

**FINANCE AND INFORMATION TECHNOLOGY RESOURCES COMMITTEE**

Minutes of meeting held in Committee Room 1, Almada Street, Hamilton on 31 August 2010

**Chair:**

Councillor James Malloy (Depute)

**Councillors Present:**

David Baillie, Walter Brogan, Gordon Clark, Russell Clearie, Peter Craig, Lynn Filshie, Jim Handibode, Graeme Horne, Lesley McDonald, Jean McKeown, Mary McNeill, Archie Manson, Danny Meikle, Henry Mitchell, George Sutherland

**Councillors' Apologies:**

Graeme Campbell, Pam Clearie, Bobby Lawson, Eileen Logan (Chair), Edward McAvoy, Michael McCann, Anne Maggs, Graham Simpson

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

C Aitken, Personnel Assistant; P MacRae, Administration Officer; E Melrose, Personnel Officer; A Norris, Administration Assistant

**Finance and Information Technology Resources**

J Allan, Risk and Audit Manager; K Brown, Head of Information Technology Services; 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 Previous Meeting**

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The minutes of the meeting of the Finance and Information Technology Resources Committee held on 1 June 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 Revenue Budget Monitoring 2010/2011 - Finance and Information Technology Resources**

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A report dated 4 August 2010 by the Executive Director (Finance and Information Technology Resources) was submitted comparing actual expenditure at 9 July 2010 against budgeted expenditure for 2010/2011 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 £0.087 million (2.2%), as detailed in Appendix A to the Executive Director's report, and the forecast to 31 March 2011 of a breakeven position be noted.

*[Reference: Minutes of 16 March 2010 (Paragraph 4)]*

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#### **4 Capital Budget Monitoring 2010/2011 - Finance and Information Technology Resources**

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A report dated 4 August 2010 by the Executive Director (Finance and Information Technology Resources) was submitted advising of progress on the capital programme 2010/2011 and summarising the expenditure position at 9 July 2010 for the following budget headings:-

- ◆ Finance Services
- ◆ Information Technology Services

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

*[Reference: Minutes of 16 March 2010 (Paragraph 5)]*

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#### **5 Finance and Information Technology Resources - Workforce Monitoring - April to June 2010**

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A joint report dated 3 August 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 April to June 2010:-

- ◆ attendance statistics
- ◆ occupational health statistics
- ◆ accident/incident statistics
- ◆ disciplinary hearings, grievances and Dignity at Work cases
- ◆ analysis of leavers

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

*[Reference: Minutes of 1 June 2010 (Paragraph 3)]*

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#### **6 Lanark Common Good Fund - Springbank Farm**

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A report dated 4 August 2010 by the Executive Director (Finance and Information Technology Resources) was submitted on proposals in relation to Springbank Farm, Ayr Road, Lanark.

Springbank Farm consisted of a farmhouse, outbuildings and fields extending to 53.53 hectares and was held in the Lanark Common Good Account. In 1978, Clydesdale District Council had granted an agricultural tenancy of the property to a private individual, who had held the lease to date. The land agents for the lessee had served notice that their client wished to terminate his lease with effect from 28 May 2011. This notice had been accepted by the Council.

The farmhouse and associated buildings were in poor condition and would require substantial expenditure to bring them to an acceptable condition. It was considered that the farmhouse and outbuildings represented a development opportunity for up to 3 houses if adjacent lands were included. This would provide an attractive development proposal which could generate a substantial capital receipt for the Lanark Common Good Fund. Letting of the remaining farmland would maintain the majority of the annual income currently received for the land.

**The Committee decided:**

- (1) that the Executive Director (Enterprise Resources) be authorised to market the existing house and outbuildings, together with suitable sized adjacent fields, for disposal; and

- (2) that the Executive Director (Enterprise Resources), or his appointed agents or representatives, be authorised to market the remaining lands for let.

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## **7 Licences for Data Centre Hosting - Caird Data Centre**

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A report dated 6 August 2010 by the Executive Director (Finance and Information Technology Resources) was submitted on proposals for licensing the use of managed space in the Caird Data Centre, Caird Street, Hamilton.

Opportunities had been identified to make use of excess capacity within the Caird Data Centre in return for an income. This approach to “renting” the space and providing security, power and cooling was known as hosting. The hosting service was delivered under a licence agreement which had been developed with and agreed by Legal Services. Currently, the income generated from hosting amounted to £334,950 per annum. It was proposed that the Head of Information Technology Services, in consultation with the Head of Legal Services, be authorised to agree the terms of future licences for the use of space within the Caird Data Centre based on the licences already awarded. It was also proposed that powers be delegated to the Executive Director (Finance and Information Technology Resources) to sign all future licences.

### **The Committee decided:**

- (1) that the Head of Information Technology Services, in consultation with the Head of Legal Services, be authorised to agree the terms of licences for the use of space in Caird Data Centre based on the licences already awarded; and
- (2) that powers be delegated to the Executive Director (Finance and Information Technology Resources) to award and sign all future licences for the use of space in Caird Data Centre.

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## **8 Revenues Collection as at 30 June 2010 and Approval for Write-Off**

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A joint report dated 6 August 2010 by the Executive Directors (Finance and Information Technology Resources) and (Housing and Technical Resources) was submitted on:-

- ◆ collection performance at 30 June 2010 on revenues income which comprised Council Tax, non-domestic rates and sundry debts
- ◆ the write-off of irrecoverable non-domestic rates, Council Tax, sundry debts, former council house tenant and lock up rent arrears and factoring charges

Details were given on:-

- ◆ current collection performance
- ◆ collection of arrears

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

- ◆ non-domestic rates for the years 2008/2009, 2009/2010 and 2010/2011 totalling £1,371,965.81 relating to debtors who were in liquidation, had ceased trading or had been sequestrated
- ◆ non-domestic rates for 2007/2008 totalling £876,898.18, in accordance with the policy of writing off non-domestic rates debt over 3 years old
- ◆ irrecoverable Council Tax accounts from 1993/1994 to 2010/2011 to the value of £441,866.15 relating primarily to sequestrations and estates of the deceased
- ◆ sundry debts to a value of £156,875.38. The debts related to liquidations, sequestrations and estates of the deceased

- ◆ former tenant council house and lockup rent arrears from 2004/2005 to 2010/2011 totalling £73,321.96
- ◆ factoring charges to the value of £188.50 relating to sequestrations and estates of the deceased

**The Committee decided:**

(1) that the achievements in revenue collection performance be noted; and

(2) that the write-off of the following irrecoverable debts be approved:-

- ◆ non-domestic rates for the years 2008/2009, 2009/2010 and 2010/2011 totalling £1,371,965.81
- ◆ non-domestic rates for 2007/2008 totalling £876,898.18
- ◆ Council Tax debt from 1993/1994 to 2010/2011 to the value of £441,866.15
- ◆ sundry debts to a value of £156,875.38
- ◆ former tenant council house and lockup rent arrears from 2004/2005 to 2010/2011 totalling £73,321.96
- ◆ factoring charges to the value of £188.50

*[Reference: Minutes of 1 June 2010 (Paragraph 7)]*

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## **9 Resource Risk Register and Risk Control Plan**

A report dated 1 July 2010 by the Executive Director (Finance and Information Technology Resources) was submitted on the current Risk Register and Risk Control Plan for Finance and Information Technology Resources.

The Council's Risk Management Strategy promoted consideration of risk in service delivery, planning and decision making processes. One of the strategic requirements was for risks and control actions to be recorded and regularly reviewed.

To ensure that emphasis remained on controlling top level risks, work had been undertaken to reduce the number of risks held in the Resource Risk Register. The updated Resource Risk Register, showing high and medium risks for Finance and Information Technology Resources, was attached as Appendix 1 to the report. 4 of the top 5 risks related to the financial and service demand pressures currently facing the Council.

61% of risk control actions for 2009/2010 had been delivered. The 37 risk control actions for 2009/2010 which were currently open were detailed in Appendix 2 to the report. A number of risk control actions had been rolled over into the 2010/2011 Risk Management Work Plan.

Details were given in Appendix 3 on the 3 outstanding actions from 2008/2009 which related to training for managers on the Procurement Strategy.

A list of the 2010/2011 open risk control actions was attached as Appendix 4 to the report.

**The Committee decided:** that the Risk Register and Risk Control Plan be noted.

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## **10 Treasury Management Investment Activity - Quarterly Report**

A report dated 4 August 2010 by the Executive Director (Finance and Information Technology Resources) was submitted on the Council's monitoring of its cash investments during the period 1 April to 30 June 2010.

On 1 April 2010, Scottish Ministers introduced regulations on local authority investments. Those regulations gave the Council greater freedom over its investments. An Annual Investment Strategy had been approved by the Council on 23 June 2010 which detailed permitted investment options for the Council.

The Treasury Management Section within Finance and Information Technology Resources managed the Council's surplus cash funds. The primary consideration, when making investments, was the security of the funds. Consideration was given to ensuring that the Council had access to funds when necessary and that those funds were working as well as they could for the Council.

Details were given on:-

- ◆ investment activity
- ◆ management of risk
- ◆ market performance
- ◆ projected cash flow

It was proposed to continue to use the current investment framework in the next quarter. Investments would continue to be placed with institutions whose ratings were consistent with the Council's approved criteria and which maintained access to the UK Government's Credit Guarantee Scheme.

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

*[Reference: Minutes of 1 June 2010 (Paragraph 11) and South Lanarkshire Council of 23 June 2010 (Paragraph 3)]*

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## **11 Treasury Management Activity and Prudential Code Indicators 2009/2010**

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A report dated 4 August 2010 by the Executive Director (Finance and Information Technology Resources) was submitted on:-

- ◆ Treasury Management activities carried out during 2009/2010
- ◆ Prudential Code Indicators for 2009/2010

The Chartered Institute of Public Finance and Accountancy (CIPFA) Code of Practice for Treasury Management required the Council to prepare an annual report on its Treasury Management activities. The introduction of the Prudential Framework in April 2004 required councils to prepare a series of financial indicators that demonstrated affordability, prudence and sustainability with regard to capital financing decisions.

The Council's capital programme included, within its funding package, planned borrowing. The Prudential Code provided a framework to assist the management of the financial implications and helped to demonstrate that the borrowing was both affordable and prudent.

In 2009/2010, the Council chose not to take any long term borrowing from the Public Works Loans Board (PWLB). Instead, cash reserves were used to fund capital expenditure in the short term. This contributed to reducing the cash balances held in counterparties and, therefore, reduced risk.

Details of the Council's Treasury Management activities in 2009/2010 and the Prudential Code Indicators were provided in Appendices 1 and 2 respectively to the report.

**The Committee decided:**

- (1) that the Treasury Management activities for 2009/2010, as detailed in Appendix 1 to the report, be noted; and
- (2) that the actual Prudential Code Indicators for 2009/2010, as detailed in Appendix 2 to the report, be noted.

*[Reference: Minutes of 11 February 2010 (Paragraph 4)]*

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**12 Urgent Business**

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There were no items of urgent business.