

## Cabinet - 8 January 2015

### Resolutions

Item 5 - Money Matters – The 2015/16 Budget and Financial Strategy for 2016/17 to 2017/18

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#### Resolved:-

Cabinet resolves:

1. To note the update on the Council's position for 2015/16 and future years following the publication of the Local Government Finance Settlement for 2015/16 on 18 December 2014.
2. To note that the Council will have estimated resources over the period 2015/16 to 2017/18 as follows, to invest in services for the communities of Lancashire:

**Table 1 – Estimated Resources 2015/16 to 2017/18**

	<b>2015/16 £m</b>	<b>2016/17 £m</b>	<b>2017/18 £m</b>
Total Resources	1,154.104	1,134.166	1,114.232
Income from Fees, Charges and Specific Grants	442.974	444.677	445.569
Net Resources	711.130	689.489	668.663

Table 1

3. To note that funding from the Government through business rates and revenue support grant has fallen from £351.2m in 2014/15 to £298.8m in 2015/16, a reduction of 18%. It is recognised that government funding will fall further in future years, and in overall terms, the forecast of Government resources is a 7% reduction per year in 2016/17 and 2017/18. However, for business rates and revenue support grant only anticipated reductions of 8% in 2016/17, and 9% in 2017/18 have been planned for within the Cabinet's budget proposals.
4. To note that, at the same time the Council is facing increases in its costs over the next 3 years, and as a result, must make further savings of £176.8m, as set out in the table below.

**Table 2 – Profile of Savings 2015/16 to 2017/18**

	<b>2015/16 £m</b>	<b>2016/17 £m</b>	<b>2017/18 £m</b>	<b>Total £m</b>
<b>Level of Savings Required</b>	79.793	51.560	45.520	176.873

Table 2

5. To note that these reductions are in addition to the savings agreed by Full Council in February 2014 of £139m, bringing the total savings required over the period 2014 to 2018 to £315m.
6. To propose, for consultation, that the funding available be invested in the following service offers over the next three years. The detail of each service offer is set out in Appendix A to these resolutions, with further detail of the investment within each service offer, set out in Annex 1.

**Table 3 – Proposed Investment in Services 2015/16**

<b>Service Offer</b>	<b>Gross Budget 2015/16  (The amount we propose to spend)  £m</b>	<b>Income 2015/16  (The amount we expect to receive)  £m</b>	<b>Net Budget 2015/16  (The cost to the County Council)  £m</b>
<b>Cost of Being in Business</b>	152.534	(75.201)	77.333
<b>Service Offer Proposals</b>			
Social Care	494.685	(119.486)	375.199
Other Services We Provide To Adults	16.979	(3.698)	13.281
Coroners Service	2.159	-	2.159
Public Health & Wellbeing	105.064	(75.610)	29.454
Other Services For Children & Young People	115.294	(60.792)	54.502
Highway Services	75.316	(44.498)	30.818
Bus & Rail Travel	42.002	(8.864)	33.138
Waste Management	104.908	(20.152)	84.756
Other Environment Services	16.500	(10.629)	5.871
Cultural Services	20.460	(5.130)	15.330
Economic Development and Skills	19.571	(18.913)	0.658
<b>Total for the Service Offers</b>	<b>1,012.938</b>	<b>(367.772)</b>	<b>645.166</b>
<b>Grand Total</b>	<b>1,165.472</b>	<b>(442.973)</b>	<b>722.499</b>

Table 3

**Table 4 – Proposed Investment in Services 2016/17**

<b>Service Offer</b>	<b>Gross Budget 2016/17  (The amount we propose to spend)  £m</b>	<b>Income 2016/17  (The amount we expect to receive)  £m</b>	<b>Net Budget 2016/17  (The cost to the County Council)  £m</b>
<b>Cost of Being in Business</b>	164.750	(75.201)	89.549
<b>Service Offer Proposals</b>			
Social Care	487.207	(120.554)	366.653
Other Services We Provide To Adults	16.736	(3.698)	13.038
Coroners Service	2.169	-	2.169
Public Health & Wellbeing	96.128	(75.610)	20.518
Other Services For Children & Young People	112.044	(60.358)	51.686
Highway Services	75.473	(44.498)	30.975
Bus & Rail Travel	43.395	(9.029)	34.366
Waste Management	106.250	(20.150)	86.100
Other Environment Services	15.519	(10.535)	4.984
Cultural Services	18.214	(5.130)	13.084
Economic Development and Skills	19.747	(19.913)	(0.166)
<b>Total for the Service Offers</b>	<b>992.882</b>	<b>(369.475)</b>	<b>623.407</b>
<b>Grand Total</b>	<b>1,157.632</b>	<b>(444.676)</b>	<b>712.956</b>

Table 4

**Table 5 – Proposed Investment in Services 2017/18**

<b>Service Offer</b>	<b>Gross Budget 2017/18</b>  <b>(The amount we propose to spend)</b>  <b>£m</b>	<b>Income 2017/18</b>  <b>(The amount we expect to receive)</b>  <b>£m</b>	<b>Net Budget 2017/18</b>  <b>(The cost to the County Council)</b>  <b>£m</b>
Cost of Being in Business	160.915	(75.201)	85.714
<b>Service Offer Proposals</b>			
Social Care	480.406	(121.423)	358.983
Other Services We Provide To Adults	17.337	(3.698)	13.639
Coroners Service	2.179	-	2.179
Public Health & Wellbeing	90.347	(75.610)	14.737
Other Services For Children & Young People	111.862	(59.886)	51.976
Highway Services	76.534	(44.498)	32.036
Bus & Rail Travel	44.906	(9.200)	35.706
Waste Management	107.795	(20.119)	87.676
Other Environment Services	15.827	(10.890)	4.937
Cultural Services	16.815	(5.130)	11.685
Economic Development and Skills	19.974	(19.913)	0.061
<b>Total From Service Offers</b>	<b>983.982</b>	<b>(370.367)</b>	<b>613.616</b>
<b>Grand Total</b>	<b>1,144.897</b>	<b>(445.569)</b>	<b>699.329</b>

Table 5

7. To note that given the scale of the financial challenge, the level of savings required cannot be achieved without impacting upon services. In terms of our services, the Service Offer proposals reflect the need to manage demand more effectively, particularly in relation to social care, offering earlier help for those who need it and ensuring that preventative services are effective. Helping people earlier in life will build resilience and promote self-help as communities take a greater role in delivering support and improving outcomes. Central to the new Service Offer is the need for the Council to work more closely with communities and partners to develop new ways of delivering services, targeting and combining public services where they can be the most effective.
8. To note that the savings which will be delivered by each service offer, over each of the next three years, are summarised in the table below, with greater detail set out in Appendix 'B'.

**Table 6 – Phasing of Savings 2015/16 to 2017/18**

<b>Service Offer</b>	<b>Total Savings</b>	<b>2015/16 Savings</b>	<b>2016/17 Savings</b>	<b>2017/18 Savings</b>
	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>
Cost of Being In Business	7.818	3.380	1.706	2.732
Social Care	66.390	19.455	21.779	25.156
Other Services We Provide To Adults	5.252	5.141	0.111	-
Coroners Service	0.171	0.171	-	-
Public Health & Wellbeing	23.183	8.882	7.904	6.398
Other Services For Children & Young People	9.845	5.615	3.265	0.965
Highway Services	5.395	4.445	0.736	0.214
Bus & Rail Travel	0.739	0.658	0.081	-
Waste Management	20.053	18.000	1.053	1.000
Other Environment Services	1.656	1.310	0.304	0.042
Cultural Services	5.263	0.920	2.529	1.814
Economic Development and Skills	0.443	0.443	-	-
<b>Grand Total</b>	<b>146.208</b>	<b>68.420</b>	<b>39.468</b>	<b>38.321</b>

Table 6

9. To propose a council tax increase of 1.99% in 2015/16, raising further revenue for the Council of £7.474m in 2015/16
10. To set aside £3.9m from the Council's reserves to support the revenue budget in 2015/16.
11. To note that, as set out in paragraph 5, the savings required are in addition to those agreed by Full Council in February 2014, and to note the full impact of this previous decision, together with the proposed savings from the service offers proposals on the Council's financial position, as shown below in table 7:

	2014/15 £m	2015/16 £m	2016/17 £m	2017/18 £m	Total £m
<b>Total Savings Required</b>	<b>76.000</b>	<b>100.846</b>	<b>73.767</b>	<b>64.773</b>	<b>315.386</b>
Savings agreed at Full Council February 2014	(76.000)	(21.053)	(22.207)	(19.253)	(138.513)
<b>Further Savings Required</b>	-	79.793	51.560	45.520	176.873
Savings Arising from the Service Offers and reductions in the cost of being in business		(68.420)	(39.468)	(38.321)	(146.208)
Council Tax increase at 1.99%		(7.474)	-	-	(7.474)
Use of Balances		(3.899)	3.899	-	-
<b>Remaining Gap</b>		-	<b>15.991</b>	<b>7.199</b>	<b>23.190</b>

Table 7

12.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 legal challenge, and agree that balances of £5.990m be set aside in 2015/16 to provide financial cover, if required.

13.To formally consult the following organisations on the Cabinet's proposals, with responses to be received by the 4 February 2015, to enable Cabinet to consider all responses at the meeting of the Cabinet on 5 February 2015, when Cabinet will formally recommend its budget proposals for 2015/16 to Full Council.

- The County Council's Budget Scrutiny Working Group
- The Office of the Police and Crime Commissioner
- The Lancashire Combined Fire Authority
- Recognised Trade Unions
- Borough, City and Unitary Councils in Lancashire
- Lancashire Members of Parliament
- Third Sector Lancashire
- Parish Councils and the Lancashire Association of Local Councils
- Lancashire Safeguarding Children's Board
- Lancashire Care Association
- The Older People's Forums
- The Chamber of Commerce
- The Lancashire Enterprise Partnership
- Healthwatch Lancashire

- The Clinical Commissioning Groups
- Young People's Engagement Forums

14. To thank the Chief Executive and her Management Team for the hard work that has developed the proposed service offers published for formal consultation today. Cabinet has considered the feedback received, and has not incorporated savings identified by the Chief Executive and her management team in relation to the cessation of subsidised local bus services, and discretionary subsidies for home to mainstream school transport.
15. To task the Chief Executive and her Management Team to continue to identify opportunities for reducing the Council's costs through the development of innovative ways of working, including working with partners to mitigate the financial and service risks facing the Council in future years.
16. To consider the Council's capital programme for 2015/16 and future years at the meeting of Cabinet on 5 February 2015, when all announcements on capital funding are known.
17. To bring a report back to Cabinet in 2015/16 on the results of the Spending Review 2015, which will be published by the Government following the General Election, and in the meantime, to prepare alternative funding scenarios to enable longer term financial planning for the Council.
18. That, in relation to the Schools Budget, Cabinet agrees 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.