

Minutes

At a meeting of the Full Council held at Council Chamber, County Hall, Preston,
on Thursday, 8th February, 2018

Present:

County Councillor Terry Aldridge (Chairman)

County Councillors

A Ali	J Fillis	J Parr
T Ashton	A Gardiner	M Pattison
A Atkinson	J Gibson	E Pope
M Barron	G Gooch	J Potter
L Beavers	M Green	J Purcell
J Berry	P V Greenall	J Rear
I Brown	P Hayhurst	P Rigby
P Buckley	N Hennessy	A Riggott
T Burns	S Holgate	Salter
J Burrows	A Hosker	A Schofield
Mrs S Charles	D Howarth	J Shedwick
A Cheetham	K Iddon	D T Smith
S Clarke	M Iqbal	K Snape
A Clempson	A Kay	A Snowden
Ms L Collinge	H Khan	D Stansfield
J Cooney	E Lewis	P Steen
L Cox	Ms S Malik	J Sumner
C Crompton	J Marsh	M Tomlinson
M Dad	T Martin	C Towneley
B Dawson	J Mein	S Turner
F De Molfetta	J Molineux	A Vincent
G Dowding	Y Motala	C Wakeford
G Driver	E Nash	D Whipp
J Eaton	D O'Toole	G Wilkins
C Edwards	Mrs L Oades	P Williamson
K Ellard	G Oliver	B Yates
D Foxcroft	M Parkinson	

1. Apologies and Announcements

Apologies for absence were presented on behalf of County Councillors Peter Britcliffe and Mark Perks.

Announcements

Death

The Chair reported the recent sad death of Jimmy Armfield OBE DL.

The Vice-Chairman, County Councillor Anne Cheetham, paid tribute to the late Jimmy Armfield.

The Council stood in silent tribute.

Centenary of the Representation of People Act 1918

The Chairman made reference to the recent centenary, on 6 February 1918, of the Representation of People Act 1918 which allowed women to vote for the very first time. The Chairman paid tribute to the suffragette movement which was instrumental in bringing about the vote for women.

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 interests in matters on the agenda in accordance with the County Council's Code of Conduct for Members. The following interests were declared:

Name of Councillor	Agenda Item Number	Nature of Interest (non-pecuniary unless stated)
David Howarth	3	Member of South Ribble Borough Council Member of Penwortham Town Council Member of Lancashire Combined Fire Authority
John Potter	3	Member of Preston City Council
David Whipp	3	Member of Pendle Borough Council Member of Barnoldswick Town Council Member of Lancashire Police and Crime Panel

3. The County Council's Budget

County Councillor Geoff Driver, Leader of the County Council, moved the report of the Cabinet from its meeting on 18 January 2018 regarding the:

- Revenue Budget 2018/19 and Financial Strategy 2018/19 to 2021/22;
- Capital Investment Programme 2018/19 and beyond;
- The Council Tax and Precept 2018/19.

In moving the report, County Councillor Driver outlined an adjustment to the proposals contained within the report. Details of the adjustment 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 Albert Atkinson, Deputy Leader of the County Council.

County Councillor Steven Holgate, on behalf of the Labour Group, then made his Budget speech and moved an Amendment to the Budget proposals on behalf of the Labour Group, which was seconded by County Councillor Azhar Ali.

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

Following a period of debate, a recorded vote on the Amendment was taken. The names of members who voted for or against the Amendment, and those who abstained, are set out below:

For (32)

A Ali	M Dad	P Hayhurst	T Martin	J Parr
L Beavers	B Dawson	N Hennessy	J Mein	M Pattison
J Berry	F De Molfetta	S Holgate	J Molineux	K Snape
T Burns	G Dowding	M Iqbal	Y Motala	M Tomlinson
L Collinge	K Ellard	H Khan	E Oades	
L Cox	J Fillis	E Lewis	G Oliver	
C Crompton	J Gibson	S Malik	M Parkinson	

Against (47)

T Ashton	J Cooney	K Iddon	A Riggott	S Turner
A Atkinson	G Driver	A Kay	M Salter	A Vincent
M Barron	J Eaton	J Marsh	A Schofield	C Wakeford
I Brown	C Edwards	E Nash	J Shedwick	D Whipp
P Buckley	D Foxcroft	D O'Toole	D Smith	G Wilkins
J Burrows	A Gardiner	E Pope	A Snowden	P Williamson
S Charles	G Gooch	J Potter	D Stansfield	B Yates
A Cheetham	M Green	J Purcell	P Steen	

S Clarke	P Greenall	J Rear	J Sumner	
A Clempson	D Howarth	P Rigby	C Towneley	

Abstain (2)

T Aldridge	A Hosker
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The Labour Group's amendment was therefore lost.

Following a brief adjournment, County Councillor David Whipp, on behalf of the Liberal Democrat Group, then made his Budget speech and moved an Amendment to the Budget proposals on behalf of the Liberal Democrat Group, which was seconded by County Councillor David Howarth.

A copy of the Amendment was circulated to all members and is set out at Annex 3 to these minutes.

Following a period of debate, a recorded vote on the Amendment was taken. The names of members who voted for or against the Amendment, and those who abstained, are set out below:

For (33)

A Ali	B Dawson	N Hennessy	J Mein	J Potter
L Beavers	F De Molfetta	S Holgate	J Molineux	K Snape
J Berry	G Dowding	D Howarth	E Oades	J Sumner
L Collinge	K Ellard	M Iqbal	G Oliver	M Tomlinson
L Cox	J Fillis	E Lewis	M Parkinson	D Whipp
C Crompton	J Gibson	S Malik	J Parr	
M Dad	P Hayhurst	T Martin	M Pattison	

Against (44)

T Ashton	A Clempson	P Greenall	J Rear	P Steen
A Atkinson	J Cooney	A Hosker	P Rigby	C Towneley
M Barron	G Driver	K Iddon	A Riggott	S Turner
I Brown	J Eaton	A Kay	M Salter	A Vincent
P Buckley	C Edwards	J Marsh	A Schofield	C Wakeford
J Burrows	D Foxcroft	E Nash	J Shedwick	G Wilkins
S Charles	A Gardiner	D O'Toole	D Smith	P Williamson
A Cheetham	G Gooch	E Pope	A Snowden	B Yates
S Clarke	M Green	J Purcell	D Stansfield	

Abstain (1)

T Aldridge

The Liberal Democrat Group's Amendment was therefore lost.

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, on the:

- Revenue Budget 2018/19 and Financial Strategy 2018/19 to 2021/22;
- Capital Investment Programme 2018/19 and beyond;
- The Council Tax and Precept 2018/19.

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 (42)

T Ashton	A Clempson	K Iddon	A Riggott	S Turner
A Atkinson	J Cooney	A Kay	M Salter	A Vincent
M Barron	G Driver	J Marsh	A Schofield	C Wakeford
I Brown	J Eaton	E Nash	J Shedwick	G Wilkins
P Buckley	C Edwards	D O'Toole	D Smith	P Williamson
J Burrows	D Foxcroft	E Pope	A Snowden	B Yates
S Charles	A Gardiner	J Purcell	D Stansfield	
A Cheetham	G Gooch	J Rear	P Steen	
S Clarke	M Green	P Rigby	C Towneley	

Against (32)

A Ali	B Dawson	N Hennessy	J Mein	J Potter
L Beavers	F De Molfetta	S Holgate	J Molineux	K Snape
J Berry	G Dowding	D Howarth	E Oades	J Sumner
L Collinge	K Ellard	M Iqbal	G Oliver	D Whipp
L Cox	J Fillis	E Lewis	M Parkinson	
C Crompton	J Gibson	S Malik	J Parr	
M Dad	P Hayhurst	T Martin	M Pattison	

Abstain (3)

T Aldridge	P Greenall	A Hosker
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The motion was CARRIED and it was:

Resolved: -

That the Cabinet's recommendations in respect of:

- Revenue Budget 2018/19 and Financial Strategy 2018/19 to 2021/22;
- Capital Investment Programme 2018/19 and beyond;
- The Council Tax and Precept 2018/19.

As adjusted at Annex 1 to these minutes, be approved.

4. Report of the Audit, Risk and Governance Committee - Treasury Management Policy and Strategy 2018/19

County Councillor Alan Schofield moved the report of the Audit, Risk and Governance Committee, which was seconded by County Councillor Edward Nash.

Resolved: - That the recommendations of the Audit, Risk and Governance Committee, as set out in the report, now presented, be approved.

Minute Annexes

Annex 1

Adjustment to the 2018/19 Budget Proposal Full Council 8 February 2018

The Cabinet's budget recommendation to Full Council included the most up to date information at the time of writing, and as part of this included funding projections based on the provisional financial settlement that was announced on 19th December 2017.

1. The Final Settlement 2018/19

The Final Settlement was announced on 6th February 2018. The Settlement included an additional non-recurrent national Adult Social Care Support Grant of £150m, of which £3.449m is allocated to Lancashire County Council, in addition to some small adjustments to the business rates calculations.

2. Business Rates

Information has now been received from the City and Borough Councils, with the business rates forecast for 2018/19 showing an improved position.

The impact of the most up to date information is as follows and has been reflected in the revised Medium Term Financial Strategy (MTFS) in Section 5:

Table 1

	2018/19 £m	2019/20 £m	2020/21 £m	2021/22 £m
Cabinet Recommendation	188.972	194.421	198.989	204.431
Full Council Adjustment	190.736	194.882	198.989	204.431
Increase	1.764	0.461	0.000	0.000

3. Collection Fund Position

The final collection fund positions for Council Tax and Business Rates have been received from the City and Borough Councils:

Table 2

	£m
Council Tax Collection Fund	6.893
Business Rates Collection Fund	0.926
Total Surplus/(Deficit) Position	7.819

Table 2 shows a surplus position has been reported, with this being one off additional funding that is recommended to be transferred to the transitional reserve.

A revised reserves position is shown below showing the impact of the additional one-off income:

Table 3

Reserve Name	Approved at Full Council Feb 2017	2017/18 Forecast Spend	2017-18 transfers to / from other reserves	2017/18 Forecast Closing Balance	2018-19 Forecast Spend	2019-20 Forecast Spend	Total as at 31 March 2020
	£m	£m	£m	£m	£m	£m	£m
County Fund	-36.000	2.373	10.000	-23.627	0.000	0.000	-23.627
SUB TOTAL - COUNTY FUND	-36.000	2.373	10.000	-23.627	0.000	0.000	-23.627
Strategic Investment Reserve	-4.446	1.283	0.037	-3.126	1.240	0.410	-1.476
Downsizing Reserve	-18.913	2.653	1.431	-14.829	3.762	0.000	-11.067
Risk Management Reserve	-10.439	3.768	3.001	-3.670	3.670	0.000	0.000
Treasury Management Reserve	0.000	0.000	-10.000	-10.000	0.000	0.000	-10.000
Transitional Reserve	-159.014	39.695	-9.920	-129.239	-1.959	0.578	-130.620
To facilitate the transition of services	-3.000	0.000	3.000	0.000	0.000	0.000	0.000
Service Reserves	-13.038	2.604	2.441	-7.993	3.571	0.501	-3.921
SUB TOTAL - LCC RESERVES	-208.850	50.002	-10.010	-168.858	10.284	1.489	-157.085

Schools/Non-LCC Service Reserves (3.5)	-18.989	1.263	0.010	-17.716	1.011	-0.687	-17.392
SUB TOTAL SCHOOLS/NON LCC RESERVES	-18.989	1.263	0.010	-17.716	1.011	-0.687	-17.392
GRAND TOTAL	-263.839	53.638	0.000	-210.201	11.295	0.802	-198.104

The revised table above presents an increased amount available within the transitional reserve to support the revenue budget financial gap.

Table 4 demonstrates the funds that are forecast to be available to support the budget gap in 2018/19 and 2019/20. However, in order to set a legal budget further savings will need to be made.

Table 4

	2018-19 £m	2019-20	2020-21 £m	
<i>MTFS Funding Gap</i>	<i>42.045</i>	<i>68.410</i>	<i>118.138</i>	
Available reserves to support financial gap	42.045	68.410	20.165	130.620

4. Council Tax

The Council Tax Base has now been confirmed by the 12 Borough and City Councils. This has resulted in a slight increase in the figures published in the Full Council papers.

	Band D equivalent	£m
Provisional Tax Base	361,544.11	468.171
Final Tax Base	361,822.64	468.531
Increase	278.53	0.360

The share for each District Council of the total raised from the Council Tax of £468,531,375:

District	£
Burnley	29,935,961
Chorley	47,412,434
Fylde	38,525,165

Hyndburn	26,553,630
Lancaster	53,350,704
Pendle	30,639,750
Preston	48,173,614
Ribble Valley	29,656,258
Rossendale	26,194,937
South Ribble	46,022,493
West Lancashire	45,099,305
Wyre	46,967,124
Total Raised from Council Tax	468,531,375

This gives an overall position of:

	£m
Budget Requirement	764.640
Less RSG	56.979
Less Retained Business Rates	190.735
Less New Homes Bonus grant	3.765
Less Better Care Fund	22.656
Less Capital Receipts	18.525
Less Adult Social Care Support Grant	3.449
Equals council tax cash	468.531
Divided by tax base	361,822.64
Gives Band D council tax for 2018/19	£1,294.92
2017/18 council tax	£1,221.74
Percentage increase	5.99%

5. Funding Gap

	2018/19 £m	2019/20 £m	2020/21 £m	2021/22 £m	Total £m
Spending Gap as per Full Council papers	47.619	21.633	49.280	25.960	144.492

Funding	-5.574	4.732	0.448	-0.014	-0.408
Revised Funding Gap	42.045	26.365	49.728	25.946	144.084

6. Revenue Budget

Revenue Budget 2018/19	Net Budget £m
Adult Services	347.435
Education and Children's Services	157.910
Community Services	134.792
Customer Access	3.382
Corporate Services	19.218
Economic Development and Planning	3.669
Chief Executive Services	20.102
Finance Services	31.228
Programmes and Projects	0.784
Property Services	27.437
Public Health	20.855
Service Communications	0.834
Sub-Total	767.646
Financing Charges	39.039
Use of one off resources	-42.045
Revenue budget 2018/19	764.640

County Councillor Geoff Driver CBE,
Leader of the County Council,
8 February 2018

Annex 2

BUDGET COUNCIL: 8TH FEBRUARY 2018

AMENDMENT PROPOSED BY THE LABOUR GROUP TO THE 2018/19 BUDGET

(1) Proposed additions to the revenue budget

	£m
Reverse the saving relating to Terms and Conditions (CORP003)	3.750
Reinstate Carnforth Bus/Rail Interchange	0.012
Reverse the proposal to cut Community Transport (CMTY024)	0.254
Reverse the proposal to cease funding for Police Community Support Officers (PH012)	0.220
Invest to saving in securing franchised public transport schemes	1.000
Additional borrowing costs	0.070
Total cost of proposed amendments:	<u>5.306</u>

(2) Financing the proposed additions to the revenue budget

	£m
Reduce agency staff expenditure	-1.000
Funding from the transitional reserve	-4.306
Total Funding	<u>-5.306</u>

(3) Proposed additions to the capital programme

	£m
Additional funding for permanent pothole repairs	1.000
Total Additions to Capital Programme:	<u>1.000</u>

(4) Proposed amendments to the funding of the Capital Programme

	£m
Additional borrowing for permanent pothole repairs	-1.000
Total amendments to the funding of the Capital Programme:	<u>-1.000</u>

Note:

From within the proposed 2018/19 capital programme for Highways, Labour would ring-fence £4m for pothole repairs and £1m for an increase in the gully cleaning fleet.

View of the Interim Chief Executive and Director of Resources (S151)

The proposals have been validated as being deliverable financially in 2018/19. It must be stressed that the proposals will lead to a widening resource gap in 2018/19 and future years, including an additional call in 2018/19 on the transitional reserve of £4.306m, unless addressed through additional savings being identified via reductions in expenditure or income generation.

Noting the above, overall the proposed amendments do not materially impact my comments on the robustness of the estimates or adequacy of reserves for the 2018/19 budget. However I must reiterate my comments from within the main report, as amended for the updated information circulated today. "...the position for 2019/20 is critical to addressing the issue of financial sustainability as there remains a funding gap of £68.410m. Urgent work is required to identify proposals for additional savings early in 2018/19 that can be delivered in 2019/20 and for the remaining MTFS position."

These proposals will increase the level of risk already inherent in the medium term financial strategy increasing the underlying financial pressure to £72.716m in 2019/20 and £148.390m by 2021/22.

Annex 3

BUDGET COUNCIL: 8TH FEBRUARY 2018

AMENDMENT PROPOSED BY THE LIBERAL DEMOCRAT GROUP TO THE 2018/19 BUDGET

(5) Proposed Additions to the Revenue Budget

	£m
Reinstate funding for highway safety signing and lining: (CMTY011)	0.500
Reinstate funding for PCSOs (PH012):	0.220
Reinstate funding for Information Centres (Preston, Nelson, Clitheroe & Carnforth; and Morecambe Visitor Centre (CMTY027):	0.099
Reinstate Bus Stop Information & publicity material (CMTY030):	0.015
Provide funding for street light energy costs to allow a more flexible policy on times of dimming in locations where there are community safety concerns:	0.500
Fund additional reactive maintenance to highway drainage, with delegation to districts where there is local capacity to carry out work (including drainage schemes in capital programme):	0.318
Fund set up costs of a Local Lancashire Lottery with the aim to generate funds to replace the funding lost to charitable and other organisations being cut through axing of LCC funding streams:	0.007
Fund six person team (part year) to market county council facilities and services to generate income (see savings):	0.200
Additional highway winter maintenance funding to provide extra grit bins and filling:	0.500
Reinstate Highways Asset Management reduction (COM002b)	0.315
Reinstate cut in Youth Offending Team budget (CYP015)	0.336
Total Cost of Proposed Amendments:	<u>3.01</u>

(6) Financing the Proposed Additions to the Revenue Budget

£m

Reduction in costs of agency staff: 1.000

Target additional net income from maximising use of county council's physical assets (e.g. weddings at Wycoller) and traded services: 1.000

Increase staff vacancy factor by a further ½% 1.595

Cease provision of Member Champion grants 0.050

Reduce Special Responsibility Allowance of Leader of County Council (with pro-rata adjustments to SRAs geared to that level) by 10% and cease SRAs for Member Champions: 0.056

Total Revenue Savings: 3.701

Net position is a reduction in the funding gap and required contribution from the Transitional Reserve 0.691

(7) Proposed Additions to the Capital Programme

£m

Additional funding to carry out road and pavement repairs: 15.000

Increase drainage maintenance budget: 1.282

Additional road repair funding in Pendle: 1.700
(See deletion below)

Total Additions to Capital Programme: 17.982

(8) Proposed Amendments to the Capital Programme

£m

Delete M65 Junction 13 Eastern roundabout signalisation 1.700

(Funded from 2017/18 NPIF)

Total Reductions from Capital Programme: 1.700

View of the Interim Chief Executive and Director of Resources (S151)

The proposals have been validated as being deliverable financially in 2018/19. However it must be stressed that whilst additional revenue savings have been proposed, to fund the additions to the revenue budget, £1m of these covers the targeting of additional income and necessarily has not been subject to as rigorous a validation process as the income generating proposals contained within the budget report.

In addition, reducing agency staff costs and increasing the vacancy factor would need to be very closely monitored to determine the impact on services with the risk that, in some areas, there could be a negative impact on service delivery.

There is also a significant increase in the proposed size of the Capital Programme of £16.282m which would need to be funded from additional prudential borrowing. While the borrowing costs would not impact until 2019/20 onwards, this does create an ongoing additional annual revenue cost of £1.1m and further increase the funding gap in future years.

Overall the proposed amendments do not materially impact my comments on the robustness of the estimates or adequacy of reserves for the 2018/19 budget. However I must reiterate my comments from within the main report, as amended for the updated information circulated today. "...the position for 2019/20 is critical to addressing the issue of financial sustainability as there remains a funding gap of £68.410m. Urgent work is required to identify proposals for additional savings early in 2018/19 that can be delivered in 2019/20 and for the remaining MTFS position."

These proposals will increase the level of risk already inherent in the medium term financial strategy and the underlying financial pressure to £68.819m in 2019/20 and £144.493m by 2021/22.

Angie Ridgwell
Interim Chief Executive and
Director of Resources

County Hall
Preston