

**BUDGET AND  
PERFORMANCE PANEL**

**6.00 P.M.**

**7TH SEPTEMBER 2010**

**PRESENT:** Councillors Roger Sherlock (Chairman), John Whitelegg (Vice-Chairman), Roger Dennison, Keran Farrow, Emily Heath (for Minute Nos. 19 (part) to 27 only) , Tony Johnson and Elizabeth Scott

Apologies for Absence:

Councillor Evelyn Archer

Officers in Attendance:

Heather McManus	Corporate Director (Regeneration)
Richard Tulej	Head of Community Engagement Service
Nadine Muschamp	Head of Financial Services and Section 151 Officer
Andrew Clarke	Accountancy Services Manager
Anne Marie Harrison	Assistant Head (Partnerships), Community Engagement Service
Elizabeth Stokes	Corporate Performance Manager
Jane Glenton	Democratic Support Officer

**16 DECLARATIONS OF INTEREST**

There were no declarations of interest.

**17 MINUTES**

The Minutes of the meeting held on 13<sup>th</sup> July 2010 were signed by the Chairman as a correct record.

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

There were no items of urgent business.

**Councillor Heath arrived midway though the following item.**

**19 2010/11 QUARTER 1 CORPORATE PERFORMANCE REVIEW**

The Panel received the report of the Corporate Director (Finance and Performance) to which was appended the Leader's highlight report in respect of the first quarter of Performance Review Team meetings for 2010/11 undertaken by individual Cabinet members between 2<sup>nd</sup> and 11<sup>th</sup> August 2010.

The Leader's highlight report had been considered by Cabinet on 31<sup>st</sup> August 2010. Appended to the Leader's highlight report were the following appendices:

- (1) Leader's Agreed Actions for Quarter 1 arising from the Corporate PRT.
- (2) Timetable of Quarter 1 PRT meetings.
- (3) Update on progress in respect of Leader's Actions from Quarter 4.

- (4) Corporate Performance Exception Monitoring Report Quarter 1.
- (5) Corporate Financial Monitoring Report Quarter 1.
- (6) Treasury Management Progress Report.

The Panel was asked to consider the report and appendices and comment accordingly.

Members considered the details and, with regard to the financial monitoring of Housing Revenue Account's (HRA) responsive maintenance, raised concerns that the budget item was still overspending. It was noted that the Leader was meeting with the Head of Health and Housing Services and the Cabinet portfolio holder to discuss the actions being taken to address the overspend on the HRAs responsive repairs budget. The Panel requested that, in order to reduce the cost of reactive repair, staff be proactive and intervene before properties fell into poor condition, using warning signs such as unkempt gardens with white goods deposited in them.

The Panel raised queries regarding pay increases for senior officers, and noted that North West Employers were currently looking at this following the restructuring process. It was also highlighted at this point that several officers present may be affected. With reference to responsibility for concessionary travel being transferred to upper tier local authorities, it was reported that, subject to Parliamentary approval, the changes would come into force in April 2011, and the scheme and its financing may be influenced by the Comprehensive Spending Review. Members queried the impact of the abolition of the Regional Development Agencies and their replacement with Local Enterprise Partnerships. They were advised that it was expected similar programmes would run locally and that City Council officers would ensure that the mechanisms for representation were in place in any future arrangements, as appropriate.

***Resolved:***

- (1) That the reports be noted.
- (2) That the Corporate Director (Regeneration) relay the comments of the Panel to the Head of Health and Housing Services with regard to the HRA overspend.

**20 PROVISIONAL REVENUE AND CAPITAL OUTTURN 2009/10**

The Panel received the report of the Accountancy Services Manager to provide Members with the Provisional Revenue and Capital Outturn 2009/10. Appended to the report was the report to Cabinet on 27<sup>th</sup> July 2010, which provided summary information, and the timetable for completion of the closure of accounts process, including details of the carry forward of underspent/overspent revenue budgets and capital slippage. The Cabinet report sought approval of various Prudential Indicators for the last year for referral on to Council.

It was reported that Cabinet had noted the report and had approved the recommendations regarding carry forward of overspendings and had resolved that Cabinet portfolio holders ensured that the necessary budget savings were achieved during the current year with monitoring through Performance Review Team (PRT) meetings. Cabinet had requested that the Budget and Performance Panel include a review of the Housing Revenue Account (HRA) responsive repairs overspending within their Work Programme for 2010/11 (Minute No. 27 refers).

Members were advised that there was one amendment to the recommendation in respect of the General Fund carry forward requests, this being that the request for Democratic Services be approved as £1,500 not £5,200.

Members requested information regarding the sale of land in south Lancaster and were advised that whilst terms had been agreed, disposal of the land was subject to the outcome of the planning application.

With reference to the General Fund Revenue Summary and transport related expenditure, Councillor Whitelegg advised that this area would normally be picked up in a travel plan, which the government had said all local authorities should have in place. The Head of Community Engagement advised of the elements that were being taken forward with regard to the grey fleet using the recommendations from the Energy Savings Trust's Fleet Review.

Councillor Dennison raised concerns regarding slippage of routine buildings maintenance and was advised that works were now progressing, but at present this covered only essential works, the outcome of more recent surveys and reassessment of the phasing of works needed to be done and this was expected to result in further budget pressures.

***Resolved:***

That the report be noted.

**21 WHOLE LIFE COSTING IN PROCUREMENT**

The Panel received the report of the Procurement Manager to provide an update on the use of Whole Life Costing (WLC) within the Council. At its meeting on the 30<sup>th</sup> March 2010, the Panel had resolved that a report on progress to-date be presented in six months' time. Also available for Members as an appendix was a Guide to WLC, which had been published to accompany the Lancaster's Approach to Managing Projects (LAMP) documentation.

The report advised that WLC referred to the total cost of ownership over the life of an asset, taking into account the costs which occurred after an asset had been constructed or acquired, such as maintenance, operation and disposal, and these were considerations when decision-making.

The City Council had acknowledged that accepting the cheapest tender was not always in the best interests of the authority and the public it served. The Contract Procedure Rules had been amended to reflect that a Responsible Spending Officer (RSO) could define criteria that provided for the most economically advantageous offer being determined where considerations other than purchase price also applied.

The report advised that WLC was a valuable options appraisal tool that could be used to good effect in some procurement and evaluation processes, but was not relevant to all forms of procurement and should only be used where appropriate when it added value to the process.

Members were advised that officers were drawing together a programme of training to provide guidance on Sustainable Procurement for different levels of purchasing and it was planned that WLC would be included in this training.

Councillor Whitelegg advised that he had been looking for case studies, where the Council had made its procurement decisions taking account of the results of a WLC exercise. For example, in Information Technology, where purchases often came with a deal and the capital cost formed only a fraction of the total cost of running a machine, other costs being equipment maintenance costs, consumables used over the average lifetime of a piece of equipment, warranty and service contract, and facility depreciation.

The Corporate Director (Regeneration) reported that a current review of Information Technology issues would provide an opportunity to bring forward such information.

**Resolved:**

- (1) That the report be noted.
- (2) That, in line with existing frameworks and guidance, WLC considerations be covered in reviews of future Information Technology procurement.

## 22 COUNCIL INVESTMENTS

The Panel received a report to provide information on the different types of investment that the Council may consider, and how the accounting and other financial implications vary.

At its meeting on 23<sup>rd</sup> February 2010, the Panel had resolved that the relevant officers be asked to consider invest to save schemes that would provide a greater rate of return than Council investments and report back to the Panel. The report advised that there were fundamental differences between investments in treasury terms and invest to save schemes, which meant that it was not currently possible to consider invest to save arrangements as an alternative to other investments. A comparison of potential rates of return was not, therefore, a relevant consideration in formulating treasury strategies. The key differences were outlined in the report.

It was reported that councils across Britain are now able to sell renewable electricity to the grid, with Bristol City Council building two wind turbines in a flagship development. Any such installation, however, would need to be financed. The City Council's present capital position was already faced with significant pressure and there were major risks attached to various regeneration schemes and land sales to generate income. Councils had a duty to ensure that investment plans were affordable, prudent and financially sustainable and, given the pressures to make savings, it was difficult to create headroom to take forward invest to save initiatives and to prioritize such initiatives.

Councillor Whitelegg advised that councils, such as Kirklees Council, had installed solar photovoltaic panels, solar energy collectors and two 6Kw wind turbines to address climate change, supply council buildings with power from renewable energy reserves and make a significant reduction in electricity from the grid and climate change emissions under the Feed in Tariff scheme. Kirklees Council's project had brought a significant amount of money via external funds into the Kirklees budget and the council was working at national level towards a simplified approach to enable councils to obtain money for the renewable electricity generated.

It was reported that the Feed in Tariff scheme rewarded customers who invested in electricity generating renewable technologies and the government had set up a guaranteed 25-year payment plan for customers who installed a solar PV electric system in 2010, the agreed rate being 41.3 pence for every kiloWatt of electricity produced by the system. Any electricity produced in excess would be exported back to the national grid, with a further 3p per kiloWatt being received for this.

Members were advised that the City Council needed to create capacity to determine a programme for capital investment that was affordable, prudent and sustainable, in accordance with the CIPFA Prudential Code. Any proposal would need to be included in the budget planning process and considered alongside other potential budget priorities. The Council's Capital Investment Strategy, which was incorporated in the Medium Term Financial Strategy (MTFS) sets out the Council's priorities for capital investment and was the starting point for considering any new proposals. This would be reviewed by Cabinet in November. It was noted that the government's Comprehensive Spending Review on 20<sup>th</sup> October would have a bearing on the Council's plans, and this would also be covered in the November Cabinet report.

It was further reported that Climate Change was one of the Council's priorities and was contributing to the wider climate change agenda through its links with the Lancaster District Local Strategic Partnership (LDLSP). Community Engagement was liaising with the Energy Saving Trust regarding matters such as the Feed in Tariff and the matter was ongoing. The Climate Change Strategy sets out actions that the City Council would take, or consider taking, to tackle Climate Change in the district, including reducing energy use, reducing carbon emissions from Council buildings, and working with partners, including the Energy Saving Trust and the LDLSP to develop and assist in the implementation of local climate change action plans.

**Resolved:**

- (1) That the report be noted.
- (2) That, in accordance with the Council's corporate priority *to tackle the challenges of Climate Change*, and in recognition of the existing provisions within the Capital Investment Strategy, the Head of Community Engagement reports back to a future meeting of the Panel on the outcome of meetings with the Energy Savings Trust regarding the Feed in Tariff scheme, including proposals to maximise revenue and reductions in CO<sub>2</sub> emissions by the generation of renewable electricity through the scheme.

**23 COMMUNITY ENGAGEMENT WORK/ FUTURE MANAGEMENT OF PARTNERSHIPS, PERFORMANCE PROJECTS AND PROGRAMMES**

The Head of Community Engagement gave a detailed presentation on the functions of the new Community Engagement Service, which had come into being on 1<sup>st</sup> April 2010, bringing together four services.

It was reported that the principal role of the Service was to engage with the wider community to deliver Council priorities and objectives. Members noted that the Service was made up of three main business units, being *Wellbeing* - led by Simon Kirby, *Communications* – led by Gill Haigh and *Partnerships* – led by Anne-Marie Harrison and

the areas of responsibility for each section. Detailed in the report were the short-term challenges facing the Service.

***Resolved:***

That the presentation be noted.

**24 CORPORATE REVIEW OF SERVICE LEVEL AGREEMENTS - UPDATE**

The report was deferred for consideration at the Panel's meeting on 30<sup>th</sup> November 2010.

**25 ANNUAL REPORT**

The Panel received the report of the Corporate Performance Manager to advise of the publication of the Annual Report.

It was reported that Lancaster City Council had published its Annual Report on 31<sup>st</sup> August 2010, which provided a snapshot of how the Council performed against targets set nationally for its services and the goals it set itself. It looked back at the financial year 2009/10 and anticipated the challenges of the year ahead.

The first section of the report showed some of the ways that the Council had made a positive difference in the district in 2009/10 and gave a taste of some of the human stories behind the statistics.

It was reported that the Government had recently removed the legal duty to produce an Annual Report or Best Value Performance Plan. The Annual Report was the Council's key mechanism for reporting its performance to the public and had therefore been retained in the current year.

***Resolved:***

- (1) That the report be noted
- (2) That the Annual Report be used as a base line reference document for considering the Council's performance in the coming year and, where appropriate, inform the future Work Programme of the Panel.

**26 LDLSP SPENDING OUTTURN 2009/10 AND FUTURE ALLOCATIONS**

The report was deferred for consideration at the Panel's meeting on 30<sup>th</sup> November 2010.

**27 WORK PROGRAMME**

The Panel received the report of the Head of Democratic Services to update Members regarding the Panel's Work Programme.

It was reported that at its meeting on 27<sup>th</sup> July 2010, Cabinet had requested that Budget and Performance Panel include a review of the Housing Revenue Account (HRA) responsive repairs overspending within its Work Programme for 2010/11 (Minute 30 (5) 2010/11 refers).

Members noted recent changes that had taken place following restructuring and were minded to request that the item form part of the agenda for the Panel's meeting on 30<sup>th</sup> November 2010 to enable submission of a progress report., following which, Members would consider whether to make any further provision in the Panel's Work Programme.

Members noted the upcoming items in the Work Programme. With regard to the report of the Chair of the Children and Young People Thematic Group on the work undertaken by the Thematic Group in 2009/10 regarding delivering the targets in the Sustainable Community Strategy, the Head of Community Engagement reported changes to the chairmanship of the Children and Young People Thematic Group and new arrangements that would be put in place once matters regarding the Children's Trusts, which were the local partnerships which brought together the organisations responsible for services to children and young people, including development of an overall strategy to delivery of front-line services, were clarified.

With regard to production of a standard end of year report format for use by the LDLSP Thematic Groups through liaison between the Budget and Performance Panel and the LDLSP Management Group, Members were advised that the LDLSP Manager was drawing up a standard template for the year-end report for use by the Thematic Groups with a view to presenting a report to the Panel once complete.

It was noted that a report on progress in respect of staff travel for non-council travel and in regard to Cabinet being requested to consider a workplace travel plan using the specifications contained in BSI PAS500:2003 and the definition of the Department of Transport, including identification of the budgetary implications of undertaking this work, would be presented to the Panel's meeting on 30<sup>th</sup> November 2010.

Members were advised that, following resolution by the Panel that the Overview and Scrutiny Committee be requested to establish a Task Group to investigate the feasibility of using land in public ownership for the provision of additional affordable housing and to establish initiatives with Housing Associations and Partners to provide affordable housing (Minute No. 5 (2) 2010/11 refers), the Chairman and Vice-Chairman of the Panel had met with officers from Regeneration and Policy and Democratic Services for preliminary discussions, and scoping work was being undertaken, with a view to a draft document being available at the October meeting of the Overview and Scrutiny Committee.

With regard to the briefing note on Pension Liabilities requested at the Panel's meeting on 13<sup>th</sup> July 2010 (Minute No. (2) (c) 2010/11 refers), which had been circulated to Members prior to the meeting, the Panel requested that this be included as an item on the Agenda for the meeting of the Panel on the 19<sup>th</sup> October 2010.

***Resolved:***

- (1) That a report on the review of the HRA responsive repairs overspending be presented to the Panel's meeting on 30<sup>th</sup> November 2010 to enable Members to decide whether to make any further provision in the Panel's Work Programme.
- (2) That a report on the Children and Young People Thematic Group be presented to the Panel once the chairmanship of the Group and matters concerning the Children's Trusts are determined.

- (3) That a report on the drawing up of a standard template for the year-end report for use by the LDLSP Thematic Groups be presented to the meeting of the Panel on 30<sup>th</sup> November 2010.
- (4) That a report on progress in respect of staff travel for non-council travel and in regard to Cabinet being requested to consider a workplace travel plan using the specifications contained in BSI PAS500 2003 and the definition of the Department of Transport, including identification of the budgetary implications of undertaking this work, be presented to the Panel's meeting on 30<sup>th</sup> November 2010.
- (5) That the Panel receive updates on the work of the Affordable Housing Task Group.
- (6) That Pension Liabilities be included on the Agenda for the meeting of the Panel on 19<sup>th</sup> October 2010.

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Chairman

(The meeting ended at 8.10 p.m.)

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