

Cabinet - 6 November 2014

Draft Resolutions

Item 7 - Money Matters - The Financial Strategy for 2015/16 to 2017/18

Resolved:-

Cabinet resolves:

1. To note the forecast of the financial outlook for the County Council over the next three years and the increase in the level of savings required from £161m to £176m.
2. To consult on the package of service offer proposals put forward for consideration by the Chief Executive and her Management Team, with responses to be received by the 15 December 2014, to enable Cabinet to consider all responses at the meeting of the Cabinet on 8 January 2015.
3. To request the views of the Budget Scrutiny Working Group on all the proposals set out in these resolutions for consideration at the meeting of Cabinet on 4 December 2014.
4. To task the Chief Executive and her Management Team to bring forward further service offer recommendations which bridge the gap in 2015/16 and future years.

The Proposed Service Offer for Lancashire County Council

1. The Strategic Direction – Future Priorities

The Council's approach throughout the period of austerity has been to protect, as far as possible, services to the most vulnerable members of Lancashire's communities. That approach will continue as a key principle and over the last few months Cabinet has considered what key outcomes people want from the Council over the next three years and what key priorities the public want to have protected.

Cabinet has agreed a strategic document setting out the direction of travel, outlining initial priorities, with the intention that the Council's Corporate Strategy will be developed to sit alongside its budget for the period 2014/17. The Council's priorities will focus on:-

- Creating Prosperity
- Improving health and wellbeing
- Fairness
- Supporting the most vulnerable people

The direction of travel acknowledges the challenging financial environment and highlights the importance of partnership working to support communities, reduce duplication and secure value for money. What is intended is a can-do approach and a need to do things differently for less.

Given the scale of the challenge we are facing, it is clear that no area of spending can be considered totally immune and some services will have to be radically reshaped or stopped altogether in order to meet the required level of savings.

To achieve this financial reality, the Council must ensure that organisationally it is as effective as possible at delivering services, and that a new service offer is developed, setting out in an open and transparent way what can be delivered within the resources available.

Embracing change must be the way forward. This means developing new ways of running services and working in much closer partnership with other public and third sector organisations, while still providing high-value, quality services which build community resilience, reduce inequalities and safeguard those most at risk.

Running alongside and complimentary to the council's revenue requirements, Cabinet has agreed a Transformation programme which will create a completely new organisation.

As well as delivering significant savings on employee cost, the new Council structure has been designed to create a unified organisation which, although smaller, will be more focussed, have the capacity to deliver high quality services to achieve the

outcomes set through the Council's service offer, and to support the prosperity, health and wellbeing of people across Lancashire.

Whilst the Council will emerge from transformation as a much smaller organisation, it will still be one of the region's biggest employers and have the potential to make a hugely positive difference to communities.

Central to the core values and principles of the new Council, there will be the need for the Council to continue to be ambitious at the same time as being realistic, to provide leadership across the wider Lancashire public sector, and to be confident in the capability and capacity of communities.

2. The Service Offers for the Future

By 2017/18, the Council will have £669m of net resources (i.e. Council Tax, Government Formula Grant, New Homes Bonus) to invest in services which deliver the Council's ambitions for the future. However, the Council's overall resources will be more than this, as we also receive income from grants and charges for services. By 2017/18 our total resources will be £1.1bn.

Over summer and early autumn, the Chief Executive and her Management Team have been working to develop a package of proposals which set out recommendations for investment in services, whilst being clear on the service offer to communities, and on the savings which this will achieve.

It is clear that given the scale of the financial challenge, this cannot be achieved without impacting upon services. However, the Management Team has sought to minimise the impact on services by maximising the financial savings delivered from the Council's costs of being in business, whilst ensuring that these reductions enable key support services to be provided at appropriate levels. None of these proposals impact upon services, and all will ensure the Council is effectively supported, albeit at reduced levels.

In terms of our services, the Service Offer proposals for consideration by Cabinet reflect the need to manage demand more effectively, particularly in relation to social care, offering earlier help for those who need it and ensuring that preventative services are effective. Helping people earlier in life will build resilience and promote self-help as communities take a greater role in delivering support and improving outcomes. Central to the new Service Offer is the need for the Council to work more closely with communities and partners to develop new ways of delivering services, targeting and combining public services where they can be the most effective.

The proposed service offer sets out what the Council will deliver in terms of services, and the offer to our communities. It describes how the new organisation will work, and where resources will be targeted to deliver against the Council's priorities. The service offer represents the Chief Executive and her Management Team's recommendations

as to how resources should be invested to maximise the use of reduced funding to deliver priorities.

However, it is recognised that in setting out proposals for investment, the service offer to our communities will change. The Service Offer proposals are set out in detail as Appendix 'A' to this narrative.

If we take no action, our total spending will be £176m higher than our resources by 2017/18. The Management Team's service offer proposals, set out both the proposed level of investment in services by 2017/18, and also how the service offers will deliver savings over the next three years.

Table 1 below sets total proposed investment arising from the service offer proposals by 2017/18. Details of the savings which would be delivered by the service offer proposals, follow in section 3 of this narrative.

Further detail, by individual service offer, is set out in Annex 1.

Service Offer	Gross Budget 2017/18 (The amount we propose to spend) £m	Income 2017/18 (The amount we expect to receive) £m	Net Budget 2017/18 (The cost to the County Council) £m
The cost of being in business	163.481	(75.201)	88.280
Service Offer Proposals			
Social Care	482.606	(121.325)	361.281
Other Services We Provide To Adults	17.335	(3.697)	13.638
Coroners Service	2.179	-	2.179
Public Health & Wellbeing	93.809	(70.580)	23.229
Other Services For Children & Young People	105.677	(56.637)	49.040
Highway Services	78.832	(44.798)	34.034
Bus & Rail Travel	33.343	(5.834)	27.509
Waste Management	107.795	(20.119)	87.676
Other Environment Services	16.601	(11.666)	4.935

Service Offer	Gross Budget 2017/18 (The amount we propose to spend) £m	Income 2017/18 (The amount we expect to receive) £m	Net Budget 2017/18 (The cost to the County Council) £m
Cultural Services	16.855	(5.130)	11.725
Economic Development and Skills	19.975	(19.913)	0.062
Total for the Service Offers	975.007	(359.699)	615.308
Grand Total	1,138.488	(434.900)	703.588

Table 1

By 2017/18, the Council's total spending would be £1,138.488m, which would be funded by income of £434.900m, leaving a call against the Council's net resources of £703.588m.

The tables below show the Council's total spending, income and call against the Council's net resources over each of the over the next three years:

Table 2 - Proposed Investment in Services in 2015/16

	2015/16		
Service Offer	Gross Budget (The amount we propose to spend) £m	Income (The amount we expect to receive) £m	Net Budget (The cost to the County Council) £m
The cost of being in business	155.099	(75.201)	79.898
Service Offers Proposals			
Social Care	496.572	(121.325)	375.247
Other Services We Provide To Adults	16.977	(3.697)	13.280
Coroners Service	2.179	-	2.179
Public Health and Wellbeing	103.027	(70.580)	32.447
Other Services For Children & Young People	109.743	(56.637)	53.106
Highway Services	77.614	(44.798)	32.816
Bus & Rail Travel	34.975	(5.834)	29.141
Waste Management	104.875	(20.119)	84.756
Other Environment Services	17.535	(11.666)	5.869
Cultural Services	20.480	(5.130)	15.350
Economic Development and Skills	20.572	(19.913)	0.659
Total for Service Offers	1,004.550	(359.699)	644.851
Grand Total	1,159.649	(434.900)	724.749

Table 2

Table 3 - Proposed Investment in Services in 2016/17

	2016/17		
Service Offer	Gross Budget (The amount we propose to spend) £m	Income (The amount we expect to receive) £m	Net Budget (The cost to the County Council) £m
The cost of being in business	167.315	(75.201)	92.114
Service Offers Proposals			
Social Care	490.277	(121.325)	368.952
Other Services We Provide To Adults	16.735	(3.697)	13.038
Coroners Service	2.179	-	2.179
Public Health and Wellbeing	97.090	(70.580)	26.510
Other Services For Children & Young People	106.618	(56.637)	49.981
Highway Services	77.771	(44.798)	32.973
Bus & Rail Travel	32.003	(5.834)	26.169
Waste Management	106.219	(20.119)	86.100
Other Environment Services	16.648	(11.666)	4.982
Cultural Services	18.243	(5.130)	13.113
Economic Development and Skills	19.747	(19.913)	(0.166)
Total for Service Offers	983.530	(359.699)	623.831
Grand Total	1,150.845	(434.900)	715.945

Table 3

Table 4 - Proposed Investment in Services in 2017/18

	2017/18		
Service Offer	Gross Budget (The amount we propose to spend) £m	Income (The amount we expect to receive) £m	Net Budget (The cost to the County Council) £m
The cost of being in business	163.481	(75.201)	88.280
Service Offers Proposals			
Social Care	482.606	(121.325)	361.281
Other Services We Provide To Adults	17.335	(3.697)	13.638
Coroners Service	2.179	-	2.179
Public Health and Wellbeing	93.809	(70.580)	23.229
Other Services For Children & Young People	105.677	(56.637)	49.040
Highway Services	78.832	(44.798)	34.034
Bus & Rail Travel	33.343	(5.834)	27.509
Waste Management	107.795	(20.119)	87.676
Other Environment Services	16.601	(11.666)	4.935
Cultural Services	16.855	(5.130)	11.725
Economic Development and Skills	19.975	(19.913)	0.062
Total for Service Offers	975.007	(359.699)	615.308
Grand Total	1,138.488	(434.900)	703.588

Table 4

Each Service Offer is set out in Appendix 'A' to this narrative, in a standard template to provide clarity on what the Council will deliver, setting out for each service:

- The financial envelope
- What the service offer is
- How the service offer will be provided
- What will be different and why
- How the service offer links with any other service offer(s)
- The outline transition plan for each financial year.

The potential equality impacts of all aspects of the new Service Offer have been considered using the Council's Equality Analysis toolkit and are published at the following link:

<http://council.lancashire.gov.uk/ieListDocuments.aspx?CId=122&MId=3015&Ver=4>

The Equality Analyses are referenced to each service offer. Whilst in some cases adverse impacts on persons with protected characteristics have been identified it is not considered that these amount to unlawful discrimination. For specific proposals where an adverse impact is identified then, so far as possible, the Council will look to mitigate the impact. However, the equality duty does not require a particular outcome, and a potential adverse impact can legitimately be balanced against the need to achieve budget savings.

3. Savings Arising from the Management Team's Proposed Service Offer Package

The total value of the savings from the service offer package developed by the Chief Executive and her Management Team is set out in Table 5 below, and this shows that over the three year period, the service offer will deliver savings of £141.948m. Further details on the level, and phasing of savings from the service offers is set out in Table 5 below.

	2015/16 £m	2016/17 £m	2017/18 £m	Total £m
Level of Savings Required	79.591	51.560	45.523	176.674
Savings Arising from the Service Offers and reduction in the cost of being in business	66.170	38.726	37.052	141.948
Remaining Gap	13.421	12.834	8.471	34.726

Table 5

Further details of the savings to be delivered from each of the service offers is set out in Annex 2. It should be noted that the savings in management costs are integrated within the service offers. The service offers also reflect a number of policy decisions already made, including, for example, the revised arrangements for the waste PFI scheme

There remains a gap between the total level of savings delivered from the service offer and the level required to balance spending against resources of £34.7m over the three year period.

The summary of savings by service area is set out in Table 6 below.

	Phasing of Savings
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Service Offer	Total Savings from the Proposals £m	2015/16 £m	2016/17 £m	2017/18 £m
The cost of being in business	7.818	3.381	1.706	2.731
Service Offer Proposals				
Social Care	62.890	18.205	19.529	25.156
Other Services We Provide To Adults	5.252	5.141	0.111	-
Coroners Service	0.171	0.171	-	-
Public Health and Wellbeing	14.683	5.881	4.904	3.898
Other Services For Children & Young People	11.385	5.615	3.573	2.197
Highway Services	3.395	2.445	0.736	0.214
Bus & Rail Travel	8.939	4.658	4.281	-
Waste Management	20.053	18.000	1.053	1.000
Other Environment Services	1.656	1.310	0.304	0.042
Cultural Services	5.263	0.920	2.529	1.814
Economic Development and Skills	0.443	0.443	-	-
Total for Service Offers	134.130	62.789	37.020	34.321
Grand Total	141.948	66.170	38.726	37.052

Table 6

Cabinet requests the Chief Executive and her Management Team to continue to develop the service offer proposals, and that further proposals be brought to the meeting of Cabinet on 4 December 2014 for consideration.

4. Consulting on the proposed Service Offer to Lancashire's Communities

The Cabinet has charged the Chief Executive and her Management Team with developing a new service offer for Lancashire's communities, which embodies the strategic principles and which aims to deliver sustainable services, within a package which, wherever possible, protects services to the most vulnerable members of our communities.

Before formally considering these proposals, given the significant scale of change, it is vital that Cabinet receives the views of a wide variety of partners, and the Lancashire communities, on these proposals, to ensure they represent the best possible package to deliver priorities within a significantly reduced level of resources.

The new service offer proposals must therefore, do two things:

- Set out clearly the proposals for consultation with our partners and communities on what the Council will deliver, describing services but also being clear what will change
- Set out clearly how the proposals will deliver the savings by 2017/18.

Cabinet will consult on the service offer package as set out in Appendix 'A' as follows, with responses to be received by 15 December 2014, to enable all responses to be considered at its meeting on 8 January 2015.

- The Life in Lancashire Panel
- The County Council's Budget Scrutiny Working Group
- The Older People's Forums
- Lancashire Members of Parliament
- Recognised Trade Unions
- Young people's engagement forums
- The Chamber of Commerce
- The Lancashire Enterprise Partnership
- Borough, City and Unitary Councils in Lancashire
- The Lancashire Association of Local Councils
- The Office of the Police and Crime Commissioner
- The Lancashire Combined Fire Authority
- The Clinical Commissioning Groups
- The Lancashire Care Association
- Healthwatch Lancashire
- Third Sector Lancashire
- Lancashire Safeguarding Children's Board