

The County Council's 2010/11 Revenue Budget and Capital Investment Strategy

(Appendices 1 to 4 refer)

Contact for further information:

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Executive Summary

On 7 January the County Council's Cabinet set out their revenue and capital budget proposals for 2010/11 and future years, including the following major items:

The 2010/11 Revenue Budget:

- no increase in council tax in 2010/11
- efficiency savings of £21.7m in 2010/11, which will rise to £36.7m in 2011/12, the details of which are set out in Annex 1 to this report;
- providing for the increase in demands on services brought about by legislative and demographic changes, adding £9m to the County Council's costs in 2010/11;
- reducing the budget provision made in 2010/11 for both pay inflation and general prices, reflecting current information regarding future costs;
- for consultation, policy options for service reductions totalling £1.5m, the details of which are set out in Annex 2 to this report;
- for consultation, options for increasing income through charging totalling £0.3m, the details of which are set out in Annex 3 to this report.

For the three subsequent years 2011/12 to 2013/14, current forecasts are that the County Council will need to make total further savings of between £46m and £108m. **This is in addition to the efficiency savings identified as part of the 2010/11 budget process and the further budget options noted above.**

The Capital Investment Strategy:

The Cabinet has agreed a four year capital investment strategy, enabling consideration of investment priorities over the medium term and ensuring both revenue and capital spending plans are closely aligned.

Over the four year period the forecast capital investment resources available total £176m. Of this, some £123m is government support for investment in schools and transport and Cabinet have agreed that these resources will be used to fund capital investment in these services.

The available general resources total £53m. The strategy does not include any additional prudential borrowing to fund capital schemes.

The investment proposals comprise:

- Annual Programmes of capital investment needed to keep the organisation working.
- Specific scheme starts which concentrate on delivering investment priorities.

The resulting capital investment strategy totalling £58.8m is set out in Annex 4 to this report. This includes over programming of £6m, which is part of a range of measures agreed by Cabinet in order to combat slippage.

Schemes within the Schools and Transport Blocks are dealt with through separate processes driven by the Schools Asset Management Plan and the Local Transport Plan, and are not considered in this report.

Decision Required

The Local is requested to consider the County Council's revenue and capital budget proposals for 2010/11 set out for consultation in this report, and to make any comments on those proposals to the Cabinet before 4 February, when the Cabinet will make final budget recommendations for decision by the full Council on 18 February 2010.

Background and Advice

Consultation process

In September 2009 the Cabinet agreed a two stage consultation process for the 2010/11 budget and the financial strategy for future years:

- Stage 1, to December 2009: consultation on broad areas where:
 - Services which might be maintained or enhanced;
 - Services which might be reduced or withdrawn;
 - Services for which charges might be introduced or increased;
 - Specific areas where efficiencies might be sought.

- Stage 2, January 2010: consultation on specific budget proposals for 2010/11 and future years.

The Local will recall participating in Stage 1 of the process, including submitting a consultation response to the Cabinet for consideration on 7 January. In the light of those consultation responses, and of the overall financial strategy and of currently forecast resources, on 7 January the Cabinet made specific revenue budget and capital investment proposals for 2010/11 and future years. Those revenue and capital proposals are set out in the sections below; consultation responses on the proposals are requested before 4 February, when the Cabinet will again consider the budget and make final proposals which will then be considered by the full Council on 18 February 2010 in setting the revenue and capital budgets for 2010/11.

The 2010/11 Revenue Budget

When Cabinet previously 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 itself and ranged from a further £62m - £126m in total for the three years 2011/12 – 2013/14, dependent upon the level of government grant received.

Following a very extensive review of the budget in the intervening period by Executive Directors and Cabinet members, the position proposed by Cabinet on 7 January included:

- no increase in council tax in 2010/11, and a planning assumption of 2.5% increases in following years;
- Efficiency savings of £21.7m in 2010/11, the full year effect rising to £36.7m in 2011/12; details are set out in Annex 1 to this report;
- provision for the increase in demands on services brought about by legislative and demographic changes, adding a further £9m to the County Council's costs in 2010/11;
- an expectation of no increase in inflation for pay and general prices in 2010/11, saving £1.5m
- for consultation, policy options for service reductions totalling £1.5m, set out in Annex 2 to this report;
- for consultation, options for increasing income through charging totalling £0.3m, set out in Annex 3 to this report.

There remains 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, in particular in relation to the level of government grant, with commentators' predictions varying considerably but all forecasting very significant reductions in public expenditure.

Following the balanced budget proposed for 2010/11 summarised above, for the subsequent three years 2011/12 to 2013/14, the financial outlook for 2011/12 – 2013/14 has been updated. Compared with the figures noted at the beginning of this section for further budget reductions required, current forecasts are that the County Council will need to make **further** savings of between £46m (which would depend on

a 2% increase in government grant – now thought to be highly unlikely) and £108m (with 5% reductions in government grant). **These further reductions are in addition to the efficiency savings identified as part of the 2010/11 budget process and the further budget options proposed by the Cabinet.**

Capital investment strategy 2010/11 to 2013/14

The Cabinet has agreed a four year capital strategy, enabling consideration of investment priorities over the medium term and ensuring both revenue and capital spending plans are closely aligned. The strategy reflects both the new Administration's priorities and the need to continue investment in County Council assets critical to the effective delivery of services.

As with the forecast of future revenue resources, it is anticipated that there will be significant pressure on the level of government support for capital spending as a result of the expected tightening of public finances. It is generally forecast that capital resources will come under even greater pressure than revenue. The majority of government support for capital projects is provided for school and transport schemes: forecasts for these capital resources reflect a 50% reduction in the three financial years 2011/12 to 2013/14. Resources for 2010/11 are not expected to change.

The strategy continues the policy of "passporting" capital resources allocated by the Government for schools and transport schemes to those services. Over the four year period the forecast capital investment resources available total £176m; **excluding** the schools and transport resources passported to those services, the available general resources total £53m. The strategy does not include any additional prudential borrowing to fund capital schemes.

The strategy builds in a level of over programming (approving schemes to a value greater than resources immediately available) to reduce the risk to delivery of the significant slippage that has happened in previous years.

The investment proposals comprise:

- Annual Programmes of capital investment needed to keep the organisation working. Examples include meeting inspection requirements, replacing vehicles and maintaining buildings. In addition there is specific provision for proposals to generate savings through reduced energy and water consumption.
- Specific scheme starts which concentrate on delivering investment priorities.

The resulting capital investment strategy of annual programmes and specific schemes totalling £58.8m is set out in Annex 4 to this report. This includes overprogramming of some £6m against the forecast resources available of £53m; any over programming does not increase the level of resources available, and ultimately progress on schemes will need to be carefully monitored and managed to ensure that spend remains within the resources available.

Schemes within the Schools and Transport Blocks are dealt with through separate processes driven by the Schools Asset Management Plan and the Local Transport Plan, and are not considered in this report.

Consultations

This report forms part of a formal consultation process.

Implications:

This item has the following implications, as indicated:

Risk management

Any budget needs to balance the various financial and service risks facing the County Council. The budget consultation process of which this report forms part will inform the consideration by the County Council of where that balance should lie.

Any representations made to the Directorate prior to the issue being considered in accordance with the Public Notice of Forward Plans

Name:	Organisation:	Comments:
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N/A

Local Government (Access to Information) Act 1985 List of Background Papers

Paper	Date	Contact/Council/Tel
The County Council's 2010/11 revenue budget and capital investment strategy	Reports to LCC Cabinet, 7 January 2010	Phil Maynard Resources Directorate Lancashire County Council (01772) 534747

Reason for inclusion in Part II, if appropriate

N/A

2010/11 Efficiency Plan

Efficiency Plan - Summary		
	2010/11	2011/12
	£m	£m
Adults and Community Services	7.651	15,620
Directorate for Children and Young people	6.875	11.513
Directorate for the Environment	4.564	6.480
Office of the Chief Executive	0.785	1.074
Resources Directorate	0.939	1.089
County Buildings	0.600	0.600
Corporate Expenditure	0.304	0.304
Overall Total	21.718	36.680

Efficiency Plan - Adult and Community Services

	2010/11	2011/12
	£m	£m
<p>Reduction in Directorate Headcount Overall 15% reduction in management posts across the directorate excluding service areas with specific savings options where headcount forms a significant part of their achievement. For illustrative purposes this equates to approx 80 fte posts.</p>	1.250	3.000
<p>Rationalise Adult Provision – Day Centre Care Staff Convert remaining Day Centre Officer posts to Community Support Workers to reflect reconfiguration of service and changing nature of the service provision.</p>	0.350	0.350
<p>Improve efficiency in Reablement service Savings to be achieved through a combination of improving the efficiency of the reablement service itself and reducing the pressure on the independent sector domiciliary budget as a result of significantly increasing the number of referrals to the service and continued achievement of positive outcomes (around 60% of people who have been through the reablement service do not need an ongoing service).</p>	0.400	1.100
<p>Implementation of Retail Model for Community Equipment The implementation of the retail model for community equipment across Lancashire, where simple aids to daily living will be provided by retail outlets via a prescription rather than provided on loan from centrally held stores. Provision of very small items of equipment will no longer be funded – reducing the running costs of the Joint Community Loan Stores and the purchase costs of the very small items.</p>	0.413	0.800
<p>Reduced sickness absence resulting in less Agency staffing expenditure. Estimated saving on Agency costs if sickness levels brought down to the County Council's average</p>	0.140	0.140
<p>Review of Social Care Block Contracts</p>	0.400	0.400

Align remaining social care block contracts to reflect actual usage levels		
Social Care Fee Uplifts	4.132	8.264
Uplifts on social care fees are calculated using an agreed methodology. The estimated saving is based on moving away from this methodology and paying a 0.5% increase in each of the next 2 years on residential, nursing, day and domiciliary budgets across all providers.		
Review High Cost Residential Placements	0.220	0.660
Review of high-cost residential placements including Out of County placements with negotiated reductions in costs - 10 cases in 2009/10 and 50 in each of following 2 years at an average saving of £6k per placement per annum.		
Rationalisation of in-house provider services / removal of LCCG residential subsidy	0.200	0.500
Lancashire Record Office	0.006	0.006
Combination of reduced spend on transport and staff travel, reduced annual contribution to the development fund and termination of grants to local record publications societies		
Cultural Services Management Restructure	0.040	0.200
A review and integration of Cultural Services (archives, arts, libraries and museums) will result in a reduction of management posts at senior and middle levels without having direct impact of the customer experience of using frontline services.		
New book supply contracts	0.100	0.100
Total	7.651	15.620

Efficiency Plan - Children and Young People

	2010/11	2011/12
	£m	£m
<p>Impact of Fostering review and procurement processes on the agency placement budget for Children Looked After</p> <p>- Impact of Fostering Review Reduce the total cost of Looked After Children placements agency budget resulting from investment made in the service as part of the Fostering Strategy in 2009/10. This will increase the number of in-house foster carers and thereby reduce the need to purchase more expensive external agency placements.</p> <p>- Procurement Processes Discounts achieved through improved procurement process for agency placements.</p>	1.544	2.885
<p>Utilisation of grant funding to support Directorate priorities Re-prioritisation of the use of grant funding to support existing rather than new activities.</p>	2.200	3.289
<p>Impact of Adoption Review A restructure of the Adoption teams and a current recruitment focus should result in an increase in the number of Looked After Children being placed with adoptive parents. This will reduce the cost to the Authority of placements made with external agencies.</p>	0.685	1.374
<p>Capitalisation of costs associated with the Building Schools for the Future programme. Charge to capital all costs that meet the required definition of 'directly attributable costs'</p>	0.400	0.400
<p>Increased income by traded services Increased income from a range of services within the Directorate.</p>	0.200	0.325
<p>Reduced costs through the continuation of the general spend less initiative.</p>	0.743	0.743

Continuation of the Directorate's spend less programme.		
Savings on contracts for the Young People's Service through improved procurement and commissioning arrangements	0.093	0.093
Review of current commissioning arrangements within the Young People's Service in order to identify efficiency savings through targeting future commission to key priorities.		
Review office accommodation and premises currently used for the direct delivery of Young People's Service activities (YPS).	0.100	0.200
To relocate, wherever possible, from existing YPS rented accommodation to alternative more cost saving arrangements. To review the current use of YPS premises by other services, groups and organisations to ensure that their use is on a full cost recovery basis.		
Savings resulting from restructuring of the Directorate for Children and Young People.	0.500	1.584
Restructure of the Directorate which will lead to a reduction in the number of posts held.		
Review service provision and resource allocation in the Young People's Service in relation to Prevention and Inclusion, and Open Access and Information Advice and Guidance	0.210	0.420
Review resource allocation and revise working practices within Prevention and Inclusion, Open Access and Information Advice and Guidance. This will ensure that resources are appropriately focused on targeted young people and to statutory duties. It is expected that this will result in efficiency savings through a reduction in staffing requirements for IAG work in the field.		
Cease Text Processing services	0.200	0.200
Total	6.875	11.513

Efficiency Plan – Environment

	2010/11	2011/12
	£m	£m
<p>Directorate Restructure Redesign of the Environment Directorate to create a more efficient modern organisation which is responsive to local needs and sustainable in the longer term. Likely to result in staff reductions of around 92 posts.</p>	1.625	3.251
<p>Consolidation and reduction of consultants/studies budgets</p>	0.092	0.092
<p>Review travel booking and accommodation arrangements</p>	0.030	0.030
<p>Public Transport timetables printing budget Public Transport timetables printing budget (consolidate and make better use of electronic means etc), advertising & reducing contribution/fee to Passenger Transport Information call line.</p>	0.020	0.048
<p>Rationalisation of Financial Administration due to introduction of Oracle Financials</p>	0.100	0.143
<p>Charging out the costs of Transport Regulation Orders where possible</p>	0.070	0.070
<p>Review of Directorate ICT support plus income generation</p>	0.045	0.091
<p>Reduction in Business and Performance Management staffing</p>	0.038	0.052
<p>Waste growth revised assumptions</p>	0.100	0.100
<p>Rationalisation of County Analysts service towards a more commercial delivery model</p>	0.040	0.40
<p>Review expenditure on road safety promotions and education</p>	0.232	0.232
<p>Renegotiate or competitively tender school crossing patrol service</p>	0.058	0.100

Better procurement of the highway safety inspection work	0.090	0.090
Improve recovery rate for charges levied for damages to highways assets	0.170	0.170
Streamlining Operational procedures in street lighting reporting/asset management	0.100	0.100
Reduce spending in Roads/Bridges Teams on Agency staff, travel and supplies and services	0.136	0.136
Rationalise daily response teams	0.400	0.400
Better route planning for gully emptying	0.100	0.100
Reduce contribution to public liability provision due to reduction in claims due to inspection regime	1.000	1.000
Remove the inefficiencies caused by the formal internal contractor/client relationship for highway maintenance	0.118	0.235
Total	4.564	6.480

Efficiency Plan - Office of the Chief Executive

	2010/11	2011/12
	£m	£m
<p>Stop paper payslips Stop providing paper payslips. Make the payslip available on-line for employees to access and print off should they want a hard copy. Savings in printing and postage</p>	0.050	0.050
<p>Restructure of the counselling service Replacing 4 staff (3.2FTE) in the counselling service with an EAP (employee assistance programme/24/7 telephone counselling service) should improve the responsiveness of the service.</p>	0.030	0.030
<p>Restructure delivery of Equality & Diversity service Combining the Equality and Diversity (employment) team with the Policy unit Equality and Diversity team should enable efficiencies to be achieved to the value of one post.</p>	0.036	0.036
<p>Rationalise delivery of training through use of e-learning With a further investment to enable the development of a full suite of e-learning packages to replace a significant proportion of face to face delivery, this would release two Learning and Development staff from 2011/12 onwards to generate income. Income generation would be through the sale of training programmes to other Councils and partners. <u>Risk Associated</u> It should be noted that the position of public sector finances may dramatically reduce the amount of external training being purchased and thereby impact on the team's income generating capacity.</p>	0	0.066
<p>Outsource VCFS grants Outsource VCFS grants work to external partner. This option would require the outsourced service to be self funding. <u>Risks Associated</u> Whilst there is a risk of a lower level of grant to recipient bodies the outsourcing of VCFS grants is a model which has been introduced successfully in other authorities</p>	0	0.044
<p>General saving on supplies & services spend</p>	0.031	0.035

Reduced support to Lancashire Partnership	0.007	0.026
Reduction in performance related activity and support for Lancashire Partnership which will generate savings in supplies and services		
Review of Democratic Services	0.128	0.128
The proposals involve the centralisation and reorganisation of functions which will allow for savings to be made, in particular by disestablishing a number of posts when the current postholders retire over the course of the next 12 months.		
Business Services review within OCE	0.280	0.360
Management Restructure within the HR service	0.189	0.235
Restructure of customer service delivery within the HR service	0.034	0.064
Restructuring of the HR service to reduce posts in the customer service delivery areas such as HR advisers, employee engagement and workforce planning advisers, health and safety adviser and ICT trainer. The majority of savings will be realised from 2012/13 onwards (£0.361m)		
Total	0.785	1.074

Efficiency Plan – Resources Directorate

	2010/11	2011/12
	£m	£m
Delete post – Director of Business Improvement	0.120	0.120
Additional income from VAT recovery Development of pro-active work programmes in relation to VAT compliance for both internal and external clients resulting in an overall reduction in the County Council's VAT liability.	0.060	0.060
Additional debt recovery income	0.020	0.020
Rationalisation of ICT infrastructure This option is a culmination of procurement savings following standardisation, use of E-Auctions and the proposed transfer of budgets and decisions on refreshing PC's, laptops, tablets etc to a corporate decision maker rather than individual business managers. In addition, further procurement savings will arise from the proposed merger of the CLEO and Corporate Data Networks	0.500	0.500
Restructure ICT senior Management	0.100	0.100
Improved procurement of Repair & Maintenance	0	0.150
Rationalise building condition surveys & e-drawings This will involve a switch to dilapidation surveys from the current room to room full survey. There is a risk that the loss of information may reduce the ability to establish the extent of problems should significant issues occur.	0.100	0.100
Rationalise working practices on sports ground safety	0.039	0.039
Total	0.939	1.089

Efficiency Plan – County Buildings			
		2010/11	2011/12
		£m	£m
Vacate Red Rose Hub	Total	0.600	0.600
		0.600	0.600

Efficiency Plan – Corporate Expenditure			
		2010/11	2011/12
		£m	£m
Reduce conferences expenditure (members)		0.019	0.019
Reduce subsistence & expenses claims (members)		0.034	0.034
Replace internal chauffeur service		0.061	0.061
Reduce consultancy/corporate marketing		0.190	0.190
	Total	0.304	0.304

2010/11 Service Policy Options

	£m	£m
Adult and Community Services		
Withdraw trailer library service	0.080	0.100
Reduction in book acquisition fund	0.200	0.200
Reduction in Arts grants allocation	0.055	0.055
	0.335	0.355
Children and Young Peoples Directorate		
Reprioritise grant to support directorate priorities	0.312	0.312
Review of Children's Homes	0.345	0.345
	0.657	0.657
Directorate of the Environment		
Use proportion of P&D income to support	0.100	0.100
Reduce consumer advice/civil law activities	0.054	0.054
	0.154	0.154
Office of the Chief Executive		
Closure of Brussels Office	0.016	0.062
Reduce corporate policy related support	0.042	0.042
Reduce performance management support	0.084	0.084
End use of the mobile unit vehicle	0.023	0.023
Revise arrangements for Overview & Scrutiny Committees	0.082	0.082
Review corporate communications and marketing	0.125	0.250
Reduce cabinet question time by 50%	0.020	0.020
	0.392	0.563
TOTAL POLICY OPTIONS	1.538	1.729

Adult & Community Services - Libraries	2010/11	2011/12	2012/13	2013/14
	£m	£m	£m	£m
Withdraw trailer library service and review mobile library routes to cover	0.080	0.100	0.100	0.100
State whether full or partial cessation: Partial				
Staffing effect: 2 posts fte – 1 scale 3/5 and 1 scale ½				
Impact on services commission for budget spend and on service users: Use of a trailer is not a cost-effective form of delivery of library services. Proposal is to take the remaining trailer off the road during 2009/10 and replace with a mobile library service. Routes and vehicles will then be reviewed with a view to running the service more economically by regarding the fleet as a single County-wide resource. There would be a reduction in service to the individuals in those communities currently using the trailer. The service is currently provided one full day per week at Croston, two full days per week at Banks, and one full day plus one morning per week at Gregson Lane. The replacement service offered would probably be one half day per site per fortnight.				
Risk associated with delivering option: There will be dissatisfaction among current users whose access to the Service is limited by the changes.				
Impact on CAAS/star rating, KPIs, Environmental Impact Assessment, etc: There may be some effect on the satisfaction rating from users who feel they are no longer receiving the same level of service. There would also be a minor reduction in opening hours which affects the Public Library standard on “Aggregate scheduled opening hours per 1,000 pop'n for all libraries”. Current performance is 119 against a standard of 128.				
Impact on any locality issues: The library service is a service highly regarded by local communities and there have been examples of dissatisfaction from communities in the past that have received extensive press coverage eg, Caton and Waterfoot library closures in the 2005/6 budget cuts.				
Any other issues: The trailer is over 20 years old and, in the opinion of the County's Fleet Manager, needs an investment of £6,000 - £8,000 urgently to keep it active, but needs replacing within two to three years. This proposal is to withdraw the trailer service completely and to deliver the service to these three communities from an existing mobile library. This will not only have a saving on existing costs, but will mean we do not have to find an additional £100,000-plus cost for a replacement. In addition the library manager for the trailer is to retire next year so part of the staffing costs would go immediately.				

Adult & Community Services - Libraries	2010/11	2011/12	2012/13	2013/14
	£m	£m	£m	£m
Reduction in Resources Fund (Book Acquisition Fund)	0.200	0.200	0.200	0.200
State whether full or partial cessation: Partial				
Staffing effect: None				
Impact on services commission for budget spend and on service users:				
Examples of the way in which the Resources Fund could be adjusted include:				
Resources Fund (Reference Materials)				
<p>As part of the structure review and in line with the Service's move towards online services, we have been developing an Online Reference Library. There are many advantages to the delivery of reference services online, not least the ability to deliver services across the whole network of libraries instead of relying on access to hardcopy books on shelves in a limited number of libraries. One of the effects of subscribing online to major reference sources instead of holding them in hardcopy is that prices are reduced overall. For instance, to provide a multi-volume encyclopaedia in each of 20 libraries might cost in the region of £16,000 where an online subscription for all libraries to the same source might cost £10,000. Overall during the development of the Online Reference Library we have been able to provide a better service at less cost. Without withdrawing resources from other areas of stock, therefore, it would be possible to reduce the existing Resources Fund by £60,000.</p>				
Resources Fund (Newspapers and Periodicals)				
<p>The Service spends a proportion of its acquisition fund on the purchase of newspapers and periodicals; the current spending in this area is approximately £126,000. This option is to reduce that fund by about a third, thus saving £40,000 in a full year.</p>				
<p>Libraries have always offered newspapers and magazines for readers to look at in the library. Magazines range from the very ephemeral and popular to the academic; newspapers from the serious national daily to the local weekly. While newspapers and magazines are very popular with readers, much of what is on offer is now available on-line. Each of the national newspapers has an online site in addition to the availability online of other major news broadcasters such as the BBC. At the same time, many other sites are available which take the traditional role filled by newspapers and magazines – most notably job adverts and accommodation searching. It would therefore be possible to review the newspapers and magazines purchased with a view to reducing expenditure by a third without any real loss of service. A review and consultation could be carried out to focus the remaining fund where it would be most useful to users. Ephemeral magazines concentrating purely on leisure pursuits would be targeted first.</p>				
<p>The Resources Fund for 2009/10 is £2,967,000.</p>				
<p>Across the Service, the impact of the introduction of the Online Reference Library should be positive in that a wider range of services can be provided across the whole network of libraries. Inevitably, however, there are some users who regard a move from hardcopy to online resources as a bad move and have already complained to the County Council and through local newspapers. Equally, reducing the numbers of magazines</p>				

and newspapers in libraries would not significantly reduce the service offered, but it would certainly give that impression to the section of the library community who are regular readers. We must be prepared for complaints from users who see the refurbishment of libraries and the introduction and updating of computers as being at the cost of the books and newspapers & magazines that they see as the traditional heart of the service.

Risk associated with delivering option:

Low risk to achievement but high risk of complaint. On the reference stock side, the investment in the new services is already being made. There will be more complaints from users unconvinced that we are offering a better service in the longer term. In terms of newspapers & magazines, it is easily deliverable as a cost-saving option, but there will certainly be complaints from users.

Impact on CAAS/star rating, KPIs, Environmental Impact Assessment, etc: Minimal. The changes to reference would hardly impinge on Standards for purchase of materials and in the longer term might have a positive effect on satisfaction rates. Reducing newspapers & magazines would not impinge on Standards for purchase of materials but would have a negative effect on satisfaction rates.

Impact on any locality issues: The change in the delivery of information through online materials has resulted in a number of complaints from customers, some of whom have complained directly to their district and county councillors.

Any other issues: Reducing the Resources Fund at all, particularly in the light of the O&S Task Group recommendation to maintain it at its current level at least, may be seen as a risk. It may be possible to do some consultation with readers over which titles should be reduced or cancelled to reduce the number of complaints.

Adult & Community Services - Arts Development Service	2010/11	2011/12	2012/13	2013/14
	£m	£m	£m	£m
Reduction in overall arts grant allocation of 10% over 2 years. The allocation for 09/10 is £554k.	0.025	0.050	0.050	0.050
State whether full or partial cessation: partial				
Staffing effect: None to the Arts Development Service. Potential impact on staffing in some organisations in receipt of grants.				
Impact on services commission for budget spend and on service users:				
<p>The proposal is for the following reductions:</p> <p>2010/11: £5k from sum ringfenced for public art (£25k) and £20k from project and development grants 2011/12: a further £25k from project and development grants</p> <p>This makes a total reduction of £50k over 2 years.</p> <p>In the current financial year the total allocation for public art and project and development is c£152k. By 2011/12 this would reduce to c£102k.</p> <p>This reduction would result in:</p> <ul style="list-style-type: none"> • The loss of a minimum of £50,000 in additional investment, as all LCC's arts allocation is at least matched by other funding sources. The amount of other funding levered in 2008/9 was over 600% of the amount given as project and development grants i.e. an estimated loss of over £300k from other funding sources should the £50k reduction be approved. • Fewer people participating in creative activities across Lancashire, particularly within areas of deprivation, with consequent detrimental impact on wellbeing and quality of life. • A significant reduction in the number, scale and range of creative activities available in Lancashire. • Diminished ability of Lancashire Arts Development Service (LADS) to respond to local need. • A reduction in inward investment to the County, particularly from the Arts Council of England, which currently invests over £2 million in Lancashire. LCC's own support for creative activity is key to attracting this investment. • Reduction in investment would diminish LCC's influence in partnerships with Arts Council England NW, NWDA, district authorities etc. • A reduction in the scope to develop new initiatives with particular target groups for example young people, older people, disabled people 				

and those experiencing ill health.

- A limit to LCC's ability to support arts developments within a wide range of both arts and non arts organisations.
- Loss of employment within the creative industries sector.

Risk associated with delivering this option

Impact on CAAS/star rating, KPIs, Environmental Impact Assessment, etc:

- An adverse impact on LADS' contribution to the delivery of the corporate Culture Strategy.
- A reduction in the County Council's influence within strategic partnerships, particularly with Arts Council England NW, NWDA, and district authorities.
- A reduction in the County Council's capacity to promote and respond to strategic and developmental arts initiatives.

Impact on any locality issues:

The initiatives supported within public art and project and development grants vary from year to year, depending on where applications come from. Examples of projects and programmes being supported in 2009/10 include:

Burnley Youth Theatre – Running the Show (£8k)
Folkus – Lancashire Folk Music Programme (£4k)
Fylde BC - Youth Music Programme (£1.5k)
Library & Information Service – Creative Programme (£15.8k)
Ludus Dance – Rossendale Community Residency yr 2 (£2.8k)
Preston DISC – Disability Arts Festival (£8k)
South Ribble BC - Arts Inclusion Programme (3.5k)

All decisions on individual grant applications and proposals are taken by the Cabinet Member which will determine which applications are / are not supported in future.

The proposed reduction would lead to:

- A reduction in the County Council's influence within strategic partnerships, particularly with Arts Council England NW, NWDA, and district authorities.
- A reduction in the County Council's capacity to promote and respond to strategic and developmental arts initiatives.
-

Any other issues:

In December 2006 the Communities and Partnerships O&S Committee considered proposals to reduce the level of arts grant support by £25,000. The Committee noted that the grants generated additional external funding for Lancashire and resolved that the Cabinet member be asked to seek Cabinet approval to maintain the current level of investment in Arts Development. This was subsequently approved.

The Overview and Scrutiny Management Committee, in approving a request to form a task group to consider Arts Development in more detail, noted the value of the arts to the economy and the potential for the arts to link to other initiatives such as the Youth Offer and Extended Services.

The Task Group concluded that the arts and creative industries make a key contribution to the economy, community cohesion and wellbeing in Lancashire and saw evidence of the community impact delivered by the arts through a range of arts organisations, district authorities and other partners. In addition it recognised the significant leverage of other funds into the authority obtained by the arts allocation and proposed that this should have a higher profile within the achievements of the Authority.

Directorate for Children and Young People	2010/11	2011/12	2012/13	2013/14
	£m	£m	£m	£m
<p>Policy option: Phasing out grant funded support when various community based projects end.</p> <p>The Children's Fund commissions short term intervention projects which are time limited to 31st March 2011. It is anticipated that there will be savings as current projects complete their work during the forthcoming year or project staff leave before the end of the project and are not replaced.</p> <p>Many of the projects commissioned by the Children's Fund are neighbourhood based. Examples of specific projects supported are Lancashire Parenting and the Group Intervention Project.</p>	0.312	0.312	0.312	0.312
State whether full or partial cessation: []				
Staffing effect: []				
Impact on services commission for budget spend and on service users:				
<p>Risk associated with delivering option: Risks are limited and will tend to focus on the future of the Children's Fund beyond March 2011 rather than the short term issues.</p>				
<p>Impact on CAAS/star rating, KPIs, Environmental Impact Assessment, etc: Relationship with VCFS</p>				
<p>Impact on any locality issues: Many projects are locality based.</p>				
<p>Any other issues: None noted</p>				

Directorate for Children and Young People	2010/11	2011/12	2012/13	2013/14
	£m	£m	£m	£m
<p>Policy option: Review of all aspects of staffing of the Authority's Children's homes and residential units, the review is to consider:</p> <ul style="list-style-type: none"> • Reduction in management posts in each home • Option of a manager managing more than one home • Deletion of one Team Manager level post (reduce from 4 to 3) • Review and consider joint allocation of admin and other back office staff to homes. • Review of the provision of meals to staff. • Employment of casual staff pool to reduce overtime costs 	0.345	0.345	0.345	0.345
State whether full or partial cessation: Part cessation of service				
Staffing effect: Equivalent to approximately 9 staff being redeployed/redundant				
Impact on services commission for budget spend and on service users: Some of the above options may be possible to implement with only minimal impact on the young people who live in the Children's Homes. Others such as increasing occupancy would need legal advice and discussion with OfSTED.				
Risk associated with delivering option: There will be a need to ensure that any changes are compliant with the legal and regulatory frameworks for Children's Home. Placing an additional young person in a children's home may impact negatively on the young people already resident there.				
Impact on CAAS/star rating, KPIs, Environmental Impact Assessment, etc: All Children's homes are inspected at least twice yearly by OfSTED. Reductions in their management levels may impact negatively on OfSTED judgements. This could have a knock on effect on CAAS and star ratings.				
Impact on any locality issues: Likely to be minimal although residents in the vicinity of homes affected may be unhappy if it is perceived that supervision levels in the homes have been reduced.				
Any other issues: Whilst some of the potential savings identified will come directly from this budget area. An increase in places would lead to a reduction in the budgets within targeted services.				

Directorate for the Environment	2010/11	2011/12	2012/13	2013/14
	£m	£m	£m	£m
Policy option: Highways and Environmental Management Utilise a proportion of pay and display parking income to support mainstream highways improvement projects.	0.100	0.100	0.100	0.100
State whether full or partial cessation: Partial				
Staffing effect: None				
Impact on services commission for budget spend and on service users: Presently any surplus arising from the pay and display parking income (after deducting all parking enforcement costs) is available to Lancashire Locals to commit to additional expenditure on highways maintenance. Under this option £100,000 less will be available in future years as additional expenditure. The surplus income from Pay & Display is £300,000 per annum. Presently, £120,000 of this is committed as a contribution to parking enforcement. This option would result in only £80k being available to supplement expenditure on Highway improvements.				
Risk associated with delivering option: None				
Impact on CAAS/star rating, KPIs, Environmental Impact Assessment, etc: None				
Impact on any locality issues: Less surplus resources will be available to Lancashire Locals to spend on local priorities.				
Any other issues: Any surplus above £100,000 arising in any financial year will remain available to the Lancashire Locals.				

Directorate for the Environment	2010/11	2011/12	2012/13	2013/14
	£m	£m	£m	£m
Policy option: Trading Standards Reduction in consumer advice and civil law activities	0.054	0.054	0.054	0.054
State whether full or partial cessation: Partial				
Staffing effect: 2 FTE				
Impact on services commission for budget spend and on service users: Possible small reduction in service to Lancashire consumers contacting Service for help/advice which should be absorbed by Consumer Direct Call Centre and slight reduction in work identifying and tackling trade malpractices/frauds. These two posts are vacant presently.				
Risk associated with delivering option: None				
Impact on CAAS/star rating, KPIs, Environmental Impact Assessment, etc: Local PI for consumer satisfaction levels should be maintained as Consumer Direct supports the interface with the 20,000 plus Lancs. residents seeking help from the Lancashire Service				
Impact on any locality issues: Possibly a reduction in our ability to jointly promote (with District/regional partners) key consumer protection messages and initiatives e.g. Consumer Awareness events etc.				
Any other issues:				

Office of the Chief Executive	2010/11	2011/12	2012/13	2013/14
	£m	£m	£m	£m
Policy option: Closure of Brussels office and re-design of European/international policy support	0.016	0.062	0.062	0.062
State whether full or partial cessation: PARTIAL				
Staffing effect: -1				
Impact on services commission for budget spend and on service users: Potential loss of influence through lobbying on European matters and ability to attract European funding				
Risk associated with delivering option: Reputational risk through reduced presence & reduction in European funding opportunities				
Impact on CAAS/star rating, KPIs, Environmental Impact Assessment, etc: Limited				
Impact on any locality issues: Limited				
Any other issues: Savings in rental spread over two financial years due to lease arrangements (actual costs reduced by associated loss of income from SLAs). Staff currently based in Brussels would be redeployed to Preston but would visit Brussels on an agreed basis.				

Office of the Chief Executive	2010/11	2011/12	2012/13	2013/14
	£m	£m	£m	£m
Policy option: Reduce capacity to undertake corporate policy related support and advice	0.042	0.042	0.042	0.042
State whether full or partial cessation: PARTIAL				
Staffing effect: -1				
Impact on services commission for budget spend and on service users: A reduction of posts within the team will impact on the ability to provide advice and support across the policy areas.				
Risk associated with delivering option: May impact on the county councils ability to meet key priorities				
Impact on CAAS/star rating, KPIs, Environmental Impact Assessment, etc: Most of the cross cutting policy areas are significant in LAA terms. Capacity would be reduced, but this would be managed in a way that would minimise CAA impact				
Impact on any locality issues: N/A				
Any other issues: The reduction in Staffing numbers may have potential one-off redundancy costs				

Office of the Chief Executive	2010/11	2011/12	2012/13	2013/14
	£m	£m	£m	£m
Policy option: Reduce capacity to undertake performance management related support and advice	0.084	0.084	0.084	0.084
State whether full or partial cessation: PARTIAL				
Staffing effect: -2				
Impact on services commission for budget spend and on service users: Support on Performance Management Framework for directorates' will reduce.				
Risk associated with delivering option: Will need to reallocate work within team to ensure risks are minimised				
Impact on CAAS/star rating, KPIs, Environmental Impact Assessment, etc: Limited				
Impact on any locality issues: None				
Any other issues: The reduction in Staffing numbers may have potential one-off redundancy costs				

Office of the Chief Executive - Policy Unit DFM	2010/11	2011/12	2012/13	2013/14
	£m	£m	£m	£m
Policy option: Cease the use of the mobile unit vehicle so will generate savings in running and maintenance costs	0.023	0.023	0.023	0.023
State whether full or partial cessation: FULL				
Staffing effect: 0				
Impact on services commission for budget spend and on service users: The ability of the county council to engage at a local level maybe criticised by citizens, partners and inspectors. This option also needs to be considered in the context of the corporate communications and marketing review.				
Risk associated with delivering option: Reputational risk – may be perceived as being remote				
Impact on CAAS/star rating, KPIs, Environmental Impact Assessment, etc: The ability of the county council to engage at a local level maybe weakened and criticised by external inspectors				
Impact on any locality issues: As above				
Any other issues: None				

Office of the Chief Executive – County Secretary & Solicitors' Group DFM	2010/11	2011/12	2012/13	2013/14
	£m	£m	£m	£m
Policy option: Revise arrangements for Overview and Scrutiny Committees	0.082	0.082	0.082	0.082
State whether full or partial cessation: PARTIAL				
Staffing effect: -2				
<p>Impact on services commission for budget spend and on service users: Legislation requires councils to make provision for one or more scrutiny committees but the current pattern and number is a matter for local discretion and in theory at least one O&S committee could discharge all scrutiny functions provided the committee has power to review and scrutinise all executive and non-executive functions. The broad legal duties of scrutiny are:</p> <ul style="list-style-type: none"> • To be a consultee on health service reorganisations • To review and scrutinise matters relating to the health service • To scrutinise Crime and Disorder Partnerships • To deal with calls for action • To operate call-in <p>A revised pattern of O & S committees, based on a reduction from the existing 5 committees to 4, could be introduced, either by combining the Management Committee and Communities Committee, or by following LAA theme groups. Both options would involve a reduction in the frequency of committee meetings to about 30 per year and a reduction in the number of task groups to about 6 per year. There are currently about 45-50 committee meetings a year and some 10-15 task groups. In either case the revised structure would produce efficiency savings based on a reduced staffing requirement</p>				
<p>Risk associated with delivering option: The Council may be criticised for not placing enough emphasis upon the scrutiny function</p>				
<p>Impact on CAAS/star rating, KPIs, Environmental Impact Assessment, etc: Previous inspection regimes have examined the arrangements made for scrutiny</p>				
<p>Impact on any locality issues: None</p>				
<p>Any other issues: The reduction in staffing numbers may have potential one-off redundancy costs</p>				

Office of the Chief Executive - Policy Unit DFM	2010/11	2011/12	2012/13	2013/14
	£m	£m	£m	£m
Policy option: Corporate review of Communications & Marketing	0.125	0.250	0.250	0.250
State whether full or partial cessation: New service will be implemented				
Staffing effect: to be determined				
Impact on services commission for budget spend and on service users:				
<ul style="list-style-type: none"> ▪ The Executive Leadership Team (ELT) has agreed to unify the council's marketing and communications staff and budgets within a new corporate communications service covering media, internal communications, marketing services and e-communications and working within a strategy and work plan agreed by ELT. ▪ The decision follows the recommendations of the recent marketing review, which identified the need to improve the planning, co-ordination, cost effectiveness and delivery of our communications & marketing work. ▪ A project group has been established to fully design the structure, roles and duties of the new communications function, agree the HR and financial processes and manage the transition to the new arrangements. Service managers and communications/marketing specialists will be part of this project group. 				
Risk associated with delivering option:				
The implementation is still at a formative stage and the project group has started to work on developing the new structure and ways of working. This is a complex project with many interdependencies that are in the process of being evaluated to determine the relative impact. The project group will report progress to ELT on a regular basis.				
Impact on CAAS/star rating, KPIs, Environmental Impact Assessment, etc:				
The new structure and arrangements will improve the 'one council' approach and improve the county council's reputation.				
Impact on any locality issues:				
Any other issues				
The reduction in staffing numbers may have potential one-off redundancy costs				

Office of the Chief Executive - Policy Unit DFM	2010/11	2011/12	2012/13	2013/14
	£m	£m	£m	£m
Policy option: Reduce Cabinet Question Time by 50% which will result in savings in venue and other associated costs	0.020	0.020	0.020	0.020
State whether full or partial cessation: PARTIAL				
Staffing effect: 0				
Impact on services commission for budget spend and on service users: The ability of the county council to engage at a local level maybe criticised by citizens, partners and inspectors. This option also needs to be considered in the context of the corporate communications and marketing review.				
Risk associated with delivering option: Reputational risk – may be perceived as being remote				
Impact on CAAS/star rating, KPIs, Environmental Impact Assessment, etc: The ability of the county council to engage at a local level maybe weakened and criticised by external inspectors				
Impact on any locality issues: As above				
Any other issues None				

2010/11 Charging Policy Options

<u>Charging options - Summary</u>	£'m	£'m
Children and Young Peoples Directorate		
CYP: Charging Bank Account Schools for Statutory reconciliations	0.060	0.060
Directorate of the Environment		
Env: Fee income from minerals & waste site monitoring	0.020	0.020
Resources Directorate		
Res: Review charging to Lancashire Pension fund	0.220	0.220
TOTAL CHARGING OPTIONS	0.300	0.300

Directorate for Children and Young People	2010/11	2011/12	2012/13	2013/14
	£m	£m	£m	£m
<p>Charging option: Introduce charging to bank account schools for the statutory reconciliation of accounts.</p> <p>Introduce charging to bank account schools</p> <p>There are currently 65 schools in Lancashire which operate individual bank accounts. Work by the Combined Finance Team is required to reconcile the transactions between the individual school's finance system and the Authority's financial ledger. There is currently no charge for this work which costs around £60k. The option would be to introduce charges to the schools for this service at a cost of £900 per school.</p>	0.060	0.060	0.060	0.060
State whether full or partial cessation: Introduction of charging				
Staffing effect: Nil				
Impact on services commission for budget spend and on service users: Schools will have to find the funds from their Individual Schools Budget Share.				
Risk associated with delivering option: There are no risks to this option. The Authority's financial ledger is the system used for the production of the statutory accounts and so a condition of having a bank account is that all transactions must be reconciled to the Authority's ledger.				
Impact on CAAS/star rating, KPIs, Environmental Impact Assessment, etc: None.				
Impact on any locality issues: Schools are facing a tighter financial outlook and there may be some resistance to this proposal.				
Any other issues: None noted.				

<u>Directorate for the Environment</u>	2010/11	2011/12	2012/13	2013/14
	£m	£m	£m	£m
Charging Option: Strategic Planning and Transport Increase fee income through pro-active programme of minerals and waste site monitoring.	0.020	0.020	0.020	0.020
State whether full or partial cessation:				
Staffing effect: Nil				
Impact on services commission for budget spend and on service users:				
Risk associated with delivering option: None noted				
Impact on CAAS/star rating, KPIs, Environmental Impact Assessment, etc: None.				
Impact on any locality issues: None noted				
Any other issues: None noted.				

<u>Resources Directorate</u>	2010/11	2011/12	2012/13	2013/14
	£m	£m	£m	£m
Charging Option: Reassessment of charges for services made to the Lancashire Pension Fund by the Pensions Administration and Treasury Management Teams. This can be implemented in 2009/10	0.220	0.220	0.220	0.220
State whether full or partial cessation:				
Staffing effect: Nil				
Impact on services commission for budget spend and on service users:				
Risk associated with delivering option: None noted				
Impact on CAAS/star rating, KPIs, Environmental Impact Assessment, etc: None.				
Impact on any locality issues: None noted				
Any other issues: None noted.				

2010/11 – 2013/14 Capital Investment Strategy

Cabinet resolutions, 7 January 2010:

The Cabinet resolves to:

1. Note the forecast level of capital resources available over the next four years, and to agree that, in order to minimise future slippage, a level of over-programming (up to a maximum of £10m) will be incorporated within the capital investment strategy over the next four years.
2. To consult on a proposed four year capital investment programme of new starts to deliver the following schemes:

	Funding Proposed £000	Directorate
Annual Programmes (total cost over the four years)		
General Improvement Programme	1,268	Adult and Community Services
Structural maintenance of buildings	5,400	Resources
Disabled Persons Needs-adaptations to County Buildings	252	Resources
Children and young people general improvement programme	1,268	Children and Young People
Acquisition replacement of plant and transport	14,000	LCCG
Environmental, Recreation and Community Projects	320	Environment
Energy/Water Conservation Programme	2,000	Resources
2010/11 New Starts		
Burnley and Jameson Road Household Waste Recycling Centres	410	Environment
Wycoller Sewage System	200	Environment
County Buildings Fire Detection upgrade	80	Resources
Combined LD/PDSI Resource Centre Accrington	2,489	Adult and Community Services
Ormskirk New Register Office	1,021	Adult and Community Services
Farrington Household Waste Recycling Centre	2,260	Environment
Old Vicarage Children's Home Padiham	1,005	Children and Young People
Contribution to the Preston Guild Wheel 2012	1,016	Environment
Additional Investment in Highways	5,000	Environment

	Funding Proposed £000	Directorate
2011/12 New Starts		
Extra Care sheltered housing at Hill Top, Baxenden	200	Adult and Community Services
Modernisation of LD Day Care Services Whiteledge Centre	3,153	Adult and Community Services
Grant/Loan to Pennine Lancashire Development company	612	Corporate
Grant/Loan to Fylde Coast MAA regeneration company	721	Corporate
Libraries Regenerate Phase 4	1,000	Adult and Community Services
Additional Highways Allocation	5,000	Environment
2012/13 New Starts		
Libraries Regenerate Phase 5	1,000	Adult and Community Services
Additional Highways Allocation	5,000	Environment
2013/14 New Starts		
Modernisation of LD Day Care Services - Crossways Centre	3,123	Adult and Community Services
Libraries Regenerate Phase 6	1,000	Adult and Community Services
Total Proposed Schemes	58,798	