

Cabinet - 5 February 2015

Report of the County Treasurer

Electoral Division affected: All

Money Matters - The 2015/16 Budget and Financial Strategy 2016/17 to 2017/18 (Appendix 'A' refers)

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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 three years, and the service offer proposals which set out in an open and transparent way, what can be delivered within the resources available, and the proposals to deliver the level of savings required.

The Council continues to face significant challenges as a result both of the demand for its services and the wider public finance environment. This results in the Council having a net budget available of £681m in 2017/18 compared to £758m for 2014/15. Taking into account fees, charges and other sources of income, the Council will have total resources available to invest in services of £1.2billion. After taking into account the savings agreed by Full Council in February 2014 of £62m, over the three years 2015/16 to 2016/17, the Council needs to make further savings of £176m.

At its meeting on 8 January 2015, the Cabinet published for consultation its budget proposals for 2015/16 and agreed to seek the views of stakeholders on its proposals. The stakeholders include:

- The County Council's Budget Scrutiny Working Group
- The Office of the Police and Crime Commissioner
- The Lancashire Combined Fire Authority
- Recognised Trade Unions
- Borough, City and Unitary Councils in Lancashire
- Lancashire Members of Parliament
- Third Sector Lancashire
- Parish Councils and the Lancashire Association of Local Councils
- Lancashire Safeguarding Children's Board
- Lancashire Care Association
- The Older People's Forums
- The Chamber of Commerce

- The Lancashire Enterprise Partnership
- Healthwatch Lancashire
- The Clinical Commissioning Groups
- Young People's Engagement Forums

The report at Appendix 'A' provides Cabinet with an update on the revenue budget for 2015/16 as a result of:

- The ongoing review of costs, resources and risks on the revenue budget
- The receipt of the final council tax surplus position on the collection fund
- The availability of additional council tax resources, and
- The availability of additional one-off resources

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 for risk management purposes and to deliver the investment needed to ensure a "safe-landing" over the next three years as the Council downsizes significantly.

Recommendations

Cabinet is asked:

- To note the changes in the forecast of the Council's costs and resources for 2015/16 as set out in the report and the consequential impact upon the level of reserves within the Cabinet's budget proposals;
- To consider the responses received from the consultation on the Cabinet's revenue budget proposals for 2015/16;
- 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;
- To delegate authority to the Deputy Leader of the County Council, in consultation with the County Treasurer, to agree the translation of the service offer proposals into the financial management framework (which reflects the management structure) and for this to be incorporated within Cabinet's budget proposals to Full Council;
- To note the level of one-off revenue resources available within the 2015/16 revenue budget, as set out in the table below, and approve their use in the first instance to balance the Council's 2015/16 revenue budget. Based on Cabinet's current budget proposals, together with the updated information included in Appendix 'A', a total of £5.646m is required to balance the budget, leaving one-off available resources of £0.318m.

Additional one off revenue resources in 2015/16	£m
Council Tax Collection Fund surplus in 2014/15	(5.400)
Returned New Homes Bonus	(0.564)
Total one-off revenue resources	(5.964)

(vi) To note the level of further one-off resources available in 2015/16 as set out in the table below:

Additional One-Off Resource	£m
2014/15 Capital financing position (as set out elsewhere on Cabinet's agenda)	52.0
Release of Strategic Investment Reserve	1.7
Remaining one-off resources from within the 2015/16 budget, as set out in (v) above	0.3
Review of earmarked reserves	10.7
Total	64.7

(vii) To note the calls against this additional one-off resource as set out below:

Issue to be Addressed	£m
Provision for the Waste Infrastructure Grant	5.990
Adult Social Care Budget Consultation	13.819
Provision to mitigate against the risk re Property Savings in 2015/16 and Deprivation of Liberty Safeguards	4.000
Insurance Provision	1.000
Total	24.809

This leaves one-off resources available of £39.9m.

(viii) To consider the use of the available one-off resources of £39.9m, as set out in (vi) and (vii) above, for risk management purposes within the budget proposals to Full Council on 12 February 2015;

(ix) To recommend to the Full Council on 12 February 2015 proposed budget allocations to services, a total budget requirement and the associated Band D Council Tax for 2015/16.

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 Strategy papers	April - December 2014	Gill Kilpatrick, County Treasurer's Directorate, (01772) 534715

Reason for inclusion in Part II, if appropriate

N/A