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Lancashire County Council

Education Scrutiny Committee

Wednesday, 19th January, 2011 at 10.00 am in Cabinet Room 'C' - County Hall, Preston

Agenda

Part 1 (Open to Press and Public)

No. Item

1. Apologies

2. Disclosure of Personal/Prejudicial Interests.

Members are asked to consider any Personal/Prejudicial Interests they may have to disclose to the meeting in relation to matters under consideration on the Agenda.

3. Minutes of the meeting held on the 2nd November 2010 (Pages 1 - 6)

4. Revenue Budget 2011/12 and 2013/14 (Pages 7 - 76)

5. Urgent Business

An item of urgent business may only be considered under this heading where, by reason of special circumstances to be recorded in the Minutes, the Chair of the meeting is of the opinion that the item should be considered at the meeting as a matter of urgency. Wherever possible, the Chief Executive should be given advance warning of any Member's intention to raise a matter under this heading

6. Date of the Next Meeting

The next scheduled meeting of the Committee is due to be held at 10.00am on the 15th March 2011 in Cabinet Room 'C' at County Hall, Preston.

I M Fisher
County Secretary and Solicitor

County Hall
Preston

Agenda Item 3

Lancashire County Council

Education Scrutiny Committee

Meeting held on Tuesday the 2nd November 2010 at 10.00am in Cabinet Room 'C' at County Hall, Preston

Minutes

Present:

County Councillors

C Grunshaw (Chair)

K Bailey	A Jones
R N Blow	A D Kay
Mrs P Case	Y Motala
S Chapman (1)	D M O'Toole (2)
S Derwent	S Riches
P Evans	C Wells
S Fishwick	M Younis

- (1) attended the meeting in place of County Councillor C Evans.
(2) attended the meeting in place of County Councillor K Brown.

Voting Co-opted Members

Mr T Charnock	-	Representing RC Schools
Canon D Durham	-	Representing CE Schools
Mrs J Hamid	-	Representing Parent Governors (Secondary)
Mr K Wales	-	Representing Free Church Schools

Apologies for absence were presented on behalf of County Councillor A Knox.

Disclosure of Personal and Prejudicial Interests.

County Councillor R N Blow declared a personal non prejudicial interest in relation to item 5 as she her grandchild was a pupil at one of the schools mentioned in the report.

Minutes of the meeting held on the 13th July 2010.

11. **Resolved:** That the Minutes of the meeting held on the 13th July 2010 be confirmed as an accurate record and signed by the Chair.

Minutes of the special meeting of the Education Scrutiny Committee held on the 20th October 2010.

It was noted that having considered the matter the Committee had resolved not to request the Cabinet Member for Children and Schools to reconsider the

decision made on the 11th October 2010 in relation to the introduction of a flat rate daily charge of £2 per child for new pupils entitled to denominational transport from September 2011 onwards.

- 12. Resolved:** That the Minutes of the special meeting held on the 20th October 2010 be confirmed as an accurate record and signed by the Chair.

Academies Act 2010

Mr Stott, the Director for Universal and Prevention Services presented an update in connection with the development of Academies and Free Schools in Lancashire.

It was reported that before the Bill had received Royal Assent a number of amendments had been made including the requirement for the governing body of a maintained school in England to consult 'such persons as they think appropriate' before the Funding Agreement was signed and the school converted to an Academy. It was noted that other requirements included having at least two parent governors on the governing body, promoting community cohesion and having a designated teacher with responsibility for looked after children.

Mr Stott informed the meeting that under the Academies Act 2010 there were three ways in which an Academy could be established – Conversion, Direction and Addition.

"Conversion" – involved the governing body of a maintained school applying to the Secretary of State, seeking agreement for the school to convert to an Academy, the Secretary of State agreeing to issue an Academy Order and subsequently signing a Funding Agreement. It was noted that at present the Department for Education (DfE) would only consider applications for Academy status from secondary and primary schools which had been judged by Ofsted to be "outstanding". Furthermore church schools which had an existing foundation/trust would need the consent of the existing foundation/trust before they could apply to convert to become an Academy, even if they had been judged to be outstanding.

With regard to Lancashire it was reported that the Secretary of State had received applications to convert from the six outstanding schools listed below and had published Academy Orders in relation to the first four. It was noted that whilst these Orders enabled the schools to convert to become Academies in each case the conversion would only happen if the Funding Agreement was signed.

Hambleton Primary School
Lancaster Girls' Grammar School
Clitheroe Royal Grammar School
Hodgson High School
Lancaster Royal Grammar School
Bishop Rawstorne C of E High School

Canon Durham informed the meeting that the Diocese of Blackburn Board of Education was due to meet later in the week to consider the application in relation to Bishop Rawstorne C of E High School.

"Direction" – where the Secretary of State issued an Academy Order for a school that was considered eligible for intervention, because it had been deemed by Ofsted to require special measures, in order to require significant improvement or because the local authority had issued a warning notice to the school. Mr Stott reported that there were currently no schools in Lancashire in this position.

"Addition" – where the promoters of an additional school, such as charities, universities, businesses, educational groups or teachers/groups of parents in response to parental demand, applied to the Secretary of State, who then agreed to enter into Academy arrangements in relation to the additional school. It was noted that this type of Academy was also referred to as a "Free School".

Mr Stott informed the meeting that in Lancashire a petition had been circulating in Chorley with a view to establishing a free school for 14-19 year olds, and interest in converting to an Academy had also been shown by an existing independent school in West Lancashire.

It was noted that those outstanding schools which converted to Academies would be expected to agree to support another school in order to raise its level of attainment. Whilst it was anticipated that this would be the case Mr Stott highlighted the fact that there was nothing in the Act which would require an Academy to support a school within the same locality or indeed within the County.

With regard to finance Mr Stott reported that unlike the Academies established under the Education Act 2002 (of which there were two in Lancashire) in the future new Academies would not necessarily receive significant capital allocations for major building improvements. Also whilst the DfE had made a grant of £25,000 available to contribute to the costs of conversion (estimated to cost £66,000 on average) other start up grants which had previously been available would no longer apply.

The implications of maintained schools converting to Academies in terms of funding was discussed and it was noted that as new Academies would receive funding direct from Government there were significant financial management challenges for the County Council which would be required to continue to provide current levels of service for the remaining maintained schools but with a reduced level of funding. Mr Stott reported that as a result Academies could be required to pay a premium for services such as HR and finance which they could buy in from the County Council and Officers had suggested that this could be in the region of a 10% add on. However, it was acknowledged that even the introduction of such a premium would be unlikely to recoup fully all losses for the County Council as Academies were under no obligation to purchase such services from the authority.

The previous announcement by the DfE of an in-year reduction of £50m in 2010/11 nationally in the allocation of Harnessing Technology grant to local authorities in order to provide some funding to facilitate the establishment of Free Schools was also discussed. Concern was expressed about the implications of this decision in relation to the continuation of Cumbria and Lancashire Education On-line (CLEO) which provided a service to 950 schools across both counties. It was noted that similar concerns had been expressed by the Schools' Forum Contracts and School Support Services Sub Group which had subsequently written to the Prime Minister to request reinstatement of some of the grant.

There was general agreement amongst members of the Committee that a letter should be sent to the Secretary of State for Education and also to the Local Government Association Children's Board, expressing similar concerns and highlighting the implications for CLEO.

Concern was also expressed regarding the implications for governing bodies of Academies in relation to insurance in the event of significant damage to buildings. It was reported that due to its size the County Council was generally self insuring in terms of its school buildings. However, if a maintained school was to convert to an Academy it would no longer be subject to this arrangement and would instead have its insurance provided via the DfE. In the future it was suggested that the DfE would seek to broker insurance for Academies as a specific group in order to mitigate costs.

It was also suggested that further information should be provided to the Committee regarding the residual responsibility for the County Council in relation to the pupils attending Academies, for example in relation to the provision of assistance with home to school transport.

13. Resolved

1. That the report be noted.
2. That a copy of the letter dated 23rd September 2010 from the Chairman of the Lancashire Schools Forum, together with concerns of the Committee regarding the future implications in relation to Cumbria and Lancashire Education On-line be sent to the Secretary of state for education and the Local Government Association Children's Board.
3. That the Committee continue to receive further reports regarding the development of Academies, with particular attention to the issue of insurance liability and the County Council's residual responsibility regarding pupils who attend Academies in relation to issues such as assistance with home to school transport.

Provisional attainment data at the end of Key Stage 2 and Key Stage 4 and the attainment of Looked After Children at the end of Key Stage 4 (2010)

Mr Stott, The Director for Universal and Prevention Services presented a report on the overall attainment in Lancashire schools at the end of Key Stage 2 and Key Stage 4 and the performance of Looked After Children at the end of Key Stage 4.

In presenting the report Mr Stott cautioned the Committee that the Key Stage 2 data was based on provisional Teacher Assessment information as around 40% of primary schools had not taken part in the national tests during the summer and that Teacher assessment was not moderated at the end of Key Stage 2. He also pointed out that the Key Stage 4 information was based upon early unvalidated data for which no national comparisons were currently available.

It was reported that for Key Stage 2 the provisional results indicated that the proportion of Lancashire pupils gaining Level 4+ remained above the national average in English, Science and Mathematics. With regard to attainment it was

noted that the figures for English and Mathematics remained the same as in 2010 compared with a slight rise nationally whereas in Science attainment in Lancashire had fallen by 2% compared with a fall nationally of 1%. The Committee noted that the proportion of pupils gaining the higher level of attainment (Level 5) also remained above the national average for English, Mathematics and Science according to the Teacher Assessment results and that overall attainment in Lancashire was comparable with the average of the authority's statistical neighbours.

In the most disadvantaged areas of Lancashire (Burnley, Hyndburn, Pendle and Preston) it was noted that attainment had either remained the same or fallen slightly and so the attainment gap between those Districts and the Lancashire average remained very similar to 2009.

With regard to Key Stage 4 it was reported that overall performance had improved in the majority of Districts. However, it was noted that the gap between the most disadvantaged communities and their peers remained considerable with the results for Burnley being around 19% below the Lancashire average. In response to concerns regarding this figure Mr Stott informed the Committee that two out of the three national challenge schools in Burnley had shown improvements over the summer. He added that the new buildings provided as part of Building Schools for the Future were open and that there was evidence of good partnership working in the area which was anticipated to lead to improvements in the future.

The Committee noted that other disadvantaged areas of Lancashire such as Pendle and Preston had made good progress in narrowing the attainment gap though there was acknowledged there was still room for improvement. In response to a query regarding the particular improvement in attainment for pupils in Preston Mr Stott informed the meeting that in addition to general school improvements and good management the merger of Ashton High School and the City of Preston School had led to a significant improvement in the attainment of pupils in the area

The Committee welcomed the results in relation to the attainment of Looked After Children which indicated that a general improvement both in the proportion of pupils gaining five or more GCSEs including English and Mathematics at grades A*-C and in relation to overall attainment when compared with 2009 figures. The particular success of the residential visit at the University of Central Lancashire (UCLAN) was noted and whilst there was some concern regarding future funding it was suggested that whilst no guarantees could be given in view of the priorities in relation to Looked After Children it was likely that this would continue.

14. Resolved

1. That the report be noted
2. That reports be presented to a future meeting regarding the following:
 - a) The overall attainment in Lancashire at the end of Key Stage 2 and Key 4 on a school by school basis once the validated assessment data had been published early in 2011.
 - b) The specific attainment of Looked after Children across the County and the impact of initiatives such as the residential visit at UCLAN in promoting higher levels of attainment within that group.

- c) Initiatives aimed at narrowing the gap across the County with a particular focus on those areas where the gap is currently at its widest.
- d) Feedback regarding levels of attainment within those schools which were part of the Building Schools for the Future Programme.

Budget Scrutiny Arrangements

Wendy Broadley informed the meeting that following consultation with the Chair and Deputy Chair it was proposed to have an additional meeting at 10.00am on Wednesday 19th January 2011 in order that the Committee could scrutinise the Cabinet's budget proposals relating to Education.

It was noted that the Cabinet Member for Children and Schools would attend the meeting.

- 15. Resolved:** That the arrangements for an additional meeting of the Committee for 10.00am on Wednesday 19th January, 2011 in Cabinet room 'C' at County Hall, Preston be noted.

Recent and Forthcoming Decisions

The Chair presented a report regarding recent and forthcoming decisions which were relevant to the work of the Committee.

- 16. Resolved:** That the report be noted

Urgent Business

There were no items of Urgent Business presented for consideration at the meeting.

Date of Next Meeting

17. Resolved:

- 1. That in accordance with Resolution 15 a meeting of the Committee will now be held at 10.00am on the 19th January 2011 in the Cabinet Room 'C' at County Hall, Preston to discuss the budget proposals in relation to Education.
- 2. That the additional meeting specified at 1 above will be followed by a scheduled meeting of the Committee on the 15th March 2011.

I M Fisher
County Secretary and Solicitor

County Hall
Preston.

Agenda Item 4

Education Scrutiny Committee

Meeting to be held on 19th January 2011

Part I - Item No. 4

Electoral Division affected:
All

Revenue Budget 2011/12 – 2013/14

(Annexes A, B, C and D refer)

Contact for further information: Wendy Broadley, 07825 584684, Office of the Chief Executive, wendy.broadley@lancashire.gov.uk

Executive Summary

The Cabinet at its meeting on the 6th January 2011 considered reports on the Financial Position of the County Council as at 30th November 2010 and the Revenue Budget for 2011/12 – 2013/14. Copies of the reports are attached as Annexes A and B to this report.

Attached as Annex C are the detailed proposals that were presented at the Cabinet meeting relating to education and services to schools and which require consideration by this Committee.

Details of the service reductions presented as a proportion of the respective service budgets are also attached as Annex D for information.

Recommendation

The Education Scrutiny Committee is asked to consider the budget proposals relating to education and agree a response to be provided to the Cabinet. The response will then be presented to Cabinet on the 3rd February 2011.

Background and Advice

Attached as Annexes 'A' and 'B' to this report are the Cabinet agenda documents from the meeting on 6th January 2011 regarding the County Council's Financial Position and the Revenue Budget 2011/12 - 2013/14.

Members are advised to use these papers to inform the background to the budget proposals that were published on 6 January. Members may also wish to consider this in the context of the County Council's Financial Strategy 2011/12-2013/14 that was presented to Cabinet at its meeting in November 2010:

Covering report is available from here:

<http://www3.lancashire.gov.uk/council/meetings/displayFile.asp?FTYPE=A&FILEID=47187>

Appendix 'A' to the report is available from here:

<http://www3.lancashire.gov.uk/council/meetings/displayFile.asp?FTYPE=A&FILEID=47189>

Consultations

George Graham, Assistant Director Finance

Implications:

This item has the following implications, as indicated:

Risk management

Details of the risk management implications can be found on the original reports as attached at Annexes 'A' and 'B'.

Local Government (Access to Information) Act 1985 List of Background Papers

Paper	Date	Contact/Directorate/Tel
Cabinet Agenda	6 January 2011	Dave Gorman, Office of the Chief Executive, (01772) 534261

Reason for inclusion in Part II, if appropriate
N/A

Annex 'A'

Cabinet – 6 January 2011

Report of the Executive Director for Resources and Deputy Chief Executive and County Treasurer (Designate)

Part I - Item No 3 (a)

Electoral Division affected:
All

The County Council's Financial Position as at 30 November 2010

(Appendix 'A' refers)

Contact for further information: George Graham, (01772) 538102, Resources Directorate, george.graham@lancashire.gov.uk

Executive Summary

In order to maintain overall strategic control of the County Council's finances, the Cabinet receives regular Budget Monitoring reports. These highlight financial risks and the likely position at the end of the financial year. The report attached at describes the position as at the end of November 2010.

Although the revenue budget is forecast to underspend by £6.7m, (c1%); this includes a forecast overspending of £3.5m across directorate revenue budgets. Executive Directors are committed to maintaining the urgent corrective action implemented to ensure any overspend is minimised by the year end.

The overall financial situation is mitigated by the successful delivery of the new treasury management strategy and the review of insurance contributions. These provide significant savings in 2010/11 and beyond.

This net underspend of £6.7m, in conjunction with £10.2m of approved commitments from the County Fund, gives a forecast County Fund balance at 31 March 2011 of £50.9m. The approved commitments from the County Fund include £9.8m of redundancy costs. Further severance costs will arise as the County Council manages the significant budget reductions being faced over the next three years.

In setting the revenue budget for 2010/11, Executive Directors committed to achieving £22.4m of efficiencies savings; it is forecast that additional savings above the target will be delivered, increasing the level of savings made to £24.8m by the year end. In addition the Council has identified a further £22m of savings required in 2010/11 as a result of the government's Emergency Budget.

The County Council's original Capital Programme for 2010/11 was set at £197.9m, reflecting a substantial investment in the County's infrastructure and assets. After taking into consideration slippage from last year's programme,

planned expenditure and additional approvals, the programmed figure has increased by £12.9m to £210.8m, which is now the basis for monitoring.

At the end of November the end of year position is anticipated to be c£195.9m, £14.9m lower than anticipated.

The attached provides Cabinet with a detailed view of this position: highlighting where key priorities will be delivered and providing explanations for variations against the programme. At this stage it is important to stress that although spending on capital projects is, by its very nature, difficult to determine due to the number of external factors governing spending, e.g. planning requirements, adverse weather conditions, etc, every effort has been made to reflect a realistic spend profile and forecast out-turn.

The position will be continuously monitored throughout the year and regular updates will be provided.

Recommendation

The Cabinet is asked to note the November budget monitoring report for 2010/11.

Background

Appendix 'A' refers.

Consultations

Executive Directors have considered the respective sections of this report relating to their Directorates.

Implications: E.g. Financial, Legal, Personnel, Human Rights, Crime and Disorder or Other

This item has the following implications, as indicated:

Risk management

The report sets out the Council's projected financial position for 2010/11 and the main implications for future years.

Local Government (Access to Information) Act 1985

List of Background Papers

Paper	Date	Contact/Directorate/Ext
Financial Plan 2010/11	2010	George Graham, Resources Directorate, (01772) 538102
Budget Monitoring Working Papers	2010	

MONEY MATTERS

THE COUNTY COUNCIL'S

FORECAST FINANCIAL POSITION

AT 30 November 2010

Phil Halsall
Deputy Chief Executive
and Executive Director
for Resources

January 2011

Gill Kilpatrick
County Treasurer Designate

SECTION 1: INTRODUCTION

"Money Matters" presents the County Council's current financial position in a single document, covering both the revenue budget and capital programme. This report gives an update on the County Council's forecast outturn position, as at the end of November 2010 based on changes in financial and service trends in the first eight months of the financial year, compared with the assumptions and underlying data used to compile the 2010/11 budget.

SECTION 2: EXECUTIVE SUMMARY

The headlines relating to the forecast of the year end position for 2010/11 are:

A forecast overspend against Directorate revenue budgets of £3.9m, the breakdown of which is set out in the table below. Whilst significant this reflects an improved position since that reported in July (£8.1m overspend) and is mitigated by the impact of the new treasury management strategy; despite the progress this position remains unsustainable given the challenging financial context in the years ahead.

<u>Portfolio</u>	<u>Forecast outturn Variance (£m)</u>
Adult and Community Services	+2.5
Children and Young People	+2.2
Office of the Chief Executive	-0.7
Resources	-0.5
Total for Directorates - overspend	3.5
Corporate Expenditure	-2.0
Financing costs	-8.3
LCCG surplus	-0.6
Non Service underspend	-10.9
Net Underspend	-7.4
Contribution to the 2010/11 in year savings	0.7
Contribution to County Fund	-6.7

£24.8m of efficiencies will be achieved this year (compared to a target of £22.4m built into the budget). However, the challenge remains to deliver the 2010/11 budget, including the in year savings with a backdrop of significant overspends that must be brought under control.

There is significant ongoing pressure within social care budgets in this and future financial years. It is critical that the underlying pressures are addressed. Failure to bring these budgets under control will result in an increased pressure on the Council's budget in 2011/12 and beyond, significantly increasing the level of savings required and impacting on the ability of the County Council to deliver its priorities.

Executive Directors must continue to identify all possible opportunities for reducing spend and increasing the opportunity for the delivery of savings so that the Council can be in the best possible position to face the challenges ahead.

The requirement from County Council balances as a result of voluntary redundancies in 2010/11 stands at £9.8m and therefore at the end of the financial year County Fund Balance is forecast to stand at £50.9 million (excluding provision for any further severance costs in 2010/11 and future years). This level of balances will be key in enabling the County Council to secure the necessary savings over the next three years.

In relation to the capital programme, the revised capital programme for 2010/11 is £210.8m and it is expected that £195.9m will be spent in 2010/11. The £14.9m shortfall on spend is due to £12m of slippage, £0.8m underspending and £2.1m resulting from a claw back of non-contractually committed early years and childcare capital grant as part of the central government savings drive in 2010/11.

It is also vital that in the current economic climate the County Council pays suppliers promptly, and collects the income due. In the first three months of the financial year, the Council paid 99% of invoices within 30 days and 63% within 10 days. With regard to income, the average number of debtor days (a measure of the speed of income collection) is currently 54.5 days compared to this stage last year at 61.0 days. Further improved performance remains a priority.

SECTION 3: THE REVENUE BUDGET

The County Council set its revenue budget of £726.7m in February 2010. The forecast outturn for the year is £720.0m, reflecting a net under spend of £6.7m, the breakdown of which is summarised in the table below:

Directorate	Cash Limit £m	Forecast £m	Variations £m	Variations %
ACS	366.053	368.566	2.513	0.69%
CYP	180.369	182.552	2.183	1.21%
Environment	133.477	133.437	-0.040	-0.03%
OCE	15.029	14.308	-0.721	-4.80%
Resources	26.396	25.869	-0.527	-2.00%
R&M	4.832	4.832	-	-
Corporate	10.258	8.979	-1.279	-12.47%
LCCG	-0.814	-1.350	-0.536	-65.85%
Capital Financing	46.753	38.442	-8.311	-17.78%
Other	-55.649	-55.649	-	0.00%
Total	726.704	719.986	-6.718	-0.92%

The reasons for variations against the budget for each Directorate are explained in more detail below:

Adult and Community Services Directorate - £2.5m overspend (£3.6m overspend previously)

Service Grouping	Cash Limit £m	Forecast £m	Variances £m	Variances %
Adult Social Care	339.738	342.730	2.992	0.88%
Community Services	22.256	21.787	-0.469	-2.11%
Public Protection Services	4.059	4.049	-0.010	-0.25%
Total	366.053	368.566	2.513	0.69%

Whilst a number of initiatives are already in place or are being developed to reduce demand within adult social care, they will not be sufficient in themselves to manage the level of growth currently being experienced. Therefore, the Directorate is taking a number of actions aimed at both addressing the increased demand and eliminating the forecast overspend by the year end. The impact of these recovery plans is being closely monitored by the Directorate's Senior Management Team.

Adult Social Care - £3.0m overspend (£3.9m previously)

The current forecast includes a net overspend on Older People services of £2.9m arising mainly from £2m on domiciliary care and direct payments through increased demand due to improved access to services, the policy of supporting individuals living independently in their own home and new and more person centred care. The development of self-directed support, a national and local priority, which is proving to be a flexible and attractive service offer, has also caused an increase in demand. The number of service users with Direct Payments/Personal Budgets has shown an increase of 32% in the year to date. Also included is a forecast overspend of £0.8m on nursing care due to increased long term placement numbers as a result of rising discharges from hospitals into nursing homes.

Physical Disability services are forecast to overspend by £1.7m. This is primarily due to additional demand for direct payments/personal budgets. Direct payments service user numbers have risen by 23% in the 8 months to November 2010. This reflects a continuing significant increase in service user numbers through both improved access to services and the attractiveness of direct payments and personal budgets.

Mental Health services are forecast to overspend by £1.2m arising from both increases in residential care user numbers presenting with complex needs (resulting in increases in the care package size) and a reduced number of packages being funded by the PCTs, with the termination of funding for existing packages and the reduction in new approvals.

The increase in residential care numbers is particularly evident in the east of the county. Review activity is being taken so that, where appropriate, cases can be progressed into rehabilitation and supported living arrangements.

Other Areas

Strict management control of costs and focus on efficient working is resulting in underspends of £3.5m over a range of areas including support services.

Children & Young People Directorate - £2.2m overspend (£5.3m previously)

Service Grouping	Cash Limit £m	Actual £m	Variance £m	Variance %
Targeted & Early Intervention Services	107.637	115.240	7.603	7.1%
Specialist & Direct Delivery Services	22.603	22.700	0.097	0.4%
Universal & Prevention Services	30.011	28.337	-1.674	-5.6%
Commissioning, Performance & Business Support	12.469	12.031	-0.438	-3.5%
Capital Investment & Resources	6.445	6.107	-0.338	-5.2%
DLT / Admin Recharges	1.204	-1.863	-3.067	0.0%
Total	180.369	182.552	2.183	1.2%

The Directorate is currently forecasting an overspend of £2.2m (1.2%) compared to a previously reported overspend of £5.3m at the end of July. The overspend is largely due to demand for agency placements and social worker assessments. Whilst demand exceeded initial budget forecasts there has been a recent 'levelling off' in meaning agency costs have stabilised over the last 5 months.

The Directorate's recovery strategy focuses around: vacancy management; limiting the use of agency; restricting supplies and service expenditure and a general spend less approach. As part of this approach all services have been allocated an additional efficiency target which if achieved will act as a hedge against the overspend. Careful monitoring of the Directorate's efficiency plan is also in place to ensure efficiencies are delivered in year.

Outlined below is an explanation of the significant variances for each individual service area:

Targeted & Early Intervention Services - £7.6m overspend (£8.9m previously)

The service continues to experience increased demand for Children's Social Care services. Overall it is forecast to overspend by £7.6m of which £5.7m relates to the additional cost of external agency placements. Some of this is attributable to the Southwark judgement in relation to young people becoming homeless. This is partially offset by a continuing underspend on in-house fostering allowances.

The additional demand for agency placement is further exacerbated by the fact that children are staying in care for longer. There are difficulties in increasing the number of in house foster carers, and the very significant delays in the adoption process caused by the failure of CAF/CASS to appoint guardians for children and young

people. The Local Government Association (LGA) and Association of Directors of Children's Services (ADCS) have also highlighted the delays caused by court requests for independent assessments of social worker evidence following a highly critical Barnardo's report that says that they add little but costs and delays.

Other key variances include:

- Increased take up of direct payments (£0.1m) with a further £0.9m on Assistance to Families and Residence and Special Guardianship Orders.
- An increase in the number of referrals is impacting on legal services (£0.6m).

Universal & Prevention Services - £1.7m underspend

The majority of this underspend relates to a lower than anticipated level of demand and take-up of mainstream home to school transport and discretionary transport (£1.1m) and an underspend on the early Years Service (£0.6m).

DLT /Contingency / Admin Recharges to Schools Budget - £3.1m underspend

This is largely due to management action to create an additional contingency by placing increased efficiency targets placed on all teams. The creation of the contingency is part of the recovery strategy acting as a hedge against increases in demand for services over and above the available budget.

Environment Directorate – Break-even on budget (£0.1m underspend previously)

The Environment directorate is forecast to broadly spend at budgeted levels. Whilst there is a level of risk (of £1m) within the 2010/11 budget, the strong management action taken by the directorate in delivering the restructure ahead of schedule has mitigated this risk.

Office of the Chief Executive - £0.7m underspend (£0.6m underspend previously)

The major factors contributing to the underspend are savings relating to vacant posts in the HR Group and Policy Unit. These savings are being partly offset by additional costs associated with the development of the new HR payroll system.

Resources Directorate - £0.5m underspend

The main factors contributing to the forecast underspend are vacancy savings, reduced expenditure on multifunctional devices and increased revenue combined with reduced expenditure on car parking.

Corporate Expenditure - £1.3m underspend

In 2010/11 a review has been undertaken into the level of insurance contributions. Due to effective risk management, the level of annual contributions will reduce from 2010/11 onwards by £2m. This will also reduce the budget gap in 2011/12.

It is proposed that £0.75m of this saving be used to support the achievement of the 2010/11 in year savings as a one off contribution only.

Capital Financing - £8.3m underspend

This improved position is due to the successful implementation of the new treasury management strategy. The strategy has delivered additional investment income of £5m and over £3m in reduced borrowing.

It is anticipated that further savings will be achieved in future years and these have been factored into the financial strategy.

Lancashire County Commercial Group - £0.6m underspend

The projected underspend reflects improved operational efficiency and efficiencies in overheads.

SECTION 4: THE CAPITAL PROGRAMME

The revised capital programme for 2010/11 is £210.8m and it is expected that, of this, £195.9m (93%) will be spent.

The forecast spend as at November 2010 for the year is £195.9m:

	Capital Budget £m	Forecast July £m	Forecast November £m	Variance In year £m	Variance %
ACS	15.224	11.126	9.278	-5.946	-39.1
CYP	115.468	106.315	106.508	-8.960	-7.8
Environment	65.749	63.944	65.185	-0.564	-0.9
Resources	11.094	9.769	10.693	-0.401	-3.6
Corporate	0.169	0.155	0.155	-0.014	-8.3
LCCG	3.103	4.071	4.103	1.000	32.2
Total	210.807	195.380	195.922	-14.885	-7.1

There has been only a limited change in the forecast since last reported to Cabinet.

As previously reported, the main elements of the £14.9m variance include £12m slippage into 2011/12 due to specific project delays, £0.8m underspending and £2.1m resulting from a claw back of non-contractually committed Early Years and childcare capital grant.

The claw back of grant has resulted from the government's drive to cut spending. As a result, any Early years and childcare capital grant funding that did not have a contractual commitment has been withdrawn.

The following sections identify the major elements of each Directorate's programme and the key issues causing scheme slippage.

Adult and Community Services - £0.8m underspend, £5.1m slippage

Service Grouping	Capital Budget £m	Forecast July £m	Forecast November £m	Variance In year £m	Variance %
Adult Social Care	10.865	8.792	7.358	-3.507	32.3
Community Services	4.359	2.334	1.920	-2.439	56.0
Total	15.224	11.126	9.278	-5.946	-39.1

The main reasons for slippage in the year are:

- Delays in the development of the Learning Disability day care facilities which has resulted in expenditure being less than anticipated by some £2m. This is the result of:
 - Delays due to problems treating Japanese Knotweed at the proposed site for the Moss Lea day centre;
 - Difficulties finding a suitable building for the provision of a satellite facility in East Lancashire
 - Delays due to a longer than anticipated pre – contract commencement period on the Bankside replacement day centre project
- Difficulties in finding a suitable site for the re-provision of the respite centre at the Mount Burscough - £0.7m.
- The refurbishment of the Museum of Lancashire has been delayed due to the need for listed building planning consent. Also, as the neighbouring property is a prison, there have had to be detailed negotiations regarding security during the works - £0.5m.
- Delay in the start of the work to update facilities at the Record Office due to a need to review the project - £0.8m.

Children and Young People - £2.1m underspend, £6.8m slippage

Service Grouping	Capital Budget £m	Forecast July £m	Forecast November £m	Variance In year £m	Variance %
Schools	54.818	48.510	48.995	-5.823	-10.6
Schools DFC	9.752	10.000	10.796	1.044	10.7
Academies	12.566	13.566	13.566	1.000	8.0
BSF	16.674	17.137	16.308	-0.366	-2.2
Sure Start	11.023	8.823	8.907	-2.116	-19.2
Children's Social Care	3.990	3.236	2.082	-1.908	-47.8
Faith Sector	1.000	-	-	-1.000	-
Other Non Schools	5.645	5.043	5.854	0.209	3.7
Total	115.468	106.315	106.508	-8.960	-7.8

The slippage of £6.9m is made up of:

- Schools single capital pot £4.2 million, and
- Schools Access Initiatives £1.8 million as some of the funds are being held for the special education review.
- £1m payments to the voluntary and faith sector now anticipated to be made in 2011/12

The underspend of £2.1m is in respect of the claw back of non-contractually committed Early Years and childcare capital grant.

Environment - £0.6m slippage

The transport Programme is higher than previously forecast with expenditure on the Blackpool tramway initially anticipated to be incurred in 2011/12 now forecast to be spent in 2010/11

Resources - £0.4m slippage

The variance of £0.4m has arisen mainly due to

- Only a small number of Energy and Water Conservation projects meeting the payback period.
- Additional expenditure required at Lancaster Travellers site

Corporate and LCCG - £1m rephasing of programme

The vehicle replacement programme for 2010/11 has £1 million of expenditure re-phased into 2011/12.

SECTION 5: THE ACHIEVEMENT OF EFFICIENCY SAVINGS

The Council has agreed efficiency savings in 2010/11 of £22.4 million, which are anticipated to be overachieved.

SECTION 6: COUNTY FUND BALANCE

County Fund Balance at 31st March 2011 is forecast to be £50.9m made up as follows:

	£m
Balance at 31.03.10	54.274
Contribution to capital – ACS	-0.091
Contribution for abortive capital fees	-0.035
Commitments previously agreed through former DFM balances process	-0.250
Severance Costs to be met from Balances	-9.789
Movement from other reserves	0.035
Net revenue underspend	6.718
Forecast balance at 31.03.11	50.863

The County Fund balance provides a key resource in the delivery of the Council's financial strategy. The level of saving needed in this, and future, years has required the development of a number of on-going savings proposals. Such proposals are likely to require one-off investment and it is vital that resource is available.

It is also reasonable to expect that severance costs will continue to have a considerable impact as savings are implemented. In addition, the Government has committed itself to a review of the Local Government Funding process over the next two years. Consequently, the current level of the County Fund is considered prudent in the face of such potential cost and risk.

Annex 'B'

Cabinet – 6 January 2011

Report of the Executive Director for Resources and Deputy Chief Executive and County Treasurer (Designate)

Part I - Item No. 3 (b)

Electoral Division affected:
All

Revenue Budget 2011/12 – 2013/14 (Appendix 'A' refers)

Contacts for further information:

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Executive Summary

The Cabinet agreed the financial strategy for 2011/12 – 2013/14 at its meeting on 4 November 2010, following the announcement of the Comprehensive Spending Review. At that time, the forecast of the level of savings that may be required over the next three financial years was £187m, as a result both of anticipated reductions in government funding, and increases in costs (largely from demographic pressures and the waste PFI scheme).

The government published the Local Government Finance Settlement on 10 December 2010, which provided a 2 year settlement, giving certainty over the next 2 years. For the County Council the settlement is slightly more favourable than previously anticipated; although the Council will see its "spending power" reduce by £32m in 2011/12, and a further £26m in 2012/13.

At the same time, the forecast of costs has been updated, to reflect the latest information on future commitments, in particular regarding inflation on major contracts.

The impact of the settlement, together with the review of costs, has been to reduce the level of savings needed over the next 3 years from £187m to £179.1m. Although this is a slightly improved position it remains a significant challenge; representing a reduction in the Council's 2010/11 "non-schools" budget of a quarter.

Over the Autumn, the Cabinet and the Executive Leadership Team have been working to develop a set of budget proposals for 2011/12 to 2013/14.

The first stage of the budget consultation process has now been concluded, and the responses are summarised in the report.

Recommendations

Cabinet is asked:

- a) to note the level of savings required over the next three financial years, after the impact of the settlement, together with the review of costs, has been taken into account:

2011/12	£71.6m
2012/13	£50.1m
2013/14	£57.4m
Total	£179.1m

- b) to consider any proposals for the revenue budget and council tax for 2011/12 to 2013/14 to go out for the second stage of consultation following this meeting, until 3 February 2011 when the Cabinet will consider its final budget recommendations to make to the Full Council on 17 February 2011;
- c) to consider what recommendation it wishes to make on the determination of the 2010/11 Schools Budget;
- d) to recommend to the Budget meeting of the Full Council on 17 February 2011 a Council Tax freeze in 2011/12 in order to access the Council Tax Freeze funding made available by the government within the settlement..

Background and Advice

See attached report set out at Appendix 'A'.

Consultations

See attached report set out at Appendix 'A'.

Implications:

This item has the following implications, as indicated:

Risk management

See attached report set out at Appendix 'A'.

Any representations made to the Cabinet prior to the issue being considered in accordance with the Public Notice of Forward Plans

Name: Organisation: Comments:

N/A

**Local Government (Access to Information) Act 1985
List of Background Papers**

Paper	Date	Contact/Directorate/Tel
The Financial Strategy 2011/12 – 2013/14	November 2010	Gill Kilpatrick, Resources Directorate, (01772) 534715
Budget working papers	October - November 2010	Steve Freeman, Resources Directorate, (01772) 533134

Reason for inclusion in Part II, if appropriate

N/A

The Revenue Budget 2011/12 – 2013/14

Introduction

This report provides an update on the County Council's financial position for the next three years, i.e. 2011/12 – 2013/14, following the announcement of the Local Government Finance Settlement on December 13th 2010.

Local Government Funding Settlement

The settlement provides certainty for the next two financial years and results in revenue funding for local authorities in England reducing by an average of 4.7% in 2011/12, and 3.3% in 2012/13.

The government has introduced a new term of “Spending Power” which describes the level of overall resources available to a local authority and includes:-

- *General Formula Grant*
includes resources for the transfer of responsibility for concessionary travel to upper tier authorities, and the transfer of certain specific grants into formula grant.
- *Early Years Intervention Grant*
consists of a number of early years grants, including children’s centres, nursery education for 2 year olds, sure start, connexions, positive action for young people and children’s fund.
- *Learning Disability Grant*
reflects the transfer of PCTs’ share of responsibility for learning disability services to upper tier authorities
- *NHS funding to support social care and benefit health*
part of the additional funding provided to support social care, received via the PCTs.
- *Council tax revenue*
- *Council tax freeze grant*
equivalent to the revenue otherwise raised through a 2½% council tax increase, BUT only available to those authorities who freeze council tax in 2011/12.

In addition, there are a number of specific grants (for example, PFI grant) that the County Council will continue to receive, but are not included in the calculation of “spending power”.

The government has capped the loss in “spending power” of an authority to 8.9% in each year. Any authority with grant losses in excess of 8.9% will

receive a transitional grant to limit the loss, thereby enabling authorities to adjust to the reduced level of funding over a longer time period.

The County Council's Settlement

In overall terms, the County Council's "spending power" will reduce by £32.514m in 2011/12 (a reduction of 3.63% from 2010/11) and a further £24.088m in 2012/13 (a reduction of 2.8%), as set out below:

Table 1 – The County Council's "Spending Power"

"Spending Power"	2011/12 £m	2012/13 £m
Council Tax	423.593	423.593
Formula Grant including <ul style="list-style-type: none"> • specific grants now added to formula grant • concessionary travel funding 	333.821	306.334
Early Intervention Grant	47.241	48.107
NHS funding to support social care and benefit health	14.977	14.386
Learning Disability Grant	33.654	34.452
Council Tax Freeze Grant	10.606	10.606
Total Spending Power	863.892	837.477
Reduction from previous year - £m	-32.514	-26.415*
Reduction from previous year - %	-3.63%	-3.06%*

The comparison to 2010/11 is on a "like for like" basis, taking into account that in 2011/12 the County Council will take on additional responsibilities for concessionary travel, and full responsibility for learning disabilities.

The 2012/13 figures in the table above are different from the government's published figures of a reduction of £24m (2.8%). This is due to the government comparison being based on a re-calculated 2011/12 figure.

In addition to its "spending power" the County Council is estimated to continue to receive £19.6m of specific grants in 2011/12 and 2012/13. However, there remains some uncertainty regarding the level of specific grants, with further announcements scheduled during January 2011. Further information is provided in the report, which sets out the level of risk within the 2011/12 and 2012/13 financial position.

Overall, the settlement was slightly more favourable than estimated at the time of the Comprehensive Spending Review (CSR). The table below sets out the impact on the level of savings needed over the next three years. As no indication of the settlement for 2013/14 has been published, the savings in

2013/14 remains an estimate, but the assumptions are consistent upon the experience of the settlement.

At the time of the CSR, it was estimated that the County Council would need to save £186.4m over the next three years. This was based on two factors - the expected reductions in the level of government funding, and increases in the Council's costs. It is worth reflecting that in 2011/12 alone, the County Council's costs will increase by over £71m as a result of inflation, demographic pressures (particularly in both adult and children's social care) and the impact of the waste PFI, which adds £42m to the cost base.

Over the past three months, the County Council's cost base has been under continual review to ensure the budget contains the latest position and all commitments are captured.

In particular, it is now possible to factor the expected financial impact of the Equal Pay Review (EPR) into the budget for 2011/12, together with the latest rate of inflation on key contracts. Although the updated forecast of the cost of the EPR in 2011/12 is less than previously forecast, over the following two years the EPR will add over £12m to the County Council's costs.

As set out in the table below, as a result of the settlement, and the latest forecast of costs, this has reduced to £179.1m, an improvement of £7.3m over the three year period. Although an improved position, this remains a significant challenge over the next three years – it is a reduction of a quarter of the County Council's net budget in 2010/11.

Table 2: Updated Savings Requirements

	2011/12 £m	2012/13 £m	2013/14 £m (Estimated)
Spending Power (as per Settlement):	863.891	837.477	820.581
Specific Grants	19.848	19.848	19.848
Council Tax increase of 2.5%		10.590	10.856
The County Council's Resources	883.739	867.915	851.285
Previous year base budget (including spend funded previously by specific grant)	867.391	883.739	867.916
Less : Full year effect of savings from 2010/11 budget process	-17.199		
Less : Spending commitments which will fall out with the loss of specific grant	-5.239		
Additional cost pressures:			
- Pay, pension and Price inflation	14.051	19.093	23.532
- Growth : Waste PFI	41.780		
- Growth : Demographic increases including Adult Social Care and Fostering Agency costs	14.974	8.382	8.279
- Latest forecast of impact of equal pay	-16.000	5.000	7.000

	2011/12 £m	2012/13 £m	2013/14 £m
New Responsibilities			
- Learning Disability	33.654	0.798	-
- Concessionary Fares	21.993	0.950	0.991
Total Spending requirement	955.405	917.962	907.315
Savings Gap	71.666	50.047	57.363
Previous Forecast at CSR	75.433	54.200	56.800
Change	-3.767	-4.153	0.563
Total Change Over the 3 Years			-7.357

Comparison with Other Local Authorities

The results for the County Council compared to other similar councils and the other councils in Lancashire (before the effect of transition grant) are set out in the table below.

Table 3: Lancashire's Settlement Compared to Other Local Authorities

	2011/12 Change %	2012/13 Change %
Lancashire County Council	-3.6	-2.8
England	-4.7	-3.3
Shire County Councils	-1.8	-2.1
Lancs Unitaries and Districts	-9.8	-6.2

The Strategy for Delivering Budget Savings

At its meeting in November 2010, Cabinet agreed the following “below the line” savings, which will reduce the management and administration costs of the organisation without impacting on services.

Table 3 – "Below the Line" Budget Savings

"Below the Line" Reductions Identified	2011/12	2012/13	2013/14	Total
	£m	£m	£m	£m
<i>Corporate Savings Already Secured</i>				
Savings from the Strategic Partnership	7.0	2.5	4.5	14.0
Treasury Management Strategy	9.0	0.5	0.5	10.0
Review of Insurance	2.0	-	-	2.0
Impact of pension valuation	0.6	0.7	0.6	1.9
Improvement in the tax base from previously forecast	1.0	1.0	1.0	3.0
<i>Proposed Corporate Initiatives</i>				
Reduction in policy, performance management, administration and related costs	3.5	3.5	-	7.0
Consolidation of Property Functions and Accommodation savings	1.0	1.0	1.0	3.0
Reduction in management costs by reducing number of earners >£50k	2.5	2.5	-	5.0
Reduce Travel and conference costs by 25%	1.0	1.0	-	2.0
Reduction in use of agency staff	1.0	1.0	-	2.0
Reduction in use of consultants	1.0	-	-	1.0
Review of Financial Transactions	0.5	0.5	-	1.0
Transport Review	1.1	0.8	1.5	3.4
Total	31.2	15.0	9.1	55.3

While at £55m these savings are substantial, the County Council will still be required to find up to a further £124m from services over the next 3 years.

Table 4 – Analysis of Service and Below the Line Budget Savings

Area	2011/12 £m	2012/13 £m	2013/14 £m	Total £m
Below line Reduction	31.2 (43%)	15.0 (30%)	9.1 (16.17%)	55.3 (31%)
Service Reductions	40.5 (57%)	35.0 (70%)	48.3 (84%) 47.7 (83%)	123.8119.5 (69%)
Total	71.7	50.0	57.43	179.1

Uncertainties Remaining within the Settlement

New Homes Bonus

The Government proposes to pay a "New Homes Bonus" for six years to local authorities' equivalent to the average Council Tax for each new home constructed or long term empty home brought back in to use. It is intended that the scheme will begin from 2011/12 and £200m has been top sliced from the overall local government settlement. Consultation on the design of the scheme closed on Christmas Eve 2010 and included a number of key questions including the split between County and District Councils in two tier areas. At this stage it is exceptionally difficult to estimate what level of resource that might flow to the Council from this source. Updates will be provided as further information becomes available.

Local Government Resource Review

The Government is committed to undertaking from January 2011 a Local Government Resource Review to address perceived inadequacies in the current local government finance system and also to improve the system in line with their "localism" agenda.

Included in the review are outline proposals for some form of retention or localisation of business rates as well as changes to the overall distribution formula. The recent settlement has demonstrated that the current formula system has difficulty coping with the present financial scenario of declining resources. However, any fundamental change to the grant system creates significant uncertainty beyond the 2 year settlement already announced. Whilst the forecast for 2013/14 is in line with the outcome of the settlement; changes in the distribution formula may result in significant change for Lancashire. At this stage the timings of the various stages of the review are not known but further information will be provided as the timing becomes clearer.

Level of Specific Grant

Within the financial strategy for 2011/12 and future years, some £19.6m of funding is expected to be maintained from specific grants. Some grants have been confirmed. However, announcements in relation to others, in particular, the previously ringfenced Learning Skills Council grant which supports Adult Learning, are due in January 2011. The expectation is that if the funding is reduced, the services will look to reduce costs and manage the reduction in funding.

Schools Budget

In line with the school funding arrangements introduced in November 2007, Cabinet agreed in respect of the 2008/09 Schools Budget that:

- a) The County Council's allocation of Dedicated Schools Grant (DSG) is applied in its entirety to the Authority's Schools Budget and not to supplement the Schools Budget from other resources available to the Authority; and
- b) The detailed allocation of resources within the Schools Budget is determined at a later date by the Cabinet Member for Schools in consultation with the Executive Director for Children and Young People and the Executive Director for Resources (or County Treasurer Designate) and in conjunction with the Lancashire Schools Forum.

The Cabinet is asked to consider what recommendation it wishes to make on these matters for the determination of the 2010/11 and future years' Schools Budget.

Budget Consultation 2011/12

First stage of consultation

The budget consultation process has been split into two stages for 2011/12.

At the first stage, the Cabinet has consulted on service priorities with:

- the Life in Lancashire Panel, and has conducted a survey of the Life in Lancashire panel with regard to spending priorities, the results of which are summarised below, with the detail attached at Annex 1;
- staff, in terms of ideas for budget savings; and
- the Public, through an online budget calculator.

In relation to the Life in Lancashire Panel, this wave dealt with priorities for the county council's budget and acceptable levels of Council Tax increase. The survey was sent to all 4,026 members of the panel. In total 1,972 questionnaires were returned, giving an overall response rate of 49%.

Highest priority services for spending in the coming years

- **Services for older people** (58%), **primary and secondary education** (51%) and **crime prevention** (46%) are seen as the highest priorities for spending in the next year. These were also the top priorities in 2009 and 2008.

Lowest spending priorities in the coming years

- **Museums** are the lowest spending priority (54%), which were also the lowest priority for spending in 2009 and 2008.

- **Country parks, open spaces and picnic sites and trading standards** are seen as the next lowest priorities (33% and 29% respectively).

Level of council tax increase

- Four fifths of respondents think that the council should make no increase in council tax (79%).
- Only one in ten of respondents feel they could support an increase in council tax of 3% or more (10%).

The full report from the Life in Lancashire panel is included at Annex 1.

The County Council's staff has have also been engaged in identifying savings through an intranet based suggestion scheme. This has generated a large number of ideas. Many of these are in to the category of "good housekeeping" and the messages flowing from these, such as instituting a ban on the purchase of paper diaries given the availability of electronic diaries, are being circulated within the Council. Others offer more potential for significant savings either in their own right or as part of the various savings exercises already commenced. These ideas have been referred to the relevant managers for action, with oversight of the whole process from the Director of Finance. Feedback is being provided to the staff making individual suggestions.

In addition, the public have been invited to participate in the budget process through an "on line calculator" available via the County Council's website. This process closed on 31 December 2010 and the results will be available to the Cabinet at its meeting in early February when it considers its final recommendations to the Council.

Second stage of consultation

After the publication of the Cabinet's budget proposals for 2011/12 and future years, the second stage of the consultation process comprises of consultation with:

- District and Unitary Councils
- Trade Unions
- The Youth Council and
- Business representatives.

The consultation will cover the proposals that Cabinet wish to make in respect of 2011/12 and future years.

Reserves Strategy

The current forecast for County Fund Balance at the end of the current year is around £50m after allowing for £10m of severance costs. It is proposed to

separate from the County Fund Balance which is the Council's back stop fund to deal with unforeseen circumstances, specific reserves to address the following issues:

- Invest to Save Projects – This includes a range of projects to be delivered through the Strategic Partnership as well as future invest to save projects meeting the agreed criteria.
- Severance Costs – To provide funding to assist in managing the reduction in the County Council's workforce.

These reserves will be funded from transfers from County Fund Balance and from earmarked reserves which, following review, are no longer required. The level at which these reserves and County Fund Balance are maintained will be managed over the financial strategy period in the context both of the demands of the overall change programme and the financial risk profile facing the Council, which is considered significant. The outcome of this work will be incorporated into the next budget report to Cabinet.

Robustness of the Estimates and Adequacy of Reserves

The Executive Director for Resources and the County Treasurer (Designate) have both reviewed the work carried out to produce the estimates contained in the budget and have assessed the level of reserves in the light of the financial risks facing the Council. Following this they have concluded that the estimates are as robust as can be reasonably expected and that the broad scale of the risks reflected in these estimates are largely known (the major "unknown" would be any major change in the Government Funding Model which is to be reviewed). Therefore, it is recommended that the level of specific reserves held by the County Council be maintained.

Living in Lancashire: Budget Consultation 2010

Fieldwork 19 November – 10 December 2010

Prepared by Rebecca Robinson
Principal research and intelligence officer
Lancashire County Council
December 2010

Contents

1	Executive summary	3
1.1	Highest priority services for spending in the coming years	3
1.2	Lowest spending priorities in the coming years	3
1.3	Level of council tax increase	3
2	Introduction	4
3	Research objectives	4
4	Methodology	5
4.1	Limitations.....	5
5	Main research findings.....	7
5.1	Priorities for service development.....	7
5.1.1	Individual services - high priority for spending	7
5.1.2	Individual services - low priority for spending	10
5.2	Opinion on acceptable levels of council tax increase.....	12
6	Appendix	15
6.1	Appendix 1: Socio-Economic-Group Definitions.....	15
6.2	Appendix 2: marked up questionnaire	16

Table of Figures

Chart 1 - Which <u>three or four</u> of the following should be the highest priorities for spending in the coming years?	9
Chart 2 - And which <u>three or four</u> of the following services should be the lowest priorities for spending in coming years?	11
Chart 3 - Which of the following most closely matches your opinion on what the council should do about increasing council tax next year?	12
Chart 4 - What level of council tax increase do you feel you could support?	13
Chart 5 - Do you remember receiving the council tax leaflet at the beginning of this year?	14
Chart 6 - And generally, how useful do you find this type of leaflet at explaining how your council tax is spent?	14

1 Executive summary

This wave of the Life in Lancashire panel dealt with priorities for the county council budget and acceptable levels of Council Tax increase. The survey was sent to all 4,026 members of the panel. In total 1,972 questionnaires were returned, giving an overall response rate of 49%.

1.1 Highest priority services for spending in the coming years

- **Services for older people** (58%), **primary and secondary education** (51%) and **crime prevention** (46%) are seen as the highest priorities for spending in the next year. These were also the top priorities in 2009 and 2008.

1.2 Lowest spending priorities in the coming years

- **Museums** are seen as the service that should be the lowest spending priority (54%), which was also the lowest priority for spending in 2009 and 2008.
- **Country parks, open spaces and picnic sites** and **trading standards** are seen as the next lowest priorities (33% and 29% respectively).

1.3 Level of council tax increase

- Four fifths of respondents think that the council should make no increase in council tax (79%).
- Only one in ten of respondents feel they could support an increase in council tax of 3% or more (10%).

2 Introduction

Lancashire County Council has used Living in Lancashire regularly since August 2001. A panel of willing participants is recruited and is approached on a regular basis to seek their views on a range of topics and themes. Panel members are voluntary participants in the research they complete and no incentives are given for completion.

The panel has been designed to be a representative cross-section of the county's population. The results for each survey are weighted in order to reflect the demographic profile of the county's population.

The panel provides access to a sufficiently large sample of the population so that reliable results can be reported at a county wide level. It also provides data at a number of sub-area and sub-group levels.

Each Living in Lancashire wave is themed. Firstly, it enables sufficient coverage on a particular topic to be able to provide insight into that topic. And secondly, it comes across better to the residents completing the questionnaires if there is a clear theme (or 2-3 clear themes) within each survey.

The panel is refreshed periodically. New members are recruited to the panel and some current members are retired on a random basis. This means that the panel remains fresh and is not subject to conditioning i.e. the views of panel members become too informed with county council services to be unrepresentative of the population as a whole.

3 Research objectives

The objectives of this consultation are:

- to obtain an indication of the service areas that residents believe should be budget priorities for the coming years; and
- to obtain an understanding of what residents perceive to be an acceptable level of increase in Council Tax for 2011/2012.

This work follows on from previous yearly budget consultations that have taken place since 2003.

4 Methodology

This wave of Living in Lancashire research was sent to 4,026 members of the panel on 19 November. No reminders were sent, and the fieldwork ended on 10 December 2010.

In total 1,972 questionnaires were returned, giving an overall response rate of 49%. The response rate is lower than in previous years as the panel has recently been refreshed. However, the number of responses is similar to that received in previous years.

All data are weighted by age, ethnicity and district to reflect the Lancashire overall population, and figures are based on all respondents unless otherwise stated. The weighted responses have been scaled to match the effective response of 1,332, which is the equivalent size of the data if it had not been weighted and was a perfect random sample.

4.1 Limitations

The table below shows the sample tolerances that apply to the results in this survey. Sampling tolerances vary with the size of the sample as well as the percentage results.

Number of respondents	50/50 + / -	30/70 + / -	10/90 + / -
50	14%	13%	8%
100	10%	9%	6%
200	7%	6%	4%
500	4%	4%	3%
1000	3%	3%	2%
2000	2%	2%	1%

On a question where 50% of the people in a sample of 1000 respond with a particular answer, the chance are 95 out of 100 that the answer would be between 47% and 53% (ie +/- 3%), versus a complete coverage of the entire Lancashire population using the same procedure.

The following table shows what the percentage differences between two samples on a statistic must be greater than, to be statistically significant.

Size of Sample A	Size of Sample B	50/50	70/30	90/10
100	100	14%	13%	8%
100	200	12%	11%	7%
500	1000	5%	5%	3%
2000	2000	3%	3%	2%

(Confidence interval at 95% certainty for a comparison of two samples)

For example, where the size of sample A and sample B is 2000 responses in each and the percentage result in each group you are comparing is around 50% in each category, the difference in the results needs to be more than 3% to be statistically significant. This is to say that the difference in the results of the two groups of people is not due to chance alone and is a statistically valid difference (e.g. of opinion, service usage).

For each question in the survey, comparisons have been made between different sub-groups of respondents (e.g. age, gender, disability, ethnicity, geographic area) to look for statistically significant differences in opinion. Statistically valid differences between sub-groups are described in the main body of the report.

In charts or tables where responses do not add up to 100%, this is due to multiple responses or computer rounding.

5 Main research findings

5.1 Priorities for service development

The first section of the budget consultation questionnaire gave the proportion of spending and the actual expenditure on a wide range of services Lancashire County Council provides. It gave details on council expenditure in 2010/11 and the sources of council finances. It also informed panel members of the county council plans for the following years.

Panel members were then given a list of county council services and asked which three or four should be the highest spending priorities for the coming years. These priorities are shown on chart one.

Services for older people (including care in their own homes and in residential homes), **primary and secondary education** and **crime prevention** (working with partner organisations to help prevent crime and disorder and reduce fear of crime) are the highest priorities (58%, 51% and 46% respectively).

Repairing roads and bridges (including emergencies and fixing potholes) and **children's social care** (protecting vulnerable children) are the next highest priorities (38% and 32% respectively).

The same options were given on the budget questionnaires in 2009 and 2008, enabling the priorities to be compared over time. The current results are broadly similar to those in the last three years, with the top three priorities remaining the same. This shows the public's spending priorities are generally staying the same. The proportion of respondents mentioning the top three priorities has increased compared to the 2009 results. Two services that have increased in importance over the past three years are repairing roads and bridges and support for businesses/attracting investment.

5.1.1 Individual services - high priority for spending

Services for older people

Perhaps as might be expected, the priority of services for older people is once again closely related to the age of the panel member. Older people's services are a higher priority for those 60 years and over (66%), and are also more important among those aged 45 to 59 (59%) compared to younger respondents.

Primary and secondary education

This is the highest priority for those aged 25 to 44 years (61%), as it was in 2009. While still a priority, it is less important for those aged 45-59 years (48%) or 60 years or over (43%). Also, where respondents have children in

the household it is a higher priority (73%) compared to households without children (42%).

Crime prevention

Crime prevention is an important priority for all respondents. However, it is significantly more important for BME respondents (64%) compared to white respondents (44%). This is a reversal of the result from last year when BME respondents were significantly less likely to say crime prevention is a high priority.

Children's social care

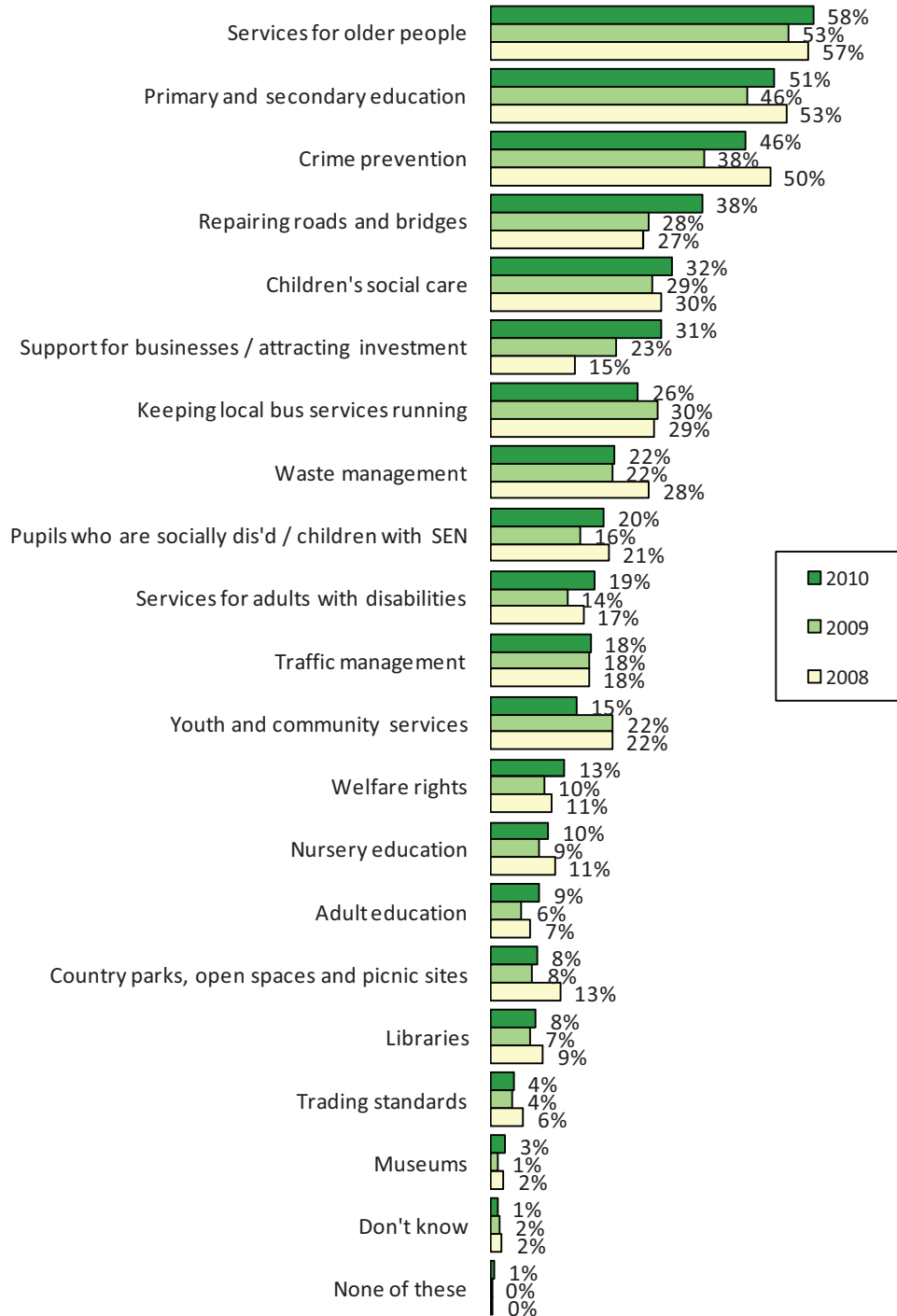
The importance of children's social care is, unsurprisingly, more important to respondents with children in their household (49%) than those without (27%). It is also a higher priority among women (38%). Light service users are less likely to place children's social care as a high priority (29%).

Other services

Keeping local bus services running is more of a priority to respondents aged 60 and over (37%) and disabled respondents (36%). BME respondents and those with a disability are more likely to think services for adults with disabilities are a priority (33% and 27% respectively).

Welfare rights are more likely to be a high priority for BME respondents (38%) and respondents from the lowest socio-economic group (DE, 24%). Homeowners are less likely to rate welfare rights as a high priority (12%).

Chart 1 - Which three or four of the following should be the highest priorities for spending in the coming years?



Base: All respondents (unweighted 1,926, weighted 1,377)

From the same list of county council services, respondents were next asked to name the services that should be the lowest priorities for funding. The lowest priorities are shown on chart two.

As in the 2009 and 2008 surveys, **museums** are seen as the service that should be the lowest priority for spending next year (54%). **Country parks, open spaces and picnic sites** (33%) is the next lowest priority. **Trading standards** (29%), **welfare rights** (27%), **libraries** (27%) and **adult education** (26%) are also seen as relatively low priorities.

5.1.2 Individual services - low priority for spending

Museums and country parks

Museums and country parks are consistently mentioned by all the different demographic groups as a low priority for spending. However, respondents from a BME background (67%) and respondents in socio-economic group DE (66%) place museums as a lower priority. Country parks are a lower priority for respondents without children (38%).

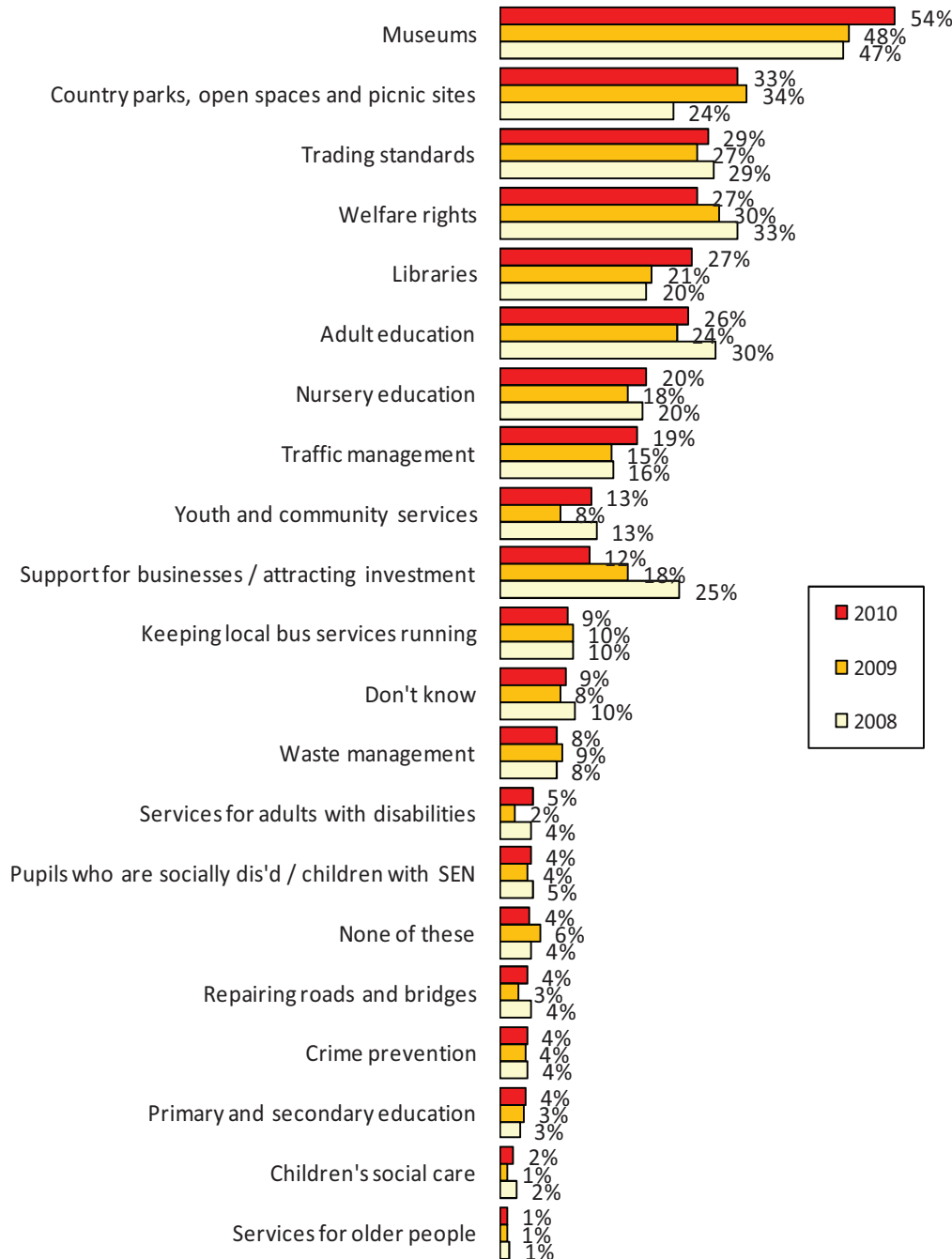
Welfare rights

The respondents who put welfare rights as a low priority are in the highest socio-economic group AB (38%), whereas respondents from an ethnic minority, disabled respondents and respondents not in employment are less likely to rate them as a low priority (12%, 17% and 20% respectively).

Libraries

This is more likely to be mentioned as a low priority by respondents in socio-economic group DE (37%) and by BME respondents (39%).

Chart 2 - And which three or four of the following services should be the lowest priorities for spending in coming years?

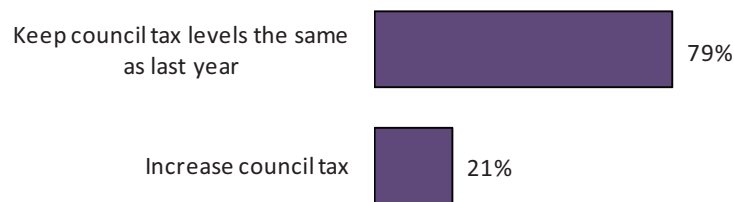


Base: All respondents (unweighted 1,778, weighted 1,276)

5.2 Opinion on acceptable levels of council tax increase

Panel members were then asked whether the council should increase council tax next year or keep it at the current level. Four fifths of respondents think the council should **keep council tax levels the same as last year** (79%).

Chart 3 - Which of the following most closely matches your opinion on what the council should do about increasing council tax next year?

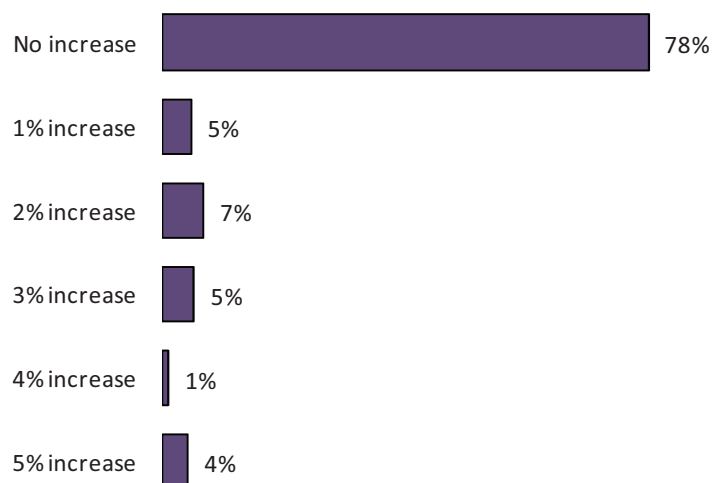


Base: All respondents (unweighted 1,850, weighted 1,339)

BME respondents are more likely to think that council tax levels should be kept at the same level as last year (87%). Medium and heavy service users and respondents from socio-economic group AB are more likely to think there should be an increase in council tax (27%, 31% and 31% respectively).

Respondents who think there should be an increase in council tax were asked what level of increase they feel they could support. Chart 4 shows the response to this, with the proportion answering that they would only accept no increase from the previous question to give a clearer picture.

Chart 4 - What level of council tax increase do you feel you could support?



Base: All respondents (unweighted 1,905, weighted 1,364)

By subgroup for the above measure, those panel members in the lowest socio-economic group (DE) and respondents in eastern districts of Lancashire are less likely to suggest a higher increase.

Table 1 shows the proportions of the panel that are prepared to pay each increase option, and the total proportion of the panel who would be prepared to pay each option or more. Only a fifth of the panel feel they could support an increase in council tax (22%).

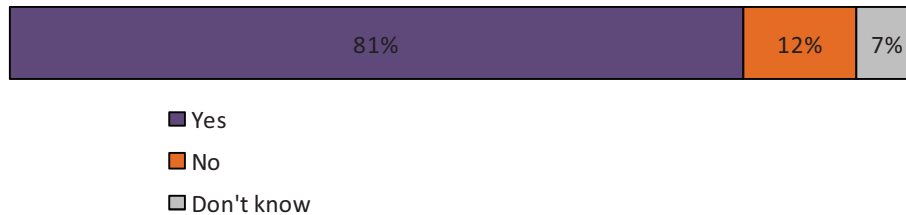
Table 1 - Proportions of respondents prepared to pay increase

Increase in Council Tax 2010/11	Proportion of all respondents prepared to pay increase	Cumulative % of all respondents prepared to pay increase
No increase	78%	100%
1%	5%	22%
2%	7%	17%
3%	5%	10%
4%	1%	5%
5%	4%	4%

Base: All respondents (unweighted 1,905, weighted 1,364)

Every year the council sends a leaflet out with council tax bills explaining how council tax is spent. Panel members were asked whether they remember receiving this leaflet. The majority of respondents do remember receiving the leaflet (81%).

Chart 5 - Do you remember receiving the council tax leaflet at the beginning of this year?

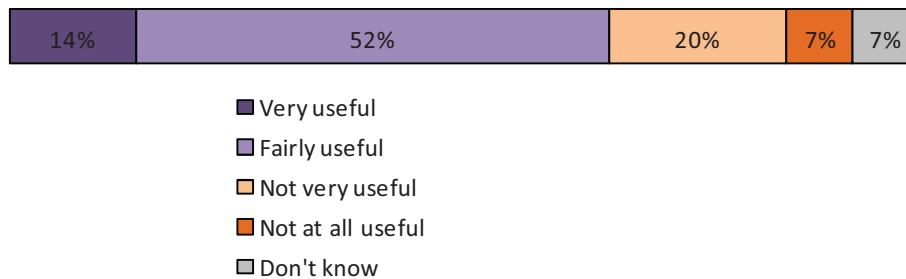


Base: All respondents (unweighted 1,929, weighted 1,387)

BME respondents were less likely to remember receiving the council tax leaflet (60% answered 'yes').

Panel members were then asked how useful they find that type of leaflet at explaining how council tax is spent. Around half of respondents find the leaflet fairly useful (52%) but only one in seven finds it very useful (14%). Around a third of respondents don't find the leaflet useful (27%).

Chart 6 - And generally, how useful do you find this type of leaflet at explaining how your council tax is spent?



Base: All respondents (unweighted 1,930, weighted 1,389)

6 Appendix

6.1 Appendix 1: Socio-Economic-Group Definitions

These groups are based on Market Research Society definitions and on the respondent. They are graded as A, B, C1, C2, D and E.

Group A

- Professional people, very senior managers in business or commerce or top-level civil servants.
- Retired people, previously grade A, and their widows

Group B

- Middle management executives in large organisations, with appropriate qualifications
- Principle officers in local government and civil service
- Top management or owners of small business concerns, educational and service establishments
- Retired people previously grade B, and their widows

Group C1

- Junior management, owners of small establishments, and all others in non-manual positions
- Jobs in this group have very varied responsibilities and educational requirements
- Retired people, previously grade C1, and their widows

Group C2

- All skilled manual workers, and those manual workers with responsibility for other people
- Retired people, previously grade C2, with pensions from their job
- Widows, if receiving pensions from their late partner's job

Group D

- All semi skilled and unskilled manual workers, and apprentices and trainees to skilled workers
- Retired people, previously grade D, with pensions from their late job
- Widows, if receiving pensions from their late partner's job

Group E

- All those entirely dependant on the state long term, through sickness, unemployment, old age or other reasons
- Those unemployed for a period exceeding six months (otherwise classified on previous occupation)
- Casual workers and those without a regular income

6.2 Appendix 2: marked up questionnaire

Which three or four of the following should be the highest/lowest spending priorities for spending in the coming years?		
	Highest priorities	Lowest priorities
Services for older people (including care in their own homes and in residential homes)	58%	1%
Primary and secondary education	51%	4%
Crime prevention (working with partner organisations to help prevent crime and disorder and reduce the fear of crime)	46%	4%
Repairing roads and bridges (including emergencies and fixing potholes)	38%	4%
Children's social care (protecting vulnerable children)	32%	2%
Support for businesses and attracting investment to Lancashire	31%	12%
Keeping local bus services running	26%	9%
Waste management (household waste disposal and recycling)	22%	8%
Pupils who are socially disadvantaged and children with special educational needs	20%	4%
Services for adults with disabilities	19%	5%
Traffic management (making road travel safer and reducing congestion)	18%	19%
Youth and community services (activities and support for young people)	15%	13%
Welfare rights (helping people get the financial support they are entitled to)	13%	27%
Nursery education	10%	20%
Adult education	9%	26%
Country parks, open spaces and picnic sites	8%	33%
Libraries	8%	27%
Trading standards (consumer protection)	4%	29%
Museums	3%	54%
Don't know	1%	9%
None of these	1%	4%
Unweighted base	1,926	1,778
Weighted base	1,377	1,276

Which of the following most closely matches your opinion on what the council should do about increasing council tax next year?	
Keep council tax levels the same as last year	79%
Increase council tax	21%
Unweighted base	1,850
Weighted base	1,339

What level of council tax increase do you feel you could support?	
1% increase	39%
2% increase	27%
3% increase	18%
4% increase	3%
5% increase	13%
Unweighted base	627
Weighted base	446

Every year you receive a leaflet from Lancashire County Council with your council tax bill, explaining how your council tax is spent. Do you remember receiving this leaflet at the beginning of this year?	
Yes	81%
No	12%
Don't know	7%
Unweighted base	1,929
Weighted base	1,387

And generally, how useful do you find this type of leaflet at explaining how your council tax is spent?	
Very useful	14%
Fairly useful	52%
Not very useful	20%
Not at all useful	7%
Don't know	7%
Unweighted base	1,930
Weighted base	1,389

This Annex contains the following extracts from Revenue Budget Resolutions of the Cabinet 6 January 2011 which relate to education.

Formal Resolutions (pages 3-5)

Annex 1 Below the Line Savings (page 6)

Relevant pages which relate to education:

Annex 2 Service Efficiencies (page 7 table)

- Special Educational Needs Transport (page 11)

Annex 3 Service Policy Proposals (pages 14 and 15 table)

- Specialist Special Educational Needs and Disability (SEND) Transport (page 38)
- Statutory responsibilities for Schools (page 39)
- Interest on School Balances (page 43)
- Reduction in Area Based Grant funded services – school facing activities (pages 45 and 46).

Annex 4 Service Charging Proposals (page 66 table)

- Charge for denominational transport (page 74).
- Increased income from Lancashire Outdoor Service (page 75)

RESOLUTIONS: CABINET 6 JANUARY 2011

Item 3b - Revenue Budget 2011/12 to 2013/14

Resolved:-

1. That Cabinet notes the savings requirement over the next three years:

2011/12	£71.6m
2012/13	£50.1m
2013/14	£57.4m
Total	£179.1m

2. That the Cabinet will consult upon proposals to deliver a three year balanced budget for the County Council for the financial years 2011/12 to 2013/14, providing a sustainable and stable budget in a challenging economic climate.
3. That within these proposals, the Cabinet agree a three year council tax strategy, of a council tax freeze in 2011/12, and a maximum council tax increase of 2½% in 2012/13 and 2013/14.
4. That the Cabinet will seek to maximise the "below the line" savings (which will reduce the management and administration costs of the County Council, without impacting on services) over the next three years, thereby minimising savings needed from services. The first tranche was agreed by the Cabinet in November 2010 and will reduce costs by £31.200m in 2011/12, a further £15.000m in 2012/13 and a further £9.100m in 2013/14. Details of the savings are set out in Annex 1 to these resolutions.
5. The Cabinet resolves to maximise the level of efficiencies to reduce costs but maintain service provision. Cabinet therefore approves service efficiencies which will reduce costs of £3.350m in 2011/12, a further £6.610m in 2012/13 and a further £2.000m in 2013/14, as set out in Annex 2 to these resolutions.
6. That Executive Directors be asked to maintain an ongoing review of costs in order to identify opportunities for further efficiencies throughout the financial year to ensure costs are continually examined and reduced wherever practicable.
7. That the Cabinet proposes, for consultation, proposals for service reductions totalling £34.654m in 2011/12 (with an impact of £30.892m in 2012/13 and £31.476m in 2013/14), as set out in Annex 3 to these resolutions.
8. That the Cabinet proposes to invest in Lancashire's highways network in 2011/12 by £2.038m, which together with the additional capital investment of £3m previously agreed, brings the total additional investment to

£5.038m in 2011/12. This investment will counter the impact of the recent adverse weather, improve the road network and contribute to road safety.

9. That the Cabinet proposes to invest in Lancashire's highways network in 2012/13 by £6.223m, which together with the additional capital investment of £5m previously agreed, brings the total additional investment to £11.223m in 2012/13, which will significantly improve the road network.
10. That in order to minimise the impact of the budget reductions on services for the most vulnerable people within Lancashire, the Cabinet proposes, for consultation, proposals for increasing income through charging totalling £4.500m in 2011/12 (with an impact of £1.730m in 2012/13 and £1.100m in 2013/14), as set out in Annex 4 to these resolutions;
11. That the above proposals would result in no increase in council tax in 2011/12 (as far as can be determined in advance of final information on the council tax base, the confirmation of the level of government grant in 2011/12, and of the results of consultations on the budget proposals as set out above), as set out in the table below:

	2011/12 £m	2012/13 £m	2013/14 £m	Total £m
Level of Savings Required	71.666	50.047	57.363	179.076
Savings Proposals				
Below the Line Savings (annex 1)	31.200	15.000	9.100	55.300
Service Efficiency Savings (annex 2)	3.350	6.610	2.000	11.960
Service Reductions (annex 3)	34.654	30.892	31.476	97.022
Proposals to Increase Charges (annex 4)	4.500	1.730	1.100	7.330
Total Savings Proposals	73.704	54.232	43.676	171.612
New investment in highways maintenance to improve the road network (in year only)	2.038	6.223	-6.223	-
Further Savings Needed in 2013/14			7.464	7.464

12. That the Chief Executive, Executive Directors and the County Treasurer identify further efficiency savings and/or "below the line" savings in 2013/14 of £7.464m in order to present a balanced, sustainable three year budget for the County Council for 2011/12 to 2012/13.

12. That given the financial challenge facing the County Council, regular reports be brought to Cabinet on the County Council's financial outlook. This will ensure that the financial strategy remains robust and that the County Council can effectively plan to meet the financial challenges ahead.
13. That the budget proposals set out in the report be made available to the Overview and Scrutiny Committee for the purpose of consultation, and for that Committee to consult as it sees fit amongst members of the O&S committees and to respond on that consultation.
14. Cabinet values the views of the consultees and has therefore resolved that in addition to O&S committees, the above proposals be consulted upon in accordance with the second stage of the consultation process set out in the report, with:
 - 12 Lancashire districts;
 - Blackpool & Blackburn with Darwen councils;
 - Trade Unions;
 - The Youth Council; and
 - Business representatives.

The consultation will take place from now until 3 February when the Cabinet will consider its final budget recommendations to the Full Council on 17 February 2011, when the views expressed in the Life in Lancashire survey and the online budget calculator will also be taken into consideration.;

15. That the Cabinet await final confirmation of the grant settlement for 2011/12 and 2012/13 and the council tax resources available for the year, together with feedback from the consultation process, before deciding on firm cash limit proposals within a council tax with no increase for 2011/12, subject to confirmation within the settlement of the Council Tax Freeze Grant;
16. That in respect of the 2011/12 Schools Budget:
 - the County Council's allocation of Dedicated Schools Grant (DSG) be used in accordance with the statutory requirement that it be applied in its entirety to the Authority's Schools Budget and the Schools Budget not be supplemented from other resources available to the Authority; and
 - the detailed allocation of resources within the Schools Budget be determined at a later date by the Cabinet Member for Children and Schools in consultation with the Executive Director for Children and Young People and the Executive Director for Resources, or County Treasurer(designate) and in conjunction with the Lancashire Schools Forum.

Below the Line Savings

	2011/12 £m	2012/13 £m	2013/14 £m
Savings from the strategic partnership	7.0	2.5	4.5
Treasury Management strategy	9.0	0.5	0.5
Review of insurance	2.0	-	-
Impact of pension valuation	0.6	0.7	0.6
Improvement in the tax base from that previously forecast	1.0	1.0	1.0
Reduction in policy, performance management, administration and related costs	3.5	3.5	-
Consolidation of Property functions and Accommodation savings	1.0	1.0	1.0
Reduction in management costs by reducing the number of earners >£50k	2.5	2.5	-
Reduce travel and conference costs	1.0	1.0	-
Reduction in use of agency staff	1.0	1.0	-
Reduction in the use of consultants	1.0	-	-
Review of financial transactions	0.5	0.5	-
Transport Review	1.1	0.8	1.5
Total Below the Line Savings	31.2	15.0	9.1

Service Efficiencies

	Page No	2011/12 £m	2012/13 £m	2013/14 £m
<u>Adult and Community Services</u>	8			
Reduce spend on Older people's day care and related transport	9	0.375	0.375	-
Reduction in mobile library service	9	0.035	0.035	-
		0.410	0.410	0.000
<u>Children and Young People</u>	10			
SEN Transport	11	0.100	-	-
		0.100	-	-
<u>Environment</u>	12			
"One Team" working (Highway Services review)	13	2.180	4.000	-
Maximising efficiencies of the PFI contract	13	0.430	2.000	2.000
Further rationalisation of County Analyst and Trading Standards	13	0.200	0.200	-
Improved efficiency in development control activities	13	0.030	-	-
		2.840	6.200	2.000
Total Efficiency Savings proposals		3.350	6.610	2.000

	Directorate name: Children and Young People	Impact of efficiency savings		Further impact	
		2011/12 £m	2012/13 £m	2013/14 £m	2014/15 £m
1)	Efficiency saving: Special Educational Needs Transport Improved procurement process including route optimisation planning and procurement working practices.	0.100			
	Total Efficiency Savings for Children and Young People	0.100			

Service Policy Proposals

	Page No	2011/12 £m	2012/13 £m	2013/14 £m
<u>Adult and Community Services</u>	16			
Social Care fee reductions	17	7.000	8.736	9.208
Fair Access to Care eligibility	18	2.500	2.500	-
Reduce training budget	20	1.500	-	-
Reduction in Resources Fund	21	0.300	-	-
Reduce overall level of non-residential social care services	23	1.500	3.000	7.500
Reduce provision of transport and introduce charges for service users	24	0.500	0.500	-
Reduce cost of in-house service provision	25	0.500	0.500	1.600
Reduce expenditure on supporting people programme	26	1.500	1.000	0.500
Remodel of Learning Disability Supported Living Services	27	0.500	1.500	4.000
Reduce Social Care Assessment and Care Management staff	28	1.850	1.350	-
Libraries staff and service rationalisation	29	1.000	0.500	0.400
Reduce level of grant support to the Arts	30	0.100	-	0.100
		18.750	19.586	23.308
<u>Children and Young People</u>	31			
Transforming Care Services for Children and Young People	32	0.500	1.000	3.000
Transforming Care Services - reducing the number of authority residential places and the number of adolescents accommodated in children's home provision	34	0.680	0.700	0.320
Review of reshaping respite provision and direct payments for children with disabilities	36	0.700	0.900	0.900
Specialist Special Educational Needs and Disability (SEND) transport	38	0.200	1.200	1.400
Statutory responsibility for schools	39	0.500	0.800	0.700
Restructuring the young people's service	40	1.008	1.508	1.104
Early Years / Family Support	42	0.500	-	-
Interest on School balances	43	0.400	-	-
Full year effect savings proposals to meet the budget reductions in 2010/11	44	3.172	0.008	0.004
Reduction in Area Based Grant funded services:				
• Connexions grant	45	1.547	2.106	0.740
• Prevention Fund	45	0.841	0.601	-
• School facing activities	45	1.370	0.979	-
• Teenage Pregnancy	45	0.382	-	-
		11.800	9.802	8.168

Service Policy Proposals (continued)

	Page No	2011/12 £m	2012/13 £m	2013/14 £m
<u>Environment</u>	47			
Closure of Household Waste Recycling Centres (HWRC's)	48	0.730	0.800	-
Reduction in Waste Minimisation activities	49	0.430		-
Reduce level of street lighting in appropriate areas (which does not compromise either road safety or community safety)	50	0.500	0.500	-
Review and retender existing bus services	51	0.625	0.204	-
Reduction in public transport information	57	0.100	-	-
Removal of Real Time information service	58	0.175	-	-
Reduced ability to progress new public transport and sustainable travel initiatives	59	0.180	-	-
Rationalisation of Public Rights of Way (PROW) and Countryside maintenance	60	0.204	-	-
Reduced support for environmental and community projects	61	0.180	-	-
More efficient spending on road safety educational resources, road safety initiatives and the Pre-pass support scheme	62	0.270	-	-
Cease entirely the tree planting programme within the Waste PFI Contract	63	0.500	-	-
Minor increase in response times to enquiries from members of the public on Trading Standards issues	64	0.120	-	-
Rationalise response to new requirements for traffic light installations and urban traffic control systems	65	0.090	-	-
		4.104	1.504	0.000
Total Service Policy Proposals		34.654	30.892	31.476

Impact of Policy Proposals 2011/12 to 2014/15					
	2011/12	2012/13	2013/14	2014/15	
	£m	£m	£m	£m	£m
<p>Proposal 4. - Specialist Special Educational Needs and Disability (SEND) Transport</p> <p>Spending on SEN transport and transport for children with disabilities represents a significant sum of approximately £15m per year. This is made up of a number of commitments including transport for children and young people with Statements of Special Educational Needs to and from home and school. This provision is statutory. Funding also pays for passenger assistants where appropriate, mainly for younger children or those with more severe disabilities.</p> <p>Work has been undertaken on this over the past year to rationalise this budget and to create more cost-effective routes working in partnership with officers in the environment directorate. Some funding is also provided to transport children with disabilities to and from respite placements.</p> <p>Overall, significant changes are required in the policy, planning and procurement processes for SEN and Disability specialist transport. Some of the key changes proposed would include:</p> <ul style="list-style-type: none"> • the introduction of means testing for 16+ students for transport to college particularly where other benefits are received that already include an element of this • reducing costs of passenger assistants • increased partnership with schools and health providers in providing SEND transport • 'self' provision of transport by parents of SEN children particularly where public money has already provided a specially adapted vehicle to be used for the child 	0.200	1.200	1.400	-	
<p>State whether full or partial cessation:</p> <p>Staffing effect: Reduction in the number of passenger assistants</p> <p>Risk associated with delivering proposal: Exploring different ways of providing transport for children with SEN will require careful planning and clear guidance and consistency in applying criteria for eligibility</p> <p>Any other issues:</p>					

Impact of Policy Proposals 2011/12 to 2014/15	2011/12	2012/13	2013/14	2014/15
	£m	£m	£m	£m
<p>Proposal 5. - Statutory Responsibilities for Schools</p> <p>The White Paper "The Importance of Teaching" has set out a significant change in approach to the role of local authorities in respect of schools and their support and improvement via County Council provided services. The new role has a focus on:</p> <ul style="list-style-type: none"> ensuring a supply of good schools, ensuring fair admissions, representing the rights of children and parents supporting vulnerable children; and monitoring maintained schools performance and brokering support for improvement <p>A review of the statutory responsibilities of the local authority in the light of new and emerging legislation would be implemented. This would enable a clear commissioning model for the delivery of these responsibilities to be established, and a broad distinctive traded services business developed.</p> <p>This is separate from any reductions required across the county council as a result of the transfer of responsibilities and funding to academies.</p>	0.500	0.800	0.700	-
<p>State whether full or partial cessation: Cessation of some currently statutory responsibilities in line with new legislation</p> <p>Staffing effect: Reduction of posts over the three year period although it is expected that some of these would be through transfer to Traded Services for schools</p> <p>Impact on services commission for budget spend and on service users: Schools will see a change in services provided by the county council, and this will require active dialogue to ensure that they understand that this is reflecting national policy changes and not a change in the county council's desire for strong partnership with schools in Lancashire.</p> <p>Risk associated with delivering proposal: Limited risks once the new statutory framework is clearly established in legislation. It will be important as part of the change to ensure that schools understand the new relationship and responsibilities.</p> <p>Any other issues:</p>				

Impact of Policy Proposals 2011/12 to 2014/15		2011/12	2012/13	2013/14	2014/15
		£m	£m	£m	£m
Proposal 8 – Interest on school balances					
<p>This proposal is to change the way in which the interest on school balances is calculated by offering a fixed percentage below the county council's pooled rate with a 'floor'. Changing the terms on which schools can withdraw money from balances without notice so that the formula more closely represents the rate of interest it is possible to earn on such deposits in the market.</p>		0.400	-	-	-
The Lancashire Schools Forum has been consulted on this proposal.					
State whether full or partial cessation:					
Staffing effect: Nil					
Impact on services commission for budget spend and on service users: Nil. Schools will earn a lower rate of interest on their balances.					
Risk associated with delivering proposal: Potential adverse reaction from school					
Any other issues:					

Any other issues:

Impact of Policy Proposals 2011/12 to 2014/15	2011/12		2012/13		2013/14		2014/15	
	£m		£m		£m		£m	
<p>Proposal 10 Reduction in Area Based Grant funded services</p> <p>The Directorate currently receives funding through the Area Based Grant for a wide range of services. The Schools White Paper confirms the withdrawal of the national requirement for some of these services and the Area Based Grant has been reduced accordingly. Reductions in the following key areas of business are proposed;</p> <ul style="list-style-type: none"> • Connexions Grant • Prevention Fund • School Facing Activities • Teenage Pregnancy 	1.547	2.106	0.740	-	-	-	-	-
<p>Connexions</p> <p>The anticipated White Paper is likely to set out significant changes in the way Connexions Services are delivered by local authorities. It is proposed to make reductions in the Connexions budget through reducing specific areas of work, including the CXL commission, and also through a general restructuring of the service.</p>	0.841	0.601	-	-	-	-	-	-
<p>Prevention Fund</p> <p>Around £1.2m of the Prevention Fund was set aside originally for supporting work within the twelve Local Children's Trust Partnerships (LCTPs). This amount was subsequently reduced as a consequence of the in-year budget reductions. The grant funding was time limited to 31 March 2011 and LCTPs are aware of this. This will mean that services/projects currently commissioned by LCTPs to assist in achieving local action plans will be expected to come to an end. It is proposed that all project funding ceases as planned on 31 March 2011 and that new work is re-commissioned to deliver the priorities in the new Children and Young People's Plan and to support the business of the Children's Trust.</p>	1.370	0.979	-	-	-	-	-	-
<p>School Facing Activities</p>	0.382	-	-	-	-	-	-	-

<p>A number of services that are currently provided to schools are funded through the grant. This proposal will mean that these services will cease at the end of the current academic year. Where services are needed, it may be possible for these to continue on a traded services and school would be required to 'buy back' from the Authority. The Lancashire Schools Forum will need to be consulted on the impact of this reduction in funding.</p> <p>Teenage Pregnancy</p> <p>Teenage Pregnancy funding is provided as part of the Area Based Grant in order to reduce the level of under 18 conceptions within Lancashire. Performance has been patchy and the evidence base for a significant impact from the funding is lacking. It is recommended that this funding stream now ceases completely, while acknowledging the county council will continue to contribute to a range of work that contributes to reducing teenage pregnancy and is funded and undertaken through other means.</p>				
<p>State whether full or partial cessation: In some services this will represent full cessation, in others only part.</p>				
<p>Staffing effect: There are likely to be further staffing reductions although some of these are already underway as a consequence of the in year ABG reductions.</p>				
<p>Impact on services commission for budget spend and on service users: Some existing services will cease, this will include some services to schools. Some of these services may continue to be available to schools on a 'buy back' basis.</p>				
<p>Risk associated with delivering proposal: Decrease in ability to respond to a range of needs in a timely and appropriate manner; potential impact on anti-social behaviour amongst young people.</p>				
<p>Any other issues:</p>				

Service Charging Proposals

	Page No	2011/12 £m	2012/13 £m	2013/14 £m
<u>Adult and Community Services</u>	67			
Revised charging policy for non residential care services	68	4.100	0.775	0.350
		4.100	0.775	0.350
<u>Children and Young People</u>	71			
Revised charging policy for Children's Social Care services	72	0.200	0.300	0.250
Charge for denominational transport	74	0.100	0.500	0.400
Increased income from Lancashire outdoor education service	75	-	0.100	0.100
		0.300	0.900	0.750
<u>Environment</u>	76			
Income generation through the introduction of car parking charges in country parks and picnic sites (six sites)	77	0.010	0.055	-
Increase in on-street parking charges in Preston and Lancaster	78	0.090	-	-
		0.100	0.055	0.000
Total Charging Proposals		4.500	1.730	1.100

Impact of Charging Proposals 2011/12 to 2014/15	2011/12 £m	2012/13 £m	2013/14 £m	2014/15 £m
<p>Proposal 2. - Charge for denominational transport. This proposal has already been considered and agreed by the Cabinet Member for Children and Schools following a consultation process. The proposal relates to the introduction of a £2 parental contribution to the cost of denominational transport provision which will be phased in from September 2011.</p>	0.100	0.500	0.400	0.400
State whether full or partial cessation:				
Staffing effect:				
Impact on services commission for budget spend and on service users:				
Risk associated with delivering proposal:				
Any other issues:				

Impact of Charging Proposals 2011/12 to 2014/15		2011/12	2012/13	2013/14	2014/15
		£m	£m	£m	£m
<p>Proposal 3. – Increased income from Lancashire Outdoor Education Service</p> <p>This proposal relates to the development of outdoor education provision within Lancashire to enable increased usage and greater opportunity for children and young people in Lancashire, including:</p> <ul style="list-style-type: none"> • Increased capacity for respite care • Increased accessibility and provision for children and young people with disabilities including those on the autistic spectrum • Reduction in transport costs to accessible facilities <p>The proposal will also result in improved accommodation with the potential of dual usage for adults and families, thus increasing the revenue potential of the Outdoor Education Service</p> <p>This proposal assumes the building of an accessible climbing centre at Hothersall Lodge (Aiming Higher Grant £750,000 secured) and improvements to accessible accommodation and equipment at Borwick Hall and Tower Wood (Aiming Higher Grant £70,000 secured).</p> <p>Future investment at Tower Wood (subject to the outcomes of a Cabinet Working Group) of £1.66m will provide additional income (projected at £50k p.a. beyond 2012/13) as part of an invest to save project and increase the capital value of the site by an estimated £2.0m.</p>		-	0.100	0.100	0.300
<p>State whether full or partial cessation: Neither – increased income</p> <p>Staffing effect: Nil</p> <p>Impact on services commission for budget spend and on service users: Positive impact on children and young people, including those with additional needs and those regarded as vulnerable, through improved provision and accessibility, broadening of potential user groups, and increased facilities available for respite care with consequential reduction in transport costs.</p> <p>Risk associated with delivering proposal: Impact of recession on school/parent/other spending - but this is arguably more likely to have an adverse impact if nothing is done</p> <p>Any other issues:</p>					

Table 1 - Below the Line Savings

	Page No	% of respective Budget	2011/12 £m	2012/13 £m	2013/14 £m
Savings from the strategic partnership	6	10%	7.0	2.5	4.5
Treasury Management strategy	6	21%	9.0	0.5	0.5
Review of insurance	6	17%	2.0		
Impact of pension valuation	6	5%	0.6	0.7	0.6
Improvement in the tax base from that previously forecast	6	1%	1.0	1.0	1.0
Reduction in policy, performance management, administration and related costs	6	25%	3.5	3.5	
Consolidation of Property functions and Accommodation savings	6	2%	1.0	1.0	1.0
Reduction in management costs by reducing the number of earners >£50k	6	25%	2.5	2.5	
Reduce travel and conference costs	6	22%	1.0	1.0	
Reduction in use of agency staff	6	41%	1.0	1.0	
Reduction in the use of consultants	6	25%	1.0		
Review of financial transactions	6	17%	0.5	0.5	
Transport Review	6	6%	1.1	0.8	1.5
Total Below the Line Savings			31.2	15.0	9.1

Table 2 - Service Efficiencies

	Page No	% of respective budget	2011/12 £m	2012/13 £m	2013/14 £m
<u>Adult and Community Services</u>	8				
Reduce spend on Older people's day care and related transport	9	11%	0.375	0.375	
Reduction in mobile library service	9	14%	0.035	0.035	
			0.410	0.410	-
<u>Children and Young People</u>	10				
SEN Transport	11	1%	0.100		
			0.100	-	-
<u>Environment</u>	12				
"One Team" working (Highway Services review)	13	17%	2.180	4.000	
Maximising efficiencies of the PFI contract	13	6%	0.430	2.000	2.000
Further rationalisation of County Analyst and Trading Standards	13	8%	0.200	0.200	
Improved efficiency in development control activities	13	10%	0.030		
			2.840	6.200	2.000
Total Efficiency Savings proposals			3.350	6.610	2.000

Table 3 - Service Policy Proposals

	Page No	% of respective Budget	2011/12 £m	2012/13 £m	2013/14 £m
<u>Adult and Community Services</u>	16				
Social Care fee uplifts	17	8%	7.000	8.736	9.208
(Fair Access to Care) Eligibility	18	2%	2.500	2.500	-
Training – reduce commissioning budget	20	31%	1.500	-	-
Reduction in Resources Fund (Book acquisition)	21	11%	0.300	-	-
Reduce overall level of non-residential social care offered	23	15%	1.500	3.000	7.500
Reduce level of transport offered and introduce charging for service	24	15%	0.500	0.500	-
Reduce cost of in-house service provision	25	8%	0.500	0.500	1.600
Reduce expenditure on supporting people programme	26	10%	1.500	1.000	0.500
Remodel of Learning Disability Supported Living Services	27	8%	0.500	1.500	4.000
Reduce Social Care Assessment and Care Management staff	28	12%	1.850	1.350	-
Libraries staff and service rationalisation	29	16%	1.000	0.500	0.400
Reduce grant support for the Arts	30	30%	0.100	-	0.100
			18.750	19.586	23.308
<u>Children and Young People</u>	31				
Transforming Care Service for Children and Young People	32	16%	0.500	1.000	3.000
Transforming Care Services - Reducing numbers of authority residential places and the number of adolescents accommodated in children's home provision	34	22%	0.680	0.700	0.320
Review of reshaping respite provision and direct payments for children with disabilities	36	33%	0.700	0.900	0.900
Specialist (Special Educational Needs and Disability) SEND transport	38	18%	0.200	1.200	1.400

	Page No	% of respective Budget	2011/12 £m	2012/13 £m	2013/14 £m
Statutory responsibility for schools	39	21%	0.500	0.800	0.700
Restructuring the young people's service	40	36%	1.008	1.508	1.104
Early Years / Family Support	42	2%	0.500	-	-
Interest on Schools balances	43	1%	0.400	-	-
Full year effect of the September 2010 Budget Decisions regarding Area Based Grant	44	16%	3.172	0.008	0.004
Reduction in Area Based Grant funded services:					
• Connexions grant	45	46%	1.547	2.106	0.740
• Prevention Fund	45	74%	0.841	0.601	
• School facing activities	45	41%	1.370	0.979	
• Teenage Pregnancy	45	100%	0.382		
			11.800	9.802	8.168
<u>Environment</u>	47				
Closure of Household Waste Recycling Centres (HWRC's)	48	17%	0.730	0.800	
Reduction in Waste Minimisation activities	49	50%	0.430		
Reduce level of street lighting in appropriate areas (which does not compromise either road safety or community safety)	50	7%	0.500	0.500	
Review and retender existing bus services	51	11%	0.625	0.204	
Reduction in public transport information	57	23%	0.100		
Removal of Real Time information service	58	100%	0.175		
Reduced ability to progress new public transport and sustainable travel initiatives	59	23%	0.180		
Rationalisation of Public Rights of Way (PROW) and Countryside activity	60	27%	0.204		
Reduced support for environmental and community projects	61	14%	0.180		
More efficient spending on road safety educational resources, road safety initiatives and the Pre-pass support scheme	62	42%	0.270		
Cease entirely the tree planting programme within the Waste PFI Contract	63	100%	0.500		

	Page No	% of respective Budget	2011/12 £m	2012/13 £m	2013/14 £m
Minor increase in response times to enquiries from members of the public on Trading Standards issues	64	3%	0.120		
	65	8%	0.090		
			4.104	1.504	0.000
Total Service Policy Proposals			34.654	30.892	31.476

Table 4 - Service Charging Proposals

	Page No	% of respective budget	2011/12 £m	2012/13 £m	2013/14 £m
<u>Adult and Community Services</u>	67				
Revised charging policy for non residential care services	68	41.2%	4.100	0.775	0.350
			4.100	0.775	0.350
<u>Children and Young People</u>	71				
Revised charging policy for Children's Social Care services	72	10.0%	0.200	0.300	0.250
Charge for denominational transport	74	22.2%	0.100	0.500	0.400
Increased income from Lancashire outdoor education service	75	9.9%	-	0.100	0.100
			0.300	0.900	0.750
<u>Environment</u>	76				
Income generation through the introduction of car parking charges in country parks and picnic sites (six sites)	77	89.9%	0.010	0.055	
Increase in on-street parking charges in Preston and Lancaster	78	17.8%	0.090		
			0.100	0.055	0.000
Total Charging Proposals			4.500	1.730	1.100