

**Motherwell, 22 March 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, Jones, Maginnis, Morgan 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, J. Martin, Morris and Smith.

**REMIT FROM HOUSING AND TECHNICAL SERVICES COMMITTEE OF 17 MARCH 2005 - FORMER TENANT ARREARS WRITE-OFF TO 31 MARCH 2003**

1. With reference to paragraph 5 of the Minute of the meeting of the Housing and Technical Services Committee held on 17 March 2005, when that Committee having considered a report dated 15 February 2005 by the Director of Housing and Property Services seeking approval to write-off the current outstanding balance of £581,964.99 in respect of Former Tenant Arrears for the financial year 2002/2003, including balances outstanding prior to 1 April 2002 had agreed (1) that the write-off of the Former Tenant Arrears totalling £581,964.99 in relation to the period ending 31 March 2003 be approved, and (2) that the report be referred to this Sub-Committee for consideration, the Sub-Committee considered the report.

**Decided:** that the terms of the report be approved.

**LOCAL TAXATION IN SCOTLAND - CONSULTATION**

2. There was submitted a report (docketed) dated 11 March 2005 by the Director of Finance (1) advising that the Scottish Executive Ministers have established a Local Government Finance Review Committee to review the different forms of local taxation in Scotland; (2) indicating that a consultation paper has been issued by the Review Committee detailing questions on which it would welcome comments, and (3) recommending, in view of the timescale, that the response to the consultation exercise be prepared and submitted to the Policy and Resources Committee on 19 April 2005 for consideration.

**Decided:**

- (1) that the establishment of a Committee to review local taxation in Scotland be noted, and
- (2) that the Director of Finance prepare a response to the consultation exercise for consideration by the Policy and Resources Committee on 19 April 2005.

**INTERNAL AUDIT ANNUAL PLAN 2005/2006**

3. With reference to paragraph 4 of the Minute of the meeting of this Sub-Committee held on 23 March 2004, there was submitted a report (docketed) dated 25 February 2005 by the Audit Manager (1) advising on the operational plan of the Internal Audit Section; (2) setting out the main areas of the workload of the section for the year 2005/2006, and (3) seeking approval of the Annual Internal Audit Plan as detailed in Appendix A to the report.

**Decided:** that the Annual Internal Audit Plan 2005/2006 as detailed in Appendix A to the report be approved.

**REVISED INTERNAL AUDIT CHARTER**

4. There was submitted a report dated 3 February 2005 by the Director of Finance (1) seeking approval of the adoption of the new Internal Audit Charter that sets out the purpose, authority and principal responsibilities of the Council's Internal Audit Section as detailed in Appendix A to the report, and (2) outlining the background relative thereto.

**Decided:** that the revised Internal Audit Charter as detailed in Appendix A to the report be approved.

**ANNUAL TREASURY STRATEGY 2005/2006**

- C** 5. There was submitted a report (docketed) dated 1 March 2005 by the Director of Finance (1) advising of the borrowing requirements of the Council for 2005/2006; (2) outlining potential sources of borrowing; (3) indicating the potential outlook for the interest rates; (4) detailing the Prudential Indicators which the Council is requested to approve as set out in the Appendix to the report, and (5) setting out the strategy to be followed by 2005/2006 in relation to the Council's Treasury Management activity which has been prepared in accordance with the CIPFA Code of Practice on Treasury Management.

**Decided:** that the Treasury Management Strategy 2005/2006, the CIPFA Prudential Indicators and the limits detailed within the Appendix to the report be approved.

**REVENUE BUDGET MONITORING REPORTS 2004/2005**

**(1) FINANCE DEPARTMENT**

6. There was submitted a report dated 18 February 2005 by the Director of Finance comparing actual expenditure and income for the Finance Department against the estimates for the year to 4 February 2005, presenting a projected outturn for the year, 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 28 February 2005 by the Director of Finance comparing actual expenditure and income on Miscellaneous Services against the estimates for the year to 4 February 2005, presenting a projected outturn for the year and providing explanations of the most significant variances.

**Decided:** that the terms of the report be noted.

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**(3) COUNCIL SUMMARY**

8. There was submitted a report dated 1 March 2005 by the Director of Finance (1) setting out the overall position on both the General Fund Account and the Housing Revenue Account for the financial year to 4 February 2005; (2) consolidating the budget monitoring position of each Department; (3) comparing projected outturn expenditure with the budget; (4) providing explanations of significant variances where applicable; (5) detailing the up-to-date position with regard to the shortfall in the Supporting People Grant, and (6) advising of the subsequent projected surplus of £1.139m in the General Fund Account as a result of a re-assessment of expenditure to the year-end.

**Decided:**

- (1) that the revised position with regard to the shortfall of Supporting People Grant be noted;
- (2) that the revised forecast for the Prudential Code Budget and the subsequent projected surplus of £1.139m in the General Fund Account as a result of re-assessment of expenditure to the year-end be noted, and
- (3) that the contents of the report be otherwise noted.

**TRADING OPERATIONS/PPP SUMMARY POSITION**

9. There was submitted a report dated 2 March 2005 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 2004 to 4 February 2005.

**Decided:** that the contents of the report be noted.

**COMPOSITE CAPITAL PROGRAMME 2004/2005 - MONITORING REPORT**

10. There was submitted a report dated 1 March 2005 by the Director of Finance (1) summarising the financial performance of the Composite Capital Programme for 2004/2005; (2) highlighting areas 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; (5) providing information on current expenditure up to and including 4 February 2005, and (6) advising on the current position of the 2005/2006 to 2007/2008 Capital Investment Plans.

**Decided:**

- (1) that the financial position of the Capital Programme as at 4 February 2005 be noted;
- (2) that the current position of the 2005/2006 to 2007/2008 Capital Investment Plans be noted, and
- (3) that the terms of the report be otherwise noted.

**FINANCE DEPARTMENT CAPITAL PROGRAMME 2004/2005**

11. There was submitted a report dated 1 March 2005 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 an including 4 February 2005 and providing explanations for significant movements.
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**Decided:** that the financial position of the Finance Department Capital Programme as at 4 February 2005 be noted.

**COUNCIL TAX -- PROGRESS REPORT**

12. There was submitted a report dated 10 March 2005 by the Director of Finance (1) providing an update on Council Tax collection performance during the period from 1 April 2004 to 31 January 2005 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.

**INTERNAL AUDIT PLAN 2004/2005 - PROGRESS REPORT**

13. There was submitted a report dated 28 February 2005 by the Audit Manager detailing the progress of the work of the Internal Audit Section in the financial year to 28 February 2005 against the Internal Audit Plan for the year 2004/2005.

**Decided:** that the terms of the report be noted.

**CORPORATE ICT DEVELOPMENT AND CAPITAL PLANS 2005/2006 TO 2007/2008**

14. There was submitted a report (docketed) dated 25 February 2005 by the Director of Finance (1) reporting on the results of a comprehensive review of information and communications technology requirements across all Council Departments, and (2) advising on the outcome of the ICT Working Group meeting held on 16 February 2005, when the Group approved (a) proposals which identified the major development projects to which ICT resources will be targeted, as outlined in Appendix 1 to the report, and (b) initiatives which will be allocated Capital Monies from the Corporate ICT Fund 2005/2006 to 2007/2008 as outlined in Appendix 2 to the report.

**Decided:**

- (1) that the ICT Project Plan as outlined in Appendix 1 to the report, be approved;
- (2) that the ICT Capital Plan as outlined in Appendix 2 to the report, be approved, and
- (3) that the contents of the report be otherwise noted.

**ICT SERVICE DELIVERY PARTNERSHIP TENDER EXERCISE - UPDATE**

15. There was submitted a report (docketed) dated 4 February 2005 by the Director of Finance (1) advising on the progress to date on the current tendering exercise to select an ICT service delivery partner to deliver a range of ICT services to all Council Departments; (2) outlining the background to this exercise; (3) indicating that the tender, when issued, will comprise of six service modules and five acquisition framework agreements as detailed in Section 2.3 to the report; (4) informing that the Authorities Buying Consortium, on behalf of the Council, had issued an evaluation questionnaire to prospective suppliers, and (5) detailing the outcome of the evaluation exercise as set out in Section 3 to the report.

**Decided:** that the progress made to date on the ICT service delivery partnership tender exercise be noted.

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**DEVELOPING PROCUREMENT - “QUICK WINS” - WATER COOLERS/COFFEE MACHINES**

16. With reference to paragraph 9 of the Minute of the meeting of this Sub-Committee held on 7 September 2004, there was submitted a report (docketed) dated 10 March 2005 by the Director of Finance regarding the development of the E-procurement project (1) indicating that the methodology for realising the savings across the Council has been considered and is being taken forward initially through a series of “Quick Win” projects, and (2) advising of two “Quick Win” projects in respect of water coolers and coffee machines as detailed in Sections 2 and 3 of the report where total savings of £76,000 per annum had been achieved in relation to the water coolers and £1,600 per annum in relation to coffee machines.

**Decided:**

- (1) that the progress detailed in the report be noted, and
- (2) that the virement of budgets reflecting the savings identified in Sections 2 and 3 of the report be approved.

**INSURANCE RENEWALS 2005/2006**

17. There was submitted a report (docketed) dated 2 March 2005 by the Director of Finance (1) giving details of options available for the renewal of the Council’s Property and Liability Insurance policies for the year 2005/06; (2) outlining the current position as detailed in the report, and (3) proposing that for the year from 1 April 2005, (a) property insurance be obtained from Zurich Municipal at the premium, including Insurance Premium Tax (IPT), of £1,668,392 and a Stop Loss of £1,500,000; (b) liability insurance be obtained from St. Paul Insurance at a premium, including IPT, of £419,188 and a Stop Loss of £3,950,000; (c) motor insurance be obtained with Zurich Municipal at a premium, including IPT, of £265,391, and (d) that the Engineering Inspection Programme be continued with Zurich Municipal, with the fee increase from £186,950 in 2004/05 to £213,243 for 2005/06 due to the increase in the value of equipment across Council Departments which requires to be inspected.

**Decided:**

- (1) that the Sub-Committee approve the following insurance arrangements for the year from 1 April 2005:-
  - (a) property insurance be obtained from Zurich Municipal at a premium, including IPT, of £1,668,392 and a Stop Loss of £1,500,000;
  - (b) liability insurance be obtained from St. Paul at a premium, including IPT, of £419,188 and a Stop Loss of £3,950,000;
  - (c) motor insurance be obtained with Zurich Municipal at a premium, including IPT, of £265,391, and
  - (d) Engineering inspection be continued with Zurich Municipal at a fee of £213,243, and
- (2) that the contents of the report be otherwise noted.