley McDonald, Jean McKeown, Mary McNeill, Henry Mitchell, George Sutherland

**Councillors' Apologies:**

David Baillie, James Malloy (Depute), Edward McAvoy, Michael McCann, Danny Meikle, Graham Simpson

**Attending:****Corporate Resources**

D Lang, Personnel Officer; P MacRae, Administration Officer; A Norris, Administration Assistant

**Finance and Information Technology Resources**

J Allan, Risk and Audit Manager; K Brown, Head of Information Technology Services; S Dunsmore, Finance Adviser (Risk Management); P Manning, Head of Finance Services; J Taylor, Corporate Finance Manager

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**1 Declaration of Interests**

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No interests were declared.

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**2 Minutes of Special Meeting**

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The minutes of the special meeting of the Finance and Information Technology Resources Committee held on 11 February 2010 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 Previous Meeting**

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The minutes of the meeting of the Finance and Information Technology Resources Committee held on 19 January 2010 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 2009/2010 - Finance and Information Technology Resources**

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A report dated 2 February 2010 by the Executive Director (Finance and Information Technology Resources) was submitted comparing actual expenditure at 22 January 2010 against budgeted expenditure for 2009/2010 under the following headings:-

- ◆ Finance Services
- ◆ Information Technology Services
- ◆ Procurement Services

**The Committee decided:** that the underspend on Finance and Information Technology Resources' revenue budget of £0.054 million (0.4%), as detailed in Appendix A to the report, and the forecast to 31 March 2010 of a breakeven position be noted.

*[Reference: Minutes of 19 January 2010 (Paragraph 3)]*

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## **5 Capital Budget Monitoring 2009/2010 - Finance and Information Technology Resources**

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A report dated 2 February 2010 by the Executive Director (Finance and Information Technology Resources) was submitted advising on progress of the capital programme 2009/2010 and summarising the expenditure position at 22 January 2010 for the following budget headings:-

- ◆ Finance Services
- ◆ Information Technology Services

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

*[Reference: Minutes of 19 January 2010 (Paragraph 4)]*

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## **6 Finance and Information Technology Resources - Workforce Monitoring - December 2009 and January 2010**

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A joint report dated 12 February 2010 by the Executive Directors (Corporate Resources) and (Finance and Information Technology Resources) was submitted on the following employee information for Finance and Information Technology Resources for the period December 2009 and January 2010:-

- ◆ attendance statistics
- ◆ occupational health statistics
- ◆ accident/incident statistics
- ◆ disciplinary hearings, grievances and Dignity at Work cases
- ◆ analysis of leavers
- ◆ Joint Staffing Watch as at 12 December 2009

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

*[Reference: Minutes of 19 January 2010 (Paragraph 5)]*

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## **7 Proposal to Move to 4 Weekly Pay**

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A report dated 17 February 2010 by the Executive Director (Finance and Information Technology Resources) was submitted on a proposal to commence work to establish a process for the implementation of a 4 weekly payroll.

During the 2010/2011 budget exercise, the need for efficiencies required Resources to consider areas where savings could be made through the removal of non core activities. A move to 4 weekly pay for all Council employees would generate efficiencies through a reduction in the number of payruns and the processing of additional payments on a less frequent basis. By reducing the number of payruns, the employees required to enter data and perform the checks and processes involved in running the payroll would be reduced. Any subsequent reduction in posts, as a result of this proposal, would be coordinated through redeployment procedures.

It was anticipated that savings of £150,000 would be made through changing to a 4 weekly payroll frequency.

It was proposed that work commence on establishing a process to change pay frequencies. This would include working with the trades unions to establish how the transition could be implemented most effectively.

**The Committee decided:**

- (1) that work commence to develop a process to pay Council employees on a 4 weekly basis, in consultation with the trades unions; and
- (2) that a detailed transition plan be submitted to this Committee on 1 June 2010.

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## **8 Insurance and Claims Handling Contracts Renewal 2010/2011**

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A report dated 17 February 2010 by the Executive Director (Finance and Information Technology Resources) was submitted on the Council's main insurance contracts for 2010/2011 for:-

- ◆ combined liability/motor and claims handling
- ◆ property, terrorism and associated policies
- ◆ fidelity guarantee
- ◆ travel (education excursions/business travel)
- ◆ engineering insurance and inspections

The Council's main insurance policies had been placed with AIG, now known as Chartis Insurance UK Limited. Details were given on the renewal terms for the above insurance contracts for the forthcoming year which had resulted in an overall saving of £17,630 on the premiums and claims handling fees.

A further 2 contracts were in place with Royal Sun Alliance for tenants' contents insurance and owner occupiers' buildings insurance. Those policies had been extended in October 2009, when a 5% increase for accidental damage cover on the owner occupiers' buildings insurance policy had been applied.

**The Committee decided:**

- (1) that the continuation of the current long-term agreements for the Council's insurance and claims handling contracts be approved;
- (2) that the overall saving of £17,630 on premiums and claims handling fees be noted: and
- (3) that the current position relating to the long-term agreements for tenants' contents and owner occupiers' building insurance be noted.

*[Reference: Minutes of 9 December 2008 (Paragraph 8)]*

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## **9 2009 Actuarial Review of Council's Self Insurance Fund**

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A report dated 24 February 2010 by the Executive Director (Finance and Information Technology Resources) was submitted on the Council's Self Insurance Fund following an actuarial review.

The Council operated a Self Insurance Fund to pay for purchased insurance cover, the settlement of excesses for liability and property claims against the Council and the cost of administering an in-house Risk Management Section.

The Local Authority (Scotland) Accounts Advisory Committee (LASAAC) had advised that regular actuarial reviews should be undertaken on insurance funds. The last review of the Council's Insurance Fund had taken place in 2005. After a full evaluation, HJC Actuarial Consulting Limited had been appointed to carry out a review as at 31 March 2009.

The actuary's conclusion was that the Fund had remained relatively stable since the last review, that income had covered expenditure but that the surplus of £100,000 was marginal. Details were given in Appendix 1 to the report on the recommendations to improve the management of the Fund which included a proposal to top up the Fund.

Longer term pressures on the fund related to disease claims. No insurance cover could be proven for the years prior to 1975, therefore, claims in the region of £3 million might require to be funded by the Council. Some insurance cover was in place with a mutual insurance company for the period 1975 to 1993, however, the financial stability of this insurer was not robust. This meant that:-

- ◆ "incurred but not reported" claims of around £100,000 might require to be met by the Council
- ◆ a cash contribution from the Council in the region of £902,000 might have to be paid to the mutual company under a "scheme of arrangement". This allowed the Board of the mutual company to declare the company insolvent when it was unable to fund losses and call in a final contribution from insured members

The possibility of mitigating against payment of some of this contribution was being examined. It was proposed that powers be delegated to the Executive Director (Finance and Information Technology Resources) and the Chair of the Finance and Information Technology Resources Committee, in consultation with the Chief Executive and Leader of the Council, to make related insurance policy cancellation decisions.

The Insurance Fund would be topped up with £2.5 million from 2009/2010 year end reserves and £2.175 million from the 2010/2011 budget. Although those projections showed a marginal deficit, it was likely that many claims would be settled after 31 March 2010 and, therefore, this would be managed through cash flow.

### **The Committee decided:**

- (1) that it be noted that the Self Insurance Fund was only marginally in surplus as at 31 March 2009;
- (2) that the improvement actions, as detailed in Appendix 1 to the report, be approved;
- (3) that a contingent liability of £902,000 be noted in the 2009/2010 accounts;
- (4) that powers be delegated to the Executive Director (Finance and Information Technology Resources) and the Chair of the Finance and Information Technology Resources Committee, in consultation with the Chief Executive and Leader of the Council, to make insurance policy cancellation decisions; and

- (5) that it be noted that the Self Insurance Fund would be topped up by £4.675 million over financial years 2009/2010 and 2010/2011 to cover future pressures.

*[Reference: Minutes of 7 February 2006 (Paragraph 11)]*

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## **10 Lanark Common Good Fund - Contribution to Lanark Airshow Centenary Commemoration**

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A report dated 15 February 2010 by the Executive Director (Finance and Information Technology Resources) was submitted on a request for a contribution of £22,000 from the Lanark Common Good Fund towards the Lanark Airshow Centenary event.

The Lanark Airshow Committee had requested a financial contribution from the Council towards a series of commemorative events to mark the 100<sup>th</sup> anniversary of the Lanark International Airshow. The events included commissioning a sculpture to be situated near Lanark Racecourse, an airshow, exhibitions, education packs and a photo story book.

The total cost of the event would be £60,000. The Lanark Airshow Committee had indicated that planned income amounted to £38,000 leaving a shortfall of £22,000. It was proposed that, to meet the shortfall, a contribution of £22,000 towards the event be made from the Lanark Common Good Fund.

**The Committee decided:** that a contribution of £22,000 towards the Lanark Airshow Centenary event be made to the Lanark Airshow Committee from the Lanark Common Good Fund.

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## **11 Lanark Common Good Fund - Proposed Sale of Property at 9 Castlegate, Lanark**

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A report dated 15 February 2010 by the Executive Director (Finance and Information Technology Resources) was submitted on the proposed sale of property at 9 Castlegate, Lanark which was held in the Lanark Common Good Account.

At its meeting on 25 June 2002, the Finance and Information Technology Resources Committee had authorised the purchase of the property at 9 Castlegate, Lanark using the Lanark Common Good Fund. The property had been acquired on 14 January 2003 at a price of £40,000 and was intended for use as a museum by the Lanark Museum Trust. The Trust had been gifted the adjacent properties at 11 to 15 Castlegate, Lanark.

The properties at 9 to 15 Castlegate, Lanark were no longer classed as a viable property for the museum and, therefore, the Museum Trust had indicated that it would be willing to sell the properties.

It was proposed to dispose of the property at 9 Castlegate, Lanark to Hyndford Estates Limited. The purchase price offered was £40,000, subject to the conclusion of missives for the remainder of the property at 11 to 15 Castlegate, Lanark.

**The Committee decided:**

- (1) that the sale of the property at 9 Castlegate, Lanark to Hyndford Estates Limited be authorised in terms of the principal conditions contained in Section 4 of the report; and
- (2) that the Executive Director (Enterprise Resources), in consultation with the Head of Legal Services, if appropriate, be authorised to conclude all matters relating to the sale of the property and enter into the necessary legal agreements on terms which were in the best interest of the Council.

*[Reference: Minutes of 25 June 2002 (Paragraph 2)]*

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## **12 Lanark Common Good Fund - Proposed Primary Sub Station, Lanark**

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A report dated 15 February 2010 by the Executive Director (Finance and Information Technology Resources) was submitted on the proposed sale of land at Whitelees Road, Lanark, to SP Distribution Limited for the development of a primary electricity sub station.

Following local government reorganisation in 1996, the Council had inherited a property at Whitelees Road, Lanark, from Clydesdale District Council. The property had been held by Clydesdale District Council in the Lanark Common Good Account and that arrangement had been continued by this Council.

The land was currently part of an area leased to Lanark United Football Club until 14 May 2020 for the purposes of a football ground and the tenants had confirmed that they were prepared to vary their lease agreement to exclude this area.

SP Distribution Limited had a requirement for an additional primary sub station to serve Lanark but had been unable to identify a suitable location for the proposal. The Council had assisted by identifying a number of potential sites. Following an assessment, SP Distribution had identified the site at Whitelees Road as the most suitable in operational terms.

The proposal would generate a small capital receipt of £1,000 for the Lanark Common Good Fund and the primary sub station would mean that the adjoining site could be developed which would, therefore, increase its value.

**The Committee decided:** that the Executive Director (Enterprise Resources) be authorised to negotiate:-

- ◆ the variation of the lease to Lanark United Football Club
- ◆ the sale of the land at Whitelees Road, Lanark to SP Distribution Limited.

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## **13 Internal Audit - Annual Audit Plan 2010/2011**

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A report dated 4 February 2010 by the Executive Director (Finance and Information Technology Resources) was submitted on the Internal Audit Annual Audit Plan 2010/2011.

A total of 2,470 audit days had been provided for in the Plan to deliver around 80 assignments for all Council Resources and a service to external clients. The objectives and scope of assignments contained in the Plan were detailed in Appendix 1 to the report.

Only areas of work which had been assessed as high risk had been programmed into the Plan. Assignments which had been prioritised as high to medium priority had been placed on a contingency list. Those areas of work would be assigned if resources became available.

**The Committee decided:** that the Internal Audit Annual Audit Plan for 2010/2011 be approved.

*[Reference: Minutes of Risk and Audit Scrutiny Forum of 25 February 2010 (Paragraph 4)]*

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#### **14 Notification of Contracts Awarded**

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A report dated 17 February 2010 by the Executive Director (Finance and Information Technology Resources) was submitted on contracts awarded by Finance and Information Technology Resources in the period January to March 2010.

In terms of Standing Order No 19.6 of the Council's Standing Orders on Contracts, Resources were required to notify the relevant Committee of contracts awarded. Details of the contracts awarded by Finance and Information Technology Resources were provided in the appendix to the report.

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

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#### **15 Urgent Business**

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There were no items of urgent business.