

## FINANCE AND INFORMATION TECHNOLOGY RESOURCES COMMITTEE

Minutes of special meeting held in Committee Room 1, Council Offices, Almada Street, Hamilton on 10 February 2011

### Chair:

Councillor Eileen Logan

### Councillors Present:

David Baillie, Walter Brogan, Gordon Clark, Pam Clearie, Russell Clearie, Peter Craig, Lynn Filshie, Jim Handibode, Bobby Lawson, Lesley McDonald, Jean McKeown, Anne Maggs, James Malloy (Depute), Archie Manson, Danny Meikle, Henry Mitchell, Alan Scott, Graham Simpson, George Sutherland

### Councillors' Apologies:

Graeme Campbell, Graeme Horne, Edward McAvoy, Mary McNeill

### Attending:

#### Chief Executive's Service

A Strang, Chief Executive

#### Corporate Resources

P MacRae, Administration Officer

#### Finance and Information Technology Resources

K Brown, Head of Information Technology; P Manning, Head of Finance; L O'Hagan, Finance Manager (Accounting and Budgeting); 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 special meeting of the Finance and Information Technology Resources Committee held on 4 February 2011 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 2011/2012

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A report dated 4 February 2011 by the Chief Executive was submitted on the outcome of the budget process and the revenue budget proposals for 2011/2012.

The revenue budget total for 2011/2012 was £715.521 million and was made up as follows:-

	<b>£ million</b>
Total Services Gross Expenditure	£871.287
Deduct: Total Services Gross Income	<u>-221.594</u>
Net Service Spending	=£649.693
Add: Financing Costs, etc	+ 74.291
Deduct: Surplus from Trading Services	<u>- 8.463</u>
<b>Net Expenditure</b>	<b>£715.521</b>

This sum would be funded as follows:-

	<b>£ million</b>
◆ Government Grant	£589.021
◆ Council Tax	126.500
<b>Total</b>	<b>£715.521</b>

**The Committee recommended to the Executive Committee:** that the Revenue Budget proposals for 2011/2012 be approved.

*[Reference: Minutes of Executive Committee (Special) of 4 February 2011 (Paragraph 2)]*

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#### **4 Prudential Code Indicators 2011/2012 to 2013/2014**

A report dated 4 February 2011 by the Chief Executive was submitted on updated Prudential Code indicators based on the current capital programme for the period 2011/2012 to 2013/2014.

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 2011/2012 to 2013/2014 were detailed in Appendix 1 to the report together with explanations for each indicator. Details were also given on the updated position for 2010/2011.

A report would be submitted to a future meeting of the Committee showing actual achievement against the 2010/2011 indicators.

**The Committee decided:** that the updated Prudential Code indicators, based on the current capital programme for the period 2011/2012 to 2013/2014, be approved.

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

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#### **5 Treasury Management Strategy 2011/2012**

A report dated 4 February 2011 by the Chief Executive was submitted on the Council's Treasury Management Strategy for 2011/2012.

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.

**The Committee recommended to the Executive Committee:** that the Treasury Management Strategy for 2011/2012, as detailed in the appendix to the report, be approved.

*[Reference: Minutes of 11 February 2010 (Special) (Paragraph 5)]*

*Councillor Manson entered the meeting during consideration of this item*

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## **6 Annual Investment Strategy 2011/2012**

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A report dated 4 February 2011 by the Chief Executive was submitted on the Council's Annual Investment Strategy for 2011/2012.

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 2011/2012, attached as Appendix 1 to the report, covered the following areas:-

- |                                  |  |
|----------------------------------|--|
| ◆ investment policy and strategy | ◆ borrowing in advance                         |
| ◆ treasury management risks      | ◆ investment projection 2011/2012 to 2013/2014 |
| ◆ permitted investments          | ◆ prudential indicators                        |
| ◆ risk management                | ◆ Common Good investments                      |

**The Committee recommended to the Executive Committee:** that the Council's Annual Investment Strategy for 2011/2012, as detailed in Appendix 1 to the report, be endorsed and referred to the Council for formal approval.

*[Reference: Minutes of 1 June 2010 (Paragraph 5)]*

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## **7 Urgent Business**

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There were no items of urgent business.