

**BUDGET AND  
PERFORMANCE PANEL**

**4.30 P.M.**

**31ST MARCH 2009**

**PRESENT:** Councillors Roger Sherlock (Chairman), John Whitelegg (Vice-Chairman), Tina Clifford, Roger Dennison (substitute for Mike Greenall) Keran Farrow (for Minute Nos. 55 to 59 only), Ian McCulloch, Sylvia Rogerson (substitute for Sarah Fishwick) and Keith Sowden

Also in Attendance:

Cabinet Member with Responsibility for Performance Management & Efficiency – Councillor Susie Charles (for Minute No. 55 only)

Apologies for Absence:

Councillors Jean Dent, Sarah Fishwick and Mike Greenall

Officers in Attendance:

Roger Muckle	Corporate Director (Finance and Performance) (for Minute Nos. 56 (part) to 59 only)
Nadine Muschamp	Head of Financial Services and Section 151 Officer (for Minute Nos. 52 to 56 only)
Richard Tulej	Head of Corporate Strategy (for Minute Nos. 52 to 55 only)
Elizabeth Stokes	Corporate Performance Manager
Jane Glenton	Democratic Support Officer

**52 DECLARATION OF INTERESTS**

There were no declarations of interest.

**53 MINUTES**

The Minutes of the meeting held on 24<sup>th</sup> February 2009 were signed by the Chairman as a correct record.

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

There were no items of urgent business.

**The Cabinet Member with Responsibility for Performance Management & Efficiency and Councillor Farrow joined the meeting midway through the following item.**

**55 3RD QUARTER CORPORATE MONITORING REPORTS**

The Cabinet Member with Responsibility for Performance Management & Efficiency presented the 3<sup>rd</sup> Quarter Corporate Monitoring Reports. Members were guided through the performance data and updated on progress in tackling areas that the Council was underperforming in and measures taken for improvement.

The Head of Financial Services reported that the monitoring report of expenditure and income for 2008/09 set out an indicative corporate picture of the Council's financial performance relating to the period ending December 2008. It summarised the variances reported through Services' quarterly Performance Review Team (PRT) meetings and identified omissions, updates and/or actions required and included salary monitoring, capital expenditure and financing, Housing Revenue Account, revenue collection performance and Insurance and Risk Management. The quarter's monitoring was based on the Revised Budget as approved by Council on 4<sup>th</sup> February 2009.

Members were advised that the current overall general fund summary position showed that there was a net underspend of £24K against the revised budget at the end of December, which was expected to reduce to £7K by the end of the year. Based on current forecasts, net spending was broadly in line with the budget. Under or overspends had been kept within 2% of the overall net controllable revenue budget. All actions from the previous quarter had been dealt with through the budget process by corrective action or by presenting options to Star Chamber.

Appendix A to the report detailed the major true variances that had been included within individual Services' PRT reports. There were a number of significant overspends relating to Salt Ayre Sports Centre and Heysham Pool energy costs, in addition to increased costs of Rent Allowances and delayed Planning Application fee income.

It was reported that savings of £41K had been achieved against the revised salary budget to-date, which it was anticipated would increase to a total of £70K by the year end. The capital programme had been revised as part of the current budget process and reported through to Cabinet accordingly. There were no variances to report in respect of the approved revised programme.

Members were informed that at the end of December, the position for the Housing Revenue Account showed an overspend of £109K against the revised budget, which was currently projected to change to an overall net underspend of £28K by the end of the year. The level of current overspend was predominantly due to outstanding claims relating to insurance repairs. The Council Housing rent income collected for the year was in line with the estimate. The Council Housing Capital programme had spend of £1.793M against the approved revised programme of £3.877M.

Performance against the in-year collection targets was slightly down in Council Tax and Business Rate collection, the latter having declined due to increases in the overall amounts collectable and the impact of new Empty Property Rate legislation as well as the economic downturn. The level of outstanding sundry debts at the end of December totalled £2.1M, which was over £0.4M more than the same period last year, having increased overall by £600K from the previous quarter, due to quarterly rents being raised by Property Services.

Members were advised that the Council's risk management procedures were undergoing a substantial review to consider whether any improvements could be made to the way that risk was managed in several key areas. It was noted that details of the review, together with the revised Risk Management Strategy, would be reported to Audit Committee in April.

With regard to 2008/09 Treasury Management Progress to 31<sup>st</sup> December 2008, it was reported that there had been no activity in respect of long-term borrowings and the recent upturn in long-term Public Works Loan Board (PWLB) rates meant that there may be opportunity to reschedule debt in quarter 4. There had been no fixed term investments made in quarter 3, and the original investment interest budget had been reduced following on from Iceland, and the reduction in rates was predicted to cause further budgetary pressure going into quarter 4. Appendix A to the report set out certain indicators and other relevant monitoring information. Appendix B to the report showed investment interest earned to 31<sup>st</sup> December 2008 and highlighted investments where the counterparties had since been downgraded and removed from the counterparty list. The investment with the Bradford & Bingley had matured in quarter 2, however, and monies had returned to the Council. Icelandic Banks had been accounted for up to 8<sup>th</sup> October 2008 at the point when they went into administration. As at 25<sup>th</sup> November, no monies were held in the Allied Irish Call Account and no new investments would be made with Irish organisations in current circumstances: the country's sovereign rating had just been downgraded. There remained, however, one investment with Anglo Irish Bank Corporation, due to mature in June 2009.

The Cabinet Member with Special Responsibility for Performance Management & Efficiency reported on the third round of Performance Review Team (PRT) meetings for 2008/09, which took place between 26<sup>th</sup> January and 6<sup>th</sup> February 2009 and monitored progress against the action sheets drawn up for the previous round of meetings.

Members considered the Corporate PRT Report and raised queries, specifically on:

Reference No. 6 Cult24 – Produce a Dance Strategy – on target? – Further information was requested for future consideration.

Reference No. 8 Cult29 – Effective swimming development programme – Further information was requested on the effect the introduction of free swimming would have on the new Performance Indicator.

Reference No. 11, ICS06 – Abandoned calls to Customer Service Centres – Further information was requested. The Head of Information and Customer Services was presently undertaking work in this area.

Reference No. 15, NU188 – Planning to adapt to climate change (half yearly) – Concerns were raised in connection with this and Reference Nos. 16 and 17. The Head of Corporate Strategy advised that he was working with the Cabinet Member with Responsibility for the LSP Environment Thematic Group. A procedure was in place for dealing with the long-term absence of staff through sickness and a graduate placement had been recruited from Lancaster University's Environmental Sciences Department, through the One to One Programme. Work was ongoing with the Energy Savings Trust.

Reference No. 16, PROP01 – Reduce overall energy use 08/09 and Reference No. 17 PROP02 – Reduce CO<sub>2</sub> emissions - The Head of Corporate Strategy advised that management, investment and change were required to improve energy efficiency and reduce CO<sub>2</sub> emissions and this had been recognised in the Council's Budget. Salt Ayre Sports Centre accounted for half of the Council's energy bills and a special study had been commissioned involving staff. The Climate Change Cabinet Liaison Group and Facilities Management were looking at ways of managing the issue efficiently. Additionally, SMART targets linked into the Council's 3-year strategy would ensure that performance was met.

With reference to Action Note, No. 5 – *Request report back on Planning Service staffing levels due to downturn. Less applications, opportunities for reduced capacity* – details on

any proposed changes to the staffing structure in Planning Services would be reported for future consideration by the Panel.

**Resolved:**

That the report and issues raised be noted.

**The Cabinet Member with Responsibility for Performance Management & Efficiency and the Head of Corporate Strategy left the meeting at this point.**

**Members were advised that, with the agreement of the Committee, the Chairman had agreed that Agenda Item 8 – Use of Resources Assessment 2008 – report of Corporate Director (Finance and Performance) be brought forward to allow the Head of Financial Services to report on the matter and leave the meeting.**

**The Corporate Director (Finance and Performance) joined the meeting midway through the following item.**

**56 USE OF RESOURCES ASSESSMENT 2008**

The Head of Financial Services reported on the Audit Commission's Use of Resources Assessment 2008, details of which were as follows:

**Audit Assessments**

Element	Score
Financial Reporting	3
Financial Management	3
Financial Standing	3
Internal Control	2
Value for Money	2

**Audit Commission – Overall Use of Resources Judgement**

Element	Score
Overall Score	3

It was reported that, in terms of year on year comparisons, the overall scoring of 3 was the same as for the previous year (2007), although the individual scoring for Internal Control had reduced from 3 to 2. Primarily, this was because of the need to provide greater evidence regarding the effectiveness of the Council's arrangements for standards of conduct, e.g. undertaking some form of ethical audit.

Each year, however, the assessment becomes harder and this would become more apparent for 2009, when much more focus would be placed on outcomes, rather than processes and procedures. Given this, the expectation was that, generally, scores would reduce in future. Also, with regard to 2009, the timescales for the next assessment had been brought forward, meaning that their reporting would be much more timely.

It was also reported that an action plan regarding *Value for Money* would be agreed with the Council's external auditor, KPMG, following their ongoing review. The capacity and

resources to support this would be evaluated by relevant services, in particular Financial Services and Corporate Strategy, in them drawing up their Business Plans for 2009/10.

**Resolved:**

- (1) That the Assessment be noted.
- (2) That a report on the work undertaken to improve the elements, such as *Internal Control* and *Value for Money*, be brought to a future meeting of the Panel in context of the 2009 assessment also.

***The Head of Financial Services left the meeting at this point.***

**57 BVPI COMPARISON - EXETER BENCHMARKING GROUP**

The Panel received the report of the Corporate Performance Manager to provide Members with a comparison of the Council's performance against statutory Performance Indicators in relation to a number of similar local authorities.

Members were advised that the Council had a duty to seek to continuously improve its services to the local community and to manage its performance to support that improvement within the terms of the Local Government Act 1999 (the duty of Best Value), and was required to set targets against all national and local indicators that allowed for comparison nationally.

It was reported that the Council was a member of the Exeter Benchmarking Group (otherwise known as the Historic Towns Group), which was an established network of district authorities who had similar profiles, and a detailed comparison report of authority performance based on statutory BVPIs was produced each year, which enabled the Council to see what similar authorities managed to achieve with comparable resources. A comparison document was attached at Appendix A to the report based on the most recently available audited performance information for the financial year 2007/08.

Members were advised that all BVPIs were deleted with effect from 1<sup>st</sup> April 2008 to be replaced with a new set of National Indicators for local authorities and local authority partnerships, which were intended to strengthen incentives for closer partnership working as they would apply to other local partners. The National Indicators had a set of national outcomes and a single set of national indicators by which to measure them and focused upon the quality of life experienced by residents, rather than measuring the quality of service offered by councils. A relatively small number of the National Indicators was required by district councils and the remainder would be collected by the Lancashire Partnership (the County LSP) on a county-wide footprint. The Audit Commission did not intend to produce national comparative quartiles for the new National Indicators.

It was reported that a system called the Data Interchange Hub would make available in one place data on the national indicator set, reducing the reporting requirements on Local Authorities and the number of duplicate requests for information which they received.

**Resolved:**

- (1) That the report be noted.

- (2) That Members keep the information contained within the report for future reference when considering the Council's performance.

## 58 DATA QUALITY AUDIT 2007/08

The Corporate Performance Manager presented a report to inform Members of the outcome of the annual Data Quality Audit.

Members were advised that the Council's auditors, KPMG, had undertaken a statutory audit of the arrangements the Council had in place to ensure the quality of the data upon which it relied to make its decisions. The audit was conducted in 3 parts, being Stage 1 - review of the management arrangements for data quality using the Data Quality Key Lines of Enquiry (KLOE), Stage 2 – issues arising from analytical review of 2007/08 performance data Best Value Performance Indicators (BVPIs) and key non BVPIs, e.g. Housing Investment Programme (HIP) returns, which informed Stage 3 – in-depth review/audit of selected sample performance indicators.

It was reported that Lancaster City Council had consolidated its position as an authority which was 'Performing Well' for data quality management and was 'consistently above minimum requirements' for the financial year 2007/08.

KPMG's audit report was attached at Appendix 1 to the report. KPMG had made a total of 8 original recommendations for improvement in the coming year, which had been reduced to 7, due to removal of a recommendation which asked the Council to 'automate' the transfer of performance data from existing systems to the Escendency system being considered unrealistic in the light of current budgetary pressures. The KLOE had been reviewed and it was considered that failure to do this should have no significant impact upon the Council's prospects for improvement in future years.

It was reported that a target of Level 4 had been set for achievement in 2008/09, which would mean satisfying the main requirement of the KLOE, being the effective management of Data Quality within the Council's key partnerships. To achieve Level 4 would require the full co-operation of partners. The work undertaken within the Local Strategic Partnership (LSP) supporting the Performance Management Framework for the delivery of the Sustainable Community Strategy meant that an improved Data Quality score was achievable. However, changes to the audit methodology for the 2008/09 data meant that the target of achieving Level 4 should be reconsidered at a later date to ensure that the target remained realistic.

### ***Resolved:***

That the report be noted.

## 59 WORK PROGRAMME REPORT

The Head of Democratic Services submitted a report to provide Members with an update of the Panel's Work Programme.

Members were advised that Councillor Kerr had attended the Overview and Scrutiny Committee meeting on 11<sup>th</sup> March 2009 and discussed issues within his portfolio, including the possible budgetary implications of the Council's agreed 5% increase in

council rents. Councillor Kerr intended to raise the matter at the District Wide Tenants Liaison Group and a member of the Panel was invited to attend the discussions.

It was reported that the draft Budget and Performance Panel section of the Annual Scrutiny Report 2008/09 had been circulated electronically to Panel Members in order that revisions and comments could be made. A copy was distributed at the meeting for further comment, and the agreed version would be considered by Full Council on 8<sup>th</sup> April 2009.

***Resolved:***

- (1) That Councillor Whitelegg be appointed to attend the District Wide Tenants Liaison Group on behalf of the Budget and Performance Panel.
- (2) That the Budget and Performance Panel section of the Annual Scrutiny Report 2008/09 be agreed, to include the effect the introduction of free swimming would have on the new Performance Indicator, Cult29.

---

Chairman

(The meeting ended at 5.55 p.m.)

**Any queries regarding these Minutes, please contact  
Jane Glenton, Democratic Services - telephone (01524) 582068 or email  
JGlenton@lancaster.gov.uk**