

Cabinet – 3 February 2011

Report of the Executive Director for Resources and Deputy Chief Executive

Part I - Item No. 2 (a)

Electoral Division affected:
All

The 2011/12 to 2013/14 Revenue Budget

(Appendix 'A' refers)

Contact for further information:

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Executive Summary

At its meeting on 6 January 2011, the Cabinet agreed the revenue budget proposals for 2011/12 to 2013/14, to form the basis for consultation with a range of stakeholders including:

- Overview and Scrutiny Committees
- Lancashire District and Unitary Councils
- Youth Council
- Trade Unions, and
- The Business Community.

This report provides Cabinet with an update on budget issues, and covers the consultation responses received.

Since 6 January 2011, District Councils have confirmed the information on council tax resources for 2011/12. There has been a further increase in the tax base which provides additional ongoing resources of £0.137m in 2011/12, a further £0.028m in 2012/13, and £0.054m in 2013/14.

In addition, there is a small surplus on the 2010/11 council tax collection fund which will provide additional, one-off resources of £0.099m in 2011/12.

Although the two year government settlement provides certainty over the next two years, there remains a level of financial risk within the budget, given the level of budget reductions to be achieved over the next three years.

It is therefore proposed that the additional resources set out above be incorporated within the proposal for additional investment in highways maintenance in 2011/12 and 2012/13, enabling the level of savings required in 2013/14 to be reduced.

This proposal would have no impact on the commitment not to increase council tax in 2011/12; it results in a budget estimate of £769.256m in 2011/12, which is a reduction in expenditure of 4.09% over 2010/11, when compared on a like for like basis.

The report also includes the comments of the County Treasurer (Designate) on the robustness of the estimates within the revenue budget and the level of reserves and provisions held by the County Council. It is her view that the estimates are robust, and that the level of reserves and provisions held by the County Council are appropriate, given the level of risk the County Council is exposed to regarding the potential impact of the ordinary residence clarification and the level of uncertainty regarding future resource levels arising from the Local Government Resource Review.

The County Council must deliver savings of £179.1m over the next three years, and this presents an unprecedented level of challenge and as such, contains significant risks that must be effectively managed over the next three years and beyond. Access to an appropriate level of balances is a fundamental tool in managing this level of risk.

Recommendations

The Cabinet is asked:

- (i) to note the change in council resources as a result of the increase in the council tax base and surplus on the council tax collection fund;
- (ii) to consider the proposal that these resources be incorporated within the proposal for additional investment in highways maintenance in 2011/12 and 2012/13; enabling the level of savings required in 2013/14 to be reduced;
- (iii) to consider the responses received from the consultation on the revenue budget and council tax for 2011/12;
- (iv) to note and have regard to the advice of the County Treasurer (Designate) in relation to the robustness of the budget and the adequacy of reserves; and
- (v) to recommend to the Full Council on 17 February 2011 proposed budget allocations to Directorates, a total budget requirement and the associated Band D Council Tax for 2011/12.

Background and Advice

See attached report set out at Appendix 'A'.

Consultations

Consultations have been undertaken with the Life in Lancashire Panel, the twelve District Councils and two Unitary Councils, Trade Unions, the Youth Council and with Business representatives. The Overview and Scrutiny Committees have also considered the budget proposals. Details of these consultations are set out in the report 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
Report to Cabinet – Revenue Budget 2011/12 – 2013/14	6 January 2011	Dave Gorman, Office of the Chief Executive, (01772) 534261

Reason for inclusion in Part II, if appropriate

N/A