



Committee: BUDGET AND PERFORMANCE PANEL

Date: TUESDAY, 8 SEPTEMBER 2009

Venue: LANCASTER 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 14th July 2009 (previously circulated)

4. Items of Urgent Business authorised by the Chairman

5. Corporate Performance Monitoring Reports - Quarter 1 (Pages 1 - 27)

The Cabinet Member with responsibility for Performance Management has been invited to present the reports.

6. 2010/11 Revenue Budget Update (Pages 28 - 43)

Report of the Corporate Director (Finance & Performance) considered by Cabinet on 1st September 2009

7. Work Programme Report (Pages 44 - 48)

Report of Head of Democratic Services

ADMINISTRATIVE ARRANGEMENTS

(i) Membership

Councillors Roger Sherlock (Chairman), Emily Heath (Vice-Chairman), Tina Clifford, Jean Dent, Keran Farrow, Sarah Fishwick, Bob Roe, Keith Sowden and John Whitelegg

(ii) Substitute Membership

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

(iii) Queries regarding this Agenda

Please contact Liz Bateson, Democratic Services - telephone (01524) 582047 or email ebateson@lancaster.gov.uk.

(iv) Changes to Membership, substitutions or apologies

Please contact Members' Secretary, telephone 582170, or alternatively email memberservices@lancaster.gov.uk.

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

Published on 27th August 2009

BUDGET AND PERFORMANCE PANEL

**2009/10 1st Quarter Corporate Performance Review
8 September 2009**

Report of Corporate Director (Finance and Performance)

PURPOSE OF REPORT			
To report on the first quarter of Performance Review Team meetings for 2009/10.			
Key Decision		Non-Key Decision	Referral from Cabinet Member
			X
Date Included in Forward Plan	N/A		
This report is public			

RECOMMENDATIONS

- (1) That the report be noted.

REPORT

- 1 The first quarter of Performance Review Team (PRT) meetings for 2009/10 took place between 27 July and 7 August. Each meeting monitored progress against the action sheets drawn up for the previous round of meetings.
- 2 The corporate report was considered by the Leader on 17 August, and will be considered by the Budget and Performance Panel on 8th September 2009.
- 3 Attached at **Appendix 1** for information are:
 - PRT meeting/attendance timetable
 - Performance exception report showing indicators for Q1 that are behind target
 - Q1 Corporate Financial Monitoring Report including progress on outstanding issues from previous meetings
 - Treasury Management Monitoring Report
- 4 The actions agreed at the meeting are still being drafted but will be circulated under separate cover prior to the meeting.

5 Conclusion

The Council's Performance Management Framework now requires the regular reporting of performance into Cabinet as part of the Performance Review Team cycle of meetings. This report provides a strategic summary of how the council is performing in delivering its Corporate Plan targets using the information from the quarter 1 PRT meetings with individual cabinet members

RELATIONSHIP TO POLICY FRAMEWORK

This report is a requirement of the Council's Performance Management Framework.

CONCLUSION OF IMPACT ASSESSMENT

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

None arising from this report.

FINANCIAL IMPLICATIONS

As set out in the attached appendices.

SECTION 151 OFFICER'S COMMENTS

The Section 151 has been consulted and has no additional comments.

LEGAL IMPLICATIONS

Legal Services have been consulted and have no comments to add.

MONITORING OFFICER'S COMMENTS

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

BACKGROUND PAPERS

2009/10 Q1 PRT Reports

Contact Officer: Roger Muckle

Telephone: 01524 582022

E-mail: rmuckle@lancaster.gov.uk

Ref: RCM/JEB

PORTFOLIO BASED PERFORMANCE REVIEW TEAMS

Timetable for 1st Quarter 09/10 – 27 July to 7 August 2009

PORTFOLIO	Meeting arranged	Cabinet Member(s)	Director (s)	Service Head	Paperwork Received (inc. updated action from previous meeting]	Action Note received	Additional Info.
Economy	3.30 pm 28 July	Cllr Archer	Heather McManus	Peter Sandford Andrew Dobson	Yes	Yes	
Environment (Waste)	11.30 am 28 July	Cllr Barry	Peter Loker	Mark Davies	Yes	Yes	
Environment (Climate change)	9 am 28 July	Cllr Barry	Roger Muckle	Richard Tulej	Yes	Yes	
Finance	2 pm 4 August	Cllr Thomas	Roger Muckle Heather McManus	Nadine Muschamp Graham Cox	Yes	Yes	
Internal Affairs	3.30 pm 27 July	Cllr Mace	Mark Cullinan Roger Muckle	Jane Alder Sarah Taylor Gill Noall Richard Mason	Yes	Yes	
Safety	10 am 11 August	Cllr Blamire	Roger Muckle	Richard Tulej	Yes	Yes	
Children and Young People	2.30 pm 10 August	Cllr Ashworth	Roger Muckle Heather McManus	Richard Tulej David Owen	Yes	Yes	
Education, Skills and Opportunities	12 noon 28 July	Cllr Bryning	Heather McManus	Peter Sandford	Yes	Yes	
Health and Wellbeing	2.30 pm 06 August	Cllr Kerr	Peter Loker Heather McManus	Suzanne Lodge Steven Milce Andrew Dobson David Owen	Yes	Yes	
Valuing People	9 am 11 August	Cllr Fletcher	Roger Muckle	Richard Tulej	Yes	Yes	
Leader	11 am 11 August	Cllr Langhorn	Roger Muckle	Richard Tulej	Yes	Awaited	
PERFORMANCE MANAGEMENT GROUP			All	Nadine Muschamp Richard Tulej	Yes	Yes	
CABINET	1 Sept 09						
BUDGET AND PERFORMANCE PANEL	8 Sept 09						

[Reminder: Annual report to PMG in March/April each year: PRT Quarterly Reports Timetable – report of CD(F&P)]

Service (s)	Corporate overview - Includes Internal Affairs portfolio - Finance portfolio and Red/Amber targets arising from PRT		
Portfolio Holder /s	Cllr Langhorn		
Quarter 1	Date of meeting	17-Aug-09	
Actions	Internal Affairs and Finance Portfolios Significant achievements and or difficulties experienced in delivering targets (highlight significant ongoing or emerging risks)		
Support the establishment of the Morecambe Town Council	<p>Democratic Services - Support was provided to the newly established Morecambe Parish Council from its inception on 1st April 2009 up to and including the first Annual Meeting. A charge is to be made for this service in accordance with Council's decision (Minute 123 - March 09). The Town Council is now operating independently, currently using the services of a temporary clerk from Democratic Services who has volunteered to undertake this task in their own time until a permanent appointment has been made.</p>		
Organise and deliver centenary celebrations programme	<p>Democratic Services - Work is underway to deliver a programme of celebrations in accordance with Cabinet Minute 141 (Feb 09) - in conjunction with Cultural Services, Property Services and Communications. Report to Cabinet Member is imminent.</p>		
	<p>Property Services - Property disposals continue to be difficult to achieve in the current market both in terms of funds available for purchasers and developers being able to obtain planning permission in the face of objections e.g. Lawson's Bridge, Scotforth and the Canal Corridor scheme. The lack of capital receipts impinges on the ability to undertake the full backlog of repairs programme. In the interim, buildings are deteriorating, increasing both the size of the programme and its cost. This remains a serious risk for the council.</p>		
	<p>Financial Services No information available as yet regarding options to increase Council Tax targets, therefore risk cannot readily be assessed. 2008/09 efficiency targets not met (£569K short), & no clarity as yet regarding any progress - see comments below. Also not clear whether the shortfall in last year will result in a higher target this year. Use of Resources target not yet set - need to consider what can reasonably be achieved, given 2008/09 results & new timescales for 2009/10.</p>		
Support the LDLSP's development of a community Engagement Framework for the district where this is a	<p>The LDLSP continue to progress the development of a community engagement Strategy in line with their agreed timetable. Progress to date was outlined at a stakeholders presentation on July 14 2009 and a further update will be reported to the LDLSP Management Group on 1st September 2009.</p>		
PI No	Description of Indicator	08/09 Outturn	09/10 target
		Good is ?	Q1
		Q2	Q3
		Q4	Year to date
		Status	Target Owner
		Commentary (highlight significant achievements or ongoing risks)	
All Portfolios - Red & Amber indicators			

PI No	Description of indicator	08/09 Outturn	09/10 target	Good is ?	Q1	Q2	Q3	Q4	Year to date	Status	Target Owner	Commentary (highlight significant achievements or ongoing risks)
CH8	Reduce the number of days lost to sickness absence		9.5 days	Low	2.456				2.46	Behind Target	ST	To achieve 9.5 days for the year, the target for end of June was 2.44. The figure for the first quarter last year was 1.84 days. The major ongoing risk is that the absence figures will worsen as a result of swine flu.
CH12	% of in year Council Tax collected		96.60%	high	29.6					Behind Target	RM Monitor again half yearly	29.75% had been collected at the same time last year. The impact of the recession is being reflected in collection rates in Lancaster and across the country. The overall in year target is still achievable and there is no cause for concern. Collection Policy being revised for future Member decision.
CH15/NI 181	Time taken to process Housing Benefit new claims and change events		14 days	low	19.9					Failing	RM	The impact of the recession has seen an increase in new claims of almost 8% whilst staffing resources have been reducing. Overtime using DWVP funding is being undertaken as remedial action. IT systems availability is also a factor as downtime in the first quarter has increased in comparison to previous years.
CH1	Keep the City Council element of Council Tax increases to acceptable levels	4%	4% or less (for 2010/11)	low	Not measured					Select from drop down list	NM	Target of 4% or less to 2011/12. No basis for formally measuring any progress in year, but work has commenced on identifying savings options.

PI No	Description of indicator	08/09 Outturn	09/10 target	Good is ?	Q1	Q2	Q3	Q4	Year to date	Status	Target Owner	Commentary (highlight significant achievements or ongoing risks)
CH2/NI179	Value for money - total net value of ongoing cash releasing value for money gains (Efficiency/MT FS targets)	£477K	£2,127K	high	100%					Behind Target	NM	No corporate arrangements in place as yet to manage and measure this target. Plans in place to develop such arrangements, but other projects (such as Fair Pay) may well delay this work. Viewed as behind target, given 2008/09 position (though formal assessment not possible).
CH 6	70% of residents rate their local area as a very good or fairly good place to live -baseline and target to be established	80%	To be agreed	High	Not measured					Select from drop down list	RT	Presentation by Ipsos/Mori to members and LDLSP partners taking place on Sept 29th 2pm at Lancaster Town Hall.
CH 7	% of residents agree that the City Council provides value for money - baseline and target to be established from Place Survey	30%	To be agreed	High	Not measured					Select from drop down list	RT	Presentation by Ipsos/Mori to members and LDLSP partners taking place on Sept 29th 2pm at Lancaster Town Hall.
CH9	Level of Equality Framework for Local Government	N/A	Level 1 - developing							Behind Target	RT	Briefing sessions have been arranged for members and officers. Head of Corporate Strategy has been nominated as lead officer. Meeting with Chief Exec (25 August) to agree way forward

PI No	Description of indicator	08/09 Outturn	09/10 target	Good is ?	Q1	Q2	Q3	Q4	Year to date	Status	Target Owner	Commentary (highlight significant achievements or ongoing risks)
CH 11	Maintain Level 1 of Member Development Charter	Level 1	Level 1	High	Not Measured					On Target	GN	Review of member personal development plans underway and monitoring arrangements now in place to record those members taking advantage of development opportunities
Agreed actions from PRTs												
Action Plan												
Status update												



Corporate Financial Monitoring

June 2009 | Quarter 1

Report of the Head of Financial Services
Corporate PRT meeting | 17 August 2009

HEADLINE INFORMATION

REVENUE	Current (Underspend) / + Overspend	Projected (Underspend) / + Overspend	Projected (Underspend) / + Overspend After Exceptional Items**
General Fund	+£3K	(488K)	+£113K
Housing Revenue Account	+9K	(£12K)	(£12K)

**Exceptional items include two major potential variances whose values are uncertain – namely VAT refunds, and provisions for non-recovery of Icelandic investments.

CORPORATE FINANCIAL MONITORING

June 2009 | Quarter 1

1. INTRODUCTION

This monitoring report of expenditure and income for 2009/10 sets out an indicative corporate picture of the Council's financial performance relating to the period ending 30 June 2009.

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

2. GENERAL FUND REVENUE MONITORING

2.1 General Fund Summary Position

The current overall General Fund summary position shows that at the end of June there is a net overspend of **£3K** against the budget. This is forecast to increase to an overspend of **£113K** by the end of the year. However, this does include two exceptional items relating to a £600K VAT recovery claim (favourable) and £1.201M provision to be made for Icelandic investment losses (adverse). It is important to stress that these are provisional figures based on assumptions made at the start of the financial year and will inevitably change. Further details are provided in Section 2.3.

VARIANCES	Current £000	Projected £000
Major Variances (see section 2.3)	+112	(93)
Salaries (see section 2.4)	(109)	(395)
Sub Total	+3	(488)
Exceptional Items	--	+601
ESTIMATED OUTTURN		+113

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 June this has been achieved.

	£000
Net Controllable Budget	23,792
2% Target	+/() 475
Provisional Controllable Net Underspend	(139)
Percentage of Net Controllable Budget	0.58%

2.2 Actions Arising from Previous Quarter

An update on progress against the Quarter 4 actions is shown in the following table.

NO	AGREED ACTION	RESPONSIBILITY	PROGRESS
1	Actions Brought forward from Quarter 4		
1a	<p>£56k of external funding has been secured to develop a dance strategy for the district but further funding is required. Information is requested as to the potential impacts upon the council's budget (and other resources) for 2009/10 and future years</p> <p>No information on the outcome of discussions referred to in quarter 3 with external funders as to whether LUDUS can host and be the accountable body.</p>	Head of Cultural Services	Draft Service Level Agreement with Ludus Dance has been issued. Comments have been received from Sports England in favour of the agreed approach; we currently await comments from the Arts Council. The intention is still for Ludus Dance to be the employing body for the Dance Officer Post.
1b	<p>Development Control – the continuing decline in fee income is noted. Information is requested as to how the situation is being managed and what level of resource is being transferred from Development Control work to Local Development Framework activity and for what period</p> <p>Noted that staffing had been reduced by 1.5 FTEs but no information in relation to the resources being moved from Development Control into the Local Development Framework activity or for what period of time.</p>	Head of Planning	Income continues to decline, along with that in Building Control. The only option is a significant re-structuring in Planning Services which will inevitably involve redundancies. A report is now being prepared for Cabinet with re-structuring proposals.
2	<p>Performance Indicator still shows an average increase in void lettings of 10 days over last year. In addition, the financial monitoring information shows that responsive maintenance spending on voids has overspent its budget by £345k (Qtr4 2008/09 – last year).</p> <p>Both the performance indicators and financial monitoring information highlight significant concerns in respect of void management. Whilst it is acknowledged that voids have increased (additional 50 properties on last year) indications are that the action plan to correct the increased timescales in void lettings (10 days longer than last year) has not been effective in addressing the voids letting performance.</p>	Head of Council Housing	<p>Good progress is now being made in reducing average re-let times and the actions arising from the agreed improvement plan are taking effect.</p> <p>The average time taken to re-let properties in 2008/2009 was 41.9 days. Whilst the residual effects of poor performance was still evident in April and May of 2009, the average re-let times for June and July are significantly improved (36.9 and 36.2 days respectively). Officers are confident that the 2009/2010 target of 38 days will be achieved.</p>
3	<p>Other failing performance Indicators</p> <p>Noted that these are being addressed as part of the 2009/10 business planning process</p>	Corporate Management Team	Covered elsewhere on agenda.
4	<p>Financial Monitoring variances</p> <p>Noted that these are being considered as part of the 2008/9 closure of accounts process and any ongoing budget implications reported back to Cabinet</p>	Corporate Management Team	Covered elsewhere on the agenda.

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
REPORTED VARIANCES :	() Favourable / + Adverse	
Legal & Human Resources	+9	+43
Financial Services	(52)	(286)
CC(D)S	+27	+15
Property Services	+19	+28
Econ Development & Tourism	+3	+7
Cultural Services	+6	+6
Health & Strategic Housing	(7)	(14)
Planning Services	+119	+120
Revenue Services	(12)	(12)
	+112	(93)
EXCEPTIONAL ITEMS :		
VAT Recovery Claim	--	(600)
Provision for Icelandic investment losses	--	+1,201
	--	+601

The variances listed in **Appendix A** include one major income variance of £271K relating to investment income. This is based on interest assumptions used for outturn as reported to Cabinet, in line with accounting guidance for Icelandic investments. The main overspends relate to shortfalls in income on Planning Applications and Building Control Applications.

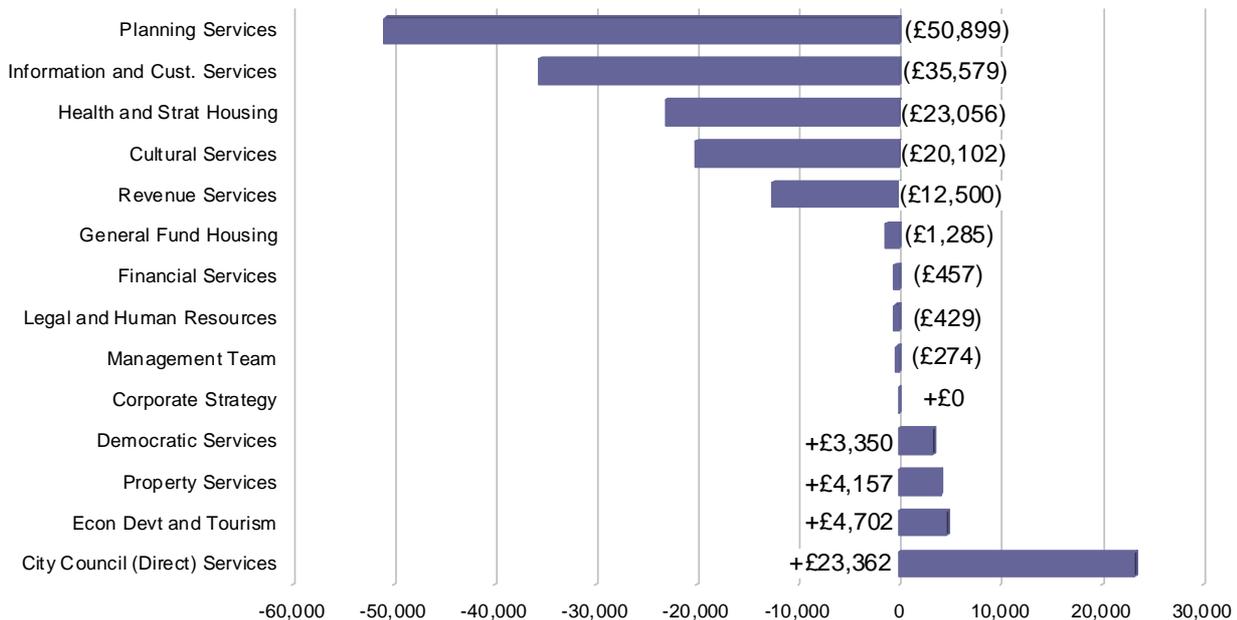
There are two exceptional items, the first relating to the VAT recovery claim of £600K for which the Council is awaiting information from HMRC. This relates to net recovery on VAT on Cultural / Leisure activities. The second item relates to the provision for estimated losses on Icelandic investments. Based on outturn assumptions this is anticipated to be £1.201M, however estimates will change as the process continues. The biggest risk at present is the loss of preferential creditor status. (See quarterly treasury management report for more information.)

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 total savings of £109K have been achieved as compared with the turnover target of £241K, leaving a balance of £132K still to achieve. If the current level of savings were to continue then total turnover savings for the year would be £195K above the target. These savings to date exclude the estimated pay award that was budgeted at 2%. The latest offer is around 1% and if accepted, it would generate further savings of circa £200K. In total therefore, salary savings could be in the region of £395K for the year, based on these assumptions. It must be noted however that these figures are expected to reduce. Firstly, a report on External Funding and Programme Management elsewhere on this agenda recommends using £51K of the savings in this year. Furthermore, there are a number of proposed restructurings which are still subject to Member approval - see section 2.5 for more details. These are also likely to reduce apparent turnover savings, either because some may be needed to help meet redundancy costs etc, or some turnover savings may need to be attributed (properly) to the restructuring savings targets.

Overall the position is quite complex at the moment, but work is underway to clarify the position. Nonetheless, the following graph shows the current savings on a Service by Service basis.



2.5 Restructure Savings

A number of savings have been built into the 2009/10 budget, some of which may involve savings to be generated from staffing. The key ones are listed below, with progress to date:

	BUDGETED SAVING	PROGRESS
Corporate Strategy	£30,000	Savings achieved for 2009/10 as reported to Personnel Cttee in March 09. However, there is a shortfall of £8K for future years still to be identified.
Council Tax and Housing Benefit staffing restructures	£104,500	To date savings of £83K have been achieved, leaving a balance of £22K.
Senior Management Restructure	£50,000	As reported to Personnel Cttee in July 09, North West Employers are to provide advice on the two proposed structures. Funding for this advice is subject to Cabinet approval in September.
Communications & Marketing Review	£41,000	Underway.
Salt Ayre: Operational Savings	£119,000	Underway.
Support for Festivals Innovation Fund	£30,000	Underway.
Arts & Leisure Development	£54,000	Underway.
Building Control	£143,400	Underway.
TOTAL	£571,900	

To date only £113K of the £459K required has been formally approved – although a more up to date position may be available by the time of the Cabinet meeting.

3 GENERAL FUND CAPITAL PROGRAMME

3.1 Capital Expenditure & Financing

Capital Expenditure (General Fund)

At the end of June there was spend of £955K against the programme of £16.092M, which has been updated for slippage from 2008/09 (approved in July). A further £400K of essential municipal building works have been authorised to progress to date (August), and work is underway to quantify additional needs in this year.

Capital Receipts (General Fund)

£1.182M receipts were available as at 30 June, of which £373K were received in year (£809K was brought forward from last year). A report on the sale of Land at Scotforth is elsewhere on this agenda and provides an update on expected timescales. This will be a key issue in managing the Capital Programme (and expectations).

4 HOUSING REVENUE ACCOUNT (HRA) MONITORING

4.1 HRA Revenue Position

At the end of June the position for the Housing Revenue Account shows an overspend of **£9K** against the budget, although this is currently projected to change to an underspend of **£12K** by the end of the year.

	Variances to Date	Project to Yr End	Service Comments
	£000	£000	
Council House Rents	?	?	See section 4.2 below.
Estate Support Services – Satellite equipment leases	+6	+6	Budget has been set to cover the costs of 2 leases however 3 leases are actually required.
RMS Operating Account – contracted services	-9	(32)	Internal operational procedures have changed to put less reliance on external contractors.
Telecare – equipment and tools	+6	+7	Budget does not take account of maintenance costs which are paid to Northern housing consortium as part of having a telecare function.
Computer Equipment	+6	+7	Underbudgeted expenditure relating to the Rent Module and HRA Business Plan.
Net Total	+9	(12)	

4.2 Council House Rent Collection

It is not possible to report on the overall rent position at this point in time due to outstanding interface issues between the Housing Rent system and the main accounting system. The main interface problem has been resolved and officers are currently in the process of rerunning the corrected feeders.

4.3 Council Housing Capital Programme

This section analyses actual spend against the Council Housing Capital Programme at the end of June. To date spend and commitments total £972K against a budget of £4.025M leaving a balance of £3.053M. However, it is anticipated that savings of £325K will be made as a result of lower tender figures being achieved.

	Current Approved Programme £000	Spend & Commitments to Date £000	Budget Remaining £000
Adaptations	250	246	4
Bathroom / Kitchen Refurbishment	593	190	403
External Refurbishment	1,280	236	1,044
Rewiring	65	40	25
Renewal of Heaters	60	33	27
Environmental / Crime Prevention	381	68	313
Re-roofing / Window Renewals	774	0	774
Energy Efficiency Works	480	159	321
IT Replacement	42	0	42
Central Control Equipment	100	0	100
TOTAL	4,025	972	3,053

5 REVENUE COLLECTION PERFORMANCE

5.1 Council Tax & Business Rates

This section analyses the Council Tax and Business Rate collection performance.

The Head of Revenue Services reports that for Council Tax, in-year collection was 29.75% at the same time last year. The impact of the recession is being reflected in collection rates in Lancaster and across the country. The overall in year target is still achievable and there is no cause for concern. In terms of NNDR 30.3% had been collected at the same time last year. However, the Council paid its own rates bills before 30 June this year whilst last year the payments were not made until July – this skews the year on year comparison slightly.

Percentage Collected	2008/09	2009/10	2009/10	2009/10	Status
	%	%	Target	Actual	
	All Years		In Year		
			%	%	
Council Tax	27.40	27.19	96.60	29.60	Behind Target
Business Rates	28.68	31.47	98.00	31.50	On Target

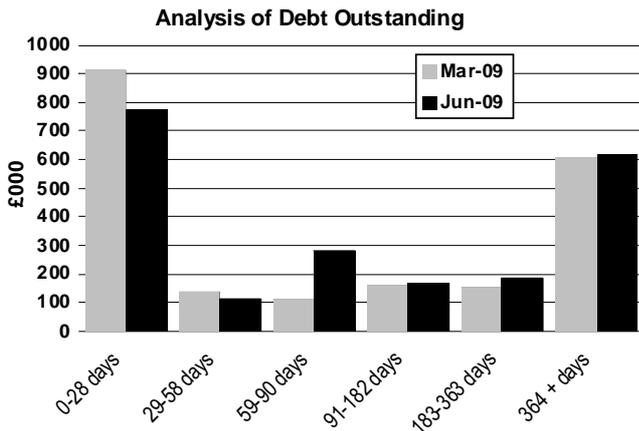
5.2 Collection Fund Monitoring

This section sets out the latest position on the Collection Fund, in particular in relation to Council Tax. Whilst the previous section looks at collection performance, this section shows the current surplus or deficit on the Fund. It basically compares the total amounts collectable with the Precepts levied by the relevant authorities after allowing for refunds, bad debt provisions, income collected and Council Tax benefits. The monitoring shows that at the end of June the Fund was in deficit by £151K, but it should be noted that any surplus or deficit is shared between the relevant precepting bodies. The City Council's element equates to 12% and would therefore be £18K. This position will fluctuate throughout the year but will formally be assessed in January when the Council Tax base for 2010/11 is set. At that point in time any surplus or deficit will be notified to the relevant precepting bodies for inclusion in their 2010/11 budget. As context, the total amount of Council Tax income to be collected in this year amounts to around £65M.

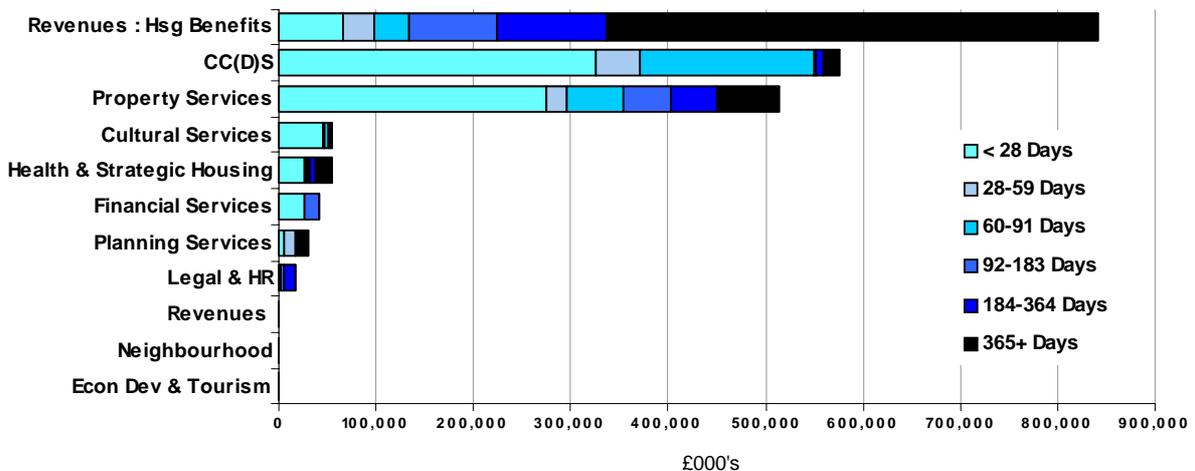
5.3 Sundry Debts

This section sets out the latest position on the level of outstanding sundry debts (excluding Council Housing). At the end of June the total debt outstanding was just under £2.1M, which is almost £350K more than the same period last year.

The level of debt over 1 year old remains at 29% of the total outstanding debt. However, the total value of all debt over 3 months old has increased by £45K from the previous quarter.



	Mar 09	June 09
	£000	£000
0-28 days	911	774
29-58 days	139	115
59-90 days	111	278
91-182 days	163	168
183-363 days	152	185
364+ days	609	616
Total	2,085	2,136
Previous Year	2,564	1,788



6 PROVISIONS AND RESERVES

This section provides and update on key provisions and reserves.

6.1 Restructuring Reserve

This reserve was established at the end of 2008/09 to cover the cost of redundancies and early retirements as a result of Service restructures during 2009/10 and 2010/11. The following table shows the approvals to date and any forthcoming recommendations.

Restructuring Reserve		Annual Savings Generated	Comments	
£		£		
Balance as at	31 March 2009			
Approvals to Date :		30,200	Annual savings reduce by £8K after 2009/10. Additional savings being identified.	
	Personnel Cttee 26 March 09 Corporate Strategy Restructure			(65,600)
Balance as at	30 June 2009			
Forthcoming Recommendations :		15,500	Annual saving rises to £32K after 2011/12. Awaiting outcome of review.	
	Personnel Cttee 30 July 09 Management Team PA Restructure			(16,591)
	Personnel Cttee 30 July 09 Senior Management Restructure NWE0 Fees (referred to Cabinet)			(13,500)
Balance as at	31 July 2009			

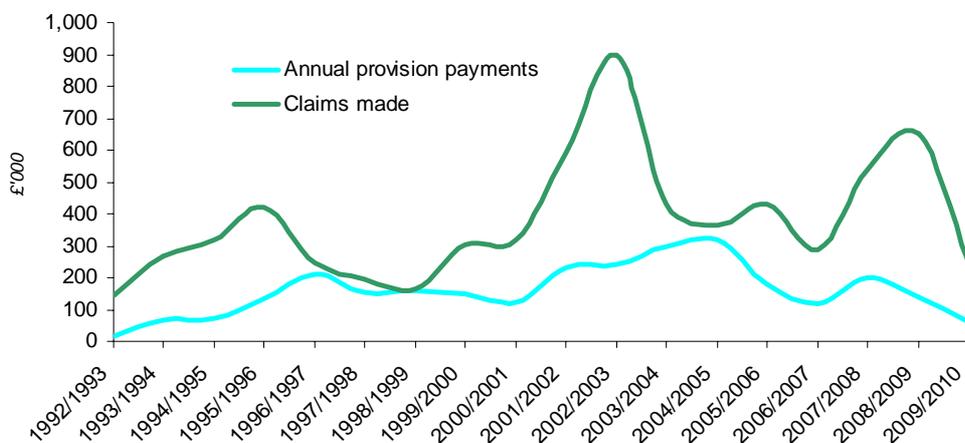
6.2 Insurance Provision

The current balance on the insurance provision is £225K, after making net payments of £64K in settlement of claims made.

At present, the Council's insurers estimate that the value of claims outstanding is £391K, which relates to a total of 175 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 58% of the total reserve will be paid. The estimated cost of claims outstanding could therefore reasonably be valued at around £227K, which is £2K above the current provision.

It is highly unlikely that all these outstanding claims will fall due for payment in the same financial year, but the uncertain nature of insurance claims payments means that accurate predictions are difficult. Nonetheless, the overriding principle is that the Council must make reasonable provision for all its known liabilities.

Analysis of claims made, paid and outstanding by year.



7 RISK MANAGEMENT

As a result of the Internal Audit Report on Risk Management (08/0742), the Council's risk management procedures have recently undergone a substantial review.

The most significant agreed action that came out of the audit was the development of the Code of Practice for Managing Risk and Opportunity – 'A Sense of Proportion'. This Code of Practice was formally adopted by Audit Committee at its meeting on 22 April 2009. It replaces the previous Policy and Strategy and explains the framework that will operate to ensure that risks are effectively managed.

It states that, as part of the business planning process, Service Heads should record (and manage) any key business risks and report significant ongoing or emerging risks, on an exception basis, through quarterly Performance Review Team reports to PMG, and in 1:2:1s with their Directors.

The types of risks that should be reported are major issues that could affect achievement of strategic objectives, such as;

- Where action plans have been drawn up but aren't working,
- Where there is a need to do something different in order to achieve objectives,
- Where there is something likely to happen in the future that could affect strategic objectives.

The Risk and Insurance Manager is currently working closely with the Corporate Performance Manager to review the significant risks highlighted in Services' Business Plans and to ensure that they are reported within future quarterly PRTs.

SUMMARY OF MAJOR VARIANCES (Qtr 1 2009/10)

(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 Fee Income	Reduced number of searches because of the housing market and general economic climate. Demand for searches is outside the control of the Service.	+9,200	+37,000
	Legal Books and Periodicals	This budget was overspent by £5,584 in 2008/09 due to increased cost of keeping the legal library up to date. There is likely to be a similar overspend this year, although efforts are being made to reduce subscriptions wherever possible.	+0	+6,000
Financial Services	Investment Interest	Projection based on interest assumptions used for outturn as reported to Cabinet, in line with accounting guidance for Icelandic investments. (This is likely to increase, taking account of claims process for Glitnir and Landsbanki).	(27,000)	(271,000)
	Software & Related Services	Projected savings is best guess at present - it will be firmed up in next quarter (and assumes that C/F request will be approved). Should be more scope for ongoing savings in future years also.	(25,000)	(15,000)
CC(D)S	Highways	As has been previously reported due to jobbing nature of work it is extremely difficult to predict levels of income in Highways. As in previous years more profitable jobs are expected in the second half of year.	+14,000	?
	Fuel	Possible saving due to reduction in oil price, however, inflation rate is volatile in this market and saving could easily be lost.	(19,000)	?
	Bulky Waste Collection	Requests for collections down by 25%. Income down by £5K to date.	+5,000	?
	Building Cleaning Overtime	Overtime increased due to temporary increase in cleaning specification as a result of the 'swine flu' pandemic.	+5,000	?
	Household Waste Collection - Recyclable Materials	Monitoring suggests 16% drop in income offset by expenditure savings.	+5,000	+15,000
	Trade Refuse Income	Latest projections suggest a fall in trade refuse income.	+17,000	?
Property Services	Salt Ayre Tip	Backdated rent for variation to lease. A single payment windfall.	(36,000)	(36,000)
	Lancaster Market	Replacement market assistant not expected until September 2009, so will need to continue to pay remaining assistants overtime to cover hours needed.	+3,400	+7,500
	Off-street Car Parks - electricity	Reduced energy initiative ongoing at St.Nicholas Arcades car park. Air quality testing also being undertaken before savings can be confirmed.	(14,000)	(10,000)
	Off-street Car Parks - fees	Income has been 2.67% above target over April, May and June but it is very difficult to forecast if this will be sustained during the remaining quarters.	(6,900)	(10,000)
	Off-street Car Parks - permits	Reduced permits sales as follows : Members 4%, Staff 6% and Public 20%.	+37,900	+47,000
	Festival Market	Replacement market assistant not expected until September 2009, so will need to continue to pay remaining assistants overtime to cover hours needed.	+4,300	+8,500
	Ryelands House	Total variance for whole year of £20,500 subject to R&M and security remaining in line with budget. New lease arrangements with PCT not complete and potential further delays result from possible need for TUPE transfer of staff.	+30,100	+20,500
Economic Development & Tourism	Lancaster VIC Souvenirs	Reasons - Relocation to Storey CIC, delayed opening of café/bar affecting footfall, poor exterior signage and lack of public awareness, likely to affect of economic downturn. Action being taken - exterior banner signs agreed, additional window signs purchased, Storey Gallery opened 11/07, cafe and bar due to open 01/09.	+2,600	+7,500
Cultural Services	Promenade Management	Agreement with Fairground operator on promenade arena is less than anticipated.	+6,000	+6,000
Health & Strategic Housing	Homelessness - fees and charges	An increase in the Homeless Priority need order budget has led to the success of prevention initiatives, which in turn has led to less vulnerable people requiring Bed & Breakfast. This has also reduced the income receivable from housing benefit.	+5,600	+7,000
	Cemeteries - Severance payments	Severance payment not required due to memorial safety team being made permanent following end of contract.	(6,000)	(6,000)
	Housing Strategy Renewal Team	This team has been disbanded, all costs apart from salaries are expected to form savings amounting to £15,000.	(6,400)	(15,000)
Planning Services	Planning Application Fee income	Continued reduction in planning application fees due to continued economic downturn. While overall the number of applications received is comparable with last year there has been a significant drop (approx 70%) in the "major" category, which generate the highest fees. There are some early indications that several major proposals are likely to come forward in the next few months but this situation will have to be monitored carefully with a view to adjusting budget estimates in September.	+46,500	+50,000
	Building Control	Building Control application numbers are lower this year than last due to the continuing downturn in the construction industry, consequently income is also reduced. This situation is made worse by increased success of private Building Control providers.	+53,800	+60,000
	Cost of Holding Luneside East	Variance to date relates to renewal of pollution liability insurance. Premium renewed for 3 years giving a substantial saving of £15,000.	+18,900	+10,000
Revenue Services	Postage	Lower recharge from Post Office for 2009/10 bills	(12,000)	(12,000)
VARIANCES NOT REPORTED THROUGH PRT PROCESS				
TOTAL VARIANCES			+112,000	(93,000)

PERFORMANCE REVIEW TEAM

2009/10 Treasury Management Progress Report to 30 June 2009

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 200/10 on 17 February 2009 and the Investment Strategy was approved by Council at its meeting on 04 March 2009. This report outlines activities undertaken in pursuance of those strategies during the financial year.

2. Summary

- The first dividend payment (of £410K) has been received in relation to Icelandic investments. Other recovery work is progressing, although there is no further formal update on prospects overall – further information is awaited.
- There have been no breaches of Prudential Limits or the approved Investment Strategy in the quarter.
- All of the £8.5M temporary borrowing brought forward from 2008/09 has been paid off (in line with cash flow expectations for the first quarter of the year).
- Whilst currently there is a favourable variance against budget, by the end of year it is expected that treasury activity will be budget neutral, excepting Icelandic investment implications.

3. Icelandic Investments Update

The last financial update was included in the annual treasury report, which went to Cabinet in July. This was based on the information contained within the draft accounts for last year, but since then the following points may well change expected returns:

- The latest update from the Local Government Association (LGA) indicated that the recovery rates for Landsbanki are now expected to be around 83% (as compared with 95% assumed within the accounts).
- Claim information has now been sent to the solicitors (Bevan Brittan) acting in connection with Landsbanki and Glitnir, to allow formal claims submission by the end of September. The claims will cover costs (such as legal costs) incurred, contractual interest, and penalty interest. Amounts relating up to 22 April 2009 will have the same ranking as the original principal amounts invested (i.e. currently preferential, subject to the outcome of any legal challenges). If priority status is retained, the interest elements of the claims could be substantial – but clearly this not yet certain, and loss of priority status would see prospects for recovery deteriorate far more significantly.

- The first dividend from KSF has been received, amounting to £410K (20% of the claim). This is higher than the 10% expected and it is possible that a further dividend may be paid out in the autumn. As yet, however, there is no further update on total expected returns. (The accounts were based on a 50% total).

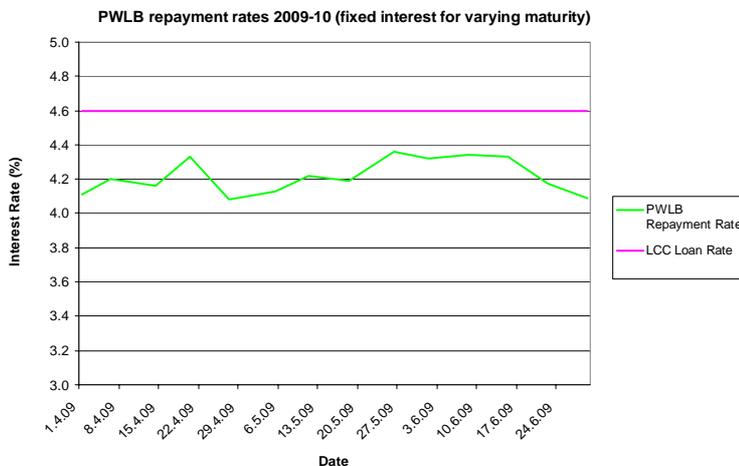
4. Debt Portfolio

The Council had £8.5M of short term (temporary) loans as at the start of the Quarter. With new-year local tax receipts coming in and fixed term investments maturing, at the end of Quarter 1 the Authority had repaid all such temporary borrowings.

The opening level of longer term debt for the period was £39.4M. During the quarter, in cash flow terms there was no new long term external borrowing required, despite the Council's Capital Financing Requirement being around £45.8M at the start of the period. The closing balance of longer term debt was therefore still £39.4M - the bulk of this relates to Public Works Loan Board (PWLB) loans of £39.2M. This is well within the Operational Boundary, which is set at £56M. All of the Authority's debt is currently fixed term and due to mature in 10 or more years. This means that during the quarter the Authority was within all relevant Prudential Limits (see **Appendix A** for full listing of indicators).

There is no immediate need to take out new long term loans at present to help fund capital investment, because cash flow is still relatively strong, despite the difficulties with Icelandic investments. In very broad terms, this is primarily because of the amounts being set aside each year from the budget for the future repayment of debt, through the Minimum Revenue Provision (MRP). At present it is still favourable to avoid taking out any new longer term borrowing. This is because there is less resulting counterparty risk involved and new long term loans would cost more than the investment returns, if the Authority were to invest an equivalent sum.

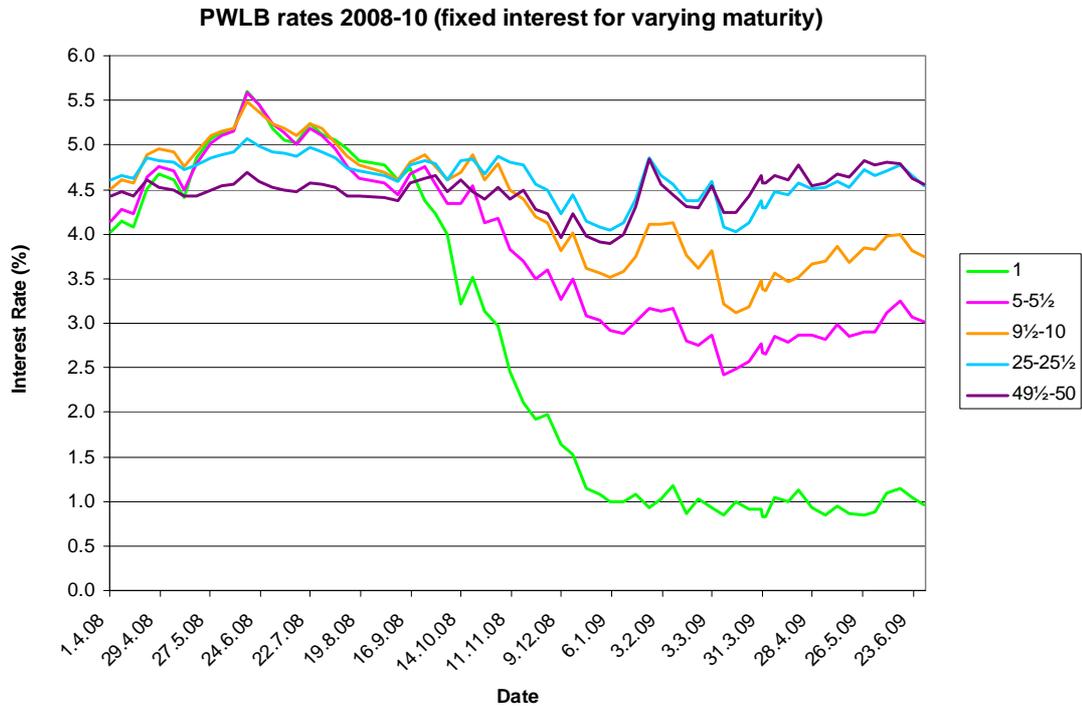
Further repayment of existing PWLB loans is also an attractive alternative to investing surplus cash, given ongoing counterparty risks and current returns, but there are premiums attached to early repayment. These premiums depend on the difference between the fixed rate on any existing loan compared to the PWLB's repayment rate. Currently the Council's cheapest material loan balances are fixed at 4.6%, as compared to the repayment rate from the PWLB, which at the end of Quarter 1 was 4.09%. Only if the repayment rate reaches or surpasses 4.6% would there be no premium to pay. The chart below shows how the repayment rate for long term loans has fluctuated over the first quarter of 2009/10 and it is clear that over a 3 month period this rate is quite volatile. The position will be monitored going forward through 2009/10.



It is worth highlighting that Government has been recommended to review such costs of repaying debt, as part of the Audit Commission's report into Icelandic investments,

5. Current Borrowing Rates

The graph below shows that the rate for short term (1 year) borrowing has seen a sharp decline to around the 1% level over the last year. Medium term borrowing (5 to 10 years) has seen a less dramatic reduction to around the 3% level. Long term rates have fluctuated around the 4.5% level. Quarter 1 has seen these differences stabilise such that there is a broad range of rates, depending on the term of the borrowing.



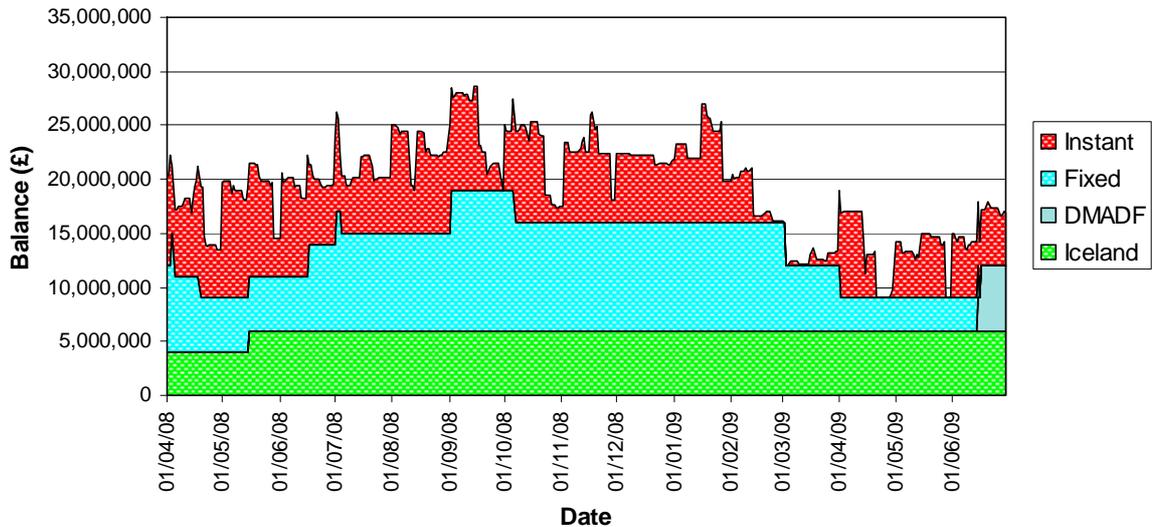
6. Investing Activities

As laid down in the approved Investment Strategy, the aim is to prioritise security and liquidity of the Authority. This is to minimise any further chance of a counterparty failing and the Council not being able to remove its deposits, as happened with the Icelandic banks.

All investment activity has been in line with the approved Treasury Strategy for 2009/10. No fixed term investments have been placed since September 2008, with the exception of Debt Management Accounts Deposit Facility (DMADF) deposits (i.e. with Government). Any other surplus cash has been managed on a day to day basis using the call accounts. A full list of the investments placed during the year is enclosed at **Appendix B**.

The split of fixed term investments and the balances held within the call accounts is shown graphically overleaf (see also further details in **Appendix B**). During the quarter the last two non Icelandic fixed term deposits matured. Furthermore, a comparison between Quarter 1 this year and Quarter 1 2008/09 shows that overall there is less cash deposited. This can be explained primarily by the £5.6M that was used to repay PWLB loans in January 2009.

Investment values over the period (fixed vs instant access)



7. Summary of Budget Position and Performance at 30 June 2009

In terms of performance against external benchmarks, the return on investments compared to the LIBID and bank rates over the year to date is as follows:

Base Rate	0.50%
3 Month LIBID	1.33%
Lancaster CC Investments	2.45%
Lancaster CC investments*	1.42%

*This rate includes £6M frozen in Icelandic banks, at 0%.

This performance appears good but it should be noted that it is affected by fixed term investments that were taken out before the global economic down-turn.

In terms of performance against budget, the details are as follows:

Annual budget	£71K
Profiled budget	£17K
Actual to date	£50K (see details in Appendix B)
Variance	£27K (favourable)

The reason for the favourable position is due to the fixed term investments which were taken out when rates were higher; this skews income towards the first part of the year. The £71K budgeted figure is still judged to be a good estimate of the final out-turn, however. To illustrate how dramatic the change in economic conditions has been over the last 12 months, actual interest earned in 2008/09 was more than ten times the current year's budget of £803K (not including any Icelandic bank interest).

It is highlighted that in this year, investment interest budgets have not yet been updated to take account of the changes resulting from the accounting requirements for Icelandic investments. As reported at outturn, an additional £271K interest will need to be budgeted for, but it is assumed that this would be used to make some further provision for expected losses. This would leave £930K provision still to be made – although as mentioned earlier, such estimates will change over time, and therefore need reviewing and updating regularly.

8. Risk management

The main focus of risk within treasury management currently is security of deposits and their liquidity. The Council's investment strategy is designed to engineer risk management into investment activity largely by reference to credit ratings and length of deposit, together with supporting advice. Officers have been maintaining the portfolio well within the agreed limits by utilising instant access call accounts and avoiding any new fixed term investments except for short term deposits with the DMADF. The view is, therefore, that associated risks have reduced over the period and are low, as at 30 June. Over the next quarter, it is currently expected that they will stay low, but that AAA rated Money Market Funds will also be used (in accordance with the Strategy), to create additional capacity at fractionally better rates.

There is also a liquidity risk associated with needing access to cash on a day to day basis. There were £8.5M of short term borrowings at the start of the period, all of which have now been repaid. At the end of the period the Authority had cash balances of £16.9M, £4.9M of which was held on instant access and £6M of which was due to be returned by the DMADF on 06 July, to coincide with precept demands. As such, liquidity is not judged to be significant risk at the present time.

Aside from the above, there is also financial risk attached to the longer term debt portfolio, associated with interest rate exposure. Until such time as PWLB repayment rates improve though, as mentioned earlier, there are unlikely to be any further actions that can be taken to improve further the Council's position.

Finally, with regard to recovery of Icelandic investments, this is being managed with the support through the Local Government Association and it is judged that this is the most effective way of maximising recovery on the Council's behalf.

9. Conclusion

The first quarter of the year has been relatively uneventful for Treasury Management. Over the quarter there have been no breaches of counterparty limits or other prudential indicators. The Authority is starting to see the full impact of interest rate reductions on investment returns although performance against budget is good due to interest from the last remaining fixed term investments. These are still returning at rates of interest prevalent 12 months ago.

Given the current economic climate and in line with the investment strategy, the HM Treasury debt management office account is now being used as a safe haven for deposits of surplus cash. This has been a useful way to manage counterparty risk as fixed term investments have matured, leaving cash that in prior years would have been placed as medium-term fixed deposits.

The information currently available regarding Icelandic investments gives some cause for optimism that the Council will get back the majority of principal invested. Definitive statements from the administrators are still awaited, however.

PRUDENTIAL INDICATORS - LANCASTER CITY COUNCIL

Quarter 1 Update on Treasury Management activities, to 30 June 2009

		2009/10 £'000	2010/11 £'000	2011/12 £'000	
AFFORDABILITY					
PI 1:	Estimates of ratio of financing costs to net revenue stream	Non - HRA HRA Overall	12.4% 8.5% 11.1%	11.5% 8.1% 10.4%	10.2% 7.8% 9.4%
PI 2:	Actual ratio of financing cost to net revenue stream	Reported after each financial year end			
PI 3:	Estimates of impact of Capital Investment decisions on the Council Tax 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	£11.62 6.52%	£8.69 4.88%	£5.74 3.22%	
PI 3A:	Illustrative Impact of Additional Borrowing £1 million	Repayment Period			
		5 Years	10 Years	25 Years	
	Increase in Council Tax (£)	£4.93	£2.73	£1.54	
	Increase in Council Tax (%)	2.66%	1.47%	0.83%	
PI 4:	Estimates of impact of Capital Investment on Housing Rents	Nil	Nil	Nil	
PRUDENCE					
PI 6:	Estimates of capital expenditure	Non - HRA HRA Total	14,185 3,547 17,732	10,960 3,546 14,506	8,697 3,477 12,174
PI 7:	Actual capital expenditure	Reported after each financial year end			
PI 8:	Estimates of Capital Financing Requirement	Non - HRA HRA Total	27,702 15,303 43,005	26,245 15,303 41,548	25,044 15,303 40,347
PI 9:	Actual Capital Financing Requirement	Reported after each financial year end			
PI 10:	Authorised Limit				
	Authorised Limit for Borrowing	57,710	57,710	57,710	
	Authorised Limit for Other Long Term Liabilities	290	290	290	
	Authorised Limit for External Debt	58,000	58,000	58,000	
PI 11:	External Debt: Operational Boundary	56,000	56,000	56,000	
PI 12:	Actual external debt	Reported after each financial year end			
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 The Authority will limit its exposure to fixed interest rate costs to the amounts payable on the following amount of outstanding debt.	£58m	£58m	£58m	
PI 15:	Variable Rate Interest Rate Exposure The Authority will limit its exposure to variable interest rate costs to the amounts payable on the following amount of outstanding debt.	£15m	£15m	£15m	
PI 16:	Maturity Structure of Borrowing				
	Upper and Lower Limits	Under 12 months 12 months and within 24 months 24 months and within 5 years 5 years and within 10 years 10 years and above	0% to 35% 0% to 20% 0% to 20% 0% to 20% 60% to 100%	0% to 35% 0% to 20% 0% to 20% 0% to 20% 60% to 100%	
	Maturity Profile of Current Outstanding Debt 30/6/09	Under 12 months 12 months and within 24 months 24 months and within 5 years 5 years and within 10 years 10 years and above	0% 0% 0% 0% 100%		
PI 17:	Investments for periods longer than 364 days The Authority will not invest for periods of longer than 364 days.	Nil	Nil	Nil	

APPENDIX B

INVESTMENT INTEREST EARNED TO 30 June 2009

Name	No	Start	End	Rate %	Days up to 30/6/09	Principal £	Interest £
Fixed term investments							
Deposited 2007/08							
Landsbanki Islands	004	31-Mar-08	08-Oct-08	6.25	0	1,000,000	0
Glitnir	FI02/023	31-Mar-08	08-Oct-08	5.76	0	3,000,000	0
Deposited 2008/09							
Kaupthing, Singer & Friedlander	06/07-l29	16-May-08	08-Oct-08	6.00	0	2,000,000	0
Anglo Irish Bank Corporation	004	17-Jun-08	17-Jun-09	6.56	78	3,000,000	41,517
Irish Permanent Plc	005	02-Jul-08	02-Apr-09	6.31	2	3,000,000	519
Sub total							42,035
Other accounts							
Call: Abbey National							3,904
Call: Yorkshire bank							3,823
DMADF							690
Sub-total							8,417
TOTAL							50,452

For investments highlighted, the counterparties have since been downgraded and removed from the counterparty list. Those highlighted in purple are Icelandic banks, those in yellow are Irish banks. The deposits from Irish banks have been received during the quarter.

No interest is being assumed from Icelandic banks as yet, but this will be updated (as set out in the report).

Other account information

The maximum balance on the call accounts during the quarter was 6M (vs total approved limit of 6M)

The minimum balance during the quarter was 0.

The opening balance was £1.3M

The closing balance was £6M

The opening balance on the DMADF account £0M

The maximum balance which was also the closing balance for the quarter was £6M

CABINET

**2010/11 Revenue Budget Update
1 September 2009**

Joint Report of Corporate Director (Finance & Performance) & Head of Financial Services

PURPOSE OF REPORT			
To note progress so far in identifying options for savings and efficiencies and to approve areas of service activity that should be pursued further. It also seeks Cabinet's views on their preferred option for the agreed consultation exercise.			
Key Decision	<input type="checkbox"/>	Non-Key Decision	<input type="checkbox"/>
Referral from Officers			√
Date Included in Forward Plan	N/A		
This report is public			

RECOMMENDATIONS OF CLLRS STUART LANGHORN & MALCOLM THOMAS:

- 1 That Cabinet approves the Savings and Efficiency Programme attached at Appendix A and authorises officers to continue to progress options for developing shared services with other Councils.
- 2 That Cabinet consider the outcome to date of the review into the outturn variances for 2008/9, included as part of Appendix B.
- 3 That Cabinet notes the progress made by individual cabinet members to identify savings and efficiency options from within their portfolios included as part of Appendix B and determine those that should be developed further.
- 4 That Cabinet considers the current draft budget spend analysis attached as Appendix C that allocates expenditure and income across Corporate Plan priorities and makes any appropriate recommendations
- 5 That Cabinet considers the options set out in Appendix D for undertaking a public engagement exercise in respect of its budget proposals to deliver the council's corporate priorities.

REPORT

1 **Introduction**

At its last meeting, Cabinet agreed the process and timetable for developing its budget proposals. The meeting also agreed, minute 33 refers:-

“(3) That Cabinet notes the progress reports from individual cabinet members as presented and continue to determine service activities and other initiatives that should be developed to bring forward to Cabinet savings and efficiencies options

(4) That Cabinet notes that officers will be undertaking an exercise to analyse the current year’s budget against service activity and corporate priorities over the summer for each Cabinet member to further assist them in bringing forward options for savings/efficiencies”

(5) That a public engagement exercise be undertaken in respect of the council’s budget proposals to deliver its corporate priorities, and that officers be instructed to work on a format for the consultation”

This report provides an update on progressing these issues.

2 **Savings & Efficiency Programme**

Now that Cabinet have agreed the timetable and process for identifying options for savings and efficiencies, it is important to capture the assumptions and principles that have been agreed to drive the budget exercise.

As a consequence, officers have drafted a Savings and Efficiency Programme, attached at **Appendix A** for Cabinet to consider. The strategy outlines how the savings and efficiencies will be achieved over a phased period to meet the targets included in the Medium Term Financial Strategy (MTFS). In particular, it outlines the principles for developing shared services with other local authorities, where there are demonstrable benefits to be gained.

Cabinet are asked to approve the strategy in order that it can be the focal reference document to assist Cabinet members bringing forward savings/efficiencies options.

3 **Review of 2008/9 Outturn Variances**

At its last meeting, Cabinet received a summary analysing the 2008/9 outturn variances and prior to this, individual Cabinet members, together with Service Heads, had been requested to review each variance to assess any on-going impact on future years’ budgets.

This exercise still has to be completed and so at the time of completing this report, there was very little confirmed information available, as shown at **Appendix B**. Work is underway, however, and it may be possible to provide an updated position at the meeting. Furthermore, for the October meeting the formal review of the MTFS is scheduled for completion and a full update will be provided then.

4 **Savings & Efficiency Options**

Since the last Cabinet meeting, work has also continued in considering the savings and efficiencies options included in individual cabinet member budget checklists, or arising through PRTs. Options identified so far have been collated from the checklists seen, and these have been included in **Appendix B**. Again, this is very provisional and by the time of the meeting, there may well be further updates available.

Cabinet is requested to consider the information and determine those that should be developed further.

5 Corporate Plan Priorities Spend Analysis

Attached as **Appendix C** is the latest analysis of the current year's expenditure and income analysed over Corporate Plan priorities and Cabinet member portfolios. Previously a high level summary was circulated to Cabinet prior to its last meeting. The Appendix now attached provides further analysis allocated over individual priority objectives and also over other service activity not currently aligned to corporate priorities. It is clear from the work undertaken so far, however, that more needs to be done to firm up this analysis – for some budgets, the main link to either a particular priority or a portfolio can be subject to interpretation or debate.

Cabinet are asked to consider the allocations of current net spend and make any appropriate recommendations.

6 Consultation Exercise

Cabinet at its last meeting agreed that the council would undertake a public engagement exercise as part of this year's budget process and requested officers to produce options for members' consideration.

This work has now been completed and **Appendix D** sets out a range of options for Cabinet to consider and their associated costs.

Cabinet are asked to consider the options in Appendix D and agree their preferred approach.

7 Summary

The position at **Appendix B** presents a short summary of potential savings and efficiencies identified so far for inclusion in Cabinet's list of options. It currently shows that there is still a significant shortfall in respect of balancing the 2010/11 budget projection and further work is required to balance the budget. In particular, attention is also drawn to the additional potential cost pressures arising also, from developments such as the Winter Gardens proposal. There may be other future year pressures arising, and a more complete review will be reported into October Cabinet.

8 **Options Analysis**

The following options are available to the Cabinet.

Savings and Efficiency Strategy

- i. approve the draft Savings and Efficiency Strategy included at Appendix A
- ii. approve an amended Savings and Efficiency Strategy
- iii. that no strategy is approved at this stage and officers be asked to undertake further work on developing the strategy

Preferred Option

The preferred option is either 1 or 2 above. This will ensure that the council has an agreed framework in place to guide members bringing forward savings and efficiencies options.

Review of 2008/9 Outturn Variances

- i note the progress made to date and agree the on-going savings implications identified in Appendix B are built into the 2009/10 base revenue budget, when confirmed.
- ii note the progress made to date but agree an alternative course of action for any on-going budget implications.

Preferred Option

The preferred option is option 1. This will ensure that any identified on-going budget implications are correctly reflected in the base budget for future years.

Savings and Efficiency Options

- i consider the options included in Appendix B and determine which should be further developed for inclusion in Cabinet's preferred list of savings and efficiency options.
- ii consider the options but don't offer a view as to those that should be pursued at this stage.

Preferred Option

The preferred option is option 1. This will ensure that those service activities that Cabinet are minded to include in their preferred list of savings and efficiency options can be further developed.

Corporate Plan Priorities Spend Analysis

- i consider the information included in Appendix C and agree actions to refine and improve this information, to support future decision-making.
- ii consider the information without offering a view at this stage.

Preferred Option

The preferred option is option 1. This will ensure that any anomalies in current spend allocations are considered and addressed in the budget process and the appropriate recommendations made.

Consultation Exercise

- i consider the information included in Appendix D and determine Cabinet's preference for undertaking a consultation exercise on the 2010/11 budget proposals
- ii consider the information but request further alternatives

Preferred Option

The preferred option is option 1. This will ensure that officers can prepare for the consultation exercise in good time.

<p>RELATIONSHIP TO POLICY FRAMEWORK</p> <p>The report provides an update of how Cabinet will meet the targets and timescales included in the Council's Budget and Policy Framework.</p>	
<p>CONCLUSION OF IMPACT ASSESSMENT (including Diversity, Human Rights, Community Safety, Sustainability etc)</p> <p>The annual review of the budget and policy framework ensures that the Council's plans and strategies are kept up to date and compliant with the above criteria for assessing their impact on local communities. The inclusion of a public consultation exercise offers further opportunities for community engagement in determining the council's spending plans for 2010/11 and onwards</p>	
<p>FINANCIAL IMPLICATIONS</p> <p>In the main, these are referred to within the report.</p> <p>The costs associated with undertaking the budget consultation options are set out in Appendix D. Corporate Strategy's current budget for consultation and community engagement includes a sum of £8,000 carried forward from 2008/9 in respect of savings made in undertaking the 2008 Place Survey. If Cabinet's preferred option is in excess of £8,000, additional sums will need to be identified from the current year's budget.</p>	
<p>DEPUTY SECTION 151 OFFICER'S COMMENTS</p> <p>The Deputy s151 Officer has been consulted and has no further comments to add.</p>	
<p>LEGAL IMPLICATIONS</p> <p>Legal Services have been consulted and have no comments to add.</p>	
<p>MONITORING OFFICER'S COMMENTS</p> <p>The Deputy Monitoring Officer has been consulted and has no further comments.</p>	
<p>BACKGROUND PAPERS</p> <p>None.</p>	<p>Contact Officer: Roger Muckle Telephone: 01524 582022 E-mail: rmuckle@lancaster.gov.uk</p>

SAVINGS & EFFICIENCY PROGRAMME

2009-2013

1 Introduction

If Lancaster City Council is to meet the financial targets set out in its Medium Term Financial Strategy (MTFS), then it must be clear and focused in how it will achieve these targets. It is recognised that these cannot all be agreed and delivered at the same time and that any Savings and Efficiency Programme must be delivered in a phased approach over the period of the MTFS. This Programme therefore provides the framework within which the Council will work to identify a range of savings and efficiency options to meet these targets and should be read in conjunction with the Revenue Budget Strategy 2010/11, which Cabinet agreed on 23 June 2009.

2 Context

All councils are facing severe challenges to ensure that they can deliver services that meet the needs of their communities within the limited resources that are available to them. It is likely that over the coming years, this position will become more challenging with a predicted reduction in government support. The Council has already set itself on-going savings targets of £1.3m over the next 2 years and no doubt this target will increase further when the 3 year draft revenue budget has been prepared and government have issued their annual grant support details.

The Council can no longer look at tackling this deficit funding problem in a piecemeal manner and needs to adopt a more radical and challenging approach to how it manages its limited finances. This work has already begun but savings of this magnitude cannot be achieved without prioritising and challenging the way that we currently operate. Difficult decisions will be needed and the Council needs to accept that it can no longer do everything that it currently does but must ensure that its resources are targeted to the needs of the public and provide value for money.

3 Objective & Principles

Underpinning this strategy are a number of key objectives and principles that support, and are consistent with, those already set out in the Council's Medium Term Financial Strategy and the Capital Investment Strategy, namely :-

- The Council should have good financial information that shows how it spends its money in particular against corporate priorities and statutory services.

- Resources should be directed to delivering clear council priorities and statutory services that meet the needs of its communities.
- Services provided/enabled by the Council should have clear service delivery standards that the public understand and that officers are resourced to deliver.
- Services provided/enabled by the council should be cost effective and provide value for money.
- Opportunities for improved partnership/collaborative working should be pursued.
- Opportunities for improved use of technology should be maximised.
- Any windfall income should be set aside firstly to meet existing liabilities or to invest in projects to generate future savings - Invest to Save Projects.

4 Programme

The strategy to generate savings and efficiencies pulls together a number of actions currently being pursued by the Council and previously agreed by Cabinet in the Revenue Budget Strategy 2010/11. These are :-

4.1 Understanding What We Spend Our Money On

If the Council is to ensure that its limited resources are focused on delivering its corporate priorities then it needs to understand how it currently spends its money. This should be the starting point in any strategy to identify areas for savings and efficiencies.

The council has started to refine how it records and presents its financial information. Cabinet has already received a first draft of how the current year's budget has been allocated to its priorities, or against other functions not aligned to priorities. As this year's budget exercise continues, further work will be done to test out and refine this information.

Options for savings and efficiencies should be guided by the principle that they should focus on non priorities in the first instance, but also that services provided meet expected and clearly defined service delivery standards, which reflect community needs and statutory requirements.

4.2 Performance Management

If understanding how the council spends its money is the first step in preparing savings and efficiency options, the second step must be to ensure that the Council can react positively to information about performance and spending variations.

Firstly, it is important that a thorough review is undertaken in July each year by each individual Cabinet member, shortly after the year end information is available, to ensure that spending variations are explained, understood, and acted on as appropriate. This is crucial in determining if there are any on-going revenue budget implications that will

impact on the base budget and that could offer savings and efficiencies without changes to service delivery and current standards.

Secondly, Cabinet members should be clear of in-year performance variations that present themselves through the PRT quarterly reports and any other informal service monitoring arrangements Cabinet members have in place. Are services being delivered to agreed service standards and public expectations? Are they indeed still set at the right levels and service standards? Do they still meet recognised needs? Are they being delivered in the most cost effective manner? Does the council have the capacity and skills to deliver them or is some redirection of resources into priority areas required?

These questions form the basis of the challenge and scrutiny that Cabinet should routinely follow throughout the year within their portfolios and in so doing, performance management is integrated into Cabinet routines throughout the year to contribute to the process of identifying savings and efficiencies options.

4.3 **Improved Partnership Working and Collaboration**

The Council has already acknowledged that it can't provide for all the needs of its communities itself. It must work with its partners to remove duplication and make better use of economies of scale and the limited scarce resources and skills that are available. This process will particularly focus on 2 strands, namely :-

- **Shared Services**

The Council has been working with other councils in Lancashire under the banner of Team Lancashire. Some work is now being targeted within specific clusters; as an example the Council has been working with Preston City Council to identify potential areas where efficiencies can be generated through joint working and a shared service approach. Other arrangements are in place to take forward services with other local authority groups, such as with Civil Parking Enforcement or Licensing management.

To give focus, a phased programme of services should be developed for consideration, supported by Team Lancashire where appropriate. The extent and scope of any service activity included within the programme will be informed by preparing separate business cases and only be progressed where there are demonstrable benefits and efficiencies to be achieved. The development of such a programme will need resourcing and this could be considerable for any major proposals – opportunities for external support will be drawn on wherever possible to help with this. Other more minor opportunities may be deliverable fairly readily, however. Such resources will be taken account of in developing the programme.

- **Lancaster District Local Strategic Partnership (LDLSP)**

The Council has already made a firm commitment to working with its key partners within the LDLSP to contribute to delivering the priorities included in the Sustainable

Community Strategy and the Lancashire Local Area Agreement. It is hoped that as the LDLSP continues to develop, all its partners will be able to make efficiency savings by removing duplication, adopting smarter procurement and benefitting from economies of scale and the joint use of scarce resources and skills. This includes project delivery and programme management support.

The Partnership also offers opportunities to bid for additional government funds, linked to delivering its priorities, but such funds can only be accessed with the involvement of LSPs. Examples include the Migrant Impact Fund.

4.4 **Commissioning and Procurement**

Commissioning of local authority services is gaining a higher profile – in simple terms it means how councils decide *what* services should be provided, to meet the needs of their communities / districts. It follows that de-commissioning of services may be one way of making savings.

Procurement focuses more on *how* and *who* should provide such services – once a decision has been made to provide them. The council currently doesn't have a Commissioning Protocol and this will be considered as an area for development in future.

Also being progressed under the Team Lancashire banner are efficiencies generated through the Lancashire Procurement Hub. The use of regionally negotiated framework agreements are starting to reap rewards and it is anticipated that initiatives such the Agency Worker agreement, currently being finalised, will generate some additional cashable savings for the Council.

Arrangements are in hand to ensure that procedures and processes are strengthened to identify and capture such savings from procurement activities, so that that they can be verified and included in the base budget.

4.5 **Improving How We Do Things (Business Process Re-engineering)**

This strategy has already referred to above the need for cabinet to challenge the way it delivers its services either directly or in partnership. Business Process Re-engineering is the process that examines and reviews what we currently do, with a view to identifying options for achieving the same outcomes and outputs more efficiently for less money or less risk.

In particular this means that everything the Council does is open to challenge and it should consider the following as a means of identifying savings and efficiency options:-

Better Use of Technology/ICT

- Can manual systems be computerised?
- Are we making the best use of the systems that we have bought?
- Are staff skilled and trained in the use of the systems they use?
- Can we learn lessons from other users?

- Improved use of telephony and multi-functional devices (printers, scanners photocopiers etc)
- Improved ways for storing and managing information flows, and system accessibility (Electronic Document Management Systems).
- More generally, sharing or exchanging accurate information efficiently and effectively, and making it available to those who need it.

Access to Services/Self Help

- Can we make our services better accessible to those who want/need to use them?
- Can services be made more accessible and cost-effective by providing and offering them online 24/7?
- Are some services accessible at times or places when it's not cost effective for them to be so?
- Are staff well trained to respond at the first point of enquiry?
- Can more service activities be delivered better through our customer service centres?

Capacity and Skills

- Is the council's workforce skilled to deliver its agreed priorities?
- Do we have flexible HR policies to allow managers to manage effectively?
- Is there capacity within services to deliver council priorities?
- Is the council's workforce structured effectively?
- Should common skills be brought together? (e.g. Marketing & PR)

Council Assets

- Does the Council need all its current assets to deliver its priorities?
- Could resources be generated through asset sales into priority services?
- Are our assets fit for purpose or a drain on resources?
- Opportunities for sharing assets with partners and voluntary groups

4.6 Charging for Services

For many discretionary services, charging is one way of providing income to offset the costs of provision, and can also be a way of improving fairness (i.e. the principle that those who use a service should pay for it). Wherever possible, charging should seek to at least cover the costs of service provision, and/or make a return on assets used, unless other policy objectives or statutory requirements support an alternative.

4.7 Other Initiatives

This programme acknowledges that there are, each year, a number of factors that are outside of the Council's control but have a real bearing on the annual budget setting and consequently on the extent of savings and efficiencies that need to be identified. It is

important therefore that whilst they cannot be controlled, they need to be fully understood and considered, in bringing forward savings and efficiency options.

Each year, Cabinet should be mindful therefore to the following (although this list is not exhaustive):-

- Annual local government finance settlement
- Annual national pay award and other economic factors
- Treasury Management - Borrowing and Investment interest movements
- Demand for and changes to statutory council services generally

5 **Benefits/Outcomes**

The effective development of this programme will have a number of benefits and outcomes, namely:-

- Improved information on which to base decision-making
- Clarity and focus for identifying, developing and prioritising savings and efficiency options (and any resources needed for this)
- Minimising real reductions to services, through achievement greater efficiency
- Meeting the council's financial targets for savings and efficiencies
- Improved value for money and Use of Resources assessments
- Improved partnership working and community leadership

Ultimately, this programme should enable Cabinet to establish a range of savings and efficiency options, in reasonable time, which can then be consulted on, amended (as budget prospects develop and in response to consultation, as appropriate), and finally recommended to Council.

6 **Summary and Conclusion**

It is clear that the Council needs to take a positive approach for identifying options of savings and efficiencies.

There is however a need for the council to remain flexible in its approach to react to changing financial circumstances. It is therefore necessary that any list of options for savings and efficiencies are ranked in priority order and extensive to the extent that they can act as a contingency to meet last minute requirements if necessary. Options included in the list must be realistic for achievement and in considering any options it is important that cabinet are mindful to the risks involved with each and those included in the Corporate Risk Register.

STATEMENT OF GENERAL FUND SAVINGS POSITION

For consideration by Cabinet 01 September 2009

APPROVED SAVINGS INCLUDED IN 3 YEAR REVENUE BUDGET

	2009/10	2010/11	2011/12
	£000	£000	£000
TOTAL APPROVED SAVINGS (Budget Council 04 March 2009)	-1,387.3	-1,108.6	-1,444.8
SAVINGS EFFECTED IN BASE BUDGET	-888.0	-567.2	-900.2
SAVINGS APPROVED BY MEMBERS TO DATE			
PERSONNEL COMMITTEE 26 MARCH 09 : Corporate Strategy Restructure	-30.0	-22.2	-23.0
Sub-Total	-918.0	-589.4	-923.2
SAVINGS STILL TO BE ACHIEVED	-469.3	-519.2	-521.6
SAVINGS STILL TO BE CONFIRMED / SUBJECT TO MEMBER APPROVAL			
Senior Management Restructure	-50.0	-50.0	-50.0
Corporate Strategy			
Service Restructure (Balance of saving to achieve)		-8.4	-8.2
Communications & Marketing Review	-41.0	-61.0	-61.0
Revenues			
Council Tax & Hsg. Benefit : (Balance of combined savings to achieve)	-21.9	-25.3	-26.6
Cultural Services			
Salt Ayre : Operational Savings	-119.0	-120.8	-122.6
Reduction in support for Festivals Innovation Fund Events	-30.0	-50.0	-50.0
Arts & Leisure Development	-54.0	-55.0	-56.0
Planning Services			
Achievement of Break-even for Building Control (reduction in staffing / increase in fees)	-143.4	-138.7	-137.2
Property Services			
Venue Hire to break even	-10.0	-10.0	-10.0
Sub-Total	-469.3	-519.2	-521.6
CHANGE FROM SAVINGS APPROVED 04 MARCH 2009	0.0	0.0	0.0

IMPACT (SO FAR) OF OTHER APPROVALS / KNOWN OR POTENTIAL BUDGET CHANGES ON MTFs SAVINGS TARGETS

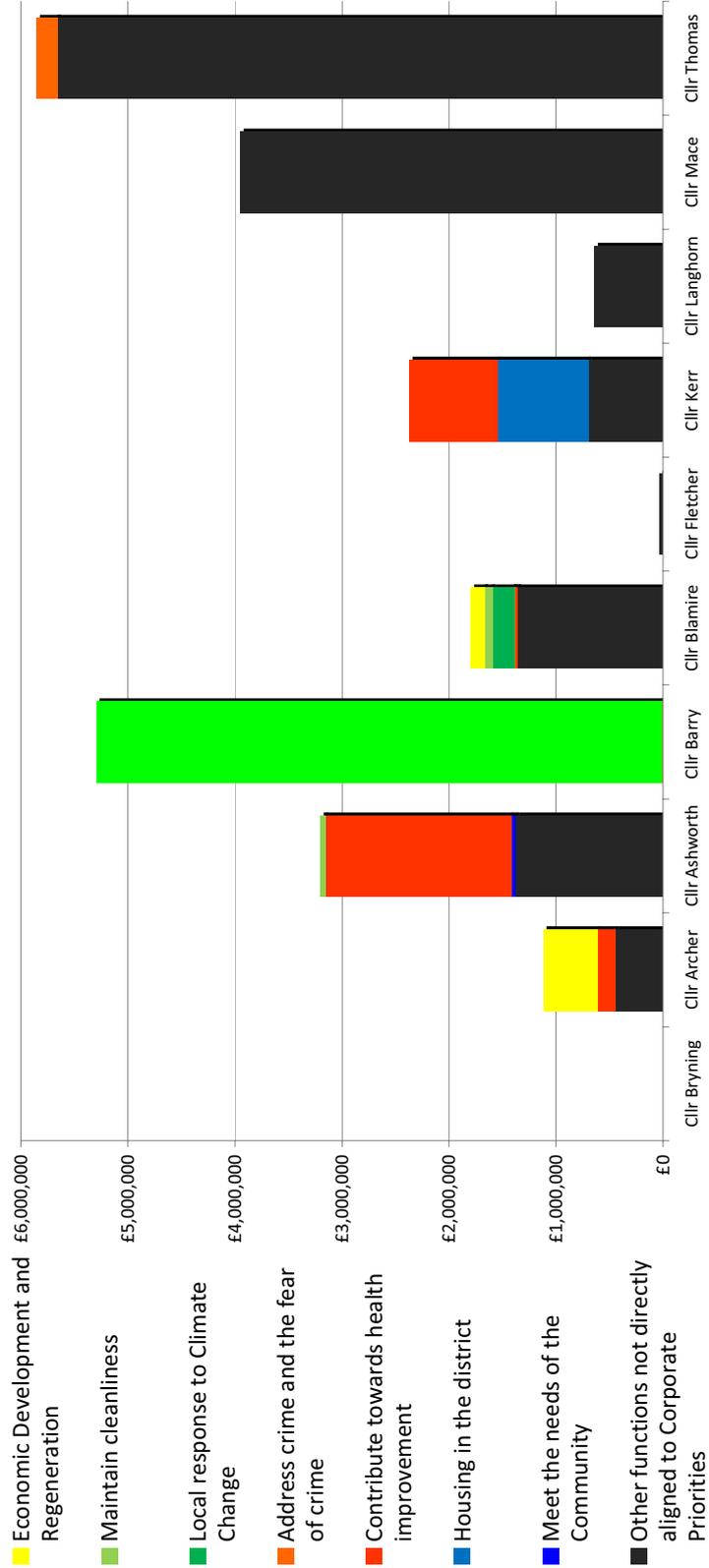
	2009/10	2010/11	2011/12
	£000	£000	£000
MTFS PROJECTED SAVINGS TARGETS	-	-1,053.0	-1,302.0
BUDGET CHANGES APPROVED AFTER BUDGET COUNCIL			
COUNCIL 29 APRIL 09 : Winter Gardens		+150.0	+150.0
PERSONNEL COMMITTEE 30 JULY 09 : Management Team PA Support	-25.0	-30.8	-31.4
CABINET URGENT BUSINESS 13 JULY 09 : Civil Parking Enforcement	-8.0	-8.0	-8.0
Additional CPE savings identified	-19.0	-38.7	-39.5
Sub-Total	-52.0	+72.5	+71.1
QTR 1 CORPORATE FINANCIAL MONITORING			
Salary Savings (Will reduce subject to other savings targets)	-195.0		
Main Service Variances	-93.0		
VAT Reimbursement	-600.0		
Provision for Icelandic Investment losses	+1,201.0		
Provisional Pay Award Savings (Subject to approval)	-200.0	-204.0	-208.0
Sub-Total	+113.0	-204.0	-208.0
* 2008/09 OUTTURN VARIANCES PROJECTED TO CONTINUE			
Health & Strategic Housing			
Radiation Monitoring		?	?
CC(D)S			
Trade Waste		?	?
Financial Services			
Software / Banking Savings (provisional estimate)		-20.0	-20.0
Sub-Total	+0.0	-20.0	-20.0
* OTHER SAVINGS AND EFFICIENCY OPTIONS			
CC(D)S			
Future Provision of Public Toilets		?	?
Introduction of co-mingled collection for recyclates (phased)		?	?
Bulky Matters - sharing overheads with Blackpool Council		?	?
Health & Strategic Housing			
Further Review of Housing SLA (3 year agreement in place)		?	?
Potential Commissioning / Procurement Opportunities		?	?
Financial Services			
Provisional Staffing Savings	-5.0	-15.0	-15.0
Corporate			
Climate Change Initiatives (Invest to Save Opportunities)		?	?
Sub-Total	-5.0	-15.0	-15.0
REVISED SAVINGS POSITION	-56.0	-886.5	-1,130.1

* NOTE : A more detailed review of the impact of 2008/09 variances and other savings options will be undertaken as part of the Medium Term Financial Strategy review.

APPENDIX C

2009/10 GENERAL FUND REVENUE BUDGET ANALYSED BY PORTFOLIO HOLDER

	Cllr Bryning	Cllr Archer	Cllr Ashworth	Cllr Barry	Cllr Blamire	Cllr Fletcher	Cllr Kerr	Cllr Langhorn	Cllr Mace	Cllr Thomas	TOTAL
	£	£	£	£	£	£	£	£	£	£	£
Economic Development and Regeneration		507,100			133,100						640,200
Maintain cleanliness			50,200	5,279,500	65,600					-43,000	5,352,300
Local response to Climate Change					202,200						202,200
Address crime and the fear of crime				12,000	11,800					195,300	219,100
Contribute towards health improvement		171,700	1,733,500		28,100		827,400				2,760,700
Housing in the district							843,200				843,200
Meet the needs of the Community			42,800								42,800
Other functions not directly aligned to Corporate Priorities	0	439,800	1,374,300	-198,600	1,352,800	30,800	699,500	637,000	3,947,200	5,655,700	13,938,500
	0	1,118,600	3,200,800	5,092,900	1,793,600	30,800	2,370,100	637,000	3,947,200	5,808,000	23,999,000



BUDGET CONSULTATION OPTIONS

OPTIONS	PROPOSAL	COST	COMMENT
Option 1	<p>Prepare consultation documents in house or.... Using Professional Designer Similar to those prepared by Chorley considered by Cabinet at their last meeting.</p> <p>Electronic version at no cost A4 12 page colour document 500 copies per run</p> <p>Make the documents available via:-</p> <ul style="list-style-type: none"> • Website • Press Releases to Local Papers • November's "Your District Council Matters" • Notice to Parish Councils • LDLS partners • Notices in Public Buildings • Members of public on Consultation database <p style="text-align: right;">TOTAL COST</p>	<p>Free £420</p> <p>Free £835</p> <p>£1,255</p>	<p>Largely information sharing exercise. Public able to access cabinet budget options and opportunities to leave written comments and preferences</p>

Option 2	<p>As Option 1 plus :-</p> <p>Town Centre Exhibitions:-</p> <ul style="list-style-type: none"> • Cost of Exhibition Materials • Hire of Venues <p>Carnforth Railway Station Morecambe Arndale Centre Lancaster St Nicholas Shopping Centre or Marketgate</p> <p style="text-align: center;">TOTAL</p>	<p>£1,255</p> <p>£600</p> <p>£120 per day</p> <p>Free</p> <p>Free</p> <p>Free</p> <p>£2,000 approx Plus staff time</p>	<p>Largely information sharing exercise but also provides public interaction. Public able to access cabinet budget options and opportunities to ask questions and leave written comments and preferences</p>	
Option 3	<p>As Option 2 plus :-</p> <p>Focus Groups Invited from Community Organisations (groups of 8)</p> <ul style="list-style-type: none"> • Hire of Venues <p>Carnforth Railway Station Morecambe Town Hall or Poulton Children's Centre Lancaster Town Hall or City Lab</p> <ul style="list-style-type: none"> • Refreshments etc... <p style="text-align: center;">TOTAL</p>	<p>£2,000</p> <p>£36 (3hrs)</p> <p>Free</p> <p>Free</p> <p>Free</p> <p>£50 (4hrs)</p> <p>£170</p> <p>£2,600 approx</p> <p>£2,700</p> <p>£5,300 approx</p>	<p>Largely information sharing exercise but also provides public interaction. Public able to access cabinet budget options and opportunities to ask questions and leave written comments and preferences</p> <p>Could use pupil power and other tools to engage Focus Groups reaction</p>	
Option 3a				
Option 3b	<p>Use External Facilitator at each Focus Group</p> <p>£900 per event</p> <p style="text-align: center;">TOTAL</p>			

Option 4	As Option 2 plus :-	£2,000	Largely information sharing exercise but also provides public interaction. Public able to access cabinet budget options and opportunities to ask questions and leave written comments and preferences Could use Pupil power and other tools to engage public
Option 4a	Community Discussions (groups of 40) <ul style="list-style-type: none"> • Hire of Venues Carnforth Railway Station Morecambe Town Hall or Platform Lancaster Town Hall • Refreshments etc... <p style="text-align: center;">TOTAL</p>	£120 Free £100 Free £1000 £5,220 approx	
Option 4b	Use External Facilitator at each Discussion Group £900 per event <p style="text-align: center;">TOTAL</p>	£2,700 £7,920 approx	
Option 5	As Option 1 plus :- Hire of Mobile Unit for 3 weeks One week each at :- Carnforth Train Station or Tesco's Morecambe Dome Lancaster Market Square <p style="text-align: center;">TOTAL</p>	£1,255 £32,000 to £39,000 £33k to £40k	Would provide maximum accessibility to the public and for recording their preferences and comments

BUDGET AND PERFORMANCE PANEL**Budget and Performance Panel
8th September 2009****Report of Head of Democratic Services****PURPOSE OF REPORT**

To provide Members with an update of the Budget and Performance Panel Work Programme.

This report is public

RECOMMENDATIONS

- (1) That the Budget and Performance Panel consider the referral from the Overview and Scrutiny Committee with regard to inviting LDSLP Thematic Group Chairs to Panel meetings.
- (2) That the Panel note the updates with regard to partnership monitoring.
- (3) That the Panel note that a detailed work programme will be brought to the October meeting.
- (4) That the Panel note the scrutiny training sessions arranged for 19th November.

1. Referral from Overview and Scrutiny Committee

The Budget and Performance Panel's terms of reference include 'to review the effectiveness of the Council's overall performance management arrangements in relation to partnership working and to scrutinise the performance of the Council's major partnerships.'

At the Overview and Scrutiny Committee meeting on 15th July 2009 Members made the following recommendation to the Panel:

“That the Budget and Performance Panel be recommended to include in their Work Programme regular invites to their meetings of the Chairs of the LDLSP Thematic Groups.”

The Panel are requested to consider inviting the Chairs of the LDLSP Thematic Groups to meetings where partnerships or issues within their relevant thematic groups are being considered.

2. Partnership Monitoring – WEP & CCTV

The Panel were scheduled to consider the monitoring of these partnerships at September’s meeting.

Commencement of the West End Partnership evaluation has been delayed due to other work commitments and a mid-term review of the West End Masterplan requested by the Corporate Director (Regeneration) and reported to Cabinet on 2nd June 2009. Officers feel that it may be beneficial to delay commencement of this evaluation until such time as ongoing responsibility for it is formally determined following the inauguration of the Morecambe Parish Council.

With regard to the CCTV partnership which was scheduled to be brought to this meeting, the evaluation has been undertaken and that a more detailed report/update on the outcomes from this and the other partnership evaluations will be reported in October.

3. Budget and Performance Panel Work Programme

A detailed work programme was scheduled to be considered by the Panel at this meeting. The Panel are requested to note that there has been a delay in compiling the work programme as a result of officer absence (sickness and holiday). An updated work programme will be brought to October’s meeting.

4. Notification of Scrutiny Training – 19th November 2009

Arrangements have been made to once again engage Frances Taylor to provide some scrutiny training. This training will take place on Thursday 19th November. 2 training sessions will be provided: Chaining Skills from 3 until 5pm and Questioning Techniques from 6 until 8pm. Members may attend one or both of the sessions, refreshments will be provided and networking opportunities as neighbouring authorities will also be invited. Please contact Liz Bateson for further details (tel: (01524) 582047, or email ebateson@lancaster.gov.uk).

BACKGROUND PAPERS	Contact Officer: Liz Bateson Telephone: 01524 582047 E-mail: ebateson@lancaster.gov.uk Ref:
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BUDGET AND PERFORMANCE PANEL WORK PROGRAMME 2009/10

TERM OF REFERENCE	ISSUE	9 TH JUNE 2009	14 TH JULY 2009	8 TH SEPT 2009	20 TH OCT 2009	24 TH NOV 2009	26 TH JAN 2010	23 RD FEB 2010	30 TH MAR 2010	27 TH APR 2010
5.4 Asset management practices.										
5.5 Insurance arrangements.										
6.0 TO CONSIDER RISK MANAGEMENT ISSUES IN REVIEWING AND SCRUTINISING PERFORMANCE.										
7.0 TO MAKE RECOMMENDATIONS AS APPROPRIATE IN RESPECT OF THE ABOVE.										