

**BUDGET AND  
PERFORMANCE PANEL**

**4.30 P.M.**

**24TH FEBRUARY 2009**

**PRESENT:** Councillors Roger Sherlock (Chairman), John Whitelegg (Vice-Chairman), Chris Coates (substitute for Ian McCulloch), Roger Dennison (substitute for Mike Greenall), Keran Farrow, Sarah Fishwick and Keith Sowden

Apologies for Absence:

Councillors Tina Clifford, Jean Dent, Mike Greenall and Ian McCulloch

Officers in Attendance:

|                  |                                                    |
|------------------|----------------------------------------------------|
| Mark Cullinan    | Chief Executive                                    |
| Nadine Muschamp  | Head of Financial Services and Section 151 Officer |
| Robert Bailey    | Principal Auditor (Minute Nos. 45 to 48 only)      |
| Elizabeth Stokes | Corporate Performance Manager                      |
| Peter Notley     | Principal Accountant (Minute Nos. 45 to 49 only)   |
| Liz Bateson      | Senior Democratic Support Officer                  |
| Jane Glenton     | Democratic Support Officer                         |

**45 DECLARATION OF INTERESTS**

Members were advised of the following declarations of interest:

Councillor Sherlock declared a personal and prejudicial interest in Minute No. 50, being a member of the Board of the Citizens Advice Bureau.

Councillor Farrow declared a personal and prejudicial interest in Minute No. 50, being a member of the Board of the Citizens Advice Bureau.

Councillor Fishwick declared a personal and prejudicial interest in Minute No. 50, being a member of various partnerships, including the Vision Board.

**46 MINUTES**

The Minutes of the meeting held on 27<sup>th</sup> January 2009 were signed by the Chairman as a correct record.

**47 ITEMS OF URGENT BUSINESS AUTHORISED BY THE CHAIRMAN**

There were no items of urgent business.

**48 PARTNERSHIP MAPPING AND EVALUATION**

The Panel received the report of the Corporate Director (Finance & Performance), which informed Members of progress in a 'mapping' exercise to determine the number, type and purpose of partnerships that the Council was involved in, and the ongoing development of a framework for evaluating and monitoring partnership performance and effectiveness.

The Principal Auditor reported that he was Project Manager for the Project Team, which had been established in October 2008 to undertake partnership mapping and evaluation work. This had been in response to the recommendations made by the Panel at its meeting on 15<sup>th</sup> July 2008.

The Project Manager and other members of the Project Team had met with Service Heads and lead officers involved in partnership working in December 2008. The mapping exercise had successfully produced an up-to-date list of Council partnerships, which met the adopted definition, and were categorised into relevant types of partnership.

A scoring mechanism called the Partnership Assessment Scorecard (PAS) had been used to score the partnerships. Scoring was based on the partnerships' achievement in meeting corporate objectives and priorities. The scoring would facilitate an appropriate level of treatment for each partnership, which reflected its impact on the Council's overall service planning and delivery arrangements.

It was reported that 59 'significant' partnerships had been identified, of which 23 had been scored as being of 'major' significance to the Council, 21 as 'moderate' and 15 with a 'limited' significance. A table of the 'significant' Council partnerships was attached as Appendix A to the report.

Members were advised that the Community Safety and Museums partnerships had undertaken a pilot study of the Partnership Development and Evaluation Toolkit, which had been running concurrently with the mapping exercise. The toolkit was aimed at testing the mapping exercise's robustness and effectiveness in practice and informing the ongoing development of the performance framework. There had been positive initial feedback from the pilot study, and the toolkit had enabled the partnerships to assess the effectiveness of current working arrangements and where improvements could be made.

It was reported that the Project Team would be undertaking a number of tasks over the coming months, which would include compilation of a register/database of all partnerships identified, and provide a central point of reference about their activities, purpose, governance and overall performance. The register would help inform future decision making with regard to the Council's continued involvement in individual partnerships and provide a method of ensuring that major partnerships reported annually on their overall effectiveness by means of assurance statements in support of the Council's Governance Statement

The Project Team had identified a possible eight partnerships, which were highlighted in Appendix A to the report, which would be evaluated during 2009/10. These had been endorsed by the Performance Management Group and Corporate Management Team. It was suggested that the outcomes/action plans arising from the completed evaluations be considered by the Performance Management Group, and then scrutinized by the Budget and Performance Panel. It was also requested that, as far as possible, the financial risks associated with the various partnerships be provided.

**Resolved:**

- (1) That progress on the mapping and evaluation of partnerships be noted.
- (2) That the evaluation during 2009/10 of the eight significant partnerships identified in the report be endorsed.

- (3) That the results and outcomes arising from the completed evaluations be reported to the Budget and Performance Panel for consideration and scrutiny.
- (4) That, in future, specific information regarding the financial risks associated with various partnerships be provided.

**The Principal Auditor left the meeting at this point.**

#### **49 TREASURY MANAGEMENT STRATEGY 2009/10**

The Panel received the report of the Head of Financial Services, which set out the position regarding the 2009/10 to 2011/12 Treasury Management Strategy for Cabinet's approval.

Members were advised that, as part of the adoption of the Chartered Institute of Public Finance and Accountancy (CIPFA) Code of Practice on Treasury Management, it was a statutory requirement that the Authority had a Treasury Management Strategy Statement and Investment Strategy, which outlined the expected treasury activity for the forthcoming 3 years, which was reviewed annually.

Appended to the report, for Members' consideration, were:

- Appendix A – the Treasury Management Policy Statement
- Appendix B – the proposed Treasury Management Strategy
- Appendix C – the Treasury Management Documents and Responsibilities.

It was reported that Officers had liaised with Butler's, the Council's Treasury Consultants, in developing the proposed Strategies, which must fit with other aspects of Cabinet's budget proposals, such as investment interest estimates and underlying prudential borrowing assumptions feeding into Prudential Indicators. It was reported that evaluation of the consultancy service would take place in due course, although any evaluation of the credit rating agencies would be dependent on the outcome of external reviews.

Members noted that the Council's cash flow and level of monies available for investment were forecast to be much lower over the coming year, due to the impact of the recent failure of Icelandic Institutions, decisions to repay some capital related debt, and expected reductions in the Council's reserves and balances.

Additional measures were included in the proposals to reduce the Council's investment risk exposure further and provide a sound framework within which to work over the coming year, namely:

- The maximum amount to be invested with any one institution, other than the UK Government, had been reduced from £6M to £4M
- The Strategy included a separate limit of £10M specifically for the Government's Debt Management Accounts Deposit Facility
- Precedence for UK institutions over other countries and sovereign ratings
- No forward deals being entered into
- No investments made for any period longer than a year
- Various restrictions centred around the criteria used to determine counterparty lists
- Introduction of other restrictions on investment activity should circumstances warrant it.

It was reported that the Council's Treasury Management framework would be reviewed in response to any further guidance issued regarding the Icelandic banking collapse and the updates presented to Members for consideration.

**Resolved:**

That the Treasury Management Strategy for the period 2009/10 to 2011/12, including the investment Strategy, and as updated for Cabinet's final budget proposals, for subsequent referral to Council, be noted.

**The Principal Accountant left the meeting at this point.**

**50 CONSIDERATION OF THE BUDGET PROPOSALS**

Minutes from the meeting of Cabinet on the 17<sup>th</sup> February 2009 were circulated to the Panel for their consideration.

Members were informed that the recommended Budget would go forward to Budget Council for consideration at its meeting on the 4<sup>th</sup> March. The recommendations balanced the budget in line with the decision to increase the City Council element of Council Tax by 4%.

It was reported that achieving a balanced budget had involved stringent housekeeping and Cabinet had undertaken a full review of how the Council's services were provided to ensure that effective services were being delivered in the most efficient ways.

Members noted that savings recommended by Cabinet included:

- Efficiency savings at Salt Ayre Sports Centre
- Reduction in mowing at Lancaster Cemetery and on Broadway Bridge in Morecambe
- Reducing the Mayoral budget
- Restructuring services so that they worked more efficiently and reducing some service provision and management and support service costs
- Reducing public toilet provision by 13 and introducing a Community Toilet Scheme (Members noted that this was subject to Call-in)
- Discontinuation of the Festival Innovation Fund and associated staffing
- Reduction in grant to a number of externally supported bodies
- Reduction in grant to Morecambe and Lancaster Citizens Advice Bureaux (CAB)

It was reported that Cabinet had also considered pay inflation for 2009/10 and the application of Redeployment and Early Termination Policies, and had resolved to take no further action regarding pay inflation. Cabinet had also resolved to offer voluntary redundancy to people in those service areas 'affected', and that Personnel Committee review its Redeployment and Early Termination of Employment Policy.

***Councillor Farrow declared a personal and prejudicial interest in the following item, being on the Board of the Citizens Advice Bureau, vacated the room during consideration thereof and did not vote on the item.***

***Councillor Sherlock declared a personal and prejudicial interest in the following item, being on the Board of the Citizens Advice Bureau, vacated the Chair and the room during consideration thereof and did not vote on the item.***

***The Vice-Chairman, Councillor Whitelegg, took the Chair.***

The Panel considered Cabinet Minute 151(1) 2008/09 "That Cabinet recommends that support for the management of the two Citizens Advice Bureaux be reduced by £20,000 for 2009/10 onwards in total (£10,000 reduction for each Citizens Advice Bureau)."

It was proposed by Councillor Whitelegg and seconded by Councillor Coates:

"That, in consideration of the Panel's recommendation at its meeting on the 27<sup>th</sup> January 2009 that the budget process fully recognises the need to protect the vulnerable and disadvantaged and those groups most likely to suffer from the credit crunch and recession, the Panel recommend to Council that the proposed cut of £20,000 to the funding of the two Citizens Advice Bureaux be withdrawn."

Upon being put to the vote, 2 Members voted in favour of the proposition, 2 Members against, with 1 abstention, whereupon the Chairman, in accordance with Council Procedure Rule 19.2, used his casting vote and declared the proposal carried by virtue of his casting vote.

***Resolved:***

- (1) That the oral report be noted.
- (2) That, in consideration of the Panel's recommendation at its meeting on the 27<sup>th</sup> January 2009 that the budget process fully recognises the need to protect the vulnerable and disadvantaged and those groups most likely to suffer from the credit crunch and recession, the Panel recommend to Council that the proposed cut of £20,000 to the funding of the two Citizens Advice Bureaux be withdrawn.

***Councillors Farrow and Sherlock returned to the room and Councillor Sherlock resumed the Chair.***

## **51 UPDATED WORK PROGRAMME**

The Panel received the report of the Head of Democratic Services, which updated Members regarding the Work Programme. The Panel noted the updates and the items that would be considered at future meetings.

The report advised that the Officer Delegated decision regarding the contract for Homelessness Prevention Services (Officer Delegated Decision 54 refers) was called-in and considered by the Overview and Scrutiny Committee on 29<sup>th</sup> January 2009. The Committee had agreed that the decision be upheld and had made the following recommendation for consideration by the Panel:

"That the monitoring of the Contract for Homelessness Prevention Services be added to the Budget and Performance Panel Work Programme."

***Resolved:***

That the monitoring of the Contract for Homelessness Prevention Services be added to the Budget and Performance Panel Work Programme.

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Chairman

(The meeting ended at 6.00 p.m.)

**Any queries regarding these Minutes, please contact  
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