

**Cabinet - 7 November 2013**

**Report of the County Treasurer**

Electoral Division affected:

All

**Money Matters - The Financial Strategy 2014/15 to 2017/18**  
(Appendix 'A' refers)

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### **Executive Summary**

2013/14 is the final year in the County Council's current three year budget strategy. In July 2013, the Cabinet considered the financial outlook for the County Council over the next four years, which set out the unprecedented challenge facing the County Council of delivering savings of £300m. This would mean that over a seven year period the County Council would have reduced its costs by over £0.5bn. Cabinet requested that the Management Team examine the options for, and implications of, delivering savings of this scale.

Since July, the Cabinet and the Management Team have been working to develop budget proposals, and this report is an update on the work undertaken so far.

The report highlights to Cabinet:

- The update in the forecast of costs to take into account refinement of assumptions regarding demand levels and inflation, together with the impact of the Living Wage, subject to approval by Full Council;
- The outcome of the work undertaken by staff across the County Council to deliver the 10% challenge; and
- Opportunities to reduce the cost of being in business.

Despite this work, the County Council still faces a significant financial challenge. The challenge facing the County Council is unprecedented. Delivering this level of saving whilst seeking to deliver effective services for our communities cannot be achieved without a radically different approach which focuses on service delivery within a budget envelope of £642m by 2017/18.

## **Recommendation**

Cabinet is recommended to:

- (i) Note the forecast of the financial outlook for the County Council over the next four years and the level of savings required;
- (ii) Note the reductions in cost of £6.285m in 2014/15 rising to £17.430m in 2017/18;
- (iii) Note the efficiency savings identified through the 10% challenge of £16.272m in 2014/15 rising to £19.081m in 2015/16;
- (iv) Note the savings that can be delivered by reductions in the cost of running the business of £6.523m in 2014/15 rising to £17.366m in 2017/18; and
- (v) Consider any proposals for the revenue budget for 2014/15 and later years to go out for consultation following this meeting.

## **Background and Advice**

As set out at Appendix 'A'.

## **Consultations**

As set out at Appendix 'A'.

## **Implications:**

As set out at Appendix 'A'.

## **Risk management**

As set out at Appendix 'A'.

## **List of Background Papers**

| Paper                    | Date                 | Contact/Directorate/Tel  |
|--------------------------|----------------------|--|
| Financial Outlook papers | April - October 2013 | George Graham,<br>County Treasurer's<br>Directorate, (01772)<br>538102 |

Reason for inclusion in Part II, if appropriate

N/A