

Lancashire County Council

Cabinet

Minutes of the Meeting held on Thursday, 5th February, 2015 at 2.00 pm in Cabinet Room 'B' - The Diamond Jubilee Room, 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 Geoff Driver CBE, 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

None.

2. Disclosure of Pecuniary and Non-Pecuniary Interests

None declared.

3. Minutes of the Meeting held on 8 January 2015

Resolved: - That the minutes of the meeting held on 8 January 2015 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, reported that the Executive Scrutiny Committee was grateful for the opportunity to be fully engaged in the budget process at an early stage. No alternative proposals were tabled, however, it was stressed that the impact on Adult Social Care and Public Transport would need to be carefully considered and risk mitigated wherever possible.

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

5. Progress on the roll out of Superfast Broadband across Lancashire - Presentation

Steve Edwards, BT gave a presentation on progress in relation to Superfast Broadband across Lancashire.

Resolved: - That the presentation be noted.

6. Money Matters - Update on the County Council's Financial Position for 2014/15

The Deputy Leader of the County Council presented a report on the County Council's financial position for 2014/15. The report highlighted the high risk financial issues facing the authority, together with appropriate action. It also set out the County Council's likely financial position at the end of the financial year and assessed the over financial outlook.

Resolved: - That,

- (i) the forecast position for the 2014/15 revenue budget and capital investment programme be noted;
- (ii) the use of the funds arising from the one off extra-ordinary position on the capital financing budget and the release of £1.7m from the Strategic Investment Reserve, as part of the Cabinet's overall consideration of the 2015/16 to 2017/18 revenue position and future capital investment programme be approved.

7. Money Matters - The 2015/16 Budget and Financial Strategy 2016/17 to 2017/18

Items 7 and 8 on the agenda were taken together.

8. Money Matters - The Capital Investment Programme 2015/16 and Beyond

A report was presented providing Cabinet with an update on the Revenue Budget 2016/17 to 2017/18 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 County Treasurer advised on the robustness of the estimates within the revenue budget and the level of reserves and provisions held by the County Council. Cabinet was informed that the estimates were robust, and that the level of reserves and provisions held by the County Council were appropriate, given the level of risk to which the County Council is exposed. However, given the financial challenge ahead, it was 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.

In relation to the Capital Investment Programme 2015/16 and beyond, given the announcement in the Local Government Finance Settlement of a number of long term capital grants and the continuation of budgetary provision for vehicle replacement, Cabinet was asked to consider recommendations to the Full Council which incorporated these resources into the capital programme.

Cabinet was advised that whilst the practice of passporting resources to the relevant service in order to meet known demands, there remains a risk both in terms of future demand and resources which should be considered in framing the County Council's overall budget covering both revenue and capital spending.

Resolved: -

1. To note the update on the Council's position for 2015/16 and future years following the publication of the final Local Government Finance Settlement for 2015/16 on 3 February 2015, and the receipt of final information from the City and Borough Councils with regard to:
 - The council tax base
 - The Council's estimated share of business rates
 - The Revenue Support Grant
 - The New Homes Bonus grant, and
 - The surplus on the business rates collection fund.

2. To note the impact of this on the Council's resources to support the revenue budget as set out below:

Resource	Previously reported £m	Increase in resources £m	Revised Resources £m
Revenue Support Grant	157.415	1.548	158.963
Business Rates	175.558	1.166	176.724
Council Tax	387.099	0.005	387.104
New Homes Bonus	3.873	0.011	3.884
Total	723.945	2.730	726.675

3. To note that the surplus on the business rates collection fund of £0.426m for 2014/15 increases the total one off revenue resources available to support the 2015/16 budget from £5.964m to £6.390m.

4. To note specifically that the Council will receive additional revenue support grant in 2015/16 of £1.548m as a result of the government providing £74m nationally to upper-tier authorities "to recognise that Councils have asked for additional support, including to help them respond to local welfare needs and to improve social care provision". To note that the funding previously received by the Council for the local welfare provision, but withdrawn by the government, was £3.506m.

5. To incorporate the Care and Urgent Needs Scheme, with a revenue budget of £1.548m per annum, into the Cabinet's revenue budget proposals to Full Council.

6. To note the changes in the forecast of the Council's costs and resources for 2015/16 as set out in the report.
7. To note the responses received from the consultation on the Cabinet's revenue budget proposals for 2015/16 and to thank everyone who responded to the consultation.
8. 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, and the assessment of risk in relation to the Council's revenue budget and capital investment programme.
9. To recommend the following revenue budgets for service offers for 2015/16 to Full Council on 12 February 2015. The service offer proposals are set out in Annex 1, the indicative revenue budgets for 2016/17 and 2017/18 at Annex 2 and the phasing of savings at Annex 3.

Revenue budget 2015/16	Gross Budget <small>(The amount we propose to spend)</small> £m	Income <small>(The amount we expect to receive)</small> £m	Net Budget <small>(The cost to the County Council)</small> £m
Cost of Being in Business	103.968	(51.938)	52.031
Service Offer Proposals			
Social Care	494.685	(119.486)	375.199
Other Services We Provide To Adults	16.979	(3.698)	13.281
Coroners Service	2.159	-	2.159
Public Health & Wellbeing	105.064	(75.610)	29.454
Other Services For Children & Young People	115.294	(60.792)	54.502
Highway Services	75.316	(44.498)	30.818
Bus & Rail Travel	42.002	(8.864)	33.138
Waste Management	104.908	(20.152)	84.756
Other Environment Services	16.500	(10.629)	5.871
Cultural Services	20.460	(5.130)	15.330
Economic Development and Skills	19.571	(18.913)	0.658
Care and Urgent Needs	1.548	-	1.548
Total for the Service Offers	1,014.486	(367.772)	646.714
Financing Charges	50.794	(18.400)	32.394
Use of one off resources		(4.464)	(4.464)
Revenue budget 2015/16	1,169.248	(442.573)	726.675
Funded by			
Business rates			176.724
Council Tax			387.104
Revenue Support Grant (RSG)			158.963
New Homes Bonus			3.884

Total Resources**726.675**

10. That the Deputy Leader be asked, 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.
11. To task the Chief Executive and her Management Team to continue to identify opportunities for reducing the Council's costs through the development of innovative ways of working, including working with partners to mitigate the financial and service risks facing the Council in future years.
12. To note the level of one-off revenue resources available within the 2015/16 revenue budget, as set out in the table below, and recommend to Full Council the use of £4.464m to balance the Council's 2015/16 revenue budget, leaving £1.926m available.

Additional one off revenue resources in 2015/16	£m
Council Tax Collection Fund Surplus	5.400
Returned New Homes Bonus	0.564
Business Rates Collection Fund	0.426
Total	6.390

13. 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	52.000
Release of Strategic Investment Reserve	1.700
Remaining one-off resources from within the 2015/16 budget, as set out in (12) above	1.926
Review of earmarked reserves	10.700
Total	66.326

14. 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

15. In addition to the above, to set aside the following to support the Capital Investment Programme

Capital Investment Programme	£m
To provide funding for the shortfall of capital receipts	5.000
To provide funding for the Highways and Transport Masterplans	4.044

Total	9.044
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16. In having regard to the assessment of risk, to set aside the remaining available one-off resources of £32.473m for risk management purposes within the budget proposals to Full Council on 12 February 2015.

17. To recommend to Full Council on 12 February 2015 a budget requirement of £726.675m with a resulting increase in Council Tax of 1.99% as set out in the table below:

Budget Requirement	726.675
Less formula grant	158.963
Less Retained Business Rates	176.724
Less New Homes Bonus grant	3.884
Equals council tax cash	387.104
Divided by tax base	342,636.38
Gives Band D council tax	1,129.78
2014/15 council tax	1,107.74
Percentage increase	1.99%

19 To note the capital resources received as part of the local government settlement, and to recommend to Full Council the incorporation of the following government allocation of resources (in the form of capital grants) into the Capital Investment Programme, and delegate any adjustments in phasing to the s151 Officer in consultation with the Deputy Leader of the Council:

Start Year	2015/16	2016/17	2017/18	Total
	£m	£m	£m	£m
Schools (Provisional)	21.168			21.168
Integrated Transport	6.054	6.054	6.054	18.162
Highway Maintenance	23.075	21.154	20.514	64.743
Adult Social Care – Extra Housing Strategy	3.073			3.073
Adult Social Care – Disabled Facilities Grants	6.365			6.365

Total	59.735	27.208	26.568	113.511
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20 To note the overall level of capital resources available for the 2015/16 and future years' Capital Investment Programme of £603.246m made up of the following elements:

Capital Resource	£m
Borrowing	62.469
Capital Receipts	24.012
Additional One-off revenue resources:	
Shortfall of capital receipts	5.000
Highways and Transport	4.044
Revenue contributions	3.185
Internal loan	12.305
Single Capital Pot Grant	138.219
Other grants and contributions	351.355
City Deal temporary resources	2.657
Total	603.246

21 To recommend to Full Council on 12 February 2014 the proposed Capital Investment Programme for 2015/16 and future years as set out in Annex 4 of these resolutions.

22 To passport the 2015/16 Disabled Facilities Grant to the City and Borough Councils in line with the relevant grant conditions.

23 Note that the service offer proposals to 2017/18 includes provision of £3.2m per annum for the financing of the vehicle replacement programme, and recommend that Full Council incorporates these resources into the Capital Investment Programme.

9. Lancashire County Council Treasury Management Policy and Strategy 2015/16

A report was presented outlining the Treasury Management Policy Framework for 2015/16, which is reserved for approval by Full Council.

Resolved: - That,

- (i) the Treasury Management Policy as set out at Appendix 'A' be recommended to the Full Council for approval;
- (ii) the Treasury Management Strategy for 2015/16 as set out at Appendix 'B' be recommended to Full Council for approval;
- (iii) In respect of the Minimum Revenue Provision Statement for 2015/16, set out at Appendix 'C', Full Council be recommended to:
 - a. approve the Capital Financing Requirement method and the Asset Life method (Equal Charge approach) for expenditure funded from borrowing incurred in 2015/16 and future years.
 - b. approve charges to revenue a sum equal to the repayment of any credit liability.

- c. approve the proposed treatment of assets constructed under the Preston, South Ribble and Lancashire City Deal and Homes and Community Agency Local Infrastructure Fund, subject to annual review.
- d. approve the basis for repaying the debt incurred as a result of the refinancing of the Waste PFI contract.

10. Report of Key Decisions taken by the Leader of the County Council, the Deputy 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 Deputy Leader of the County Council, the Cabinet Member for Highways and Transport, the Cabinet Member for Children, Young People and Schools, the Cabinet Member for Adult and Community, and the Interim Executive Director for Environment, respectively, be noted.

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

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

12. Urgent Business

There was no urgent business to be considered.

13. Date of Next Meeting

The Cabinet noted that the next meeting would be held on Thursday 5 March 2015 at 2.00pm at County Hall, Preston.

Jo Turton
Chief Executive

County Hall
Preston