

**BUDGET AND
PERFORMANCE PANEL**

6.00 P.M.

18TH SEPTEMBER 2024

PRESENT:- Councillors Ross Hunter (Chair), Keith Budden, Chris Hanna, Sally Maddocks, Sue Penney and Jackson Stubbs

Also in attendance:

Councillor Tim Hamilton-Cox, Cabinet Member for with responsibility for Finance and Resources

Apologies for Absence:

Councillors Martin Bottoms, Hamish Mills and James Sommerville

Officers in attendance:

Paul Thompson
Stephen Metcalfe

Chief Officer - Resources and Section 151 Officer
Principal Democratic Support Officer

1 CHAIR'S REMARKS

The Chair welcomed Councillor Jackson Stubbs to his first meeting of the Panel.

2 APPOINTMENT OF VICE CHAIR

It was proposed by Councillor Susan Penney, seconded by Councillor Sally Maddocks and unanimously agreed:-

“That Councillor Chris Hanna be appointed Vice-Chair of the Budget and Performance Panel for the Municipal Year.”

Resolved:-

That Councillor Chris Hanna be appointed Vice-Chair of the Budget and Performance Panel for the Municipal Year.

3 MINUTES

The minutes of the meeting held on 14th March 2024 were approved as a correct record.

4 ITEMS OF URGENT BUSINESS AUTHORISED BY THE CHAIR

The Chair advised that there were no items of urgent business.

5 DECLARATION OF INTERESTS

No declarations were made at this point.

6 PROVISIONAL REVENUE, CAPITAL AND TREASURY MANAGEMENT OUTTURN 2023/24

It was reported that Cabinet had received a report that provided summary information regarding the provisional outturn for 2023/24, including treasury management. It also set out information regarding the carry forward of capital slippage and other matters for Members' consideration.

Councillor Tim Hamilton-Cox, Cabinet Member with responsibility for Finance and Resources, presented the report, both he and the Chief Finance Officer then answered questions from Members of the Panel.

The Cabinet report provided options, options analysis, including risk assessment and officer preferred option, were set out in the report as follows:

The report informed that Council has a legal requirement to ensure that its expenditure is fully funded and to produce accounts in accordance with proper accounting practice. In addition, the Prudential Indicators are a statutory requirement linked to the budgetary framework. For these aspects, therefore, there are no alternative options for Cabinet to consider. Members are being asked to endorse certain actions taken by the Chief Finance Officer, and Cabinet should consider whether it has sufficient information to do so or whether it requires any further justification.

The report had requested Cabinet to consider a number of revenue overspending, capital slippage and other budget adjustment matters. The framework for considering these is set out in the report but basically Cabinet may:

- Endorse any number of the items / requests, in full or part
- Refuse various requests and if commitments have already been incurred, require alternative funding options to be identified. Cabinet should note, however, that this may impact on other areas of service delivery
- Request further information regarding them, if appropriate.

The Officer preferred options were as set out in the recommendations, on the assumption that Members continue to support their previously approved spending plans.

Although both the General Fund and Housing Revenue Account were able to respond to the financial challenges in 2023/24 and maintain balanced budget positions by utilising its reserves, this does not mean that the financial issues for the Council are resolved, it simply means that the in-year budget pressures were addressed. To put into context, a budget gap of £1.4M is still forecast for 2025/26 and this rises annually to £4.6M in 2028/29 for which the cumulative effect is not sustainable.

The Council has embarked on a programme called Outcomes-Based Resourcing (OBR)/Fit for the Future (FftF) that will see it examine every area of its budget and match resources more closely with its priorities. The OBR/FftF programme includes looking at ways the council can do things differently by utilising technology and being more efficient, as well as considering areas in which it can generate more income.

Given the size of the ongoing financial issues the Council faces this fundamental reshaping of the Council's services and realigning against its priorities through the OBR/FftF process will be key to shrinking the estimated budget gap and securing the

financial sustainability of the Council going forward. It is imperative that the work, or similar principles continues. The application of OBR/FtF across the Council will be a significant piece of work and to fully achieve its stated aims will take an estimated further 12 to 24 months.

Cabinet and Senior Leadership Team have agreed on principles and common goals as they continue to work through the OBR/FtF process.

- We need to continue tackle the structural deficit over the short medium and long term • We need to use reserves carefully to transition
- We want to continue to deliver services that residents/ businesses need and rely on • We want to achieve positive outcomes for our district

However, if these are not successful and the deficit is not closed, then balances will be required to make up the difference.

It was moved by Councillor Sally Maddocks, seconded by Councillor Ross Hunter and resolved as follows:-

That, in accordance with Section 100A(4) of the Local Government Act 1972, the press and public be excluded from the meeting for the items contained within the agenda that were considered to be exempt, on the grounds that they could involve the possible disclosure of exempt information as defined in paragraph 3 of Schedule 12A of that Act.

Members of the Panel asked a number of questions including procurement issues, savings on staffing costs, costs of agency staff, recruitment issues, impacts on performance and service delivery, providing more information on services and SALC.

It was suggested that Chief Officers be invited to attend future meetings of the Panel around budget time to inform of budget and financial issues impacting on the services they are responsible to allow the Panel to be a critical friend to offer and make recommendations on any assistance that can be provided. Members of the Overview and Scrutiny Committee to be invited to attend. One area discussed was the pressure on the HRA and the new regulatory regime.

Members then considered paragraph 7.3 of the report with regard to overspend.

It was moved by Councillor Sally Maddocks, seconded by Councillor Susan Penney and resolved as follows:-

“That, for large overspends, exception reports be provided to future meetings of the Panel as appendices to the report for the Panel’s consideration.”

Resolved:-

- (1) That the report be noted.
- (2) That, for large overspends, exception reports be provided to future meetings of the Panel as appendices to the report for the Panel’s consideration.

7 DELIVERING OUR PRIORITIES: Q1 2024/25

It was reported that Cabinet had received a report from the Chief Executive and S151 Officer that provided an update on financial performance during the first quarter of 2024/ (April-June 2024).

As the report was for commenting and noting no options had been provided for Cabinet.

Councillor Tim Hamilton-Cox, Cabinet Member with responsibility for Finance and Resources, presented the report, both he and the Chief Finance Officer then answered questions from Members of the Panel.

Members referred to the earlier suggestion that Chief Officers be invited to attend future meetings of the Panel around budget time to inform of budget and financial issues impacting on services.

Resolved:-

That the report be noted.

8 PROJECTS AND PERFORMANCE - Q1 2024/25

The Panel received a Cabinet report from the Chief Executive that provided an update on performance and projects during quarter 1 of 2024-25 (April-June 2024).

As the report was for commenting and noting no options had been provided for Cabinet.

Councillor Tim Hamilton-Cox, Cabinet Member with responsibility for Finance and Resources and the Chief Finance Officer answered questions from Members of the Panel.

It was suggested at the meeting that the City Council considers an alternative to the RAG system, to help to overcome the limitations of RAG ratings, namely Statistical Process Control Charts (SPC) being used by the NHS to track the impact of improvement.

Resolved:-

That the report be noted.

9 STRATEGIC RISK REGISTER

The Panel received a Cabinet report from the Chief Executive that provided an update on the authority's progress in updating the Strategic Risk Register.

As the report was for noting no options had been provided for Cabinet.

Councillor Tim Hamilton-Cox, Cabinet Member with responsibility for Finance and Resources and the Chief Finance Officer answered questions from Members of the Panel.

Resolved:-

That the updated Strategic Risk Register for Quarter 1 2024/25, as appended to the report, be noted.

10 WORK PROGRAMME

The Panel considered its Work Programme. It was reported that the Panel was responsible for setting its own annual Work Programme within the terms of reference, set out in the Council's Constitution.

Members were requested to consider the Work Programme attached at Appendix A and also consider the updates set out within the report. Also attached at Appendix B were the Terms of Reference of the Panel.

In accordance with the Constitution all Councillors, the Chief Executive and the public have been asked for issues that should be considered for inclusion in the Scrutiny Work Programme. Comments were then obtained on the issues from Senior Leadership Team and following a meeting with the Chair of Overview and Scrutiny Committee, this Panel and the Pre-Decision Scrutiny Champion recommendations were made for consideration. These were submitted to the Overview and Scrutiny Committee meeting on 1st August 2024. The standard items considered by this Panel were listed and noted. These were contained in Appendix A to the report.

At its meeting, held on 14th March 2024, the Panel requested an update regarding the acquisitions of commercial property, in particular the on-going costs to the City Council and yields of commercial property that have been purchased by the City Council (Minute 38 refers). The Panel was asked whether it wished to add this to its Work Programme.

The Panel was asked to consider its Work Programme and training requirements in accordance with its Terms of Reference.

Issues discussed included themed meetings, further training in particular with regard to projects and Delivering Our Priorities.

Resolved:-

- (1) That the updated Work Programme, as detailed in Appendix A to the report, be noted.
- (2) That Members of the Panel notify the Chair of the Panel and Chief Officer – Resources/Section 151 Officer of any items to be considered to be included in the Panel's Work Programme within the Panel's Terms of Reference, set out in the Council's Constitution and any training requirements.

Chair

(The meeting ended at 8.20 p.m.)

**Any queries regarding these Minutes, please contact
Stephen Metcalfe, Democratic Support - email sjmetcalfe@lancaster.gov.uk**

