

Motherwell, 25 January 2005 at 2 pm.

A Meeting of the POLICY AND RESOURCES (FINANCE) SUB-COMMITTEE

PRESENT

Councillor Pentland, Convener; Councillor Burrows, Vice-Convener; Councillors, Fagan, Gormill, Holloway, Homer, Jones, Lyle, Maginnis, J. Martin and G. Murray.

CHAIR

Councillor Pentland (Convener) presided.

IN ATTENDANCE

The Chief Committee Services Manager; Director of Finance; Head of Accounting Services; Head of Revenue Services; Head of Information Technology Services, and Audit Manager, Finance Department.

APOLOGIES

Councillors Curley, McAuley, McCabe, H. McGuigan and Smith.

REVENUE BUDGET 2005/2006

(1) MISCELLANEOUS SERVICES

1. **C** There was submitted a report (docketed) dated 1 December 2004 by the Director of Finance (1) seeking the Sub-Committee's approval of the Miscellaneous Services Revenue Budget for the financial year 2005/2006; (2) outlining the background relative thereto; (3) advising that the base budget for 2005/2006 had been prepared by incorporating CSPs into the current year's budget to reflect expenditure pressure areas, transfer of responsibility and new initiatives announced by the Scottish Executive; (4) indicating that the Council will, at a meeting on 10 February 2005, consider the potential for growth in service budgets prior to determining its overall spending plans and Council Tax levels for the following year, and (5) recommending that the Sub-Committee (a) note the level of Current Service Provision (CSP) movements and increases, as set out in Appendices i and ii to the report, and (b) agree the base budget, as set out in Appendix iii to the report.

Decided:

- (1) that the Miscellaneous Services level of CSP movements and increases as detailed in Appendices i and ii to the report, be approved;
- (2) that the base budget for Miscellaneous Services, as detailed in Appendix iii to the report, be approved;
- (3) that the Committee recommend accordingly to the Policy and Resources Committee and the Council, and
- (4) that the contents of the report be otherwise noted.

This paragraph was dealt with by the Council at its Special Meeting on 10 February 2005.

(2) JOINT BOARDS

2. There was submitted a report (docketed) dated 1 December 2004 by the Director of Finance (1) advising the Sub-Committee of the Joint Boards' Revenue Budgets for the financial year 2005/2006; (2) outlining the background relative thereto; (3) advising that the Revenue Estimate for 2005/2006 had been prepared by incorporating the expenditure pressures and service improvements advised to the Council by the Joint Boards and reflected within the financial settlement from the Scottish Executive, and (4) providing a budget summary as detailed in Section 3.2 of the report.

Decided: that the budgets for the Joint Boards as detailed in section 3.2 of the report, be noted.

FINANCE DEPARTMENT SERVICE IMPROVEMENT PLAN 2004/2005 TO 2006/2007 AND REVENUE BUDGET 2005/2006

- C** 3. There was submitted a report (docketed) dated 1 December 2004 by the Director of Finance (1) seeking approval of the Finance Department's updated Service Improvement Plan for 2004/2005 to 2006/2007 and the Revenue Budget for 2005/2006; (2) submitting for consideration (a) the updated Service Improvement Plan for the Department of Finance in respect of the period 2004/2005 to 2006/2007 as detailed in Appendix A to the report, and (b) the proposed revenue budget for the Department of Finance in respect of the period 2005/2006 as contained in Appendix B to the report; (3) indicating that the proposed budget for the Department of Finance shows an increase of £484,950 and the basis of that increase; (4) advising that Departmental budgets will be consolidated to enable the Council to evaluate and consider the potential for growth in service budgets prior to determining its overall spending plans for the forthcoming year; and (5) recommending that the Sub-Committee (a) approve the draft updated Service Improvement Plan for the Department of Finance as contained in Appendix A to the report; (b) note the level of CSP movements and increases to the Departmental revenue budget as set out in Parts i and ii of Appendix B to the report; (c) agree the Departmental base budget as detailed in Part iii of Appendix B to the report; (d) consider and make recommendations to the Policy and Resources Committee on efficiency savings from the Departmental base budget as detailed in Part iv of Appendix B to the report; (e) note (A) that any alterations to the updated Service Improvement Plan for the Department of Finance required as a consequence of finalisation of the Council's budget, will be brought to the attention of this Sub-Committee, and (B) that the first six monthly performance report to be presented to this Sub-Committee in the financial year 2005/2006 will also contain updated information on the Departmental revenue budget for the financial year 2005/2006; and (f) otherwise note the contents of the report.

Decided:

- (1) that the updated Service Improvement Plan for the Department of Finance in respect of the period 2004/2005 to 2006/2007, as contained in Appendix A to the report by the Director of Finance be approved;
- (2) that the level of CSP movements and increases affecting the Departmental revenue budget as set out in Parts i and ii of Appendix B to the report by the Director of Finance be noted;
- (3) that the Departmental base budget as set out in Part iii of Appendix B to the report by the Director of Finance be agreed subject to the consideration of efficiency savings;
- (4) that the proposed efficiency savings as detailed in Part iv of Appendix B to the report by the Director of Finance be approved, and referred to the Policy and Resources Committee for consideration;

- (5) that it be noted (a) that any alterations to the updated Service Improvement Plan for the Department of Finance, required as a consequence of finalisation of the Council's budget will be brought to the attention of the Sub-Committee, and (b) that the first six monthly performance report to be presented to the Sub-Committee in financial year 2005/2006, will also contain updated information on the Departmental revenue budget for financial year 2005/2006; and
- (6) that, otherwise, the contents of the report be noted.

This paragraph was dealt with by the Council at its Special Meeting on 10 February 2005.

AUDIT COMMITTEE PRINCIPLES IN LOCAL AUTHORITIES IN SCOTLAND

4. **C** There was submitted a report (docketed) dated 1 December 2004 by the Director of Finance (1) advising that, as part of the Corporate Governance agenda, local authorities have been increasingly expected to incorporate Audit Committee principles into their management arrangements; (2) informing that CIPFA had recently published a guidance note on Audit Committee principles and practice in a local government context; (3) outlining the Council's current mechanisms for considering audit matters; (4) submitting for consideration a number of possible organisational structures for delivering Audit Committee principles as detailed in Annex B to the report, and (5) advising that the Chief Executive's Audit Group's preferred option was the creation of an Audit and Governance Panel.

Decided:

- (1) that the need for the Council to revise its current audit arrangements to comply with good practice be acknowledged;
- (2) that the creation of an Audit and Governance Panel reporting directly to the Policy and Resources Committee as part of revised scrutiny arrangements be approved, and
- (3) that the membership of the Panel be between four and seven members and that the matter be referred to the Council for consideration of appointment of members to the Panel.

COUNCIL TAX DISCOUNT FOR SECOND HOMES AND LONG TERM EMPTY DWELLINGS

5. **C** With reference to paragraph 10 of the Minute of the meeting of this Sub-Committee held on 9 November 2004, there was submitted a report (docketed) dated 18 January 2005 by the Director of Finance seeking approval in terms of the Council Tax (Discount for Unoccupied Dwellings) (Scotland) Regulations 2004, to vary the level of discount awarded to second homes and long term empty dwellings.

Decided:

- (1) that the variation to the level of discount, as detailed in paragraph 3.5 of the report be approved;
- (2) that the application of the varied discount to the categories of second homes and empty properties, as detailed in paragraph 3.4 of the report be approved, and
- (3) that the report be referred to the Housing and Technical Services Committee for information.

REVENUE BUDGET MONITORING REPORTS 2004/2005

(1) FINANCE DEPARTMENT

6. There was submitted a report dated 1 December 2004 by the Director of Finance comparing actual expenditure and income for the Finance Department against estimates for the year to 12 November 2004; showing projected outturn variances and providing explanations for the major projected outturn variances.

Decided: that the terms of the report be noted.

(2) MISCELLANEOUS SERVICES

7. There was submitted a report dated 25 November 2004 by the Director of Finance comparing actual expenditure and income on Miscellaneous Services against the estimates for the year to 12 November 2004 and presenting a projected outturn for the year together with explanations on the most significant variances.

Decided: that the terms of the report be noted.

(3) COUNCIL SUMMARY

8. There was submitted a report dated 9 December 2004 by the Director of Finance setting out the overall position on both the General Fund Account and the Housing Revenue Account for the financial year to 12 November 2004; (1) comparing projected outturn expenditure with the budget; (2) providing explanations of significant variances where applicable; (3) outlining the on-going position with regard to the shortfall in the Supporting People Grant, and (4) detailing the factors contributing to the projected deficit of £0.072m within the General Fund Account.

Decided:

- (1) that the on-going position with regard to the shortfall in Supporting People Grant and the projected deficit of £0.072m in the General Fund Account be noted;
- (2) that every effort be made to address this position and bring overall expenditure back in line with the budget, and
- (3) that the contents of the report be otherwise noted.

TRADING OPERATIONS / PPP SUMMARY POSITION

9. There was submitted a report dated 1 December 2004 by the Director of Finance summarising the financial position of the Trading Accounts and expected return from the Public Private Partnerships, for the period from 1 April to 12 November 2004.

Decided: that the contents of the report be noted.

COMPOSITE CAPITAL PROGRAMME 2004/2005 - MONITORING REPORT

10. There was submitted a report dated 20 December 2004 by the Director of Finance (1) summarising the financial performance of the Composite Capital Programme for 2004/2005; (2) highlighting areas
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where the capital budget is updated; (3) summarising the financial performance of the Programme and its commitments; (4) outlining the projected year end outturn position and the resultant variances, and (5) providing information on current expenditure up to and including 12 November 2004.

Decided:

- (1) that the financial position of the Composite Capital Programme as at 12 November 2004 be noted;
- (2) that the current position of the 2005/2006 to 2007/2008 Capital Investment Plans be noted, and
- (3) that the contents of the report be otherwise noted.

FINANCE DEPARTMENT CAPITAL PROGRAMME 2004/2005

11. There was submitted a report dated 20 November 2004 by the Director of Finance summarising the financial performance of the Finance Department Capital Programme for 2004/2005, including information on current expenditure up to and including 12 November 2004 and providing explanations for significant movements.

Decided: that the financial position of the Finance Department Capital Programme as at 12 November 2004 be noted.

TREASURY MANAGEMENT MONITORING REPORT

12. There was submitted a report (docketed) dated 11 January 2005 by the Director of Finance (1) advising of the overall borrowing position as at 31 December 2004, as shown on Appendix 1 to the report; (2) detailing in Appendix 2 to the report, loans repaid during 1 October to 31 December 2004 with no additional long term borrowing undertaken; (3) outlining a breakdown of the short term borrowing and repayment transactions during the same period as shown in Appendix 3 to the report; (4) setting out short term investment transactions for the quarter ending 31 December 2004 as shown in Appendix 4 to the report; (5) giving details of the interest rate movements during this period, and (6) outlining the position with regard to the prudential indicators as at 31 December 2004 as shown in Appendix 5 to the report.

Decided: that the contents of the report and the positive steps being taken to reduce overall interest costs be noted.

DEPARTMENT OF FINANCE PERFORMANCE MONITORING REPORT

13. There was submitted a report dated 14 January 2005 by the Director of Finance advising of current performance against a selection of key performance indicators across the Finance Department for the period from 1 October to 31 December 2004, as detailed in Appendices 1-9 of the report.

Decided: that the terms of the report be noted.

COUNCIL TAX - PROGRESS REPORT

14. There was submitted a report dated 14 December 2004 by the Director of Finance (1) providing an update on Council Tax collection performance during the period from 1 April to 30 November 2004

and comparing it with the same period for 2003, and (2) advising of a continued improvement in the recovery of Council Tax.

Decided: that the terms of the report be noted.

PRUDENTIAL CODE FOR CAPITAL FINANCE - PRUDENTIAL INDICATORS 2005/2006 - 2007/2008

15. **C** There was submitted a report (docketed) dated 13 January 2005 by the Director of Finance regarding the Prudential Code for Capital Finance and seeking approval of the prudential indicators for 2005/2006 – 2007/2008 which include mandatory and local indicators, all as detailed in Appendix 1 to the report.

Decided:

- (1) that the prudential indicators and limits detailed within Appendix 1 to the report be approved, and
- (2) that further reports monitoring the effectiveness and robustness of the indicators be submitted to future meetings of the Sub-Committee.

LOCAL GOVERNMENT FINANCIAL SETTLEMENT 2005/2006 – 2007/2008 – UPDATE

16. With reference to paragraph 12 of the Minute of the meeting of this Sub-Committee held on 9 November 2004, there was submitted a report (docketed) dated 11 January 2005 by the Director of Finance (1) advising of the Local Government Finance Settlement for the three years 2005/2006 – 2007/2008; (2) giving details of the settlement for North Lanarkshire, together with a comparison with the aggregate position in Scotland; (3) pointing out that the non-domestic rate poundage has been set at 46.1p; (4) outlining the current position regarding the budget process, and (5) indicating that the final budget report would be presented to the Council during February 2005 to enable the financial strategy for the next three financial years to be considered.

Decided: that the details of the financial settlement and the on-going work in finalising the departmental budgets be noted.

AUDIT SCOTLAND REPORT TO MEMBERS ON THE 2003-2004 AUDITED ACCOUNTS

17. With reference to paragraph 8 of the Minute of the meeting of North Lanarkshire Council held on 2 December 2004, there was submitted a report dated 17 December 2004 by the Director of Finance (1) reporting on the outcome of the audit of the Council's Annual Accounts for 2003/2004 by Audit Scotland, the Council's appointed external Auditors, and (2) setting out the agreed action plan with Audit Scotland in accordance with the recommendations outlined in the report.

Decided:

- (1) that the Audit Scotland report and the agreed action plan be noted, and
- (2) that the Director of Finance monitor the position and report back to the Sub-Committee on progress against the agreed options.

INTERNAL AUDIT 2004/2005 - PROGRESS REPORT

18. There was submitted a report dated 23 December 2004 by the Audit Manager detailing the progress of the work of the Internal Audit Section in the financial year to 23 December 2004 against the Internal Audit Plan for the year 2004/2005.

Decided: that the terms of the report be noted.

TENDER - EXTENSION TO COMPUTER OPERATIONS/SUPPORT CONTRACT

19. With reference to paragraph 31 of the Minute of the meeting of this Sub-Committee held on 4 September 2001 when the contract for the provision of Computer Operations Services/Support had been awarded to Service and Systems Solutions Limited (SX3) for a period of three years until 31 December 2004, there was submitted an report dated 24 November 2004 by the Director of Finance (1) seeking approval to extend the existing contract for a period of one year until 31 December 2005, and (2) indicating that the Director of Administration, following consultation with the Convener, is progressing the extension of the contract.

Decided: that the action taken by the Director of Administration to extend the contract for the provision, of Computer Operations Services/Support with Service and Systems Solutions Limited (SX3) until 31 December 2005 be homologated.

NON-DOMESTIC RATES (NDR) - REVALUATION

20. There was submitted a report dated 29 December 2004 by the Director of Finance (1) advising on legislation which requires a revaluation of all Non Domestic Properties in Scotland every five years with the current exercise to be effective from 1 April 2005, and (2) summarising in Appendices 1 and 2 to the report, the impact on the business community across the North Lanarkshire area, with an analysis by Ward and Business Sector.

Decided: that the terms of the report be noted.

EFFICIENT GOVERNMENT

21. With reference to paragraph 12 of the Minute of the meeting of this Sub-Committee held on 9 November 2004, there was submitted a report dated 19 January 2005 by the Director of Finance summarising the key issues arising from the Efficient Government Initiative and outlining the financial impact on Local Government.

Decided: that the announcement of the Efficient Government Initiative and the arrangements for the Efficient Government Fund be noted.

OVERTIME PAYMENTS

22. There was submitted a report (docketed) dated 29 December 2004 by the Director of Finance advising of the overtime worked by staff who are above the spinal column point threshold (SCP35) for such payments, during the period from April to September 2004.

Decided:

- (1) that the overtime hours worked by staff within the Finance Department who are above the spinal column point threshold (SCP35) for such payment, be approved, and
- (2) that the report be referred to the Policy and Resources (Personnel) Sub-Committee for consideration.

GROUP LIFE ASSURANCE SCHEME - TEMPORARY AND FIXED TERM WORK

23. There was submitted a report dated 17 December 2004 by the Director of Finance (1) advising on the provision of a Non Contributory Life Assurance Scheme by the Council for permanent employees, administered within the Finance Department, in conjunction with Personnel Services; (2) intimating that to prevent the possibility of claims of unfair treatment against the Council, temporary employees were added to the Group Life Assurance Scheme from 1 April 2004, and (3) advising that claims statistics suggest that it would be more economic for the Council to self-insure via the Insurance Fund, rather than to take out insurance cover with an external provider.

Decided:

- (1) that the extension of the Group Life Assurance Scheme to include temporary employees, be noted;
- (2) that the operation of the Scheme by means of self-insurance be approved, and
- (3) that the report be referred to the Policy and Resources (Personnel) Sub-Committee for information.

CONFERENCES

24. There was submitted a report (docketed) 18 January 2005 by the Director of Administration advising that three invitations had been received in respect of attendance at Conferences, and seeking that consideration be given to these invitations.

Decided:

- (1) that the Council be represented at the undernoted Conference:-

Conference	Venue	Date	Attendance
Investing in Success – A Scotland Where Everyone Counts	Glasgow	10-11 March 2005	Councillor Pentland

and

- (2) that otherwise no attendance be authorised.