

**BUDGET AND
PERFORMANCE PANEL**

6.00 P.M.

21ST FEBRUARY 2012

PRESENT:- Councillors Susan Sykes (Chairman), Alycia James (Vice-Chairman), Tony Anderson, Dave Brookes, Janet Hall, Richard Newman-Thompson and Elizabeth Scott

Officers in attendance:-

Heather McManus	Deputy Chief Executive
Nadine Muschamp	Head of Financial Services (minute no. 34)
Richard Tulej	Head of Community Engagement Service
Anne Marie Harrison	Assistant Head (Partnerships), Community Engagement Service
Andrew Clarke	Accountancy Services Manager (minute no. 34 and 35)
Peter Notley	Principal Accountant (minute no. 34)
Robert Bailey	Corporate Planning and Performance Manager
Tom Silvani	Democratic Support Officer

31 DECLARATION OF INTERESTS

There were no declarations of interest.

32 MINUTES

The minutes of the meeting held on 24 January 2012 were signed by the chairman as a correct record.

33 ITEMS OF URGENT BUSINESS AUTHORISED BY THE CHAIRMAN

There were no items of urgent business.

34 TREASURY MANAGEMENT FRAMEWORK 2012/13

The Head of Financial Services presented a report to seek the panel's views regarding the treasury management framework proposals for 2012/13, prior to their consideration by Council.

It was advised that at its meeting on 14 February 2012, Cabinet had considered a report entitled 'Treasury Management Strategy 2012/13'. In line with the updated (2011) Chartered Institute of Public Finance and Accountancy (CIPFA) Code of Practice on Treasury Management, the Budget and Performance 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 the meeting could be

reported to Budget Council on 29 February, when members would be asked formally to approve the framework.

To give context, the Head of Financial Services summarised the key points of the 2011/12 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 2012/13 to 2014/15 which was appended to the report. The key elements and assumptions feeding into the budget proposals were outlined to members. It was advised that the physical borrowing position of the council was projected to remain constant over the next three years, but additional borrowing of £32.1M would be needed to support the HRA self financing buy out.

The investment aspects of the strategy were outlined to the panel. It was advised that 2011/12 had been dominated by a sovereign debt crisis, which had had a negative impact on the Euro zone as well as the UK economy, including the widespread downgrading of banks.

The main changes to the investment limits for 2012/13 onwards were an increase to the proposed investment limits with Lancashire County Council, and a move away from banks that had access to the Government's 'guarantee' scheme, but which were not part-nationalised UK institutions.

The Investment Strategy 2012/13 to 2014/15 was outlined to the panel, it was advised that overall the strategy put forward followed on from 2011/12 in that it was based on the council having a low risk appetite with focus on high quality deposits, and with the potential for a core of cash to be placed fixed term with Lancashire County Council to enhance yield.

Members asked questions regarding the following areas:

- Investment rates for fixed term accounts with Lancashire County Council.
- The council's current levels of investments with different banks.
- The proposed move away from banks which were not part-nationalised UK institutions.
- Scenarios relating to the sale of land located at South Lancaster being sold in 2012/13.
- Proposed investments with Lancashire County Council, and the level of risk.
- The situation regarding cash being returned from Icelandic banking investments.

Resolved:

- (1) That the report be noted.
- (2) That the panel recognise that Treasury Management is a very specialised field requiring specialist knowledge, and is a very onerous responsibility.
- (3) That the panel recognise that Cabinet and Budget and Performance Panel will trust and rely on officer advice, who in turn will rely on advice from financial advisors.

- (4) That the panel agree that despite the low rates of return, caution and fluidity are the best approaches in regards to the council's investment strategy.
- (5) That the panel note that significant progress has been made in relation to the return of cash from Icelandic bank investments.

35 QUARTER 3 CORPORATE PERFORMANCE AND FINANCIAL MONITORING REPORT

The panel received a report from the Leader of the Council, in respect of the third quarter Performance Review Team meetings for 2011/12 recently undertaken by individual cabinet members. The report had been considered by the Leader on 8 February 2012, and Cabinet at its meeting on 13 March 2012.

The third quarter of individual cabinet member Performance Review Team (PRT) meetings for 2011/12 had taken place between 17 and 26 January 2012. Each meeting had monitored progress against the actions included in the Corporate Plan for each cabinet member and any outstanding issues from the previous round of meetings.

The panel discussed a number of briefing notes which had been circulated to members in advance of the meeting, the briefing notes covered the following areas:

- Actions identified in the most recent round of Performance Review Team meetings.
- Housing – Council Housing (Tenancy) Re-letting.
- Property Services.
- Regeneration and Policy Service Actions.

The panel discussed issues relating to the re-letting of council houses, it was advised that a review had been undertaken of the whole of the re-letting process which had identified areas that were affecting performance, these had been built into an action plan.

A member asked a question regarding the frequency with which pre-void inspections were undertaken in council properties. The Assistant Head of Community Engagement (Partnerships) advised that details regarding the frequency of inspections could be provided and circulated to members via Democratic Services. A further question was asked relating to the number of council properties which were currently voided, it was advised that this information could also be provided to the panel via Democratic Services.

Members were reminded of the arrangements for scrutiny of Corporate Performance Reports at Budget and Performance Panel. Over the past few years the timetabling of Cabinet and Budget and Performance Panel had meant that Corporate Performance Reports had been considered by Cabinet prior to being scrutinised by the Budget and Performance Panel. In the 2011/12 municipal year it had become apparent that the timetabling of both meetings did not align well with the council's performance reporting cycle, and as such a proposed timetable had been drafted that allowed the panel an opportunity to scrutinise corporate performance, in line with their terms of reference, prior to cabinet, so that recommendations could be made for their consideration. The Council Business Committee had delegated authority to agree the annual timetable of committee meetings and were due to consider the draft timetable for 2012/13 at its meeting on 15 March 2012.

Members were asked to consider arrangements for the future scrutiny of corporate performance, making recommendations to Council Business Committee as necessary.

The panel discussed the draft timetable and arrangements for the future scrutiny of corporate performance, and agreed to recommend to Council Business Committee that the draft timetable be accepted in order to allow opportunity for pre-scrutiny of corporate performance. The Assistant Head of Community Engagement (Partnerships) advised that if the draft timetable was agreed the panels comments regarding corporate performance could be captured in briefing notes and provided to Cabinet when the reports were considered.

The Corporate Financial Monitoring report of the Accountancy Services Manager set out an indicative corporate picture of the Council's financial performance relating to the period ending 31 December 2011. It also summarised the variances reported through Services' quarterly Performance Review Team meetings, and also identified any omissions, updates and actions required, and was based on the Revised Budget. In addition there were specific sections for salary monitoring, capital expenditure and financing, Housing Revenue Account (HRA), revenue collection performance and insurance and Risk Management.

Following the Leader's report members asked extensive questions regarding areas of concern, which the Leader advised would be referred to the relevant portfolio holders.

A member asked a question relating to bad debt provision, querying as to how the council monitored housing benefit overpayments. The Accountancy Services Manager advised that a response to the question would be provided in the form of a briefing note.

Resolved:

- (1) That the report be noted.
- (2) That the Budget and Performance Panel recommends that Council Business Committee approve the draft timetable in order to allow opportunity for pre-scrutiny of corporate performance.
- (3) That the Accountancy Services Manager provide a briefing note relating to how the council monitored housing benefit overpayments, and that this be provided via Democratic Services.

36 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 17 January 2012. It was advised that subject to call in, Cabinet had accepted six out of the eight recommendations of the Head of Community Engagement regarding Service Level Agreements (SLAs) as set out in the report. It was noted that the recommendations relating to welfare grants had not been agreed by Cabinet.

The Assistant Head of Community Engagement (Partnerships) outlined the implications of each of the resolutions agreed by Cabinet, and answered detailed questions from the panel. The panel were also provided with a list of organisations which the council was currently funding.

Members were advised that economic pressures were having an impact on many organisations in the district as well as the council. Many organisations had suffered a loss of funding and had needed to restructure their organisations and service delivery. It was assumed that current pressures would continue into the future.

The SLAs which were referred to in the report were primarily related to voluntary and community services, it was reported that changes to the way in which the council invested in such services in the future would have implications both for individual organisations and for the services they delivered.

The panel were advised regarding the following areas:

- Joint approach with partners.
- Welfare Grants.
- Commissioning framework and the key principles for commissioning.
- Future levels of council funding to support services delivered by local organisations.

The Assistant Head of Community Engagement (Partnerships) reported that a new commissioning process was currently being developed, and that the panel would be provided with more information regarding this process in due course.

Resolved:

- (1) That the report be noted
- (2) That the Assistant Head of Community Engagement (Partnerships) provide the panel with information regarding the new commissioning process as soon as it is available.

37 WORK PROGRAMME REPORT

The Democratic Support Officer submitted a report to update members on the panel's work programme. Members were asked to consider whether they would like to include any further items in the work programme.

It was noted that the issue relating to SLAs, and Corporate Plan Performance had been considered earlier in the meeting (minute numbers 36 and 34 referred respectively).

Members were reminded that at its meeting on 29 November 2011, the panel had considered a request from Councillor Brookes that the planned maintenance of council housing be an item for consideration in the panel's work programme. The chairman had advised the panel that the issue had also scheduled to be considered by both Cabinet and the council's Audit Committee. Councillor Brookes advised that his questions mostly related to the Audit Committee report, and members had agreed that the decision regarding whether to include the issue in the panel's work programme should be made once Cabinet and Audit Committee had considered the issue.

The chairman advised the panel that the issue had been considered by Audit Committee on 15 February 2012, and that the Internal Audit Manager had provided answers to all of the questions submitted by Councillor Brookes. It was suggested that a meeting could be arranged with the Internal Audit Manager and Head of Environmental Services which Councillor Brookes and the chairman could attend in order to discuss the answers

provided to Audit Committee, and raise any potential areas of concern. The panel agreed that this was the most appropriate way of ensuring that any concerns relating to the issue were addressed.

Members were reminded that at its meeting on 24 January 2012, when receiving the Leader of the council's presentation regarding the council's Budget and Policy Framework Proposals, the panel had discussed the issues relating to variances at Salt Ayre Sports Centre, and members had requested that the issue be considered for inclusion on the panel's work programme.

To assist members in this decision a copy of the Cabinet report 'Community Engagement – Wellbeing Fees and Charges', which referred to fees and charges at Salt Ayre Sports Centre was attached to the report to provide background information and inform the panel when making their decision. The Head of Community Engagement was also in attendance to provide further information and answer questions from members.

The panel agreed that the issue should be included on its work programme for its April meeting (the date of which had yet to be confirmed), and that the Cabinet member with responsibility for culture and tourism be invited to be in attendance at the meeting.

Resolved:

- (1) That the report be noted and that the work programme be updated accordingly.
- (2) That a meeting be arranged to discuss the Planned Maintenance of Council Housing, and the answers to Councillor Brookes' questions which had been presented to the Audit Committee, and that the Internal Audit Manager and the Head of Environmental Services be invited to attend.

Chairman

(The meeting ended at 8.07 p.m.)

**Any queries regarding these Minutes, please contact
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