



**Committee:** BUDGET AND PERFORMANCE PANEL

**Date:** TUESDAY, 27<sup>TH</sup> JANUARY 2009

**Venue:** MORECAMBE TOWN HALL

**Time:** 6.00 P.M.

Councillors are reminded that as Members of Overview and Scrutiny they may not be subjected to the Party Whip, which is prohibited under the Lancaster City Council Constitution.

## **A G E N D A**

**1. Apologies for Absence**

**2. Declaration of Interests**

**3. Minutes**

Minutes of the Meeting held on 25<sup>th</sup> November 2008 (previously circulated)

**4. Items of Urgent Business authorised by the Chairman**

**5. Budget and Policy Framework Proposals**

The Leader of the Council has been invited to deliver a presentation on the Budget and Policy Framework Proposals

**6. Corporate Performance Monitoring Report (Pages 1 - 29)**

The Cabinet Member with Special Responsibility for Performance Management Efficiency has been invited to deliver the report

**7. Recent Report to Cabinet - Star Chamber (Pages 30 - 37)**

Report of Corporate Director (Finance and Performance)

## **ADMINISTRATIVE ARRANGEMENTS**

**(i) Membership**

Councillors Roger Sherlock (Chairman), John Whitelegg (Vice-Chairman), Tina Clifford, Jean Dent, Keran Farrow, Sarah Fishwick, Mike Greenall, Ian McCulloch and Keith Sowden

**(ii) Substitute Membership**

Councillors Chris Coates, Roger Dennison, Rebekah Gerrard, Emily Heath, Karen Leytham, Roger Plumb, Peter Robinson, Sylvia Rogerson and Paul Woodruff

**(iii) Queries regarding this Agenda**

Please contact Jane Glenton, Democratic Services - telephone (01524) 582068 or email [jglenton@lancaster.gov.uk](mailto:jglenton@lancaster.gov.uk).

**(iv) Changes to Membership, substitutions or apologies**

Please contact Members' Secretary, telephone 582170, or alternatively email [memberservices@lancaster.gov.uk](mailto:memberservices@lancaster.gov.uk).

MARK CULLINAN,  
CHIEF EXECUTIVE,  
TOWN HALL,  
DALTON SQUARE,  
LANCASTER LA1 1PJ

Published on Monday, 19<sup>th</sup> January 2009

**2008/09 2<sup>nd</sup> Quarter**  
**CORPORATE PERFORMANCE REVIEW TEAM MEETING**  
**2.00 pm Wednesday 26 November – Roger Muckle's Office**

**In attendance:**      **Councillor S Charles**  
                                 **Roger Muckle**  
                                 **Nadine Muschamp**  
                                 **Richard Tulej**

The second round of Performance Review Team (PRT) meetings for 2008/09 took place between 27 October and 7 November.

Each meeting monitored progress against the action sheets drawn up for the previous round of meetings.

Attached are:

- PRT meeting/attendance timetable
- Updated Action from 2008/09 Q1 meeting
- Escendency report showing red indicators
- Q2 Service Action Plans

To follow are:

- Updated Finance Action 2008/09 Q1 meeting
- Q2 Corporate Financial Monitoring Report

JEB/25 November 2008

**(SERVICE BASED) PERFORMANCE REVIEW TEAMS for 2008/09**

Timetable for 2nd Quarter – 27 October to 7 November

SERVICE	Meeting arranged	Cabinet Member(s)	Director (s)	Service Head	Paperwork Received (inc. updated action from previous meeting.	Action Note received	Additional Info.
LEGAL AND HR	29 October 11.45 am	John Gilbert David Kerr	Mark Cullinan	Sarah Taylor	✓	✓	
DEMOCRATIC	31 October 9.30 am	John Gilbert	Mark Cullinan	Gill Noall	✓	✓	
FINANCE	7 November 11 am CANCELLED	Roger Mace	Roger Muckle	Nadine Muschamp	✓	✓	Reports considered and actions agreed electronically.
CORPORATE STRATEGY Roger Mace (Community Cohesion & LSP) Jon Barry (Climate Change) Jane Fletcher (C&YP) David Kerr (Community Safety) Eileen Blamire (Community Safety) John Gilbert (Community Engagement) Susie Charles (Performance Management)	5 November 3.30 pm  11 November 9.00 am (this didn't take place)	Roger Mace Jon Barry Jane Fletcher David Kerr Eileen Blamire John Gilbert Susie Charles	Roger Muckle Peter Loker	Richard Tulej	✓	✓	Cllrs Mace, Barry and Kerr did not attend either meeting.
INFORMATION AND CUSTOMER SERVICES	3 November 11 am	John Gilbert	Roger Muckle	Jane Alder	✓	✓	
REVENUES	3 November 10 am	John Gilbert	Roger Muckle	Richard Mason	✓	✓	
CITY COUNCIL (DIRECT) SERVICES	28 October 10.00 am	Jon Barry	Peter Loker	Mark Davies	✓	✓	
COUNCIL HOUSING	03 November 10.30 am	John Gilbert David Kerr	Peter Loker	Steven Milce	✓	✓	
HEALTH AND STRATEGIC HOUSING John Gilbert (Homelessness) Eileen Blamire (Civil Contingencies)	04 November -11.30 am - 04 Nov - 9.30	David Kerr John Gilbert Eileen Blamire	Peter Loker	Suzanne Lodge	✓	✓	
H&SH – CIVIL CONTINGENCIES	04 November	Eileen Blamire	Peter Loker	Suzanne Lodge Mark Barlett	✓	✓	
CULTURAL	05 November 12pm, 10 Nov 10am	Susie Charles Jane Fletcher Shirley Burns	Heather McManus	David Owen	✓	No	Meeting still to be arranged with Cllr Charles
PLANNING	05 November 3.00pm	Abbott Bryning Eileen Blamire Eve Archer Susie Charles	Heather McManus	Andrew Dobson	✓	✓	



SERVICE	Meeting arranged	Cabinet Member(s)	Director (s)	Service Head	Paperwork Received (inc. updated action from previous meeting.)	Action Note received	Additional Info.
ECONOMIC DEVELOPMENT AND TOURISM	05 November 1.30pm	Abbott Bryning Eve Archer Shirley Burns Susie Charles	Heather McManus	Peter Sandford	✓	✓	
PROPERTY	29 October 3.30pm	Evelyn Archer Roger Mace	Heather McManus	Graham Cox	✓	No	
NEIGHBOURHOOD MANAGEMENT	29 October 2.00pm	Roger Mace Evelyn Archer David Kerr	Peter Loker Heather McManus	John Deacon	✓	✓	
Corporate PRT	26 November	Susie Charles	Roger Muckle	Richard Tulej Nadine Muschamp	✓	N/A	
PERFORMANCE MANAGEMENT GROUP	5 December						
BUDGET AND PERFORMANCE PANEL Deadline to Mod.Gov 5 pm 14 January	27 January						

ACTION NOTE - 2008/09 Quarter 1 CORPORATE PERFORMANCE REVIEW TEAM MEETING

SERVICE AREA: PERFORMANCE – ALL SERVICES

DATE: 15 AUGUST 2008

PRESENT: COUNCILLOR S CHARLES, ROGER MUCKLE, NADINE MUSCHAMP, RICHARD TULEJ

Updated showing progress for 08/09 Q2 meeting

NO	AGREED ACTION	RESPONSIBILITY	PROGRESS
1	<p>BROUGHT FORWARD FROM 2007/08 Q4</p> <p>Briefing note required on tendering procedure for disposal of land and assets and the Corporate Property Strategy to form the basis of a meeting with the Leader and relevant portfolio holder to determine whether a review is required. UPDATE Q1 Briefing note can be prepared. Further clarification required as to scope of the note. HCS to liaise with Leader. Outcome of proposed meeting requested.</p>	RT	<p>Medium Term Corporate Property Strategy currently under review for completion by end of financial year 2008/09.</p> <p>No further action.</p>
NEW ACTIONS			
2	<p>Carnforth Market Towns Initiative. Evaluation report prepared by North West Development Agency to be circulated to Leader and appropriate Cabinet member.</p>	PWS	Action completed.

NO	AGREED ACTION	RESPONSIBILITY	PROGRESS
3	Economic Development and Tourism to provide action notes and updates for the last two quarters, and for every PRT meeting in future. Explanation why not produced and what was response of Cabinet member to not receiving this paperwork.	PWS	<p><b>Quarter 3 2007/08</b> (held 29th January) - An action note was produced and updated for circulation to the Q4 meeting held on 30th April. According to records this was sent out with all the other papers for that meeting.</p> <p><b>Quarter 4 2007/08</b> (held 30th April) - This is the only meeting for which no action notes were produced this may be because there were no specific actions arising from the discussion, but PWS will ensure that in future notes are produced, even if it is a "nil" response.</p> <p>PWS was not able to attend the subsequent meeting (Q1 2008/09) due to annual leave but it is understood that portfolio holders did not make any comment on the absence of the Q4 action notes.</p> <p><b>Action completed.</b></p>
4	BV09 08/09 % of Council Tax Collected: Request clarity on figures and if failing, what actions in place to address. Need to align with figures in Corporate Financial Monitoring report to provide consistency.	JRM	<p>Completed -- figure will be consistent in financial report for Q2</p> <p><b>Action completed.</b></p>
5	BV212 08-09 Average Time to Relet LA Housing. Request outcome from officers' review of failing target.	SM	<p>Briefing note attached.</p> <p><b>Considered as part of Escendency report.</b></p>
6	CH11 08/09 Rent Lost Through Vacancies. Request outcome from officers' review of failing target.	SM	<p>Briefing note attached.</p> <p><b>Considered as part of Escendency report.</b></p>

NO	AGREED ACTION	RESPONSIBILITY	PROGRESS
7	<p>Cult 09a 08/09 Adult Disability. - Development and provision of leisure and recreational sessions for adults with a disability in partnership with the Community Health Team. Indicator is the number of sessions provided during 08/09. Indicator to calculate the cumulative figure from quarterly reporting.</p> <p>This is a cumulative indicator - target 08/09 is 20.</p> <p>Request further update report from officer and Cabinet member on measures taken to address failing target.</p>	DO	<p>No longer in PRT report – however target is no longer failing –</p> <ul style="list-style-type: none"> <li>▪ Q1 outturn - 3</li> <li>▪ Q2 outturn - 6</li> </ul> <p>In Q1, some of the work originally planned had to be postponed because adapted bikes had not been delivered and the agreement with Network Wheels (Local Charity) the owners of the bikes had not been finalised. In Q 2 resources were temporarily re-directed to Carnforth High School to enable delivery of a priority project.</p> <p>However, this target is now back on track – 5 sessions have run already in Q3 and another 4 are booked. We are confident that this target will be achieved by the end of the year.</p> <p><b>No further action required.</b></p>
8	<p>N1157a 08/09 Major planning applications determined within 13 weeks.</p> <p>Failing target due to high profile applications needing detailed consideration. In knowledge that these major applications in pipeline why wasn't target set in line with these expectations?</p>	AD	<p>Not failing anymore. Target was 65% and we are currently performing at 66.67%. We have received clarification from CLG on the definition of 'major applications' as defined by the new National Indicator, this means more applications are now classed as major and this has had a positive impact upon performance for this target.</p> <p><b>No further action required.</b></p>
9	<p>NM01 Create 200 new homes for shared ownership and outright sale.</p> <p>Request update from officer/Cabinet member (Housing) on action being taken to address failing target.</p>	SL	<p><b>No further action required.</b></p> <p>This target relates only to Neighbourhood Task Force activity in Morecambe.</p> <p>The original target for 55 in 2008/09 was set about three years ago and is now seen as over-ambitious in terms of the current funding and work programme. Target has therefore has been adjusted to 35 and is no longer failing.</p> <p><b>No further action required.</b></p>

NO	AGREED ACTION	RESPONSIBILITY	PROGRESS
10	<p>NM02 Increase the provision of affordable housing throughout the district. Request update from officer/Cabinet member (Housing) on action being taken to address failing target.</p>	SL	<p>This target relates only to Neighbourhood Task Force activity in Morecambe (there is a typing error in the agreed action column)</p> <p>Target reviewed – no longer failing – see comment relating to NM01 above.</p> <p>It is National Indicator 155 (Priority Outcome 15 in the Corporate Plan) which measures affordable housing throughout the district and this information will not be available until the end of the financial year.</p> <p><b>Information now been supplied. No further action.</b></p>
11	<p>RS02 08/09 Letter response times. Request outcome of review being undertaken to address failing target.</p>	JRM	<p>Corrective action now in place to prioritise letters received by NNDR, Council Tax and Benefits in order to ensure that they receive response within 5 working days.</p> <p><b>Action completed.</b></p>

RCM/JEB/26 Nov 2008

## Group Report: Single Reporting Group Corporate Failing Targets Report Current Targets

Ref. No.	Performance Indicator	Measurement Interval	Type Of Measurement	Outturn 07/08	Target 08/09	Good Is	Q1	Q2	Q3	Q4	Year To Date	Status	Performance Commentary	Additional Information
1	BV183a 09/10 Length of stay in a B&B	Quarterly	Snapshot	.74	1.00	Low	2.50	2.50	--	--	2.50	Failing	: The failure occurred in the first quarter where B&B was used in an exceptional emergency case.	
2	BV199b 08/09 Graffiti	Four Monthly	Average	.00%	.00%	Low	1.00	1.00	--	--	1.00%	Failing	: The current target of 0% is difficult to achieve and is more challenging than the agreed LAA target of 1.17%. The current of 1% would be overachieving if measured against the LAA target. Resetting the target to a challenging but achievable target may be advisable.	
3	BV212 08-09 Average Time to Relet LA Housing	Quarterly	Snapshot	32.19Days	32.00Days	Low	45.10	47.43	--	--	47.43Days	Failing	: The average relet time has continued to increase and it is now taking an average of 47.4 days, compared to 45.1 days in quarter one. It is unlikely that we will be able to achieve our target of 32 days. We have taken steps to address this by subcontracting more work, resolving issues around energy supplies (meters), undertaking training with voids staff and implementing Anite Voids Management to enable more effective monitoring. Officers are also undertaking a benchmarking visit to South Lakes in November.	
4	CH09 08/09 Current Tenants Owing Over 13 Weeks Rent	Quarterly	Snapshot	2.85%	2.80%	Low	2.88	3.43	--	--	3.43%	Failing	: The number of tenants in serious arrears has increased significantly from 2.88% to 3.43% in quarter two. This performance is a cause for concern for Officers and details of how it will be addressed can be found in the attached action plan.	
5	CS24 08/09 Sustainable Community Strategy Published	Quarterly	Snapshot	Yes	Yes	High	No	No	--	--	No	Target Not Achieved	: The Sustainable Community Strategy will be considered at Council on 19 November for endorsement.	
6	Cult01 Parks; Alternative management arrangements report	Quarterly	Snapshot	Yes	Yes	High	Yes	No	--	--	No	Target Not Achieved	<b>Service Head's Comments - PRT Q2:</b> Cultural Service's involvement with Williamson Park (unplanned) is having an impact on some areas of our work programme.	



Ref No	Description	Frequency	Snapshot	High	Low	Value	Target	Actual	Status	Comments	Icons
7	Cult26 08/09 Targeted Individuals	Quarterly	Cumulative	High	.00	.00	--	--	Failing	Service Head's Comments - PRT Q2 : This programme only start in September.	
8	Cult29 Effective swimming development programme	Quarterly	Snapshot	High	74.00	72.00	--	--	Failing	The new - 95% target is extremely challenging and aspirational. This may need reviewing depending on the outcome of Q3 and Q4	
9	Cult44 Dome feedback	Half-Yearly	Snapshot	High	.00	.00	--	--	Failing	Service Head's Comments - PRT Q2: Aiming to have systems in place for Q3 & Q4	
10	DS10 08/09: % of meetings confirmed within 5 days of request	Quarterly	Snapshot	High	85.70	50.00	--	--	Failing	: 8 meetings were requested. 4 were completed within the 5 days and 4 not. Of these, 2 had to be abandoned and restarted, 1 could not be completed because participants were on holiday and 1 because of holidays and dealing with external participants. : When this indicator was measured at the beginning of October, four posts had not been filled, however since then 3 of the post have been successfully recruited to following advertising in the local press. The remaining post of Cemeteries Officer is a specialised post and still remains unfilled. This indicator was formerly measured annually not quarterly and this better reflected the overall performance, as follow up recruitments will have taken place within the measurement period.	
11	HR04 2008/09 % of posts not filled	Quarterly	Snapshot	Low	5.88	9.68	--	--	Failing		
12	ICS06 Abandoned Calls (2008/09)	Monthly	Average	Low	2.81	6.63	--	--	Failing	: Staff shortages due to long term sickness has severely impacted upon this item	
13	LL07 08/09 Taxi inspections	Monthly	Cumulative	High	308.00	94.00	--	--	Failing	: A joint taxi enforcement day was cancelled due to bad weather. A programme of visits to licensed premises begins this month.	
14	NI180 08/09 Change of HB/CTB circumstances processed	Monthly	Cumulative	High	1138.00	3305.00	--	--	Failing	: This is the first year this statutory indicator has been collected and DWP and all Councils nationally are working together to agree a consistent approach to collecting this data, this work is ongoing. It should be noted that these figures are for internal use only and do not include the figures for April and May this year, once all data has been agreed with DWP we are expecting to meet this target.	

ACTION NOTE - 2008/09 Quarter 2 CORPORATE PERFORMANCE REVIEW TEAM MEETING

SERVICE AREA: PERFORMANCE – ALL SERVICES

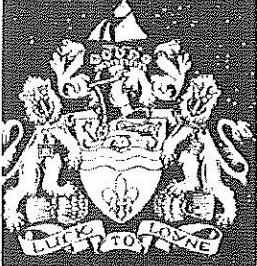
DATE: 26 NOVEMBER 2008

PRESENT: COUNCILLOR S CHARLES, ROGER MUCKLE, NADINE MUSCHAMP, RICHARD TULEJ

NO	AGREED ACTION	RESPONSIBILITY	PROGRESS
	ESCENDENCY		
1	Noted explanation for target variance. No further action.		
2	Noted explanation for minor target variance. No further action.		
3	Agreed action noted to address variance. No further action.		
4	Agreed actions noted to address variance. No further action.		
5	Action complete. No further action.		
6	Noted explanation for why target not met. No further action.		
7	Not clear if target on track. PRT action plan not available. Request update on latest position in meeting target.	DO	
8	Explanation noted. Request why target set so high.	DO	
9	Explanation noted. Request clarity about problem of meeting target.	DO	
10	Explanation noted. No further action required.		
11	Explanation noted. No further action required.		
12	Explanation noted. No further action required.		
13	Explanation noted. No further action required.		
14	Explanation noted. No further action required.		

RCM/JEB/15 August 2008





**LANCASTER CITY COUNCIL**  
*Promoting City, Coast & Countryside*

# Corporate Financial Monitoring

## September 2008 | Quarter 2

Report of the Head of Financial Services  
Corporate PRT meeting | 26 November 2008

### HEADLINE INFORMATION

REVENUE	EXPENDITURE	Projected (Underspend) / + Overspend
Operating Revenue	Operating Expenditure	+£579,000
HOUSING ROYALTY REVENUE	HOUSING ROYALTY EXPENDITURE	+£26,000

## **CORPORATE FINANCIAL MONITORING**

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September 2008 | Quarter 2

### **1. INTRODUCTION**

This monitoring report of expenditure and income for 2008/09 sets out an indicative corporate picture of the Council's financial performance relating to the period ending September 2008.

The report summarises the variances reported through Services quarterly PRT meetings, and also identifies any omissions, updates and/or actions required. In addition there are specific sections for salary monitoring, capital expenditure and financing, Housing Revenue Account, revenue collection performance and Insurance and Risk Management.

It should be noted that the projected outturn figures provided in this report are indicative, and that a full review of the current budget and future years budgets is currently underway as part of the 2009/10 budget process; this will be reported to Members in due course. This monitoring report has been completed after the recent MTFS review, however. In that review the indicative overspending in the current year was £336K. The position has worsened in this report but this is due primarily to a change in the assumptions regarding Concessionary travel pooling – this matter is still not resolved but it is expected to be concluded soon.

### **2. GENERAL FUND REVENUE MONITORING**

#### **2.1 General Fund Summary Position**

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The current overall general fund summary position shows that at the end of September there is a net underspending of £322K against the original budget. This is expected to deteriorate significantly by the end of the year, however; currently an overspending of £579K is expected.

<b>VARIANCES</b>	<b>Current £000</b>	<b>Projected £000</b>
Major Variances (see section 2.3)	+49	+1,132
Salaries (see section 2.4)	(371)	(553)
<b>Total</b>	<b>(322)</b>	<b>+579</b>

One of the key financial indicators is to keep any under or overspends within 2% of the overall net controllable revenue budget, and the following table shows that at the end of quarter 2 this has been achieved.

	£000
<b>Net Controllable Budget</b>	<b>23,934</b>
2% Target	+/( ) 478
<b>Provisional Controllable Net Overspend</b>	<b>(434)</b>
Percentage of Net Controllable Budget	1.8%

#### **2.2 Actions Arising from Previous Quarter**

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The separate action sheet from Qtr1 PRT sets out progress on the issues raised. In a recent external review (undertaken by KPMG) of the Council's financial planning arrangements, it was noted that arrangements could be strengthened to ensure consistency of approach against any

services that experience budget difficulties, to ensure that remedial actions are taken. This will be taken forward from this quarter onwards.

## 2.3 Major Budget Variances

*Appendix A* details the major true variances that have been included within individual Services' PRT reports. The variances reported are either +/- £5K in value and cover premises, transport, supplies and services and general income.

SUMMARY BY SERVICE	Current £000	Projected £000
<b>REPORTED VARIANCES :</b>		
Legal & Human Resources	+9	+43
Information & Customer Services	(15)	?
Financial Services	(102)	+81
CC(D)S	(20)	(38)
Property Services	+48	+700
Econ Development & Tourism	+12	+14
Cultural Services	(11)	+22
Health & Strategic Housing	+24	+53
Planning Services	+36	+138
	<b>(19)</b>	<b>+1,013</b>
<b>VARIANCES NOT REPORTED :</b>		
Property Services	+68	+119
<b>TOTAL NET OVERSPEND</b>	<b>+49</b>	<b>+1,132</b>

There is one area where a variance has not been reported, and this relates to a downturn in income at St.Leonard's House (£119K). Discussions have taken place between Financial Services and the Head of Property Services to ensure future variances are not omitted.

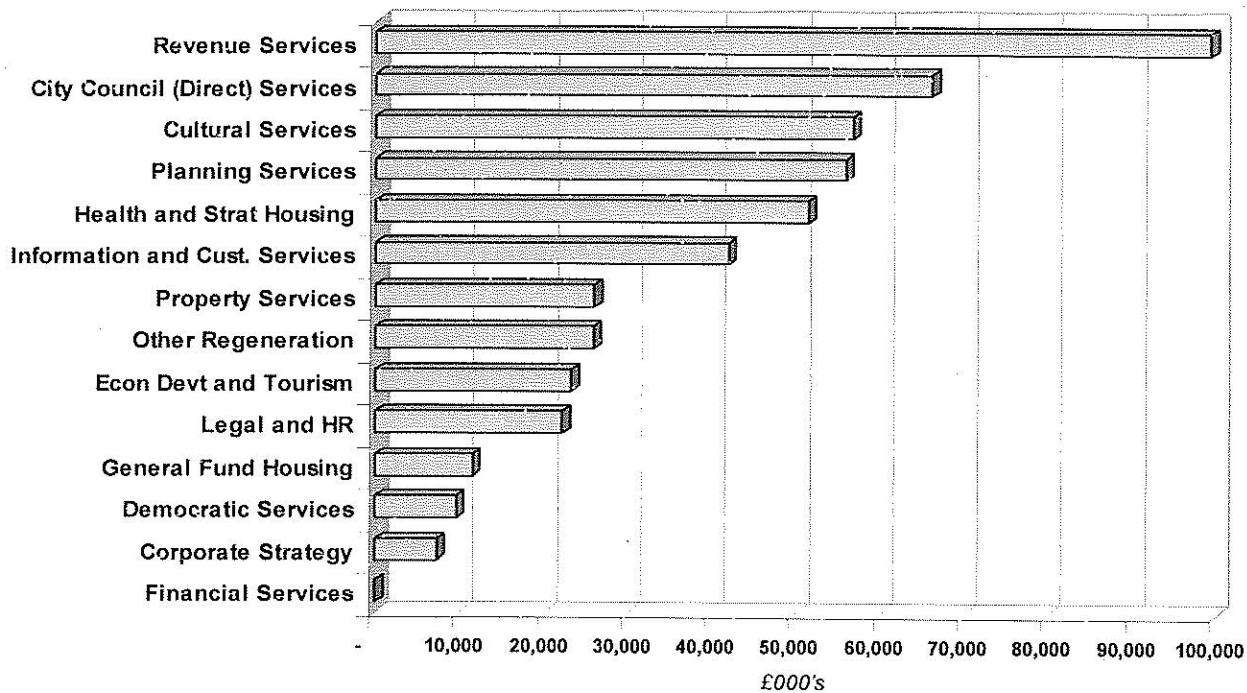
The variances listed in *Appendix A* are significant, and whilst there are some favourable ones within CC(D)S the majority relate to shortfalls in income or additional costs. These are mainly due to the current economic climate and the downturn in the housing and developer markets. In addition, the impact of Concessionary Travel has hit the Council badly; currently estimated additional costs of £398K have been assumed. Furthermore the reassessment of Lancaster Market rent payable to the new landlord has been finalised resulting in an additional cost of £267K this year, and an ongoing increase of £50K per annum.

## 2.4 General Fund Salary Monitoring

Salary monitoring has been reported separately as there are a number of small variances that fall below the threshold for major items, however their aggregate effect is fairly significant.

To date savings of £489K have been achieved against the profiled turnover target of £118K, resulting in net savings of £371K. Analysis of current vacant posts shows a monthly saving of £50K, and if this were to continue to the year end then the savings total would increase to £789K or £553K above the target. At present Officers are in the process of revising all salary estimates, and a more detailed estimate of the salary savings will be reported to Cabinet in due course.

The following graph shows the savings on a Service by Service basis.



### 3 GENERAL FUND CAPITAL PROGRAMME

#### 3.1 Capital Expenditure & Financing

##### Capital Expenditure (General Fund)

The current Capital Programme for 2008/09 is £35.045M which is an increase of £3.912M on the original programme of £31.133M. The following changes have been approved as at 30 September :

Winter Gardens, Morecambe	£300K	Cabinet 03 June
Luneside East Regeneration	£200K	Cabinet 03 June
Cycling England ( re Additional Grant)	£13K	Officer Delegation
2007/08 Slippage	£3,937K	Cabinet 31 July
Disabled Facilities Grant : RHB Allocation	-£102K	Cabinet 08 July
Poulton Renewal : RHB Allocation	-£325K	Cabinet 08 July
West End Masterplan : RHB Allocation	-£144K	Cabinet 08 July
Cemetery Path Overspend	£3K	Officer Delegation
Port of Heysham ERDF Grant Added	£8K	Officer Delegation
Middleton Wood Overspend	£4K	Officer Delegation
Heritage Lighting	£18K	Officer Delegation

At present, the total spend for the year is £4.602M leaving a balance of £30.443M against the approved programme to 30 September. The largest area of delayed spend relates to the Lancaster Science Park - £10.9M.

##### Capital Receipts (General Fund)

Estimated receipts required to fund the 2008/09 programme are £2.674M. Only £54K has actually been received as at 30 September. A fuller update on the capital position was reported to Cabinet in October and Council in November. This authorised an interim increase in underlying borrowing of £1.4M, to help overcome the difficulties experienced in progressing asset sales.

The financing of the capital programme will continue to be reviewed and reported to Cabinet / Council through until March.

## 4 HOUSING REVENUE ACCOUNT (HRA) MONITORING

### 4.1 HRA Revenue Position

At the end of September the position for the Housing Revenue Account shows an overspend of £44K against the original budget, which is currently projected to reduce to £26K by the end of the year.

	Variances to Date	Project to Yr End	Comments
	£000	£000	
Premises Insurance	-7	-7	Lower recharge to reflect reduction in stock.
Ripley Court : Gas	+4	+8	Problems with supplier invoicing.
Estate Support Services	-31	??	Electricity, transport & clothing budgets currently underspent. May be a saving at year end.
Admin fees	+17	+25	Reduced number of Right to Buy sales resulting in less fees.
Insurance Repairs	+61	--	Major incidents recoverable by claims
<b>Total</b>	<b>+44</b>	<b>+26</b>	

### 4.2 Council House Rent Collection

This section analyses the Council Housing rent income due, and shows that the income collected for the year is in line with the estimate. However, the figures for 2008/09 are only up to week 25, which is one week less than the full 6 months. Offices are still working on the backlog of reconciling the Anite housing rent system to the values transferred to the accounting system (Civica).

	2007/08	2008/09
	£	£
Estimate	5,281,800	5,539,000
Actual	5,341,271	5,539,710
<b>Difference</b>	<b>(59,471)</b>	<b>(710)</b>

### 4.3 Council Housing Capital Programme

This section analyses actual spend and commitments against the Council Housing Capital Programme to the period ended September 2008. Overall, there has been spend and commitments placed of £2.695M against the approved programme of £3.760M.

	Current Approved Programme £000	Spend / Commitments to Date £000	Budget Remaining £000
Adaptations	250	137	113
Bathroom / Kitchen Refurbishment	884	886	-2
External Refurbishment	920	836	84
Rewiring	317	0	317
Renewal of Heaters	309	0	309
Environmental / Crime Prevention	446	334	112
Re-roofing / Window Renewals	149	148	1
Energy Efficiency Works	475	351	124
Ryelands Development	5	1	4
Housing Office Alterations	5	2	3
<b>TOTAL</b>	<b>3,760</b>	<b>2,695</b>	<b>1,065</b>

## 5 REVENUE COLLECTION PERFORMANCE

### 5.1 Council Tax & Business Rates

This section analyses the Council Tax and Business Rate collection statistics. Performance against the in-year collection targets is on track, being up 0.3% for Council Tax and up 0.11% for Business Rates. However, both Council Tax and Business Rate collection could be affected by current economic difficulties.

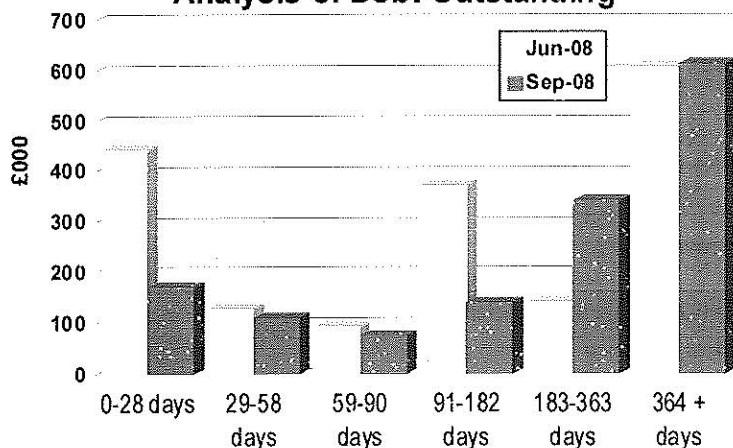
Percentage Collected	2007/08	2008/09	2008/09	2008/09	Status
	%	%	Target	Actual	
			%	%	
	All Years		In Year		
Council Tax	53.81	54.17	97.10	57.82	On Target
Business Rates	61.32	60.48	99.20	62.52	On Target

### 5.2 Sundry Debts

This section sets out the latest position on the level of outstanding sundry debts (excluding Council Housing). At the end of September the total debt outstanding was £1.5M, which is over £0.5M less than the same period last year. The analysis shows that the overall level of debt has reduced by £330K from the previous quarter, however the long term debt has increased slightly by £5K.

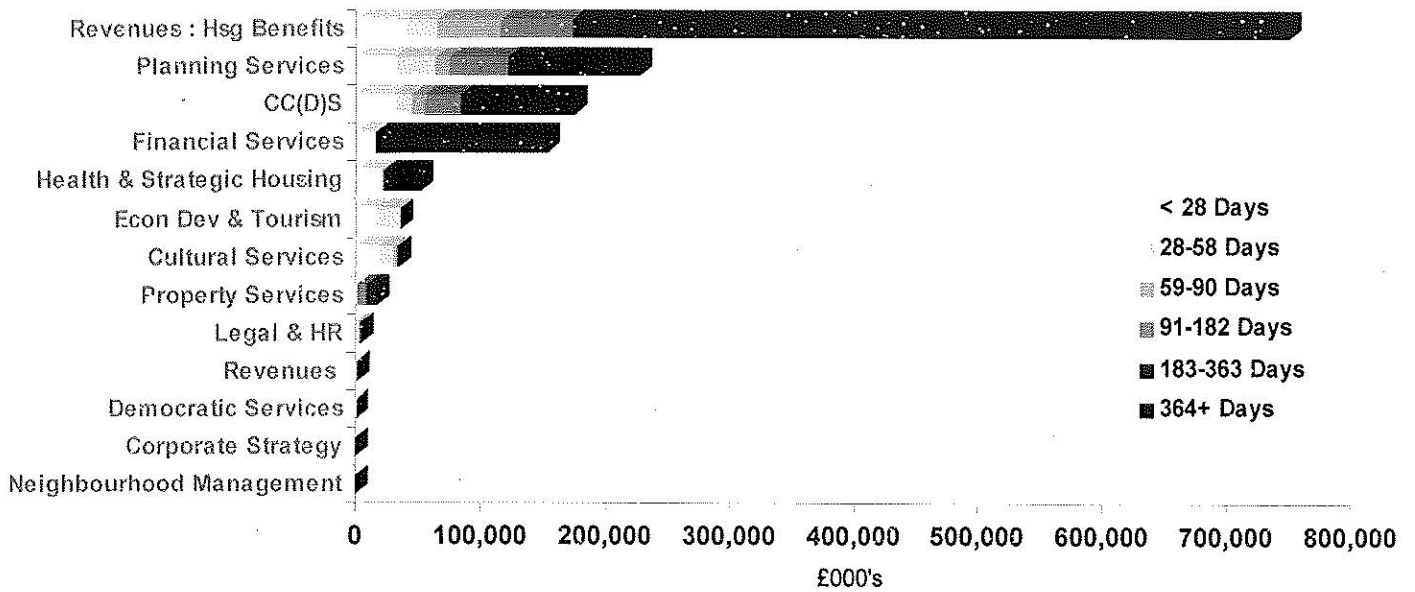
A review of the current status of debt being recovered by Services will be included as part of the Qtr3 PRT report.

#### Analysis of Debt Outstanding



	June 08	Sept 08
	£000	£000
0-28 days	442	173
29-58 days	129	112
59-90 days	94	76
91-182 days	373	142
183-363 days	142	342
364+ days	608	613
	<b>1,788</b>	<b>1,458</b>
Previous Year	1,591	2,047





## 6 INSURANCE & RISK MANAGEMENT

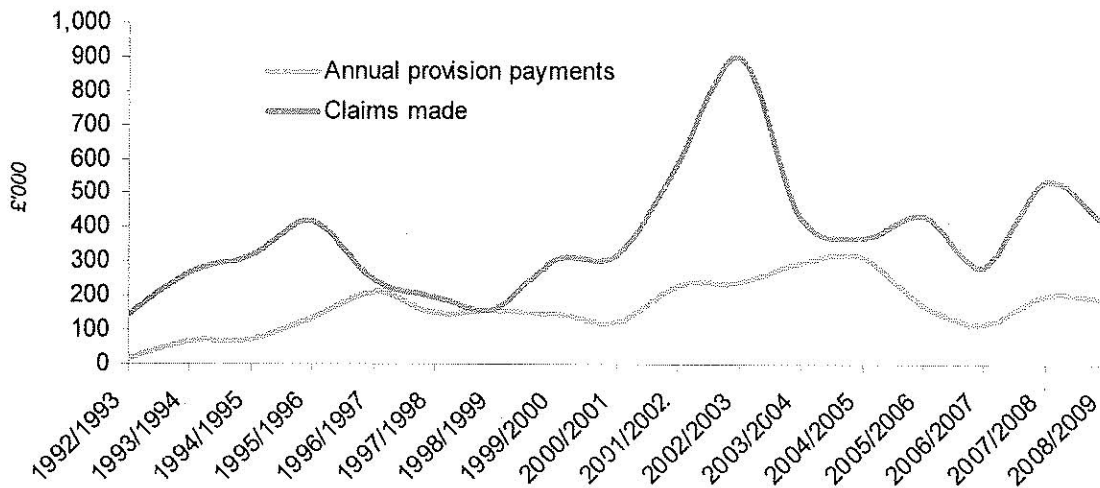
### 6.1 Insurance Monitoring

The current balance on the insurance provision is £187K, after making payments of £225K in settlement of claims made, and receiving £38K as credits from the insurers in respect of claims above the excess. In addition, there is an insurance reserve of £100K set aside to cover any years where the Council experiences higher than expected insurance claims. Therefore, in total there is £287K available to cover expected liabilities.

At present, our insurers estimate that the value of claims outstanding is £452K, which relate to a total of 214 claims made over a 13 year period. This estimate assumes that all these claims will be settled at the maximum reserve limit; however, recent statistics show that, on average, only 56% of the total reserve will be paid. The estimated cost of claims outstanding could therefore reasonably be valued at around £253K, which is within the available funding as mentioned above.

It is highly unlikely that all these outstanding claims will fall due for payment in the same financial year. The uncertain nature of insurance claims payments, however, means that accurate predictions are difficult and, as such, the balance will continue to be closely monitored.

#### Analysis of claims made, paid and outstanding by year.



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## 6.2 Other Risk Management

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At the Risk Management Steering Group on 4 September 2008, it was agreed that the Council's current risk management processes should be reviewed and improved where necessary. The background and objectives for this review are as follows;

### BACKGROUND

The Council's first Risk Management Policy and Strategy were adopted on 16 December 2003. Whilst there have been various relatively minor updates over the years, the actual arrangements relating to the management of risk itself have remained largely unaltered for 5 years. There is now a need to review the effectiveness of these procedures and introduce improvements, calling on lessons learnt in the last 5 years.

Also, in producing their 2007/08 Manager Assurance Statements, Service Heads all confirmed that they and their staff had:

- Complied with the Council's Risk Management Policy in so far as it impacts on the Service's areas of responsibility.
- Maintained and reviewed appropriate risk registers, and have monitored that appropriate action has been taken to manage key risks.
- Actively sought to identify and manage risks.
- Actively sought to bring to the attention of senior management any new risks and/ or areas of concern.

As part of the review, Service Heads will be asked how confident they were in making these statements and what areas (if any) were they not so confident and why. They need to be able to demonstrate that their arrangements are efficient, robust and reliable, and that they would be able to provide assurance and respond to challenge if necessary. Once this consultation is complete, Service Heads' views will help to inform how risk management procedures can be made more efficient.

Many of the amendments that have previously been made to the strategy were made in order to reflect the changing requirements of the Comprehensive Performance Assessment's (CPA's) Use of Resources over the years. With the introduction of the Comprehensive Area Assessment (CAA) in 2009, as a replacement to the existing CPA, the requirements of the new Use of Resources assessment need to be reflected within the risk management review. It is understood that the Key Lines of Enquiry (KLOE's) within Use of Resources will be less prescriptive than before but with a focus on 'innovation'. As part of the review, therefore, the Council's new external auditors, KPMG, will be approached and their views sought on how risk management procedures can be improved bearing in mind the criteria of these KLOE's.

### OBJECTIVES OF REVIEW

The review will consider if any improvements can be made to the way that risk is managed in seven key areas, namely; strategic planning, business planning, performance management, project management, decision making, partnerships and business continuity. The main objectives in looking at each of these key areas will be;

- To provide assurance as to the effectiveness of Services' current risk management arrangements, particularly focussing on risks associated with business objectives (i.e. via the Strategic and Service Business Plans).
- To assist with the development of current risk management arrangements, particularly focussing on integration with the Performance Management Framework (PMF), and addressing any duplication or gaps.
- Where possible, to help the Council improve on its Use of Resources assessment.

Full details of the review, together with the revised Risk Management Strategy, will be reported back to the next meeting of Audit Committee and approval to implement any changes/improvements will be sought.



## SUMMARY OF MAJOR VARIANCES (Qtr 2 2008/09)

(Not included elsewhere in the report)

Service	Service Area	Reason for Variance & Action being taken	Variance to Date	Projected Variance to Year End
			£	£
			+ = Adverse ( ) = Favourable	
VARIANCES REPORTED THROUGH PRT PROCESS (SERVICE HEAD COMMENTS)				
Legal & HR	Search Fees	Downturn in property market and increased popularity of personal searches and LLC1s as opposed to full searches.	+36,200	+70,000
	Land Charges : Fees paid	Fees payable to Lancs CC down due to above	(4,800)	(7,000)
	Licensing : Amusement Machine income	Higher number of new applications than originally anticipated	(17,600)	(15,000)
	Licensing : Sex Shop income	Fee for one licence. It was not originally anticipated that the licence would be renewed	(5,100)	(5,100)
Information & Customer Services	Printing / copying equipment	Printing structure changed - further investigation needed and full corporate review to be carried out	(15,000)	?
Financial Services	Area Based Grant (unallocated)	Call-in (& subsequent reversal) of decision to appoint Community Cohesion Officer. Projection assumes that monies will be allocated in Nov 08 & spent before year end (Cabinet minute 19 refers)	(26,000)	+0
	Pension Costs	Expected that inflationary increases may be covered through reducing pensioner numbers.	+0	(16,000)
	Audit Fees	Late invoice from Audit Commission relating to 2006/07 CPA review.	+0	+16,600
	Investment Interest	Currently ahead of profile however loss of interest following collapse of Icelandic banking institutions results in a significant reduction for the year. The latter means a loss of £135K investment interest relating to the period from receivership to the end of the current financial year. There are still uncertainties surrounding the status of the investments themselves and interest up to the point of receivership.	(65,000)	+80,100
	Bank Charges	Further work to be done in relation to renewing the bank contract, and re-negotiating merchant services etc.	(11,100)	+0
CC(D)S	Transport Costs : Fuel	Authority wide variance due to impact of higher than budgeted inflation	+51,000	+100,000
	Transport Costs : Other	Underspend on repair and maintenance. Not anticipated to be a variance at year end.	(43,000)	+0
	White Lund Depot : NNDR	RV of depot increased due to open areas now being included in valuation.	+8,500	+8,500
	White Lund Depot : Water	High levels of solids in waste water resulting in unexpected high charges	+8,300	+10,000
	White Lund Depot : Materials	Sale of lighting stock to LCES - accounted for in 2007/06	+11,600	+11,600
	White Lund Depot : Cleaning	Increased requirement following transfer of Technical Services to depot	+2,200	+5,000
	Street Cleansing : Plastic Sacks	Improved cleansing regime resulting in higher usage	+3,000	+6,000
	Street Cleansing : Fees & charges	Year on year income down by £9,000	+7,000	+9,000
	Waste Collection : Disposal	No longer charged for loading and transporting recycled paper	(69,000)	(77,000)
	Waste Collection : Receipts from other bodies	Originally estimated at £7,300 - actual claim £19,000	+0	(12,000)
	Highways	Current performance in line with 2007/08 outturn, and previous years	+0	(99,000)
Property Services	Off-street car parks : electricity	Increased energy costs and further analysis being undertaken	+4,200	+10,000
	Off-street car parks : Rates	Increased NNDR cost	+5,200	+5,700
	Off-street car parks : equipment and tools	Increased telemetry costs and base budget adjustment under consideration for 2009/10	+3,900	+4,400
	Off-street car parks : equipment and tools	Reduced contribution from renewals reserve	(4,900)	(5,000)
	Off-street car parks : cash collection expenses	New base budget under estimated following TUPE transfer in 2007/08 and review of collection arrangements being undertaken	+6,500	+7,000
	Off-street car parks : Evening charges	Increased income but could reduce in Q3 & Q4 due to economic climate	(4,200)	(5,600)
	Off-street car parks : Fees	Increased income but could reduce in Q3 & Q4 due to economic climate	(33,700)	(30,000)
	Off-street car parks : Permits	Public permit sales down 15%, and staff and Member sales down 5%	+37,100	+16,200
	R&M Buildings	Increased costs due to lead thefts and CityLab defects - claims currently being pursued to recoup costs.	+49,700	??
	Electricity	Consumption currently on target but costs increased in line with market forces	(38,000)	+12,000
	Gas	Estimated consumption budgeted too high	(30,100)	(18,900)
	Postages	Increased usage and costs - may be recouped during remainder of year	+18,500	??
	Commercial Properties : rental income	Anticipated letting did not materialise	+16,900	+18,900

**SUMMARY OF MAJOR VARIANCES (Qtr 2 2008/09)**

(Not included elsewhere in the report)

Service	Service Area	Reason for Variance & Action being taken	Variance to Date	Projected Variance to Year End
			£	£
			+ = Adverse ( ) = Favourable	
VARIANCES REPORTED THROUGH PRT PROCESS (SERVICE HEAD COMMENTS)				
Property Services	Lancaster Bus Station : Rates	Revaluation resulting in refund	(12,000)	(12,000)
	Lancaster Bus Station : Rental Income	Additional rental income not budgeted for	(8,600)	(17,300)
	Lancaster Market : Rent	Reassessment of rent by new landlord	+0	+267,000
	Lancaster Market : Rates	More empty stalls than anticipated resulting in additional costs	+21,100	+21,100
	Lancaster Market : Rental income	Increased number of empty stalls resulting in a reduction in income	+20,100	+40,200
	Lancaster Market : Service charges	As above	+6,900	+14,000
	Charter Market : income	Substantial increase in trader attendance, resulting in higher income.	(12,700)	(25,000)
	Concessionary Travel	Additional costs following results of Pooling exercise by Lancashire County Council	+0	+398,000
Economic Development & Tourism	Morecambe TIC : Rent	Due to rent review there has been an increase in cost for the Platform, backdated to December 2007.	+12,300	+14,100
	Storey Institute	Shortfall in income following rejection of carry forward request, plus additional building insurance costs	+0	+9,500
	Business Development	Projected scheme expenditure less than anticipated resulting in less City Council funding being required. It is proposed that this saving be used to offset the shortfall in income at the Storey Institute (above)	+0	(9,200)
Cultural Services	Promenade Management : Rent	Additional rent from the Clock tower and West End Gardens	(6,700)	(7,900)
	Salt Ayre Sports Centre : Reflexions	Income currently up on profile, but anticipated to fall short of original estimate by year end	(4,000)	+29,700
Health & Strategic Housing	Management & Admin : Income	Income from LPSA less incorrectly budgeted for in Management & Admin account	+6,300	+12,500
	Management & Admin : Admin Charges	Income currently more than profiled in line with capital spend	(9,700)	+0
	Homelessness : Government Grants	Expected grant from DCLG to be £46K, being £20K less than budgeted	+4,100	+20,000
	Pest Control : Insect Control charges	Adverse weather conditions over summer have led to severe decrease in insects	+23,200	+20,900
Planning Services	Townscape Heritage Initiative	Consultancy costs to exceed additional funding of £20K provided by NWDA	+10,900	+7,000
	Development Control : Fees	Fee income currently down due to economic downturn and reduction in development industry	+25,100	+100,000
	Building Control : Salaries / Fees	See above. Projected shortfall in income for year is £96.8K which has been reduced by projected salary savings £35K and the balance on the Building control reserve £12K	+0	+31,000
VARIANCES NOT REPORTED THROUGH PRT PROCESS				
Property Services	St.Leonard's House : Income	Lettings for office space is significantly down on projections	+67,900	+119,000
<b>TOTAL VARIANCES</b>			<b>+48,500</b>	<b>+1,132,400</b>

# PERFORMANCE REVIEW TEAM

## 2008/09 Treasury Management Progress Report to 30 September 2008

### Report of Head of Financial Services

#### 1. Introduction

It is a requirement of the CIPFA Code of Practice on Treasury Management that regular monitoring reports are presented to Members on treasury activities. These reports will normally be presented soon after the end of June, September, December and March.

Cabinet approved the Treasury Strategy for 2008/09 on 19 February 2008 and the Investment Strategy was approved by Council at its meeting on 27 February 2008. This report outlines activities undertaken in pursuance of those strategies during the financial year to 30 September.

Please note that colour copies of the graphs contained in this report are available on request.

It is emphasised that this report goes only up to 30 September, though clearly events after that date have a marked effect on the Council's treasury operations, particularly investments. These have been reported on separately to other Member meetings as far as possible, reference is also made within this report.

#### 2. Progress to 30 September 2008

##### 2.1 Long Term Debt Portfolio

The amount that the Council can borrow from the Public Works Loan Board (PWLB) in 2008/09 is dependent upon the Prudential Indicators set by the authority.

The maximum amount of additional borrowing that could be entered into during 2008/09 was fixed at £3.444M, made up as follows. Of this amount, £270K was scheduled specifically for financing the 2008/09 Capital Programme.

	£'000
Increase in underlying need for borrowing in 2006/07	1,182
Increase in underlying need for borrowing in 2007/08	1,762
<b>Allocation of Leeway Borrowing in respect of Storey Institute project, as approved by Cabinet in July 2007 (now scheduled for 2008/09 financing)</b>	<b>200</b>
<b>Installation of Poolside Seating, Salt Ayre Sports Centre (self-financing over 10 years)</b>	<b>70</b>
Balance of approved Leeway Borrowing (though not allocated)	300
<b>Total</b>	<b>3,514</b>

Because of a positive cashflow position, no actual additional borrowing was entered into during either 2006/07 or 2007/08, therefore a total of £2.944M has been rolled forward into 2008/09.

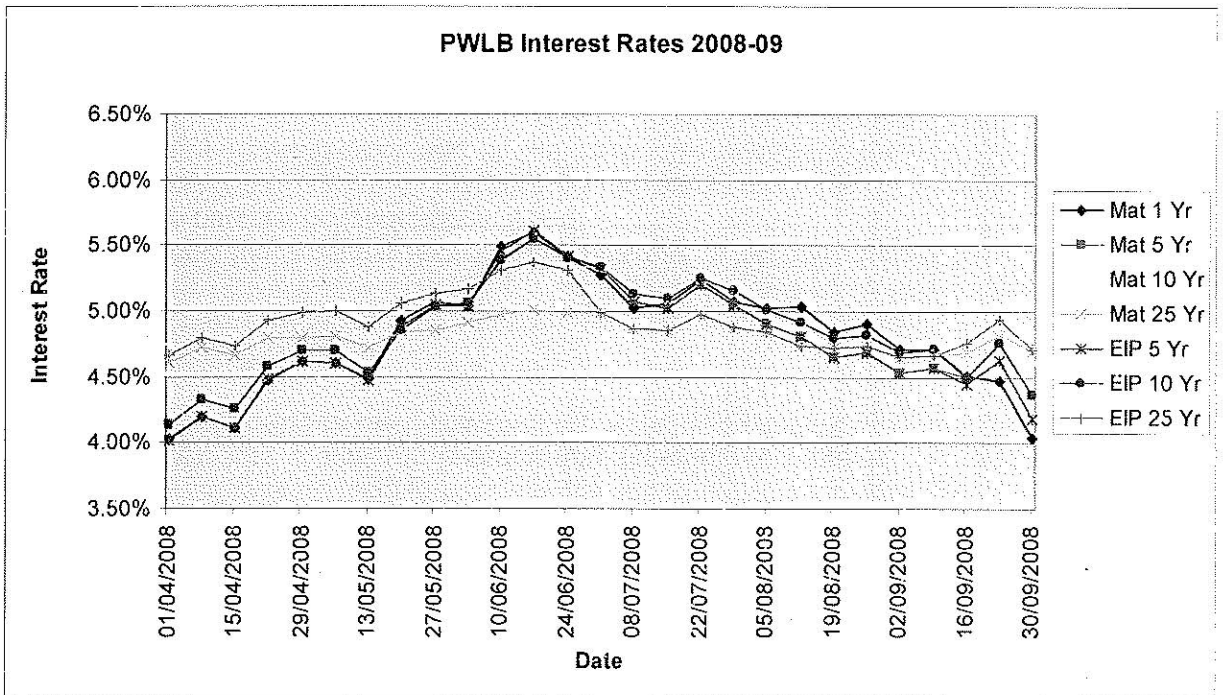
The level of PWLB debt currently outstanding (£44.8M as at 30 September 2008) is comfortably within both the Operational Boundary (£49.1M) and the Authorised Limit (£56.3M) for external borrowing (see **Appendix A** for definitions of the above). This would have remained the case even if the full balance of approved additional borrowing shown above had been taken up.

No rescheduling of debt has been undertaken during the first quarter of the year. The likelihood that opportunities will arise has been significantly reduced by changes introduced by the Public Works Loan Board (PWLB) in November 2007, when it restructured its borrowing rates and, at the same time, introduced differential rates for use in calculating the premia or discount on the early repayment of a loan. In broad terms, this has had two consequences, it has:

- increased the potential relative attractiveness of borrowing from other lenders, and
- significantly reduced the scope for worthwhile opportunities for debt rescheduling.

Rescheduling opportunities may, however, still arise. The Head of Financial Services, in conjunction with the Council's treasury management consultants, will continue to monitor prevailing rates to identify any potential opportunities during the year.

It was expected that the recent, continuing uncertainty within the financial markets and in respect of economic prospects would lead to volatility in interest rates. As the graph below illustrates, this has, so far, proven to be the case. Only the very long-term maturity rates continue to be relatively stable.



## 2.2 Short Term (Temporary) Borrowing

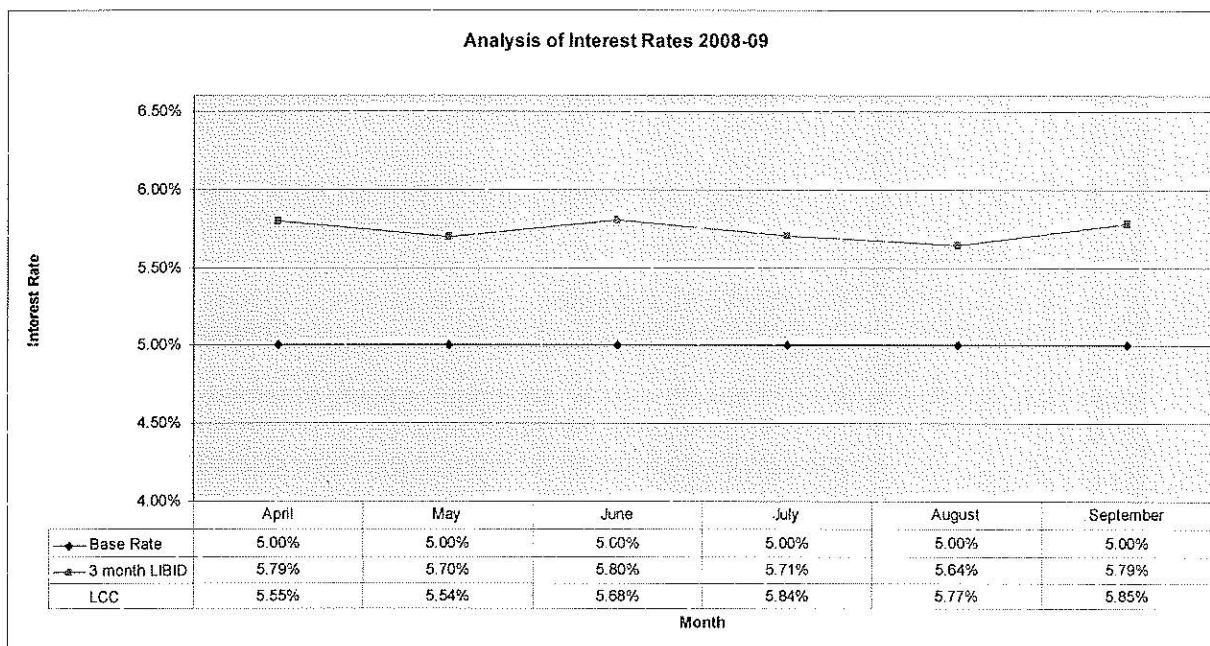
Although the Council's cash flow position has remained strong, short term factors can always create a requirement for temporary borrowing. No such requirement has yet arisen during 2008-09.

In future, however, short term borrowing needs are more likely, given the uncertainty over the recovery of Icelandic Investments.

## 2.3 Investing Activities

A list of the investments placed during the year is enclosed at **Appendix B**. All these investments have been placed in accordance with the approved Investment Strategy – although it can be seen that the number of investments is very small.

Setting performance targets for investment interest is difficult as short term money market rates fluctuate daily. Previously, the rates achieved on new investments have been compared with the Base Rate and with the 3 month LIBID (a benchmark adopted by some Council's as it reflects the balance between short term cashflow-dictated deposits and longer term 'core' deposits). These comparisons are shown below.



In summary, the Council has been successful in achieving a return on its investments just over 0.7% higher than Base Rate and a little less than 0.03% below 3 month LIBID. **As yet this does not make any allowance for any losses associated with Icelandic Investments, however, and nor does the following information. More information is needed before any adjustments can reasonably be made.**

The average interest rates for the first two quarters were as follows:

Base Rate	5.00%
3 Month LIBID	5.74%
Lancaster CC Investments	5.71%

Looking at the six months in isolation, the relationship between the levels of 3 month LIBID and Base Rate appears fairly stable. However, this disguises the fact that the gap between the two is actually unusually wide. This has been the case for several months now and is another reflection of the ongoing uncertainties in the financial markets. How soon, and to what extent, this gap may narrow is very difficult to predict.

From a budgetary point of view, it was assumed that base rates would have fallen to at least 5.25%, and perhaps to 5%, by the beginning of April, with a further fall to 4.50% by the end of the calendar year. Clearly the very recent reduction in base rates (from 4.5% to 3%) and economic prospects will lead to a substantial reduction in interest rate expectations for the short term.

The original forecast was for an average return on investments for the year of 5.08%. This has been comfortably exceeded in the first half of the year, but again, this will be affected by the Icelandic banking position and the recent rate cuts.

## 2.4 Prudential Indicators

The Prudential Code for Capital Investment introduced a number of Prudential Indicators, some of which replace the borrowing/variable interest limits previously set each year by councils. Reference has already been made to certain indicators and other relevant monitoring information is also set out at **Appendix A**.

## 2.5 Summary of Budget Position at 30 September 2008

The position is summarised below.

	Original Budget 2008-09	Profiled Budget to 30 Sept 2008	Actual to 30 Sept 2008	Variance
	£'000	£'000	£'000	£'000
Investment Interest Income	(1,108)	(553)	(112)	441
Item 8 Credit to HRA	254	0	0	0
Interest Payable	2,478	0	0	0
Item 8 Charge to HRA	(846)	0	0	0
Minimum Revenue Provision	1,127	0	0	0
Additional Voluntary Provision	383	0	0	0
<b>Impact on General Fund</b>	<b>2,286</b>	<b>(553)</b>	<b>(112)</b>	<b>441</b>

The profiled budget for Investment Income shown above is simply one half of the estimate for the year, while the actual income represents the cash received rather than the full amount earned, so the table can present only a limited picture, and even more so with the current uncertainties.

Interest on the Council's long-term borrowings is payable in half-yearly instalments, in October and March.

The remaining lines are annual items, with the transactions occurring in March of each year.



## **2.6 Approved Investment Counterparties**

The criteria for inclusion in the Council's list of approved investment counterparties underpin the Investment Strategy. The criteria seek to minimise the risk involved in placing investments, by setting time and volume limits to an institution through an analysis of its credit ratings. Changes to the list have been more frequent than usual over recent months, as more and more financial institutions have encountered trading difficulties.

There have been instances where counterparties have been downgraded, or even removed from the list, during the lifetime of an individual investment. Where applicable to current investments, these are highlighted on **Appendix B**. Current ratings' information will be fed into the meeting.

In view of recent events, the security of investments and use of credit ratings has become much more high profile. Various inquiries and studies are underway and the outcome of these will be reported on in due course; undoubtedly there will be actions to take accordingly. These will also shape the content of future monitoring reports.

Since 30 September, interim arrangements are in place to restrict any new investments still further to only major UK institutions, although in reality the scope for placing new investments will reduce, as the Council's cashflow reduces in the latter half of the year.

## **3. Treasury Management Consultancy Service**

Officers have continued to consult with the authority's Treasury Management advisors during 2008/09.

## **4. Conclusion**

To 30 September, there has been no activity in respect of long-term borrowings. No rescheduling opportunities have arisen and the cash flow position has meant that no new borrowings have been required. Going forward, as yet the position is very uncertain, because of the Economy generally as well as the Iceland investments' situation.

**PRUDENTIAL INDICATORS - LANCASTER CITY COUNCIL**  
**Quarter 1 Update on Treasury Management activities, Performance Review Team,**  
**30 September 2008**

2008/09  
£'000

**AFFORDABILITY**

PI 1: Estimates of ratio of financing costs to net revenue stream	Non - HRA	13.4%
	HRA	9.4%
	Overall	12.1%
PI 3: Original estimate of impact of Capital Investment decisions on the Council Tax		£0.28
This includes the impact of all elements of funding, including any increase in the need to borrow, required to finance new schemes added to the Capital Programme		0.16%
PI 4: Estimates of impact of Capital Investment on Housing Rents		Nil

**PRUDENCE**

PI 6: Original estimates of capital expenditure	Non - HRA	31,133
	HRA	3,280
	Total	34,413
PI 8: Original estimates of Capital Financing Requirement	Non - HRA	30,642
	HRA	15,303
	Total	45,945
PI 10: Authorised Limit	Authorised Limit for Borrowing	56,290
	Authorised Limit for Other Long Term Liabilities	310
	Authorised Limit for External Debt	56,600
PI 11: External Debt: Operational Boundary		49,100

**TREASURY MANAGEMENT**

PI 13: Treasury Management: adoption of CIPFA code of Practice	The Council adopted the CIPFA code of Practice for Treasury Management at its meeting on the 13th March 2002.	
PI 14: Fixed Interest Rate Exposure		100%
The Authority will limit its exposure to fixed interest rate costs to the amounts payable on the following proportion of its outstanding debt.		
At 31 March 2008 the Council was exposed to fixed interest rate costs on 100% of its outstanding debt.		
PI 15: Variable Rate Interest Rate Exposure		30%
The Authority will limit its exposure to variable interest rate costs to the amounts payable on the following proportion of its outstanding debt.		
At 31 March 2008 the Council was exposed to variable interest rate costs on 0% of its outstanding debt.		
PI 16: Maturity Structure of Borrowing		
Upper and Lower Limits	Under 12 months	0% to 35%
	12 months and within 24 months	0% to 5%
	24 months and within 5 years	0% to 10%
	5 years and within 10 years	0% to 20%
	10 years and above	60% to 100%
Maturity Profile of Current Outstanding Debt at 31 March 2008	Under 12 months	0%
	12 months and within 24 months	0%
	24 months and within 5 years	0%
	5 years and within 10 years	0%
	10 years and above	100%
PI 17: Investments for periods longer than 364 days		
Maximum principal sum to be invested		6,000
The above limit does not include sums for forward deals placed up to six months in advance for periods of 364 days or less.		
At 31 June 2008, the total amount of investments placed by the Council during the year, for periods of greater than 364 days, was £3m (see Appendix B).		

**AUTHORISED LIMIT** - The maximum amount of external debt, including both borrowing and other long-term liabilities, into which the Council may enter in the specified period.

**OPERATIONAL BOUNDARY** - The working boundary of total external debt, including both borrowing and other long-term liabilities, which will provide the day-to-day focus for Treasury Management activities. Unlike the Authorised Limit, it is not an absolute limit. It provides a mechanism to highlight whether or not external debt is being managed within the expected levels. The Operational Boundary can be exceeded if developing circumstances require, but if this happens then it will be the trigger for either corrective action or a revision of the relevant indicators.



**INVESTMENT INTEREST EARNED TO 30 SEPTEMBER 2008**

Name	No	Start	End	Rate	Days	Principal	Interest
				%		£	£
<b>2007/08</b>							
Northern Rock (1 Yr Fwd Deal)	002	01-Apr-08	18-Apr-08	4.9800	17	2,000,000.00	4,638.90
Landsbanki Islands	004	01-Apr-08	15-May-09	6.2500	409	1,000,000.00	70,034.25
EBS B.S.	021	01-Apr-08	03-Apr-08	5.9000	2	2,000,000.00	646.58
Glitnir	F102/023	01-Apr-08	14-Jan-09	5.7550	288	3,000,000.00	136,227.95
<b>2008-09</b>							
Bradford & Bingley	001	04-Apr-08	04-Jul-08	8.0500	91	2,000,000.00	30,167.12
EBS B.S.	002	04-Apr-08	06-Oct-08	6.0200	185	3,000,000.00	91,536.99
Kaupthing, Singer & Friedlander	06/07-129	16-May-08	15-May-09	6.0000	364	2,000,000.00	119,671.23
Anglo Irish Bank Corporation	004	17-Jun-08	17-Jun-09	8.5600	365	3,000,000.00	196,800.00
Irish Permanent Plc	005	02-Jul-08	02-Apr-09	6.3100	274	3,000,000.00	142,104.66
Scarborough BS	006	02-Sep-08	02-Mar-09	5.9800	181	2,000,000.00	59,308.49
Kent Reliance	007	02-Sep-08	02-Mar-09	6.0200	181	2,000,000.00	59,705.21
<b>Sub-Total</b>							<b>910,841.38</b>
<b>Call Accounts</b>							
Abbey National							
Allied Irish							
<b>TOTAL</b>							

For investments highlighted, the counterparties have since been downgraded and removed from the counterparty list (see report).

Re Bradford & Bingley, the investment has now matured & monies returned to the Council.

Re Icelandic banks, these are subject to relevant Administration / Receivership arrangements.

As at 25 November, no monies are held in the Allied Irish Call Account.

**ACTION NOTE - 2008/09 Quarter 1 CORPORATE PERFORMANCE REVIEW TEAM MEETING**

**SERVICE AREA: FINANCIAL MONITORING – ALL SERVICES**

**DATE: 15 AUGUST 2008**

**PRESENT: COUNCILLOR S CHARLES, ROGER MUCKLE, NADINE MUSCHAMP, RICHARD TULEJ**

Updated showing progress for Q2 Corporate PRT meeting 26/11

NO	AGREED ACTION	RESPONSIBILITY	PROGRESS
1	Review of printing / copying equipment being undertaken. Request information when available.	JA	The review has begun with a potential supplier doing an audit of current printing provision.
2	Report back on bank charges position.	NM	This is being addressed through an efficiency proposal into the budget process.
3	CC(D)S report back on if water charges can be reduced in line with budget.	MD	Reduced in line with budget.
4	Schedule of requirement for Display Energy Certificates and Performance Energy Certificates.	GC	All DEC's now complete and displayed in relevant buildings. EPC's will be complete as buildings are sold or relet.
5	Impact from variance analysis to be included in next review of medium term financial strategy (MTFS).	NM	Completed as far as possible – reported to Cabinet in November. Any further issues will be picked up in the 2009/10 budget.

RCM/JEB/15 August 2008

ACTION NOTE - 2008/09 Quarter 2 CORPORATE PERFORMANCE REVIEW TEAM MEETING

SERVICE AREA: FINANCIAL MONITORING – ALL SERVICES

DATE: 26 NOVEMBER 2008

PRESENT: COUNCILLOR S CHARLES, ROGER MUCKLE, NADINE MUSCHAMP, RICHARD TULEJ

NO	AGREED ACTION	RESPONSIBILITY	PROGRESS
	PROGRESS FROM THE LAST MEETING WAS NOTED AND THERE WAS NOTHING TO BRING FORWARD.		
1	Property Services more robust in PRT monitoring following issues in SLH. Major variance not reported in PRT.	HPS	
2	With reduced search activity, request options for service management efficiencies.	HL&HR	
3	Request report back why postage costs have exceeded budget. Are the savings from the TNT contract being achieved?	HPS	
4	Request report back on Salt Ayre income projection for Reflexions.	HCS	
5	Request report back on Planning Service staffing levels due to downturn. Less applications, opportunities for reduced capacity.	HPS	

**BUDGET AND PERFORMANCE PANEL**

**Star Chamber**

**27<sup>th</sup> January 2009**

**Report of Corporate Director (Finance and Performance)**

<b>PURPOSE OF REPORT</b>				
To receive an update on the Star Chamber meetings held since the last report to Cabinet of 11 November 2008.				
<b>Key Decision</b>		<b>Non-Key Decision</b>		<b>Referral from Cabinet Member</b>
				<b>X</b>
<b>Date Included in Forward Plan</b>		N/A		
<b>This report is public.</b>				

**RECOMMENDATIONS OF COUNCILLOR ROGER MACE**

**(1) That the report be noted.**

**1.0 Introduction**

- 1.1 Star Chamber is an informal meeting of Cabinet Members supported by senior officers. Its purpose is to provide a continuing process that considers options brought forward from cabinet portfolio holders with the aim of ensuring value for money by identifying potential efficiencies, and opportunities, where appropriate, for diverting resources away from non-priorities and into Council priorities. These options may well consider alternative methods of service delivery and how increased collaboration within Team Lancashire could provide efficiencies. Options will focus on financial, physical, and human resource matters.
- 1.2 Star Chamber also provides the framework and focus for achieving the financial savings targets included in the Medium Term Financial Strategy and Corporate Plan, and also to assist Cabinet in bringing forward its annual budget proposals.
- 1.3 The group meets regularly to consider proposals brought forward by Cabinet portfolio holders and reports for information are made on a regular basis into Cabinet and also into the Budget and Performance Panel.
- 1.4 Star Chamber works to revised Terms of Reference as agreed at the Cabinet meeting held on 2 September 2008.
- 1.5 Since the last report to Cabinet, Star Chamber met on 12 , 19 and 26 November. Action notes are attached as an **Appendix**. The action note for 26 November is to follow.

**RELATIONSHIP TO POLICY FRAMEWORK**

The work of the Star Chamber is critical to providing a challenge and review to both the way that our services are provided or their appropriateness to the targets set out in the Corporate Plan & Policy Framework. In particular this can be seen in:

- Corporate Plan Core Values – Sound Financial Management
- Corporate Plan Priority No 1 “To deliver value for money customer focused services”
- Revenue Budget & Capital Programme Monitoring
- Medium Term Financial Strategy target

**CONCLUSION OF IMPACT ASSESSMENT**

**(including Diversity, Human Rights, Community Safety, Sustainability and Rural Proofing)**

None arising directly as a result of this report.

**FINANCIAL IMPLICATIONS**

None arising directly as a result of this report.

**SECTION 151 OFFICER’S COMMENTS**

The Section 151 Officer has been consulted and has no comments to add.

**LEGAL IMPLICATIONS**

None arising directly as a result of this report.

**MONITORING OFFICER’S COMMENTS**

The Monitoring Officer has been consulted and has no comments to add.

**BACKGROUND PAPERS**

Corporate Plan 2008/09  
Revenue Budget and Capital Programme  
Medium Term Financial Strategy 2008

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**Ref:** RCM/JEB

**ACTION NOTES FROM STAR CHAMBER HELD ON 12 NOVEMBER 2008**

**PRESENT:** Councillors R Mace (Chair), E Archer, J Barry, E Blamire, A Bryning, S Burns, S Charles, J Fletcher, J Gilbert, D Kerr  
M Cullinan, P Loker, H McManus, R Muckle, N Muschamp, J Barlow (notes)

**1 APOLOGIES**

All present, no apologies.

**2 LAST MEETING NOTES AND MATTERS ARISING**

It was noted that Cabinet yesterday had requested an officer contribution towards the Corporate Plan priorities from statutory officers.

The list of statutory/non-statutory functions were now attached.

**3 MTFS UPDATE**

The latest position was noted.

**4 SERVICE EFFICIENCIES / IMPROVEMENTS**

In light of the information considered in 3 above, the following suggestions were discussed as potential options for efficiencies.

**(a) Lancaster Market**

CD(REG) to report to December Cabinet on all options, to include legal entitlements, and tenancy information. It was acknowledged however that the Council was tied in to a long lease.

**(b) Shared Services**

Opportunities for generating efficiencies through partnership working (Team Lancashire in particular) were discussed. It was agreed that a list of services that could be shared or outsourced would be provided, along with information on shared services already taking place within the county and how successful it was and lessons learned – both reports to be completed by 26 November.

**(c) Salt Ayre Trust**

This option to be kept as provisional for the time being. The previous report that considered this to be circulated.

**(d) LSP**

Information on the cost of the LSP to be provided.

**(e) Museums Partnership**

It was noted that a review was being undertaken on this partnership and a report back to Star Chamber was requested when it was completed.

**(f) Grant Assistance**

A brief report identifying all grants currently made by the Council to be brought to Star Chamber to decide if further work was required on working up options.

**(g) Cultural Services**

It was noted that a report reviewing options for efficiencies in Cultural Services was currently being prepared and would be circulated as soon as possible. This report would cover all activities of the Service, including the Dukes, Dome, Platform, Festivals and Events, Community Sport and Leisure Development.

**(h) Marketing and Communications**

It was noted that work on improving the effectiveness through a corporate approach to marketing and communications was ongoing and would be reported to the group as soon as possible.

(i) Plastic Waste Collection

A review of the collection rounds to be undertaken to include plastics and other recyclables and how soon options could be implemented.

(j) Internal Post and Subscriptions

Clarification of internal post and subscription provisions that appeared in the budget book was requested.

(k) Youth Games

Report back to December Cabinet on the options available to the Council.

In addition to the above, officers were requested to prepare options for savings required to meet the budget targets for 2009/10 and beyond.

In order for officers to make proposals, members would need to be clearer about their priorities and all members were asked to let the CD(F&P) have their comments and responses on the Leader's draft priorities by the end of next week, i.e. 21 November. All comments to be copied to the Leader.

**4 OPTIONS FOR SERVICE EFFICIENCIES AND IMPROVEMENT**

Star Chamber considered the savings and growth proposals prepared to date one by one and agreed as follows:

*Council Housing – Procurement of Materials*

Agreed not to take further at this stage but further information would be prepared on the implications for General Fund services.

*Fleet Management – share with other Councils*

This would not impact on next year's budget but should be pursued.

*VMU Reduction in Establishment*

It was agreed to include this proposal on the provisional list.

*Review of Waste Collection Rounds*

– see (i) above.

*CCDS Budget Process*

- see (i) above.

*Increase charge for bulky matters*

Agreed to include on provisional list. Request for information on what other authorities charge and to review charge annually.

[The agreed meeting time of a maximum 2 hours had elapsed and the meeting had to close, but it was agreed to reconvene the following week.]

It was noted that Savings and Growth proposals had not as yet been considered by the Cabinet member with responsibility for Efficiency. It was agreed that the Leader would prepare and distribute for the next meeting a list of those proposals that should go forward for further work, and include his comments and requests.

**5 ACCESS TO SERVICES UPDATE**

A report previously requested by Star Chamber was circulated for information.

**6 DATE OF NEXT MEETING**

10.00 am Wednesday 19 November 2008

Committee B, Lancaster Town Hall

**RCM/JEB/12 November 2008**

**ACTION NOTES FROM STAR CHAMBER HELD ON 19 NOVEMBER 2008**

**PRESENT:** Councillors R Mace (Chair), E Archer, J Barry, E Blamire, A Bryning, S Burns, S Charles, J Fletcher, J Gilbert, D Kerr  
M Cullinan, P Loker, H McManus, N Muschamp, J Barlow (notes)

1 **APOLOGIES**

Roger Muckle.

2 **LAST MEETING NOTES AND MATTERS ARISING**

The actions notes from 12 November were not considered and would be brought forward to 26 November meeting.

3 **MTFS UPDATE**

The Head of Finance reported verbally there was no change so far. The first draft budget would be finalised and this would include any update re Concessionary Travel,

4 **SERVICE EFFICIENCIES / IMPROVEMENTS**

Star Chamber considered savings and growth proposals outstanding from 12 November meeting.

**SAVINGS PROPOSALS**

(a) *CCDS – Increase coverage of bulky matters*

Agreed to take forward and include on provisional list.

(b) *CCDS – Closure of West End Toilets*

Further information requested to include list of all toilets, potential savings, and in which parish council area.

(c) *CCDS – Cease Funding of 4 Environmental PCSOs*

Cabinet Liaison Group to be arranged for first week in December to look at Neighbourhood Management report including implications for PCSOs.

An evaluation of PCSOs was requested for the next meeting.

Information on Home Office plans for contribution to funding of PCSOs for the future to be sought and reported back to Star Chamber.

(d) *H&SH – Private Water Supplies*

It was agreed to include this efficiency saving on the provisional list.

(e) *I&CS – Replace Desktop Printers with Multi-Function Devices*

Agreed to include on the provisional list.

A report on progress being made using laptops at meetings was requested.

(f) *Corporate – Implement Findings of Marketing Review*

It was agreed to take this forward. The report on the Review was almost finalised.

(g) *Revenues – Minor Staffing Restructure*

It was agreed to include this on the provisional list.

(h) *Revenues – Renegotiation of Bailiff Fees*

It was agreed to include this on the provisional list.

**GROWTH PROPOSALS**

(i) *Property Services – Energy Manager / Energy Performance Certificates*

The CD(REG) was looking at both of these and would report back on options including partnership working.

(j) *Property Services – CCTV Staff Contract Renewal*

A briefing note would be prepared on an exit strategy including issues such as town centre management, community safety, value for money, traffic management, etc.



- (k) *Legal & HR – Increased Provision of OH Advice*  
It was agreed to add this to the provisional list.
- (l) *Legal & HR – Voluntary Registration with the Land Registry of Council's Unregistered Land Holdings*  
This was a "spend to save" item and it was agreed to add this to the provisional list.
- (m) *Corporate Strategy – Service Satisfaction Survey*  
It was agreed to defer this item.
- (n) *Corporate Strategy – Community Cohesion*  
It had been agreed at Cabinet on 11 November not to take this forward.
- (o) *Corporate Strategy – Secure Resources for Project/Performance and Programme Management Arrangements*  
A decision would be made after consideration of a report from the CD(REG) to Cabinet in December.
- (p) *H&SH – Increase the Homeless Priority Need Budget to meet DCLG Targets*  
Report back requested to include broader issues.
- (q) *H&SH – Additional Staffing for Statutory Housing Standards Work*  
It was agreed to include this on the provisional list.
- (r) *H&SH – Additional Staffing in Homelessness Team*  
It was agreed to defer a decision until the Cabinet Liaison Group had reported back on the future of Neighbourhood Management.
- (s) *H&SH – Memorial Safety Team*  
It was agreed to defer a decision pending a report to Cabinet on risks and legal implications.
- (t) *CCDS – Augment Cleansing Schedules in Morecambe*  
This was not accepted for inclusion on the provisional list.
- (u) *CCDS – Improved Recycling Facilities in Council Buildings*  
It was agreed to defer this until next year.
- (v) *CCDS – Enforcement Publicity Campaign*  
This was not accepted for inclusion on the provisional list.
- (w) *CCDS – Arson Reduction Team*  
It was agreed to include this on the provisional list and to include in the Neighbourhood Management discussions re mainstreaming of budgets.
- (x) *CCDS – Schools Recycling*  
It was agreed to include this on the provisional list.

The agreed meeting time of a maximum 2 hours had elapsed and it was agreed to leave consideration of Council Housing growth proposals from 12 November agenda until the next meeting.

A special Cabinet briefing to be prepared on rent increases.

5 Date of Next Meeting

10.00 am Wednesday 26 November, Committee B, Lancaster Town Hall.

**NM/JEB/19 November 2008**

**ACTION NOTES FROM STAR CHAMBER HELD ON 26 NOVEMBER 2008**

**PRESENT:** Councillors S Charles (Chair), J Barry, E Blamire, A Bryning, S Burns, J Fletcher, J Gilbert, D Kerr

M Cullinan, P Loker, H McManus, R Muckle, J Barlow (notes)

1 **APOLOGIES**

Councillors R Mace and E Archer. Nadine Muschamp, Head of Financial Services.

2 **LAST MEETING NOTES AND MATTERS ARISING**

The action notes from previous meetings were accepted.

The following briefing notes requested at earlier meetings were available at the meeting:

- Plastic Waste Collection – Review of Rounds
- Cost of Bulky Waste Collection – Other Authorities
- Proposal to Mothball Toilets
- Progress report on use of Laptops at Meetings

3 **MTFS UPDATE**

The Corporate Director (Finance and Performance) reported verbally there was no change however awaited confirmation of concessionary travel funding was likely to have a detrimental impact on the draft budget.

4 **SAVINGS AND GROWTH – LATEST SUMMARY**

Members considered the current summaries and requested these be further broken down, i.e. showing summary of accepted, provisionally accepted, provisionally rejected, and rejected savings, and similarly for growth, and that these be distributed as soon as possible.

Star Chamber considered both new and outstanding savings and growth proposals as follows.

**SAVINGS PROPOSALS**

- (a) *Democratic Services – reduction in printing and stationery costs as a result of increased electronic provision of agenda, minutes and other documentation.*

It was agreed to include this on the proposed list of savings.

- (b) *Democratic Services – Discontinuation of distribution service to Members*

Further information requested to include impact on the Member support services, a comparison of cost of using postal services, and further work on costings of the proposal.

- (c) *Democratic Services – Beadle Services*

It was agreed to include this on the proposed list of savings.

- (d) *Cultural Services – Closure of One or More Community Swimming Pools*

Further information would be brought back to Star Chamber to include alternative pool options, consequent savings from support services if closed, figures for usage of the pools, and capacity for extra usage at Salt Ayre. It was agreed to include this on the list of provisional savings.

- (e) *Cultural Services – Closure of The Dome*

It was agreed to accept this as a proposed saving and that it be brought to the next Cabinet meeting as an item of urgent business.

- (f) *Cultural Services – Review of Museums Partnership*

The Partnership agreement was currently being scrutinised for savings and efficiencies and would be reported to Star Chamber in January 2009.

- (g) *Cultural Services – Summer Playschemes*

The Corporate Director (Regeneration) had tasked the Head of Cultural Services to investigate sponsorship of Playschemes by major local businesses as part of their community responsibilities. It was agreed however not to accept this as a proposed savings.

- (h) *Cultural Services – Withdraw from Participation in the International Youth Games*

It was agreed to include this option on the proposed list and to report into the next Cabinet meeting as an urgent business item.

- (i) *Cultural Services – Withdrawal Festivals Innovation Fund (FIF)*

It was agreed to add this to the list of proposed savings pending consideration of a report to Cabinet.

- (j) *Cultural Services – Closure of The Platform*

It was agreed not to accept this for inclusion on the list of proposed savings.

- (k) *Economic Development – Marketing*

- (l) *Economic Development – Tourism Marketing*

- (m) *Economic Development – Tourism – Removal of exhibitions and photography budgets*

The Corporate Director (Regeneration) was undergoing a corporate review of marketing to deliver efficiencies and savings across all service areas. It was agreed not to include these particular savings proposals because they would be included in the corporate review.

- (n) *Economic Development – Tourism policy – BRADA*

- (o) *Economic Development – Tourism policy – Lancs & Blackpool Tourist Board*

Information on the corporate costs of attendance at conferences was requested and would be reported back to a future meeting.

It was agreed not to accept these two savings proposal.

- (p) *Economic Development – Tourist Information Centres*

It was agreed not to accept this saving proposal.

### **GROWTH PROPOSALS**

*Democratic / Property Services – Modernisation of meeting facilities*

There was no support for this proposal, unless it could be incorporated into the overarching Access To Services Review as an efficiency.

Members were reminded by the Corporate Director (Finance and Performance) that until Members confirmed their corporate priorities, the Access To Services review was currently on hold until officers knew whether budgets were to be allocated.

Star Chamber requested a further report on the latest position with the ATS Review.

- (q) *Council Housing x 6 Growth Proposals*

The Corporate Director (Community Services) explained that all these proposals would be funded from the Housing Revenue Account and would have no impact on the General Fund. Each would be considered in the January report to Cabinet on the Housing Revenue Account and Capital Programme.

- (r) *Economic Development – Rent Grant*

Further information was required on what other options could be offered to assist local businesses and information regarding previous take-up success. It was agreed to defer a decision on this proposal pending further information.

### **5 DATE OF NEXT MEETING**

11.00 am Wednesday 3 December, Committee B, Lancaster Town Hall.

RCM/JEB/26 November 2008