

## Lancashire County Council

### Cabinet

#### Minutes of the Meeting held on Thursday, 5th June, 2014 at 1.00 pm in Cabinet Room 'B' - County Hall, Preston

#### Present:

County Councillor Jennifer Mein

Leader of the Council  
(in the Chair)

#### Cabinet Members

County Councillor Azhar Ali

County Councillor David Borrow

County Councillor John Fillis

County Councillor Janice Hanson

County Councillor Marcus Johnstone

County Councillor Tony Martin

County Councillor Matthew Tomlinson

County Councillor Bill Winlow and County Councillor Albert Atkinson were also in attendance under the provisions of Standing Order No. 19(4).

#### 1. Apologies for Absence

Apologies for absence were received from County Councillor Geoff Driver.

#### 2. Disclosure of Pecuniary and Non-Pecuniary Interests

None declared.

#### 3. Minutes of the Meeting held on 8 May 2014

**Resolved:** - That the minutes of the meeting held on 8 May 2014 be confirmed and signed by the Chair.

#### 4. Executive Scrutiny Committee - Report of the Chair

County Councillor Bill Winlow, Chair of the Executive Scrutiny Committee, confirmed that the recommendations set out in the reports for consideration by Cabinet had been confirmed without modification or amendment at the meeting of the Executive Scrutiny Committee held on 3 June 2014.

**Resolved:** - That the report of the Chair of the Executive Scrutiny Committee, now presented, be noted.

## 5. Money Matters - The County Council's Financial Position at 31 March 2014

With the agreement of the Chair, this item was brought forward.

County Councillor David Borrow, Deputy Leader of the County Council, and Gill Kilpatrick, County Treasurer, presented a report setting out details of the County Council's financial position at the end of 2013/14.

County Councillor Borrow highlighted the following key points:

- An overall underspend of £3.1m on the revenue budget;
- An overspend of £10.4m for the Strategic Partnership due largely to a shortfall in cashable procurement savings and lower than anticipated income;
- The current balance of the Downsizing Reserve at £99.233m;
- The County Fund Balance at £36m.

Gill Kilpatrick referred to 2013/14 as having been the final year of the three year financial strategy which, accordingly, had the potential to attract the highest risk and that it was pleasing that the County Council's end of year position was on a sound footing.

It was emphasised that the level of risk remained in that, beyond 2015/16, the resource forecast in the Council's financial outlook was based on estimated figures.

In respect of the Strategic Partnership overspend, Eddie Sutton, Assistant Chief Executive, presented details of the work of the former Lancashire Procurement Centre of Excellence including reference to the procurement savings guarantee and sharing mechanism and the changes to those arrangements which took place in April 2013.

**Resolved:** - That:

- (i) The final overall revenue budget position and capital programme spending for 2013/14, as set out in the report, now presented, be noted;
- (ii) The available revenue resources of £3.121m be noted and approval be given to the transfer of £1.000m to a new Welfare Reform Reserve and £2.121m to the Downsizing Reserve, as set out in the report, now presented.
- (iii) Approval be given to the transfer of the additional one off government grant resources of £2.832m announced since the last monitoring report to the Cabinet to the Downsizing reserve, as set out in the report, now presented;
- (iv) The various transfers between reserves, as set out in the report, now presented, and the position on the Council's earmarked reserves at the end of 2013/14 be noted;
- (v) It be noted that following these recommendations the balance on the Downsizing Reserve will be £99.233m which is sufficient to meet the current estimate of costs of the voluntary severance programme and provides capacity to support invest to save proposals;
- (vi) It be noted that, following these recommendations, the County Fund Balance at 31 March 2014, is £36m;
- (vii) The proposed financing of the capital programme spending of £154m as set out below, be approved:

	<b>£m</b>
Grants and Contributions	138.086
Revenue Contributions	16.390

154.476

- (viii) An increase in the 2014/15 Capital Programme of £8.620m reflecting slippage from 2013/14, as set out in the report, now presented, be approved;
- (ix) The utilisation of £0.561m of capital resources freed up due to scheme underspending, as set out in the report, now presented, be considered within the overall review of future capital investment priorities be agreed;
- (x) The County Treasurer's conclusion on the financial health and stability of the organisation, as set out in the report, now presented, be noted.

## **6. Update on the Changes to the County Council's Strategic Partnership with BT**

Eddie Sutton, Assistant Chief Executive, and Gill Kilpatrick, County Treasurer, presented a report setting out an update on the outcome of negotiations between the County Council and BT on changes to the County Council's Strategic Partnership with BT.

Eddie Sutton reported that negotiations between the County Council and BT had now concluded and the revised agreements and documents had been finalised on 17 April 2014.

The report set out the services which had returned to the County Council, together with those which formed part of the newly established BT Lancashire Services Ltd. The changes had resulted in 749 County Council employees seconded to One Connect Ltd returning to the County Council, whilst 400 other County Council employees remained seconded to BT Lancashire Services Ltd.

Reference was made to the ongoing work in respect of the West Lancashire Borough Council Revenues and Benefits Services, the disaggregation of which would be undertaken by BT at no cost to the County Council.

Gill Kilpatrick reported on the financial aspects of the changes and referred to the three key areas as follows:

- The agreement of the split of the affordability for One Connect Ltd between those services returning to the County Council and those services retained by BT Lancashire Services Ltd;
- The agreement of several outstanding financial issues with regard to One Connect Ltd raised by either the County Council or BT, which were either one-off or affect the level of affordability for BT Lancashire Services Ltd going forward;
- Consideration as to the continuation of previous financial commitments from BT.

Reference was made to a number of issues relating to affordability which were set out in the report and it was reported that all outstanding financial issues had now been resolved.

In the opinion of the County Treasurer, the revised financial arrangements placed the County Council in a stronger financial position.

The overall impact of the changes on the County Council's budget for 2014/15 and 2015/16 were set out in the report and it was proposed that resources of £0.769m be ringfenced to support performance improvement, subject to appropriate business cases, in the services which have returned to the County Council.

**Resolved:** - That:

- (i) The contents of the report be noted;
- (ii) The ring-fencing of the available resources of £0.769m to provide one-off resources to support performance improvement, subject to an appropriate business case.

## **7. Regulation of Investigatory Powers Act**

Ian Young, Deputy County Secretary and Solicitor, attended and presented a report setting out details of the recommendations made by the Office for Surveillance Commissioners (OSC) following an inspection of Lancashire County Council's covert surveillance activities under the Regulation of Investigatory Powers Act (RIPA).

It was reported that, in Lancashire, the use of covert surveillance only applied to certain operations undertaken by Trading Standards and that, between October 2010 and February 2013, only five authorisations had been granted.

The four OSC recommendations related to the role of the Senior Responsible Officer and the authorisation of covert surveillance applications; Covert Human Information Source (CHIS) authorisations; revisions to the County Council's RIPA Policy; and issues around juvenile test purchases (e.g. of tobacco and alcohol).

It was proposed that the first three OSC recommendations be accepted but that, in relation to the fourth recommendation on juvenile test purchases, the County Council should respond that each test purchase target should be considered on an individual basis and where it is considered that there is a likelihood that private information will be obtained, then authorisation will be sought.

**Resolved:** - That:

- (i) The Office for Surveillance Commissioners report presented at Appendix 'A' to the report, now presented, be noted;
- (ii) The revised RIPA Policy presented at Appendix 'B' to the report, now presented, be agreed;
- (iii) It be agreed that the Senior Responsible Officer (SRO) has delegated power to authorise named Trading Standards Officers to act as authorising officers for the purposes of RIPA;
- (iv) It be agreed that the SRO responds to OSC recommendation IV on the basis set out in the report, now presented.

**8. Report of Key Decisions taken by the Leader of the County Council, Cabinet Members and the Interim Executive Director for Environment**

**Resolved:** - That the report, now presented, on Key Decisions taken by the Leader of the County Council, the Cabinet Member for Highways and Transport, the Cabinet Member for Adult and Community Services, the Cabinet Member for Children, Young People and Schools, the Cabinet Member for Health and Wellbeing and the Interim Executive Director for Environment, respectively, be noted.

**9. Report on the Waiver of Procurement Rules by the Deputy Leader of the County Council**

**Resolved:** - That report, now presented, on the waiver of Procurement Rules by the Deputy Leader of the County Council be noted.

**10. Urgent Business**

There was no urgent business to be considered.

**11. Date of Next Meeting**

The Cabinet noted that the next meeting would be held on Tuesday 15 July 2014 at 2.00pm at County Hall, Preston.

Jo Turton  
Chief Executive

County Hall  
Preston