

**BUDGET AND
PERFORMANCE PANEL**

6.00 P.M.

22ND FEBRUARY 2011

PRESENT:- Councillors Roger Sherlock (Chairman), Roger Dennison, Keran Farrow, Emily Heath, Tony Johnson and Elizabeth Scott

Apologies for Absence:-

Councillors Evelyn Archer and Jean Dent

Officers in attendance:-

Anne Marie Harrison	Assistant Head (Partnerships), Community Engagement Service
Andrew Clarke	Accountancy Services Manager
Peter Notley	Principal Accountant
Tom Silvani	Democratic Services

38 APPOINTMENT OF VICE-CHAIRMAN

The Chairman invited nominations for the Vice-Chairman of the Budget and Performance Panel for the remainder of the Municipal Year.

It was proposed by Councillor Scott and seconded by Councillor Johnson that Councillor Heath be appointed Vice-Chairman of the Budget and Performance Panel for the remainder of the Municipal Year. There being no further nominations, the Chairman declared the proposal to be carried.

Resolved:

That Councillor Heath be appointed Vice-Chairman of the Budget and Performance Panel for the remainder of the Municipal Year.

39 DECLARATION OF INTERESTS

There were no declarations of interest.

40 MINUTES

The minutes of the meeting held on 25 January 2011 were signed by the Chairman as a correct record.

41 ITEMS OF URGENT BUSINESS AUTHORISED BY THE CHAIRMAN

There were no items of urgent business.

42 CORPORATE REVIEW OF SERVICE LEVEL AGREEMENTS

The Assistant Head of Community Engagement (Partnerships) introduced a report which had been considered by Cabinet at its meeting on 15 February 2011. It was advised that subject to call in, Cabinet had accepted the recommendations of the Head of Community Engagement regarding Service Level Agreements (SLAs) as set out in the report.

The report stated that the council currently managed around 40 separate SLAs. The panel were shown how these were broken down into different sectors as follows: Civil Society, Culture, Environment, Housing, and Crime Prevention.

The panel were advised that there were some examples of good practice in terms of management and monitoring of SLAs and the opportunity to spread this across the council to create consistency had been identified. There was currently some difficulty in demonstrating that desired outcomes were being fully delivered and in fully understanding what the council is getting in return for its investment. There was often no assessment conducted regarding value for money.

Some organisations which received SLAs from the council were also in receipt of significant amounts of money from multiple funders, but often there was not sufficient cooperation between these funders. It was also a concern that this resulted in duplication of monitoring processes, which had been identified as an area in which potential efficiency savings could be made.

It was advised that a great deal of officer time was currently spent in the administration of the council's welfare grants, while the grant fund itself was less than £4000 per annum. It was considered that the current system was prohibitive to organisations applying for funding, and that the possibility of combining with other funds to enable more efficient administration had been considered.

The panel asked extensive questions regarding the outcome of the review of SLAs which were answered accordingly by the Assistant Head of Community Engagement (Partnerships).

Resolved:

- (1) That the report be noted.
- (2) That an update be reported to a future meeting of the panel before the issue was considered again by Cabinet.

43 TREASURY MANAGEMENT STRATEGY 2011/12

The Principal Accountant introduced a report to seek the panel's views regarding the treasury management framework proposals for 2011/12, prior to them being considered by Full Council.

It was advised that at its meeting on 15 February 2011, Cabinet had considered a report entitled 'Treasury Management Strategy 2011/12'. In line with the updated (2009) CIPFA Treasury Management Code of Practice, the panel had been explicitly named as responsible for scrutiny of the treasury management function, including review of the annual strategy.

Given the timing of Budget and Performance Panel meetings it had unfortunately not been possible to provide for scrutiny of the treasury management proposals prior to them being considered by Cabinet. However any recommendations arising from this panel could be reported to Budget Council on 2 March.

The Principal Accountant summarised the key points of the 2010/11 Treasury Management Progress Report, which outlined activities undertaken in pursuance of those strategies during the financial year up to the end of quarter 3.

The panel considered the Treasury Management Strategy 2011/12 to 2013/14 which was appended to the report. The current position and the investment forecast regarding Icelandic investments was outlined to the panel.

The panel considered scenarios for the period 2011/12 to 2013/14, and the potential impact they could have. The report considered the impact of scenarios relating to Icelandic Bank Investments, Luneside East, and South Lancaster. These situations were still being monitored and further reports would be brought to the panel as appropriate.

The panel were advised of the Medium-Term Rate estimates which were based on expected movement in interest rates. It was advised that further reports would be brought to the panel should the situation depart from the assumptions used in the estimates.

The Investment Strategy 2011/12 to 2013/14 was outlined to the panel, the primary objective of the strategy was to safeguard the re-payment of principal and interest of its investments, the second objective was ensuring adequate liquidity, and the third objective was achieving investment returns.

The Principal Accountant outlined the criteria for providing a pool of high credit quality investment counterparts. These were outlined in detail in the report.

Members asked questions regarding the planned implementation of self-financing for council housing from April 2012 as part of the Localism Bill. It was advised that the proposals may involve the council taking on around £30M debt, in return for the housing subsidy system being withdrawn.

The panel discussed the importance of ensuring that members received adequate training given that more responsibility would be required under the new guidelines. Members agreed that it would be beneficial to action this following the local elections in May when panel members may change.

Resolved:

That the report be noted.

44 WORK PROGRAMME

The Democratic Support Officer presented a report detailing the Panel's Work Programme. Regarding the report of the Children and Young People Thematic Group on the work undertaken by the Thematic Group in 2009/10 in respect of delivering the targets in the Sustainable Community Strategy, it was advised that the new structure of the group

had been agreed and a new chair had been appointed. The Local Strategic Partnership Manager would present the report to the panel on 29 March 2011.

The panel were disappointed that the Affordable Housing Task Group had not yet been established, and it was noted that officers were awaiting information from central government before any further action could be taken.

The Accountancy Services Manager advised that the briefing note on Pension Liabilities would be complete in time for the next meeting of the panel.

Resolved:

- 1) That members note the items to be carried forward for consideration at future meetings as detailed in Appendix A to the report.
- 2) That the Chairman be advised of any additional reports to be considered at the next meeting of the panel before determining whether to defer the meeting.

Chairman

(The meeting ended at 7.20 p.m.)

**Any queries regarding these Minutes, please contact
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