

Minutes

At a meeting of the Full Council held at Council Chamber, County Hall, Preston, on Thursday, 9th February, 2017

Present:

County Councillor Janice Hanson (Chair)

County Councillors

T Aldridge	G Dowding	N Penney
A Ali	K Ellard	S Perkins
T Ashton	J Fillis	M Perks
A Atkinson	J Gibson	C Pritchard
A Barnes	G Gooch	S Prynne
M Barron	M Green	P Rigby
L Beavers	P Hayhurst	A Schofield
D Borrow	C Henig	K Sedgewick
P Britcliffe	N Hennessy	S Serridge
M Brindle	S Holgate	J Shedwick
I Brown	D Howarth	R Shewan
K Brown	K Iddon	D T Smith
T Brown	M Iqbal	K Snape
P Buckley	M Johnstone	D Stansfield
T Burns	A Jones	J Sumner
Mrs S Charles	A Kay	V Taylor
A Cheetham	Ms S Malik	M Tomlinson
A Clempson	T Martin	C Wakeford
D Clifford	J Mein	D Watts
Ms L Collinge	Y Motala	D Westley
C Crompton	B Murray	D Whipp
A Cullens	D O'Toole	P White
M Dad	Mrs L Oades	G Wilkins
B Dawson	J Oakes	B Winlow
F De Molfetta	M Otter	B Yates
C Dereli	M Parkinson	

1. Apologies and Announcements

Apologies for absence were presented on behalf of County Councillors F Craig-Wilson, G Driver, J Lawrenson and D Lord.

2. Disclosure of Pecuniary and Non-Pecuniary Interests

The Full Council was notified that Members had been invited to make declarations of Pecuniary and Non-pecuniary interest in matters on the agenda in accordance with the County Council's Code of Conduct for Members. The following interest was declared:

Name of Councillor	Agenda item number	Nature of interest (non-pecuniary unless stated)
Cllr D Howarth	3	Member of Penwortham Town Council
Cllr D Whipp	3	Member of Pendle Borough Council Member of Barnoldswick Town Council

3. The County Council's Budget

County Councillor David Borrow, Deputy Leader of the County Council, moved the report of the Cabinet from its meetings on 8 December 2016 and 19 January 2017 regarding the:

- Revenue Budget 2017/18 and Financial Strategy 2017/18 to 2020/21;
- Capital Investment Programme 2017/18 and beyond;
- Council Tax and Precept 2017/18.

In moving the report, County Councillor Borrow outlined an adjustment to the proposals contained within the report. Details of the adjustment, together with a number of responses which had been received as part of the budget consultation, were set out in a document circulated to all members, which is appended to these minutes as Annex 1.

The motion was seconded by County Councillor Jennifer Mein, Leader of the County Council.

County Councillor Michael Green, on behalf of the Conservative Group, then made his Budget speech and moved an Amendment to the Budget proposals on behalf of the Conservative Group, which was seconded by County Councillor Albert Atkinson.

A copy of the Amendment was circulated to all members and is set out at Annex 2 to these minutes.

The Chairman adjourned the meeting for a period of twenty minutes to give members the opportunity to consider the Amendment.

On resumption of the meeting there followed a period of debate after which a recorded vote on the Amendment was taken. The names of members who voted for or against the Amendment are set out below:

For (31)

T Ashton	A Cullens	A Schofield	B Yates
A Atkinson	G Gooch	K Sedgewick	
M Barron	M Green	J Shedwick	
P Britcliffe	K Iddon	D Smith	
I Brown	T Jones	D Stansfield	
K Brown	A Kay	V Taylor	
P Buckley	D O'Toole	C Wakeford	
S Charles	M Otter	D Westley	
A Cheetham	M Perks	P White	
A Clempson	P Rigby	G Wilkins	

Against (47)

T Aldridge	C Crompton	P Hayhurst	Y Motala	R Shewan
A Ali	M Dad	C Henig	B Murray	K Snape
A Barnes	B Dawson	N Hennessey	E Oades	J Sumner
L Beavers	F de Molfetta	S Holgate	J Oakes	M Tomlinson
D Borrow	C Dereli	D Howarth	M Parkinson	D Watts
M Brindle	G Dowding	M Iqbal	N Penney	D Whipp
T Brown	K Ellard	M Johnstone	S Perkins	B Winlow
T Burns	J Fillis	S Malik	C Pritchard	
D Clifford	J Gibson	T Martin	S Pryn	
L Collinge	J Hanson	J Mein	S Serridge	

The Conservative Group's Amendment was therefore lost.

County Councillor Paul White moved the following amendment to the Capital Investment Programme 2017/18 and beyond in respect of road safety, which was seconded by County Councillor David Whipp:

- (i) Delete funding from the parish bus scheme as there has been no uptake by any parish council (0.200m);
- (ii) Additional road safety funding to tackle road safety in areas where the number of people killed or seriously injured is increasing (0.200m)

The amendment was accepted, as an adjustment by County Councillor Borrow, for incorporation into the substantive motion, and the amount to be made available (£0.200m) be increased to £0.500m at the suggestion of County Councillor John Fillis, Cabinet Member for Highways and Transport. This to be as an addition to the County Council's budget proposals by an adjustment to the Capital Investment Programme to move 0.500m from the uncommitted funds for parish bus schemes to road safety.

As no further Amendments were moved, the Chairman put the Motion on the County Council's Budget and asked the Full Council to approve the recommendations of the Cabinet, as adjusted at Annex 1 to these minutes, and as amended above in respect of the parish bus scheme and road safety, on the:

- Revenue Budget 2017/18 and Financial Strategy 2017/18 to 2020/21;
- Capital Investment Programme 2017/18 and beyond;
- Council Tax and Precept 2017/18.

A recorded vote was taken and the names of members who voted for or against the Motion, and those who abstained, are set out below:

For (45)

T Aldridge	C Crompton	C Henig	B Murray	K Snape
A Ali	M Dad	N Hennessy	E Oades	M Tomlinson
A Barnes	B Dawson	S Holgate	J Oakes	D Watts
L Beavers	F de Molfetta	D Howarth	M Parkinson	D Whipp
D Borrow	C Dereli	M Iqbal	N Penney	B Winlow
M Brindle	K Ellard	M Johnstone	S Perkins	
T Brown	J Fillis	S Malik	C Pritchard	
T Burns	J Gibson	T Martin	S Prynne	
D Clifford	J Hanson	J Mein	S Serridge	
L Collinge	P Hayhurst	Y Motala	R Shewan	

Against (30)

T Ashton	P Buckley	M Green	M Perks	D Stansfield
A Atkinson	S Charles	K Iddon	P Rigby	V Taylor
M Barron	A Cheetham	T Jones	A Schofield	C Wakeford
P Britcliffe	A Clempson	A Kay	K Sedgewick	D Westley
I Brown	A Cullens	D O'Toole	J Shedwick	G Wilkins
K Brown	G Gooch	M Otter	D Smith	B Yates

Abstain (3)

G Dowding	J Sumner	P White
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The motion was CARRIED and it was:

Resolved: -

That the Cabinet's recommendations in respect of:

- Revenue Budget 2017/18 and Financial Strategy 2017/18 to 2020/21;
- Capital Investment Programme 2017/18 and beyond;
- Council Tax and Precept 2017/18;

as adjusted at Annex 1 to these minutes, and in respect of the Capital Investment Programme 2017/18 in relation to the transfer of £0.500m from uncommitted funds for the parish bus scheme to road safety schemes, be approved.

4. Treasury Management Policy and Strategy 2017/18

County Councillor David Borrow moved the report, which was seconded by County Councillor Bill Winlow.

Resolved: - That:

- (i) The Treasury Management Policy as set out at Appendix 'A' to the report, now presented, be approved;
- (ii) The Treasury Management Strategy for 2017/18 as set out at Appendix 'B' to the report, now presented, be approved;
- (iii) In respect of the Minimum Revenue Provision Statement for 2017/18, set out at Appendix 'C' to the report, now presented:
 - (a) The Asset Life method for expenditure funded from unsupported borrowing be approved;
 - (b) For supported borrowing incurred before 1 April 2007, the capital financing requirement based upon a 50 year life be used;
 - (c) That charges to revenue be a sum equal to the repayment any credit liability be approved;
 - (d) The proposed treatment of assets constructed under the Preston, South Ribble and Lancashire City Deal be approved, subject to annual review.

Minute Annexes

Annex 1

Full Council - 9 February 2017

Adjustment to the 2017/18 Budget Proposal and Initial Consultation Responses

The Cabinet's budget recommendation to Full Council included the impact of the Provisional Finance Settlement and information received at a point in time in relation to the Business Rates deficit. This report contains updated information as to when notification of the Final Financial Settlement is expected to be received and a final position in relation to the Business Rates deficit.

1. The Final Settlement 2017/18

The Provisional Finance Settlement was made on 15th December 2016. The changes announced as part of the settlement have been reflected in the Cabinet budget recommendation.

It was anticipated that the Final Finance Settlement would be received in early February 2017, however notification has been received that this will not be available until 20 February 2017 at the earliest. It is not expected that there will be significant fluctuations from the provisional settlement, and any variation relating to 2017/18 will be managed through reserves. An updated position will be reported as part of the Money Matters reports to Cabinet in 2017/18.

2. Business Rates

Appendix 'A' contained the information available from District Councils in relation to their Business Rates deficit position for 2016/17 at the time of publishing the report (£1.195m deficit).

All information has now been received from District Councils with an increased deficit position of £1.488m now reported. This will reduce the one-off resources shown in Table 8 within Appendix 'A'.

A revised reserves position is shown below showing the impact of the increased deficit position:

Table 8 - Revised

Reserve Name	Opening Balance as at 1 April 2016	2016-17 Forecast Spend	2016-17 Transfers to / from other reserves	2016-17 Forecast Closing Balance	2017-18 Forecast Spend	2018-19 Forecast Spend	2019-20 Forecast Spend	Total as at 31 March 2020
	£m	£m	£m	£m	£m	£m	£m	£m
County Fund (3.1)	-36.000	0.000	0.000	-36.000	0.000	0.000	0.000	-36.000
Strategic Investment Reserve (3.2)	-10.971	2.351	5.194	-3.426	1.543	0.883	0.060	-0.940
Downsizing Reserve (3.3.1)	-64.841	14.171	28.062	-22.608	13.548	9.060	0.000	0.000
Risk Management Reserve (3.3.2)	-15.784	3.155	4.872	-7.757	7.757	0.000	0.000	0.000
Transitional Reserve (3.4.1)	-141.837	59.863	-54.712	-136.685	70.954	0.530	0.000	-65.202
To facilitate the transition of services (3.4.2)	0.000	0.000	-3.000	-3.000	0.000	0.000	0.000	-3.000
Service Reserves (3.5)	-45.214	8.893	10.800	-25.521	10.325	-0.340	-0.683	-16.219
TOTAL	-314.647	88.434	-8.784	-234.997	104.127	10.133	-0.623	-121.360
Forecast underspend 2016/17	0.000	0.000	-15.298	-15.298	0.000	0.000	0.000	-15.298
<i>MTFS Funding Gap</i>						<i>88.040</i>	<i>118.077</i>	<i>206.117</i>
Available reserves to support financial gap	0.000	0.000	0.000	0.000	0.000	86.421	0.000	86.421
TOTAL	-314.648	88.434	-24.082	-250.295	104.127	96.554	-0.623	-50.238

The revised Table 8 includes a reduced amount available of £86.421m to support the revenue budget going forward which is insufficient to meet the 2018/19 forecast funding gap.

3. Budget Consultation

As part of the budget process the contents of the report to Full Council are subject to an ongoing consultation with a variety of stakeholders and partners. In addition a meeting has taken place with the Trade Unions to discuss the reports.

For the consultation, a letter from the Leader of the County Council outlining the budget position, a link to the relevant reports and a link to an electronic questionnaire were sent on 23 January 2017. Alternatively, respondents could e-mail their reply. The closing date for the consultation was 3 February 2017.

We have had responses from a number of parish and town councils regarding the difficulties they face in responding to the consultation within the timescale requested, 3rd February. They have all been written to acknowledging that this

timescale is demanding, but that it would be wrong to interpret this as implying that the County Council does not value their responses, rather that it reflects that Cabinet's budget proposals are essentially to be achieved by efficiency savings and it is not envisaged that they will impact service delivery to the public or partners.

It was not possible to set a response time which would easily fit in with the timetable of meetings for all parish and town councils or indeed partners and stakeholders more widely. In that context any responses not received by the County Council by the date of the Budget meeting will be provided to Cabinet to consider any changes to the budget that may need to be made and then take any necessary steps to do so.

This does not apply to the Council's decision on the level of council tax which must be set on 9th February.

Of the 14 responses received, 3 cover issues other than timeframes and are contained in Appendices A to C of this report. A response and further information relating to the particular areas of feedback are contained below:

Zero Based Budget Review Savings

The Zero Based Budget Review has identified savings of £6.320m as a result of efficiencies that have been identified within a range of services including Design and Construction, Legal and Democratic Services, Health and Safety and Traded Services. It is not however anticipated that any of these savings will have any impact on service delivery as they are services efficiencies that have been identified.

Adult Social Care Budget Provision

The medium term financial strategy includes, for Adults Services, a forecast gross increase in costs of £131.072m over the period 2017/18 – 2020/21 to reflect pressures that are anticipated around price and demand, including the national living wage.

The County Council are currently implementing a programme of work across Adult Social Care designed to deliver both financial savings and improved outcomes. Even taking into account the agreed savings for Adult Social Care and the additional funding in the form of the 2% Social Care Precept and Adult Care Support Grant there is still a significant forecast budget shortfall for Adult Social Care of c£95m by 2020/21.

3.99% Council Tax Increase

In the provisional settlement issued on 15th December 2016 one of the significant changes confirmed by the Secretary of State was in relation to the referendum limit for the Adult Social Care Precept. This reflected the significant national pressures around increasing demand for Adult Social Care and allowed Councils to raise an additional precept with a cap of 3% rather than 2% each year, but could still only increase Council Tax by a maximum of 6% over the financial years 2017/18 – 2019/20. The County Council is proposing to increase Council Tax by

a total of 3.99% in 2017/18 rather than the maximum permissible without a referendum of 4.99%.

County Councillor David Borrow,
Deputy Leader,
9 February 2017

Appendix 'A'

Many thanks for your letter of 23rd January re consultation on proposed budget options seeking partner organisations views.

On behalf of Blackpool Teaching Hospitals NHS Foundation Trust I would like to make the following comments:

This is a complicated document with multiple appendices and the time for consultation has been short.

We are aware of the financial pressures that the Count Council is, and has been, working under and recognise the forecast gap of £153m by 2020/21 as well as agreed savings of £140m between 2016/17 and 2017/18 along with further proposed savings of £12.32m for 2017/18. There is a recognition that with the 2% precept for social services that current levels may be maintained but that this will not make adequate provision for growth in demand. The MTFS recognises £91m for demand pressures predominantly in Social Services (58% Adult, 24% Children). In Appendix D of the document there is a series of variations of budget from the Design and Construction(Buildings) function to Adult Services which will place further strain on this departments budget and hence its ability to provide service to dependent citizens. In addition there is a proposed reduction in the Training budget for Health and Safety and Resilience Services on top of a £225k reduction in staff budget which may have implications for school health and Public Health functions.

The past year has seen an increase in delayed transfers of care from health providers into social care which has contributed to the pressures experienced by the NHS over that time.

To quote directly from the document 'Taking everything into account, there remains a strong likelihood that the Council will, during the course of this financial strategy period (in 2018/19 at the earliest), be in the position of being unable to set a budget which will meet the cost of its statutory responsibilities'. Our concern is that nothing in the proposed budget appears to address the shortfall in social care provision and indeed the suggestion is that things may worsen over the next few years. Given that STPs encourage closer working between health and social sectors and that the budgetary recommendations in the Five Year Forward View were predicated in part upon the maintenance of social service funding we urge you to reconsider this element of your proposed budget. As always the Trust is more than happy to work collaboratively with the County Council to achieve the best outcomes for the citizens of Lancashire.

Yours sincerely
Mark O'Donnell

Professor Mark O'Donnell
Medical Director
Blackpool Teaching Hospitals NHS FT

Appendix 'B'

Thank you for sharing your budget position with us and for seeking our views. We appreciate being included in your consultation.

As a Vice Chancellor of a University which also faces its share of challenges in the current economic, political and international climate, we have empathy for the significant challenges you face.

You can be sure that the University remains fully committed to playing our part in the reputational growth and consequent success of Preston, within and beyond Lancashire, and we will continue to work with the Council to ensure that this continues through these difficult times.

With best wishes

Mike Thomas
Vice-Chancellor
University of Central Lancashire
Preston
PR1 2HE

Appendix 'C'

I have just read the four documents you kindly forwarded to me. It seems to me from an apolitical standpoint that LCC must set its budgets and operate and deliver its services from within the confines of its revenues and reserves. LCC will need to prioritise its spending on delivering statutory services and then look to spending on target responsibilities. The tone of the documents appear to suggest that services that LCC would wish to provide cannot be achieved given current central government funding, council tax receipts etc. The documents also suggest that LCC cannot continue in the medium term in its current form, if so, LCC must cut its cloth accordingly by reducing spending in non statutory areas. I was also dismayed to note that LCC had included Council Tax rises of 3.99% a year in its forecasts. On what basis was such an assumption made? LCC might wish to remind itself that Council Tax is paid by many citizens out of already taxed income, many of whom are not seeing or have not seen pay increases in recent years of any more than 1%.

Like any individual faced with constraints on income, unwelcome decisions and spending priorities have to be made until income streams improve.

Kind regards

Mike

Grindleton Parish Council

Annex 2

BUDGET COUNCIL: 9TH FEBRUARY 2017

AMENDMENT PROPOSED BY THE CONSERVATIVE GROUP TO THE 2017/18 BUDGET

(1) Proposed Additions to the Budget

	Additional Cost of Proposals
	£m
1. Subsidised Bus Routes Retain all existing subsidised routes and increase the level of subsidies by 50%, to support additional services:	1.000
2. Promoting sustainable employment for young people and enhancing Apprentices & Graduates programme:	1.000
3. Remove proposed cuts to Library Service and re-open all libraries on 1 st July 2017 which are currently closed due to cuts by Lancs County Council in 2016/17, to include all costs of re-opening, staff & running costs and replacing funding for County Book Fund:	2.177
4. Additional support for the new community libraries established in 2016/17 in response to the cuts made by Lancashire County Council:	0.050
5. Increase the level of Local Member Grants by 50%, to provide support to Charities providing services to our local communities in Lancashire:	0.084
6. Increase the funding in the Flood Risk budget by £50k and increase the frequency of gully cleaning:	0.300
7. Cost of prudential borrowing to fund increased investment in the Capital Programme of £3.319m:	0.199
8. Supporting Economic Growth, particularly Small Businesses:	1.000
9. Retain the Subsidy to the Knott End Ferry, to ensure its continued operation, if required, up to a maximum value of £85k:	0.085
10. Funding to keep Hornby Swimming Pool open for community use, to allow consultation with interested parties on the most appropriate means of providing this facility, up to maximum £80k:	0.080

11. Reinstatement of the cuts made to the Public Realm Budget, to improve grass verge cutting, weed control, leaf sweeping & tree maintenance 0.600

Total Cost of Proposed Amendments: £6.575

(2) Financing the Proposed Additions to the Budget

	Revenue Savings
	£m
1. Continue the policy of financing Capital Expenditure by borrowing rather than charging to Revenue or Reserves:	
• Asset Maintenance	0.727
• School Playing Fields	<u>1.036</u>
Total:	1.763
Less: Revenue Charges	0.106
	<u>1.657</u>
2. Reduction in the number of paid trade union officials:	0.061
3. 25% reduction in the number of Vacant Posts which don't Relate to service areas with future savings targets:	0.200
4. Reduce the County Fund by 16.67%:	6.000
Total Revenue Savings:	<u>£7.918</u>

Therefore, an amount of £1.343m would be available to transfer to the County Council's Transitional Reserve.

(3) Proposed Additions to the Capital Programme

ADD:

	£m
1. Additional funding to carry out Highways Maintenance:	5.000
2. Additional funding for the Productivity Investment Fund, to reduce Congestion:	0.500

3. Additional Road Safety Schemes:	0.500
4. Libraries – Essential Condition Costs P1 and P2	1.571
Total Additions to Capital Programme:	<u>£7.571</u>

(4) Proposed Amendments to the Capital Programme

	£m
1. Re-profile the upgrade of Fire Suppression systems at the waste recovery parks, to move £2.268m from 2016/17 to 2017/18 and £1.552 from 2017/18 to 2018/19:	1.552
2. Re-profile the PPR Neighbourhood Centres Suitability Investment, to move £1.5m from 2017/18 to future years:	1.500
3. Re-profile Vehicle replacements, to move £1m from 2017/18 to 2018/19:	1.000
4. Delete funding from the parish bus scheme, as there has been no take-up by any parish councils in Lancashire:	0.200
Total Reductions from 2017/18 Capital Programme:	<u>£4.252</u>

View of the Section 151 Officer

The proposals have been validated as being deliverable financially in 2017/18. However it must be stressed that the affected savings areas (and increase to the capital programme) will lead to a widening resource gap in 2018/19, and future years, if they are not ultimately delivered in full as per the existing plans.

Jo Turton
Chief Executive

County Hall
Preston