

Scrutiny Committee

Meeting to be held on 7 October 2011

Electoral Division affected: All

Money Matters: County Council Budget and Financing – Latest Position

(Appendix 'A' refers)

Contact for further information:

Claire Evans, 07917 836 698, Office of the Chief Executive,
claire.evans@lancashire.gov.uk

Executive Summary

On 15 September, Cabinet noted the financial position as at 31 July 2011 and agreed to allocate £3 million from the County Fund Balance to address the backlog of maintenance issues within residential and day care facilities for older people operated by Lancashire County Commercial Group (LCCG).

Recommendation

To consider the decisions made by Cabinet on 15 September and comment as appropriate.

Background and Advice

On 15 September 2010, Cabinet considered a report entitled; 'Money Matters – the County Council's Financial Position at 31 July 2011' (see Appendix 'A').

The report highlighted key headlines of the financial position and stated that whilst the overall position reported was favourable there remained considerable risks around the various demand led budgets, particularly for social care services.

The relevant minutes of the Cabinet meeting (subject to approval at their next meeting) are as follows:

Gill Kilpatrick, County Treasurer, presented a report setting out the County Council's financial position at 31 July 2011.

Reference was made to the current economic climate, both nationally and globally, and the continuing pressure on public sector spending which is likely to continue in the medium term. It was reported that, despite these circumstances, the County Council's three year financial strategy for 2011/12 – 2013/14, critical to meeting the challenges ahead, was delivering the necessary level of below the line savings ahead of schedule, which was testament to the hard work of the County Council's Management Team and

staff. This included the early achievement of £7m of 'back office' savings ahead of schedule which presented the opportunity to make 'one off' investment in front line services. Pressures, due to high demand in adult and children's social care, remained but were being managed, within cash limits, by Directorates. In particular, agency costs in the Directorate for Children and Young People had significantly reduced by £2.9m this year as a result of the actions taken. In terms of the Capital Investment Strategy, there would be some re-phasing necessary in terms of the special schools and children's services redesign as a result of ongoing consultation.

It was also reported that, since 2008, the budget for Councillors expenses had reduced by £0.6m or 24% and the Deputy Leader of the County Council thanked Councillors for this achievement.

In light of the early achievement of below the line savings, a recommendation was tabled setting out proposals for 'one off' investment in the residential and day care facilities operated by Lancashire County Commercial Group and also for the future service model for respite care for children with disabilities.

Resolved:- That:

- (i) The financial position at 31 July 2011 as set out in the report, now presented, be noted;
- (ii) As a result of the early achievement of savings it be agreed:
 - a) to allocate £3 million from the County Fund Balance to address the current backlog of maintenance issues within the residential and day care facilities for older people operated by LCCG, the funding to be inclusive of fees; and
 - b) as part of the current review and re-shaping of overnight break (respite) provision for children with disabilities, officers be instructed that the future service model provided by the Council must provide facilities that are of a high standard that can best meet the needs of all those who use the service.
- (iii) That the Management Team and staff be thanked for the progress made to date in respect of the County Council's Financial Strategy and, in particular, the early achievement of below the line savings.

For further background reading on the County Council's financial position, members may wish to refer to Item 3 of the agenda and minutes of the 7 July Cabinet meeting (web address below): *"Money Matters – the County Council's Financial Position at 31 March 2011"*.

<http://council.lancashire.gov.uk/ieListDocuments.aspx?CId=122&MId=509&Ver=4>

Consultations

N/A

Implications:

This item has the following implications, as indicated:

Risk management

Financial

The Financial implications were set out in the Cabinet report (see Appendix 'A').

**Local Government (Access to Information) Act 1985
List of Background Papers**

Paper	Date	Contact/Directorate/Tel
Cabinet Agenda and Minutes	15 September 2011	Dave Gorman, Office of the Chief Executive, (01772) 534261

Reason for inclusion in Part II, if appropriate

N/A