

FINANCE AND INFORMATION TECHNOLOGY RESOURCES COMMITTEE

Minutes of special meeting held in Committee Room 1, Council Offices, Almada Street, Hamilton on 9 February 2012

Chair:

Councillor Eileen Logan

Councillors Present:

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

Councillors' Apologies:

Graeme Horne, Edward McAvoy, Danny Meikle, Henry Mitchell, Graham Simpson

Attending:

Finance and Corporate Resources

P Manning, Executive Director; M Barr, Senior Public Relations Officer; K Brown, Head of Information Technology; P MacRae, Administration Officer; H McNeil, Head of Audit and Improvement; L O'Hagan, Finance Manager; J Taylor, Head of Finance

1 Declaration of Interests

No interests were declared.

2 Minutes of Previous Meeting

The minutes of the special meeting of the Finance and Information Technology Resources Committee held on 2 February 2012 were submitted for approval as a correct record.

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

3 Revenue Budget 2012/2013

A report dated 2 February 2012 by the Executive Director (Finance and Corporate Resources) was submitted on the outcome of the budget process and the revenue budget proposals for 2012/2013.

The revenue budget total for 2012/2013 was £718.216 million and was made up as follows:-

	£ million
Total Services Gross Expenditure	£876.109
Deduct: Total Services Gross Income	<u>-229.697</u>
Net Service Spending	=£646.412
Add: Financing Costs, etc	+ 80.602
Deduct: Surplus from Trading Services	<u>- 8.798</u>
Net Expenditure	£718.216

This sum would be funded as follows:-

	£ million
◆ Government Grant	£591.716
◆ Council Tax	126.500
Total	£718.216

The Committee recommended to the Executive Committee: that the Revenue Budget proposals for 2012/2013 be approved.

[Reference: Minutes of Executive Committee (Special) of 2 February 2012 (Paragraph 2)]

Councillor Manson entered the meeting during consideration of this item

4 Prudential Code Indicators 2012/2013 to 2014/2015

A report dated 13 January 2012 by the Executive Director (Finance and Corporate Resources) was submitted on the updated Prudential Code indicators for 2011/2012 and the Prudential Code indicators for the period 2012/2013 to 2014/2015.

The Prudential Code indicators provided a framework to:-

- ◆ assist the management of the implications of additional borrowing
- ◆ demonstrate that increased levels of spending were affordable

The indicators required to be updated before the commencement of each financial year to reflect changes to the planned levels of expenditure and the sources of funding.

To meet the objectives of the Prudential Code, the Council was required to:-

- ◆ report a number of indicators
- ◆ use those indicators to demonstrate the affordability and sustainability of its capital plans
- ◆ show good treasury management practice

The Prudential Code and the resulting indicators focused on the following main areas:-

- ◆ capital expenditure plans and asset management
- ◆ treasury management practices

Details were given on both those areas.

The Prudential Code indicators for 2012/2013 to 2014/2015 were detailed in Appendix 1 to the report together with explanations for each indicator. Details were also given on the updated position for 2011/2012.

A report would be submitted to a future meeting showing actual achievement against the 2011/2012 indicators.

The Committee decided:

- (1) that the Prudential Code indicators for the period 2012/2013 to 2014/2015 be approved; and
- (2) that the updated Prudential Code indicators for 2011/2012 be approved.

[Reference: Minutes of 10 February 2011 (Special) (Paragraph 4)]

5 Treasury Management Strategy 2012/2013

A report dated 15 January 2012 by the Executive Director (Finance and Corporate Resources) was submitted on the Council's Treasury Management Strategy for 2012/2013.

In terms of the Council's Financial Regulations and the Chartered Institute of Public Finance and Accountancy (CIPFA) Code of Practice, the Treasury Management Strategy required to be submitted to Committee for approval. The Strategy for adoption by the Council was detailed in the appendix to the report.

CIPFA had reviewed the Treasury Management Code of Practice. The new Code required local authorities to make reference to their high level approach to borrowing and investment in their Treasury Management Policy Statement. To meet this requirement, 2 specific clauses would be added to the Council's Treasury Management Policy Statement. As the Council currently adhered to the terms of those clauses, no change was required to treasury practices.

The Committee recommended to the Executive Committee: that the Treasury Management Strategy for 2012/2013, as detailed in the appendix to the report, be approved.

The Committee decided: that the revised CIPFA Treasury Management Code of Practice be adopted.

[Reference: Minutes of 10 February 2011 (Special) (Paragraph 5)]

6 Annual Investment Strategy 2012/2013

A report dated 11 January 2012 by the Executive Director (Finance and Corporate Resources) was submitted on the Council's Annual Investment Strategy for 2012/2013.

The Local Government Investments (Scotland) Regulations 2010 had been introduced on 1 April 2010 and provided a formal investment framework for local authorities. The new regulatory framework provided greater freedom for local authorities in their investment activities as well as more flexibility when depositing and investing cash balances.

The 2 fundamental principles of the Investment Regulations were that councils were:-

- ◆ required to manage their investments and deposits in a way that minimised the risk to the capital sum and optimised the return on the funds consistent with those risks
- ◆ able to determine what investments they made, including both the type and duration of investment

In terms of the Regulations, the Council was required to prepare an Annual Investment Strategy prior to the start of the financial year. The Annual Investment Strategy for 2012/2013, attached as Appendix 1 to the report, covered the following areas:-

- ◆ investment policy and strategy
- ◆ treasury management risks
- ◆ permitted investments
- ◆ risk management
- ◆ borrowing in advance
- ◆ investment projection 2012/2013 to 2013/2014
- ◆ prudential indicators
- ◆ Common Good investments

The Committee recommended to the Executive Committee: that the Council's Annual Investment Strategy for 2012/2013, as detailed in Appendix 1 to the report, be endorsed and referred to the Council for formal approval.

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

7 Urgent Business

There were no items of urgent business.