

## FINANCE AND INFORMATION TECHNOLOGY RESOURCES COMMITTEE

Minutes of meeting held in Committee Room 1, Council Offices, Almada Street, Hamilton on 22 November 2011

### Chair:

Councillor Eileen Logan

### Councillors Present:

David Baillie, Walter Brogan, Graeme Campbell, Gordon Clark, Pam Clearie, Russell Clearie, Peter Craig, Lynn Filshie, Jim Handibode, Graeme Horne, Bobby Lawson, Lesley McDonald, Mary McNeill, Anne Maggs, James Malloy (Depute), Alan Scott, George Sutherland

### Councillors' Apologies:

Edward McAvoy, Jean McKeown, Archie Manson, Danny Meikle, Henry Mitchell, Graham Simpson

### Attending:

#### Finance and Corporate Resources

P Manning, Executive Director; D Lang, Personnel Officer; P MacRae, Administration Officer; H McNeil, Head of Audit and Improvement; J Taylor, Head of Finance; J Woodley, Information Technology Services Manager

## 1 Declaration of Interests

The following interests were declared:-

<i>Councillor(s)</i>	<i>Item(s)</i>	<i>Nature of Interest(s)</i>
McNeill and Sutherland	Lanark Common Good Fund – Tolbooth Repairs and External Decoration	Trustee and member respectively of the Management Committee of the Lanark Tolbooth Heritage Centre Trust

## 2 Minutes of Previous Meeting

The minutes of the meeting of the Finance and Information Technology Resources Committee held on 13 September 2011 were submitted for approval as a correct record.

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

## 3 Revenue Budget Monitoring 2011/2012 – Finance and Information Technology Resources

A report dated 14 October 2011 by the Executive Director (Finance and Corporate Resources) was submitted comparing actual expenditure at 30 September 2011 against budgetary expenditure for 2011/2012 under the following headings:-

- ◆ Finance Services
- ◆ Information Technology Services
- ◆ Procurement Services
- ◆ Audit and Improvement Services

**The Committee decided:** that the underspend on Finance and Information Technology Resources' revenue budget of £0.066 million (1%) and the forecast to 31 March 2012 of a breakeven position be noted.

*[Reference: Minutes of 13 September 2011 (Paragraph 3)]*

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#### **4 Capital Budget Monitoring 2011/2012 – Finance and Information Technology Resources**

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A report dated 14 October 2011 by the Executive Director (Finance and Corporate Resources) was submitted advising on progress of the capital programme 2011/2012 and summarising the expenditure position at 30 September 2011 for the following budget headings:-

- ◆ Finance Services
- ◆ Information Technology Services

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

*[Reference: Minutes of 13 September 2011 (Paragraph 4)]*

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#### **5 Finance and Information Technology Resources - Workforce Monitoring - August and September 2011**

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A report dated 19 October 2011 by the Executive Director (Finance and Corporate Resources) was submitted on the following employee information for Finance and Information Technology Resources for August and September 2011:-

- ◆ attendance statistics
- ◆ occupational health statistics
- ◆ accident/incident statistics
- ◆ disciplinary hearings, grievances and Dignity at Work cases
- ◆ analysis of leavers
- ◆ Joint Staffing Watch as at 10 September 2011

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

*[Reference: Minutes of 13 September 2011 (Paragraph 5)]*

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#### **6 Finance and Information Technology Resources' Resource Plan 2011/2012 - Quarter 2 Update**

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A report dated 14 October 2011 by the Executive Director (Finance and Corporate Resources) was submitted on the Finance and Information Technology Resources' Resource Plan 2011/2012. Details were provided on progress made at the end of quarter 2, covering the period 1 April to 30 September 2011, in implementing the priority projects identified in the Resource Plan.

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

*[Reference: Minutes of 14 June 2011 (Paragraph 5)]*

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## **7 Actuarial Review of the Council's Self Insurance Fund**

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A report dated 24 October 2011 by the Executive Director (Finance and Corporate Resources) was submitted on the financial position of the Council's Self Insurance Fund following an interim 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 last review of the Fund took place in 2009. An interim review of the Fund, which had been more limited in scope than the 2009 review, had recently been undertaken by HJC Actuarial Consulting Limited and had concluded that:-

- ◆ the level of estimated future claims payments had remained stable at each review carried out
- ◆ the claims' experience was broadly as expected at the last review
- ◆ the contribution required each year from Resources to meet claims' costs remained unchanged from 2009 at £2.1 million
- ◆ no further action was required at present to increase the balance of the Self Insurance Fund as the current balance of the Fund was sufficient to meet all estimated liabilities

The actuary's report contained 3 recommendations for implementation by the Council. Those recommendations, together with proposed actions, were detailed in the report.

### **The Committee decided:**

- (1) that the outcome of the interim actuarial report be noted;
- (2) that the proposed actions to address the actuary's recommendations be approved; and
- (3) that it be noted that, currently, no further action was required to increase the balance of the Self Insurance Fund.

*[Reference: Minutes of 16 March 2010 (Paragraph 9)]*

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## **8 Lanark Common Good Fund - Tolbooth Repairs and External Decoration**

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A report dated 2 November 2011 by the Executive Director (Finance and Corporate Resources) was submitted on a proposal to meet expenditure on necessary remedial works to the Tolbooth, 4 to 8 High Street, Lanark from the Lanark Common Good Fund.

The Tolbooth had been purchased by Clydesdale District Council in 1992 and was held in the Lanark Common Good Account. The property was leased to the Tolbooth Heritage Centre Trust and, in terms of the lease agreement, the tenants were responsible for carrying out external decoration works every 7 years. The Council, as lessor, was responsible for repairs which were necessary to keep the building wind and watertight. Recent repairs to the Tolbooth had indicated a requirement to remove all damaged stonework and to undertake general repairs to render, lead and window frames to ensure that the building remained wind and watertight. Those works required to be carried out prior to any external decoration works.

The cost of all repair works and external decoration amounted to £52,000. The remedial work required would cost £45,000 while the external decoration work amounted to £7,000. As the property was held in the Lanark Common Good Account, it was proposed that the cost of the repairs be met from the Lanark Common Good Fund. In terms of the external decoration costs, the Trust had requested that it be allowed to pay £3,500, amounting to half the cost, on completion of the works and the remaining balance over a 3 year period.

**The Committee decided:**

- (1) that the cost of £45,000 for remedial work on the Tolbooth, Lanark be met from the Lanark Common Good Fund; and
- (2) that the external decoration of the Tolbooth be undertaken by the Council at a cost of £7,000 and then repaid by the tenant, the Tolbooth Heritage Centre Trust, on the terms detailed in the report.

*Councillors McNeill and Sutherland, having declared an interest in the above item, withdrew from the meeting during its consideration*

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**9 Revenues Collection as at 30 September 2011 and Approval for Write-Off**

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A joint report dated 24 October 2011 by the Executive Directors (Finance and Corporate Resources) and (Housing and Technical Resources) was submitted on:-

- ◆ collection performance at 30 September 2011 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, associated charges 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 2009/2010, 2010/2011 and 2011/2012 totalling £531,413.16 relating to debtors who were in liquidation, had ceased trading or had been sequestrated
- ◆ irrecoverable Council Tax accounts from 1993/1994 to 2011/2012 totalling £16,009.41 relating primarily to sequestrations and estates of the deceased
- ◆ sundry debts to a value of £123,145.89. The debts related to liquidations, sequestrations and estates of the deceased
- ◆ former tenant council house and lock-up rent arrears and associated charges totalling £825,960.90
- ◆ factoring charges totalling £1,285.17

**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 2009/2010, 2010/2011 and 2011/2012 totalling £531,413.16
  - ◆ Council Tax debt from 1993/1994 to 2011/2012 to the value of £16,009.41
  - ◆ sundry debts to a value of £123,145.89
  - ◆ former tenant council house and lock-up rent arrears and associated charges totalling £825,960.90
  - ◆ factoring charges to the value of £1,285.17

*[Reference: Minutes of 13 September 2011 (Paragraph 10)]*

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## **10 Debt Management Office Account - Deposit Limit**

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A report dated 26 October 2011 by the Executive Director (Finance and Corporate Resources) was submitted on a proposal to amend the Investment Strategy to remove the deposit limit on the Debt Management Office (DMO) account.

The DMO offered a deposit facility allowing local authorities to deposit surplus cash on flexible terms and receive a market related rate of interest. As the money was held by the Treasury, the scheme offered the highest available security. A deposit limit of £80 million had been assigned to that account.

To ensure that, at all times, the Council had a government backed facility in which to deposit surplus funds, it was proposed to remove the current limit of £80 million for deposit with the DMO. This would provide unlimited access to a secure counterparty should banking institutions' credit ratings or local authority lending requirements change.

**The Committee decided:** that the Council's Investment Strategy be amended to remove the deposit limit of £80 million from the Council's DMO account facility.

*[Reference: Minutes of 10 February 2011 (Paragraph 6)]*

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## **11 Submission on 2011 Spending Review and 2012/2013 Scottish Budget**

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A report dated 1 November 2011 by the Executive Director (Finance and Corporate Resources) was submitted on the Council's response to the Scottish Government's Local Government and Regeneration Committee on the Scottish Government's 2011 Spending Review and the 2012/2013 Budget.

As part of the scrutiny of the Scottish Government's Annual Draft Budget, the Scottish Government's committees had scrutinised the areas of the draft budget relevant to their respective remits and reported their findings to the Finance Committee. The Local Government and Regeneration Committee had requested councils' views in relation to the following issues:-

- ◆ the 2011 Spending Review
- ◆ increasing demand on services
- ◆ public sector reform
- ◆ overall budget levels
- ◆ plans for reducing expenditure
- ◆ capital spending
- ◆ equal pay
- ◆ welfare reform

The Council's response to the Scottish Government's Local Government and Regeneration Committee was detailed in Appendix 1 to the report.

**The Committee decided:** that the Council's response to the Scottish Government's Local Government and Regeneration Committee on the Scottish Government's 2011 Spending Review and 2012/2013 Budget, as detailed in Appendix 1 to the report, be noted.

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## **12 Insurance and Claims Handling Contracts Renewal - 2012/2013 to 2013/2014**

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A report dated 31 October 2011 by the Executive Director (Finance and Corporate Resources) was submitted on the renewal of the contracts for the Council's main insurance policies for 2012/2013 to 2013/2014.

Following receipt of renewal terms, options appraisals had been conducted to examine the costs, benefits and risks of extending the current contracts with Risk Management Partners (RMP) and Chartis Insurance (formerly known as AIG Insurance) against carrying out a full tender exercise. The evaluation concluded that an extension to the current contracts was the most favourable option for the Council.

In terms of Standing Order No 14.2 of the Council's Standing Orders on Contracts, the Executive Director (Finance and Corporate Resources) had awarded an extension to the contracts for the Council's main insurance policies for a period of 2 years from 1 April 2012 to 31 March 2014 as follows:-

- ◆ combined liability/motor and claims handling with RMP/Chartis Insurance and Gallagher Bassett (claims handlers)
- ◆ property and associated policies and fidelity guarantee with RMP/Chartis Insurance

As of 1 April 2011, terrorism insurance had been removed from the contract with RMP/Chartis Insurance and placed with Lloyd's insurance on a yearly contract. Travel insurance would be renewed with ACE Europe under the existing 5 year contract.

It was highlighted that 6.8% savings would be achieved by extending the current insurance contracts.

**The Committee decided:** that the action taken by the Executive Director (Finance and Corporate Resources), in terms of Standing Order No 14.2 of the Council's Standing Orders on Contracts, to extend the contracts for the Council's main insurance policies with RMP and Chartis Insurance and the associated claims handling agreement with Gallagher Bassett for a period of 2 years from 1 April 2012 to 31 March 2014 be noted.

*[Reference: Minutes of 3 March 2009 (Paragraph 11)]*

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## **13 Treasury Management Activity - Mid Year Review**

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A report dated 25 October 2011 by the Executive Director (Finance and Corporate Resources) was submitted on the mid year review of the Treasury Management activity for 2011/2012.

The Committee was responsible for ensuring effective scrutiny of the Treasury Management Strategy and policies. In addition, in order to meet the requirements of the Treasury Management Code, recommendations in relation to the Council's treasury management policies, practices and activities would be referred to the Executive Committee.

Details were given on:-

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

**The Committee recommended to the Executive Committee:** that the outcome of the mid year review of the Treasury Management Activity for 2011/2012 be noted.

*[Reference: Minutes of 9 November 2010 (Paragraph 11)]*

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#### **14 Contract for Small/Medium Telephone Systems**

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A report dated 28 October 2011 by the Executive Director (Finance and Corporate Resources) was submitted on the award of the contract for the maintenance and supply of small/medium telephone systems and commodity items to the successful tenderer.

In terms of Standing Order No 20.2 of the Council's Standing Orders on Contracts, the Executive Director (Finance and Corporate Resources), in consultation with the Chair and an ex officio member, had awarded the contract for small/medium telephone systems to Wellwood Communications Limited, who had submitted the most economically advantageous tender. The contract was for a 4 year period commencing February 2012, with an option to extend the contract for a further 3 year period, subject to satisfactory performance and the availability of funding.

**The Committee decided:** that the action taken, in terms of Standing Order No 20.2 of the Council's Standing Orders on Contracts, by the Executive Director (Finance and Corporate Resources), in consultation with the Chair and an ex officio member, to award the contract for small/medium telephone systems to Wellwood Communications Limited for a period of 4 years commencing February 2012, with an option to extend the contract for a further 3 years, be noted.

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#### **15 Urgent Business**

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There were no items of urgent business.