

## Cabinet - 5 January 2012

### Item 6 - The County Council's Budget 2012/13 and 2013/14

#### Resolutions

##### Resolved:

1. That the Cabinet notes the current budget position and financial strategy as reported by the County Treasurer (set out below), taking into account the provisional local government finance settlement.

	2012/13 £m	2013/14 £m
<b>Budget Pressures:</b>		
Further Below the Line Savings within the three year financial strategy		7.245
Increase in waste costs	7.460	9.710
Impact of the fall out of the 2012/13 council tax freeze grant		10.633
<b>Additional Budget Pressure</b>	<b>7.460</b>	<b>27.588</b>
<b>Proposals:</b>		
Reductions in the County Council's costs	9.190	10.940
Further Below the Line savings	1.350	6.850
Efficiency savings in the Environment Directorate	2.600	4.850
Service proposals	4.280	4.280
Proposals for increased charges	0.040	0.580
<b>Total Savings Proposals</b>	<b>17.460</b>	<b>27.500</b>
<b>One Off Resources Available</b>	<b>10.000</b>	<b>0.088</b>

2. That the Cabinet notes this strategy will enable Council Tax to be frozen in 2012/13.
3. That the Cabinet notes the additional allocations of specific grants and their use as follows:
  - Early Intervention Grant - £1.384m to be incorporated in the cash limit of the Directorate for Children and Young People for additional responsibilities for child care for 2 year olds
  - New Homes Bonus - £0.561m to be incorporated within the cash limit of the Office of the Chief Executive for the delivery of economic development projects.

4. That the Cabinet notes the following reductions to the County Council's costs.

<b>Cost reduction</b>	<b>2012/13 £m</b>	<b>2013/14 £m</b>
Children and Young People – Agency Placements	4.900	4.900
Environment – Concessionary Fares	1.700	1.700
Office of the Chief Executive – Restructuring and Running Costs	0.440	0.440
Updated cost implications of Carbon Tax	0.900	0.900
Capital Financing and Interest	1.250	3.000
<b>Total reduction to the County Council's costs</b>	<b>9.190</b>	<b>10.940</b>

5. That the Cabinet will consult on proposals as set out in the resolutions below to meet the budget gap identified in 2012/13 and 2013/14.
6. That the Cabinet will consult on proposals for further below the line savings as identified by the Management team below:

	<b>2012/13 £m</b>	<b>2013/14 £m</b>
Reduction in Travel Costs	0.275	1.150
Property Rationalisation		1.000
Rationalisation of Facilities Management and Conferencing	0.500	1.000
Transforming Finance through Oracle Release 12		0.750
Reductions in Management Costs	0.375	1.250
Operating Model		1.500
Reduction in Members Costs	0.200	0.200
<b>Total Below the Line Savings</b>	<b>1.350</b>	<b>6.850</b>

7. That the Cabinet recognises the good work undertaken by the County Council's Management Team in reducing costs and delivering below the line savings, and asks that the savings identified above be implemented as quickly as possible.
8. In addition, the Cabinet asks that the Management Team continue to identify opportunities for further efficiencies and ensure costs are continually examined and reduced wherever possible.
9. That the Cabinet will consult on the following proposals for efficiency savings identified by the Environment directorate:

<b>Proposals</b>	<b>2012/13 £m</b>	<b>2013/14 £m</b>
<b>Efficiency Savings</b>		
Reduction in number of management posts	0.250	1.000
Further efficiency achieved through "One Team" working (Highway Services Review)		1.500
Highway maintenance efficiency as a result of recent capital investment improving the condition of the highway	1.500	1.500
Reduction in the level of highways contingency by 50%	0.420	0.420
Reduction in training budgets	0.050	0.050
Reduction in cost of locality working	0.280	0.280
Reduction in production costs of policy statements	0.100	0.100
<b>Total of Efficiency Savings for Environment</b>	<b>2.600</b>	<b>4.850</b>

10. That the Cabinet will consult on proposals for service changes within the Environment Directorate as set out below:

<b>Proposals</b>	<b>2012/13 £m</b>	<b>2013/14 £m</b>
<b>Service Proposals:</b>		
Street Lighting Carbon reduction	3.950	3.950
Companion cards	0.130	0.130
Reduced payments into the Waste Minimisation Fund	0.200	0.200
<b>Total Service Proposals</b>	<b>4.280</b>	<b>4.280</b>

11. That the Cabinet will consult on proposals for increased charges for trade waste that will deliver additional income to the Council of £0.040m in 2012/13 and £0.580m in 2013/14.

12. That in respect of the 2012/13 Schools Budget:

- The County Council's allocation of Dedicated Schools Grant (DSG) be used in accordance with the statutory requirement that it be applied in its entirety to the Authority's Schools Budget, and that the Schools Budget not be supplemented from other resources available to the County Council, and;
- That the detailed allocation of resources within the Schools Budget be determined at a later date by the Cabinet Member for Children and Schools in consultation with the Executive Director for Children and Young People and the County Treasurer and in conjunction with the Lancashire Schools Forum.

13. That the Cabinet notes the report of the County Treasurer on the robustness of the budget and adequacy of reserves to address the continuing financial risks facing the County Council.

14. That the Cabinet notes the additional one-off resources available as set out below and resolves to use these funds for investment in the Council's key priorities.

<b>Additional one-off resources</b>	<b>£m</b>
2012/13 One-off resources	10.0
Treasury Management extra-ordinary savings	40.0
Less: Funding for the 2014/15 Capital Programme to support the schemes set out below:	-15.0
• Pennine Reach including Accrington Bus Station	2.5
• Rawtenstall Bus Station	3.5
• Blackpool to Fleetwood Tramway	2.0
• Scheme to alleviate traffic congestion in Broughton	7.0
<b>Total Resources available</b>	<b>35.0</b>

15. That the Cabinet will consult on the proposals below for one-off investment in its key priorities:

<b>Investment Proposal</b>	<b>£m</b>
1. Promoting sustainable employment for young people, including Lancashire's looked after children, through apprenticeships with Lancashire businesses and professional apprenticeships with the County Council (5 year programme).	10.00
2. Support for travel costs for Young People to assist them into education, employment and training (5 year programme)	5.00
3. Strategic Economic Development and infrastructure (5 year programme) to develop employment opportunities across Lancashire	10.00
4. Armed Forces Veterans – Mentoring services for secondary school young people (5 year programme)	3.00
5. Libraries Regenerate	1.00
6. Further support for the programme of Youth Zones	6.00
<b>Total</b>	<b>35.00</b>

16. That in the context of these investment proposals, the Lancashire Youth Council be invited to work with the Council's officers to draw up a Young People's Travel Scheme to operate within a cash limited budget of £1m per year for five years which is targeted on assisting young people into education, employment and training.

17. That the budget proposals set out in the report be made available to the Overview and Scrutiny Committees for the purpose of consultation, and for those Committees to consult as they see fit amongst members of the Overview and Scrutiny committees and to respond on that consultation.

18. The Cabinet values the views of stakeholders across Lancashire and therefore resolves that in addition to the County Council's various Overview and Scrutiny Committees, the above proposals be consulted upon with:

- The 12 Borough and City Councils within Lancashire,
- The Lancashire Police Authority and Lancashire Constabulary,
- The Lancashire Combined Fire Authority
- The unitary councils of Blackburn with Darwen and Blackpool
- The recognised Trades Unions,
- The Lancashire Youth Council,
- The Lancashire Enterprise Partnership
- Other representative bodies of Lancashire business

19. That consultation should take place from now until 2 February 2012 when the Cabinet will consider its final budget recommendations to the Full Council, when the views expressed by the Life in Lancashire survey will also be taken into account.

20. That the Cabinet awaits final confirmation of:

- a) The 2012/13 Local Government Finance Settlement, including the Council Tax Freeze Grant and other specific grants
- b) The council tax resources available for the year, and
- c) Feedback from the consultation process outlined above,

in order to determine its recommendations to Full Council in respect of the 2012/13 budget, the Council's financial strategy and its council tax requirement for 2012/13.