

Cabinet – 5 January 2012

Report of the County Treasurer

Electoral Division affected: All

The County Council's Budget 2012/13 and 2013/14 (Appendix 'A' refers)

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Executive Summary

The County Council agreed a three year financial strategy on 16 February 2011, covering the financial years 2011/12 to 2013/14. The strategy delivers savings of £179.1m over the three years, with a focus on protecting front line services to the most vulnerable members of the community.

Good progress is being made in 2011/12, and a combination of the early achievement of savings, together with a reduction in costs, has delivered savings which have been set aside to support investment in residential and day care facilities for older people, and facilities for the provision of respite care for children with disabilities.

The financial strategy also included further below the line savings in 2013/14, which are to be agreed as part of the 2012/13 budget process. In addition, a number of budget pressures impacting upon both 2012/13 and 2013/14 have been identified, including:

- The fall out of the council tax freeze grant for 2012/13 in 2013/14, and
- Cost pressures in relation to waste disposal.

The Chancellor of the Exchequer announced the Autumn Statement on 27 November 2011. This statement revised the forecasts for economic growth in the UK economy and set out that reductions in public spending would continue into 2015/16 and 2016/17. In overall terms public spending will reduce in real terms by 0.9% in both of these years (in line with the savings in the current Comprehensive Spending Review (CSR)). However, it is worth noting that for the current CSR, local government funding will reduce by 7¼% in each of the 4 years.

The government published the draft Local Government Settlement for 2012/13 on 8 December 2011, which confirmed that the County Council's funding would remain unchanged for 2012/13 from that announced as part of the two year settlement in December 2010. However, uncertainty remains with regards to the level of funding topsliced from the County Council's settlement to fund academies' central costs.

The first stage of the budget consultation process has now been concluded, and the responses are summarised in the report.

Recommendations

Cabinet is asked to:

- (i) Note the budget pressures in relation to 2012/13 and 2013/14, and endorse the proposals to meet these pressures as set out in the report (with further detail at Annexes 'A', 'B' and 'C') to go out to the second stage of consultation following this meeting, until 2 February 2012, when the Cabinet will consider its final budget recommendations to make to the Full Council on 16 February 2012.
- (ii) Note that uncertainty still exists as to the impact of the Secretary of State for Education's decision on academies' funding for central costs in 2012/13, and that Cabinet will be updated as soon as further information becomes available.
- (iii) Consider what recommendation it wishes to make on the determination of the 2012/13 Schools Budget.
- (iv) Note the level of one-off resources available in 2012/13, and to consider any proposals for the use of this one-off funding.

Background and Advice

See attached report at Appendix 'A'.

Consultations

See attached report at Appendix 'A'.

Implications:

This item has the following implications, as indicated:

Risk management

See attached report at Appendix 'A'.

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

Name:	Organisation:	Comments:
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N/A		
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**Local Government (Access to Information) Act 1985
List of Background Papers**

Paper	Date	Contact/Directorate/Tel
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N/A		
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Reason for inclusion in Part II, if appropriate

N/A