

**BUDGET AND
PERFORMANCE PANEL**

6.00 P.M.

17TH SEPTEMBER 2025

PRESENT:- Councillors Chris Hanna (Chair), Ross Hunter (Vice-Chair), Ruth Colbridge, Hamish Mills, James Sommerville and Jason Wood (substitute for Councillor Sue Penney)

Apologies for Absence:

Councillors Isabella Metcalf-Riener, Sue Penney and Jackson Stubbs

Officers in attendance:

Paul Thompson
Claire Dubelbeis
Stephen Metcalfe

Chief Officer - Resources and Section 151 Officer
Projects and Performance Manager
Principal Democratic Support Officer

12 MINUTES

The minutes of the meeting held on 4th June 2025 were approved as a correct record.

13 ITEMS OF URGENT BUSINESS AUTHORISED BY THE CHAIR

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

14 DECLARATION OF INTERESTS

No declarations were made at this point.

15 PROJECTS AND PERFORMANCE: Q1 2025-26

The Panel received a report from the Chief Executive that provided members with an update on corporate performance and strategic projects during quarter one of 2025 - 26 (April - June 2025). It was noted that the report had been updated to show some analysis as well as guidance.

Members of the Panel asked a number of questions including delays on the production of reports on waste data, the Fair Work Charter and Canal Quarter - Coopers Field in particular why there was no report and when members can expect these. The Panel requested that, where the RAG rating is reported as causing a concern, Benefit Plans and Project Briefs be provided for each individual report and for the relevant Cabinet Member(s) and Project Lead(s) to attend Panel meetings to discuss and consider progress on the performance of these projects. It was suggested that more information could be incorporate in future reports.

The Chair, on behalf of the Panel, also requested the Cabinet Member for Finance and Property investigate whether a consolidated list of projects in development/on the horizon is available, with detail on who is responsible and the initiation date of the project This to be provided to members of the Panel for scrutiny especially on those projects that are of

concern both to members of the Panel and of possible disquiet and concern to members of the public.

The Chair, on behalf of the Panel, thanked Officers for the report, verbal updates and for answering questions.

Resolved: -

- (1) That the report be noted.
- (2) That, where the RAG rating is reported as causing a concern, Benefit Plans and Project Briefs be provided for each individual report and for the relevant Cabinet Member(s) and Project Lead(s) to attend Panel meetings to discuss and consider progress and performance on those projects.
- (3) That the Cabinet Member for Finance and Property be requested to investigate whether a consolidated list of projects in development/on the horizon is available, with detail on who is responsible and the initiation date of the project. This to be provided to members of the Panel for scrutiny especially on those projects that are of concern both to members of the Panel and of possible disquiet and concern to members of the public.

16 STRATEGIC RISK MANAGEMENT

The Projects and Performance Manager provided an update on the Authority's progress in updating the Strategic Risk Register. Members were informed that the report included a 5x5 impact vs likelihood matrix. This brought the Council into line with best practice and allowed greater differentiation of risk severity. As part of the change a new risk rating colour had been introduced, details being provided within the report. It was noted that if the Panel wished to consider Appendix B to the report, then this would need to be considered in the exempt part of the meeting in accordance with paragraph 3 of Schedule 12A of the Local Government Act 1972.

Updates were provided with regard to SR02, with this risk being updated and that SR26 had been closed as a strategic risk. Members then asked questions on specific items of risk.

The Chair, on behalf of the Panel, thanked the Projects and Performance Manager for her report.

Resolved: -

That the report be noted.

17 PROVISIONAL REVENUE, CAPITAL AND TREASURY MANAGEMENT OUTTURN 2024/25

Councillor Tim Hamilton-Cox, Cabinet Member for Finance and Property, was in attendance at the meeting and, together with the Chief Finance Officer, answered questions from Members of the Panel.

The Panel had been provided with a Cabinet report from the Chief Finance Officer that provided summary information regarding the provisional outturn for 2024/25, including treasury management. It also set out information regarding the carry forward of capital slippage and other matters for Members' consideration.

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

The 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 requests 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 are as set out in the recommendations, on the assumption that Members continue to support their previously approved spending plans.

Although the General Fund was able to respond to the financial challenges in 2024/25 and maintain a balanced budget position, 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 £2.6M is still forecast for 2026/27 and this rises annually to £5.5M in 2029/30 for which the cumulative effect is not sustainable.

To reiterate the points made in section 4, as at 31 March 2025, the HRA's unallocated reserve balance stands at £0.152M, £0.598M below the minimum recommended level for 2024/25 of £0.750M.

The deficit has been funded from a combination of its unallocated and business support reserves. As a result, and as stated above, the unallocated reserve balance is now below the s151 Officers minimum recommended level. With significant commitments outstanding and potential revenue pressures associated with a number of major projects this position may be further exacerbated. This is not sustainable and the financial health of the HRA is being carefully monitored and detailed plans developed including a review and assessment of the useful life of properties as part of the Quinquennial valuation due in 2026/27.

Work has continued on the Council's Outcomes-Based Resourcing (OBR)/Fit for the Future (FftF) project which examines every area of its budget and matches 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.

The proposed actions through the OBR/FtF process currently include:

- Application of alternative funding to deliver key Council outcomes
- Detailed review and sensitivity analysis on all key and significant income streams
- Further rationalisation work on the Council's asset base
- Expansion of the investment to reduce cost principle
- The potential use of capital receipts to finance existing projects
- Capitalisation of transformation costs where appropriate
- Exploration of closer working and collaboration with other Councils, Public Sector Bodies and Partner Institutions
- Challenging existing cost base through the application of zero-based budgeting principles

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/FtF process will be key to shrinking the estimated budget gap and securing the financial sustainability of the Council going forward. The application of OBR/FtF across the Council is a significant piece of ongoing work and it is imperative that the work, or similar principles continues.

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.

Members of the Panel asked a number of questions including queries relating to slippage, HRA and Treasury Management.

The Chair, on behalf of the Panel, thanked Councillor Hamilton-Cox, Cabinet Member with responsibility for Finance and Property, for attending for this item.

Resolved:

That the report be noted.

18 DELIVERING OUR PRIORITIES: Q1 2025/26

Councillor Tim Hamilton-Cox, Cabinet Member for Finance and Property, was in attendance at the meeting and, together with the Chief Finance Officer, answered questions from Members of the Panel.

The Panel had been provided with a Cabinet report from the Chief Finance Officer that provided Members with an update on financial performance during the first quarter of 2025/26 (April – June 2025). As the report was for comments and noting no options were provided.

Members of the Panel asked a number of questions including the commercial property performance report, the increase in vacancies, queries relating to re-lets, the HRA budget variances and ways that this can be addressed, the Business Support Reserve, Mainway and the Gateway Building.

The Chair, on behalf of the Panel, thanked Councillor Hamilton-Cox, Cabinet Member with responsibility for Finance and Property, for attending for this item.

Resolved:

That the report be noted.

19 CAPITAL PROGRAMME MID-YEAR REVIEW 2025/26

Councillor Tim Hamilton-Cox, Cabinet Member for Finance and Property, was in attendance at the meeting and, together with the Chief Finance Officer, answered questions from Members of the Panel.

The Panel had been provided with a Cabinet report from the Chief Finance Officer that provided.

Members of the Panel asked a number of questions including the borrowing rate, the Capital Programme and this being under continual review, slippage in particular for SALC and for parks and open spaces. Also discussed was the Parking Strategy and Canal Quarter.

It was moved by Councillor Jason Wood, seconded by Chris Hanna and unanimously resolved: -

That, in accordance with Section 100A(4) of the Local Government Act, 1972, the press and public be excluded from the meeting to enable the Panel to consider information regarding a Council owned building, on the grounds that the information provided could involve the possible disclosure of exempt information as defined in paragraph 3 of Schedule 12A of that Act.

The Panel considered a verbal exempt update provided by Councillor Tim Hamilton-Cox, Cabinet Member for Finance and Property.

After considering the exempt information the Panel agreed for the meeting to continue from this point in public.

The Chair, on behalf of the Panel, thanked Councillor Hamilton-Cox, Cabinet Member with responsibility for Finance and Property, for attending for this item.

Resolved:

That the report be noted.

20 WORK PROGRAMME

The Panel was provided with a report that contained updates for consideration. Members were requested to:

- note the existing Work Programme attached at Appendix A.
- consider at Appendix B the items that have been raised and referred to the Panel by the Overview and Scrutiny Committee.

After considering the report and Appendices the Panel agreed as follows.

Resolved:

(1) In the Panel's terms of reference, there are six key areas for scrutiny:

- To scrutinise the Council's arrangements and performance in relation to financial planning, including budget / target setting, e.g. items within the Budget Framework including reviewing their effectiveness
- To review the management of resources by scrutinising the Council's financial performance in year against agreed budgets or other targets.
- 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.
- To scrutinise the Council's policies and procedures and other supporting arrangements for securing value for money (i.e. economy, efficiency, effectiveness)
- To consider risk management issues in reviewing and scrutinising performance.
- To make recommendations, as appropriate, in respect of the above.

Over the forthcoming year the Panel is committed to continue to look at:

- Staff vacancies, the well-being of Council staff and how the Council are to fill vacancies. *
- Risk management
- Performance Indicators, project reporting systems, and benchmarking
- The HRA Capital Programme for Mainway
- Fit for the Future project proposal to generate income and realise income

*To be prioritised with the Chair of People and Organisational Development Committee also invited to attend for the meeting.

In addition, the Panel wishes to include the following areas of scrutiny to its Work Plan which have not been considered to date:

- To review the effectiveness of the Council's complaints systems in improving service delivery – to receive regular reports and statistics including outcomes on complaints to the City Council and Ombudsmen's (Local Government and Social Care) (Housing). Also to consider any annual reports and statistics from the Ombudsmen.

- 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.
- To review the effectiveness of the service business plans process including assessing performance against key performance indicators and benchmarks; and whether services are delivering their expected outcomes. The Panel to have sight of service business plans for all services.
- To consider the finances and transition regarding Local Government re-organisation (likely to be in the 2026/27 municipal year).

That the Work Programme be updated to include the items raised earlier in the meeting (Minute 15 – Projects and Performance Q1 2025-26 refers).

- (2) That, in accordance with Overview and Scrutiny Procedure Rules the Chief Executive be requested to provide officer support.

Chair

(The meeting ended at 7.47 p.m.)

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