

## Report to the Cabinet

Meeting to be held on Thursday, 13 July 2017

## Report of the Director of Financial Resources

**Part I**

Electoral Divisions affected:  
All

### Revisions to the 2017/18 Budget

(Appendices 'A' and 'B' refer)

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#### Executive Summary

At Budget Full Council on 9 February 2017 the Conservative Group moved an Amendment to the Administration's 2017/18 budget proposals, the Amendment being lost.

Following the County Council elections in May 2017 the new Administration have confirmed that they wish to amend the budget agreed by Full Council in line with the earlier Amendment. This report provides details to Cabinet of the implementation of the Amendment (revised to incorporate the most up to date budget information) that was proposed in February 2017 and the impact on the 2017/18 budget and beyond.

#### Recommendation

The Cabinet is recommended to consider the proposed Budget Amendment at Appendix 'B' and agree:

- (i) To recommend Full Council to add an additional £3.995m to the 2017/18 revenue budget.
- (ii) To recommend Full Council to agree to add an additional £7.071m to the 2017/18 capital budget as per the Budget Amendment (Appendix 'B').
- (iii) To request the Director of Financial Resources to incorporate the impact of the Budget Amendment within the Medium Term Financial Strategy from 2018/19 onwards which will be reported to Cabinet in September 2017.

## **Background and Advice**

At Full Council in February 2017 the Conservative Group moved an Amendment to the 2017/18 budget proposals. The Amendment was however lost and therefore not implemented.

The detailed Amendment is included at Appendix 'A' and included proposals to increase the revenue budget in a number of service areas such as subsidised bus routes, libraries, promoting sustainable employment for young people and enhancing the Apprentices and Graduate programme. In addition the Amendment included changes to the Capital Programme which included increases in the highways and libraries funding.

All proposals were validated as being deliverable financially in 2017/18 with funding sources identified although it was highlighted that the Amendment would affect savings areas (and increase the capital programme) and would lead to a widening resource gap in 2018/19, and future years.

### **2017/18 Revised Budget Amendment**

The Amendment was costed on the basis of information available at a point in time and on the assumption that it was agreed in February and implemented thereafter. To reflect the fact that we are now partway through the 2017/18 financial year the Amendment has been reviewed and re-costed based on the most up-to-date information available and incorporating the part year position for 2017/18.

Appendix 'B' contains the revised Amendment to the 2017/18 budget, further details of each line are contained below:

#### **1) Proposed Additions to the Budget for 2017/18**

- **Subsidised Bus Routes**  
**Of the £1.000m included within the original Amendment it is estimated that £0.333m can be spent in the current financial year.**  
This additional funding will be spent on forming new links between communities and enhancements to existing services. It is anticipated that reviewing contracts and possibly extending them will result in better value for money. It is estimated that £0.333m can be spent in 2017/18 with a further report to be provided to Cabinet setting out proposals in due course. .
- **Promoting sustainable employment for young people and enhancing the Apprentices and Graduate programme**  
**Of the £1.000m included within the original Amendment it is estimated that £0.433m can be spent in the current financial year.**  
This additional funding would provide employability support to the County Council's Children Looked After (CLA) and Care Leavers, increasing the ability to support these young people. In addition the funding will be used to support additional graduates and apprentice placements and specific key skills gaps across the County Council which will also support the use of the apprentice levy.

- Remove proposed cuts to Library Service and re-open all libraries**  
**Of the £2.177m included within the original Amendment it is estimated that £1.654m is required in the current financial year.**  
 This funding allows Cabinet to agree to rescind decisions to close libraries that have not yet been implemented and reopen library facilities which have already closed. A separate report on the agenda for this meeting of Cabinet sets out the details of what is proposed including the financial implications.
- Additional support for new community libraries**  
**Of the £0.050m included within the original Amendment it is estimated that £0.000m is required in the current financial year.**  
 This funding is no longer required due to the reduced number of Community Asset Transfers (CATs) that are currently proposed to take place compared to those at the time of the Budget Amendment. This additional funding was to provide additional resource to support community libraries, however with a reduced amount of transfers of facilities to the community the current resource will be able to provide more support to the remaining CATs.
- Increase the level of Local Member Grants by 50%**  
**Of the £0.084m included within the original Amendment it is estimated that £0.084m can be spent in the current financial year.**  
 This funding allows grants to be agreed and paid out by Local Members to support community groups and organisations providing services to local communities in Lancashire.
- Increase the funding to the Flood Risk budget and increase the frequency of gully cleaning**  
**Of the £0.300m included within the original Amendment it is estimated that £0.300m can be spent in the current financial year.**  
 This funding will be used to support the pressurised flood risk budget and enable more reactive work to be completed when reported by the general public or Members relating to gully cleaning.
- Cost of prudential borrowing to fund increased investment in the Capital Programme**  
**Of the £0.199m included within the original Amendment it is estimated that £0.181m is required in the current financial year.**
- Supporting Economic Growth, particularly small businesses**  
**Of the £1.000m included within the original Amendment it is estimated that £0.500m is required in the current financial year.**  
 This funding will be used to support economic growth with a further report to be presented to Cabinet providing the details of the application of this funding.
- Retain the Subsidy to Knott End Ferry to ensure continued operation**  
**Of the £0.085m included within the original Amendment it is estimated that £0.100m is required in the current financial year.**  
 This was agreed at Cabinet in June 2017 to be funded temporarily from the Transitional Reserve. This Budget Amendment would remove the need for

funding from the reserve. This is an estimated cost based on 2016/17 expenditure whilst negotiations are ongoing.

- **Funding to keep Hornby Swimming Pool open for community use**  
**Of the £0.080m included within the original Amendment it is estimated that £0.080m can be spent in the current financial year.**

On 31 March 2017 Lancaster City Council took the decision to end its relationship with the community pool at Hornby with officers exploring the possibility of transferring the pools to community ownership. The County Council estimated the costs to be £0.080m and will need to discuss with Lancaster City Council how this identified funding could be utilised to potentially support the reopening of this facility.

- **Reinstate the cuts made to the Public Realm Budget, to improve grass verge cutting, weed control, leaf sweeping & tree maintenance**  
**Of the £0.600m included within the original Amendment it is estimated that £0.330m can be spent in the current financial year.**

This funding will be used to increase the frequency of grass cutting on inner core and outer core areas. As we are already partway through the grass cutting season there will be a part implementation of this additional funding in 2017/18 and full implementation in 2018/19. A further report to Cabinet in September will provide more details surrounding the implementation of this Amendment following discussions with District Councils and contractors (if required). The introduction of cyclic weed control in all areas and the increase of reactive leaf clearance to supplement the existing cyclic sweeping.

## **2) Financing the proposed additions to the budget**

The financing proposals have been adjusted to reflect the revised budget requirement in 2017/18 and are detailed in Appendix 'B'.

## **3) Proposed Additions to the Capital Programme**

- **Additional funding to carry out Highways Maintenance - £5.000m**

It is proposed that this funding will be utilised as follows:

- Responsive/Reactive Maintenance (Minor works) - £1.000m
- Early intervention defect repairs - £1.000m
- Highways projects and resources - £3.000m

A further report to Cabinet will provide proposals for how this funding will be spent and the forecast spend profile.

- **Additional funding for the Productivity Investment Fund to reduce Congestion - £0.500m**

This funding would support the County Council's match funding requirement as part of its bid to the National Productivity Investment Fund.

- **Additional Road Safety Schemes**

This was agreed at Full Council in February 2017 as part of an additional Amendment to the 2017/18 budget therefore no longer required as part of the Amendment.

- **Libraries – Essential Condition Costs P1 and P2 - £1.571m**

As a result of the decision to re-open libraries all will require some capital investment to ensure the building is maintained at an acceptable standard. Condition surveys are currently taking place with a further report to be provided to Cabinet detailing the revised costs based on most recent information available.

#### **4) Proposed Amendments to the Capital Programme**

The amendments required to fund the revised capital requirement in 2017/18 and are detailed in Appendix 'B'.

#### **Consultations**

N/A

#### **Implications:**

This item has the following implications, as indicated:

#### **Financial**

The budget amendment is fully costed and funded as shown in Appendix 'B' however it is important to note that this will lead to a widening resource gap in 2018/19.

#### **List of Background Papers**

Paper	Date	Contact/Tel
The County Council's Budget	9 February 2017	Neil Kissock/(01772) 536154

Reason for inclusion in Part II, if appropriate

N/A

BUDGET COUNCIL: 9<sup>TH</sup> FEBRUARY 2017

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

## (1) Proposed Additions to the Budget

	Additional Proposals	Cost of £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 <sup>st</sup> 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. Reinstate the cuts made to the Public Realm Budget, to improve grass verge cutting, weed control, leaf sweeping & tree maintenance		0.600
<b>Total Cost of Proposed Amendments:</b>		<b><u>£6.575</u></b>

## (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
<b>Total Revenue Savings:</b>	<b><u>£7.918</u></b>

**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
• Additional funding to carry out Highways Maintenance:	5.000
• Additional funding for the Productivity Investment Fund, to reduce Congestion:	0.500
• Additional Road Safety Schemes:	0.500
• Libraries – Essential Condition Costs P1 and P2	1.571
<b>Total Additions to Capital Programme:</b>	<b><u>£7.571</u></b>

### (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
<b>Total Reductions from 2017/18 Capital Programme:</b>	<b><u>£4.252</u></b>

### 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.



## Appendix 'B'

### AMENDMENT TO THE 2017/18 BUDGET

#### (1) Proposed Additions to the Budget

	2017/18	2018/19
	£m	£m
1.Subsidised Bus Routes: Retain all existing subsidised routes and increase the level of subsidies by 50%, to support additional services:	0.333	1.000
2. Promoting sustainable employment for young people and enhancing Apprentices & Graduates programme	0.433	1.000
3. Remove proposed cuts to Library Service and re-open all libraries on 1st 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:	1.654	1.770
4. Additional support for the new community libraries established in 2016/17 in response to the cuts made by Lancashire County Council:	0.000	0.000
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	0.084
6. Increase the funding in the Flood Risk budget by £50k and increase the frequency of gully cleaning:	0.300	0.300
7. Cost of prudential borrowing to fund increased investment in the Capital Programme of £3.019m:	0.181	0.181
8. Supporting Economic Growth, particularly Small Businesses:	0.500	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:	0.100	0.100
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	0.080
11. Reinstate the cuts made to the Public Realm Budget, to improve grass verge cutting, weed control, leaf sweeping & tree maintenance	0.330	0.600
<b>Total Cost of Proposed Amendments</b>	<b>3.995</b>	<b>6.115</b>

## (2) Financing the Proposed Additions to the Budget

	2017/18
	£m
Reduce the County Fund Reserve	3.995
<b>Total Cost of Proposed Amendments</b>	<b>3.995</b>

## (3) Proposed Additions to the Capital Programme

	2017/18 £m
Additional funding to carry out Highways Maintenance	5.000
Additional funding for the Productivity Investment Fund, to reduce Congestion	0.500
Additional Road Safety Schemes	0.000
Libraries – Essential Condition Costs P1 and P2	1.571
<b>Total additions to the Capital Programme</b>	<b>7.071</b>

## (4) Proposed Amendments to the Capital Programme

	2017/18
	£m
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
Re-profile the PPR Neighbourhood Centres Suitability Investment, to move £1.5m from 2017/18 to future years	1.500
Re-profile Vehicle replacements, to move £1m from 2017/18 to 2018/19	1.000
Delete funding from the parish bus scheme, as there has been no take-up by any parish councils in Lancashire	0.000
<b>Total Cost of Proposed Amendments</b>	<b>4.052</b>