

Cabinet - 8 January 2015

Report of the County Treasurer

Electoral Division affected: All

Money Matters - The 2015/16 Budget and Financial Strategy 2016/17 to 2017/18
(Appendices 'A' and 'B' to 'M')

Contact for further information:

Gill Kilpatrick, (01772) 534715, County Treasurer's Directorate

gill.kilpatrick@lancashire.gov.uk

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 three years, and the Chief Executive and her Management Team's service offer proposals which set out in an open and transparent way, what can be delivered within the resources available, and the proposals to deliver the level of savings required.

The Council continues to face significant challenges as a result both of the demand for its services and the wider public finance environment. This results in the Council having a net budget available of £669m in 2017/18 compared to £758m for 2014/15. Taking into account fees, charges and other sources of income, the Council will have total resources available to invest in services of £1.1billion. After taking into account the savings agreed by Full Council in February 2014, over the three years 2015/16 to 2016/17, the Council needs to make further savings of £176m.

In the Autumn Statement the Chancellor stated that austerity is expected to continue until 2019/20. The government's fiscal assumption is that Total Managed Expenditure (TME) in 2016/17 and 2017/18 will fall in real terms at the same rate as between 2010/11 and 2014/15 and TME will remain flat in real terms up to 2019/20. Therefore non-protected departments, of which local government is one, will see the same rate of funding reductions as those experienced since 2010.

The Council recognises that to be sustainable and deliver for our communities the Council will need to change. At its meetings in November and December 2014, Cabinet published for consultation the service offer proposals developed by the Chief Executive and her Management Team. The Cabinet resolved to consider the responses to this consultation before publishing their budget proposals for consultation.

This report provides Cabinet with updates on matters affecting the Council's financial position, including the details of the Local Government Finance Settlement for 2015/16, which was announced on 18 December 2014. The provisional

settlement for 2015/16 will result in the Council's resources for 2015/16 being £0.202m lower than forecast.

Recommendations

Cabinet is asked:

- (i) To note the impact of the Local Government Finance Settlement which was published on 18 December 2014 on the level of Council resources for 2015/16;
- (ii) To consider any proposals for the revenue budget and council tax for 2015/16 for formal consultation following this meeting until 5 February 2015 when the Cabinet will consider its final budget recommendations to make to the Full Council on 12 February 2015;
- (iii) To note the formal notification from Defra of the termination of the waste infrastructure grant with effect from 31 July 2014, and the Council's proposed legal challenge. Cabinet is asked to agree that balances of £5.990m be set aside in 2015/16 to provide financial cover for this.
- (iv) To formally consult the following organisations in relation to the 2015/16 budget proposals:
 - The County Council's Budget Scrutiny Committee
 - The Office of the Police and Crime Commissioner
 - The Lancashire Combined Fire Authority
 - Recognised Trade Unions
 - Borough, City and Unitary Councils in Lancashire
 - Third Sector Lancashire
 - Association of Parish Councils
 - Lancashire Safeguarding Children's Board
 - Lancashire Care Association
 - The Older People's Forum
 - The Chamber of Commerce
 - The Lancashire Enterprise Partnership
 - Healthwatch Lancashire
 - The Clinical Commissioning Groups
 - Young People's Engagement Forums
- (v) 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.
--

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 2014	George Graham, County Treasurer's Directorate (01772) 538102

Reason for inclusion in Part II, if appropriate

N/A