

**BUDGET AND  
PERFORMANCE PANEL**

**6.00 P.M.**

**26TH JANUARY 2010**

**PRESENT:** Councillors Roger Sherlock (Chairman), Emily Heath (Vice-Chairman), Tina Clifford, Roger Dennison (substitute for Bob Roe), Keran Farrow, Sarah Fishwick (for Minute Nos 31 to 35 (part), Keith Sowden and John Whitelegg

Apologies for Absence:

Councillor Bob Roe

Also in Attendance:

Leader of the Council – Councillor Stuart Langhorn

Councillors Evelyn Archer, June Ashworth, John Barnes, Jane Fletcher, John Gilbert, David Kerr, Roger Mace and Ian McCulloch

Economic stakeholder representatives  
Members of the Lancaster District Local Strategic Partnership Management Group

Officers in Attendance:

Roger Muckle	Corporate Director (Finance and Performance)
Mark Cullinan	Chief Executive
Nadine Muschamp	Head of Financial Services and Section 151 Officer
Jane Glenton	Democratic Services

**31 DECLARATIONS OF INTEREST**

Councillor Fishwick declared a personal and prejudicial interest in that part of Minute No. 36 – Budget and Policy Framework Proposals for 2010/11 – which reported on Community Swimming Pools, which Cabinet had considered savings options for, her daughter being employed by the City Council at Carnforth Swimming Pool.

**32 MINUTES**

The Minutes of the meeting held on 24<sup>th</sup> November 2009 were signed by the Chairman as a correct record.

**33 ITEMS OF URGENT BUSINESS AUTHORISED BY THE CHAIRMAN**

There were no items of urgent business.

**34 THE COUNTY COUNCIL'S 2010/11 REVENUE BUDGET AND CAPITAL INVESTMENT STRATEGY**

The Panel received a report and detailed presentation from the county council's Director for Resources on the county council's budget proposals for 2010/11. Appended to the report were appendices 1 to 4, being the 2010/11 efficiency plan; 2010/11 service policy options; 2010/11 charging policy options; and 2010/11 – 2013/14 capital investment strategy.

Members were advised that the county council's cabinet had agreed a two-stage consultation process for the 2010/11 budget and a financial strategy for future years. Cabinet had made specific budget and capital investment proposals for 2010/11 and future years, in the light of the consultation responses received.

In the light of those consultation responses and of the overall financial strategy and forecast resources, cabinet had made specific revenue budget and capital investment proposals for 2010/11 and future years.

Responses on the proposals had been requested before 4<sup>th</sup> February, when cabinet would again consider the budget and make final proposals. These would be considered by full council on 18<sup>th</sup> February 2010 in setting the revenue and capital budgets for 2010/11.

It was reported that when cabinet had considered the financial outlook for 2010/11 and future years, in September, the forecast of the level of savings that the county council would be required to make over the next four financial years included £16m for 2010/11 and ranged from a further £62m to £126m in total for the three years 2011/12 – 2013/14, dependent upon the level of government grant received.

An extensive review of the budget had been carried out in the intervening period by executive directors and cabinet members. On 7<sup>th</sup> January, cabinet had proposed that there be no increase in council tax in 2010/11 and identified efficiency savings of £21.7m in 2010/11, which would rise to £36.7m in 2011/12.

Legislative and demographic changes would result in increasing demands on services, adding £9m to the county council's costs in 2010/11. There would be a reduction in the budget provision for both pay inflation and general prices to help meet the savings targets.

Consultation was being undertaken on policy options for service reductions totalling £1.5m and on options for increasing income through charging, totalling £0.3m. Full details were set out in the appendices.

It was anticipated that for the three subsequent years 2011/12 to 2013/14, the county council would need to make total further savings of between £46m and £108m, in addition to the efficiency savings identified as part of the 2010/11 budget process and further budget options identified.

The four year capital investment strategy agreed by cabinet would enable consideration of investment priorities over the medium term and ensure both revenue and capital spending plans were closely aligned. The strategy did not include any additional prudential borrowing to fund capital schemes. The investment proposals comprised annual

programmes of capital investment needed to keep the organisation working and specific scheme starts, which concentrated on delivering investment priorities.

Appendix 4 set out the resulting capital investment strategy totalling £58.8m, which included over programming of £6m, which was part of a range of measures agreed by cabinet in order to combat slippage. Schemes within the schools and transport blocks were dealt with through separate processes.

The Director for Resources advised Members that there was a high level of uncertainty and risk around the forecast for 2011/12 and beyond as a result of the current economic and pre-election climate, with significant reductions in public expenditure being predicted. The financial challenge to be faced was how to maintain services, and in some instances increase them, to meet increased demand on less money, and the county council would meet the challenge.

Following the presentation, the Director for Resources answered extensive questions from the Panel and stakeholders on county's revenue budget and capital investment strategy.

**Resolved:**

- (1) That the Director for Resources be thanked for his presentation.
- (2) That members' and stakeholders' comments, specifically concerns regarding the proposed abolishment of Lancashire Locals, be considered as part of the county council's revenue budget and capital investment strategy consultation process.

***It was noted that Councillor Fishwick had previously declared a personal and prejudicial interest in that part of the following item which reported on Community Swimming Pools, which cabinet had considered savings options for, her daughter being employed by the City Council at Carnforth Swimming Pool.***

**Councillor Fishwick left the meeting mid-way through the following item.**

**35 BUDGET AND POLICY FRAMEWORK PROPOSALS FOR 2010/11**

The Panel received a detailed presentation by the Leader of the Council on cabinet's budget and policy framework proposals for 2010/11.

The Leader reported that cabinet had responsibility for making proposals to council each year in respect of the budget and policy framework. Cabinet had agreed four priorities to form the basis of its budget and revised corporate strategy for 2010/13 at its meeting on the 10<sup>th</sup> November. These were 'Economic Regeneration supporting our Local Economy', 'Climate Change', 'Meeting our Statutory Responsibilities' and 'Working in Partnership'.

For the first time, the council had undertaken a programme of consultation to engage with the public in developing budget options and proposals based on the council's priorities. Members of the public had been able to fill in an online response form or a form at the exhibitions held in Morecambe and Lancaster.

Cabinet had considered the initial results from the consultation at the January cabinet meeting. The council was committed to containing levels of council tax increase to a maximum of 4% for the next three years. It was clear that the people who had responded

valued the services the council provided and would be prepared to see a council tax increase if this meant services were retained. 57% of people had agreed, and 39% had partially agreed, with the council's priorities.

Members were advised that the Leader would discuss the consultation responses with individual cabinet portfolio holders. An analysis of the results would inform future budget proposals and considerations, and assist cabinet in finalising the corporate plan priorities for consideration by council in April.

Council would be asked to approve the full revenue budget and 2010/11 council tax at its meeting on 3<sup>rd</sup> March, when cabinet's budget proposals had been completed. Council would also be requested to approve an updated medium term financial strategy at that meeting, which set out council tax targets for 2011/12 onwards.

It was reported that the council had identified two areas where it proposed to concentrate its efforts to ensure jobs and secure employment.

Firstly, *energy, coast and environmental technology*, with job creation at the Lancaster Science Park, the proposed new nuclear power stations, development of renewable energy sources along the west Cumbrian coast, and through brownfield and derelict land being brought into use.

Secondly, *heritage, and cultural tourism for the district, including creative industries and employment*, achieved through delivery of the Morecambe area action plan, Lancaster square routes, Morecambe townscape heritage initiative, the cultural heritage investment strategy and Luneside east.

It was reported that the council was taking action to combat climate change. The five year climate change strategy was in place, and through membership of the 10:10 carbon reduction campaign and by working in partnership with other agencies the council would reduce CO<sub>2</sub> emissions, with reductions of 10% in 2010/11, 34% by 2020 and 80% by 2050.

It was a statutory requirement that the council provide certain services, some of which would require a minimum standard of service to be met. Other statutory services had more flexibility, and the council had used this flexibility in determining service standards and had considered the justification for doing so.

Members were advised that the council had adopted a sustainable community strategy, which would influence corporate planning processes and commitment to work through local partnerships, which were essential to deliver improvements in people's quality of life. The council recognised its community leadership role and the need to work in partnership to address local needs.

It was reported that the council faced future financial challenges, and would need to be more creative in, and work with partners to achieve, delivery of services. Income levels were falling and further changes in demand for services were expected. The current year's revenue position was still unclear, and it would no longer be possible to undertake provision in areas that were 'nice to do'.

The council's 3-year budget position was illustrated. It was noted that the approach undertaken by the Leader and his cabinet colleagues to budget setting was much

improved from last year and much more inclusive. It was reported that work on identifying savings and efficiencies options had begun back in May 2009 and it was now possible to present a range of options to meet the council's medium term financial strategy targets. The options identified were summarised as efficiencies gained through undertaking business and service reviews, improved partnership working (specifically shared services in relation to community pools and museums), income generation, and commissioning and procurement efficiencies.

Members were advised of growth proposals in the areas of *regeneration and heritage*, *climate change* and *partnership working*, which included Chatsworth Gardens, the Roman bath house and the Morecambe area action plan, investments to save, the introduction of a vehicle tracking system, and allotment/urban nature reserve delivery. The capital programme, council housing and non-domestic rates details were reported in detail.

Following the presentation, the Leader answered extensive questions from the Panel and stakeholders on the council's budget and policy framework proposals for 2010/11.

**Resolved:**

- (1) That the Leader of the Council be thanked for his presentation.
- (2) That the following recommendation be made to the Leader of the Council:

That the Panel welcomes the improvements that have been achieved this year in the corporate planning and budget setting process. However, this could be further improved if the cabinet clearly expressed its rationale in the process for evaluating service standards in the drive to achieve savings, and also in the way that options for savings and efficiencies were prioritised to reflect the needs of the public and to take account of sustainability considerations.

## 36 WORK PROGRAMME REPORT

The Panel received the report of the head of Democratic Services, which updated members regarding the work programme.

It was reported that the following items would be considered at the Panel's meeting on the 23<sup>rd</sup> February 2010:

- Presentation on The Dukes.
- Update report on the evaluation of the council's major partnerships
- Annual monitoring report on the service level agreement with Thumbprint.

Members were requested to submit training proposals to the democratic support officer in areas where they felt skills or knowledge development would be useful to them in their role as a Panel member.

**Resolved:**

That the work programme details be approved.

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Chairman

(The meeting ended at 7.55 p.m.)

**Any queries regarding these Minutes, please contact  
Jane Glenton, Democratic Services - telephone 01524 582068,  
or email [jglenton@lancaster.gov.uk](mailto:jglenton@lancaster.gov.uk)**