

Cabinet - 6 February 2014

Report of the County Treasurer

Electoral Divisions affected: All

The County Council's Budget 2014/15

(Appendices 'A' to 'I' refer)

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Executive Summary

Over the past few months, the Cabinet has considered a number of reports setting out both the level of financial challenge facing the Council over the next four years, and the proposals to deliver savings. The scale of financial challenge facing the Council is unprecedented, with savings of £300m, the equivalent of almost 40% of the current year's budget, needed over the next four years. It is recognised that 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.

At its meeting on 9 January 2014, the Cabinet published for consultation its budget proposals for 2014/15 and agreed to seek the views of stakeholders on its proposals. The stakeholders include:

- Budget Scrutiny Working Group
- The Living in Lancashire Panel
- The 50Plus Assembly
- The public, through the 'Budget Calculator' tool on the Council's website
- 3 Tier Forums in each District
- The 12 Borough and City Councils within Lancashire
- The Police and Crime Commissioner for Lancashire
- Lancashire Constabulary
- Lancashire Combined Fire Authority
- The Unitary Councils of Blackburn with Darwen and Blackpool
- The recognised Trade Unions
- Lancashire Youth Council
- The Lancashire Enterprise Partnership
- Other representative bodies of Lancashire businesses
- The Schools Forum

The report at Appendix 'A' provides Cabinet with an update on the revenue budget and capital investment programme for 2014/15 as a result of:

- The ongoing review of costs and financial pressures on the revenue budget
- The level of resources available from specific grants
- The receipt of the final council tax surplus position on the collection fund and,
- The availability of additional council tax resources, and
- Additional capital grants received.

The report also includes the advice of the County Treasurer on the robustness of the estimates within the revenue budget and the level of reserves and provisions held by the County Council. It is the view of the County Treasurer 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 to which the County Council is exposed. However, given the financial challenge ahead, it is vital that the County Council has access to one-off resources to deliver the investment needed to ensure a "safe-landing" over the next four years as the Council downsizes significantly.

Recommendations

Cabinet is asked:

- (i) To note the changes in the forecast of the Council's costs and resources for 2014/15 as set out in the report and the consequential reduction in the level of reserves within the Cabinet's budget proposals from £2.2m to £1.7m.
- (ii) To consider the responses received from the consultation on the revenue budget for 2014/15.
- (iii) To note and have regard to the advice of the County Treasurer in relation to the robustness of the budget and the adequacy of reserves.
- (iv) To note the level of one-off resources available in 2014/15 as set out in the table below:

Additional one off resources in 2014/15	£m
Council Tax Collection Fund surplus 2013/14	4.360
Returned new homes bonus grant	0.224
Total one-off resources	4.584

- (v) Given the level of financial challenge facing the County Council in 2014/15 to 2017/18, to approve the addition of these one-off resources to the downsizing reserve.
- (vi) To recommend to the Full Council on 20 February 2014 proposed budget allocations to Directorates, a total budget requirement and the associated Band D Council Tax for 2014/15.
- (vii) To note the overall level of capital resources available for the 2014/15 capital investment programme.
- (viii) To recommend to the Full Council on 20 February 2014 the proposed capital investment programme for 2014/15.

Background and Advice

See Appendix 'A'.

Consultations

N/A

Implications:

This item has the following implications, as indicated:

Risk management

The County Council's overall approach to risk management continues to be to manage exposure to risk by the most appropriate means. This report is part of the risk management framework designed to manage future risks.

List of Background Papers

Paper	Date	Contact/Directorate/Tel
Budget working papers	February 2013	George Graham, County Treasurer's Directorate, (01772) 538102

Reason for inclusion in Part II, if appropriate

N/A