

FINANCE AND CORPORATE RESOURCES COMMITTEE

Minutes of meeting held via Microsoft Teams on 1 September 2021

Chair:

Councillor Gladys Miller

Councillors Present:

Councillor John Anderson, Councillor Walter Brogan, Councillor Maureen Devlin, Councillor Mary Donnelly (*substitute for Councillor Peter Craig*), Councillor Isobel Dorman, Councillor Joe Fagan, Councillor Eric Holford, Councillor Graeme Horne (Depute), Councillor Richard Lockhart (*substitute for Councillor Ian Harrow*), Councillor Eileen Logan, Councillor Hugh Macdonald, Councillor Monique McAdams, Councillor Catherine McClymont, Councillor Mark McGeever, Councillor Jim McGuigan, Councillor Mo Razzaq, Councillor Jim Wardhaugh, Councillor Jared Wark

Councillors' Apologies:

Councillor Alex Allison, Councillor Graeme Campbell, Councillor Peter Craig (Depute), Councillor Grant Ferguson, Councillor Geri Gray, Councillor Ian Harrow, Councillor Katy Loudon, Councillor Joe Lowe, Councillor John Ross

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; G McCann, Head of Administration and Legal Services; K McLeod, Administration Assistant; K McVeigh, Head of Personnel Services; J Taylor, Head of Finance (Strategy); B Teaz, Head of Information Technology

1 Declaration of Interests

Councillors Lockhart and McClymont advised that they might have to declare an interest in Item 14, Common Good Update, should there be detailed discussions regarding the funding request from Lanark Community Development Trust as they were both members of the Trust.

2 Minutes of Previous Meeting

The minutes of the meeting of the Finance and Corporate Resources Committee held on 2 June 2021 were submitted for approval as a correct record.

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

3 Minutes of Appeals Panel

The minutes of the meeting of the Appeals Panel held on 28 May 2021 were submitted for approval as a correct record.

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

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

A report dated 26 July 2021 by the Executive Director (Finance and Corporate Resources) was submitted comparing actual expenditure for the period 1 April 2020 to 31 March 2021 against budgeted expenditure for 2020/2021 for Finance and Corporate Resources.

As at 31 March 2021, there was an overspend of £2.216 million before transfers to reserves, as detailed in Appendix 1 to the report. and an overspend of £5.652 million after transfer to reserves. This included the costs of COVID-19 for the Resource. Removing the costs of COVID-19 left an underspend of £0.046 million, which was in line with the probable outturn position of an overspend of £0.030 million.

The main factors contributing to the overspend on the Finance and Corporate Resources' revenue budget and proposed budget virements were detailed in the report.

The Resource position in relation to COVID-19 costs was detailed in Appendix B to the report

The total cost of COVID-19 for the Resource was £5.606 million. This included additional costs of £4.148 million, as detailed in Appendix 1 to the report, and was offset by a minor amount of Spend Not Made of £0.021 million.

On 10 February 2021, the Executive Committee, had approved transfers to reserves of £0.089 million to meet future commitments. As a further consequence of COVID-19 and the timing of income received from external parties, further transfers totalling £3.347 million had been approved by the Executive Committee on 23 June 2021. This took the total transfers to £3.436 million, as detailed in appendices B to I to the report.

Virements were proposed to realign budgets and those movements were detailed in the appendices to the report.

The Committee decided:

- (1) that the final outturn position as at 31 March 2021 of an overspend of £2.216 million, including COVID-19 costs, but before transfer to reserves, and an overspend of £5.652 million, after transfers to reserves, as detailed in Appendix A to the report, be noted;
- (2) that the final outturn position as at 31 March 2021 of an overspend of £0.046 million, excluding COVID-19 costs and after transfers to reserves, be noted; and
- (3) that the proposed budget virements, as detailed in appendices B to I to the report, be approved.

[Reference: Minutes of 2 June 2021 (Paragraph 5)]

Councillor Devlin joined the meeting during this item of business

5 Revenue Budget Monitoring 2021/2022 – Finance and Corporate Resources

A report dated 26 July 2021 by the Executive Director (Finance and Corporate Resources) was submitted comparing actual expenditure for the period 1 April to 16 July 2021 against budgeted expenditure for 2021/2022 for Finance and Corporate Resources.

As at 16 July 2021, there was an overspend of £1.715 million against the phased budget. This included costs of COVID-19 of £1.666 million. Removing the impact of COVID-19, the Resource showed an overspend of £0.036 million.

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

The forecast to 31 March 2022, excluding COVID-19 costs and loss of income, was a breakeven position.

Work continued to ensure the delivery of the Employability Programme which relied on a significant amount of external funding. However, a combination of the marketplace, the pandemic restrictions and the availability of suitable clients, indicated the potential for an impact on delivery timescales which might require some monies to be carried forward into the new financial year.

Virements were proposed to realign budgets and those movements were detailed in the appendices to the report.

The Committee decided:

- (1) that the overspend of £1.715 million, as detailed in Appendix A to the report, be noted;
- (2) that the forecast to 31 March 2022 of a breakeven position, excluding COVID-19 costs and loss of income, be noted; and
- (3) that the proposed budget virements, as detailed in the appendices to the report, be approved.

6 Capital Budget Monitoring 2020/2021 – Finance and Corporate Resources

A report dated 11 August 2021 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 31 March 2021.

The budget for 2020/2021 was £3.282 million. Total expenditure to 31 March 2021 was £2.038 million, a difference of £1.244 million.

The final outturn position of £2.038 million was lower than the projected outturn of £2.605 million reported to this Committee on 2 June 2021. This was due to the impact of COVID-19 on the progression of a number of programmes and included some IT Infrastructure refresh projects where the budget was now required in 2021/2022 rather than 2020/2021.

The additional underspend at year-end totalled £0.567 million and was mainly due to revised timing of equipment orders and installation timing for the replacement of the Caird Data Centre project, along with availability of external funding in respect of the Climate Change/Digital Transformation Fund.

Any underspend on those projects, along with the funding, would carry forward into the new financial year as required.

Accounting regulations meant that adjustments were required to report spend correctly as either capital or revenue for the purpose of the Annual Accounts. £0.032 million of revenue funding required to be recorded as capital. This transfer meant that, for the purpose of publishing the Annual Accounts only, there was a capital spend of £2.070 million.

The Committee decided: that the Finance and Corporate Resources' capital programme of £3.282 million and expenditure for the year of £2.038 million be noted.

[Reference: Minutes of 2 June 2021 (Paragraph 6)]

7 Capital Budget Monitoring 2021/2022 – Finance and Corporate Resources

A report dated 11 August 2021 by the Executive Director (Finance and Corporate Resources) was submitted advising of progress on Finance and Corporate Resources' capital programme for 2021/2022 and summarising the expenditure position at 16 July 2021.

The Finance and Corporate Resources' capital programme for 2021/2022 was £2.776 million. Anticipated spend to date was £0.440 million and spend to 16 July 2021 totalled £0.507 million. This represented a position of £0.067 million ahead of profile mainly due to good progress on the Caird Data Centre project.

The Committee decided: that the Finance and Corporate Resources' capital programme of £2.776 million and expenditure to date of £0.507 million be noted.

8 Finance and Corporate Resources – Workforce Monitoring – April to June 2021

A report dated 12 July 2021 by the Executive Director (Finance and Corporate Resources) was submitted on the following employee information for Finance and Corporate Resources for the period April to June 2021:-

- ◆ 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 13 March 2021

The Committee decided: that the report be noted.

[Reference: Minutes of 2 June 2021 (Paragraph 7)]

9 Council-wide Workforce Monitoring – April to June 2021

A report dated 12 July 2021 by the Executive Director (Finance and Corporate Resources) was submitted on the following Council-wide employee information for the period April to June 2021:-

- ◆ 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 13 March 2021

The Head of Personnel Services responded to members' questions on various aspects of the report.

Following discussion, it was agreed that the Head of Personnel Services would give consideration to refining the data presented to this Committee to provide a more accurate picture.

The Committee decided: that the report be noted.

[Reference: Minutes of 2 June 2021 (Paragraph 8)]

Councillor Macdonald left the meeting during this item of business

10 Treasury Management Activity – First Quarter Review

A report dated 22 July 2021 by the Executive Director (Finance and Corporate Resources) was submitted on the first quarter review of Treasury Management activity for 2021/2022.

Details were given on:-

- | | |
|--|----------------------------------|
| ◆ market performance | ◆ management of risk |
| ◆ debt management and borrowing strategy | ◆ next quarter investment plans |
| ◆ investment activity | ◆ treasury management indicators |

The Committee decided: that the report be noted.

[Reference: Minutes of South Lanarkshire Council 10 March 2021 (Paragraph 6)]

11 Prudential Indicators, Treasury Management Activity and Annual Investment Report 2020/2021

A report dated 26 July 2021 by the Executive Director (Finance and Corporate Resources) was submitted on:-

- ◆ Treasury Management activity and Prudential Code Indicators for 2020/2021
- ◆ the proposed Annual Investment Report for 2020/2021

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 CIPFA Prudential Code 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 borrowing was both affordable and prudent.

The Council's Treasury Management Activity Report for 2020/2021 and the Treasury Management and Prudential Code Indicators for 2020/2021 were attached as appendices 1 and 2, respectively, to the report.

In terms of the Local Government Investments (Scotland) Regulations 2010, the Council was required to prepare an Annual Investment Strategy prior to the start of each financial year and an Annual Investment Report after the financial year end. Both documents required to be approved by the Council.

The Annual Investment Strategy for 2020/2021 had covered the following areas:-

- ◆ permitted investments
- ◆ risk management
- ◆ borrowing in advance

The Annual Investment Report, attached as Appendix 3 to the report, detailed the Council's activity in each of those 3 areas for 2020/2021 and Appendix 4 detailed the permitted investments that the Council had approved for the financial year 2020/2021.

No borrowing in advance was taken during 2020/2021.

The Committee decided:

- (1) that the Treasury Management Activity Report for 2020/2021 and the 2020/2021 Treasury Management and Prudential Code Indicators be noted and referred to the Executive Committee for noting; and
- (2) that the 2020/2021 Annual Investment Report be endorsed and referred to the Executive Committee prior to submission to the Council for formal approval in line with The Local Government Investments (Scotland) Regulations 2010.

12 Revenue Collection and Approval for Write-offs

A report dated 12 August 2021 by the Executive Director (Finance and Corporate Resources) was submitted on:-

- ◆ collection performance for the financial year 2021/2022 to 30 June 2021 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, Housing Rent and associated charges and rent for homeless accommodation

Collection targets for the last financial year reflected the expected significant impact of the COVID-19 pandemic on household income. Council Tax Reduction (CTR) had been heavily promoted to ensure households were aware of potential entitlement to this reduction on their charge. No statutory recovery and sheriff officer activity had taken place between April and July 2020 for both the 2020/2021 financial year and arrears years.

Increases had now been applied for financial year 2021/2022 and arrears targets to reflect the increased levels of income expected to be collected as the impact of the pandemic receded. Promotion of CTR would continue to ensure maximum uptake.

Given the impact of COVID-19, the annual buoyancy targets for the Council in relation to 2020/2021 and 2021/2022 had still to be confirmed by the Scottish Government.

Performance against the BRIS target was closely monitored and reported to this Committee on a quarterly basis. Buoyancy for the first quarter, to the end of June 2021, had seen an increase of 0.09%.

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

- ◆ irrecoverable Council Tax accounts from 1993/1994 to 2021/2022 to the value of £500,149.81, relating primarily to prescribed debt, sequestrations and estates of the deceased
- ◆ irrecoverable Non-Domestic Rates from 2019/2020 to 2021/2022 to the value of £438,101.33, relating primarily to debtors in liquidation, had ceased trading or had been sequestrated
- ◆ write-off of Business Improvement District (BID) Levies of £6,615.40 administered by the Council on behalf of the Hamilton, Carlisle and Lanark BID companies

- ◆ sundry debts to a value of £116,269.71
- ◆ former tenant rent arrears totalling £256,687.80, factoring arrears of £7,817.63 and Housing Benefit overpayments totalling £64,760.09

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 2021/2022 to the value of £500,149.81
 - ◆ Non-Domestic Rates from 2019/2020 to 2021/2022 to the value of £438,101.33
 - ◆ Write-off of Business Improvement District (BID) Levies to the value of £6,615.40
 - ◆ sundry debts to a value of £116,269.71
 - ◆ housing rent and associated charges to the value of £329,265.52

[Reference: Minutes of 2 June 2021 (Paragraph 9)]

13 Oracle/HR/Finance Replacement

A report dated 10 August 2021 by the Executive Director (Finance and Corporate Resources) was submitted on the options available for the replacement or upgrade of core HR/Finance systems.

The Council was moving towards a more transformational approach to service delivery which required change in the way it worked to ensure the best use of resources. A new modern system for HR and Finance to support the future needs of the whole Council was the next step to deliver transformational and cultural change across Resources.

The current Oracle E-Business Suite (EBS) system had been in place since 1999 and would no longer be supported after December 2023. A working group had been formed to consider the options available, direct activity and progress to a recommendation.

A summary of the options available, along with an appraisal of the options in terms of costs, benefits, contractual considerations and governance arrangements associated with the preferred option, were detailed in the report. Each option had been scored against the criteria used in the Transformational Review Framework, as detailed in Appendix 2 to the report.

Oracle Fusion was the preferred option and it was anticipated that cashable savings of £2.253 million, as outlined in Appendix 1 of the report, would be realised by 2024/2025. The project was expected to take around 15 to 18 months, with an expected go live date between January and March 2023. Funding sources identified to contribute towards the implementation and ongoing running costs of the system were detailed in Appendix 3 to the report.

Approval for the allocation of funding for this project would be included in the Capital Programme 2021/2022 Update report to be considered by the Executive Committee on 22 September 2021.

Information was provided on:-

- ◆ the proposed creation of a project team of 30 FTE to be added to the current establishment
- ◆ a procurement exercise to be undertaken for the appointment of a Systems Integration (SI) Partner to cover the implementation period

- ◆ a new contractual arrangement to be put in place with Oracle Fusion for an initial period of 5 years, with options for a 3- year extension in year 6 and a 2-year extension in year 9, giving a total contract period of up to 10 years

The Committee decided:

- (1) that the need to upgrade the current HR/Finance system be noted;
- (2) that the evaluation of the range of options be noted;
- (3) that the upgrade of HR/Finance systems to Oracle Fusion as the preferred option be noted;
- (4) that arrangements to secure the project team, as detailed in Section 8 of the report, be approved; and
- (5) that approval for the allocation of capital funding be sought at the Executive Committee meeting on 22 September 2021.

14 Common Good Update

A report dated 1 August 2021 by the Executive Director (Finance and Corporate Resources) was submitted on:-

- ◆ the Common Good final accounts for the year ended 31 March 2021
- ◆ 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 Lanark, Hamilton and Biggar
- ◆ the funding request from Lanark Development Trust
- ◆ public consultations relating to the Common Good

The Common Good funds held within South Lanarkshire Council were Lanark, Biggar, Hamilton and Rutherglen. The Common Good accounts for 2020/2021 were detailed in Appendix 1 to the report and showed that, at the year end, the Common Good balance invested in the Council's Loan Fund was £0.841 million.

The Common Good accounts in Lanark and Hamilton held a number of properties. On 2 October 2013, this Committee had approved an annual cyclical maintenance plan of £15,000 for both Lanark and Hamilton Common Good properties.

The report provided an update in relation to the following:-

- ◆ current expenditure and commitments in relation to the Lanark and Hamilton Common Good repairs and maintenance budgets for 2021/2022
- ◆ projects currently committed from the Lanark, Hamilton and Biggar Common Good Funds
- ◆ a potential request from the Lanark Community Development Trust (LCDT) for a contribution towards a commemorative sculpture of a Clydesdale horse to be sited at Lanark Auction Market
- ◆ consultations under Section 104 of the Community Empowerment (Scotland) Act 2015 relating to the Common Good

The Head of Finance (Strategy) responded to members' questions on various aspects of the report.

The Committee decided:

- (1) that the accounts for Common Good for the year ended 31 March 2021 be noted;
- (2) that the cyclical spend committed against the Common Good repairs and maintenance budgets for Lanark and Hamilton be noted;
- (3) that the projects committed from the Lanark and Hamilton Common Good funds be noted;
- (4) that the potential request for funding from Lanark Community Development Trust from the Lanark Common Good fund, as detailed at Section 10 of the report, be noted; and
- (5) that details of consultations relating to Common Good be noted.

[Reference: Minutes of 2 June 2021 (Paragraph 10)]

15 Governance of Charitable Trust Funds – 2020/2021 Expenditure

A report dated 4 August 2021 by the Executive Director (Finance and Corporate Resources) was submitted on payments made to beneficiaries from the 64 Charitable Trust Funds administered by the Council which, at 1 April 2020, were valued at £1.184 million.

During 2020/2021, expenditure totalling £0.018 million had been distributed to beneficiaries of the Trust Funds and this expenditure was offset by income of £0.034 million from interest or dividends received from investments. In addition, funds of the Loudon Bequest, which were managed by Barclays Wealth, had been reinvested. This had resulted in a total closing balance on the Trust Funds, as at 31 March 2021, of £1.91 million.

Details of all active funds and payments made in 2020/2021, together with the balances of the funds as at 31 March 2021, were provided in Appendix 1 to the report.

On 25 April 2018, this Committee had approved a proposal to modernise the charitable trust funds and the Council's Legal Services had been working with the Office of the Scottish Charity Regulator (OSCR) to formally adopt trust deeds. OSCR had approved the establishment of the South Lanarkshire Charitable Trust on 16 December 2019 and the South Lanarkshire Education Trust on 17 December 2019.

Funds from the existing Trusts would now be transferred to the South Lanarkshire Charitable Trust and the South Lanarkshire Educational Trust. Work had commenced on the applications to OSCR for approval for a Charity Reorganisation Scheme. It was anticipated that the majority of the funds would transfer over in the next 3 to 4 months, however, this was dependent on OSCR timescales.

The Committee decided: that the report be noted.

[Reference: Minutes of 19 August 2020 (Paragraph 17)]

16 Annual Procurement Report 2020/2021

A report dated 12 August 2021 by the Executive Director (Finance and Corporate Resources) was submitted on the Annual Procurement Report for 2020/2021.

The Procurement (Scotland) Reform Act 2014 required contracting authorities to prepare and publish an Annual Procurement Report on their regulated procurement activities. The Act stated that the Report must include information under the following headings:-

- ◆ regulated procurement activity
- ◆ regulated procurement strategy and compliance
- ◆ community benefits
- ◆ supported businesses
- ◆ future planning
- ◆ any other relevant information

A summary of procurement activity was provided in the report and the Council's Annual Procurement Report for 2020/2021 was attached as Appendix 1 to the report.

The Committee decided: that the Annual Procurement Report for 2020/2021 be noted.

[Reference: Minutes of 28 October 2020 (Paragraph 10)]

17 Finance and Corporate Resource Plan – Quarter 4 Progress Report 2020/2021

A report dated 22 July 2021 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 in implementing the priority projects identified in the Resource Plan 2020/2021, as detailed in the Quarter 4 Progress Report, attached as Appendix 1 to the report
- ◆ key achievements made by the Resource to date, as detailed in Section 4.3 of the report
- ◆ those measures which had changed in blue/red/amber/green status during the period from Quarter 2 to Quarter 4, as detailed in Appendix 2 to the report

A further analysis had been introduced to aid scrutiny of performance, which was to highlight and explain all measures that had changed in blue/red/amber/green (BRAG) status from Quarter 2 to Quarter 4. Measures with a 'report later' status would be followed up and reported to Committee in the 2021/2022 Quarter 2 progress report.

The Committee decided:

- (1) that the Quarter 4 Progress Report for 2020/2021, as summarised in paragraph 4.2 and detailed in Appendix 1 to the report, be noted;
- (2) that the key achievements made by the Resource to date, as detailed in paragraph 4.3 of the report, be noted; and
- (3) that the additional scrutiny of changes in the blue/red/amber/green (BRAG) status between Quarter 2 and Quarter 4, as summarised in paragraph 4.5 and detailed at Appendix 2 to the report, be noted.

[Reference: Minutes of 19 August 2020 (Paragraph 16)]

18 Safety at Sports Grounds – Issue of Special Safety Certificate – Foys Stadium

A report dated 3 August 2021 by the Executive Director (Finance and Corporate Resources) was submitted on action taken, in terms of Standing Order No 36(c) because of the timescales involved, by the Executive Director (Finance and Corporate Resources), in consultation with the Chair and an ex officio member, to approve the issue of a Special Safety Certificate for the West Stand, Hamilton Academical Football Club (HAFC) Stadium Limited, Foys Stadium, Cadzow Avenue, Hamilton for the purpose of holding a boxing event on 31 July 2021.

An application had been received from Hamilton Academical Football Club to hold a boxing event on 31 July 2021.

A site inspection had taken place on 31 July 2021 and representatives had been satisfied with arrangements for the event.

The Committee decided:

that the action taken, in terms of Standing Order No 36(c), by the Executive Director (Finance and Corporate Resources), in consultation with the Chair and an ex officio member, to approve the issue of a Special Safety Certificate for the West Stand, Hamilton Academical Football Club (HAFC) Stadium Limited, Foys Stadium, Cadzow Avenue, Hamilton for the purpose of holding a boxing event on 31 July 2021 be noted.

19 Urgent Business

There were no items of urgent business.