

## **Lancashire County Council**

### **Cabinet**

**Thursday, 6th November, 2014 at 2.00 pm in Cabinet Room 'B' - County Hall, Preston**

### **Agenda**

#### **Part 1 (Open to Press and Public)**

#### **No. Item**

- 1. Apologies for Absence**
- 2. Disclosure of Pecuniary and Non-Pecuniary Interests**  
Members are asked to consider any Pecuniary and Non-Pecuniary Interests they may have to disclose to the meeting in relation to matters under consideration on the Agenda.
- 3. Minutes of the Meeting held on 9 October 2014** (Pages 1 - 4)
- 4. Executive Scrutiny Committee - Report of the Chair**

#### **Matters for Decision:**

#### **The Leader of the County Council - County Councillor Jennifer Mein**

- 5. Preston Bus Station and Multi Storey Car Park** (Pages 5 - 24)

#### **The Deputy Leader of the County Council - County Councillor David Borrow**

- 6. Money Matters - Update on the County Council's Financial Position for 2014/15** (Pages 25 - 42)
- 7. Money Matters - The Financial Strategy for 2015/16 to 2017/18** (Pages 43 - 52)
- 8. Report of the Cabinet Working Group on the Care and Urgent Needs Support Scheme** (Pages 53 - 82)

**The Cabinet Member for Health and Wellbeing - County Councillor Azhar Ali  
and the Cabinet Member for Environment, Planning and Cultural Services -  
County Councillor Marcus Johnstone**

**9. Potential Health Impacts of the Proposed Shale Gas  
Exploration Sites in Lancashire**

Report to follow.

**Matters for Information:**

**10. Report of Key Decisions taken by the Leader of the  
County Council and Cabinet Members** (Pages 83 - 86)

**11. Report on the Waiver of Procurement Rules by the  
Deputy Leader of the County Council** (Pages 87 - 88)

**Miscellaneous Matters:**

**12. Urgent Business**

An item of urgent business may only be considered under this heading where, by reason of special circumstances to be recorded in the Minutes, the Chair of the meeting is of the opinion that the item should be considered at the meeting as a matter of urgency. Wherever possible, the Chief Executive should be given advance warning of any Member's intention to raise a matter under this heading.

**13. Date of Next Meeting**

The next meeting of the Cabinet will be held on Thursday 4 December 2014 at 2.00 pm at County Hall, Preston.

Jo Turton  
Chief Executive

County Hall  
Preston

# Agenda Item 3

## Lancashire County Council

### Cabinet

#### Minutes of the Meeting held on Thursday, 9th October, 2014 at 2.00 pm in Cabinet Room 'B' - County Hall, Preston

#### Present:

County Councillor Jennifer Mein

Leader of the Council  
(in the Chair)

#### Cabinet Members

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 and County Councillor Bill Winlow were also in attendance under the provisions of Standing Order No. 19(4).

#### 1. Apologies for Absence

Apologies for absence were received from County Councillor Azhar Ali and County Councillor Albert Atkinson.

#### 2. Disclosure of Pecuniary and Non-Pecuniary Interests

None declared.

#### 3. Minutes of the Meeting held on 11 September 2014

**Resolved:** - That the minutes of the meeting held on 11 September 2014 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, confirmed that the recommendations set out in the reports for consideration by Cabinet had been confirmed without modification or amendment at the meeting of the Executive Scrutiny Committee held on 7 October 2014.

#### 5. Proposed New Employee Structure for Lancashire County Council

Jo Turton, Chief Executive, presented a report setting out details of the proposed new structure for the County Council for posts at, or above, Grade 11. The report also set out

the principles upon which it was proposed appointments to the new structure would be made, together with governance issues relating to the proposed recruitment process.

It was highlighted that the proposed new structure would ensure greater flexibility and support new ways of working across the County Council. The Chief Executive referred to the amount of work that had been undertaken by a number of officers, who themselves were now facing uncertainty as a result of the proposals, to design the proposed new structure, and wished to place on record their considerable contribution.

The Leader of the County Council thanked the Chief Executive, her management team and all those involved in the design of the proposed new structure which would allow the County Council to move forward with a greater degree of flexibility and in a more cost effective manner.

**Resolved: - That:**

- (i) The contents of this report, now presented, be noted;
- (ii) The proposed new structure for the County Council for posts at, or above, Grade 11 set out at Appendix 'A' to this report, now presented, be approved;
- (iii) The principles for making appointments to the new County Council structure for all posts, including those at, and below, Grade 10, set out at Appendix 'B' to this report, now presented, be approved;
- (iv) The establishment of an Employee Welfare function, comprising one post at Grade 11 and three posts at Grade 10, be approved with immediate effect, appointments to be made as soon as possible to support the transformation process;
- (v) The Urgency Committee be recommended to agree:
  - (1) that, for the purposes of the Transformation process only, and subject to statutory requirements, the Employment Committee be responsible for appointments to the posts of:
    - (a) Corporate Director Commissioning and Deputy Chief Executive;
    - (b) Corporate Director Operations and Delivery;
    - (c) Director of Development and Corporate Services;
    - (d) Director of Adult Services;
    - (e) Director of Children's Services;
    - (f) subject to applications being received from staff holding an appropriate professional qualification allowing them to also be appointed as the Council's Monitoring Officer or S.151 Officer, the Director of Governance, Finance and Public Services; and
    - (g) Subject to the appointment of the Monitoring Officer or S.151 Officer at (f) above, the Director of Financial Resources and/or the Director of Legal and Democratic Services, the successful applicant being appointed as the Monitoring Officer or S.151 Officer;
  - (2) that all other appointments be delegated to the Head of the Paid Service;
  - (3) that all appointments be made in accordance with the principles referred to in paragraph (iii) above and that the role of the Employment Committee in future appointments to senior posts then be reviewed;
  - (4) that all appointments to the Council's structure at all grades, including Director grades and above, will be made on the basis of Lancashire County Council Terms and Conditions of Employment, and that this principle also be applied to the Chief Executive on the basis set out in the report;

- (5) that a Chief Officer Car Leasing Scheme be implemented based on the same entitlements/costs as at present, the details of the Scheme to be finalised and approved by the Chief Executive;
  - (6) to approve the Appeals Procedure set out at Appendix 'C' to this report, now presented.
- (vi) The Chief Executive, Management Team, and officers involved in the design of the new structure, be thanked for their work.

## **6. Approval of the County Council's Procurement Strategy**

The Deputy Leader of the County Council and Lisa Kitto, Deputy County Treasurer, presented a report setting out, for approval, a draft Procurement Strategy for the County Council.

The draft strategy was the culmination of the work undertaken, following the return of responsibility to the County Council for procurement matters. A draft strategy had previously been published and during the two month consultation period, over 50 responses had been received. The responses highlighted that partners either strongly agreed, or tended to agree, with the proposed approach and, in response to the consultation, the sections of the draft strategy relating to sustainability and the Living Wage had been strengthened.

It was reported that a Procurement Board had been established and had met a number of times and a Service Implementation Plan was being developed which would be monitored by the Cabinet Committee on Performance Improvement, with the first report due to be considered by the Cabinet Committee at its meeting on 11 December.

The Leader of the County Council welcomed the draft strategy which would assist the County Council in achieving its objectives.

**Resolved:** - That:

- (i) The results of the consultation on the draft Procurement Strategy, which involved public, private and third sector organisations, now presented, be noted;
- (ii) The final Procurement Strategy, set out at Appendix 'A' to the report, now presented, which includes the amendments made to reflect the feedback received during the consultation process, be approved;
- (iii) That the Deputy County Treasurer and her team be thanked for the work undertaken on the draft strategy.

## **7. Approval to Adopt the West Lancashire Highways and Transport Masterplan**

County Councillor John Fillis, Cabinet Member for Highways and Transport, and Hazel Walton, Transport Planning Manager, Environment Directorate, presented a report setting out the West Lancashire Highways and Transport Masterplan for adoption. County Councillor Fillis welcomed the involvement of all those who had responded to the consultation and highlighted that, as a result, a number of key areas, e.g. cycling provision, had been strengthened.

**Resolved:** - That:

- (i) The publication of the West Lancashire Highways and Transport Masterplan, presented at Appendix 'A' to the report, now presented, and the delivery of the strategies that will allow the masterplan to be taken forward be approved;
- (ii) As part of the masterplan, the rescinding of the route protection on the line currently protected for an Ormskirk Bypass be approved.

**8. Report of Key Decisions taken by the Deputy Leader of the County Council and Cabinet Members**

**Resolved:** - That the report, now presented, on Key Decisions taken by the Deputy Leader of the County Council, the Cabinet Member for Adult and Community Services, and the Cabinet Member for Health and Wellbeing, respectively, be noted.

**9. Urgent Business**

There was no urgent business to be considered.

**10. Date of Next Meeting**

The Cabinet noted that the next meeting would be held on Thursday 6 November 2014 at 2.00pm at County Hall, Preston.

Jo Turton  
Chief Executive

County Hall  
Preston

**Cabinet 6th November, 2014**

## **Report of the Assistant Chief Executive**

Electoral Division affected: Preston
---

### **Preston Bus Station and Multi Storey Car Park** (Appendices 'A' and 'B' refer)

Contact for further information  
Eddie Sutton, (01772) 535171, Office of the Chief Executive,  
[eddie.sutton@lancashire.gov.uk](mailto:eddie.sutton@lancashire.gov.uk)

#### **Executive Summary**

This report outlines a series of proposals which overall will see the regeneration of Preston Bus Station and Multi Storey Car Park, primarily as a public services hub focusing on facilities for young people, bus and coach transportation, pedestrian safety, highway improvements, car parking and the creation of accessible and useable public open space within the heart of Preston City Centre.

The vision is to create a modern and vibrant public service hub within the brutalist architecture style of the original design.

This is deemed to be a Key Decision and the provisions of Standing Order No 25 have been complied with.

#### **Recommendation**

Cabinet is recommended :

1. To approve the proposals set out in this report which overall will see the regeneration of Preston Bus Station and Multi Storey Car Park, primarily as a public services hub focusing on facilities for young people, bus and coach transportation, pedestrian safety, highway improvements, car parking and the creation of accessible and useable public open space within the heart of Preston City Centre;
2. To reallocate the County Council contribution of £8.3m to the construction of a new bus station, contained within the approved capital programme, to the refurbishment of the Preston Bus Station and Multi Storey Car Park;
3. To request the Cabinet Member for Children and Young People to review and reprioritise resources already allocated in the Children and Young People's overall capital programme with the view of releasing £2m of funding to support the development of the Preston Youth Zone Plus;

4. To request officers :
  - (1) To work with the Preston Youth Zone partners to develop the scheme for the Preston Youth Zone Plus;
  - (2) To work with the contractors recently selected for the County Council's Construction Framework to refine the estimates set out in this report;
  - (3) To complete the Conservation Management Plan;
  - (4) To prepare a consolidated development proposal for consideration by Cabinet;
  - (5) To prepare and submit an application for listed building consent/planning permission.
  - (6) To review with the Heritage Lottery Fund the potential for Heritage Lottery Funding;
  
5. To recommend the Preston, South Ribble and Lancashire City Deal Executive and Stewardship Board to endorse the revised proposals for Preston Bus Station and Multi Storey Car Park on the basis set out in the report and to include them within the 2015/18 City Deal Infrastructure Delivery Plan.

## **Background and Advice**

### **1. Introduction**

In September 2013, Preston Bus Station and Multi Storey Car Park was designated as a grade II listed building.

On the 5<sup>th</sup> December 2013, Cabinet agreed that the County Council should take ownership of Preston Bus Station and Multi Storey Car Park (" Bus Station and MSCP") from Preston City Council on the principal terms set out in the report considered by Cabinet on that date. Cabinet authorised the Leader, in consultation with the then Interim Chief Executive, the County Secretary and Solicitor, and County Treasurer, to agree and conclude the final terms of the transfer, which were completed on the 31<sup>st</sup> March, 2014.

The report considered by Cabinet on 5<sup>th</sup> December 2013, explained the significant impact that the Grade II listing designation had on the future direction of the Bus Station and MSCP, in particular the major obstacles this presented in the context of seeking approval to demolish the existing facilities, which was a pre-requisite to the building of a new bus station and car park.

The 5<sup>th</sup> December 2013 report explained that both national and local policies are clear: total or substantial loss of a designated heritage asset should be refused unless it can be demonstrated that this is necessary to achieve substantial public benefits, or that all of the following apply:

- The nature of the heritage assets prevents all reasonable uses of the site;



- No viable use of the heritage asset itself can be found in the medium term; and
- The harm or loss is outweighed by the benefit of bringing the site back into use.

The report concluded that the designation of the Bus Station and MSCP as a Grade II Listed Building has made the potential option of demolishing the Bus Station and MSCP and building a new bus station and car park extremely challenging.

The Bus Station and MSCP is one of the key gateways to Preston City Centre. A modern refurbished and well maintained facility will be an essential component in enabling the wider regeneration and development of Preston City Centre and will have a pivotal role in supporting the Preston, South Ribble and Lancashire City Deal.

The Preston, South Ribble and Lancashire City Deal agreed with government builds on the strong economic performance of the area over the last ten years and will help to ensure that the City Deal area continues to grow by addressing strategic transport infrastructure and development challenges to deliver new jobs and housing across the City Deal area.

Over a ten-year period the City Deal will generate:

- More than 20,000 net new private sector jobs, including 5,000 in the Lancashire Enterprise Zone;
- Nearly £1 billion growth in Gross Value Added (GVA);
- 17,420 new homes; and
- £2.3 billion in leveraged commercial investment.

This report outlines a series of proposals which overall will see the regeneration of the Bus Station and MSCP primarily as a public services hub focusing on facilities for young people, bus and coach transportation, pedestrian safety, highway improvements, car parking and the creation of accessible and useable public open space within the heart of Preston City Centre.

The vision is to create a modern and vibrant public service hub within the brutalist architectural style of the original design.

## **2. Preston Youth Zone Plus**

Currently, the bus station comprises 80 bus bays running along the whole of the east side and west side of the building. The proposal outlined at Section 3 of this report is to deliver a 36 bay bus station and 4 bay coach park, utilising the whole of the east side of the current facilities only. This will completely remove buses and coaches from the west side of the current facilities. In addition, these revised bus and coach requirements will require approximately 50% less of the internal floor space of the bus station.

Since the transfer of the Bus Station and MSCP to the County Council, work has been ongoing to ascertain how the space situated at a key location within the City Centre space and not now required for public transport facilities, can be utilised.

On 26 July 2011, the former Leader of the County Council and the former Cabinet Member for Young People agreed to allocate £3m of Capital funding to the Preston Youth Zone Plus project together with an area of land on the County Hall site. At that time, the precise location for the new facility had yet to be confirmed.

On the 8<sup>th</sup> March 2012, the former Leader of the County Council and the former Cabinet Member for Young People agreed that the proposed Preston Youth Zone Plus should be located on the former nursery site at Nutter Road/Ringway.

The site was to be leased to a new company established by the County Council and two Trusts representing the private sector patrons (" PYZ Plus New Co") for a period of 125 years at a peppercorn rent. PYZ Plus New Co will be responsible for running Preston Youth Zone Plus supported by Onside, the charity promoting the development of Youth Zones. Onside has led the development of Youth Zones in Blackburn, Carlisle, Manchester, Oldham and Wigan.

Four potential locations within the County Hall complex had been identified, which are shown on the plan attached at Appendix A. Of the four potential locations, the first and second proposed locations on the Arthur Street Car Park were preferred from a Service perspective as these were considered to be the most convenient in terms of access for the users, who it was anticipated would arrive from the town centre having travelled on public transport. Locations 3 and 4, located at Nutter Road/ Ringway, were the least preferred from a service delivery location point of view for the same reasons. Nevertheless, location 3 at Nutter Road/Ringway was acknowledged as providing the best location in terms of 'prominence and presence' for the new facility, and was accepted by Onside and the Young People's Service as providing a good compromise location.

On 26 July 2011, the former Leader of the County Council and the former Cabinet Member for Young People agreed that the County Council would underwrite the 40% public sector revenue funding required from the public sector partners of the proposed Preston Youth Zone Plus (circa £400k per year). In the event that this was not secured, the shortfall was to be funded by the cash limit for the Directorate for Children and Young People through the identification of additional savings. At that time the shortfall was estimated at £250k per year.

On the 8<sup>th</sup> March 2012, the former Leader of the County Council and the former Cabinet Member for Young People agreed to the following two further financial commitments on behalf of the County Council:

First, the County Council would underwrite the then current shortfall in capital funding of £0.529m and that this be met from the current forecast underspend on the County Council's 2011/12 revenue budget. This was in addition to the £3m capital commitment. Whilst the majority of the capital funding had been secured there was a shortfall in the funding which had still be fully confirmed; and

Second, in the event that the private sector partners were unable to raise the private sector revenue contribution of £0.5m per annum, this would be underwritten by the County Council. Any shortfall underwritten by the County Council would be met

through the identification of additional savings within the cash limit for the Directorate for Children and Young People.

Taking ownership of the Bus Station and MSCP has provided the opportunity for the County Council, PYZ Plus New Co and Onside to consider this as an alternative location for the Preston Youth Zone Plus. Following lengthy discussions the following have been agreed in principle by the parties:

- *Location*

The Preston Youth Zone Plus will now be located within the North West part of the Bus Station with a new four court sports and multi use games area located on the western apron. In terms of overall floor area, this will be similar in size to the proposed facility for the Nutter Road /Ringway site.

- *Term of the lease*

The lease of the relevant parts of the Bus Station will be for a term of 25 years at a peppercorn rent and not 125 years as agreed for the Nutter Road/Ringway location. A lease for a period of 25 years will be consistent with the extended life of the facilities which will be achieved from the refurbishment works described in section 4 of this report.

PYZ Plus New Co will give a minimum 10 year commitment to operate the Youth Zone Plus, supported by Onside.

- *Revenue Contribution.*

The private sector sponsors of Preston Youth Zone Plus and On Side have recognised that the financial pressures on the County Council have become significantly more challenging since 2011/12 when these issues were discussed in the context of the proposed Nutter Road/Ringway location. A fixed long term revenue commitment of £400k pa, both in terms of its overall quantum and the inability for the County Council to have any means of influencing its reduction in future years, will create major difficulties for the medium to long term financial management of the Council's overall budget .

The County Council will therefore make a reduced revenue contribution of £150k pa. Importantly, the County Council will not now be underwriting the remaining public sector contribution, nor will it be required to underwrite any shortfall in the private sector contribution. The private sector sponsors of Preston Youth Zone Plus will be responsible for these revenue requirements.

- *Capital contribution*

Given the significant additional revenue risks being assumed by the private sector partners, which they will need to manage in part from their private sector donations, the private sector sponsors of Preston Youth Zone Plus have asked that the County Council contribute an additional £2m to the capital costs of the Preston Youth Zone Plus. This additional £2m will increase the County Council's overall capital

commitment to £5m and will be funded from a review and reprioritisation of resources already allocated in the Children and Young People's overall capital programme. The private sector sponsors will contribute £1m to the capital costs, which provides for an overall capital budget of £6m.

Preston Youth Zone Plus can be described as co-locating universal, positive activities for young people with targeted services for those young people seeking specialist support, creating a progressive development of an already tried and tested Youth Zone concept. This 'One Stop Shop' for young people will discreetly offer many of the more sensitive and confidential services that young people might require in one place.

This large-scale multi-activity facility at the Bus Station, will have a wide range of sporting and artistic spaces, including a multi-use 3G outdoor pitch, a four court indoor sports hall, a climbing wall, a dance and performing arts studio, a martial arts/boxing gym, a fully equipped, state-of-the-art fitness suite, a music room, a film and multi-media suite, arts, crafts & fashion areas, an enterprise and employability room together with café facilities and a number of adaptable spaces for general association, recreation in response to young people's changing needs and preferences.

The Youth Zone's activity programme will be led by young people, reflecting what they want from their leisure time.

### **3. Bus Station**

The East side of the building will be refurbished to provide a new 36 bay bus station pedestrian concourse and 4 bay coach park, to include new glazing to the full elevation with new automatic doors out on to a new fully DDA compliant bus concourse.

Part of the replacement of the Western elevation will include further glazing and a new entrance area leading directly from the newly developed public realm area between the building and Tithebarn Street.

The remaining ground floor and mezzanine within the building will be refurbished to enhance the lighting, surface finishes and other existing features. This will provide an internal public space which can support the main uses together with initiatives from the private, public and voluntary sector.

#### *Bus movements and circulation*

In the interests of public safety and passenger convenience, it is proposed that the design of a redeveloped Bus Station enables the separation of the bus movements from those of pedestrians in the most efficient manner.

The existing configuration of the Bus Station involves bus movements along both the east and west aprons. One of the implications of this is that passengers accessing the Bus Station from the City Centre, across Tithebarn Street are required to negotiate manoeuvring buses on the west apron.

The County Council's overall proposals will include the delivery of a refurbished and reconfigured Bus Station and Coach Park utilising the full length of the east side of the building. This approach will completely remove bus traffic from the west apron as indicated on the plan at Appendix B. This will also enable the west apron to be utilised as the location of the multi-use 3G outdoor pitch, and four court indoor sports hall. The remainder of west apron will be integrated into an area of high quality public realm space providing better pedestrian connectivity into the city centre and towards the Railway Station in line with the aspirations for city centre public space provided by the initial stage of the Fishergate Central scheme.

Appendix B also shows how bus movements to and from the reconfigured bus station could be routed to maintain bus penetration into the city centre whilst enabling public realm improvements to match those along Fishergate. One of the objectives is to remove vehicular traffic from the length of Tithebarn Street between Old Vicarage and Lord Street.

### *Pedestrian movements*

Pedestrian access to the Bus Station and MSCP is currently via a high level footbridge link from the MSCP to first floor of the Guild Hall Arcade, and at ground level across the west apron or via three subways:

- One at the north east corner from the Ringway side of Carlisle Street;
- One from Tithebarn Street, adjacent to St. Johns Centre; and
- One from the ground floor of the Guild Hall Arcade.

As referred to earlier, it is a key objective of this development to make it easier and safer for people to access the Bus Station at ground floor level across the west apron. Achieving this would provide the opportunity to consider the closure of each of the three subway access points. This would not only consolidate pedestrian access points but also mitigate those elements of anti-social behaviour that the existing subways encourage. The principle of this will be discussed in due course with the owners of St. Johns Centre. With regard to the high level footbridge and the subway to the Guild Hall Arcade, the new owners of the Guild Hall have indicated a desire to retain and improve these facilities, at their cost. This will be explored with them in due course as an alternative to closing these access routes.

### *Public realm*

One of the main benefits of moving the Bus Station to the east side of the building along with the rerouting the buses onto Tithebarn Street means that all bus movements are removed from of the west apron.

This provides the opportunity to develop an area of public realm that will extend the shared space initiative currently being delivered along Fishergate which will complete the pedestrian connectivity between the Bus Station and Railway Station. Phase 2(a) of this work will see the initiative continue eastwards along Fishergate to Miller Arcade, whilst the final phase 2(b) will see it completed from Miller Arcade, up to and including the west apron of the Bus Station.

The extension and completion of the Fishergate Central Gateway Scheme was identified in the LEP's Strategic Economic Plan and secured £6m of Government funding in the LEP's Growth Deal, announced earlier this year.

This prospective new area of public realm will become one of Preston city centre's largest open spaces.

#### **4. MSCP**

The MSCP comprises an 1100 bay car park sited at a key location within Preston City Centre. The vision is for the car park to be recognised by visitors to the City Centre as being equal, in terms of overall standard of car parking, with the other major City Centre Car parks.

Following the transfer of ownership of the Bus Station and MSCP to the County Council, consultants were appointed to undertake a Structural Condition Survey of the building to assess the scale and nature of the works required in order to secure and preserve the structural integrity of the building and extend the life of the building by a further 25 years, up to 2041.

In general the condition of the building was found to be as would be expected of a concrete structure built in 1969, with the main defects being as a result of ineffective waterproofing during the construction and subsequently, a lack of concrete cover to the reinforcement and the presence of high levels of embedded chloride within the concrete. These defects and the rate of deterioration already experienced do not give rise to particular concerns with regard to the structural integrity of the building in the short term. However, if the defects were left untreated for an extensive period of time, the asset will reach a point where remediation could become cost prohibitive.

In their report, the consultants set out three scenarios for the remediation work and repairs:

- do nothing;
- recommended minimum; and
- do maximum.

The 'Recommended Minimum' option is the minimum the consultants recommended for consideration as the preferred option to the County Council and in their view will provide the most cost effective solution in dealing with the deterioration of the building in the short term and avoiding more cost in delaying its inevitable repair in the long term. Dealing with the issues in the short term will ensure the ongoing integrity of the building whilst reducing the County Council's risk and liabilities in the future. This approach would include the total remediation of all current defects and an assessment of previous repairs to determine whether they have been appropriately remediated.

A 'Rough Order of Magnitude' (ROM) cost exercise was undertaken by the consultants, using three categories: Lower Bound, Likely costs and Upper Bound. The 'most likely' costs of the recommended minimum option have been used to

inform a remediation strategy. There is a wide range of possible costs and more detailed investigation and analysis is needed before works estimates can be brought forward. The use of the ROM costs has therefore been limited to assisting with devising an overarching remediation strategy which will comprise:

- A series of general concrete repairs. Localised spalling concrete has left the reinforcement within the concrete structure exposed. Loose concrete will be broken away, corroded reinforcement will then be cleaned before the concrete is replaced thereby protecting the cleaned metal within.
- New anti-carbonation coating to the concrete soffits. This would involve the removal of the existing coating from the underside of the deck soffits, including the curved perimeter feature, to be replaced by a new coating to prevent further intrusion of carbon dioxide into the concrete.
- New waterproof coatings to the car park decks. The top two (most exposed to the weather) and bottom two (most heavily trafficked) decks require the replacement of the reinforced waterproof deck whilst the intermediate five parking decks require the addition of a new waterproof coating.
- Cathodic protection to areas at high risk of corrosion. Cathodic protection is the only corrosion prevention technique with a proven track record of being able to provide the required life extension where contamination has already occurred and regardless of the extent of contamination.

The first three elements of the suggested remediation strategy will arrest continued deterioration. The process of cathodic protection will extend the life of the building for 25 years.

The refurbishment of the MSCP will include a new lighting system, car park ticketing replacement of the crash barriers on the ramps to the MSCP, the replacement of the existing three passenger lifts and one goods lift and the refurbishment of three stairwells.

## **5. Phasing of works**

With regard to the sequencing of the proposed redevelopment works, consideration is being given to ways in which it will be possible to minimise the disruption and inconvenience to passengers and operators and in doing so seek to avoid the need to create on street facilities for the commencement and termination of bus services during this time.

The current aim is that the building work will commence with the redevelopment of the Bus Station along the east side of the building. During this period, all buses would commence and terminate from the west side. Once the new bus station is complete, the buses will move to their permanent position along the east side whilst the west side of the building is redeveloped, including the Preston Youth Zone Plus. At this time the redevelopment of the public realm space along the west apron will take place so that upon the completion of the internal re-modelling and the Preston Youth Zone Plus the external space will be completed as well.

The proposed works to the MSCP will be phased to allow elements of the MSCP to remain open during the works.

## **6. Conservation Management Plan**

As the owner of the Bus Station and MSCP, which through its listed building status is now a heritage asset, it is the responsibility of the County Council to set out how the building will be managed and sustained for the benefit of future generations.

This requirement is achieved through the preparation of a Conservation Management Plan (CMP). A CMP explains why a place or building is significant in terms of heritage and how an owner will sustain that significance in any new use, alteration, repair or general day to day management.

The preparation of a CMP requires the County Council to describe all the elements of the property along with rationale around their respective functions and their contribution to the listing. Thereafter, the County Council is required to establish principles against which the property will be managed. This will involve preparing detailed work programmes for the development, maintenance and management of the building and its surroundings.

In the context of the design work required to locate Preston Youth Zone Plus at the Bus Station, the County Council will appoint an external 'critical friend'. The role of this critical friend will be to bring their knowledge and experience of working on and around buildings of this nature to support the County Council in the preparation of its development proposal.

The CMP will be the basis against which any future proposals are assessed, and will be integral to any future applications that the County Council might wish to make for planning permission and listed building consent. If the proposed developments are in line with the principles set out in the CMP with particular reference to how the significance of the asset will be protected, then such will hopefully be supported. It is anticipated that a completed CMP will be available in January, 2015.

During the development of the CMP, the views of English Heritage and wider stakeholders will be sought to mitigate the risk of objections being raised in response to any proposals for change being brought forward.

## **7. Current Estimated Capital Costs and proposals for funding**

The following tables set out the current estimated capital costs and how they will be funded in relation to the following five areas:

- Preston Youth Zone Plus;
- Redevelopment of the Bus Station;
- Creating a public realm;
- Highway works;
- Structural repair works to provide a 25 year life.



<b>Description</b>	<b>Estimated Capital Cost £m</b>	<b>Funding source</b>	<b>Amount £m</b>
Preston Youth Zone Plus	6.000	Original LCC contribution	3.000
		Further LCC Capital Contribution	2.000
		Private sector contribution	1.000
<b>Total</b>	<b>6.000</b>		<b>6.000</b>

**Table 1: Preston Youth Zone Plus**

<b>Description</b>	<b>Estimated Capital Cost £m</b>	<b>Funding source</b>	<b>Amount £m</b>
Redevelopment of the Bus Station ( 36 bays along eastern side of the building and apron)	3.900	Original LCC contribution of £8.3m to the construction of a new bus station, contained within the approved capital programme.	3.900
Light touch refurbishment to Western half of the building	0.500	As above	0.500
Coach station/taxi rank	0.630	As above	0.630
Car park (lighting and ticketing)	1.550	As above	1.550
Car park stairwell refurbishment and replacement of Lifts	0.800	As above	0.800
<b>Total</b>	<b>7.380</b>		<b>7.380</b>

**Table 2: Creating a 36 Bay Bus Station and 4 Bay Coach Park**

<b>Description</b>	<b>Estimated Capital Cost £m</b>	<b>Funding source</b>	<b>Amount £m</b>
Public realm works to the remainder of the Western Apron	2.000	Contribution from £6m of Government funding in the LEPs Growth Deal, announced earlier this year for the extension and completion of the Fishergate Central Gateway Scheme	2.000
<b>Total</b>	<b>2.000</b>		<b>2.000</b>

**Table 3: Public Realm**

<b>Description</b>	<b>Estimated Capital Cost £m</b>	<b>Funding source</b>	<b>Amount £m</b>
On Site and Off Site Highway works	1.500	Original LCC contribution of £8.3m to the construction of a new bus station	0.920
		Underspend on schemes within the Preston, South Ribble and Lancashire City Deal over its ten year period with any shortfall underwritten by the County Council (see below)	0.580
<b>Total</b>	<b>1.500</b>		<b>1.500</b>

**Table 4: Highway works**

<b>Description</b>	<b>Estimated Capital Cost £m</b>	<b>Funding source</b>	<b>Amount £m</b>
Concrete works	0.790	Potentially, external grant funding and underspend on schemes within the Preston, South Ribble and Lancashire City Deal over its ten year period with any shortfall underwritten by County Council (see below)	0.790
Replacement of the reinforced waterproof deck to 4 no. parking decks (the and top and bottom two decks, as the most exposed to risk)	0.919	As above	0.919
New waterproof coating to 5 no. parking decks (intermediate decks)	0.381	As above	0.381
Replacement of ARMCO barriers to entrance ramps	0.059	As above	0.059
Refurbishment of internal crash barriers	0.023	As above	0.02m
Total Removal of existing coating and provision of new anti-carbonation coating to concrete soffits	2.860	As above	2.860
Installation of cathodic protection	1.430	As above	1.430
<b>Total</b>	<b>6.462</b>	<b>Total</b>	<b>6.462</b>

**Table 5: Structural repair works to provide a 25 year life** (the above prices are at June 2016)

## 8. Next steps

Based on the proposals set out in this report; it is proposed that the immediate next steps are to:

- Work with the Preston Youth Zone partners to develop the scheme for the Preston Youth Zone Plus;
- Start to work with the contractors recently selected for the County Council's Construction Framework to refine the estimates set out in this report;
- Complete the Conservation Management Plan to ensure the confirmed development proposals are consistent with the conclusions reached within the CMP;
- Prepare a consolidated development proposal for consideration by Cabinet;
- Prepare and submit an application for listed building consent/planning permission.

<b>ACTIVITY</b>	<b>DATES</b>
Appoint Critical Friend	December 2014
Work with Framework contractors on estimates	December 2014
Final Conservation Management Plan	January 2015
Consolidated Development proposal to Cabinet	March 2015
Submission of application for listed building consent/planning permission	April 2015
Anticipated planning approval and listed building consent	September 2015
Start on site	October 2015

**Table 6: Milestone Dates**

### Consultations

N/A

### Risk Management

The risk management implications of not following the proposals set out in this report can be summarised as follows:

1. Delivering Preston Youth Plus on the original terms will be extremely difficult;
2. The overall regeneration of Preston City Centre and the surrounding area will be adversely affected by the provision of substandard public transport facilities;
3. Pedestrian safety will continue be at risk until vehicular movements across the current bus station site and pedestrian movements are separated;
4. The external consultants strongly recommend that doing nothing to address the issues surrounding the structure of the bus station and MSCP is not an option. Due to the listed status of the building, delaying repairs and remediation could increase the inevitable costs of repair in the future. The rate of corrosion and spalling of reinforced concrete often follows an exponential

curve where delaying repair over the medium term can significantly increase the costs of remediating.

A more important risk of 'doing nothing' is the health and safety of users. In the short to medium term there would be minor risks associated with falling concrete onto pedestrians, albeit with a low probability of this actually happening. A more serious, long-term impact of taking no action would be the steady decline of the structural integrity of the building due to corrosion and loss of section of reinforcement bars.

## Financial

Table 7 summaries how the capital contributions of the County Council will be funded:

<b>Funding Source</b>	<b>Amount £m</b>
Contribution from Children and Young Capital Programme	5.000
Original contribution to the construction of a new bus station	8.300
Contribution from £6m of Government funding in the LEPs Growth Deal, announced earlier this year for the extension and completion of the Fishergate Central Gateway Scheme	2.000
Potentially securing external grant funding and underspend on schemes within the Preston, South Ribble and Lancashire City Deal over its ten year period with any shortfall underwritten by county Council	7.042
<b>Total</b>	<b>22.342</b>

**Table 7: Capital Funding Sources**

The County Council needs to consider, the potential for securing external grant funding which at this point in time is unknown. Therefore the following paragraphs explain how this required capital can be funded in the absence of Heritage Lottery Funding.

Section 7 of this report outlines the County Council's capital funding package for the overall programme of works. The Bus Station was included in the Preston, South Ribble and Lancashire City Deal Programme, at the value of the County Council's previously approved contribution to a new bus station of £8.3m. The overall estimated value of the proposed schemes within the Preston, South Ribble and Lancashire City Deal Infrastructure Delivery Programme is over £350m. At its meeting on 8<sup>th</sup> July 2013, Cabinet agreed a series of recommendations required to underpin the delivery of the Preston, South Ribble and Lancashire City Deal Programme.

The report to Cabinet explained that in financial terms the City Deal is conceptually simple. A range of income streams generated for the various participating organisations through development are pooled in order to facilitate this development through the delivery of the transport infrastructure that makes the development possible.

While conceptually simple such an arrangement creates a range of specific financial risks for the County Council, which will in effect be the "managing agent" for the delivery of the whole City Deal, given that it will be the contracting party for the delivery of the transport infrastructure.

This "managing agent" status, and the fact that the County Council as the largest local participant needs to stand behind the cash flow profile of the City Deal means that the County Council is taking on significantly more financial risk exposure in ensuring the delivery of the City Deal than the other local participants. However, this risk exposure is not of a scale that is unmanageable given the overall strength of the County Council's balance sheet and its credit rating.

The overall programme of works costs could be more or less than originally estimated. Steps have been taken to mitigate this risk through the inclusion of a significant "optimism bias" (in some cases 40%) within the cost estimates produced. It is expected that this methodology together with the County Council's existing strong mechanisms for controlling the costs of projects of this sort will address both this risk and the impact of inflation on construction prices over the course of what is a 10 year programme, and indeed there is already evidence of this in terms of reduced costs coming through for some of the road schemes.

Therefore it would not be unreasonable for the County Council to include the additional requirement of £7.042m (in overall terms this would represent around 2.0% of the Infrastructure Delivery Fund) within the City Deal, on the basis that over the 10 year life of the programme it is reasonable to assume that savings of this value will be generated from the City Deal as the costs of projects are firmed up and finalised.

If this did not prove to be the case at the expiry of the 10 year period of the City Deal, then the County Council would be responsible for this sum (which it will have cash flowed) which is no different to the overall risk the County Council has agreed to take on the City Deal. Nevertheless in a worst case scenario, should the whole of this sum at risk need to be financed by the County Council through borrowing, then the impact on the revenue budget would be between £0.5m and £0.7m depending on interest rates at the time. There would, however be the possibility of this being offset to some degree through increased parking revenue as a result of the improvements made to the MSCP.

The revenue contribution of £150k pa to the Preston Youth Zone Plus will be funded from the savings in running costs from the closure of the Corporation Street premises and the Urban Exchange.

In terms of revenue costs, the report to Cabinet on 5<sup>th</sup> December 2013 explained that the Bus Station and MSCP currently incur a deficit on direct costs (i.e. before

corporate overheads etc.) of £0.187m per year. Given the scale of the operation the County Council did not incur any further indirect costs by taking on this asset. Examination of the budget has identified a number of potential areas of cost where the different approaches to service delivery in this area by the two councils will allow costs to be reduced by the County Council although this will not fully bridge this gap. This deficit is sensitive to a range of external factors including the general economic climate which have an impact on the core income streams, and the County Council has taken on income risk of a different nature to that which exists elsewhere within the budget, although on a relatively small scale when set in the context of the total budget.

In relation to eliminating this deficit, the proposals set out in this report will have two impacts. Firstly, a consequence of locating the Preston Youth Zone Plus at the Bus Station is that the Preston Youth Zone Plus will contribute to the overall running costs which are currently all of the County Council's responsibility. Secondly, the improvements to the MSCP will enhance the ability to generate car park income.

### **List of Background Papers**

Paper	Date	Contact/Directorate/Tel
Report to Cabinet	5 <sup>th</sup> December 2013	Eddie Sutton, (01772) 53517 Assistant Chief Executive, Of the Chief Executive,

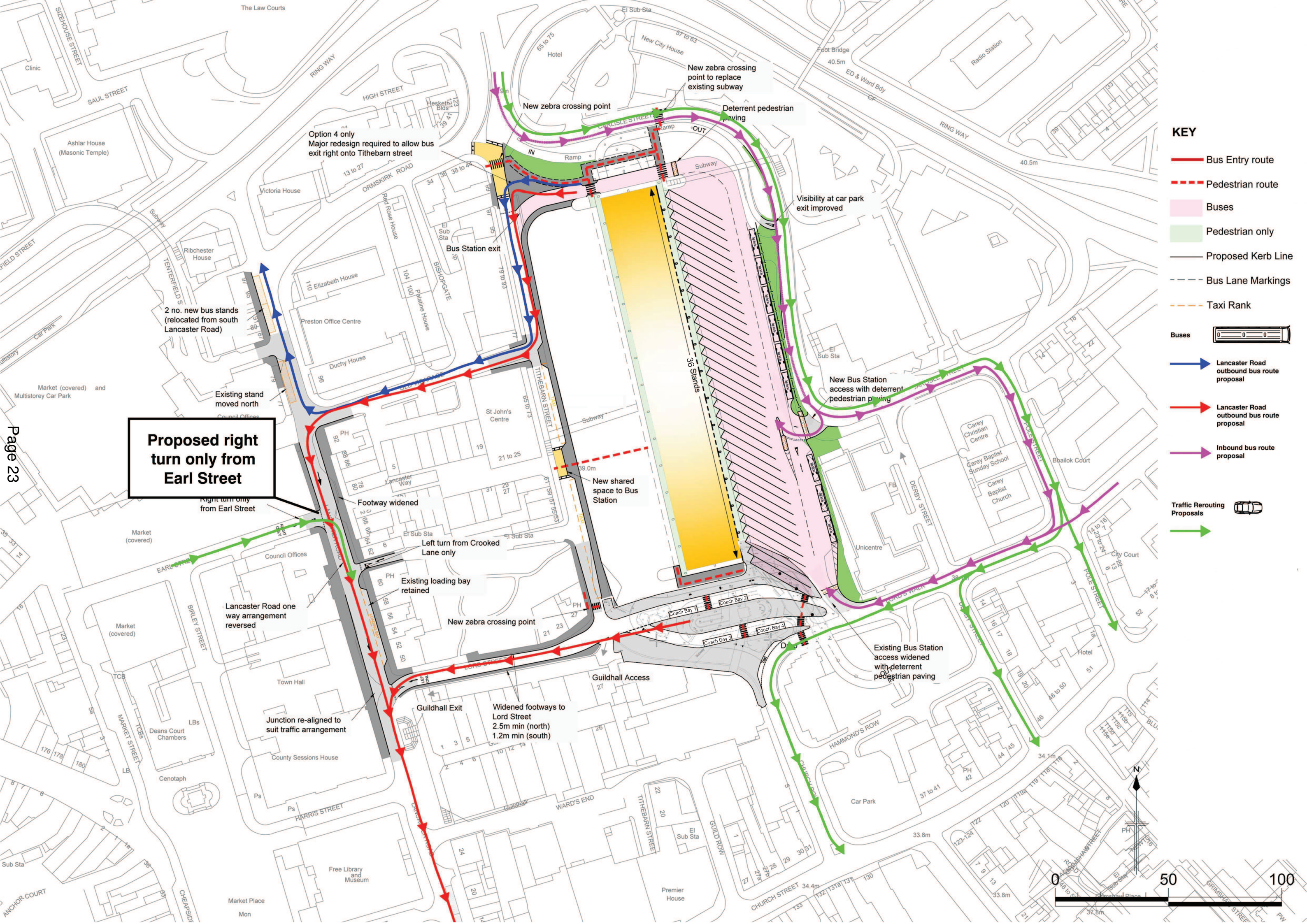
Reason for inclusion in Part II, if appropriate

N/A.









**KEY**

- Bus Entry route
  - - - Pedestrian route
  - Buses
  - Pedestrian only
  - Proposed Kerb Line
  - Bus Lane Markings
  - Taxi Rank
- 
- Buses
  - ➔ Lancaster Road outbound bus route proposal
  - ➔ Lancaster Road outbound bus route proposal
  - ➔ Inbound bus route proposal

**Traffic Rerouting Proposals**



**Proposed right turn only from Earl Street**

Option 4 only  
Major redesign required to allow bus exit right onto Tithebarn street

2 no. new bus stands (relocated from south Lancaster Road)

Existing stand moved north

Right turn only from Earl Street

Lancaster Road one way arrangement reversed

Junction re-aligned to suit traffic arrangement

Footway widened

Left turn from Crooked Lane only

Existing loading bay retained

New zebra crossing point

Widened footways to Lord Street  
2.5m min (north)  
1.2m min (south)

Guildhall Exit

Guildhall Access

New shared space to Bus Station

Bus Station exit

Visibility at car park exit improved

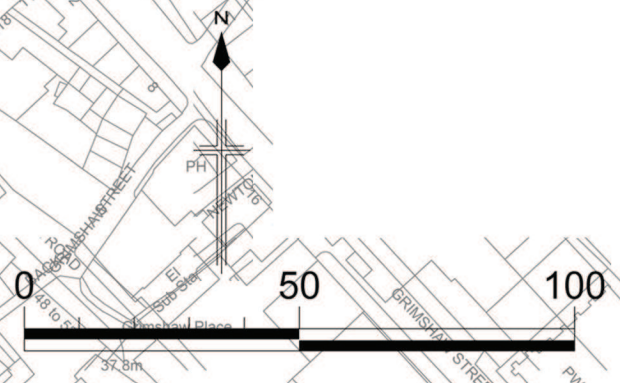
New Bus Station access with deterrent pedestrian paving

Existing Bus Station access widened with deterrent pedestrian paving

New zebra crossing point

Deterrent pedestrian paving

New zebra crossing point to replace existing subway







**Cabinet - 6 November 2014**

**Report of the County Treasurer**

Electoral Division affected:

All

**Money Matters - Update on the County Council's Financial Position for 2014/15**  
(Appendix 'A' refers)

Contact for further information:

George Graham, (01772) 538102, County Treasurer's Directorate,  
[george.graham@lancashire.gov.uk](mailto:george.graham@lancashire.gov.uk)

## **Executive Summary**

In order to maintain overall strategic control of the County Council's finances, the Cabinet receives regular Money Matters reports. The purpose of these is to:

- Highlight the high risk financial issues facing the County Council, both in the current and future financial years, together with any action which may be required;
- Set out the Council's likely financial position at the end of the financial year and;
- Assess any impact on the Council's overall financial outlook.

The report set out at Appendix 'A' is the budget monitoring report for 2014/15, and reflects the position as at 30 September 2014.

The key headlines of this are:

- An underspend of £4.2m is forecast on services (0.6% of the revenue budget for spending on services). Given the level of financial risk facing the County Council, it is imperative that management action is taken to bring spending back into line with the overall revenue budget by the end of the year.
- A significant contribution to the forecast outturn is being made by one off gains within the capital financing budget totalling £7m.
- The capital investment programme is on track to deliver 84.4% of spending in 2014/15.
- The County Fund Balance is forecast to remain at £36m, as reported at the last meeting of the Cabinet.

## **Recommendation**

Cabinet is asked to:

- (i) Note the forecast position for the 2014/15 revenue budget and capital investment programme;
- (ii) Note the allocation of resources to support the Transformation Programme within the Downsizing Reserve agreed by the Chief Executive.

## **Background and Advice**

See Appendix 'A'.

## **Consultations**

N/A

## **Implications:**

This item has the following implications, as indicated:

## **Risk management**

The County Council's overall approach to risk management continues to be to manage exposure to risk by the most appropriate means. This report is part of the risk management framework designed to manage future risks.

## **List of Background Papers**

Paper	Date	Contact/Directorate/Tel
Report to Cabinet - 'Money Matters - Update on the Financial Outlook to 2017/18'	15 July 2014	Gill Kilpatrick, County Treasurer's Directorate (01772) 538107

Reason for inclusion in Part II, if appropriate

N/A

## Appendix 'A'

# Money Matters – Update on the County Council's Financial Position for 2014/15

## 1. Introduction

This report provides an update for Cabinet on the County Council's current financial position. The report is in three parts:

Section A – Sets out the forecast end of year position for the 2014/15 revenue budget

Section B – Sets out progress on the Capital Investment Programme

Section C – Sets out the impact of the current monitoring position on the County Council's reserves and County Fund balance.

Section D – Sets out the County Treasurer's conclusion on the overall financial health of the County Council

## 2. Summary of the Financial Position

This report provides Cabinet with a view on the Council's current financial performance and the anticipated position at the year end. The forecast is based on information to the end of September 2014 and shows in summary:

### *Section A - For the Revenue Budget*

- A potential underspend on the revenue budget of £4.203m, which has increased the underspend position previously reported by £0.066m.

### *Section B - For the Capital Investment Programme*

- Forecast capital spending in year of £199.162m which is 84.4% of the programme.
- Estimated slippage of £36.751m into future years.

### *Section C - For Reserves and Balances*

- The current forecast leaves the balance on County Fund at £36m.
- Resources currently uncommitted within the Downsizing Reserve amount to £73m.

### 3. Section A - The 2014/15 Revenue Budget

#### 3.1 The Overall Summary

In February 2014 the County Council approved a revenue budget of £758.310m, which when adjusted for in year changes, results in a cash limit for monitoring purposes of £759.301m. The monitoring position against this budget at 30 September 2014 is broken down below, and shows that overall, an underspend of £4.2m is forecast.

Budget Area	Cash Limit	Forecast End of Year Position	-Under/Over spend	
	£m	£m	£m	%
<b>Spending on Services</b>				
Adult Services, Health and Wellbeing	326.715	328.220	1.505	0.5
Children and Young People	147.756	151.418	3.662	2.5
Environment	169.217	161.139	-8.078	-4.8
Office of the Chief Executive Including BTLS	46.779	51.354	4.575	9.8
County Treasurer	5.619	5.598	-0.021	-0.4
Corporate	38.426	37.997	-0.429	-1.1
Strategic Items	-6.665	-4.932	1.733	-26.1
Lancashire County Commercial Group (LCCG)	-6.388	-6.538	-0.150	-2.3
Capital Financing	37.842	30.842	-7.000	-18.5
<b>Budget Requirement</b>	<b>759.301</b>	<b>755.098</b>	<b>-4.203</b>	<b>-0.6</b>

The key issues emerging are as follows:

#### 3.2 Adult Services, Health and Wellbeing Directorate

Overall the Directorate is forecast to overspend by £1.505m. The forecast overspend has marginally increased since the previous cabinet report reflecting a number of small shifts across services.

As previously reported, the main areas of pressure are within the major demand led adult social care budgets, where forecasting is also being made difficult due to the

transition to the new working practices brought in by the introduction of the Liquid Logic system.

There is particular pressure in the areas of Learning Disability (overspend £2m) and Physical Disability (£1.8m overspend). Specific contributory factors here include the continuing impact of the ordinary residence changes and the additional costs of resettlement arising from the Winterbourne concordat. These overspending areas are partially offset by a £2.9m forecast underspending on services for older people primarily as a result of reducing the rate of new admissions to residential and nursing care coupled with an increase in reablement activity which is impacting on the cost of individual care packages.

There is also a forecast overspend of £2m on staffing within the Personal Social Care Teams, which results from the delayed implementation of Liquid Logic coupled with the growing pressure from the impact of the new responsibilities in relation to Deprivation of Liberty Safeguards (DOLS), which were highlighted earlier in the year.

Management action has already resulted in a £0.4m improvement in the position within the Community Services budget, although it is still currently forecasting an overall overspend of £0.660m and work is continuing to deliver a balanced outturn in this area.

In house disability services continue to forecast an underspend of £0.633m, however there is a discernible increase in demand for these services which may impact on the scale of the final position in this area.

The Directorate is achieving managed underspends of £2.004m in the Resources area, largely due to savings forecast to be achieved across a number of previously grant-funded or non-statutory areas of service, including Help Direct.

Increases in demand have been reflected in the forecast for 2015/16 to 2017/18 going forward. However, as highlighted within the forecast report, it is currently assumed that the impact of the Deprivation of Liberty Safeguards will be funded through the new burdens mechanism going forward.

### *Management Action*

The directorate leadership team are aware of the ongoing pressures and are taking steps to manage these within existing budget provision, through a combination of effective demand management and the identification of offsetting underspends where possible. Some examples of this include

- The increased number of referrals to the reablement service which are reducing spending on older people's services via a combination of people not requiring ongoing services or requiring a lower cost care package. Linked to this there is also an agreement via the Health and Wellbeing Board for some additional s256 funding for the cost of the reablement service.
- The management of staff vacancies within In-House Adult Disability day services to offset pressures on domiciliary services.

- Involving health partners through the development of the Better Care Fund and more integrated working with the formal pooled budget to be in place from April 2015.

A number of work streams are also in place to mitigate, as far as is possible, the financial impact of the various national changes affecting the directorate including ordinary residence, Winterbourne and DOLS, as noted earlier, as well as modelling the financial impact of the Care Act with the first set of changes taking effect from April 2015. Examples of these work streams are-

- On Winterbourne, the issue here is about seeking to maximise the contributions from individual CCG's towards the cost of individuals assessed as being suitable for moving back into the community which is a matter for individual negotiation and we are seeing a number of cases being 50/50 funded.
- The DOLS issue continues to be a problem for all authorities and whilst there is a significant increase in the amount of activity, this is very much being targeted to cases that are essential / unavoidable and being absorbed as far as is practicable but is having an impact on personal social care productivity overall.

#### *Delivery of Revenue Savings*

A robust monitoring framework is in place to track the progress and delivery of key savings programmes across the Directorate. The only area currently flagged as a significant risk to date is transport, with an under-achievement of savings estimated at £0.9m. In addition, it may not be possible to deliver the full £0.5m skills review savings within Lancashire Adult Learning due to changes in the levels of grant funding and linked conditions, but any under-achievement will be met through funding from reserves and will need to be addressed as part of the lifelong learning project.

There are no agreed savings identified as being delivered significantly ahead of target. These issues are incorporated into the forecast overspend for the Directorate.

### **3.3 Directorate for Children and Young People**

The Directorate is currently forecasting an over spend of £3.662m, which represents a significant shift from the balanced position previously reported. The most significant pressure to emerge is in the area of agency placement costs and work is in hand to strengthen the management and monitoring of the placement approval and funding processes.

As previously reported there are forecast overspends on both SEN (£1.097m) and Mainstream (£1.003m) transport due to demand pressures. Options for further savings such as using single suppliers for Special Schools and further route optimisation are currently being considered to address the underlying issues.



Overspends continue to be forecast on costs associated with looked after children (£0.629m) and on legal fees (£0.409m), although the latter is significantly lower than in previous years due to cases now being dealt with more quickly.

Agency placements for looked after children are forecast to be £5.967m above budget. Factors that have led to the increase in projected spend include:

- The recent implementation of the Liquid Logic case management system has presented a number of challenges that have had a significant impact on the invoicing and forecasting processes across both children and adults services. With the support of Management Team some time limited resource is now in place to clear the invoice backlog. Support for social care staff is needed to ensure that care packages are recorded accurately and in a timely manner and a training programme is in development and will be delivered to staff from November.
- Some weaknesses have been identified at various points in the end to end decision-making, placement-finding and procurement process. The Directorate has invested heavily in a number of initiatives focused on providing services in a different way to prevent young people coming into care where appropriate, and to reduce the number of young people placed in long term care. Budget reductions are linked to the success of these projects and there is evidence supporting positive impact. The number of young people starting to be looked after in 2014/15 to date is lower than 2013/14 at the same point. However it is recognised that the number of young people returning home is not at the desired level which is impacting on the Directorate's ability to deliver services within budget. Reducing spend on a permanent basis to operate within the reduced funding envelope demands robust and consistent placement decision-making, to ensure needs are met by providing the right services, and that a targeted commissioning approach is adopted to focus on individual placement costs and the utilisation of existing capacity. Specific actions are detailed under 'Management Actions' below.
- A short-term reduction of residential in-house capacity. Social care teams have been unable to place two young people with external providers due to the complexity of their needs. In one of those cases the national decommissioning of secure provision meant the Council needed to place the young person as the sole occupant in one of our homes. Whilst this decision has significantly impacted on spend, the Judge recently praised the Council's efforts to address the national resource issue.

The continuing pressure on agency placements has been incorporated in the forecast for 2015/16 to 2017/18 to ensure the Council's budget going forward is robust.

Whilst Children's Social Care are experiencing the issues outlined above the agency provider spend for children with disabilities is currently projected to underspend by £1.9m, with further forecast underspend of £0.7m on in house fostering.

### *Management Action*

The system and procurement processes highlighted above are being addressed as a corporate priority and additional staffing resource is now in place directed at resolving the invoice and system-user issues across both children and adults services.

The cost associated with looked after children placement presents a key budget risk. A review was recently carried out by a member of the Institute of Public Care into the Council's systems and services in support of placement outcomes. Based on the findings, actions to address the agency placement projected overspend include:

- Development of a 'brokerage' model to source and commission suitable placement and support services. Evidence has shown that introducing a team that understands demand and knows the market well has achieved cost savings through placement stability and better commissioning of services;
- Focusing on the recruitment and retention of Lancashire foster carers, including further development of a peer-network approach to supporting new carers.

The placement decision-making process will be changed to ensure a more stringent and consistent approach across the service.

Work is also currently underway to benchmark costs against other local authorities to ensure we are aligned with the recorded industry performance.

Due to the issues being experienced above the directorate is undertaking a squeeze on non-essential expenditure expected to generate savings of £1.9m as well as targeting expenditure reductions in a number of services. As part of this, School improvement is being targeted to generate an underspend of £1.2m, in addition to the above general savings.

Given that recent termination payments for schools' staff have been able to be funded from the schools budget it is now forecast that the Directorate budget for these costs will underspend by £1m.

### *Delivery of Revenue Savings*

As previously reported savings of £0.158m from Charging for Post 16 Transport for Young People with Special Educational Needs and Disabilities and from ceasing adoption allowances for current adopters are at risk and the relevant services are identifying efficiencies elsewhere to address these issues.

While savings from reducing new demand entering the system would appear to be being delivered based on current activity there are clearly some considerable financial risks around how needs that are presenting are being addressed which the

Directorate are prioritising for attention. Updates will be provided to Cabinet as the work progresses.

### **3.4 The Environment Directorate**

The most significant area of underspend continues to result from the in-year changed contractual arrangements for the operation of the two waste plants of £6.9m.

However, there is a small increase in the level of underspend forecast since the last Cabinet of £0.114m, with continuing pressures in Highways Services offset by increased forecast underspends in other areas, particularly Waste.

There are a range of savings arising from changes to contractual and partnership arrangements in Road Safety (£0.2m), parking enforcement (£0.2m), and the re-tendering of subsidised bus services (£0.3m). There has also been a further reduction of nearly 5% in activity against the concessionary fares budget generating a forecast underspend of £0.5m.

The increase in development activity across the County is generating additional s.106 and s.38 income currently forecast at £0.84m, while staff vacancies continue to produce forecast savings of £0.7m.

These underspending areas are offset by a number of areas of pressure, the most significant of which results from increases in the unit price of street lighting energy which is forecast to result in an overspend of £0.8m. This has been reflected in the forecast going forward and therefore the risk in future years is to some extent mitigated, although this does remain a volatile area in terms of prices.

As previously reported capital fees are forecast to under recover by £0.2m in Building Design and by £0.1m in the rest of the directorate, the former caused by issues with the flow of work and the latter due to staff vacancies.

Other pressures relate to the delayed implementation of savings proposals, set out below (£0.176m) and pressures on a number of income budgets including for Traffic Orders and pay and display income (£0.195m).

#### *Management Action*

Discussions are under way to minimise the under recovery of capital fees in this year. The issue of the capital programme not being large enough to fully utilise the current staff cohort is only temporary therefore workforce planning is underway to ensure specialist skills are not lost and can be flexed to meet capital programme needs going forward.

The additional S106 contributions are part of the Council's strategy to try to maximise third party contributions to help provide the best possible services to the residents of Lancashire with the resources available.

#### *Delivery of Revenue Savings*

The issues around the savings from the Sustainable Urban Drainage system and highways permits have been previously reported. The latter is delayed by 2 months while in the former case officers are looking into establishing a local scheme in the absence of progress on the national scheme.

### **3.5 The Office of the Chief Executive Including BTLS**

#### **OCE**

A net £0.328m underspend position is forecast within OCE, with previously reported spending pressures in the County Secretary and Solicitor's Legal practice relating to child protection work of £0.286m now being more than offset by the impact of vacancy savings across the rest of the service.

The most significant newly reported areas of forecast underspend are from vacancy savings across the Directorate of £0.322m.

#### **BTLS**

The reported position for BTLS reflects a worst case assumption in relation to various income budgets, including the areas of risk previously highlighted which give rise to a total pressure of £4.903m. Of this £4.442m relates to CLEO, and reflects reductions in prices to schools, as well as reductions in the numbers of schools subscribing to the service. This is a one off issue in the current year. The remaining sum (£0.461m) is the result of more routine variances in income levels caused for example by schools buying less services than has previously been the case.

In line with the agreement made when the contract with BT was renegotiated, BTLS are due to bring forward proposals for the future of CLEO before the end of October 2014. Any impact of these proposals will be reflected in future reports.

### **3.6 The County Treasurer's Directorate**

The small £0.021m underspend is in relation to staffing costs.

### **3.7 Lancashire County Commercial Group**

Operational efficiencies in the services are showing generating an underspend of £0.150m for the year spread across all areas of the service. While the forecast reflects some assumptions about the level of activity generated by free school meals it is, as yet, too early to estimate the likely long term impact of this initiative on the trading position.

### *Delivery of Revenue Savings*

£0.200m of the £0.770m management cost savings target has been achieved. As indicated in the reported position the balance should be achievable from additional surpluses on contracts, but this is not guaranteed as the savings are not being achieved through planned cost reduction.

### **3.8 The Corporate budget**

#### *Corporate*

Overall the corporate budget is forecast to overspend by £1.066m which is an increased overspend position of £0.816 since the last cabinet report. This is primarily due to an increase in historic pensions costs, due to a increase in payments in line with Consumer Prices Index, which has added £1.331m. This is offset by a forecast underspend on Local Council Tax Support Hardship Payments, based on current levels of claim from the billing authorities.

In relation to the Care and Urgent Needs service, the forecast underspend has increased from £1.2m to £1.495m, due to lower than anticipated payments to claimants.

### **3.9 Strategic Items**

This budget contains a number of strategic items, including -

- Property and Facility management savings to be allocated as realized;
- Business Intelligence Review savings
- Public Health Overhead Contributions
- LCCG Pay award.
- Contributions to/from Reserves.

The forecast overspend which is currently at £1.733m, has increased by £0.620m since last cabinet report due to the following areas of movement-

The completion of the review of Business Intelligence has generated the full savings target of £0.400m, which was previously reported as an overspend as it was not anticipated that the savings would be achieved in year.

The realignment of technical budgets for corporate overheads and depreciation related to grant aided and traded services, together with the allocation of resources for pay awards to LCCG generates a net underspend of £0.170m.

The Short Break provision budget of £1.2m, which was previously forecast not to be required has now been transferred to Children and Young People.

### **3.10 Capital financing costs**

Current projections indicate that there will be underspend of £7m within the Council's Treasury Management activities.

The forecast underspend is largely due to gains realised following the sale of several bonds sold to both take advantage of the favourable market conditions and to rebalance the investment portfolio, with the express aim of managing the Council's exposure to investment risk effectively.

Gains on the sale of Bonds, offset by the reduction in interest receivable on these bonds, equates to an underspend of £5.391m. This represents an exceptional one off gain due to current market conditions.

There is a reduction in the level of interest payable as a result of refinancing the Waste PFI project and a lower interest rate on the initial PFI borrowings than expected which results in a further £1.304m underspend. This is again a one off issue and this sum will need to be refinanced as part of the Council's overall long term financing strategy previously discussed by the Cabinet.

There is also a reduction in the Minimum Revenue Provision costs expected in 2014/15 due to a change in the capital financing requirement in year, this has generated an underspend of £0.305m. This reflects the level of capital expenditure now forecast in the year and therefore as the programme is completed there will be a catch up effect in future years.

## Section B - The 2014/15 Capital Investment Programme

In February 2014 the Council agreed a capital investment programme of £198.675m. Adjusting for variations from 2013/14 and new approvals the programme is currently £232.328m. The new approvals are principally due to new grants being received for highways maintenance, an increase in the expenditure on the Superfast Broadband project to reflect the grants received and an increase in the provision for the work on the fire damage to Leyland St Mary's to better reflect the latest estimates with the insurance company.

	<b>£m</b>
Original Programme	198.675
Approvals brought forward from 2013/14	4.085
New Approvals	33.153
<b>Programme 2014/15</b>	<b>235.913</b>

The forecast position by Directorate is shown in the table below:

	Programme £m	Forecast Outturn July £m	Forecast Outturn September £m	Forecast Variance £m	Forecast Variance %
Adult Health and Wellbeing	3.185	1.960	1.342	-0.618	-31.5
Children and Young People	59.022	52.064	50.111	-1.953	-3.8
Environment	110.768	104.035	104.328	0.293	0.3
Corporate	57.905	44.103	40.221	-3.882	-8.8
LCCG	5.033	3.160	3.160	0	0
<b>Total</b>	<b>235.913</b>	<b>205.322</b>	<b>199.162</b>	<b>-6.159</b>	<b>-3.0</b>

The additional reduction in expenditure represents slippage and will be carried forward into later years. Some of the key reasons for the change are:

### *Adult Services, Health and Wellbeing*

- The libraries regenerate scheme includes projects which have been put on hold due to the corporate property review. It is now anticipated that these will not start in 2014/15 and therefore the forecast has been further reduced (£0.413m).

### *Children and Young People*

- Pear Tree Special School, Kirkham has a delay in spend as a result of a planning application having to be re-submitted leading to a later start date and anticipated outturn costs less than originally forecast (£0.782m).
- The residential redesign project is showing slippage largely as the result of later starts at two sites. The new build in Lancaster is being delayed as a result of site issues relating to the utilities and the project in Skelmersdale is being delayed due to reallocation of contractor and project management resources to meet summer 2014 targeted projects (£0.827m).
- The Youth Zones project has seen some further slippage. The previous forecast assumed that projects at Chorley, Kirkham and Accrington were to start in the financial year. However, the need to ensure that these resources are utilised in a way which is consistent with the estate strategy for the new organisation has led to some further delay in scheme starts. Therefore the forecast now assumes that these projects will start in 2015/16 (£0.302).

### *Environment*

- Forecast expenditure on the Heysham to M6 Link has slipped (£3.2m) as the forecast has been brought in line with a revised spend profile from the contractor.
- Broughton Bypass is subject to slippage due to a more detailed and up to date spend profile and works programme being developed (£2m).
- There is an increase in expenditure on Section 278 schemes as the upturn in the economic situation has prompted increased development activity and a consequential rise in S278 works. The estimated costs on these types of works has increased significantly. All costs are recoverable from developers. (£2.8m)
- The forecast expenditure on the Pennine Reach project has increased (£1.6m) in line with external income anticipated. A detailed profile of the work involved and costs associated with the scheme is currently being developed.



## *Corporate*

- There is an anticipated slippage on structural maintenance expenditure of £1.2m. This is largely due to delays on work on four Heritage buildings. Tenders for the work have exceeded the available resources therefore the scope of the projects are being revisited. The nature of the work means that the work can't be undertaken until spring. There has also been some slippage as the prioritisation of work has been reviewed.
- There is a reduced anticipated spend in the year on economic development with forecast expenditure on the Superfast Broadband project being lower than initially forecast as the details on how the scheme is to be provided and those areas which are subject to the commercial roll out are constantly being updated.

#### 4. Section C – Impact on reserves

This section of the report deals with the impact of the forecast variations identified above on the Council's major reserves and makes recommendations for adjustments between reserves.

##### County Fund

Taking the forecast set out in this report, together with the budgeted use of County Fund balance into account the forecast position for County Fund at year end is:

	£m
<b>Opening Balance</b>	<b>36.0</b>
Less : Budgeted Use	-2.7
Add : Forecast Underspend	4.2
<b>Closing Balance before adjustments</b>	<b>37.5</b>
Transfer to Downsizing Reserve in line with previous resolution	-1.5
<b>Forecast Year End Position</b>	<b>36.0</b>

Cabinet agreed in September that any balance above £36m at the end of the year should be transferred to the Downsizing Reserve, and in line with this resolution £1.5m is available for transfer.

##### Strategic Investment Reserve

The Strategic Investment Reserve was created to finance a range of projects over a considerable period of time, largely, but not exclusively in relation to economic development. The costs of a range of projects have now been finalised and/or projects have concluded and consequently a balance not required to meet the original policy objectives set of £0.140m has been identified, which is less than previously reported following the receipt of further information on the levels of commitment to a number of schemes.

	£m
<b>Opening Balance</b>	<b>26.8</b>
Additions (ex Modern Apprentices Reserve)	0.1
Future Commitments	-26.8
<b>Closing Balance</b>	<b>0.1</b>

Given the need to ensure that the Council has sufficient resources to support its overall Transformation Programme it is recommended that the balance on the Strategic Investment Reserve not required to meet the original policy objectives of £0.140m be transferred to the Downsizing Reserve.

### **Downsizing Reserve**

The Downsizing Reserve exists to support the costs of change which result from the requirement to reduce the size of the organisation by £300m over the period to 2017/18. Taking into account the recommendations above the table below provided a forecast of the year end position for this reserve.

	£m
<b>Opening Balance</b>	<b>99.2</b>
Previously reported additional resources and transfers	2.4
County Fund Surplus	1.5
VR Costs Incurred to date	-17.2
Future Commitments	-16.3
<b>Closing Balance</b>	<b>69.6</b>

In line with the resolution at the September meeting of the Cabinet the Chief Executive has approved the release of the following sums from the £3.2m of the Downsizing Reserve allocated for use in supporting the Transformation Programme, these commitments are also reflected within the table above:

	<b>Cost £m</b>
Your Pension Service – Additional temporary staffing resource to handle the increased volume of Voluntary redundancy applications until March 2016	0.135
Learning and Development Service – To provide support for staff in the Stage 1 cohort both in being able to take advantage of opportunities and to prepare themselves for life outside the organisation	0.068
Human Resources Service – Additional professional resources to support the restructuring process as it moves into the second stage covering the vast majority of the Council's staff and resources to support the organisation of a very large scale recruitment process.	0.716
<b>Total</b>	<b>0.919</b>

## **5. Section D – Conclusion**

As a result of the impact of the changes to the Waste Disposal contract in the current year and further one off benefits from the management of the investment portfolio the Council is forecast to end the year with an underspend. However, there are a number of pressures which have emerged - while some of these are essentially one off, others do indicate longer term demand pressures which have been reflected in the forecast for future years elsewhere on the Cabinet's agenda.

**Cabinet - 6 November 2014**

**Report of the County Treasurer**

<b>Part I - Item No.</b>
--------------------------

Electoral Division affected: All
-------------------------------------

**Money Matters - The Financial Strategy for 2015/16 to 2017/18**  
(Appendix 'A' refers)

Contact for further information:

Gill Kilpatrick, (01772) 534715, County Treasurer's Directorate  
[gill.kilpatrick@lancashire.gov.uk](mailto:gill.kilpatrick@lancashire.gov.uk)

## **Executive Summary**

Over the period 2014/2018 the Council is facing the huge challenge of reducing its costs by £300m as a result of the government's austerity measures. To put it in context, since austerity bit in 2010, the Council will have taken half a billion pounds out of its revenue costs– with the consequent impact on services, staff, communities and the economy.

When the Council set the revenue budget for 2014/15, it looked ahead to the level of resources available for 2017/18, and that the Council would have resources available of £664m to invest in services, compared to the 2014/15 level of £758m.

At the same time, the Council is facing increases in both costs (for example, as a result of inflation) and the level of demand for its services. In total, over the four years 2014/15 to 2017/18 the Council was facing the need to make savings of £300m.

The Council has met this challenge robustly – at the heart of this is the recognition that to be sustainable and deliver for our communities the Council will need to change. The work to deliver this further challenge began with the 2014/15 budget, and in February 2014 the Council set a balanced budget which agreed savings of £142m over the 4 years 2014/15 to 2017/18. At the time it was recognised that despite this excellent start, a further £161m of savings remained to be identified, and that this would mean very difficult decisions in relation to services.

However, since Full Council met in February 2014, the Council is facing further pressures as a result of:

- Increased demand
- Changes in the forecast of inflation
- Legacy financial issues, and

- Offset by small increase in the forecast level of resources available over the next three years.

As a result, the level of savings over the period 2015/16 to 2017/18 has risen to £176.672m and it is clear the Council still faces a significant financial challenge. Delivering this level of saving whilst seeking to deliver effective services for our communities cannot be achieved without a radically different approach which focuses on service delivery within a budget envelope of £669m by 2017/18.

### **Recommendation**

Cabinet is recommended to:

- (i) Note the forecast of the financial outlook for the County Council over the next three years and the increase in the level of savings required from £161m to £176m; and
- (ii) Consider any proposals for the revenue budget for 2015/16 and later years to go out for consultation following this meeting.

### **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 Outlook papers	April - October 2014	George Graham County Treasurer's Directorate, (01772) 538102

Reason for inclusion in Part II, if appropriate

N/A

## **Appendix 'A'**

### **The Financial Strategy 2015/16 - 2017/18**

---

#### **1. Introduction**

Over the period 2014/2018 the Council is facing the huge challenge of reducing its costs by £300m as a result of the government's austerity measures. To put it in context, since austerity bit in 2010, the Council will have taken half a billion pounds out of its revenue costs – with the consequent impact on services, staff, communities and the economy.

When the Council set the revenue budget for 2014/15, it looked ahead to the level of resources available for 2017/18, and that the Council would have a net budget available of £664m of resources to invest in services, compared to the 2014/15 level of £758m. At the same time, the Council is facing increases in both costs (for example, as a result of inflation) and the level of demand for its services. In total, over the four years 2014/15 to 2017/18 the Council was facing the need to make savings of £300m.

The Council has met this challenge robustly – at the heart of this is the recognition that to be sustainable and deliver for our communities the Council will need to change. Management and organisational structures will need to be streamlined and the Council will have to work differently. Given the scale of the challenge it is impossible to make the level of savings required by a series of piecemeal cuts and changes; a more fundamental approach is required.

The work to deliver this further challenge began with the 2014/15 budget, and in February 2014 the Council set a balanced budget which agreed savings of £142m over the 4 years 2014/15 to 2017/18. At the time it was recognised that despite this excellent start, a further £161m of savings remained to be identified, and that this would mean very difficult decisions in relation to services, as taking this level of resources out of services would have a significant impact.

#### **2. Forecast Revenue Requirements 2015/16 to 2017/18**

##### *2.1 The Starting Point*

After Full Council set the 2014/15 revenue budget in February 2014, the position for 2015/16 to 2017/18 was as set out in Table 1 below:

	2015/16	2016/17	2017/18	Total
	£m	£m	£m	£m
Gap between spending and resources	72.946	44.794	43.748	161.488

Table 1.

In essence, if no further savings were made, the Council's forecast revenue spending by 2017/18 would be £161.488m higher than the level of resources available to invest in services.

As set out to Full Council at the time, this took into account anticipated increases in costs as a result of inflation, changes in the level of demand for services, increases in the level of employers' contribution to the pension fund, and provision for pay awards. In addition, the forecast level of resources took into account forecast changes in level of government resources, changes to the New Homes bonus and council tax.

## 2.2 *Changes to the Forecast of Spending and Resources*

In order to ensure that the Council is on a sustainable financial footing, it is important to keep the forecast of both costs and resources under review. Over late summer and early autumn, a detailed review of both cost and resource projections and risks has been undertaken, the results of which are set out below.

### 2.2.1 *Review of Spending Pressures*

The Council's future costs are driven by both demand and inflation, and the report on the 2014/15 financial position elsewhere on the agenda sets out the pressures being experienced in 2014/15 above that forecast. These pressures, whilst being contained within the overall financial position for 2014/15, will continue in 2015/16 and beyond. In addition, there are "legacy" pressures arising as a result of savings falling out of the current financial strategy. The figures are set out to show the increases which fall in each financial year – however, the impact is cumulative. For example, whilst the increase in demand will cost the Council £8.185m, by 2017/18 this will be £9.357m, due to further increases in 2016/17 and 2017/18.

In relation to demand, the service specific increases in demand are shown in Table 2 with further details set out below:



<b>Service Demand Pressures</b>	<b>2015/16 £m</b>	<b>2016/17 £m</b>	<b>2017/18 £m</b>	<b>Total £m</b>
Adult Social Care	2.959	0.732	0.094	3.785
Children's Social Care	4.510	0.063	0.094	4.667
Environment (landfill tax and waste transport)	0.616	-0.224	0.213	0.605
Land not in operational use	0.100	0.100	0.100	0.300
<b>Total</b>	<b>8.185</b>	<b>0.671</b>	<b>0.501</b>	<b>9.357</b>

Table 2

- The most significant elements of the changes in areas of demand were reported to Cabinet in July and are principally around Adult Social Care (£3.8m over the period) and Children's Social Care (£4.7m over the period), which reflects the latest budget monitoring information.
- There is a forecast increase in relation to landfill tax, however the largest increase in relation to Environment is an increase in the costs of waste disposal in 2017/18 due to the need to begin transporting residual waste to landfill sites in the East of the County.
- The need for further significant reductions in the scale of the County Council estate mean that the previously forecast phased reduction in the land not in operational use budget is not realistic in the medium term.

However, there are further potential demand pressures which may represent a risk position for the Council if they crystallise:

- It has been assumed that the costs of the first phase of implementing the Care Act will equate to the resource that will be made available through the settlement. At this stage based on the information available locally this appears a not unreasonable position. However, as at present there is no indication of the resources to be made available in future year's no further increase in costs has been assumed as otherwise there is the potential for the scale of pressure to be materially overstated.
- In addition, we are continuing to assume that any costs associated with the Deprivation of Liberty Safeguards (estimated at £2.9m) are funded through the new burdens mechanism, which may be a risk position.

### *2.2.2 Inflationary Pressures and Changes in Costs*

The Council is also facing changes to the forecast of future costs as a result of inflationary pressures and changes in costs, as set out in Table 3 with further detail below:

<b>Inflation and Cost Changes</b>	<b>2015/16 £m</b>	<b>2016/17 £m</b>	<b>2017/18 £m</b>	<b>Total £m</b>
Pay	-0.715	-0.256	0.248	-0.723
Education Services Grant	-0.305	-1.427	-1.558	-3.290
<b>Total</b>	<b>-1.020</b>	<b>-1.683</b>	<b>-1.310</b>	<b>-4.013</b>

Table 3

- Pay – The assumption in relation to increases in the Living Wage has been set at 2.5% each year in line with the assumption for RPI inflation. For other pay the forecast is for a 1% increase in 2015/16 and 2% in the following years.
- The pressure previously forecast as a result of the reduction in Education Services Grant is now less than previously forecast as a result of the Department for Education providing clarity on their proposals and of factoring in the current rate of academy conversion.

### 2.2.3 Legacy Financial Pressures

The legacy financial pressures comprise two elements and are shown in Table 4 with further detail below:

<b>Legacy Financial Pressures</b>	<b>2015/16 £m</b>	<b>2016/17 £m</b>	<b>2017/18 £m</b>	<b>Total £m</b>
Capital Financing Charges	0.954	5.076	0.246	6.276
Pension costs	0.987	0.499	2.342	3.828
Energy and other inflation	2.881	1.679	-0.140	4.420
<b>Total</b>	<b>4.822</b>	<b>7.254</b>	<b>2.448</b>	<b>14.524</b>

Table 4

- There is an increase in capital financing costs of £6.3m over the period as a result of forecast changes in the interest rate environment, which is forecasting an increase in short term rates over the strategy period. As a result, the savings in the 2011 financial strategy from short term interest rates will fall out and the Council will need to lock in what will be lower long term interest rates.
- The previous forecast understated the impact of inflation on the centralised elements of pension costs, in particular historic added years and also assumed that there would be no further increase in the deficit contribution arising from the next actuarial valuation. A more prudent assumption has now been made on this latter point, given recent movements in the liability position of the Fund.
- Further changes in forecast inflation have added further costs of which energy prices amount to £3.3m – again, this is reflected in the 2014/15 budget monitoring. It was anticipated that increases in energy costs would be managed and mitigated by arrangements with an energy buying company; however, this arrangement has not been successful.

## 2.2.4 Changes in Resources

In addition to considering changes to the forecast of spending, the forecast for the Council's resources has also been updated which results in the additional resources set out in Table 5 with further details set out below:

<b>Resources</b>	<b>2015/16 £m</b>	<b>2016/17 £m</b>	<b>2017/18 £m</b>	<b>Total £m</b>
Business Rates Top Up and Local Share	6.418	-1.583	-0.134	4.701
Council Tax Base	-0.507	nil	nil	-0.507
New Homes Bonus	-0.568	1.058	nil	0.490
<b>Total</b>	<b>5.343</b>	<b>-0.525</b>	<b>-0.134</b>	<b>4.684</b>

Table 5

- Business Rates – we are now able to firm up our forecast of our share of the local business rates for 2015/16. 2014/15 was the first year of operation and much of the data from district councils and the valuation office has not previously been available. Whilst our share of business rates will be increased with RPI each year, we also need to take into account the potential impact of appeals, which are extremely significant in some districts.
- Council Tax - There is an assumption of a 0.27% per annum increase in the tax base, which is in line with the long term average, with some continuing impact from the Single Person Discount Review in 2015/16, although not as much as previously forecast.
- New Homes Bonus – The forecast here is based on the most recent Council Tax Base returns and reflects the impact of the arrangements for New Homes Bonus within the City Deal on the County Council. This forecast will need to be updated following the next set of returns to be produced by the billing authorities.

However, there is a further risk in relation to the resources the Council receives from the government in terms of Revenue Support Grant. When setting the 2014/15 to 2017/18 forecast the projections in 2016/17 reflected the continuation of the average reductions the Council had experienced since 2010 at 7.0%. However, both the LGA and commercial consultancies have produced forecasts which indicate this may be a risk position to take. The mid-point of the LGA and other forecasts is a reduction of 9% in both 2016/17 and 2017/18. A 2% change in this assumption makes a difference of about £6.6m to the forecast resources available in 2016/17 and £6.1m in 2017/18. A 2% change over both years would amount to £12.7m in total.

## 2.3 Overall Impact

The overall impact of these changes to the forecast of the Council's spending and resources on the level of savings required for 2015/16 to 2017/18 is set out in Table 6 below. This table shows the position for the Council if no action is taken to reduce costs (or alternatively, increase resources).

	2015/16 £m	2016/17 £m	2017/18 £m
Forecast of spending if no action is taken	778.933	802.612	825.668
Add :Service Demand Pressures	8.185	8.856	9.357
Add : Inflationary Pressures	-1.020	-2.703	-4.013
Add: Legacy Pressures	4.822	12.076	14.524
<b>Revised forecast of spending</b>	<b>790.920</b>	<b>820.841</b>	<b>845.536</b>

Less: Resources

Original Resource Forecast	705.986	684.872	664.181
Changes in Resources	5.343	4.818	4.684
<b>Revised forecast of resources</b>	<b>711.329</b>	<b>689.690</b>	<b>668.865</b>
<b>Gap Between Spending and Resources if no action is taken</b>	<b>79.591</b>	<b>131.151</b>	<b>176.671</b>

<b>The Gap for Each Financial Year</b>	<b>79.591</b>	<b>51.560</b>	<b>45.520</b>
--	---------------	---------------	---------------

Table 6

### 3. Bridging the Gap

It can be seen from the table above that the increase in savings required over the three years 2015/16 to 2017/18 has increased from £161.488m to £176.671m as a result of changes to the estimate of the Council's spending and resources. Of this, £79.591m falls into 2015/16, which must be bridged in order for the Council to set a balanced budget in February 2015.

However, within this there are a number of risks, particularly in relation to the Care Act, the Deprivation of Liberty Safeguards and the level of the Council's government resources in 2016/17 and 2017/18. It is important to highlight that industry commentators are suggesting the potential for a greater reduction in resources overall than included above; although we have seen a degree of protection afforded previously to social care authorities.

The level of future resources will be tied to the next Spending Review, the precise timing of which will not be known until after the 2015 general election. Clearly, the result of the general election will impact upon the Spending Review, and ultimately the level of resources for local government, but at this point it is not possible to

model the potential financial outcome for the Council. However, it is important to note that in terms of the policy announcements from the political parties, there would appear to be no indications of additional resources for local government.

Set within the context of total reductions of £0.5bn between 2010 and 2018, the challenge facing the County Council is unprecedented. Delivering this level of saving whilst seeking to deliver effective services for our communities cannot be achieved without a radically different approach which focuses on service delivery within a budget envelope of £669m by 2017/18. Reshaping public services across Lancashire will require innovative thinking and leadership to secure effective services for our communities and ensure a sustainable future.



**Cabinet - 6 November 2014**

**Report of the County Treasurer**

Electoral Division affected:

All

## **Report of the Cabinet Working Group on the Care and Urgent Needs Support Scheme**

(Appendix 'A' Refers)

Contact for further information:

George Graham, (01772) 538102, County Treasurer's Directorate,

[george.graham@lancashire.gov.uk](mailto:george.graham@lancashire.gov.uk)

### **Executive Summary**

On 6 March 2014 the Leader of the County Council approved the establishment of a Cabinet Working Group on the Care and Urgent Needs Support Scheme, with the following terms of reference.

1. To identify whether the Care and Urgent Needs Support Scheme is meeting the objectives originally set for it.
2. In the light of experience during the first year of operation to consider whether the original objectives and policy framework remain appropriate.
3. To consider whether there may be alternative options available in the deployment of resources.
4. To consider the scheme's place within an overall offer from the County Council.
5. To make recommendations in regard to these matters to the Cabinet.

The Cabinet Working Group has met on three occasions and members of the Working Group have also had the opportunity to shadow the staff involved in the operation of the scheme. The Cabinet Working Group's report and recommendations are now presented for consideration by the Cabinet.

### **Recommendation**

Cabinet is recommended to:

- (i) Note the report of the Cabinet Working Group on the Care and Urgent Needs Support Scheme set out at Appendix 'A';
- (ii) Consider a response to the recommendations of the Cabinet Working Group.

## **Background and Advice**

The Care and Urgent Needs Support Scheme is the County Council's response to the transfer of responsibility, on 1 April 2013, from the Department for Work and Pensions (DWP) for functions previously performed by the Discretionary Social Fund. The scheme has been funded by a specific grant provided by the DWP of c. £3.5m per annum including the costs of running the scheme. The Local Government Finance settlement for 2015/16 does not include the continuation of this funding.

The Leader of the County Council agreed, on 6 March 2014, to establish a Cabinet Working Group to review the scheme's first year of operation and identify whether specific improvements could be made to its operation. The Working Group's report is set out at Appendix 'A'.

The Working Group concluded that the Care and Urgent Needs Support Scheme fulfils a valuable role in the spectrum of provision for people in crisis situation or with specific care needs. In addition the Working Group recognised the added value being achieved through work with both furniture recycling organisations and food banks.

Consequently the Working Group specifically recommends to Cabinet:

1. That the County Council maintains budgetary provision for the Care and Urgent Needs Support Scheme following the end of the specific government grant at a level commensurate with current demand.
2. That Cabinet writes to the Department for Work and Pensions again, highlighting the importance of the Care and Urgent Needs Support Scheme with a recommendation that the DWP funds the scheme permanently.
3. That a more active approach to contract management should be taken with Food Banks in order to ensure consistent quality and that local County Councillors should be involved in this process.
4. That officers be encouraged to continue extending the use of Food Banks so that the whole of the County is covered by this type of provision.
5. That current work to pilot the use of "trusted intermediary" organisations within the decision making process be made permanent and opportunities to expand it across the County be sought.

## **Consultations**

The Working Group conducted a survey of advice agencies that refer people to the scheme, the results of which are reflected in its conclusions.

## **Implications:**

This item has the following implications, as indicated:

## **Financial**

The recommendations of the Cabinet Working Group would not necessitate the County Council increasing spending on the Care and Urgent Needs Support Scheme



above the current level. However, given that specific grant funding for the scheme is being withdrawn by the Government, any spending on the scheme in future years represents part of the further savings target that the Council needs to address through its medium term financial strategy.

### List of Background Papers

Paper	Date	Contact/Directorate/Tel
Report to the Leader of the County Council - 'Establishment of a Cabinet Working Group on the Care and Urgent Needs Support Scheme'	6 March 2014	Stuart Benson, Office of the Chief Executive, (01772) 534022

Reason for inclusion in Part II, if appropriate

N/A



Appendix 'A'

# Final Report of the Cabinet Working Group on the Care and Urgent Needs Support Scheme

## Foreword

In April 2013 the County Council took on responsibility for providing support for people in crisis and with care needs who had previously been supported by the Department of Work and Pensions' Social Fund. The Social Fund prior to its abolition was the safety net to the safety net provided by the benefits system.

The County Council's response to these new requirements was the Care and Urgent Needs Support Scheme (CAUNSS) delivered through the County Benefits Service. In light of the Government's decision to remove the specific funding for this scheme the Leader of the County Council agreed in March 2014 to set up a Cabinet Working Group to examine the Scheme and make recommendations for the future.

This report sets out the Working Group's findings and recommendations. What was found was a scheme operated by dedicated and conscientious staff which is providing valuable assistance to people in need using a range of imaginative partnerships which assist in securing value for money.

We are grateful for the assistance provided by officers in carrying out our work, particularly Jim Dickson, the recently retired Head of Welfare Rights and also the staff involved in running the scheme for welcoming our shadowing visits.

County Councillor A Ali  
Chair

## Introduction

On 6<sup>th</sup> March 2014 the Leader of the County Council approved the creation of a Cabinet Working Group on the Care and Urgent Needs Support Scheme with the following terms of reference.

1. To identify whether the Care and Urgent Needs Support Scheme is meeting the objectives originally set for it.
2. In the light of experience during the first year of operation to consider whether the original objectives and policy framework remain appropriate
3. To consider whether there may be alternative options available in the deployment of resources.
4. To consider the scheme's place within an overall offer from the County Council.
5. To make recommendations in regard to these matters to the Cabinet.

The membership of the Working Group was

CC A. Ali (Chair)  
CC L Beevers  
CC F Craig-Wilson  
CC G Dowding  
CC N Hennesey  
CC K Iddon

The Group met on three occasions to consider information and prepare this report, and in addition members individually "shadowed" staff handling applications under the scheme.

## Background to the Care and Urgent Needs Support Scheme

As part of the Government's welfare reforms the Department of Work and Pensions (DWP) closed the Discretionary Social Fund on 31 March 2013. Without creating a new statutory duty the department passed responsibility for certain activities carried out by this Fund to upper tier local authorities supported by a specific grant which was announced for two years. The responsibilities which passed to upper tier councils were:-

- Community Care Grants which provided payments enabling vulnerable people to live in the community and were conditional upon receipt of a means tested benefit.
- Crisis loans which were to meet immediate needs such as general living expenses or items needed after a disaster where entitlement was not dependent on receipt of a benefit.

The Government's view in making this change in the way it did was that there were synergies between this activity and upper tier council's social services functions. They also felt that it would be possible for local authorities to develop more tailored solutions to individual problems and also utilise more resources within the wider community to meet needs.

The County Council's response to this transfer of responsibility was to create the Care and Urgent Needs Support Scheme the details of which were approved by the Cabinet on 3 January 2013 following a consultation process which engaged a wide range of stakeholders.

The scheme is operated by the County Benefits Service, which originally formed part of the Council's Strategic Partnership arrangement and currently forms part of the Office of the Chief Executive. The key feature of the scheme are listed below and the detailed policy is at Annex 1.

- Access to support is targeted at Lancashire residents.
- Support is restricted to those areas that are not supported through other sources (ie housing costs and difficulties due to delays in DWP benefits will not normally be supported).
- Where support cannot be provided signposting to more appropriate sources of support takes place.
- Support is normally provided through means other than cash.
- Support is not normally provided on more than two occasions in a rolling 12 month period and where repeat applications occur referral is also made to other

agencies such as Money Advice to ensure the underlying causes of problems are addressed.

- Support operates within monthly cash limits.
- There is a right to review decisions made to ensure that decision makers have taken account of all relevant information in arriving at their decision.

The level of awards under the scheme was approved by the then Leader of the County Council on 11 March 2013. These levels were set for use in cases where it is not possible to deliver the necessary support through a non cash alternative.

Non cash support is provided in two ways:-

- Items such as beds, cookers etc which are provided directly to applicants through the Lancashire Community Recycling Network (a network of organisations led by Social Enterprise Lancashire Network).
- Food parcels which were originally only provided in East Lancashire but which are now provided across most of the County through arrangements with 8 voluntary organisations. Work continues to extend this provision county wide.

Cash support is provided through the paypoint system which allows the client to access cash at a wide range of local outlets across the County. This system is now being examined for other similar applications like S17 Children Act payments enabling a reduction in cash held in council offices.

The scheme is accessed either on line or by telephone through the Council's Customer Service Centre which takes initial details and provides a triage function. To minimise costs for clients the assessment team phone individuals back in order to complete a full assessment. Arrangements are also being piloted with advice agencies that will enable them to fully complete an on line application.

The resources announced by DWP to support the scheme were for the years 2013/14 and 2014/15. The provisional local government settlement announced for 2015/16 in December 2013 includes no specific resources for the scheme. While local government bodies continue to lobby on this issue, and following legal action the government is now committed to a review, it is prudent to conduct a review of what is currently happening on the ground to examine areas for improvement.

## The Working Group's Activity

The Cabinet Working Group met on three occasions in order to fulfil its brief.

- 10 April 2014 to consider the background to the scheme and identify issues and concerns for consideration.
- 18 June 2014 to consider the stakeholder feedback and consider a report produced by another County Council on the first year of operation of their scheme.
- 10 September 2014 to consider feedback from members' shadowing sessions with the assessment team in the County Benefits Service and formulate recommendations to the Cabinet.

The Working Group were impressed throughout their work by the focus of the staff involved in the running of the scheme on finding solutions for individuals.

The Working Group identified a number of issues with the scheme that might contribute to low take up.

- Access - The Working Group were concerned about access through a 0845 number and the absence of a face to face route and also a general lack of knowledge of the scheme.

As part of a wider range of changes by the council the 0845 number has now been replaced by a 0300 number which is less costly, and as indicated elsewhere staff make efforts to minimise costs for clients.

The County Council itself does not have facilities located in each community that are suitable for face to face access for this type of service, although the facility does exist for an assessment to be carried out through a home visit where there are particular special circumstances. During the process of designing the scheme the opportunity for District Council One Stop Shops to conduct assessments was considered but there was no interest in this. There is however an opportunity for advice agencies to guide individuals through the on line application. More recently work has been undertaken to pilot the concept of a "trusted intermediary", a voluntary organisation that can make decisions on the Council's behalf in relation to urgent needs applications. The initial results of this work have been positive.

In terms of knowledge of the scheme as with the previous Social Fund this largely relies on the communication across the network of advice agencies and with front line the DWP staff who signpost people to the scheme. Officers felt that the limited availability of cash support through the scheme when compared to its predecessor may have had an impact on demand, and this was a specific aspect of the design of the scheme.



- Eligibility - The Working Group noted that the scheme was specifically designed not to address failure within the mainstream benefits system. However, the Group were aware from their casework that this was a growing cause of crisis situations for families and individuals.

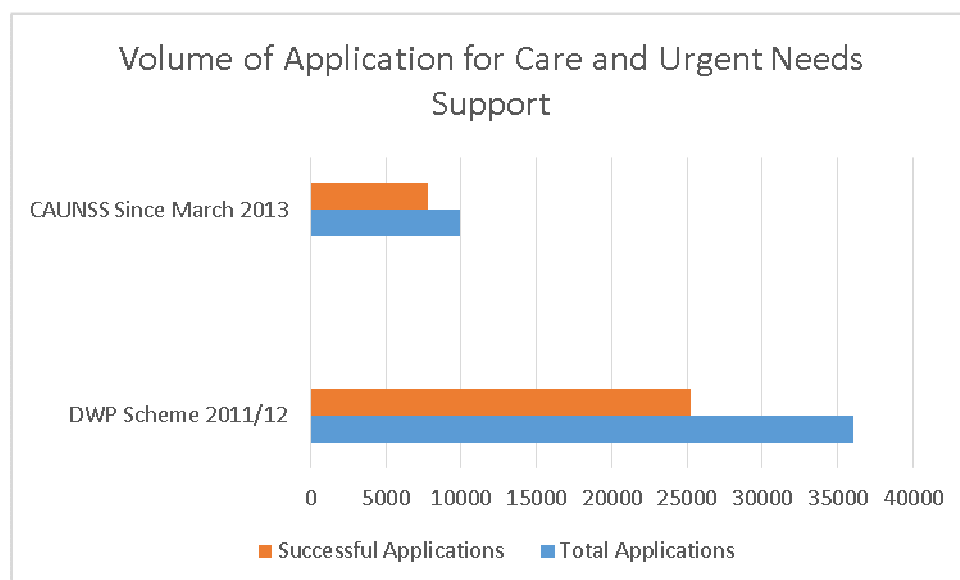
The intention of the scheme must clearly not be to replace the mainstream benefits system, which is the responsibility of national government. However, the scheme does have flexibility built into the underlying policy which allow staff to meet individual needs as illustrated in Annex 2, which provides pen pictures of a number of cases.

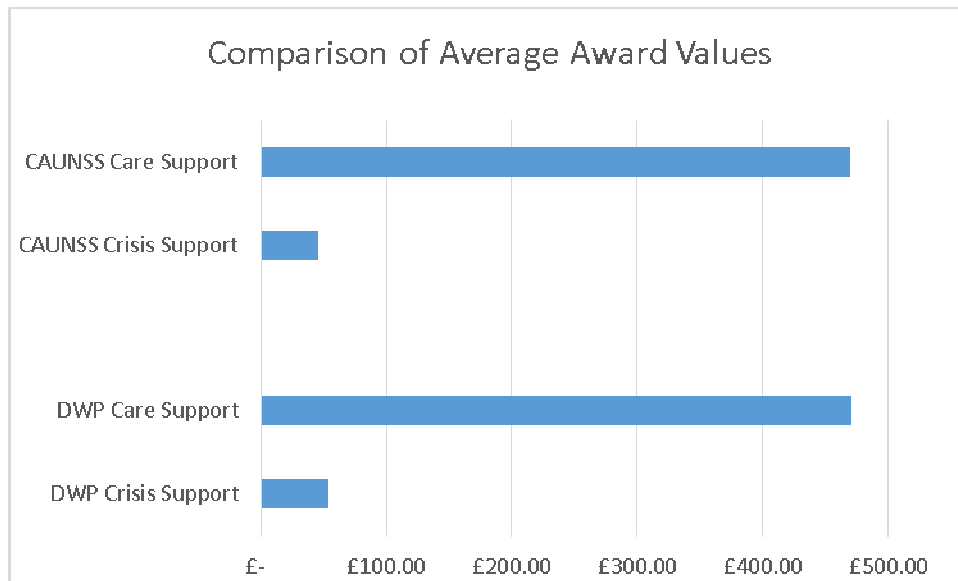
- Lack of easy access to cash- The Working Group acknowledged that the fact that the scheme only provides cash where no other alternative is available may well be supressing demand when compared to the DWP.

This was a feature specifically designed into the scheme to ensure that identified needs can be met with an appropriate response with least inconvenience for the service user. Thus in a case where a new bed is required it is simply a matter of the relevant recycling organisation making contact to arrange delivery making the whole experience much less difficult for the individual.

Members of the Working Group through their contacts with voluntary organisations raised a number of concerns that the day to day operation of the scheme which officers responded to and indicated in some cases resulted from some misunderstanding of the scheme.

The Working Group noted the following key facts based on 17 months operation of the scheme.

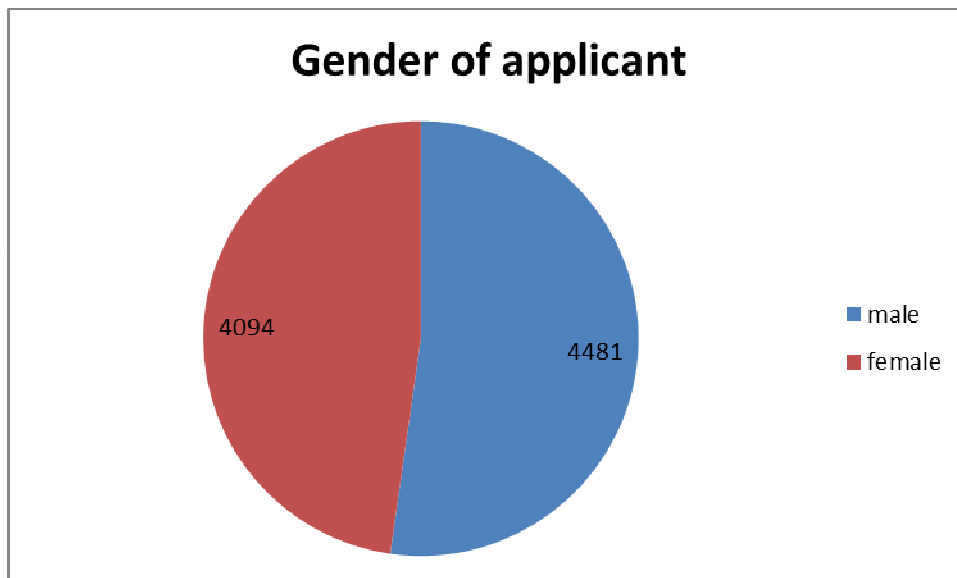




In broad terms this shows that applicants to the scheme, while fewer in number, are more likely to receive support than under the previous arrangements (79% successful applications compared to 70%) and that the level of support received, although different in nature has an equivalent value.

The Working Group also noted the following demographic information about the users of the scheme, again based on 17 months data.

Demographically, there are more male applicants than female, see chart.

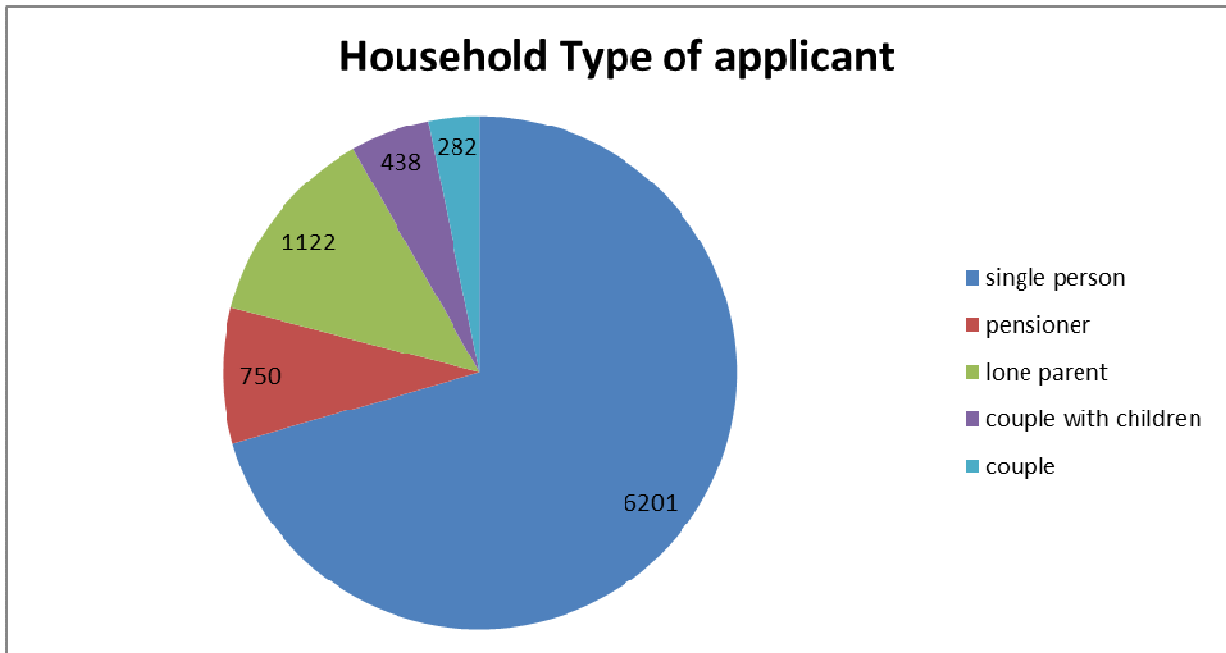


**Table: CaUNSS applicant gender**

Applicant household type is made up predominantly of single people, see below. This probably reflects the core priorities of the care needs scheme which is to help people re-establish themselves in the community, e.g. following homelessness.

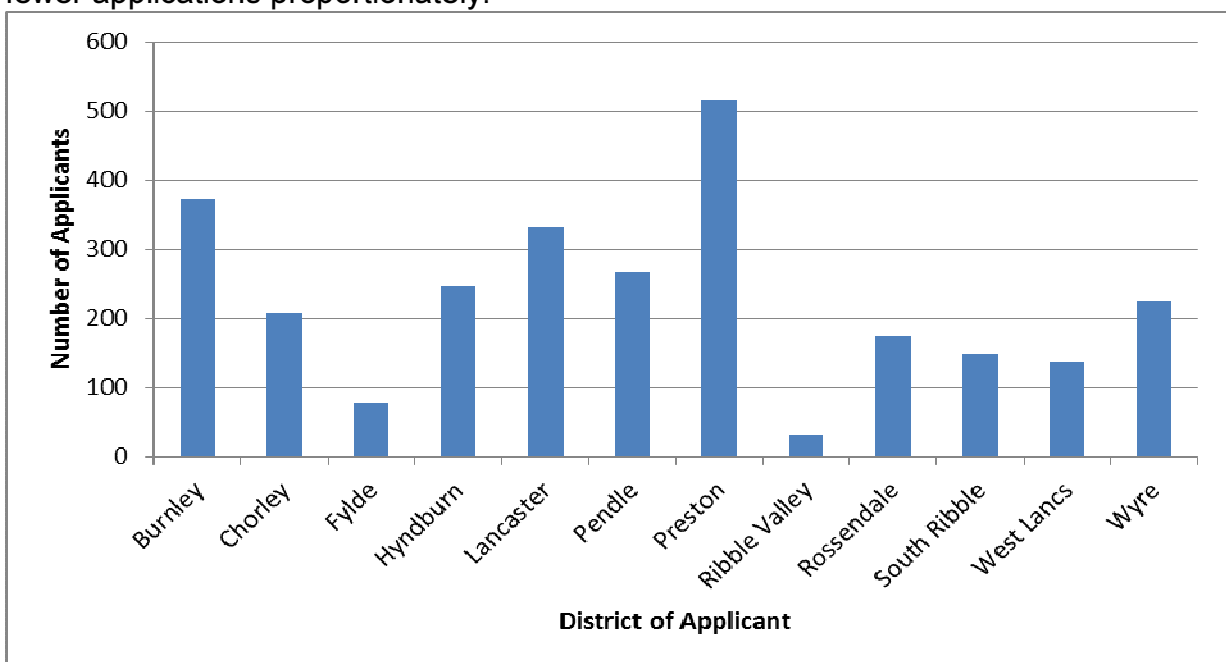
The second biggest household type is lone parent, again probably reflecting the scope of the scheme and, for example, the assistance with essential household goods offered to families fleeing domestic violence.

Pensioners are underrepresented in the CaUNSS population. This may be because many pensioner poverty levels have reduced over the past decade and therefore, this household type has less need of a scheme of last report such as CaUNSS.



**Table: CaUNSS applicant household type**

By district and also proportionately, Burnley and Preston receive the highest number of applications, e.g. Preston has 11% of Lancashire's population but provides 19% of CaUNSS applications. Fylde, Ribble Valley, South Ribble and West Lancs provide fewer applications proportionately.



In broad terms the information demographic information indicates that as with the previous Social Fund there are more male users of a scheme of this sort, while the types of household applying again mirror previous experience. The geographic distribution of applications again is as would have been expected based on other socio-economic data.

The Working Group noted a range of concerns about the variable quality of provisions from central food banks, which officers were following up.

## Conclusion

The Working Group concludes that the Care and Urgent Needs Support Scheme fulfils a valuable role in the spectrum of provision for people in crisis situation or with specific care needs. In addition they recognised the added value being achieved through work with both furniture recycling organisations and food banks.

## Recommendations

The Working Group recommends to Cabinet:

1. That the County Council maintains budgetary provision for the Care and Urgent Needs Support Scheme following the end of the specific government grant at a level commensurate with current demand.
2. That Cabinet writes to the Department for Work and Pensions again, highlighting the importance of the Care and Urgent Needs Support Scheme with a recommendation that the DWP funds the scheme permanently.
3. That a more active approach to contract management should be taken with Food Banks in order to ensure consistent quality and that local County Councillors should be involved in this process.
4. That officers be encouraged to continue extending the use of Food Banks so that the whole of the County is covered by this type of provision.
5. That current work to pilot the use of "trusted intermediary" organisations within the decision making process be made permanent and opportunities to expand it across the County be sought.



## Appendix 'A' - Annex 1

### Care and Urgent Needs Support Scheme Policy

#### 1 Introduction

- 1.1 In October 2010 the Government published the White Paper 'Universal Credit: welfare that works'. The White Paper detailed the Government's proposals for wide-ranging welfare reform which have subsequently been included within the Welfare Reform Act. Included within the proposals was reform of the Discretionary Social Fund which is currently administered by the Department for Work and Pensions (DWP). This is to be replaced with discretionary local provision, administered by top-tier or unitary local authorities from April 2013.
- 1.2 The Government has stated that it believes the service is better delivered locally and this will empower local communities to better identify and meet the needs of the most vulnerable. It has also identified that through localising the service it may be possible to improve the quality of decision making and to integrate with locally designed programmes that can provide complementary avenues of assistance.
- 1.3 The elements of the Discretionary Social Fund that will be replaced with local provision are:
  - Crisis Loans.
  - Community Care Grants
- 1.4 Other elements of the Social Fund such as maternity and funeral grants and alignment loans will remain the responsibility of DWP.
- 1.5 Current DWP policy states that Crisis Loans are to meet immediate needs such as general living expenses or items needed following a disaster and entitlement is not dependent upon receipt of a benefit. Community Care Grants (CCG's) are non-repayable grants to enable vulnerable people to live in the community and are conditional upon receipt of an income related benefit.
- 1.6 This document sets out the County Council's policy for it's new scheme, to be called the Care and Urgent Needs Support Scheme, including an outline of how the service will be delivered by One Connect Limited.

## 2 Purpose of the Scheme

- 2.1 The purpose of the new Care and Urgent Needs Support Scheme is to replace those elements of the Social Fund which will no longer be administered by the DWP: specifically Community Care Grants and Crisis Loans. The scheme is the responsibility of Lancashire County Council and it will be delivered on behalf of the Council by One Connect Limited.
- 2.2 The scheme will seek to assist vulnerable people in meeting their needs for subsistence or financial support where they are unable to meet their immediate short term needs or where they require assistance to maintain their independence within the community.
- 2.3 The scheme will seek to ensure that there is high quality, consistent decision making within agreed service levels.
- 2.4 The policy seeks to treat each applicant fairly and equitably with full consideration given to their circumstances. The scheme will seek to utilise alternative avenues of funding where practical and possible; this will help to protect the remaining funds for people in need.
- 2.5 Consideration will be given to the nature, extent and urgency of the need in every case that is considered.
- 2.6 The policy seeks to meet the particular needs of the county's most vulnerable residents and is developed and administered in accordance with public sector equality and child poverty duties.
- 2.7 In addition to receiving applications from residents and their representatives it is proposed that the service provider will seek to use intelligence-led proactive measures to identify and target support to those most in need. This may be supplemented by targeted campaigns and outreach activities.
- 2.8 The policy framework within which the service is delivered will seek to facilitate joined up working with district councils and other agencies including not for profit organisations. It will provide an inter referral process which makes effective use of relevant available local services and funding provision.
- 2.9 It is not intended that the scheme will extend to those who have access to sufficient income, savings or suitable forms of credit.
- 2.10 The scheme will not cover needs which are more appropriately addressed by other discretionary funds or benefits; specifically it will not meet needs that should be addressed by localised Council Tax Support or Discretionary Housing Payments. Where appropriate, claimants will be referred to their District Council or the DWP for support in these areas.



### 3 Targeted Scenarios for Support

3.1 The policy will seek to identify and prioritise those most in need. It will aim to target those within the community who have been identified as the most vulnerable and in need of urgent financial assistance or support. The scheme will consider issuing awards under two types of need to those people who require immediate support and to people who require assistance to establish or maintain a home in the community.

3.2 Groups most likely to require this form of assistance may include (this list is not exhaustive):

- Families in need of emergency financial support
- Homeless people or rough sleepers
- Older people at risk of harm
- People fleeing domestic abuse
- Young people leaving care
- People moving out of institutional or residential care
- Ex offenders leaving prison or detention centres
- Chronically or terminally ill people
- People with alcohol or drug issues
- People with learning difficulties
- People with mental health issues

3.3 Applications for awards of immediate financial assistance may include people who:

- Have no essential food
- Need essential goods associated with infants/children
- Have no heating
- Require help with emergency travel costs
- Have suffered a major upheaval or disaster
- Present themselves as requiring assistance to cover living expenses until they receive their first payment of benefit or salary, where this is not met by other benefits. This would normally result in referral to DWP who will retain responsibility for this area.

3.4 Assistance to establish or maintain a new home in the community may be considered for people who, for example (this list is not exhaustive):

- Have been in long term care
- Have left prison
- Have fled domestic abuse
- Move to supported accommodation/independent living

3.5 These scenarios are not exhaustive and there are additional circumstances where support would be considered.

3.6 Awards could be to help with the provision of:

- Beds
- Bedding
- White goods
- Provision of heating appliances
- Essential domestic appliances/cookware
- Essential domestic furniture
- Emergency transport costs
- Redecoration following a disaster or due to related health needs.

- 3.7 Awards would not normally be given for:
- A television or satellite cost or repair
  - Installation of a telephone or telephone line
  - Housing costs or arrears of rent
  - Costs normally met by state support or benefits including Universal Credit
  - Debts
  - Motor vehicle expenses
  - TV license
  - Where the applicant has access to sufficient income or savings
  - Costs associated with care provision
  - Shortfalls in Council Tax Support awards or reductions in Housing Benefit including those associated with the social sector size criteria.
- 3.8 The policy will seek to provide holistic support, taking into account alternative local provision including Discretionary Housing Payments, Disability Related Expenditure allowances within social care charging policy, Council Tax Support and Disabled Facilities Grant. The scheme will actively seek partnership arrangements with local organisations that can provide assistance such as food banks and furniture re-use centres. It will endeavour to work with local businesses to procure goods and services to support an accessible, value for money service.
- 3.9 The policy will also seek to ensure that the support is sustainable. People who submit repeat applications or are identified as in need of requiring another form of assistance will be referred to an appropriate local advice service for support such as budget or debt advice or counselling services. Different support services will be encouraged to work in concert to deliver an approach which would prevent repeat applications.
- 3.10 There will normally be a limit on repeat applications for living expenses to a maximum of 2 in any rolling 12 month period .

## 4 Eligibility

4.1 People who may be eligible are those:

- Ordinarily resident in Lancashire

And who are:

- Aged 16 or over
- On a low income and without access to sufficient funds to meet their immediate needs
- Leaving care
- Requiring support to stay in the community
- Able to demonstrate that they are without immediate resource to meet the basic needs of themselves and / or their dependents.
- Normally in receipt of Income Support, Income based Job Seekers Allowance (JSA), Income related Employment and Support Allowance ( ESA) or Pension Credit ( Guarantee Credit only).

4.2 Under new data sharing powers it is anticipated that those administering the scheme will have access to DWP data in relation to income. It is proposed that the authority considers available data on income and savings to determine if a person is eligible for an award.

4.3 The scheme will endeavour to use proactive measures to identify and target support towards those most in need, including targeted campaigns and outreach activities.

4.4. Where the person has available savings that are adequate to meet the needs identified, the application may be refused.

4.5 All requests will be considered on an individual basis with due account given to the vulnerability and personal circumstances of each applicant.

4.6 The amount of remaining available funding will be relevant to the prioritisation of awards and this will require that expenditure is reviewed on a monthly basis. In these circumstances regard will be paid to whether an individual applicant has protected characteristics as set out in the public sector equality duty.

4.7 The policy will seek to facilitate working with district councils to identify and provide a referral route for potential beneficiaries of the scheme.

## 5 The Application Process

- 5.1 The application process will be clear, transparent and accessible, allowing people to request support through a number of access channels.
- 5.2 Applications made from applicants' appointees or their representatives (subject to customer consent) will be considered. It is anticipated that referrals will be made from local authority support services, Adult and Community Services, Children and Young Peoples Services, district councils' homelessness functions and other appropriate outside agencies such as the Probation Service, hostels and advice organisations.
- 5.3 The application process will be designed to provide consistent and fair decision making by gathering appropriate data and supporting information.
- 5.4 The application and the process will be flexible to avoid undue delays and reflect that some awards require more detailed information. Applications will primarily be made via the phone. Applications will also be accepted via face to face interviews.
- 5.5 An on-line referral process will be made available to representatives of applicants.
- 5.6 Case management processes and turnaround times will be structured to ensure rapid high quality decision making. Applications for emergency assistance will be prioritised with service levels in place for agreed timescales for the decision making, payment of awards and a review process. Service level agreements will be defined in the detailed service design.
- 5.7 Repeat applications will be considered on a case by case basis however a limit will be placed on the maximum awards within any financial year. People with a history of repeat applications will be referred to advice for sustainable support such as budgeting or debt advice.

## 6 Methods of Assistance

- 6.1 The scheme will seek to provide appropriate methods of awarding support and allow the authority to decide to whom the award should be made based upon the individual circumstances of each applicant.
- 6.2 Awards will be made to the appropriate party which may include:
- The applicant
  - Their partner
  - An appointee or authorised representative
  - Directly to a service or goods provider.
- 6.3 Appropriate methods of payment include:
- Vouchers for food
  - Payments to suppliers of suitable goods or services
  - Pre payment cards for goods/heating
  - Goods from local suppliers
  - Goods and services from non-profit making organisations
  - Travel vouchers
- 6.4 Cash payments will not normally be made .
- 6.5 The delivery method of providing support will be flexible in how, when and where awards will be given to reflect the individual requirements of each application.
- 6.6 Support will not be provided by way of financial loans.
- 6.7 The scheme will determine a maximum for awards for both living expenses and particular items.

## 7 Rights of Review

7.1 The applicant or their authorised representative will have the right to request that the decision be reviewed. However, as this is a non statutory scheme and not part of the national benefits framework there is no right of appeal through the Tribunal Service.

7.2 Reasons for a review of a decision could include:

- Award or repeat award refused
- Method of assistance
- Amount of award
- To whom the assistance is awarded.

When submitting a review of a decision, people will be invited to explain their reasons why they feel the original decision should be reviewed to support their request.

7.3 The scheme will include a structured review process. This will operate within the spirit of the policy, allowing people who disagree with a decision to request a review and to provide additional information or evidence which supports this request.

7.4 The review process will have two stages:

Stage 1; All requests to review a decision from an applicant or their representative to be considered and notified within service levels to be agreed in the detailed service design. This will be reviewed by a different officer than made the original decision.

Stage2; If the applicant is still not satisfied with the outcome of the review, they may request a further review within an agreed timescales of being notified of the review outcome. The process will seek to ensure that stage 2 reviews are considered by a senior officer taking into account all the information and evidence included in the review and the reasonableness of the decision made. The decision will be notified in writing or via an appropriate format and within a fixed timescale.

7.5 The applicant or their representative also has the right to make a complaint to the Local Government Ombudsman.

## 8 Financial Constraints and Controls

- 8.1 Central Government funding arrangements will be cash limited taking into account the historic data available on past social fund payments.
- 8.2 Annual funding is finite, and close and regular monitoring of the scheme will be required. In the event that there is a local emergency (for example flood or fire) affecting several households, the authority may wish to review available funds.
- 8.3 ICT systems will be implemented which provide detailed and robust management information to allow continuous monitoring and real time information in relation to:
  - issuing of awards
  - methods of payment
  - projected expenditure based on current demand
  - awards made
  - equalities data
  - speed of awards and reviews.
- 8.4 All financial management will be subject to monthly and quarterly reporting and review and awards will be made on the basis of available funds.
- 8.5 The policy will seek to deter fraudulent claims and false statements ensuring appropriate controls are in place and swift action is taken where required. Consideration will also be given to reducing the potential for duplicate applications within alternative support provision or neighbouring authorities.
- 8.6 The policy will seek to minimise the potential for fraudulent applications which in turn will maximise the limited funding available for those most in need.





## Appendix 'A' - Annex 2

### Care and Urgent Needs Support Scheme - Typical award scenarios and Case Studies

**Urgent Needs:** The most common application is for living expenses. The scheme was intended in the main to help people on very low incomes who do not have the resources to cope with the effects of a disaster/emergency such as fire/flood/theft. In fact, the most common urgent need leading to an award is benefit delay. Benefit delay causing hardship is the reason for up to 85% of urgent needs awards.

Prior to go live, the DWP issued assurances that the Crisis Loan scheme for alignment issues, e.g. benefit delays, would be replaced by a system of Short Term Benefit Advances (STBAs). In reality, these payments are significantly reduced, e.g. in the first quarter of 13/14 there were 18,871 STBAs issued nationally compared with 242,850 crisis loans for alignment in Q1 of 2011/12. Furthermore, these STBAs are themselves subject to delays of up to 2-3 weeks, forcing CaUNSS to step in.

Unlike crisis loans, which were mainly paid to single unemployed people aged under 35, urgent needs awards are mainly made to people with long term health issues, disabilities and/or dependent children. Such applicants account for 85% of all UNA recipients.

**Care Needs:** The four most common reasons for awards are:

- Helping homeless people move into permanent accommodation
- Relieving exceptional pressure, in particular, where there are severe problems being caused by disability
- Helping the applicant to leave residential care and move to community living, and
- Resettlement, mainly of ex-prisoners

90% of awards are made to an applicant with a long term health issue/disability and/or dependent children.

## Case studies

The following case studies illustrate typical scenarios for a CaUNSS award.

- A 30 year old applicant approached the scheme for help because she needed essential items. She was 4 months pregnant and had been living homeless, sleeping behind a retail park. She had secured the tenancy of a social rented property but the Housing Association wouldn't let her move in without at least a cooker and she was unable to progress her situation. She applied to the scheme and was awarded a package of essential items including a cooker, fridge, sofa, table and chairs, bed and bedding, wardrobe, kitchen utensils and crockery. She has thanked the scheme for "turning her life around".
- A single person who came off of benefits last month to start work. He only received £40 from Jobseekers Allowance to last him until his first payday, which was £100 less than he was expecting. The scheme awarded him £30 to cover his travel costs to work until his payday.
- A young man with addiction problems was helped last year with a Care Needs award to resettle from rehab. He has since made great progress and is now a volunteer at the agency that made the initial referral to CaUNSS.
- A 26 year old mother of 2 (1 baby and a 4 year old). Forced to survive on child benefit for the past month whilst DWP and HMRC process benefit claims. An Urgent Needs Award was made to provide food and nappies and the applicant was referred for further help with her benefit problems.
- A homeless man who had previously been in NHS care was provided with essential items to help him move successfully into unfurnished accommodation.
- A family lost their home as a result of the breadwinner losing his job through ill health. The CaUNSS helped them to get re-housed by awarding beds, bedding, furniture items, flooring and a cooker. The Support officer also referred the applicant to the Welfare Rights Service for advice about benefits and advice about other LCC education benefits such as assistance with school clothing.
- The applicant served with the forces in Afghanistan and as a result suffers from Post-Traumatic Stress Disorder. He had become homeless and was being assisted by the SALUTE veterans' service. They had managed to find

him some temporary accommodation through a homeless project. He had only recently claimed benefits and would not receive a payment for some weeks. He requested help with food, clothing, toiletries and heating. He was awarded an Urgent Needs Award for clothing and heating and food parcels for 2 weeks.



**Cabinet - 6 November 2014**

**Report of the Chief Executive**

Electoral Division affected: All
-------------------------------------

## **Report of Key Decisions taken by the Leader of the County Council and Cabinet Members**

Contact for further information:

Janet Nuttall, (01772) 533110, Office of the Chief Executive,

[janet.nuttall@lancashire.gov.uk](mailto:janet.nuttall@lancashire.gov.uk)

### **Executive Summary**

Key Decisions taken by the Leader of the County Council and Cabinet Members since the previous meeting of Cabinet. The Key Decisions set out below, were considered by the Executive Scrutiny Committee at its meeting on 7 October 2014. No changes were made to the recommendations set out in the reports and any additional comments made by the Committee were reported to each Cabinet Member at the time of decision.

### **Recommendation**

Cabinet is recommended to note the Key Decisions detailed below.

## **1. Key Decision taken by the Leader of the County Council**

The following decision was taken on 8 October 2014:

### **Project Management Services for Kitchen and Dining Room Refurbishments**

The Leader of the County Council approved the recommendation as set out in the full report.

This report was dealt with under Part II. The full report is not available for publication as it contains exempt information as defined in Paragraph 3 of Part 1 of Schedule 12A to the Local Government Act 1972. The report contains information relating to the financial or business affairs of any particular person (including the authority holding that information). It is considered that in all the circumstances of the case the public interest in maintaining the exemption outweighs the public interest in disclosing the information.

## **2. Key Decisions taken by the Cabinet Member for Children, Young People and Schools**

The following decisions were taken on 9 October 2014:

### **Proposal to Close Deepdale Junior School Expand Deepdale Infant School by Extending the Age Range**

The Cabinet Member for Children, Young People and Schools:

- (i) considered the information in the report;
- (ii) approved the linked proposals to formally close Deepdale Junior School, with effect from 31 December 2014, **and** to expand Deepdale Infant School by extending the age range from 3 – 7 years to 3 – 11 years to become a primary school with a capacity for 630 pupils, with effect from 1 January 2015;
- (iii) approved that an appropriate statutory decision letter be sent out as specified under legal requirements to give the reasons for the decision to those who are to be informed of them.

### **Provision of Additional Secondary School Places in Chorley**

The Cabinet Member for Children, Young People and Schools:

- (i) noted the complexities of commissioning additional places in the secondary sector as set out in the report;
- (ii) approved the expansion of Southlands High School by 30 places per year group on a permanent basis with effect from September 2015, taking the published admission number from 190 to 220;
- (iii) authorised officers to conduct further negotiations with secondary schools in the Chorley District to secure more additional places to deal with longer term demand; and.
- (iv) noted the initial estimate of cost for delivering the 1FE expansion project at Chorley Southlands.

## **3. Key Decision taken by the Cabinet Member for Highways and Transport**

The following decision was taken on 10 October 2014:

### **M65 Motorway - Replacement of Crash Barriers**

The Cabinet Member for Highways and Transport approved the increased cost of the replacement of the M65 crash barriers to £4.3m.

The following decision was taken on 13 October 2014:

### **Allocation of Additional Department for Transport Funding to Deal with Potholes**

The Cabinet Member for Highways and Transport gave approval for:

- (i) the additional allocation of £4.901m received from the DfT to be added to the Environment Directorate's capital programme, and
- (ii) the adoption of the principles as set out in the Transport Asset Management Plan to allocate the £4.901m, as follows
  - A, B and C Roads £3.2 m
  - Unclassified Urban Roads £1.1 m
  - Footway Resurfacing £0.6 m

### List of Background Papers

Paper	Date	Contact/Directorate/Tel
<a href="#">Reports to the Leader of the County Council and Cabinet Members</a>	26 September 2014 - 16 October 2014	Janet Nuttall, Office of the Chief Executive, (01772) 533110

Reason for inclusion in Part II, if appropriate

N/A





**Cabinet - 6 November 2014**

**Report of the Chief Executive**

Electoral Division affected: None
--------------------------------------

## **Report on the Waiver of Procurement Rules by the Deputy Leader of the County Council**

Contact for further information:

Janet Nuttall, (01772) 533110, Office of the Chief Executive

[janet.nuttall@lancashire.gov.uk](mailto:janet.nuttall@lancashire.gov.uk)

### **Executive Summary**

Action taken by the Deputy Leader of the County Council under Procurement Rule 4.2 (Waiver of Procurement Rules). Such actions are required, under Procurement Rule 4.3, to be reported to Cabinet for information.

### **Recommendation**

Cabinet is recommended to note the report.

### **Background and Advice**

In accordance with the provisions of Procurement Rule 4.2, the Deputy Leader of the County Council agreed the following:

#### **Contract for the Maintenance of Stair Lifts and Vertical Lifts**

Waived Procurement Rule 6.1, requiring the County Council to advertise an open tender for the contracts detailed in this report, and agrees to re-award the contract on the basis set out in the report, until no later than 31 March 2015.

This report was dealt with under Part II. The full report is not available for publication as it contains exempt information as defined in Paragraph 3 of Part 1 of Schedule 12A to the Local Government Act 1972. The report contains information relating to the financial or business affairs of any particular person (including the authority holding that information). It is considered that in all the circumstances of the case the public interest in maintaining the exemption outweighs the public interest in disclosing the information.

## List of Background Papers

Paper	Date	Contact/Directorate/Ext
<a href="#"><u>Report to the Deputy Leader of the County Council, and the Cabinet Member for Environment, Planning and Cultural Services</u></a>	8 and 13 October 2014	Stuart Benson, Office of the Chief Executive, (01772) 534022

Reason for inclusion in Part II, if appropriate

N/A