

Cabinet - 9 January 2014

Report of the County Treasurer

Electoral Division affected: All

Money Matters: The 2014/15 Budget and Financial Strategy 2015/16 to 2017/18
(Appendices 'A' and 'B' refer)

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Executive Summary

Over the past few months, the Cabinet has considered a number of reports setting out both the level of financial challenge facing the Council over the next four years, and the proposals to deliver savings. The scale of financial challenge facing the Council is unprecedented, with savings of £300m, the equivalent of almost 40% of the current year's budget, needed over the next four years. 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 £642m 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.

To achieve this, the Cabinet has resolved to consult on proposals to deliver a balanced budget in 2014/15 and develop a financial strategy for the following three years.

This report provides Cabinet with the details of the Local Government Finance Settlement for 2014/15 and 2015/16, which was announced on 18 December 2013. The provisional settlement for 2014/15 is £0.4m more than the level forecast, and in 2015/16 is some £1.1m higher than anticipated.

Whilst specific grants are generally in line with expectations, it is of significance that there appears to be no funding for the Council's Care and Urgent Needs Support Scheme for 2015/16.

This report also provides an update for Cabinet on progress in bridging the savings gap and asks Cabinet to consider its proposals for a balanced budget for 2014/15 and the approach to the next stage in the consultation process for the revenue budget for 2014/15.

Recommendations

Cabinet is asked:

- (i) To note the impact of the Local Government Finance Settlement which was published on 18 December 2013 on the level of Council resources for 2014/15 and 2015/16;
- (ii) To note the District Councils' provisional forecast of the surplus of £4m on the 2013/14 Council Tax account and agree that this be added to the Council's downsizing reserve;
- (iii) To note the level of the Council's share of the 2014/15 returned New Homes Bonus top-slice of £0.583m and agree that this be added to the Council's downsizing reserve;
- (iv) To note the proposed re-phasing of proposals that brings £2.182m of savings in to 2014/15 with the consequential impact of reducing the savings delivered in 2015/16 by £2.182m, the reductions in cost base that have been identified of £0.970m in 2014/15 and the further efficiency savings of £2.967m in 2014/15;
- (v) To consider any proposals for the revenue budget and council tax for 2014/15 for formal consultation following this meeting until 6 February 2014 when the Cabinet will consider its final budget recommendations to make to the Full Council on 20 February 2014;
- (vi) To formally consult the following organisations in relation to the 2014/15 budget proposals:
 - The 12 Borough and City Councils within Lancashire,
 - The Police and Crime Commissioner for Lancashire,
 - Lancashire Constabulary,
 - The Lancashire Combined Fire Authority
 - The unitary councils of Blackburn with Darwen and Blackpool
 - The recognised Trades Unions,
 - The Lancashire Youth Council,
 - The Lancashire Enterprise Partnership,
 - Other representative bodies of Lancashire business
- (vii) In relation to the Schools Budget, agree that:
 - i. The County Council's allocation of Dedicated Schools Grant (DSG) is applied in its entirety to the Authority's Schools Budget and not to supplement the Schools Budget from other resources available to the Authority, and
 - ii. The detailed allocation of resources within the Schools Budget should be determined at a later date by the Cabinet Member for Children, Young People and Schools in consultation with the interim Executive Director for

Children and Young People and the County Treasurer in conjunction with the Lancashire Schools Forum.

- (viii) To note the Council's capital programme for 2014/15 and future years; and
- (ix) To approve the addition of £0.080m to the capital programme in respect of Environmental and Community projects and the consequential increase in the level of over-programming.

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 - December 2013	George Graham, County Treasurer's Directorate (01772) 538102

Reason for inclusion in Part II, if appropriate

N/A