

STIRLING COUNCIL

MINUTES of MEETING of the FINANCE & ECONOMY COMMITTEE held in the COUNCIL CHAMBERS, OLD VIEWFORTH, STIRLING on TUESDAY 24 SEPTEMBER 2013 at 10.30 am

Present

Councillor Neil BENNY (Convener)

Councillor Johanna BOYD
Councillor Scott FARMER
Councillor John HENDRY

Councillor Mike ROBBINS
Councillor Jim THOMSON (substitute)

In Attendance

Jim Boyle, Chief Finance Officer, Governance & Resources
Stewart Carruth, Depute Chief Executive
Paul Davison, Programme Manager, Chief Executive's Office
Liz Duncan, Chief Governance Officer, Governance & Resources
Bob Gil, Head of Corporate Projects
Bob Jack, Chief Executive
Andy Kennedy, City Centre Initiative Manager, Economy, Planning & Regulation
Don MacMillan, Procurement Manager, Governance & Resources
Lesley Malkin, Strategic Asset Manager, Assets & Support
Gillian Morrison, Accounting Team Leader, Governance & Resources
John Risk, Head of Assets & Support
Kevin Robertson, Head of Economy, Planning & Regulation
John Scott, Assistant Head of Social Services
Willie Watson, Head of Governance & Resources
Michelle MacDonald, Committee Officer, Governance & Resources (Clerk)

Also In Attendance

Gary Devlin, External Auditor, Grant Thornton

FE48 APOLOGIES AND SUBSTITUTIONS

Apologies for absence were submitted on behalf of Councillor Ian Muirhead. Councillor Jim Thomson was in attendance as substitute for Councillor Muirhead.

FE49 DECLARATIONS OF INTEREST

Councillor Thomson declared an interest in Agenda Item E17 – Debts Outstanding Over £10,000.

FE50 URGENT BUSINESS

The Convener advised that there was an urgent item on the Payroll/HR System which had been circulated. It was agreed that this item would be taken prior to the Exempt Reports.

FE51 MINUTES – 18 JUNE 2013

Decision

The Committee agreed to approve the Minutes of Meeting held on 18 June 2013 as a correct record of proceedings.

FE52 MINTUES – SPECIAL MEETING – 4 SEPTEMBER 2013

Decision

The Committee agreed to approve the Minutes of Special Meeting held on 4 September 2013 as a correct record of proceedings.

FE53 BUSINESS IMPROVEMENT DISTRICT – DEVELOPMENT IN SCOTLAND

The report by the Head of Economy, Planning and Regulation explained the context, policy background, requirements and benefits of supporting Business Improvement District (BID) development in the Stirling area and outlined the steps required to establish a BID.

It was recommended that the Council takes positive steps to work with businesses in Stirling City Centre to support the development of a BID to enhance the city's commercial and retail viability, by funding £30K for a BID Development Manager for the first year.

The investment would enable an application for additional grant funding from Scottish Government of up to £20K to enable the development of a BID partnership.

It was also recommended that discussions proceed with interested parties in Dunblane who had expressed interest in the BID model, and to explore the potential for a BID in Callander.

In response to Members questions the City Centre Manager advised that the requested funding of £30K would be spread over two financial years, £15K in financial year 2013-14 and £15K in financial year 2014/15. With regard to the £20,000 development funding available from the Scottish Government, the City Centre Manager did not envisage any major issues in obtaining this grant funding.

Decision

The Committee agreed:

1. to support the development of a Business Improvement District (BID) in Stirling city centre;

2. to recommend to Council that funding of £30K be allocated from balances (£15K in financial year 2013/14 and £15K in financial year 2014/15) to enable the BID steering group to recruit and fund the first year of a BID Development Manager;
3. instruct officers to pursue BID development funding of up to £20K available through Scottish Government; and
4. to direct officers to explore the possibility of supporting BIDs in Dunblane and Callander through the same BID Development Manager.

(Reference: Report by Head of Economy, Planning & Regulation dated 12 September 2013)

FE54 GENERAL FUND REVENUE BUDGET MONITORING 2013/14

A report by the Chief Finance Officer provided an update on the overall General Fund Revenue Budget position for the current year. The projected overspend on Service budgets was currently £1.470m, being 0.8% of total Service budgets and included a potential shortfall of £800k in the overall savings from cost of employment. Most Services were reporting on or within budget with the exceptions being Economy, Planning & Regulation, Environment and Social Services where budget pressures were resulting in projected overspends. All four Significant Trading Operation activities were anticipating a statutory surplus position for the year.

The report also provided an update on corporate projections and showed that savings of £300k were currently expected from loan charges and additional income of £250k from Council Tax income. A number of other corporate items, of which the most significant were the cost of severances, were also affecting the revenue budget outturn position and were outlined in the report. In finalising the budget strategy for 2013/14, Council was advised that the target level of balances should be maintained at a level of at least 2% (£4.1m) of budget and preferably 2.5% (£5.2m) over the medium term. After taking account of all expenditure commitments, balances at the end of the financial year were currently anticipated to be £5.261m, being 2.5% of General Fund budget and in line with established target levels.

In response to a Member's question regarding Council Tax, the Chief Finance Officer advised that the Council continued to have good performance rate of collection. He further advised that the impact of new properties and continuing high collection rates meant that Council Tax income was expected to exceed budget by £250k.

Decision

The Committee agreed to note:

1. the outturn positions for Services (including STOs) and corporate areas of the budget; and

2. that balances at 31 March 2014 were projected to be £5.261m (2.5% of General Fund budget) after taking account of all expenditure commitments.

(Reference: Report by Chief Finance Officer dated 13 September 2013)

FE55 GENERAL FUND CAPITAL OVERVIEW REPORT 2013/14

The report set out the projected outturn for the General Services Capital Programme for 2013/14.

For the total General Services capital programme overall, expenditure was projected at £25.169m, an underspend of £0.422m against a full year adjusted and re-profiled programme of £25.591m.

Expenditure on individual projects within the programme was progressing, with some projects being more advanced than others due to the nature of the works and the timescales and phasing of intended expenditure. Expenditure to the end of August stood at £11.494m, representing 45% of a full year programme of £25.591m.

Appendix 1 of the report set out the programme expenditure and resources and the main variances were commented on.

Decision

The Committee agreed to note:

1. the General Services Capital Programme 2013/14 projected outturn based on current expectations, conditions and projections;
2. that a report be brought to the Environment & Housing Committee on the options for the A9 Stevenson Bridge refurbishment; and
3. that a report on the HQ Office Rationalisation project be brought to Finance & Economy Committee upon project completion.

(Reference: Report by Chief Finance Officer dated 13 September 2013)

FE56 STIRLING COUNCIL AUDITED ACCOUNTS 2012/13

The Council's External Auditors, Grant Thornton, were in the process of certifying Stirling Council's Accounts for the year to 31 March 2013 and it was anticipated that the accounts would be signed off prior to the Finance & Economy Committee meeting. In accordance with the requirements of the Local Authority Accounts (Scotland) Regulations 1985, the Accounts would be formally presented to Members of the Council at the Council meeting on 10 October 2013.

The report outlined the key features of the financial position displayed in the 2012/13 Audited Accounts, and it was expected that there would be no qualifications to the Independent Auditor's Report.

Electronic copies of the Stirling Council Abstract of Accounts 2012/13, were emailed to all Members prior to the Finance & Economy Committee meeting.

Following the Council meeting on 10 October 2013, arrangements would be made for the accounts to be placed on the Council's website for viewing by interested organisations and the general public.

The Auditor's Final Report on the Accounts will be presented to the Audit Committee on 7 November 2013 and thereafter to Council on 12 December 2013.

The Convener of the Audit Committee requested that in future years the Audit Committee get sight of the Audited Accounts prior to them being submitted to Council.

Decision

The Committee agreed to note:-

1. the Annual Accounts in respect of Stirling Council for the year ended 31 March 2013; and
2. that the Auditor's Final Report on the Accounts would be presented to the Audit Committee on 7 November 2013 and full Council on 12 December 2013.

(Reference: Report by Chief Finance Officer dated 13 September 2013)

FE57 CENTRAL SCOTLAND JOINT POLICE BOARD AUDITED ACCOUNTS 2012/13

The Report by the Treasurer of Central Scotland Joint Police Board advised that the Board's External Auditors, Grant Thornton, were in the process of certifying the Accounts of Central Scotland Joint Police Board for the year to 31 March 2013 and it was anticipated that the accounts would be signed off prior to the Finance & Economy Committee meeting. With the former Boards no longer being in existence, the Scottish Government brought regulations into force that required the final year accounts to be presented to the Councils that have been hosting the Treasurer functions. Accordingly, the Accounts will be formally presented to Members of the Council at the Council meeting on 10 October 2013.

This report outlined the key features of the financial position displayed in the 2012/13 Audited Accounts, and it was expected that there would be no qualifications in the Independent Auditor's Report.

Electronic copies of the Central Scotland Joint Police Board Abstract of Accounts 2012/13, had been emailed to all Members prior to the Finance &

Economy Committee meeting with further paper copies placed in the Members Lounge for any Member wishing to inspect them.

Following the Council meeting on 10 October 2013, arrangements will be made for the accounts to be placed on the Council's website for viewing by interested organisations and the general public.

The Committee noted that the Auditor's Final Report on the Accounts would be presented to the Audit Committee on 7 November 2013 and thereafter to Council on 12 December 2013.

The Committee recorded their thanks to the Treasurer and Police Finance Team for their assistance.

Decision

The Committee agreed to note:-

1. the Annual Accounts in respect of Central Scotland Joint Police Board for the year ended 31 March 2013; and
2. that the Auditor's Final Report on the Accounts would be presented to the Audit Committee on 7 November 2013 and full Council on 12 December 2013.

(Reference: Report by Treasurer, Central Scotland Joint Police Board dated 13 September 2013)

FE58 TREASURY MANAGEMENT FINANCIAL UPDATE 2013/14

The Treasury Management Strategy for 2013/14 had been approved by Council on 28 March 2013. The report provided an update on Treasury Management activities and strategy for the current financial year.

The report set out details of current interest rate forecasts, borrowing, debt rescheduling, Prudential and Treasury indicators, and annual investment strategy, External Service Providers and Treasury Management Policies and Practices.

Decision

The Committee agreed to note the Treasury Management activities and strategy for 2013/14 as outlined in the submitted report.

(Reference: Report by Chief Finance Officer dated 30 August 2013)

FE59 PERFORMANCE AND STRATEGIC PRIORITIES – PROGRESS REPORT

The report by the Chief Executive presented the latest information on the performance indicators, and on progress in implementing the strategic priorities and projects, overseen by the Finance and Economy Committee.

Officers undertook to provide more up to date information when reporting to future Committees.

Decision

The Committee noted the:

1. performance of reported indicators (Appendix 1 – Section 1 and 2 of the submitted report).
2. development of appropriate targets for the economic development performance indicators - officers to bring back proposals on this to the next meeting of the Committee.
3. progress on the Senior Management Objectives through which the Strategic Priorities and projects overseen by the Finance and Economy Committee were being delivered (Appendix 1 – Section 3 of the submitted report).
4. progress on the Fundamental Service Reviews (Para 3.11 and Appendix 1 – Section 4 of the submitted report).

(Reference: Report by Depute Chief Executive dated 17 September 2013)

FE60 CHILDREN'S SOCIAL SERVICES BUDGET IMPLEMENTATION STRATEGY

A report was submitted by the Acting Head of Social Services, which set out the Service's Budget Implementation Strategy which was designed to outline actions to manage current overspend in Children's Services of Social Services, describe longer term management plans to reduce pressures and inform the Committee of the challenges to achieve this.

It was noted that this report had been submitted to the Social Care & Health Committee in August.

Decision

The Committee agreed to:

1. approve the Implementation Strategy as the framework for future Child Care decisions to be made; and
2. note the actions being taken to reduce budgetary pressures.

(Reference: Report by Acting Head of Social Services dated 2 September 2013)

FE61 SUMMER RECESS – URGENT BUSINESS

The Council approved arrangements for dealing with urgent business during the Summer recess on 27 June 2013. Details of any decisions taken require

to be submitted for the information of Council/Committees (as appropriate) following the recess.

The decisions taken at the meeting held under the Summer Recess procedures on 14 August were submitted to the Committee for noting.

Decision

The Committee agreed to note the decisions taken under the Summer Recess Urgent Business procedures within the remit of the Committee as detailed in Appendix 1 of the submitted report.

(Report by Head of Governance & Resources dated 2 September 2013)

FE62 UPDATE OF CONTRACT OF STANDING ORDERS

Council approved the current Contract Standing Orders on 28 February 2013.

The Contract Standing Orders approved on 28 February 2013 reflected only the changes necessary to reflect the new governance arrangements at that time.

Council instructed that a comprehensive review of Contract Standing Orders be carried out and that the resulting proposals be submitted to a future meeting of the Finance & Economy Committee for consideration and approval.

The Procurement Manager advised that the proposed changes were required for a number of reasons, including: Procurement case law resulting in new requirements and obligations in relation to public sector procurement activity; Implementation of new procurement tools available through and as required by the Scottish National Public Procurement Reform Programme; Approval to Accept thresholds that reflect increased contract lengths; and Significant problems associated with the current Approval to Accept process that result in extreme difficulty in aligning committee meeting schedules to the required contract award and contract start dates.

The Convener advised that further discussion required to take place on the "approval to accept" thresholds prior to submission to Council.

Decision

The Committee agreed to recommend to Council the approval of the Contract Standing Orders as detailed in Appendix 1 of the submitted report, subject to further discussion on the "approval to accept" thresholds therein.

(Reference: Report by Head of Governance & Resources dated 13 September 2013)

FE63 MOBILE EMERGENCY CARE SERVICES (MECS) UPDATE

As stated in the minutes of Stirling Council meeting of 21 February 2013 it was agreed that as part of the overall budget decision to:

"set fees and charges for Council services for 2013/14 set out in Appendices 3(a) to 3(f)".

In the appendices it was stated that the charges for community alarms, meals service and lunch clubs had been rolled forward temporarily at the current levels pending a review by the Finance & Economy Committee early in 2013/14.

Decision

The Committee agreed that:

1. the review of charges would not take place at this time; and
2. a full review of all adult social services' issues would be progressed via the Priority Based Budgeting process and considered accordingly.

(Reference: Report by Acting Head of Social Services dated 2 September 2013)

FE64 HR/PAYROLL SYSTEM

HR/Payroll Services are dependent on computer systems. Stirling Council has used the same system since 1996. Consideration has been given to changing to another system because some other systems offer features, which might enable operational efficiency improvements.

Currently the Council uses a system provided by Sum Total Talent Expansion and this system has been used by Stirling Council since 1996. The provider of the system has introduced a new way of charging and authority is sought for agreement to continue using the system under the new terms.

The Head of Assets and Support advised that changing to another HR/Payroll system, however, would mean very significant investment in terms of development resources, and evaluations have been carried out to establish whether a sound business case could be made for changing. Given that an option for this Council, and for other Councils, may be to enter into partnership working for the provision of HR/Payroll and other support services, the business case for changing would have required a longer period of stability to pay back the cost of the development resources. In addition, there were higher priorities for development resources in the Council.

In response to Members questions, the Head of Assets and Support advised that entering into this agreement would not preclude work being done to negotiate a shared HR/Payroll service with another authority with this or any other provider in the future.

Decision

The Committee agreed:-

1. that the Council should continue to use the Sum Total HR/Payroll system and pay it according to the new terms detailed in the submitted report; and
2. the total cost for three years from 1 March 2014 would be £377,161.02p.

(Reference: Report by Head of Assets & Support dated 23 September 2013)

The Committee resolved under Section 50A (4) of the Local Government (Scotland) Act 1973 that the public be excluded from the meeting for the following items of business on the grounds that they involved the disclosure of exempt information as defined in Paragraphs 6, 6, 6, 6, 8 and 9, of Part 1 of Schedule 7A of the Local Government (Scotland) Act 1973.

FE64 STIRLING DEVELOPMENT AGENCY LIMITED – UPDATE

Following the report to Council on 17 January 2013 the Council, together with the joint venture partners, Duke concluded negotiations to successfully refinance the Stirling Development Agency (SDA). The refinancing involved the acquisition by the Council of the SDA's investment properties, the repayment of £8.25M of bank debt, and the write off of £3.7M of bank debt by Lloyds Banking Group. As a result the SDA was now free of bank debt and could focus on management of the remaining development assets.

As part of the refinancing arrangements, Valad Management Services would continue to manage the Investment Properties now in Council ownership. A strategy for their ongoing management was therefore presented.

A further report on the SDA's performance together with information on the 2012/13 accounts will be presented to the Finance & Economy Committee on 14 November 2013.

Decision

The Committee agreed to:

1. note the actions taken, particularly those exercised under delegated authority, to conclude the transactions to refinance the SDA; and
2. approve the strategy with regards to the ongoing management of the Investment Properties acquired, and the arrangements to be put in place to oversee the strategy.

(Reference: Report by Chief Executive dated 12 September 2013)

Councillor Thomson left the meeting prior to discussion of the following item of business.

FE65 DEBTS OUTSTANDING OVER £10,000

A report by the Head of Governance & Resources provided information on sundry debts outstanding over £10,000 and over 90 days old, the action being taken to collect them, and the prospects of them being recovered.

In response to a Member's question regarding the prospect of recovering debt, the Head of Governance & Resources advised that he would respond directly on this matter.

Decision

The Committee agreed to note the debts of £10,000 or more outstanding for more than 90 days and the recovery action as detailed in Appendix 1 of the submitted report.

(Reference: Report by Head of Governance & Resources dated 16 September 2013)

Councillor Thomson re-joined the meeting.

FE66 FORTHSIDE HOTEL – UPDATE

The purpose of the report was to provide an update on progress with securing a 4-star hotel development at Forthside. Following further discussions with the consortium supported by Chardon Hotel Management, it was clear that as yet the consortium had not been able to secure a package to fund the hotel development, with an equity funding gap of £2.5M. It was therefore now recommended that the project be marketed as part of a wider approach to securing hotel development in the city.

Members of the Committee expressed their disappointment that there was still no commitment to build a hotel on the site.

Decision

The Committee agreed to note that the Chardon-led consortium had to date been unable to deliver a funding package for a 4-star hotel for the Forthside site and agreed that a joint marketing exercise with the Stirling Development Agency was now undertaken to secure potential hotel developments across a number of sites in Stirling.

(Reference: Report by Head of Corporate Project Implementation dated 12 September 2013)

FE67 UPDATE ON THE DISPOSAL OF UNIT 14/15 BACK O'HILL INDUSTRIAL ESTATE, STIRLING

The report by the Head of Assets and Support provided the Committee with an update on the discussions with the bidders for site 14/15 Back O'Hill Industrial Estate.

The Strategic Asset Manager advised that further discussions had been held with each of the parties and provided Members with a verbal statement regarding the current position.

Local Members raised concern with traffic management issues within the Industrial Estate and asked that Officers take this into consideration during negotiations.

Decision

The Committee agreed:

1. to delegate to Officers to progress negotiations as detailed in Paragraph 3.17 of the submitted report and ensure that strict timescales be adhered to; and
2. that Officers bring back a report detailing a high level masterplan for the units at the Back O'Hill Industrial Estate in order to progress matters and outline the associated costs.

(Reference: Report by Head of Assets and Support dated 17 September 2013)

The Convener closed the Meeting at 12.15 pm