

Lancashire County Council

Cabinet

Thursday 7 January 2010, in Cabinet Room 'B', County Hall, Preston at 2.00 p.m.

Agenda

Part 1 (Open to Press and Public)

1. Minutes

(a) [Special Meeting held on 30 November 2009](#)

Copy enclosed.

(b) [Meeting held on 3 December 2009](#)

Copy enclosed.

2. Disclosure of Personal and Prejudicial Interests

Members are asked to consider any Personal/Prejudicial Interests they may have to disclose to the meeting in relation to matters under consideration on the Agenda.

Matters for Decision

3. The Leader of the Council

- County Councillor Geoff Driver

(a) [Revenue Budget 2010/11](#)

(b) [Capital Investment Strategy 2010/11 to 2013/14](#)

(c) [Directorate Financial Recovery Plans 2009/10](#)

Miscellaneous Matters

4. Urgent Business

An item of urgent business may only be considered under this heading where, by reason of special circumstances to be recorded in the Minutes, the Chairman of the meeting is of the opinion that the item should be considered at the meeting as a matter of urgency. Wherever possible, the Chief Executive should be given advance warning of any Member's intention to raise a matter under this heading.

5. Date of Next Meeting

The next meeting of the Cabinet is to be held on Thursday 21 January 2010 at 2.00 p.m. at County Hall, Preston.

Ged Fitzgerald
Chief Executive

County Hall,
Preston

Lancashire County Council

Cabinet

Minutes of the Special Meeting held on Monday 30th November 2009 at 9.30 a.m. at the County Hall, Preston

Present: -

County Councillor Geoff Driver – Leader of the Council (In the Chair)

Cabinet Members

County Councillor Tim Ashton
County Councillor Albert Atkinson
County Councillor Mike Calvert
County Councillor Mrs Susie Charles
County Councillor Mark Perks
County Councillor Keith Young

County Councillors Charlie Briggs and Kevin Ellard were also present in accordance with the provisions of Standing Order No. 19 (4).

Exclusion of the Press and Public

39. Resolved: - That the Press and Public be excluded from the meeting under Section 100A (4) of the Local Government Act 1972, during consideration of the following item of business on the grounds that there would be a likely disclosure of exempt information as defined in the appropriate paragraph of Part 1 of Schedule 12A to the Local Government Act 1972, as indicated against the heading to the item.

Equal Pay Review

(Note: Reason for exclusion – exempt information as defined in Paragraphs 4 and 5 of Part 1 of Schedule 12A to the Local Government Act, 1972. It was considered that in all the circumstances of the case the public interest in maintaining the exemption outweighed the public interest in disclosing the information)

A report was presented on the Equal Pay Review

40. Resolved:- That:-

- (a) The Full Council be recommended to agree the proposed new Pay and Terms and Conditions of Employment as set out at Appendix A of the report, now presented, for the purposes of consultation with employees and the Trade Unions
- (b) The Full Council be recommended to agree to serve notice on the recognised Trades Unions under Section 188 of the Trade Unions and Labour Relations (Consolidation) Act 1992 [TULR(C)] to commence collective consultation on the proposed new Pay and Terms and Conditions Framework set out at Appendix A and the possible dismissal of staff
- (c) In relation to the payline and grading structure, the Full Council be recommended to authorise the Director of Human Resources to consult with the Trade Unions on the basis previously agreed, that the total remuneration package (including back pay and pay protection) must be affordable and achievable
- (d) The Full Council be recommended to agree to serve notice on the Secretary of State of the proposed dismissal of employees as required by section 193 of TULR(C).
- (e) A further Report be presented to the Cabinet upon the conclusion of the consultation process to report the outcomes and to agree the further action to be taken.

Ged Fitzgerald
Chief Executive

County Hall,
Preston.

Lancashire County Council

Cabinet

**Minutes of the Meeting held on Thursday 3rd December 2009 at 2.00 p.m.
at the County Hall, Preston**

Present: -

County Councillor Geoff Driver – Leader of the Council
(In the Chair)

Cabinet Members

County Councillor Tim Ashton
County Councillor Albert Atkinson
County Councillor Mrs Susie Charles
County Councillor Mark Perks
County Councillor Keith Young

Lead Members

County Councillor Malcolm Barron
County Councillor Keith Iddon
County Councillor Mike France
County Councillor Michael Green

County Councillors Charlie Briggs and Kevin Ellard were also present in accordance with the provisions of Standing Order No. 19 (4).

Apologies were received from County Councillor Mike Calvert

Awards

The Leader of the Council was pleased to report that the following awards had been received:-

National Personnel To-Day – An award for HR impact in relation to the work done by the County Council's HR Service in relation to economic and worklessness priorities across Lancashire.

Local Government Chronicle Finance Award for Quality of Service (Pension Funds).

Confirmation of Minutes

41. Resolved:- That the Minutes of the Meeting held on the 8th October 2009 be confirmed and signed by the Chairman.

Disclosure of Personal and Prejudicial Interests

None declared.

Management of Attendance – Quarterly Report

A report was presented on the management of attendance for the period July to September 2009.

The report indicated that:-

- The Target Days for 2009/10 represented a 10% reduction in sickness absence based on the 2008/9 Target.
- During the Quarter there had been a reduction in long term absence, with an overall reduction of 26%
- Compared to the same quarter last year, there had been a reduction of almost 8% in the number of employees absent between 6 to 12 months, and no change for sickness absences beyond 12 months.
- Stress remained the top reason for absence.
- There had been an overall increase in the percentage of employees with no sickness absence year on year.

42. Resolved:- That the report be noted.

Lancashire Economic Development Strategy – Consultation on Framework of Priorities

A report was presented outlining progress with partner consultations on the County Council's Framework of Priorities, which would inform and underpin the Lancashire Economic Development Strategy.

The Framework of Priorities, that had been endorsed by the Cabinet on 8th October, had a deadline for partner responses of 18th November. However, following extensive discussions with many of the key partners, it was clear that there would be significant value in extending the consultation period by one month to allow some key partners more time to consider the County Council's priorities. This extension would not unduly delay the development of the Strategy, which would be launched in early 2010.

43. Resolved:- That the report be noted and that approval be given to the extension of the period for partner consultation on the County Council's Statement of Priorities until 18th December 2009.

Revised Treasury Management Policy

A report was presented that outlined a Revised Treasury Management Policy, including the Treasury Management Borrowing Policy, Investment Policy, and Revised Counterparty List. The proposed revisions set out in the report were proposed in the light of the turbulence in the financial markets and were intended to better focus the Council's Treasury Management activities in

reducing the financial risks to the County Council and improving financial returns on investments.

44. That the revised Treasury Management Policy as set out in the report, now presented, be endorsed and recommended to the Full Council for approval.

Review of Commitments against the 2009/10 and Earlier Years Capital Programme

A report was presented on a review that had been conducted of the schemes contained within the 2009/10 Capital Programme to identify the schemes which were not yet contractually committed. In considering the report, the Cabinet was asked to consider the relative priority of those schemes and whether resources within the programme could be saved or redirected to meet specific priorities identified by the administration.

45. **Resolved:-** That:-

- a) The schemes which are not yet contractually committed within the 2009/10 capital programme be noted.
- b) Variations to the 2009/10 Capital Programme be made as follows:

Programme Year	Scheme No.	Title	Amount of Variation £000	Remaining budget	
				<u>2009/10</u>	<u>2010/11</u>
<u>2006/07</u>					
	SS190	Joint Interview Suites	160		
<u>2007/08</u>					
	E1722	Residential Redesign	1,211	222	892
	CLB658	Area Office South	7,700		
<u>2008/09</u>					
	CLB679	Bailey Bridge	800		
	CLB697	Preston Travellers' site	30	29	
	CT161	Improved Customer Access	718	247	
	SS943	General Improvements	90	50	
	SS947	Lakeland View Replacement	1,845		
	LL623	New Records Office	3,000		1345
	RO28	New Registrar's Office – Ormskirk	1,021		
	G131	Depot Adaptations	500		
<u>2009/10</u>					
	E1797	General Improvement Programme	575	50	
	HT205	Travel Training	23	77	
	HT209	Information, Ticketing, Smart Cards	25	225	
	HT210	Interchanges	43	107	
	CLB699	Area Office East	2,000	5275	2075
Total			19.741	6.282	4.312

The total reduction in 2009/10 Capital programme = £19.741m

- c) The resources freed up by this reduction be added to the pool of capital resources to be considered as part of the 2010/11 – 2013/14 capital programme
- d) Cabinet notes that any scheme deleted at this point may be brought back for consideration as part of future year's capital programme provided the scheme satisfies corporate priorities.
- e) The Executive Director for Resources be asked to produce guidelines for the future management of the capital programme from 2010/11 onwards.

Progress of the Capital Programme – Half year position

A report was presented on the Half Year position in relation to the monitoring of the Capital Programme.

The report highlighted where key priorities would be delivered and provided explanations for the variations against the programme.

Monitoring of progress would continue throughout the year with regular updates provided to the Cabinet.

46. Resolved:-

- a) That the forecast outturn position on the Capital Programme for 2009/10 be noted.
- b) That the proposed Scheme to develop a Street Lighting PFI Project at a cost of £100,000 as set out in the report, now presented, be approved.

Budget Monitoring 2009/10

A report was presented on the Half Year position in relation to the monitoring of the Revenue Budget 2009/10.

47. Resolved:-

- a) That the report be noted.
- b) That Executive Directors be requested to report on what corrective action they are taking to bring expenditure back on track by the end of the current financial year, and that the Executive Director for Resources be requested to present a further report to the Cabinet following consultation with Executive Directors on this issue.

Draft South Ribble Locality Plan 2009-11

The draft Locality Plan for South Ribble for 2009-11 was presented.

The Plan had been agreed on behalf of the Burnley Borough Council and recommended to the County Council for approval by the Lancashire Local – South Ribble.

48. Resolved:- That the draft South Ribble Locality Plan 2009-11, as now presented, be approved.

Lancashire County Council Responding to the Recession

A report was presented that outlined the activities/interventions that the County Council was delivering either alone or with partners, to respond to the impact of the recession on people and businesses across Lancashire.

Appendix A to the report detailed:

- The interventions that the County Council had put in place, re-shaped or re-targeted to support citizens who had been either directly affected by the recession or were at risk from its consequences.
- The wide range of activities undertaken by Lancashire County Development Limited and partners to support business and safeguard jobs.
- Other initiatives being delivered by the County Council that were contributing to the package of support and would help to focus resources in the future and to ensure that Lancashire was well placed to maximise on opportunities presented as there was a move into economic recovery.

49. Resolved:- That the report be noted.

Report on the Waiver of Procurement Rules by the Leader

50. Resolved:- That the report now presented on the waiver of Procurement Rules by the Leader be noted.

Reports of Key Decisions Taken by the Leader, Cabinet Members and the Lancashire Locals

51. Resolved:- That the reports now presented on Key Decisions taken by the Leader, Cabinet Members for Adult and Community Services, Children and Schools, Young People, Highways and Transport and the Lancashire Locals respectively, be noted.

Date of Next Meeting

The Cabinet noted that its next meeting would be held on Thursday 7th January 2009 at 2.00 p.m. at the County Hall, Preston.

Exclusion of the Press and Public

52. Resolved: - That the Press and Public be excluded from the meeting under Section 100A (4) of the Local Government Act 1972, during consideration of the following item of business on the grounds that there would be a likely disclosure of exempt information as defined in the appropriate paragraph of Part 1 of Schedule 12A to the Local Government Act 1972, as indicated against the heading to the item.

Environment Directorate Restructure - Update

(Note: Reason for exclusion – exempt information as defined in Paragraph 4 of Part 1 of Schedule 12A to the Local Government Act, 1972. It was considered that in all the circumstances of the case the public interest in maintaining the exemption outweighed the public interest in disclosing the information)

A report was presented that updated on the proposals for a Restructure of the Environment Directorate that had been agreed by the Cabinet in October 2009.

53. Resolved:- That the Cabinet:-

- a) notes the contents of this report.
- b) agrees to the use of generic job descriptions and roles as the basis for the new Environment Directorate structure.
- c) agrees to the proposed structure and proposed arrangements for the four fast track services as set out in the report and Appendices for consultation with staff.
- d) authorises the Executive Director of Environment to implement the new structure for the fast track service areas from 1 April 2010.
- e) requests the Executive Director of Environment, the County Secretary and Solicitor and the Director of Lancashire County Commercial Group to bring forward a report on options for the delivery of engineering services as soon as possible.

- f) delegates responsibility to the Executive Director of Environment in conjunction with the Deputy Leader and the Cabinet Members for Highways and Transport, Environment and Planning and the Chief Executive to continue to implement the restructure proposals, and
- g) requests a further report back in due course.

Ged Fitzgerald
Chief Executive

County Hall,
Preston.

Cabinet – 7 January 2010

Report of the Executive Director for Resources

Part I - Item No. 3 (a)

Electoral Division affected:
All

Revenue Budget 2010/11

(Appendix 'A' refers)

Contacts for further information:

Phil Halsall, (01772) 534701, Resources Directorate, phil.halsall@lancashire.gov.uk

Gill Kilpatrick, (01772) 534715, Resources Directorate, gill.kilpatrick@lancashire.gov.uk

Executive Summary

The Cabinet agreed the financial strategy for 2010/11 – 2013/14 at its meeting on 1 September 2009. At that time, the forecast of the level of savings that may be required over the next four financial years ranged from £78m - £142m, dependant upon the level of Government grant received. The forecast was at that time characterised by strong uncertainties over future costs and resources as a result of the current economic climate. This uncertainty still exists following the Chancellor's pre-budget announcement in December although it remains clear that public sector finances will come under extreme pressure following the general election whichever party is successful.

In September 2009, Cabinet requested that Executive Directors examine their budgets to consider the options for, and implications of, delivering a 10% reduction in budgets. Since September, the Cabinet and the Executive Leadership Team have been working to develop a set of budget proposals for 2010/11.

In addition, the forecast for 2010/11 and future years has been updated to include:

- provision for £21.7m of efficiency savings in 2010/11 rising to £36.7m in 2011/12;
- the increase in demands on services brought about by legislative and demographic changes, adding £9m to the County Council's costs in 2010/11;
- an expectation of a zero pay award in 2010, together with no increases in general inflation (RPI).

This results in a budget estimate of £727.026m in 2010/11 (an increase of 2.5% over 2009/10); which if agreed, would produce a council tax increase of 0.46%. Further savings of £1.966m are required to deliver the Cabinet's commitment of a zero council tax increase in 2010/11.

Appendix 'A' updates the financial forecast for the next four years, and sets out the high level of uncertainty and risk still being faced as a result of the current economic and pre-election climate. The highest area of financial risk faced in future years is the level of Government grant, with commentators' predictions varying considerably, but all forecasting the huge reductions in public expenditure.

For the period 2011/12 to 2013/14, current forecasts are that the County Council will need to make further savings of between £48m and £110m, dependant upon the level of government grant received. This is in addition to the efficiency savings identified as part of the 2010/11 budget process.

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

Recommendations

The Cabinet is asked:

- to note the efficiency savings of £21.7m in 2010/11, rising to £36.7m in 2011/12 ;
- to consider any proposals for the revenue budget and council tax for 2010/11 to go out for consultation following this meeting, until 4 February 2010 when the Cabinet will consider its final budget recommendations to make to the County Council on 18 February 2010;
- to consider what recommendation it wishes to make on the determination of the 2010/11 Schools Budget.

Background and Advice

See attached report set out at Appendix 'A'.

Consultations

See attached report set out at Appendix 'A'.

Implications:

This item has the following implications, as indicated:

Risk management

See attached report set out 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:

N/A

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

Paper	Date	Contact/Directorate/Tel
The Financial Strategy 2010/11 – 2013/14	September 2009	Gill Kilpatrick, Resources Directorate, (01772) 534715
Budget working papers	October - November 2009	Phil Maynard, Resources Directorate, (01772) 534747

Reason for inclusion in Part II, if appropriate

N/A

The 2010/11 Revenue Budget

1. The Financial Forecast 2010/11 – 2013/14

The Story So Far

This report provides Cabinet with an update on the County Council's financial position for the next four years, i.e. 2010/11 – 2013/14. When Cabinet considered this in September 2009 it was indicated that, this period is characterised by unprecedented levels of financial uncertainty resulting from:

- The government grant settlement in 2011/12 and beyond. The national economic picture and the uncertainty of public finances make it very difficult to predict the likely scale of future government support. The Chancellor's pre-budget speech in December provided no further certainty.
- Considerable uncertainty regarding future levels of both pay and price inflation although the pre budget speech has capped public sector pay awards at 1% for the next two years.
- The impact of interest rates on the future financial position due to conflicting views on the rate of recovery of the economy and interest rate levels.
- The level of future increases in contributions to the Pension Fund. Further confusion has also been created by announcements in the pre budget speech which mentioned the "capping" of employer contributions.

In addition, in September, pressures on the County Council's budget were identified in relation to:

- Significant demands in relation to children's social care due to the number of children referred to the service; and the significant rise in the number of initial assessments, child protection investigations and child protection plans.
- Pressures within Adult and Community Services in relation to Older People (driven by the expected demographic changes in the over 85 population, impacting on both residential and domiciliary care) and Physical Disability & Sensory Impairment (PDSI) services, relating to the development of direct payments and personalised budgets which has attracted more service users.
- The impact on the budget of the Waste PFI, which adds £42m to the budget in 2011/12, of which £38.5m is ongoing. However, management within Environment are seeking to reduce the costs of this and looking to increase trading income.
- The Treasury Management budget in previous years has supported the budget with significant interest receipts. The economic downturn has severely

reduced these with the economic uncertainty making the forecast of future interest rates impossible to predict with any accuracy and consequently representing a real risk within the forecast. However, the recent review of the Treasury Management Strategy will hopefully improve returns whilst reducing risk although these are still unlikely to match the average returns of the past 5 years.

In September, the forecast increase in spending needed to fund the pressures was:

	2010/11	2011/12	2012/13	2013/14
Forecast of increase in spending need	£20m	£59m	£27m	£27m
Increase on previous year	2.8%	8%	3.7%	3.7%

Given the uncertainty regarding the level of government grant the County Council is likely to receive, a sensitivity analysis was undertaken in September, highlighting the impact of varying levels of government support, ranging from a 2% increase in grant support to a 5% reduction. Within these scenarios, the level of on-going savings required to balance the budget ranged from **£79m to £142m** over the next 4 years, i.e. 11% to 30% of total net expenditure.

Of this total, a budget gap of **£16m** was identified in 2010/11. This was based on a working assumption of no increase in council tax in 2010/11 and increases of 2½% in the following years.

It is recognised that whilst business improvement is a key feature in driving savings out of the organisation, it is unlikely that the level of savings required can be met solely from efficiencies. In order to consider the most effective way to bridge the potential budget gap, Cabinet requested that Executive Directors consider the options for, and implications of, delivering a 10% reduction in budgets.

Update of the Financial Position for 2010/11 and Future Years

Since the Cabinet meeting in September, the Cabinet and the Executive Leadership Team (ELT) have been developing a set of budget proposals for 2010/11. This work culminated in a Cabinet/ELT workshop on 30 November considering the latest update on the financial position, including the work undertaken by Executive Directors to deliver further efficiency savings in 2010/11 and future years.

Given the level of uncertainty and risk surrounding some of the financial pressures highlighted above, officers have concluded a full assessment of increasing demands on services brought about by legislative and demographic changes. These will result in an overall increase in costs of around £7m to the base budget in 2010/11. This increases the savings requirement to £23m for the year.

The major areas of pressure which have led to this increase are:

- An expectation of increased prices in specialist areas in 2010/11 compared to that forecast in June 2009, offset by an expectation of a zero increase in both pay and general (RPI) prices in 2010/11.
- A higher level of demand for domiciliary care, direct payments and nursing care (offset by cost reductions in relation to residential and nursing care) above that forecast in June 2009
- Increased pressure on the Learning Disability Pooled Fund, with the cost reductions achieved in 2008/09 not being continued into 2009/10 and later years (as had been forecast in June 2009)
- Increasing pressures in relation to children's social care, with the significant increase in demand for agency placements, and subsequent costs, being seen in 2009/10 and expected to continue into 2010/11
- Pressures on Legal services, in particularly related to the increase in the number of children's social care court proceedings
- Savings not yet achieved in relation to the Preston Area Offices review.

As part of the review of future costs, Executive Directors have identified efficiency savings of £21.7m which will be delivered in 2010/11. When the full year effect of efficiencies is taken into account (as some have a lead in time which means the full benefit will not be realised until 2011/12), the total rises to £36.7m in 2011/12, a further £15m.

The estimate of the County Council's spending for 2010/11 therefore now includes provision for the following factors:

- Efficiency savings totalling £21.7m.
- The impact of a nil increase in pay and general price inflation (compared to the previous estimate of ½%) in 2010/11, resulting in a saving of £1.5m.
- The impact of increasing demands on services brought about by legislative and demographic changes, particularly in the areas of children's social care.
- As a result of the current economic climate, District Council treasurers have been indicating a deficit on the council tax collection fund, which means that the County Council will not receive as much council tax revenue as previously forecast. It has now been confirmed that the deficit will be maintained at the previous estimate of £1.1m.
- Again, as a result of the current economic climate, no increase in the council tax base was previously forecast for 2010/11. District Council treasurers are still considering their forecasts for 2010/11 and a verbal update will be provided at the meeting.

Taking these factors into account, a budget set at the budget estimates for 2010/11 would now produce a council tax increase of 0.46%.

The impact of these factors on the financial position for 2010/11 – 2013/14 is set out on the table below:

	2010/11	2011/12	2012/13	2013/14
Total spending need	£727m	£774.7m	£802m	£829.4m
Increase on previous year £m	£17.6m	£47.7m	£27.3m	£27.4m
Increase on previous year %	2.5%	6.6%	3.5%	3.4%

The table at Annex 1 sets out a summary of the estimate for 2010/11, which totals £727.026m (an increase of 2.5% over 2009/10). The Efficiency Plan set out in Annex 2 gives details of the £21.7m of efficiency savings. Details of the forecast for 2011/12 to 2013/14 are set out in Annexes 3 and 4.

Risks within the 2010/11 Budget

Uncertainty remains within the 2010/11 position; caused by the current economic climate and potential legislative changes which may impact upon the budget, in particular in relation to children's social care.

Uncertainty also remains regarding the level of pay inflation - the estimates for 2010/11 assume a nil increase in pay and general prices. The chancellor, in his pre-budget speech, announced a 1% cap on public sector pay over the next 2 years, but this may mean a differential pay award for groups of public sector workers. If a pay award is agreed nationally in 2010/11, then this will have to be met from within existing budgets. A ½ increase in pay in 2010/10 would increase costs by £1.3m.

A further risk in 2010/11 relates to the eventual impact of Job Evaluation and the Equal Pay Review, which is due to conclude in early spring 2010. The 2010/11 budget estimate contains provision for an increase in the pay bill, although the eventual impact will not be known until after the County Council has set its budget in February 2010. It is imperative that the outcome of the current negotiations is affordable – any further increase will result in the need for additional savings above and beyond those needed to meet the 2010/11 budget gap identified in this report.

Predicting future interest rates remains an additional challenge, with conflicting views on the rate of economic recovery and the impact on interest rates. Again, a cautious approach has been taken, with a slow increase in interest rates factored in over 2010/11 and beyond. However, the revised Treasury Management Strategy agreed by County Council in December 2009 is designed to minimise the risk that the County Council is exposed to, and at the same time, improve the return on investments. At this stage, it is too early to factor into the 2010/11 estimates any improved investment returns, but it is anticipated that this will as a minimum safeguard the County Council's position with regard to the return on investments in 2010/11 and future years. **Note:** A ½% movement in interest rates has an impact of £1.5m.

There remains significant pressure on the budget for children's social care, with increased costs anticipated in 2010/11 due to the increase in the number of

referrals, and the number of proceedings going to court. In September, Cabinet agreed an additional one-off investment of £5m into children's social care, to improve the outcomes for children. This funding is being used to invest in an early intervention strategy, which will reduce both referrals and the number of proceedings going to court. This is an investment which will see improvements over the medium term, and will therefore not impact upon 2010/11, but should reduce the level of demand in future years and mitigate against further increases.

Further Risks within the Forecast for 2011/12 – 2013/14

The uncertainties faced in 2010/11 remain in future years, but are significantly heightened in 2011/12 – 2013/14 due in particular, to the extreme uncertainty surrounding future grant settlements.

Although commentators differ in their predictions of the impact on public sector resources of the current economic climate and the Chancellor's predictions of government debt, it is clear that from 2011/12 onwards local government will be under significant financial pressure. The common thread is that predictions for future government support have reduced, with some commentators forecasting reductions of a minimum of 15% in government support over the 3 year period 2011/12 – 2013/14.

2. Government Grant Projections

The Government has issued the normal grant consultation paper for 2010/11, which confirms a grant increase of 5.1% in 2010/11. The final grant settlement will be announced early in the new year. However, because of the current three year grant settlement, the grant figures for 2010/11 are not expected to change. Any changes in the grant position will be reported to Cabinet on 3 February.

Taking into account the latest estimates set out above, and the uncertainty regarding future grant the County Council is likely to receive, the sensitivity analysis previously undertaken highlighting the impact of varying levels of government support has been updated. It was initially anticipated that a comprehensive review of government spending would take place in 2010, thereby providing certainty from 2011/12 onwards: i.e. following the end of the most recent 3-year grant settlement. However, the review has now been put back until 2011 i.e. after the general election.

Scenario 1 – A 2% Increase in Government Grant (Now perceived as highly unlikely)

	2010/11	2011/12	2012/13	2013/14	Total
Gap (£m)	£2m	£26m	£10m	£10m	£48m

This would demand further savings of £48m over the 4 Year period above the efficiency savings identified in the report.

Scenario 2 – No Increase in Government Grant

	2010/11	2011/12	2012/13	2013/14	Total
Gap (£m)	£2m	£32m	£16m	£16m	£66m

This would demand further savings of £66m over the 4 Year period.

Scenario 3 – A Reduction in Government Grant of 3%

	2010/11	2011/12	2012/13	2013/14	Total
Gap (£m)	£2m	£41m	£25m	£25m	£93m

This would demand further savings of £93m over the 4 Year period.

Scenario 4 – A Reduction in Government Grant of 5%

	2010/11	2011/12	2012/13	2013/14	Total
Gap (£m)	£2m	£47m	£31m	£30m	£110m

This would demand further savings of £110m over the 4 Year period.

3. Council Tax in 2010/11

The table below sets out changes in spending or resources necessary to deliver various levels of council tax increase, based on the estimates for 2010/11.

Budget position	Council tax increase %	Variation in spending or resources needed £m
	0	-1.97
2010/11 estimates	0.46	-
	1.0	2.26

4. Schools Budget

In line with the new school funding arrangements from April 2006, in November 2007 Cabinet agreed in respect of the 2008/09 Schools Budget that:

- a) The County Council's allocation of Dedicated Schools Grant (DSG) be applied in its entirety to the Authority's Schools Budget and not to supplement the Schools Budget from other resources available to the Authority.
- b) The detailed allocation of resources within the Schools Budget be determined at a later date by the Cabinet Member for Schools in

consultation with the Executive Director for Children and Young People and the Director of Finance and in conjunction with the Lancashire Schools Forum.

The Cabinet is asked to consider what recommendation it wishes to make on these matters for the determination of the 2010/11 and future years' Schools Budget.

5. Budget Consultation 2010/11

As previously agreed, the budget consultation process has been split into two stages for 2010/11.

For the first stage, the Cabinet has consulted on service priorities with:

- the Life in Lancashire Panel
- the Youth Council
- Lancashire Local Committees, and
- District and Unitary Councils.

Responses to the consultation process have been received from the Life in Lancashire Panel and from the 12 Lancashire Locals.

In relation to the Life in Lancashire Panel, this wave of panel dealt with priorities for the county council budget and acceptable levels of Council Tax increase. The survey was sent to all 2758 members of the panel. In total 1957 questionnaires were returned, giving an overall response rate of 70%. The headlines from the response are:

Highest priority services for spending in the coming years

- **Services for older people** (53%), **primary and secondary education** (46%) and **crime prevention** (38%) are seen as the highest priorities for spending in the next year. These were also the top priorities in 2008 and 2007.

Lowest spending priorities in the coming years

- **Museums** are seen as the service that should be the lowest spending priority (48%), which was also the lowest priority for spending in 2008.
- **Country parks, open spaces and picnic sites** and **welfare rights** are seen as the next lowest priorities (34% and 30% respectively).

Level of Council Tax increase

- A third of the panel (33%) thought that the council should make no increase in Council Tax, with the consequence of significantly reducing service levels.
- Only two-fifths of the panel say they would be prepared to pay a 3% or more increase in Council Tax (39%).

The full report from the Life in Lancashire panel is included at Annex 5.

In addition, each Lancashire Local has considered the consultation material at meetings over the period from November 2009 to December 2009 and the response from each Committee is included in this report at Annex 6.

After the publication of the Cabinet's budget proposals for 2010/11, the second stage of the consultation process will begin and comprises consultation with:

- Lancashire Local Committees
- District and Unitary Councils
- Trade Unions
- The Youth Council and
- Business representatives.

The consultation will cover the budget estimates included in this report and on any further proposals that Cabinet wish to make in respect of 2010/11 and future years.

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- Lancashire Local Committees
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- Trade Unions
- The Youth Council and
- Business representatives.

The consultation will cover the budget estimates included in this report and on any further proposals that Cabinet wish to make in respect of 2010/11 and future years.

Budget Estimates 2010/11

Budget	2009/10 Budget	Budget Estimates before Efficiency Savings	Efficiency Savings	2010/11 Estimates	Change over 2009/10	Percentage Change over 2009/10
	£m	£m	£m	£m	£m	%
Adult & Community Services	371.619	383.579	-7.651	375.928	4.309	1.16
Children & Young People	185.694	190.950	-6.875	184.075	-1.619	-0.87
Environment	130.110	140.533	-4.564	135.969	5.859	4.50
Office of the Chief Executive	14.899	14.889	-0.785	14.104	-0.795	-5.34
Resources	14.257	13.266	-0.939	12.327	-1.930	-13.54
County Buildings	5.879	6.823	-0.600	6.223	0.344	5.85
Corporate	14.172	13.725	-0.304	13.421	-0.751	-5.30
LCCG Care Funding	0.400	0.000		0.000	-0.400	-100.00
Financing Charges	38.650	47.284		47.284	8.634	22.34
Balances & Reserves	18.620	22.535		22.535	3.915	21.03
ABG	-85.284	-85.284		-85.284	0	0
Change Contingency	0.211	0.211		0.211	0	0.0
LSPs	1.047	1.047		1.047	0	0.0
DSOs	-0.814	-0.814		-0.814	0	0.0
Total	709.460	748.744	-21.718	727.026	17.566	2.50

Efficiency Plan

To Follow

Forecast 2011/12

2010/11 Estimates £m	Budget	2011/12 Forecast before Efficiency Savings £m	Further Efficiency Savings £m	2011/12 Forecast after Efficiency Savings £m	Change over 2010/11 £m	Change over 2010/11 %
375.928	Adult & Community Services	391.098	-7.969	383.129	7.201	1.92
184.075	Children & Young People	190.349	-4.638	185.711	1.636	0.89
135.969	Environment	183.693	-1.916	181.777	45.808	33.69
14.104	Office of the Chief Executive	14.404	-0.289	14.115	0.011	0.08
12.327	Resources	12.539	-0.150	12.389	0.062	0.50
6.223	County Buildings	6.447		6.447	0.224	3.60
13.421	Corporate	13.567		13.567	0.146	1.09
0.000	LCCG Care Funding	0.000		0.000	0	0
47.284	Financing Charges	47.664		47.664	0.380	0.80
22.535	Balances & Reserves	15.135		15.135	-7.400	-32.84
-85.284	ABG	-85.684		-85.684	-0.400	-0.47
0.211	Change Contingency	0.211		0.211	0	0
1.047	LSPs	1.047		1.047	0	0
-0.814	DSOs	-0.814		-0.814	0	0
727.026	Total	789.656	-14.962	774.694	47.668	6.56

Annex 5



Living in Lancashire: Budget Consultation 2009

Fieldwork 18 November – 11 December 2009

Prepared by Nicola Pemberton
Senior research officer
Lancashire County Council
December 2009

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Executive Summary

This wave of the Life in Lancashire panel dealt with priorities for the county council budget and acceptable levels of Council Tax increase. The survey was sent to all 2758 members of the panel. In total 1957 questionnaires were returned, giving an overall response rate of 70%.

Highest priority services for spending in the coming years

- **Services for older people** (53%), **primary and secondary education** (46%) and **crime prevention** (38%) are seen as the highest priorities for spending in the next year. These were also the top priorities in 2008 and 2007.

Lowest spending priorities in the coming years

- **Museums** are seen as the service that should be the lowest spending priority (48%), which was also the lowest priority for spending in 2008.
- **Country parks, open spaces and picnic sites** and **welfare rights** are seen as the next lowest priorities (34% and 30% respectively).

Level of Council Tax increase

- A third of the panel (33%) thought that the council should make no increase in Council Tax, with the consequence of significantly reducing service levels, which is in line with the county council's proposals.
- Only two-fifths of the panel say they would be prepared to pay a 3% or more increase in Council Tax (39%).

Introduction

Lancashire County Council has used Living in Lancashire regularly since August 2001. A panel of willing participants is recruited and is approached on a regular basis to seek their views on a range of topics and themes. Panel members are voluntary participants in the research they complete and no incentives are given for completion.

The panel has been designed to be a representative cross-section of the county's population. The results for each survey are weighted in order to reflect the demographic profile of the county's population.

The panel provides access to a sufficiently large sample of the population so that reliable results can be reported at a county wide level. It also provides data at a number of sub-area and sub-group levels.

Each Living in Lancashire wave is themed. Firstly, it enables sufficient coverage on a particular topic to be able to provide insight into that topic. And secondly, it comes across better to the residents completing the questionnaires if there is a clear theme (or 2-3 clear themes) within each survey.

The panel is refreshed periodically. New members are recruited to the panel and some current members are retired on a random basis. This means that the panel remains fresh and is not subject to conditioning i.e. the views of panel members become too informed with county council services to be unrepresentative of the population as a whole.

Research Objectives

The objectives of this consultation are:

- to obtain an indication of the service areas that residents believe should be budget priorities for the coming years; and
- to obtain an understanding of what residents perceive to be an acceptable level of increase in Council Tax for 2010/2011.

This work follows on from previous yearly budget consultations that have taken place since 2003.

Methodology

This wave of Living in Lancashire research was sent to 2785 members of the panel on 18 November. No reminders were sent, and the fieldwork ended on 11 December 2009.

In total 1957 questionnaires were returned, giving an overall response rate of 70%.

All data are weighted by age, ethnicity and district to reflect the Lancashire overall population, and figures are based on all respondents unless otherwise stated. The weighted responses have been scaled to match the effective response of 1456, which is the equivalent size of the data if it had not been weighted and was a perfect random sample.

Limitations

The table below shows the sample tolerances that apply to the results in this survey. Sampling tolerances vary with the size of the sample as well as the percentage results.

Number of respondents	50/50 + / -	30/70 + / -	10/90 + / -
50	14%	13%	8%
100	10%	9%	6%
200	7%	6%	4%
500	4%	4%	3%
1000	3%	3%	2%
2000	2%	2%	1%

On a question where 50% of the people in a sample of 1000 respond with a particular answer, the chance are 95 out of 100 that the answer would be between 47% and 53% (ie +/- 3%), versus a complete coverage of the entire Lancashire population using the same procedure.

In charts or tables where responses do not add up to 100%, this is due to multiple responses or computer rounding.

Main Research Findings

Priorities for service development

The first section of the budget consultation questionnaire gave the proportion of spending and the actual expenditure on a wide range of services Lancashire County Council provides. It gave details on council expenditure in 2008/9 and the sources of council finances. It also informed panel members of the county council plans for the following years.

Panel members were then given a list of county council services and asked which three or four should be the highest spending priorities for the coming years¹. These priorities are shown on chart one.

Services for older people (including care in their own homes and in residential homes), **primary and secondary education** and **crime prevention** (working with partners to help prevent crime and disorder and reduce fear of crime) (53%, 46% and 38% respectively) are the highest priorities.

Keeping local bus services running (30%) and **children's social care** (29%) are the next highest priorities, for about three in ten of the panel.

The same options were given on the budget questionnaires in 2008 and 2007, enabling the priorities to be compared over time. The current results are broadly similar to those in 2007 and 2008, with the top three priorities remaining the same across all three years. This shows the public's spending priorities are generally staying the same. However, the proportion of respondents mentioning each of these priorities has fallen.

Individual services - high priority for spending

Services for older people

Perhaps as might be expected, the priority of services for older people is once again closely related to the age of the panel member. Older people's services are

¹ This is a slight change in wording from previous surveys where respondents have been asked for their priorities for the coming year.

a higher priority for those 60 years and over (65%), and are also more important among those aged 45 to 59 (56%) compared to younger respondents.

Primary and secondary education

This was the highest priority for those aged 25 to 44 years (55%), as it was in 2008. While still a priority, it was less important for those aged 45-59 years (42%) or 60 years or over (36%). Also where respondents have children in the household it is a higher priority (58%) compared to households without children (43%).

Crime prevention

Crime prevention is an important priority for all respondents. However it is significantly less important for BME respondents (28%) compared to white respondents (39%).

Keeping local bus services running

The importance of keeping local bus services running is more important to people who don't have access to a vehicle in their household (51%), people who live in council or housing association property (49%), the over 60s (44%), those with a disability (38%), and women (34%).

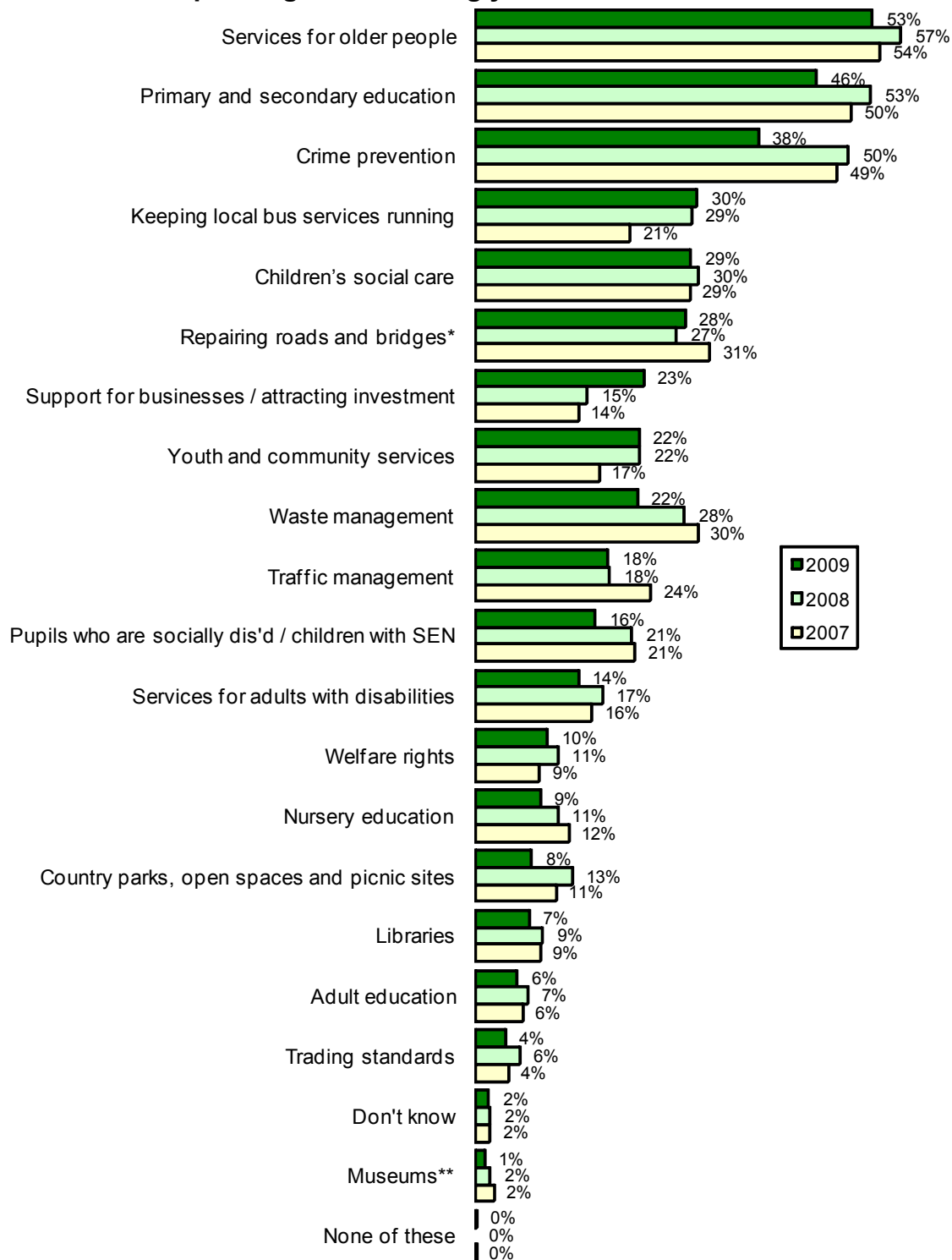
Other services

Children's social care is a higher priority for those living in council or housing association property (42%), and among women (34%). Services for adults with disabilities are more important priorities for respondents from an ethnic minority (24%), those with a disability and those in the lowest socio-economic groups DE (21% both).

Panel members aged 25 to 44 were significantly more likely to suggest youth and community services and country parks as the older age groups (28% and 15% respectively).

Welfare rights were much more likely to be mentioned by those who are in the lowest socio-economic groups (DE, 18%) and by respondents from an ethnic minority (21%). Respondents from an ethnic minority were also more likely to prioritise support for pupils who are socially disadvantaged or with special educational needs (34%).

Chart 1 - Which three or four of the following should be the highest priorities for spending in the coming years²?



Base: All respondents (Unweighted 1817, Weighted 1438)

* **Maintaining roads and bridges** in 2006 and 2005

** **Museums and galleries** in 2006 and 2005

² Question wording has previously been "Which three or four of the following should be the highest priorities for spending next year?".

From the same list of county council services, respondents were next asked to name the services that should be the lowest priorities for funding. The lowest priorities are shown on chart two.

As in the 2008 and 2007 surveys, **museums** are seen as the services that should be the lowest priority for spending next year (48%). **Country parks, open spaces and picnic sites** (34%) is the next lowest priority, with significantly more respondents mentioning it than in 2008 (10% increase). **Welfare rights** (30%), **trading standards** (27%), **adult education** (24%) and **libraries** (21%) are also seen as relatively low priorities.

Individual services - low priority for spending

Museums and country parks

Museums and country parks are consistently mentioned by all the different demographic groups as a low priority for spending. However, respondents from a BME background (56%) and respondents who don't have children under 18 in the household (35%) place country parks as a lower priority.

Welfare rights

The respondents who put welfare rights as a low priority are in the highest socio-economic group AB (44%), whereas respondents from an ethnic minority are less likely to rate them as a low priority (20%).

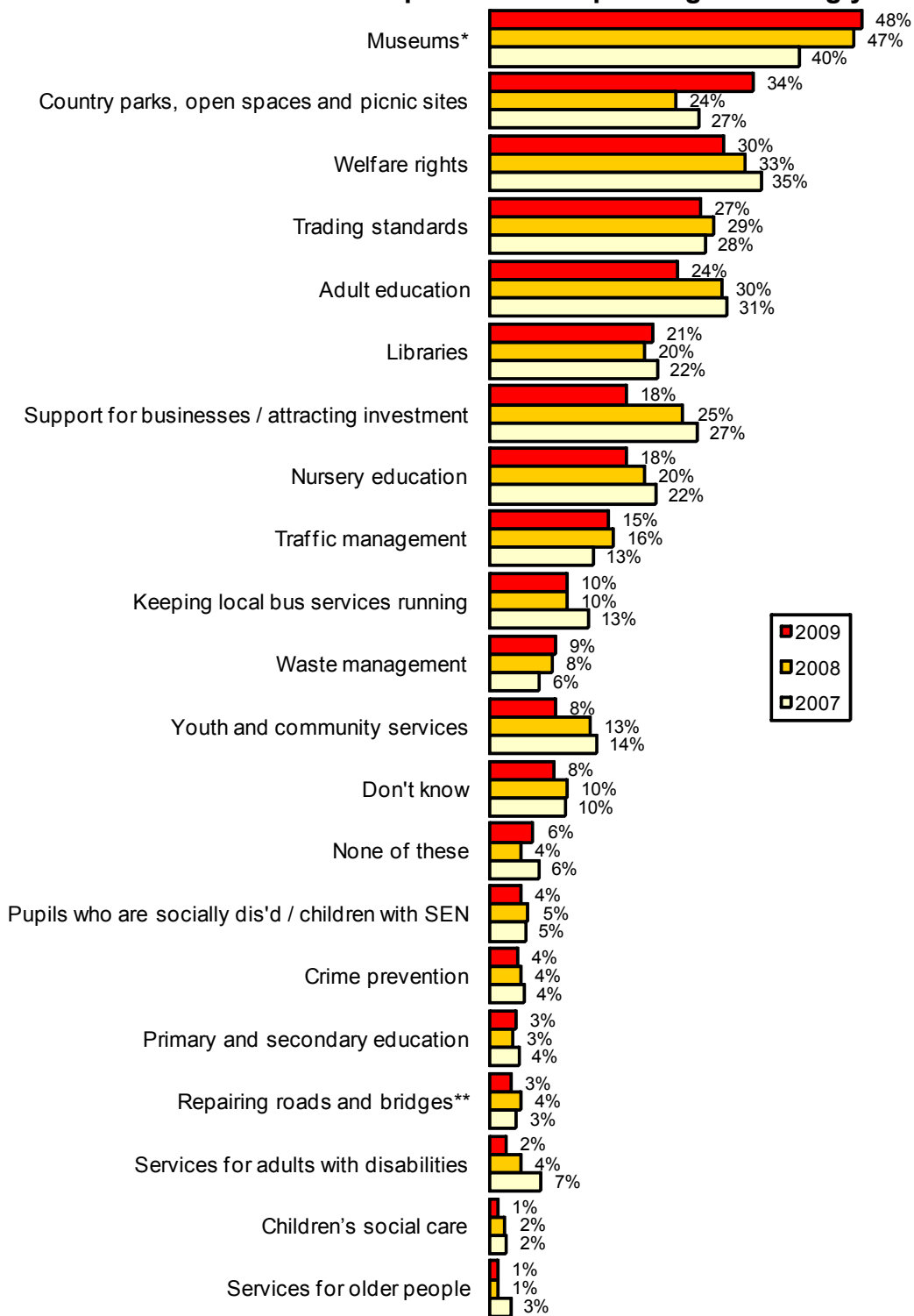
Adult education

Adult education is more likely to be mentioned as a low priority by the over 60s (31%) compared to those aged 25 to 44 (17%), and it is more likely to be suggested a low priority among men and part-time workers (29% both).

Libraries

This is significantly more likely to be mentioned as a low priority by those living in council or housing association property (39%), BME respondents (32%), those with children in the household (27%) and men (26%).

Chart 2 - And which three or four of the following services do you think should be the lowest priorities for spending in coming years?³



Base: All respondents (Unweighted 1650, Weighted 1308)

* **Museums and galleries** in 2006 and 2005

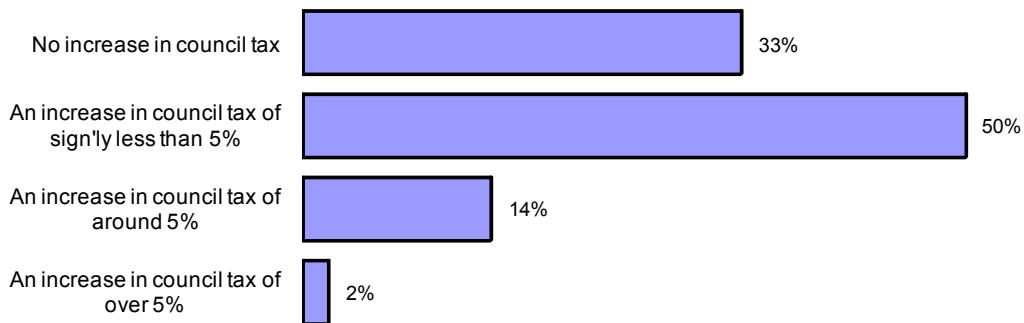
** **Maintaining roads and bridges** in 2006 and 2005

³ Question wording has previously been "Which three or four of the following services do you think should be the lowest priorities for spending next year?".

Opinion on acceptable levels of Council Tax increase

Panel members were then given a set of options on what the council should do about increasing Council Tax next year. The highest individual proportion would support **an increase in Council Tax of significantly less than 5%** (50%). Around one in seven would accept an **increase in Council Tax of around 5%** (14%). A third would only accept **no increase in Council Tax** (33%).

Chart 3 - Which of the following most closely matches your opinion on what the council should do about increasing Council Tax next year?

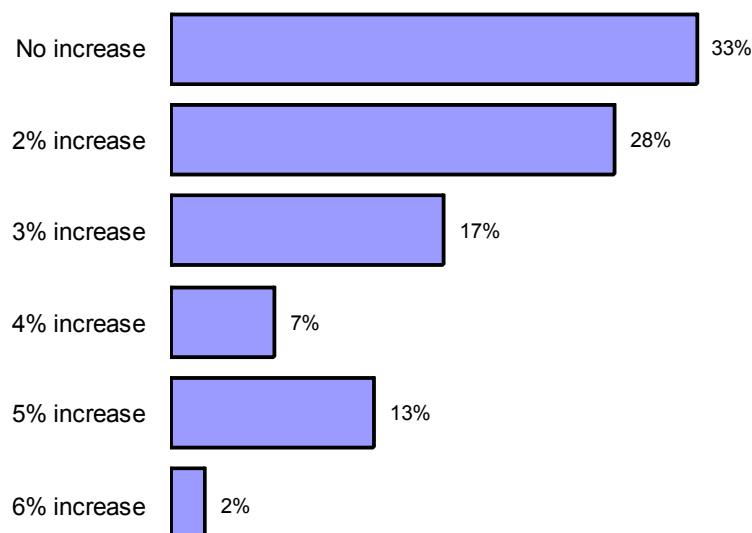


Base: All respondents (Unweighted 1835, Weighted 1442)

By subgroups there are some differences, with half of respondents from an ethnic minority suggesting no increase in Council Tax (50%). This is significantly more than the proportion of white respondents (31%). Panel members with children in the household were more likely to answer no increase (42%), than those without children in the household (31%). Panel members in the lowest social groups (C2 and DE) were more likely to say they wanted no increase (38% and 37% respectively), as were respondents who are light users of council services (37%, use six or less local services in the last year).

For the final question, those who answered they would support some increase in Council Tax were asked what increase this would be. Chart 4 shows the response to this, with the proportion answering that they would only accept no increase from the previous question, to give a clearer picture.

Chart 4 - What level of increase do you feel you could support?



Base: All respondents (Unweighted 1842, Weighted 1448)

By subgroup for the above measure, again those panel members from an ethnic minority or in the lowest socio-economic groups (C2 and DE) and light service users who are less likely to suggest a higher increase.

Table 1 shows the proportions of the panel that are prepared to pay each increase option, and the total proportion of the panel who would be prepared to pay each option or more. Only two-fifths of the panel (39%) answer they would be prepared to pay a 3% increase.

Table 1 - Proportions of respondents prepared to pay increase

Increase in Council Tax 2008/9	Proportion of all respondents prepared to pay increase	Cumulative % of all respondents prepared to pay increase
No increase	33%	100%
2%	28%	67%
3%	17%	39%
4%	7%	22%
5%	13%	15%
6%	2%	2%
Base: All respondents (Unweighted 1842, Weighted 1448)		

Appendix

Appendix 1: Socio-Economic-Group Definitions

These groups are based on Market Research Society definitions and on the respondent. They are graded as A, B, C1, C2, D and E.

Group A

- Professional people, very senior managers in business or commerce or top-level civil servants.
- Retired people, previously grade A, and their widows

Group B

- Middle management executives in large organisations, with appropriate qualifications
- Principle officers in local government and civil service
- Top management or owners of small business concerns, educational and service establishments
- Retired people previously grade B, and their widows

Group C1

- Junior management, owners of small establishments, and all others in non-manual positions
- Jobs in this group have very varied responsibilities and educational requirements
- Retired people, previously grade C1, and their widows

Group C2

- All skilled manual workers, and those manual workers for responsibility for other people
- Retired people, previously grade C2, with pensions from their job
- Widows, if receiving pensions from their late partner's job

Group D

- All semi skilled and unskilled manual workers, and apprentices and trainees to skilled workers
- Retired people, previously grade D, with pensions from their late job
- Widows, if receiving pensions from their late partner's job

Group E

- All those entirely dependant on the state long term, through sickness, unemployment, old age or other reasons
- Those unemployed for a period exceeding six months (otherwise classified on previous occupation)
- Casual workers and those without a regular income

Appendix 2: marked up questionnaire

Which three or four of the following should be the highest/lowest spending priorities for spending in the coming years?		
	Highest priorities	Lowest priorities
Services for older people (including care in their own homes and in residential homes)	53%	1%
Primary and secondary education	46%	3%
Crime prevention (working with partner organisations to help prevent crime and disorder and reduce the fear of crime)	38%	4%
Keeping local bus services running	30%	10%
Children's social care (protecting vulnerable children)	29%	1%
Repairing roads and bridges (including emergencies and fixing potholes)	28%	3%
Support for businesses and attracting investment to Lancashire	23%	18%
Youth and community services (activities and support for young people)	22%	8%
Waste management (household waste disposal and recycling)	22%	9%
Traffic management (making road travel safer and reducing congestion)	18%	15%
Pupils who are socially disadvantaged and children with special educational needs	16%	4%
Services for adults with disabilities	14%	2%
Welfare rights (helping people get the financial support they are entitled to)	10%	30%
Nursery education	9%	18%
Country parks, open spaces and picnic sites	8%	34%
Libraries	7%	21%
Adult education	6%	24%
Trading standards (consumer protection)	4%	27%
Don't know	2%	8%
Museums	1%	48%
None of these	0%	6%
Unweighted base	1817	1650
Weighted base	1438	1308

Which of the following most closely matches your opinion on what the council should do about increasing Council Tax next year?	
No increase in council tax, which would mean reductions in county council services	33%
An increase in council tax of significantly less than 5%	50%
An increase in council tax of around 5%	14%
An increase in council tax of over 5%	2%
Unweighted base	1835
Weighted base	1442

And what level of increase do you feel you could support?	
2% increase	41%
3% increase	26%
4% increase	10%
5% increase	19%
6% increase	3%
Unweighted base	1279
Weighted base	1001

Lancashire Local – Burnley

Working Group Meeting held on 23rd November 2009

The County Council's Spending Priorities for 2010/11 and Beyond

Contact for further information:

Jackie Flynn, (01282) 438277, District Partnership Officer, Burnley, Lancashire County Council, Localities and Partnerships Team, Policy Unit, Office of the Chief Executive, jackie.flynn@lancashire.gov.uk

Executive Summary

The County Council's Cabinet in considering the Council's medium term financial strategy has identified a requirement to deliver significant savings over the next four years. To achieve savings on the scale indicated requires the Council to look in detail at its spending priorities for the Medium Term. Lancashire Local-Burnley had been invited to advise the Cabinet on priorities for maintaining services and spending and areas to consider for savings in 2010/11 and future years.

This Report sets out the recommendations of the Working Group established by Lancashire Local-Burnley on the 16th November, 2009, to address this matter – the Working Group met on the 23rd November, 2009.

Reason for the use of the Urgent Business Procedure

The next meeting of Lancashire Local-Burnley is not due to be held until the 18th January, 2009, and, bearing in mind that responses from Lancashire Locals should be submitted by no later than the 14th December, 2009, Lancashire Local-Burnley has previously agreed that the County Secretary and Solicitor be authorised to take any necessary action under the agreed procedure for dealing with Matters of Urgent Business, following consultation with the Chair and Deputy Chair of the Local, to ensure that the recommendations of the Working Group are forwarded to the County Council's Executive Director for Resources at an early a date as possible in order to ensure that the views of the Local would be considered by the County Council's Cabinet on the 7th January, 2010.

Recommendation

Subject to the views of the Chair and Deputy Chair of Lancashire Local-Burnley, the County Secretary and Solicitor proposes to approve the recommendations from the Working Group established by the Local on the 16th November, 2009, as set out in the Report, in order to provide an indication for the County Council's Cabinet of those areas where the Local would like to see services maintained, and those where they would like to see savings made, for 2010/11 and beyond.

Background and Advice

At the meeting of Lancashire Local-Burnley held on the 16th November, 2009, a Report was presented to inform the Local that the County Council's Cabinet, in considering the Council's medium term financial strategy, had identified a requirement to deliver significant savings over the next four years. To achieve savings on the scale indicated required the Council to look in detail at its spending priorities for the Medium Term.

The Report invited the Local to advise the Cabinet on priorities for maintaining services and spending and areas to consider for savings in 2010/11 and future years.

Details of the levels of service planned to be provided by each of the County Council's Directorates in 2009/10, with the resources allocated in the budget agreed in February, 2009, were presented.

Lancashire Local-Burnley was asked to consider the information provided, and give an indication for the County Council's Cabinet of those areas where the Local would like to see services maintained, and those where they would like to see savings made, for 2010/11 and beyond. The Local was informed that any comments would then be considered by the Cabinet in framing their specific budget proposals, which would be consulted on during January, 2010 – Lancashire Local-Burnley would be consulted further on those specific budget proposals.

The Local agreed that a Working Group be established, comprising all Members of the Local, together with appropriate Officers, in order to provide an indication for the County Council's Cabinet of those areas where the Local would like to see services maintained, and those where they would like to see savings made, for 2010/11 and beyond – the Working Group met on the 23rd November, 2009.

A summary of the Working Group recommendations are as follows:-

- a) The Working Group **recommend** that the need for the County Council to focus its budget on narrowing the gap between the life chances of the people of Burnley and those in the more affluent parts of the County should be emphasised; and
- b) The Working Group **recommend** that primary and secondary education; services for older people; children's social care; support for businesses and attracting investment into Lancashire; and crime prevention, should be identified as the highest priorities for maintaining services and spending; and
- c) The Working Group **recommend** that, as agreement could not be reached, no service areas be identified as the lowest priorities, or areas to be considered for savings.

In order to ensure that the recommendations of the Working Group are forwarded to the County Council's Executive Director for Resources at an early a date as possible in order to ensure that the views of the Local would be considered by the County Council's Cabinet on the 7th January, 2010, Lancashire Local-Burnley has previously agreed that the County Secretary and Solicitor be authorised to take any necessary

action under the agreed procedure for dealing with matters of Urgent Business, following consultation with the Chair and Deputy Chair of the Local.

The Local has also previously agreed that a Report on the actions taken by the County Secretary and Solicitor under the agreed procedure for dealing with Matters of Urgent Business be presented to the next Meeting of Lancashire Local-Burnley on the 18th January, 2010.

Consultations

The Working Group established by Lancashire Local-Burnley on the 16th November, 2009, have given consideration to this matter at their meeting on the 23rd November, 2009

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.

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

Paper	Date	Contact/Directorate/Tel
Report and Minutes – Lancashire Local-Burnley – The County Council's Spending Priorities for 2010/11 and Beyond	16 th November, 2009	George Graham/Resources Directorate/01772 538102

Reason for inclusion in Part II, if appropriate

N/A

Decision Taken: Declaration

Chair and Deputy Chair of Lancashire Local-Burnley

The County Council's Spending Priorities for 2010/11 and Beyond

Original recommendation as set out in the report be supported

Yes*/No*

.....
Chair */Deputy Chair * of Lancashire Local-Burnley

Chief Officer

The following action has been agreed under the Urgent Business Procedure and after consultation with the Chair and Deputy Chair of Lancashire Local-Burnley:

The County Council's Spending Priorities for 2010/11 and Beyond

That the recommendations from the Working Group established by Lancashire Local-Burnley on the 16th November, 2009, as set out in the Report, in order to provide an indication for the County Council's Cabinet of those areas where the Local would like to see services maintained, and those where they would like to see savings made, for 2010/11 and beyond, be approved.

Lancashire Local - Chorley

Meeting held on 16th December 2009

Recommendations

1. Services which might be maintained or enhanced

- a) Services for older people (including care in their own homes and in residential homes) – to reflect the fact that Lancashire has an increasing older population.
- b) Children's social care (protecting vulnerable children).
- c) Support for businesses and attracting investment to Lancashire.
- d) Repairing roads and bridges (including emergencies and fixing potholes).

2. Services which might be reduced

- a) Country Parks, open spaces and picnic sites.
- b) Museums (though it should be noted that Chorley does not have a museum of its own).
- c) Adult Education.
- d) Libraries, Crime Prevention, Nursery Education, Welfare Rights.

3. Specific areas where efficiencies might be sought

- a) That potholes be repaired in long lasting quality manner to avoid the need for additional repairs from temporary 'patching'.
- b) Consideration should be given to identifying 'back office' savings in relation to highways and bridges services and reinvesting savings made into front line staff to repair and maintain highways and bridges.

4. General

- a) The Local feel that the Youth and Community Service has become predominantly focussed on the youth aspect of its remit. Whilst this is important it is felt that there should be greater emphasis placed on the Community role of the service. It is suggested that in the future youth

and community centres could have a broader role in relation to intergenerational work and not be primarily focussed on young people.

- b) In setting the 2010/11 budget the Cabinet need to be aware of the cross cutting nature of many services e.g. Welfare Rights which supports many vulnerable groups and impacts across a range of service areas.
- c) The Lancashire Local feel that any future budget consultation should be done more on the basis of a 'blank page' with Borough Councils and Parish and Town Councils being asked for their aspirations regarding future services.

Lancashire Local – Fylde

Meeting held on 24th November

Extract from the minutes:

The County Council's Spending Priorities for 2010/11

Phil Maynard of the County Council's Resources Directorate outlined a report in relation to the County Council's Cabinet, who in considering the Council's medium term financial strategy had identified a requirement to deliver significant savings over the next four years. To achieve savings on the scale indicated required the Council to look in detail at its spending priorities for the Medium Term. The report invited the Lancashire Local to advise the Cabinet on priorities for maintaining services and spending and areas to consider for savings in 2010/11 and future years.

The deadline for the receipt of comments in this first phase of consultation was the 14th December. There would be a subsequent consultation in January when the Lancashire Locals would have the opportunity to consider the Cabinet's specific budget proposals.

The Chair had asked for information on the nursery education budget for Fylde compared to Burnley. This information would be forwarded to the Chair once it was ready.

Members of the Lancashire Local discussed aspects of the report and made the following comments:-

-that it was difficult for the Lancashire Local to suggest cuts if they were not aware of the implications. Phil Maynard explained that proposed cuts and their implications would be submitted to Lancashire Locals in phase 2 of the budget consultation, proposed to be submitted to the Lancashire Local in January, 2010

-that the Lancashire Local could be blamed for suggesting a cut in a service.

-that the County Council's spending priorities were not seen as the responsibility of the Lancashire Locals.

-that efficiency savings of the required amount be achieved from all areas.

-that individual members be encouraged to send in responses.

40. Resolved:- 1) That the views now expressed be passed to the County Council's Cabinet meeting in January, 2010.

2) That members be asked to send in a response to this phase of the budget consultation individually.

3) That a report on the County Council's draft budget be considered by the Lancashire Local at their meeting in January.

Lancashire Local – Hyndburn

Meeting held on 19th November 2009

Extract from the minutes:

The County Council's Spending Priorities for 2010/11 and Beyond

The Chair introduced a report regarding the two stage consultation in relation to the County Council budget for 2010/11 and suggested that members of the Local should individually submit their views to the Cabinet for consideration.

In response to comments regarding the consultation Mr Neville, Secretary to the Lancashire Local, informed the meeting that as part of the consultation process, members of the public on the Living in Lancashire Panel had been asked to identify their four highest and lowest priorities in relation to the services listed in the table on page 3 of the report. Mr Neville informed the meeting that members of the Lancashire Local had a wider remit in that they were being asked to give an indication to the Cabinet of the Local's view with regard to the following.

- Services which might be maintained or enhanced;
- Services which might be reduced or withdrawn;
- Services for which changes might be introduced or increased;
- Specific areas where efficiencies might be sought.

It was further reported that the views of all Lancashire Locals would be forwarded to the County Councils Cabinet for consideration at the meeting on the 7th January 2010 when specific budget proposals would be determined. It was noted that a report on those proposals would be presented to the next meeting of the Lancashire Local with any further comments being submitted to the Cabinet for consideration before the final budget was determined by the Full County Council in February 2010.

32. Resolved:

1. That members of the Lancashire Local submit their comments regarding the 2010/11 budget to the Secretary so that a response can be forwarded to the County Council's Executive Director for Resources, for consideration by the County Council's Cabinet on the 7th January 2010 as part of the process for finalising the County Council's Cabinet's Budget proposals.
2. That a further report on the specific budget proposals agreed by the County Council's Cabinet be presented to the next meeting of the Lancashire Local.

Lancashire Local – Lancaster

Meeting held on 1st December 2009

Extract from the minutes:

The County Council's Spending Priorities for 2010/11 and Beyond

Lancashire Local – Lancaster District were informed that the County Council's Cabinet, in considering the Council's medium term financial strategy, had identified a requirement to deliver significant savings over the next four years. To achieve savings on the scale indicated required the Council to look in detail at its spending priorities for the Medium Term.

A report was presented which invited the Lancashire Local to advise the Cabinet on priorities for maintaining services and spending and areas to consider for savings in 2010/11 and future years.

Details of the levels of service planned to be provided by each of the County Council's Directorates in 2009/10, with the resources allocated in the budget agreed in February, 2009, were presented.

Lancashire Local – Lancaster District was asked to consider the information provided, and give an indication for the County Council's Cabinet of those areas where the Local would like to see services maintained, and those where they would like to see savings made, for 2010/11 and beyond. The Local was informed that any comments would then be considered by the Cabinet in framing their specific budget proposals, which would be consulted on during January, 2010 – Lancashire Local – Lancaster District would be consulted further on those specific budget proposals.

Issues raised by members of the Local during discussion included:-

- Examples of statutory and non-statutory spending and the need to be mindful of statutory spending
- The necessity to continue spending on issues such as health and well being eg drug and alcohol issues and working closely with the City Council on such matters
- Issues were raised regarding spending on the Heysham to M6 Link. It was explained that the vast majority of this funding would be received from the Department for Transport and that any associated County Council spending could be paid for over a long period of time. It was further stated that the road project would add 24,000 tonnes of extra CO2 to our county-wide inventory. Wasting money and trashing the planet at the same time was unforgivable and any budget consultation that did not include “cancel the bypass” is fraudulent.

- Not enough information had been provided in order to prioritise
- It was extremely difficult to prioritise spending as all issues were important
- Issues being raised regarding the Heysham to M6 Link were a distraction
- Information being requested related only to the revenue budget and not capital

30. Resolved:-

Lancashire Local – Lancaster District agreed:-

1. that the comments raised at the Meeting be forwarded to the County Council's Executive Director for Resources, to be considered by the County Council's Cabinet as part of the process for finalising the Cabinet's Budget proposals; and
2. that a further report on the Cabinet's Budget proposals be presented to the Local on the 19th January, 2010.

Lancashire Local – Pendle

Meeting held on 25th November 2009

Extract from the minutes:

The County Council's Spending Priorities for 2010/11 and Beyond

Lancashire Local – Pendle were informed that the County Council's Cabinet, in considering the Council's medium term financial strategy, had identified a requirement to deliver significant savings over the next four years. To achieve savings on the scale indicated required the Council to look in detail at its spending priorities for the Medium Term.

A report was presented which invited the Lancashire Local to advise the Cabinet on priorities for maintaining services and spending and areas to consider for savings in 2010/11 and future years.

Details of the levels of service planned to be provided by each of the County Council's Directorates in 2009/10, with the resources allocated in the budget agreed in February, 2009, were presented.

Lancashire Local - Pendle was asked to consider the information provided, and give an indication for the County Council's Cabinet of those areas where the Local would like to see services maintained, and those where they would like to see savings made, for 2010/11 and beyond. The Local was informed that any comments would then be considered by the Cabinet in framing their specific budget proposals, which would be consulted on during January, 2010 – Lancashire Local - Pendle would be consulted further on those specific budget proposals.

Some members of the Local explained that they would not indicate their preferences for priorities for maintaining services and spending and areas to consider for savings in 2010/11 and future years as this was a matter for the controlling group on the County Council to determine.

It was explained that due to the financial restrictions imposed by the Government the County Council must find ways to operate more efficiently and not necessarily cut services.

One member felt that this was a cynical exercise and the time to make comments was when the proposed budget details are available.

Another member explained that he was pleased that the County Council were consulting the Local committees on the proposed budget. He asked whether there would be massive cuts in services as the controlling group must have plans in place.

It was explained that the major drive was for efficiencies, not service cuts however given the scale of reductions required, it was important to get a feeling for priorities

across all services. This was particularly important as the County Council felt that all services on the list were important.

It was also explained that one option may be that charges for services could be increased or that where services were currently provided free of charge then they could in the future be charged for.

It was further explained that this exercise was an early stage of the budget process and figures contained in the report were officer projections only.

A member of the public referred to the refurbishment work currently being carried out on Colne Library and it was explained that monies being used on this work were obtained through lottery funding and therefore could not be used for other projects.

57. Resolved: Lancashire Local - Pendle agreed:-

1. that the comments raised at the Meeting be forwarded to the County Council's Executive Director for Resources, to be considered by the County Council's Cabinet as part of the process for finalising the Cabinet's Budget proposals; and
2. that a further report on the Cabinet's Budget proposals be presented to the Local on the 20th January, 2010.

Lancashire Local – Preston

Meeting held on 29th October 2009

Minutes

The County Council's Spending Priorities for 2010/11 and Beyond

The County Council's Director of Finance reported that the County Council's Cabinet, in considering the Council's medium term financial strategy, had identified a requirement to deliver significant savings over the next four years. To achieve savings on the scale indicated required the Council to look in detail at its spending priorities for the Medium Term.

The Report invited the Lancashire Local to advise the Cabinet on priorities for maintaining services and spending and areas to consider for savings in 2010/11 and future years.

Details of the levels of service planned to be provided by each of the County Council's Directorates in 2009/10, with the resources allocated in the budget agreed in February, 2009, were presented.

Lancashire Local-Preston was asked to consider the information provided, and give an indication for the County Council's Cabinet of those areas where the Local would like to see services maintained, and those where they would like to see savings made, for 2010/11 and beyond. The Local was informed that any comments would then be considered by the Cabinet in framing their specific budget proposals, which would be consulted on during January, 2010 – Lancashire Local-Preston would be consulted further on those specific budget proposals.

A view was offered that potential budget savings should be looked at in terms of 'cross-cutting', rather than by Directorate, as it was felt that there was a big element of 'central costs' which divided over all service areas. It was suggested that 'back office' savings would be vital in order to protect front line services.

In response, the Director of Finance advised Lancashire Local-Preston that efforts had been made to try to break down the information which had been provided in terms of service areas, with the majority of 'back office' costs being detailed on pages 4 and 5 of Appendix 'A'.

A further view was offered that it was not possible to apportion 'costings' to the list of service areas detailed in the Report from the information provided at Appendix 'A' – the Director of Finance advised that the information provided was based upon questions asked of the Living in Lancashire Panel, but undertook to attempt to provide that further information.

A further view was offered that Lancashire Local-Preston did not have objectives, or a strategy, and, in those circumstances, it would be difficult for the Local to highlight

its highest and lowest priorities – it was felt that further information was needed on the potential implications of a percentage cut in any of the service areas highlighted. It was felt that this was a well-meaning consultation, but that the Local should await further information from the County Council's Cabinet once Cabinet had decided on its specific budget proposals.

In response, the Director of Finance advised Lancashire Local-Preston that it was important to distinguish between the two stages of consultation outlined in the Report – at this stage the County Council's Cabinet needed to know the Local's views on the 'areas' to be considered as highest or lowest priorities and, from that information, detailed proposals would emerge, when Officers would then do their utmost to break the proposals down to a Preston level.

Lancashire Local-Preston expressed a general view that the focus should remain, as in previous years, on delivering and maintaining high quality and efficient front-line services – a view was put forward that there was some duplication between the delivery of County and City Council services, for example, Welfare Rights Advice, where potential savings might be able to be made, although it was pointed out that work was currently ongoing in this area, and efficiency savings would be made through Multi Area Agreements. It was important to seek ways to avoid duplication, as the County Council was facing serious financial pressures, as were many District Councils also.

A suggestion was made that it might be useful to have further information in relation to the impact of a freeze on staff salaries, in particular, at a senior level, and also further information in relation to County Councillor costs and expenses.

A further suggestion was made that it might be of assistance to be provided with a list of the functions carried out by the County Council in line with its Statutory Duties; together with a list of additional functions carried out.

One Member of the Local expressed a personal view that he was most concerned about vulnerable children and vulnerable adults and, in his view, those areas should be afforded a higher priority than pot-hole repairs.

The Leader of the County Council stressed to Lancashire Local-Preston that this had been an opportunity for the Local to indicate to Cabinet what the Local wished to prioritise in Preston, not how much it wished to spend on a particular service, or what the consequences of that prioritisation would be – there would always be consequences to any difficult decisions which would have to be taken. He advised that 'back-office' savings alone would not result in the necessary savings of £79 million.

The Local agreed, however, that the comments raised at the Meeting be forwarded to the Executive Director for Resources, to be considered by the Cabinet as part of the process for finalising the Cabinet's Budget proposals.

44. Resolved: Lancashire Local-Preston agreed:-

- a) that the comments raised at the Meeting be forwarded to the County Council's Executive Director for Resources, to be considered by the County Council's Cabinet as part of the process for finalising the County Council's Cabinet's Budget proposals; and
- b) that a further Report on the County Council's Cabinet's specific Budget proposals be presented to the Local on the 27th January, 2010.

**I M Fisher
County Secretary and Solicitor
Lancashire County Council**

County Hall

Lancashire Local – Ribble Valley

Meeting held on 2nd December 2009

Extract from the minutes:

The County Council's Spending Priorities for 2010/11 and Beyond

Mr Ainscough, Head of Combined Finance, from the County Council presented a report in relation to the two stage consultation on the County Council budget for 2010/11.

It was reported that while financial forecasts beyond 2010/11 were difficult because of a lack of firm information about the level of central government support for local authorities together with the current economic uncertainty, indications were that a range of savings of between £79m and £142m may be required over the four years to 2013/14. Mr Ainscough informed the meeting that such savings represented between 11% and 30% of the County Councils budget, excluding schools funding which was ring fenced. He added that whilst the County Council would continue to pursue identifying efficiencies across all services it was unlikely that the savings required would be achieved solely from such efficiencies.

With regard to the consultation process Mr Ainscough reported that the Local were being asked to provide an indication to the Cabinet of those 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.

It was further reported that the views of all Lancashire Locals would be forwarded to the County Councils Cabinet for consideration at the meeting on the 7th January 2010 when specific budget proposals would be determined. A report on those proposals would then be presented to the next meeting of the Lancashire Local with any further comments being submitted to the Cabinet for further consideration before the final budget was determined by the Full County Council in February 2010.

In response to a query from the Chair Mr Ainscough confirmed that the anticipated 5.13% increase in Government grant settlement for 2010/11 had recently been confirmed, though he added that the settlement had been included into the budget projections which indicated the need to secure savings of between £79m and £142m over the next four years.

In considering the report several members of the Local expressed their concern regarding the process and were reluctant to identify any area where services could be reduced or withdrawn. As a result there was general agreement that the Local would focus attention on identifying those areas which were considered to be high priorities in terms of Ribble Valley.

40. Resolved:

1. That the County Council's Executive Director for Resources be informed that the following areas are considered by the Lancashire Local Ribble Valley to be priorities in relation to the 2010/11 budget.
 - a) Services for older people
 - b) Children's social care
 - c) Services for children with special educational needs
 - d) Repairs to roads and bridges
 - e) Services involving vulnerable adults and children
 - f) Waste management (household waste disposal and recycling)
2. That the above priorities are included in a report to the County Council's Cabinet on the 7th January 2010 as part of the process for finalising the County Council's Cabinet budget proposals.
3. That a further report in relation to the specific budget proposals agreed by the County Council's Cabinet be presented to the next meeting of the Lancashire Local.

Lancashire Local – Rossendale

Meeting held on 7th December 2009

Extract from the minutes:

The County Council's Spending Priorities for 2010/11

Gill Kilpatrick of the County Council's Resources Directorate outlined a report in relation to the County Council's Cabinet, who in considering the Council's medium term financial strategy had identified a requirement to deliver significant savings over the next four years. To achieve savings on the scale indicated required the Council to look in detail at its spending priorities for the Medium Term. The report invited the Lancashire Local to advise the Cabinet on priorities for maintaining services and spending and areas to consider for savings in 2010/11 and future years.

The deadline for the receipt of comments in this first phase of consultation was the 14th December. There would be a subsequent consultation in January when the Lancashire Locals would have the opportunity to consider the Cabinet's specific budget proposals.

Members of the Lancashire Local discussed aspects of the report and made the following comments:-

- Lancashire Local - Rossendale had been asked to perform a very difficult task, in that it would be difficult in the economic situation of the country, to provide any indication of the highest and lowest priority areas for spending, but to ensure Winter maintenance in Rossendale was a priority
- That the Cabinet had identified a requirement to deliver significant savings over the next four years, and in order to achieve the savings the County Council would need to consider its spending priorities.
- That to state which four services should be the highest and lowest priorities from a list of all the County Council's services was very difficult as they perceived all of them to be first class, essential and in need of maintaining. Any savings would have to be made from back office staff, efficiency savings, greater use of IT for communications and Video conferencing.
- That it would be useful for the County Council and the Borough Council to look at ways in which they could share tasks and achieve savings through the delivery of services in a different way. Jerry Smith the County Council's District Partnership Officer indicated that he would be happy to pursue the preparation of a Locality Plan at the request of the Borough Council.
- There was a majority view that there should be a zero rate increase in the County Council's Council Tax for 2010/11.

- Should any member on the Lancashire Local wish to respond individually to the consultation, comments be forwarded to the District Partnership Officer no later than 14th December 2009, and these would be forwarded to the Executive Director for Resources at the County Council
- That a further Report on the County Council's Cabinet specific Budget proposals be presented to the January meeting of the Lancashire Local.

46. Resolved:- 1) That the views now expressed be passed to the County Council's Cabinet meeting in January, 2010.

2) That members be asked to send in a response to this phase of the budget consultation individually if they so wish.

3) That a report on the County Council's draft budget be considered by the Lancashire Local at their meeting in January.

Lancashire Local – South Ribble

Meeting held on 19th November 2009

Response:

Lancashire Local South Ribble

a) Which three or four of the following services should be the highest priorities for spending in 2010/11? PLEASE TICK UP TO FOUR BOXES

b) And which three or four of these services should be the lowest priorities for spending in 2010/11? PLEASE TICK UP TO FOUR BOXES

	a) Highest spending priorities	b) Lowest spending priorities
Nursery education		2
Primary and secondary education	1	
Pupils who are socially disadvantaged and children with special educational needs	3	
Children's social care (protecting vulnerable children)	1	
Libraries		1
Museums		2
Adult education		1
Services for adults with disabilities	1	
Services for older people (including care in their own homes and in residential homes)	5	
Repairing roads and bridges (including emergencies and fixing potholes)	6	
Traffic management (making road travel safer and reducing congestion)	1	
Keeping local bus services running	2	1
Waste management (household waste disposal and recycling)		
Country parks, open spaces and picnic sites		4
Support for businesses and attracting investment to Lancashire	1	
Crime prevention (working with partner organisations to help prevent crime and disorder and reduce the fear of crime)	2	
Trading standards (consumer protection)		1
Welfare rights (helping people get the financial support they are entitled to)		1
Youth and community services (activities and support for young people)	3	
None of these		
Don't know		

Lancashire Local – West Lancashire

Meeting held on 18th November 2009

Extract from the minutes:

The County Council's Spending Priorities for 2010/11

Phil Halsall, the County Council's Executive Director of Resources outlined a report in relation to the County Council's Cabinet, who in considering the Council's medium term financial strategy had identified a requirement to deliver significant savings over the next four years. To achieve savings on the scale indicated required the Council to look in detail at its spending priorities for the Medium Term. The report invited the Lancashire Local to advise the Cabinet on priorities for maintaining services and spending and areas to consider for savings in 2010/11 and future years.

The deadline for the receipt of comments in this first phase of consultation was the 14th December. There would be a subsequent consultation in January when the Lancashire Locals would have the opportunity to consider the Cabinet's specific budget proposals.

Members of the Lancashire Local discussed aspects of the report and made the following comments:-

- that to state which services should be the highest and lowest priorities from a list of County Council's services was very difficult as they perceived all of them to be first class, essential and in need of maintaining. Any savings would have to be made from back office staff or efficiency savings.
- that it would be useful for the County Council and the Borough Council to look at ways in which they could share tasks and achieve savings through the delivery of services in a different way. Tracey Jardine, the County Council's District Partnership Officer indicated that she would be happy to pursue the preparation of a Locality Plan at the request of the Borough Council.
- there was a majority view that there should be a zero rate increase in the County Council's Council Tax for 2010/11.
- there was a minority view that there should be an increase in council tax in line with inflation.
- there was a wish for the Lancashire Local to consider the County Council's Cabinet's draft Budget for 2010/11 at their meeting in January.

29 Resolved:- That the views now expressed be passed to the County Council's Cabinet meeting in January, 2010 and a report on the County Council's draft budget be considered by the Lancashire Local at their meeting in January.

Lancashire Local – Wyre

Meeting held on 2nd December 2009

Response:

The County Council's Spending Priorities for 2010/11 and Beyond

Lancashire Local – Wyre were informed that the County Council's Cabinet, in considering the Council's medium term financial strategy, had identified a requirement to deliver significant savings over the next four years. To achieve savings on the scale indicated required the Council to look in detail at its spending priorities for the Medium Term.

A report was presented which invited the Lancashire Local to advise the Cabinet on priorities for maintaining services and spending and areas to consider for savings in 2010/11 and future years.

Details of the levels of service planned to be provided by each of the County Council's Directorates in 2009/10, with the resources allocated in the budget agreed in February, 2009, were presented.

Lancashire Local – Wyre was asked to consider the information provided, and give an indication for the County Council's Cabinet of those areas where the Local would like to see services maintained, and those where they would like to see savings made, for 2010/11 and beyond. The Local was informed that any comments would then be considered by the Cabinet in framing their specific budget proposals, which would be consulted on during January, 2010 – Lancashire Local – Wyre would be consulted further on those specific budget proposals.

It was reported that Wyre Borough Council's Budget Task Group had recently submitted the views of the Borough Council direct.

A suggestion was made that consideration be given to either merge complimentary services and/or look at which services were already being delivered by a range of partners and seek to identify better ways of working to avoid duplication.

29. Resolved:- 1. Lancashire Local – Wyre agreed that individual members let the District Partnership Officer have details of their priorities before the 9th December 2009 and that they be forwarded to the Executive Director for Resources in order for them to be considered by the County Council's Cabinet as part of the process for finalising the Cabinet's Budget proposals; and

2. that a further report on the Cabinet's Budget proposals be presented to the Local on the 27th January, 2010.

a) Which three or four of the following services should be the highest priorities for spending in 2010/11? PLEASE TICK UP TO FOUR BOXES

b) And which three or four of these services should be the lowest priorities for spending in 2010/11? PLEASE TICK UP TO FOUR BOXES

	a) Highest spending priorities	b) Lowest spending priorities
Nursery education		X
Primary and secondary education	X x x x	
Pupils who are socially disadvantaged and children with special educational needs	X x	
Children's social care (protecting vulnerable children)	X x x	
Libraries		X x x x x x x x
Museums		X x x x x x x x x
Adult education		X x
Services for adults with disabilities		
Services for older people (including care in their own homes and in residential homes)	X x x x x x x x x x	
Repairing roads and bridges (including emergencies and fixing potholes)	X x x x	
Traffic management (making road travel safer and reducing congestion)	x	
Keeping local bus services running	X x x	
Waste management (household waste disposal and recycling)	x	
Country parks, open spaces and picnic sites		X x x x x x x x x
Support for businesses and attracting investment to Lancashire	x	X x x
Crime prevention (working with partner organisations to help prevent crime and disorder and reduce the fear of crime)	X x x x x x	
Trading standards (consumer protection)		X x x
Welfare rights (helping people get the financial support they are entitled to)		X x x
Youth and community services (activities and support for young people)	X x	
None of these		
Don't know		

Responses from Lancashire Locals received by 14th December will be reported to the County Council's Cabinet on 7th January 2010. The Secretary to the Lancashire Local can provide details of where to address responses to members who wish to respond individually.

Cabinet – 7 January 2010

Report of the Executive Director for Resources

Part I - Item No. 3 (b)

Electoral Division affected:
All

Capital Investment Strategy 2010/11 to 2013/14

(Appendix 'A' refers)

Contact for further information:

George Graham, (01772) 538102, Resources Directorate

george.graham@lancashire.gov.uk

Executive Summary

The capital programme is a key part of the County Council's medium term financial strategy and new investment should be considered alongside the revenue budget.

The County Council's approach to financial strategy is considered by the Audit Commission to be best practice, and this approach should be mirrored within the capital programme. Therefore, as part of work to improve the management of the County Council's capital programme, a review has been undertaken of the approach to agreeing new investment in the capital programme.

It is proposed that the Cabinet consider a four year capital strategy, enabling consideration of investment priorities over the medium term thereby ensuring both revenue and capital spending plans are closely aligned. Work has been undertaken to develop a four year capital investment strategy reflecting both the new Administration's priorities and the need to continue investment in County Council assets critical to the effective delivery of services.

Proposals for capital investment over the next four years have been prepared; these have been through an initial prioritisation process and are set out for Cabinet to consider. Over the next four years, the capital investment proposals put forward for consideration (excluding schools and transport) total £65.8m.

This report therefore asks Cabinet to consider the capital investment priorities over the next four years which will form part of the budget proposals for 2010/11 which will be consulted upon over January 2010 alongside the revenue budget proposals.

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 by all commentators 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 - and as such 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.

This report has been prepared on the basis that the policy of "passporting" capital resources for schools and transport schemes will continue over the four year period of the investment strategy. Over this period, the capital investment resources forecast (excluding schools and transport) total £53m. In addition, it is important to note that no additional prudential borrowing is planned.

As requested by the Cabinet, guidelines for the management of the Capital Programme are proposed which are designed to improve delivery and focus on an improved development of schemes.

Recommendation

The Cabinet is recommended to:

1. Note the forecast level of capital resources over the next four years;
2. Consider the proposals for a four year capital investment programme which will form the basis of consultation alongside the draft revenue budget;
3. Agree the Capital Programme guidelines set out in Appendix 'A'.

Background and Advice

Previously, the Cabinet has considered proposals for a programme of new capital schemes to start in the financial year. In order to fully integrate the County Council's approach to financial planning, it is proposed that an approach be developed which takes a four year view in line with the financial strategy. This will enable better planning for the delivery of schemes, and therefore, improved delivery. The four year investment strategy will be subject to annual review, as the resource position will be by no means certain over the period, and new priorities may also emerge over the as schemes and services develop.

Given the significance of this change and the importance of integrating the capital and revenue budgets proposals, the proposed capital investment strategy over the next four years is being considered in January alongside the revenue budget proposals. Both the revenue budget and capital investment strategy will be part of the formal consultation on the Cabinet's budget proposals.

The process undertaken (details of which are set out at Appendix 'A') has followed previous practice, reflecting the policy framework which "passports" resources for Schools and Transport schemes. Whilst the level of government support beyond 2010/11 is not known, substantial reductions in capital resources are expected across the public sector as a result of the current economic climate.

This is reflected in the planning assumptions for 2011/12 and beyond for the Schools and Transport blocks. As government support is a much less significant factor for

investment in other services, the resources identified for this element of the programme can be regarded as secure.

In addition, due to revenue pressures no additional prudential borrowing is planned.

As part of the consideration of the capital investment strategy, Cabinet may wish to consider the option of building in a level of over programming into the design of the programme to reduce the risk to delivery of the significant slippage that has tended to happen in previous years.

The investment proposals are made up of:

- 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.

Subject to agreement by Cabinet a draft investment programme will form part of the budget consultation process alongside the revenue budget proposals which appear elsewhere on the Cabinet's agenda. Results of the consultation will be considered by Cabinet on 4 February together with an update of the current programme; the required statement on the minimum revenue provision and the prudential indicators.

Consultations

Further consultation will take place with the District/Borough Councils, the Unitary Councils, Overview and Scrutiny, the Lancashire Local Committees, the Youth Council, the Trade Unions and the business community alongside consultation on the revenue budget.

Implications:

This item has the following implications, as indicated:

Risk management

A four year investment strategy allows schemes to be better planned before they reach their start point on site which will reduce the risk of slippage. An effective capital programme will also allow the County Council to reduce future risks related to the maintenance of its assets and the potential of the ownership of assets that are not fit for purpose.

Financial

The financial implications are outlined in Appendix 'A' and the accompanying annexes. Following the consultation period it will be necessary to update both the County Council's Prudential Indicators and the Minimum Revenue Provision

Statement in order to fully reflect the implications of the final programme within the financial framework for approval by County Council.

Property Asset Management

Elements of the proposed programme are specifically aimed at improving the quality of the County Council's asset base.

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

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

Paper	Date	Contact/Directorate/Tel
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N/A

Reason for inclusion in Part II, if appropriate

N/A

Capital Starts Programme 2010/11 to 2013/14

This report considers:

1. The process for developing the capital programme
2. The resources available to support capital investment over the next four years
3. Proposals for specific capital investment by the County Council over the next four years.
4. Proposals in relation to the management of the capital programme requested by the Cabinet at its meeting on 3rd December 2009.

Developing the Capital Programme

Traditionally the County Council has approved a single year, new starts capital programme annually. Given the nature of capital schemes and the delays which can occur due to unexpected issues, significant levels of capital slippage have occurred, particularly in recent years when capital resources have been relatively plentiful and the programme has been larger than has previously.

Moving to a four year planning approach will allow project managers to refine schemes due to start on site in future years. This will result in smoother delivery, while also providing time and space to engineer costs down. While slippage may still occur in longer term programmes it is possible to better anticipate the phasing of payments on schemes if there is a longer run in to starting on site.

As set out in the section below, dealing with the anticipated pressure on public finances is likely to have a greater impact on capital resources. In these circumstances the ability to plan over a longer period allows the Council to focus more clearly on securing value for money from each scheme included in the programme.

For these reasons it is proposed to develop a four year capital investment strategy for the period 2010/11 to 2013/14, based on the forecast of available capital resources over that period. The programme will continue to be reviewed annually and progress will be monitored and reported quarterly.

As in previous years, capital proposals have been originally developed based on key priorities for investment in services. These proposals have then been initially prioritised by the Capital Strategy Group (an officer working group) using the criteria set out at Annex 1. The outcome of this process was informally discussed by Cabinet and the Executive Leadership Team at a workshop resulting in the list of schemes by priority set out in Annex 2.

The proposals have been assessed largely on the ability to meet corporate objectives. The prioritisation broadly reflects the continuation of a number of strategic investment programmes which the County Council has previously committed to.

These include the regeneration of libraries and the modernisation of day care facilities for people with learning disabilities.

Available Resources

Resources to support capital expenditure come through a number of routes:

- *Single Capital Pot* – This is the capital equivalent of the revenue support grant settlement. Resources flow through these arrangements either as capital grant or supported borrowing. These resources generally are not tied to specific schemes although they do relate to specific expenditure "blocks", which tends to drive how resources are allocated.
- *Capital receipts* – These arise from the sale of the County Council's surplus assets. Receipts are sometimes described as earmarked when for example the proceeds from the sale of a building are used to procure the same service on a different and more appropriate site.
- *Other Grants and Contributions* – These include things such as lottery grants and developers contributions under section 106 and other similar agreements. These resources are generally tied to specific schemes and may require matched funding.
- *Prudential or Unsupported Borrowing* – This is borrowing for which no support is provided through the revenue support grant, but which the County Council deems as affordable having regard to the impact on the revenue budget. No new prudential borrowing is planned in the new investment proposals.
- *Revenue Contributions* - Subject to there being capacity in the revenue budget the County Council can use revenue resources to fund capital expenditure.

Annex 3 sets out the current forecast of capital resources available to fund a four year investment strategy from 2010/11 to 2013/14. The resources have been split over the three service blocks as follows:

- Schools
- Transport
- Other Services

In the past the County Council has "passported" the resources received through the Single Capital Pot to the Schools and Transport blocks. While there is no obligation to do this, there is a risk that if it is not done then the level of future allocations will be scaled back. It is therefore assumed that "passporting" of these resources continues.

The available resources are summarised in the table below:

Service Block	2010/11 £m	2011/12 £m	2012/13 £m	2013/14 £m	Total £000
Schools	12.4	8.3	5.6	5.6	31.9
Transport	35.4	23.7	15.9	15.9	90.9
All Other	33.1	10.0	4.9	4.9	52.9

Total	80.9	42.0	26.4	26.4	175.7
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It should be emphasised that the Single Capital Pot resources in this table are a forecast based on anticipation that capital resources will be significantly reduced over the next four years. This view was confirmed by the Chancellor's pre-budget report. These figures will be revised as further information becomes available. However, given the very significant reduction that is likely in capital resources "passported" to schools and transport, it is vital that early consideration be given to the implications of this in terms of investment priorities and any potential impact on revenue budgets, for example in terms of the ability to capitalise design costs.

In terms of the Other Services Block, less than £1m per year of resources is forecast from the Single Capital Pot. The balance of resources is, in effect, already "in the bank". However, in order not to place undue strain on delivery of any programme it is suggested that these resources be deployed over the full four year planning horizon.

The resource forecast rest on a number of key assumptions:

- The current committed programme assumes a level of capital receipts will be generated, and given the current economic climate, further increases are not considered achievable as asset values are likely to be markedly down on what will be achievable beyond the current recession. Should further receipts become available these will be factored into the annual review of the capital investment strategy.
- No new unsupported (or prudential) borrowing will be undertaken. This will ensure no additional pressure on the revenue budget. However, further schemes (particularly for office rationalisation) are likely to be brought forward on the basis of a business case which delivers savings greater than the cost of any prudential borrowing, i.e. they meet the criteria of a genuine invest to save initiative. Such business cases will be the subject of separate approval and future years revenue budgets will be stripped of the savings.
- Current internal financing arrangements for vehicles are assumed to continue and it is proposed to create a "revolving fund" from the Council's County Fund balance on an invest to save basis to pay for energy and water conservation measures. The size of the fund would be capped at £2m and savings on energy costs removed from budgets in order to make repayments to the Fund. Specific rules in relation to the Fund will be subject to separate approval.
- Any risk of a shortfall in capital receipts related to the Building Schools for the Future programme in excess of £1.5m will be met from Schools Block resources.
- No new revenue contributions will be available to finance capital expenditure. However, the release of £5m of uncommitted capital reserves to support the programme in 2011/12 is built in to the forecast.
- Resources released through the review of commitments against the current programme (totalling £19.741m) are available to support new starts as agreed by the Cabinet at its meeting on 3 December 2009.

- Alongside the review of capital commitments reported to the Cabinet in December, a review of all capital resources was undertaken. This work has identified a previously earmarked capital receipt and a range of other funds totalling £4.7m which can be released to support new starts.

Cabinet have previously expressed understandable concerns relating to the level of slippage forecast within the 2009/10 capital programme. In order to significantly reduce the risk of slippage, further work is being undertaken on the capital proposals to establish a realistic and robust phasing. To complement this and reduce the risk of slippage further, Cabinet may wish to consider an element of “over-programming” within the capital investment programme.

In effect this means approving schemes to a value greater than resources immediately available. This reflects the fact that some slippage will not be prevented by the other measures that have been taken to improve delivery of the programme. Given the overall scale of the programme and the previous history of slippage over-programming of between £5m - £10m would not be unreasonable. Clearly any over-programming does not increase the level of resources available and ultimately progress on schemes will need to be carefully monitored and if necessary slow down or speed up the progress of individual schemes as appropriate.

Capital Investment Proposals

Annex 2 sets out the capital investment proposals put forward for consideration and an officer assessment of the priority attached to each scheme. These total £66m and relate only to the Other Services Block. 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.

The proposals for capital investment exceed the resources available of £53m, by £13m despite the proposals being generally focussed on delivering existing strategies and essential work to meet statutory obligations and Cabinet. Cabinet are asked to consider their priorities for capital investment over the four year period 2010/11 – 2013/14.

Management of the Programme

At its meeting on 3 December 2009 the Cabinet asked the Executive Director for Resources to bring forward guidelines for the future management of the capital programme from 2010/11 onwards.

The rationale for any new guidelines must be to improve delivery of the overall capital programme. Key considerations include improving the prioritisation process, enhancing the development of individual business cases and reducing the level of slippage. As both revenue and capital resources become scarcer in the coming years it will be important that guidelines encourage the focus of resources on those schemes which are most important in terms of their impact on priority outcomes.

A Capital Programme Manual will be developed over the coming months bringing together existing guidance and good practice. However, the following principles are

suggested as setting a broad framework within which the programme should be managed.

- Any element of an annual programme allocation for which contractual commitment has not been made in the relevant start year will not be available to be carried forward to the next year. Member commitment to such schemes will need to be reaffirmed or unused resources will be corporately available for use in the next budget round.
- For block allocations within the Schools and Transport Blocks (such as Highways Structural Maintenance and Schools Modernisation) any under spends on individual schemes within the block allocation not required in the to offset overspends on other schemes within the block will not be available to be carried forward to the next start year. Such resources will be considered by the Cabinet as part of the overall allocation of resources in the next budget round.
- Schemes presented for consideration must be fully developed. This is intended to encourage the delivery of longer term strategies as a series of individual projects rather than a large single block allocation within the programme. By focussing on specific elements (for example one children's home at a time) schemes will be more easily deliverable.
- A series of capital virement rules will be developed requiring the approval of either the Executive Director for Resources or the Director of Finance in consultation with the Cabinet Member responsible for resources i.e. the Leader of the Council.
- While external funding for capital investment is vitally important to gain maximum value for money, there will be no presumption that external funding will always be taken up. Externally funded projects must be subject to the same degree of appraisal as schemes funded by the County Council's own resources to ensure that it meets key priorities and does not reflect "chasing the money".
- For the Schools and Transport Blocks, Executive Directors will develop proposals in order to meet the planning totals agreed by the Cabinet.

These broad parameters should achieve the aims of improving programme delivery and the more robust development of schemes before they come forward for consideration. Detailed guidance will be developed to support them in the coming months.

PRIORITISATION OF CAPITAL PROJECTS

Under the Capital Strategy, the County Council has to be able to demonstrate that it uses a clear, understandable method of comparing projects in order to prioritise expenditure.

To keep the process as simple as possible it is proposed to build on the process used in previous years and to continue to categorise each proposal to one of four categories namely:

1. Essential
2. High priority
3. Priority
4. Desirable

For this to work there needs to be fairly clear guidelines of the criteria to be used to enable the categorisation of a specific scheme. The suggested system is as follows:

Essential

It is likely that projects in this category will automatically proceed. Therefore it is important that there is a strict definition of what is an essential scheme. A scheme should be classified as essential if; both criteria (a) and (b) or criteria (c) are met.

- (a) The County Council would fail to meet its statutory obligations if the scheme did not proceed
- (b) The scheme meets County Council and/or service objectives, and is to be 100% funded from either external resources, or capital receipts which will only be generated if the project proceeds. External resources would include grants or other outside contributions. It also needs to be demonstrated that the revenue consequences of the project are either generated through external funding or result in a reduction in revenue costs contributing to the service's overall savings target.
- (c) The renewal of a lease which is to be subject to restrictions under the Prudential Code where it has been demonstrated that there is no alternative.

Other Categories

To determine into which category a project proposal should be classified each project will need to be scored. The criteria, with the maximum score for each of the criteria shown in brackets, are detailed below:

- a) It meets a stated County Council objective as measured by the criteria set out in an annex to this document **(30)**

- (b) It meets a key service objective as stated in a strategy document, business plan or action plan agenda (**5**)
- (c) Failure to provide the scheme would result in a reduction of the County Council's stated level of service (**5**)
- (d) The scheme attracts some external support, or attracts additional funding into Lancashire, either financial or the County Council is working in Partnership with other bodies (**5**)
- (e) A need for the proposal has been identified in the Asset Management Plan or Local Transport Plan (**15**)
- (f) The project will bring about future revenue savings (**30**)
- (g) The proposal can be shown to meet sustainability criteria in particular with reference to the potential impact on climate change (**5**)
- (h) Provides support to Community Leadership and develops the locality focus agenda (**5**)

Initially the scoring will be undertaken by the Capital Strategy Group.

ANNEX

CAPITAL PROGRAMME ASESMENT CRITERIA

The Corporate Priorities and Objectives which form part of the Corporate Strategy are under review with the new administration. The following are based on a current draft. It should be emphasised that the final priorities and objectives may differ from these. However, given available timescales the following are broadly reflective of the policy direction.

Our citizens

- Growing up prepared for the future
 - Enjoy and Achieve
 - Positive Contribution
 - Economic Wellbeing
- Promoting health and wellbeing
 - Be healthy
 - Reducing Health inequalities
 - Improving health and wellbeing
 - Maintaining a healthy workplace and promoting healthy living to our staff
- Supporting vulnerable people
 - Better support for looked after children
 - Improved assistance for our vulnerable children and young people
 - More older people supported to live independently
 - More carers supported.

Our communities

- Making Lancashire communities safer & stronger
 - Helping everyone feel safe
 - Helping children and young people to live in a safe environment
 - Preventing and reducing levels of crime and disorder
 - Supporting and protecting the citizens and businesses of Lancashire
 - Operating safely in all we do
- Delivering choice and local control in Lancashire
 - Giving local communities a real say in how services are developed and delivered
 - Giving people more choice and help over the help they receive
 - Promoting the wellbeing of individuals and communities.
- Delivering value for money
 - Efficiency savings
 - Cost effective approach to managing capital projects
 - Useable capital receipts

Our county

- Improving the transport network in Lancashire
 - Developing the transport network

- Improving accessibility
- Promoting sustainable economic growth in Lancashire
 - Locational priorities
 - Strategic Development / Inward Investment
 - High growth and knowledge based sectors
 - Business Support Services
 - Skills
 - Employability
 - Infrastructure
 - Helping Lancashire through the recession
- Protecting and improving Lancashire's environment & culture
 - Reducing the amount of household waste produced
 - Maintaining the quality of Lancashire's environment
 - Promoting Lancashire's heritage and culture

Our Organisation

- Our people
 - Working together as 'one council'
 - Building an organisation upon the skills, talent and knowledge that our employees already have
- Our processes
 - Re-designing processes to deliver outcomes that meet the needs of our customers
 - Delivering services in more flexible ways
- Our resources
 - Delivering value for money across all services
 - Gaining greater efficiency from our assets, employees, money and infrastructure

All Capital Schemes put forward for Consideration

Schemes Set Out in the Prioritisation Category Assigned by the Capital Strategy Group	Funding Requested £000	Directorate
<p>Essential Schemes</p> <p>Annual Programmes (cost shown over four years)</p> <p>General Improvement Programme 1,268 Structural maintenance of buildings 5,400 Disabled Persons Needs-adaptations to County Buildings 252 Children and young people general improvement programme 1,268 Acquisition replacement of plant and transport 14,000</p> <p>2010/11 Starts</p> <p>Burnely and Jameson Road Household Waste Recycling Centres 410 Wycoller Sewage System 200 County Buildings Fire Detection upgrade 80</p> <p>Total Essential</p>	<p>22,878</p>	<p>Adult and Community Services Resources Resources Children and Young People LCCG Environment Environment Resources</p>
<p>High Priority</p> <p>Annual Programmes</p> <p>Environmental, Recreation and Community Projects 1,920 Energy/Water Conservation Programme 2,000</p> <p>2010/11 Starts</p> <p>Cmbined LD/PDSI Resource Centre Accrington 2,489 Ormskirk New Register Office 1,021 Farrington Household Waste Recycling Centre 2,260 Old Vicarage Children's Home Padiham 1,005</p> <p>2011/12 Starts</p> <p>Extra Care sheltered housing at Hill Top, Baxenden 200 Modernisation of LD Day Care Services Whiteledge Centre 3,153 Grant/Loan to Pennine Lancashire Development company 612 Grant/Loan to Fylde Coast MAA regeneration company 721</p> <p>2013/14 Starts</p> <p>Modernisation of LD Day Care Services - Crossways Centre 3,123</p> <p>Total High Priority</p>	<p>18,504</p>	<p>Environment Resources Adult and Community Services Adult and Community Services Environment Children and Young People Adult and Community Services Adult and Community Services Corporate Corporate Adult and Community Services</p>

All Capital Schemes put forward for Consideration

Annex 2

Schemes Set Out in the Prioritisation Category Assigned by the Capital Strategy Group	Funding Requested £000	Directorate
<p>Priority</p> <p>2010/11 Starts Provision of respite care facilities/short breaks in South Lancashire 1,999 Burscough Replacement Library 1,609 Additional Highways Allocation 5,000</p> <p>2011/12 Starts Libraries Regenerate Phase 4 1,000 Lytham Hall - Grant Aid 1,500 Additional Highways Maintenance 5,000</p> <p>2012/13 Starts Libraries Regenerate Phase 5 1,000 Additional Highways Maintenance 5,000</p> <p>2013/14 Starts Libraries Regenerate Phase 6 1,000</p> <p>Total Priority</p>	<p>23,108</p>	<p>Adult and Community Services Adult and Community Services Environment Adult and Community Services Environment Environment Adult and Community Services Environment</p>
<p>Desirable</p> <p>Mental Health Improvements to accomodation at Westfields Leyland and Pathways Bamber Bridge 386 Preston Guild Wheel 2012 1,016</p> <p>Total Desirable</p> <p>TOTAL ALL SCHEMES</p>	<p>1,402</p> <p>65,892</p>	<p>Adult and Community Services Environment</p>

Forecast Capital Resources 2010/11 - 2013/14

Available Resources	Total Cost £000	2010/11 £000	2011/12 £000	2012/13 £000	2013/14 £000
Passported Single Capital Pot Resources					
Schools Block (Forecast beyond 2010/11)	31,877	12,414	8,317	5,573	5,573
Transport Block (Forecast beyond 2010/11)	90,882	35,393	23,713	15,888	15,888
Passported Resources	122,759	47,807	32,031	21,461	21,461
Non Passported Resources					
<i>Scheme Specific</i>					
Energy and Water Conservation General Reserves - Revolving Fund	2,000	500	500	500	500
Internal Finangiag - Vehicles	14,000	3,500	3,500	3,500	3,500
<i>Non Scheme Specific</i>					
Resources Available from Current Programme	1,841	1,841			
Single Capital Pot Grants (Forecast beyond 2010/11)	4,870	1,948	974	974	974
Release of earmarked capital receipts	900	900			
Release of capital resources held in the balance sheet	4,693	4,693			
Release of Uncommitted Reserves	5,000		5,000		
Release of Uncommitted Schemes within the Current Programme	19,741	19,741			
Total Resources for Other Services	53,045	33,123	9,974	4,974	4,974
Total Resources	175,804	80,930	42,005	26,435	26,435

Cabinet – 7 January 2010

Report of the Executive Director for Resources

Part I - Item No. 3 (c)

Electoral Division affected:
All

Directorate Financial Recovery Plans 2009/10

(Appendices 'A' and 'B' refer)

Contact for further information:

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Executive Summary

At its meeting on 3 December 2009, Cabinet considered the latest budget monitoring position for 2009/10, which set out the financial pressures being experienced by both the Directorate for Children and Young People and the Adult and Community Services Directorate. Given the potential level of overspend in 2009/10, Cabinet asked that the two Directorates report back at the next meeting on the measures being taken to bring the Directorate budgets back into balance.

Recommendations

The Cabinet is recommended to note the actions being taken by the Directorate for Children and Young People and the Adult and Community Services Directorate to reduce their levels of forecast overspend.

Background and Advice

At its meeting on 3 December 2009 the Cabinet received a budget monitoring report covering the period to the end of October 2009. Of particular concern were the forecast overspends of £1.7m by the Adult and Community Services Directorate and £3.5m by the Directorate for Children and Young People. In both cases the latest budget monitoring reports showed that the level of forecast overspend has reduced marginally. Cabinet asked for further information to be provided by Executive Directors on the steps being taken to bring expenditure within budget in the current year and for the Executive Director for Resources to report back on the situation.

Attached to this report are:

- Appendix 'A' – Financial Recovery Plan for the Adult and Community Services Directorate, and

- Appendix 'B' – Financial Recovery Plan for the Directorate for Children and Young People.

The appendices indicate the actions each Directorate is taking to address the specific issues identified. Both Directorates are looking at the underlying causes of the forecast overspend and aiming to put in place effective actions to address issues in the longer term as well as bringing current spending back in line with the budget. Given the overall financial pressures facing the County Council this is a prudent approach to take and will serve to reduce the level of financial risk going forward.

Fundamental to the challenges facing both Directorates are issues concerned with demand led budgets. In the case of Adult and Community Services, increasing demand for the purchase of care, particularly in the areas of domiciliary care and direct payments is causing financial pressures. In the case of Children and Young People, significant increases in demand for the placement of looked after children, caused by increasing number of referrals and court proceedings, with resulting significant pressure on agency placements.

The appendices set out the specific actions that each Directorate is taking to achieve financial balance by the end of the current financial year. As with the pressures leading to the forecast overspend there is a commonality in the approaches being taken. These include:

- Slowing down or stopping lower priority or non-essential expenditure.
- Holding of vacancies where possible and taking steps to reduce the use of agency staff, in part through reducing levels of staff absence.
- Bringing forward the implementation of efficiency and other review activity so that some element of saving is accrued in the current year. This also has the benefit of being able to achieve greater levels of saving in 2010/11.
- Reviewing high cost placements.
- Ensuring that use of in house capacity and block contracts, whether in terms of residential placements or fostering is maximised before resorting to external resources.

All of these actions are being seen to have an effect and the position in Adult and Community Services seems to be on a clearly improving course while that in Children and Young People has stabilised.

The challenge for both Directorates is whether these actions will have sufficient effect by the end of the financial year for financial balance to be achieved. Given the overall scale of the Adult and Community Services budget relative to the forecast overspend it seems likely that it will be possible. For Children and Young People progress has been made, and actions taken, which will reduce the risk of an overspend in 2010/11.

At this stage it is not possible to see what further measures the two Directorates could be taking to reduce expenditure in year and both recovery plans are robust. It is imperative that both Directorates continue to seek to reduce spending and closely monitor the financial position. If as a result of robust management action, the potential overspends are reduced but not eliminated, any remaining overspend will be a first call upon county fund balances at the end of the financial year.

Given the impending shortage of capital resources technical measures such as significant amounts capitalisation would simply serve to prejudice the delivery of the capital programme which fully commits available capital resources.

Consultations

N/A

Implications:

This item has the following implications, as indicated:

Risk management

The two Directorate recovery plans have to strike a balance between risks as they relate to individual vulnerable children and adults and the risk that not addressing overspends poses to the County Council's ongoing financial stability.

Financial

At this stage there are no additional direct financial implications. Both Directorates are taking steps to bring expenditure in line with budget. Any eventual overspend will impact on the level of County Fund Balance at the year end.

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

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

Paper	Date	Contact/Directorate/Tel
Revenue Budget Monitoring Reports to Cabinet	3 December 2009	Phil Maynard, Resources Directorate, (01772) 534747
	3 September 2009	

Reason for inclusion in Part II, if appropriate - N/A

Appendix 'A'

Financial Recovery Plan – Adult and Community Services – 2009/10

Background

Current monitoring projections for Adult and Community Services Directorate show a projected overspend against the 2009/10 budget of £1.4m. This equates to around 0.4% of the Directorate's net budget of £344m.

This projected overspend is wholly due to spending pressures within Personal Social Care and in particular on the provision of services for older people (OP) and adults with physical disabilities and/or sensory impairment (PDSI). These pressures are due to the impact of the demographic growth in the (aged) 80+ population, the policy of supporting individuals to live independently within their own homes and the development of self-directed support. Additionally there has been a continuing significant increase in demand for PDSI services due to both demographic growth and the attractiveness of direct payments and personal budgets provided in accordance with local and national policy. These pressures are likely to be continuing in the medium term and consequently any measures to recover the projected budget overspend in 2009/10 need to have a recurrent effect.

The Directorate continuously monitors its financial performance and, where necessary, takes corrective action to maintain spending within approved budgets. Actions taken to date have reduced the forecast overspend by £0.5m below projections made earlier in the year. However, further action is needed to ensure the Directorate delivers a balanced budget by the end of the financial year.

A summary of actions agreed and implemented to bring spending back into line with budget in 2009/10 is provided below.

Summary of Recovery Plan Actions

Continuation of efficiency measures

- Only essential spending allowed on controllable and cash limited budgets e.g. equipment, furniture, printing stationery and general office expenses
- Strict control over filling of vacancies
- Action to improve attendance and consequently reduce the need for staff cover and agency support

Indicative spending targets for the remainder of the financial year have been provided in respect of Older People's and PDSI services to assist managers in bringing spending back into line with budgets through the following actions:

- Increased frequency of budget monitoring meetings chaired by service head to raise profile of financial position and ensure targets are being met.

- Lists of new care package approvals and reductions to be provided weekly to service managers for scrutiny of consistency, reasonableness and challenge where necessary.
- Establish clearer framework for funding of continuing health care with Primary Care Trusts to ensure that all appropriate placements are funded from health rather than social care budgets.
- Weekly panel meetings to scrutinise and approve all packages of care above pre-determined levels.
- Identification of high cost packages with reviews to be undertaken where appropriate to assess value for money and introduce more cost effective arrangements where appropriate.
- Review usage of block contracts and reduce capacity where possible.
- Increase uptake of Independent Living Fund applications to support and fund enhanced care packages avoiding further pressure on social care budgets.
- Review intensive care packages to ensure that all appropriate packages have been assessed for continuing health care funding.
- Ensure that support plans and associated funding packages fully reflect all available informal care supports and consistently apply Fair Access to Care Services guidelines

None of the above actions will result in a failure to meet the assessed needs of service users but are aimed at rigorously reviewing spending decisions to ensure value for money is achieved and the best outcomes secured at the lowest cost to the County Council.

Appendix 'B'

Directorate for Children and Young People Financial Recovery Strategy

1. Introduction

In response to a projected overspend of £3.6m, the Directorate for Children and Young People implemented a financial recovery strategy in September 2009 with the aim of delivering a balanced budget for the 2009/10 financial year.

Although some elements of the causes of the overspend were clearly one-off and could be properly met from accumulated balances, others pointed to continued underlying pressures in the Directorate's budget. In the context of the forward forecasts for the County Council's budget position, it was considered to be essential for the long term stability of the Directorate and the ability to ensure that resources are directed to priorities that this position was stabilised.

The purpose of the strategy was to set out the stages that the Directorate is taking to secure a stable and balanced budget position for the start of the 2010/11 financial year.

2. Overview

The financial recovery plan falls into five broad stages:

- a. Reducing current expenditure
- b. Expediting service reviews
- c. Delivering the current efficiency programme
- d. Implementing long term change projects
- e. Agreeing the next phase of the efficiency programme

This strategy document focuses on the first four stages of this strategic approach. The final element will be delivered through the 2010/11 corporate budget process.

3. Stage 1: Reducing Current Expenditure - Immediate

The first stage in the recovery plan is for the Directorate to enhance its existing controls over the commitment of expenditure, and to ensure that the benefits from grant (and other third party) funding streams are maximised.

Specific actions which have been agreed by Directorate Leadership Team include:

- Holding open 1 in 4 posts that are currently or become vacant for the remainder of the financial year, with the release of posts for recruitment agreed weekly by the Directorate Leadership Team.
- Limiting the use of agency staff to frontline positions and requiring the agreement of the Group Director for any recruitment and terminating any current agency arrangements that do not meet this standard.
- Restricting supplies and service expenditure to items that are essential for Health and Safety reasons or critical to service delivery
- Reviewing the opportunities to meet expenditure commitments from grant or other alternative sources of funding.
- Centralising in a Directorate Funding Reserve the budgets for all the savings that accrue from the measures above.

4. Stage 2 – Expediting Service Reviews – Autumn 2009

As part of its Management restructure, the Directorate has identified a number of opportunities to reduce expenditure through the centralisation of back office functions and removal of duplication and non value adding functions. Reviews have already been commissioned on Administration, Capital Development, Finance, Information Services, Policy, and Workforce Development with a requirement to report in September. All of the reviews have been set a target to reduce costs by 10%. The Directorate will expedite the implementation of these reviews with a target to have new arrangements in place for 1 January 2010 with savings equivalent to 2.5% of the Directorate budgets for these functions accruing in the current financial year.

5. Stage 3 – Delivering the Current Efficiency Programme – Autumn 2009

The Directorate has an existing efficiency programme which is monitored monthly through our efficiency board. The programme includes some significant process reviews of key service processes including child protection, fostering and admissions, using resources from the corporate business analysis team. Good progress has been made on a number of the reviews, but a number are challenged by a lack of implementation capacity, particularly to deliver cashable savings.

The Directorate Efficiency Board has identified the following key opportunities for cashable efficiencies from this programme and has prioritised work from other elements of the programme to achieve the development of redesign proposals of these reviews by 1 January 2010.

- Child Protection – including the development of options to front load more contact activity through the Customer Service Centre
- Recruitment of Foster Carers – including the development of proposals to streamline existing business processes

- School Admissions – including consideration of options to reconfigure existing area based approaches.

6. Stage 4 – Long Term Change Projects – Spring 2010

The key area of cost and cost pressure in the Directorate is the placement of children looked after. Expenditure on Residential Homes, In-House Fostering and Agency Placements accounts for £48m (27%) of the Directorate's net budget of £183m. The costs of placements is also one of the major causes of the forecast overspend in the current financial year.

The Directorate has put in place two long term projects focussed on reducing the costs of these placements:

- Investment in in-house fostering services
- Improvements to the procurement of agency placements

Both projects are at an early stage at the moment but it would be reasonable to expect outcomes from the work to be available in Spring 2010 and for any actions to be implemented from April 2010.

7. Stage 5 – Efficiency Programme 2010/11 – April 2010 onwards

The Directorate has already identified a number of options for long term service improvements consistent with the "more for less" approach. These will form the basis for the Directorate's contribution to the corporate budget process for 2010/11.

8. Progress To Date

Since its implementation the Directorate's recovery strategy has achieved savings in the region of £2m. These have arisen mainly through the management of vacancies and a stringent 'spend less' type approach which has been adopted across the whole of the Directorate. At the same time as achieving a significant level of saving, the Directorate has also been experiencing increased demand for services, in particularly social care type activities. These demands have been significant and costly and have almost offset the benefit achieved through the additional savings. The Directorate is continuing to monitor the financial position closely and is hoping to reduce the overall level of overspend by the end of the year.