

Lancashire County Council

Cabinet

Minutes of the Meeting held on Thursday, 21st January, 2016 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 Marcus Johnstone

County Councillor Tony Martin

County Councillor Matthew Tomlinson

County Councillors Geoff Driver CBE, Albert Atkinson and Bill Winlow 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**

There were no interests disclosed.

3. **Minutes of the Meeting held on 26 November 2015**

Resolved: That the minutes of the meeting held on 26 November 2015 be confirmed as a correct record 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 recommendations set out in the reports for consideration by Cabinet had been confirmed, with no amendments or additional recommendations.

5. **Money Matters - The Financial Strategy for 2016/17 to 2020/21**

The Deputy Leader of the Council introduced a report which set out the impact of the Autumn Statement and the Finance Settlement for 2016/17; provided an update of the forecast outturn position for 2015/16 and the Medium Term Financial Strategy for 2016/17 to 2020/21; and the position with regard to reserves.

Attention was drawn to the reduction of £303.3m in central government support over the period 2016/17 to 2019/20, noting that the settlement announced immediately before Christmas had presented the Council with an even greater reduction in financial resources than previously anticipated.

Damon Lawrenson, interim Director of Financial Resources, set out the detail contained in the report. The work to reduce the predicted overspend in the current financial year was welcomed, but it was emphasised that the financial position of the council was such that, whilst a legal balanced budget could be set for 2016/17, there were a number of significant risks in the councils financial position that meant that it was not currently possible to say with confidence that a legal balanced budget could be set for 2017/18. It was made clear that the position in 2017/18 was heavily dependent on the timely delivery of the budget proposals announced by Cabinet, and that any delay would require the greater use of reserves, threatening the position for later years.

In relation to proposals around withdrawing subsidies for bus services, it was again highlighted that this was a non-statutory service provided by the county council. It was noted that £2m in revenue funding, plus £1m in capital funding, was being made available to parishes and communities to develop alternative arrangements, and that discussions with bus operating companies were ongoing. It was also noted that the experience of Cumbria, which had taken the same decision in 2013, was that a significant majority of services had continued to be provided by the private sector operators.

Resolved: That

- (i) Note the current forecast overspend of £9.591m on the revenue budget in 2015/16 and ongoing pressure of £35.766m.
- (ii) Note the revised funding gap of £200.5m covering the period 2016/17 to 2020/21 as set out in the revised financial outlook forecast for the Council.
- (iii) Approve the additional budget adjustments for 2016/17, and following years' increases, included in the revised MTFS following the financial settlement.
- (iv) To recommend to Cabinet to make recommendations to Full Council on 11 February 2016 the Band D Council Tax for 2016/17 reflecting a 3.99% increase including 2% to be used for social care as per the new flexibilities.
- (v) the contents of the County Council's Reserves position at 30th November 2015 be noted.
- (vi) all the proposed changes to the existing use of reserves, linked to creating the Transitional Reserve be approved.
- (vii) in line with the Council's financial strategy agreed at the 26th November Cabinet, the establishment of the Council's Transitional Reserve (£107.599m or £117.190m should the County Council deliver a balanced revenue position in 2015/16) be approved.

- (viii) the use of capital allocations within the 2015/16 capital programme for projects which are now complete or considered not needed as part of the 2016/17 programme funding be noted and approved.
- (ix) the specific capital programme as presented within the body of the report be approved.
- (x) the increase in prudential borrowing identified within the Capital Programme report which is required as a result of utilising revenue and other reserves, previously earmarked for supporting the Capital Programme, to assist in the overall reshaping of the County Council be approved.
- (xi) the advice of the Interim Director of Financial Resources in relation to the robustness of the budget and the adequacy of reserves be noted.

6. Responses to Consultation

Mike Walker, Information, Intelligence, Quality and Performance Manager, attended to present the responses to the consultation on the Cabinet's proposed budget options. It was reported that the individual responses were available to County Councillors through the C-First councillor internet portal. It was confirmed that the responses, along with responses from any further individual budget decisions and proposals would be used to review and update existing equality analyses as appropriate.

Resolved: That the responses to the consultation, as reported, be noted.

7. Urgent Business

There was no Urgent Business

8. Date of Next Meeting

It was confirmed that the next meeting of Cabinet would take place on Thursday 4 February 2016 at 2pm at County Hall, Preston.

Jo Turton
Chief Executive

County Hall
Preston