

## Lancashire County Council

### Cabinet

Thursday, 6th August, 2020 at 2.00 pm to be held as a Virtual Skype Meeting

### Agenda

#### Part I (Open to Press and Public)

#### No. Item

#### 1. Apologies for Absence

#### 2. Disclosure of Pecuniary and Non-Pecuniary Interests

Members are asked to consider any Pecuniary and Non-Pecuniary Interests they may have to disclose to the meeting in relation to matters under consideration on the Agenda.

#### 3. Minutes of the Meeting held on 9 July 2020 (Pages 1 - 6)

#### Matters for Decision:

#### The Leader of the County Council - County Councillor Geoff Driver CBE

#### 4. Covid Financial Update (Pages 7 - 22)

#### 5. Commercial Blueprint (Pages 23 - 38)

#### Matters for Information:

#### 6. Urgent Decisions taken by the Leader of the County Council and the relevant Cabinet Member(s)

The following urgent decisions have been taken by the Leader of the County Council in accordance with Standing Order C16(1) since the last meeting of Cabinet, and can be viewed by clicking on the relevant link(s):

[Lancashire Enterprise Partnership - Appointment of Blackburn with Darwen Borough Council as a Company Member](#)

## **7. 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 Chair 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.

## **8. Date of Next Meeting**

The next meeting of Cabinet will be held on Thursday 3 September 2020 at 2.00 pm.

## **9. Notice of Intention to Conduct Business in Private**

No representations have been received.

Click [here](#) to see the published Notice of Intention to Conduct Business in Private.

## **10. Exclusion of Press and Public**

The Cabinet is asked to consider whether, under Section 100A(4) of the Local Government Act 1972, it considers that the public should be excluded from the meeting during consideration of the following items of business on the grounds that there would be a likely disclosure of exempt information as defined in the appropriate paragraph of Part I of Schedule 12A to the Local Government Act 1972 as indicated against the heading to the item.

## **Part II (Not Open to Press and Public)**

### **The Cabinet Member for Economic Development, Environment and Planning - County Councillor Michael Green**

## **11. Lancashire Central**

(Pages 39 - 50)

Exempt information as defined in Paragraph 3 of Part 1 of Schedule 12A to the Local Government Act 1972. The report contains information relating to the financial or business affairs of any particular person (including the authority holding that information). It is considered that in all the circumstances of the case the public interest in maintaining the exemption outweighs the public interest in disclosing the information.

Angie Ridgwell  
Chief Executive and Director of  
Resources

County Hall  
Preston





## **5. Microsoft Office 365**

Cabinet considered a report setting out a proposal for investment in Microsoft Office 365 and the replacement of Skype for Business with Microsoft Office Teams.

**Resolved:** That approval be given to release funding and agree to the Capital Investment in Microsoft Office 365 and the replacement of Skype for Business with Microsoft Teams. The implementation will require a one off capital investment of £1.661m and ongoing revenue expenditure of £1.438m which includes the annual revenue cost of capital financing of circa £200,000.

## **6. Allocation of Funding Received from the Transport Infrastructure Investment Fund**

Cabinet considered a report setting out proposals for the allocation of funding received from the Department for Transport's Transport Infrastructure Investment Fund.

**Resolved:** That:

- (i) The allocation of additional Transport Infrastructure Investment Fund money of £15,891,000 to the 2020/21 Capital Programme as described in the report, be approved.
- (ii) The funding of the A601(M) bridge and highway maintenance scheme be approved.
- (iii) The funding of the storm damage schemes detailed in Appendix 'A' be approved.
- (iv) The apportionment of funding to preventative maintenance schemes detailed in Appendix 'B' be approved.
- (v) The Moss Roads programme for 2020/21, detailed in Appendix 'C', which included the schemes funded from the approved Capital Programme agreed by Cabinet in March 2020 and those funded from the Transport Infrastructure Investment Fund, be approved.

## **7. Footway Widening and Prohibition of Waiting, Main Street, Hornby**

Cabinet considered a report setting out proposals for footway widening and prohibition of waiting at Main Street, Hornby.

**Resolved:** That:

- (i) Widening of the eastern footway along a length of Main Street, Hornby be approved.
- (ii) Provision of a No Waiting At Any Time restriction on the east side of Main Street, Hornby, from 97 metres north of its junction with Station Road for a distance of 125 metres in a northerly direction be approved.

## **8. Lancashire County Council (Bye-Pass Road, Bolton-Le-Sands, Lancaster City) (Prohibition of Waiting) Order 202\***

Cabinet considered a report setting out a proposal to introduce a Traffic Regulation Order for a Prohibition of Waiting which is required for the safe and effective operation of a new access to a retail unit off the A6 Bye-Pass Road, Bolton-le-Sands.

**Resolved:** That the making of a Traffic Regulation Order introducing a Prohibition of Waiting on Bye-Pass Road, Bolton-le-Sands as detailed within the report and as set out in the Schedule and Plan attached at Appendices 'A' to 'C', be approved.

**9. Lancashire County Council (Horrobin Lane, Rivington, Cocker Bar Road, Marl Cop, and North Road, Bretherton, Chorley Borough) (Revocation, 30mph, 40mph and 50mph Speed Limits, August 2019) Order 201\***

Cabinet considered a report setting out proposals to make a Speed Limit Order to reduce speed limits on North Road, Marl Cop, and Cocker Bar Road, Bretherton along with the introduction of 30mph limit on Horrobin Lane, Rivington in order to improve road safety and to allow effective enforcement by Lancashire Constabulary.

**Resolved:** That the proposals for speed restrictions on various lengths of road within the Chorley District as detailed within this report and as set out in the proposed order (Appendix 'A') the Plans (Appendices 'B' and 'C') in line with the statement of reasons (Appendix 'D'), be approved.

**10. Lancashire County Council (Pitt Street, Preston, Preston City) (Revocation, Amendment to Parking Provisions, Prohibition of Waiting and Prohibition of Loading) Order 202\***

Cabinet considered a report setting out proposals to make an Order to increase the pay and display parking provision within the City of Preston.

**Resolved:** That the making of an Order introducing Pay and Display Parking in Pitt Street, Preston along with associated Prohibition of Waiting and Prohibition of Loading restrictions as detailed within the report and as set out in the Notice of Proposal, plan, and statement of reason attached at Appendices 'A' to 'C', be approved.

**11. Lancashire County Council (Various Locations, Burnley, Chorley, Hyndburn, Lancaster, Pendle, Preston, Ribble Valley, South Ribble, West Lancashire and Wyre) (Revocation, Amendment to Permit Parking Provisions, Various Parking Restrictions and Electric Charging Point Parking Places (No1)) Experimental Order 2019**

Cabinet considered a report setting out proposals for the continuation of the Experimental Traffic Regulation Order introducing time limited parking places for electric vehicles on various roads across a number of districts, along with any necessary associated regulations.

**Resolved:** That the permanent continuation of the Experimental Traffic Regulation Order introducing time limited parking places for electric vehicles (such vehicles needing to be on charge in order to use the parking place) on the various roads within the Burnley, Chorley, Hyndburn, Lancaster, Pendle, Preston, Ribble Valley, South Ribble, West Lancashire and Wyre districts along with any associated regulations necessary to ensure the introduction of the parking places as detailed in the Experimental Traffic Regulation Order (Appendix 'A'), site plans (Appendices 'B' to 'T') and statement of reason (Appendix 'U'), be approved.

**12. Lancashire County Council (Various Roads, Burnley, Hyndburn, Ribble Valley and Wyre Boroughs and Preston City) (Revocations and Various Moving Restrictions (May 2019 No1)) Order 201\***

Cabinet considered a report setting out proposals for a Traffic Regulation Order across a number of districts that removes a number of redundant regulations that are either duplicated on the system, redundant due to a change in the road layout, or are no longer necessary.

**Resolved:** That the proposals included in the draft order (Appendix 'A') and indicated on the plans attached (Appendices 'B' to 'H') that will be introduced for the reasons set out in the Statement of Reasons (Appendix I), be approved.

**13. Lancashire County Council (Various Roads, Various Locations, Chorley, Fylde, Ribble Valley, Rossendale, West Lancashire and Wyre Boroughs and Preston City) (Various Parking Restrictions June - August 2019 (No 1)) Order 201\***

Cabinet considered a report setting out proposals to make a Traffic Regulation Order to address anomalies in parking restrictions, and to clarify, simplify and tidy up a number of discrepancies that have been identified, together with new restrictions, across a number of Districts.

**Resolved:** That the proposals for parking restrictions on the various lengths of road within the Chorley, Fylde, Preston, Ribble Valley, Rossendale, West Lancashire and Wyre Districts, as detailed within the report and as set out in the Draft Order (Appendix 'A'), Plans (Appendices 'B' to 'H') and Statement of Reason (Appendix 'I'), be approved.

**14. Market Street and Hoyle Street, Whitworth, Parking Restrictions**

Cabinet considered a report setting out proposals for parking restrictions on Market Street and Hoyle Street, Whitworth.

**Resolved:** That the installation of parking restrictions shown at Appendix 'A', be approved.

**15. Proposed Parking Restrictions, Railway Street, Nelson**

Cabinet considered a report setting out proposals for parking restrictions on Railway Street, Nelson.

**Resolved:** That the revocation and reintroduction with extensions of the existing double yellow lines and the introduction of new double yellow lines as set out in Appendices 'A' and 'B', be approved.

**16. Recommendation of the Edward Stocks Massey Bequest Fund Joint Advisory Committee**

Cabinet considered a report setting out the recommendations of the Edward Stocks Massey Bequest Fund Joint Advisory Committee.



**Resolved:** That:

- (i) The allocation of funds as recommended by the Joint Advisory Committee at its meeting on 12 June 2020 as set out at Appendix 'A', be approved;
- (ii) In respect of the Higher Education Student Scholarship Awards, the interview panel of the Joint Advisory Committee be authorised to award the scholarships at its meeting on 18 December 2020.

**17. Bid Development: Lancashire 2025 - UK City of Culture**

Cabinet considered a report setting out proposals for funding towards the development of a bid for Lancashire 2025 – UK City of Culture.

**Resolved:** That a total contribution of £620,000 towards bid, team and programme development costs across both 2020/21 and 2021/22, be approved.

**18. Maximising Occupancy in Supported Housing - Consultation Outcome**

Cabinet considered a report setting out proposals, following public consultation, for a revised policy and procedures for maximising occupancy in supported housing.

**Resolved:** That:

- (i) The consultation findings, as set out at Appendix 'A', be noted.
- (ii) The revised policy and procedures governing reviews of vacancies in Supported Housing as set out at Appendix 'B', be approved.

**19. Urgent Decisions taken by the Leader of the County Council and the relevant Cabinet Member(s)**

**Resolved:** That the urgent decision, 'Distribution of the Infection Control Fund', taken by the Leader of the County Council since the last meeting of Cabinet, be noted.

**20. Urgent Business**

There was no urgent business to be considered.

**21. Date of Next Meeting**

It was noted that the next meeting of Cabinet would be held at 2pm on Thursday 6 August 2020 as a virtual meeting.

**22. Notice of Intention to Conduct Business in Private**

Cabinet noted the Notice of Intention to Conduct Business in Private and that no representations had been received.

### **23. Exclusion of Press and Public**

**Resolved:** That under Section 100A(4) of the Local Government Act 1972, the public be excluded from the meeting 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 I of Schedule 12A to the Local Government Act 1972 as indicated against the heading to the item.

### **24. Purchase of a Software Solution for Parking Enforcement**

Exempt information as defined in Paragraph 3 of Part 1 of Schedule 12A to the Local Government Act 1972. The report contains information relating to the financial or business affairs of any particular person (including the authority holding that information). It is considered that in all the circumstances of the case the public interest in maintaining the exemption outweighs the public interest in disclosing the information.

Cabinet considered a report on the purchase of a software solution for parking enforcement.

**Resolved:** That the recommendations set out in the report be approved.

Angie Ridgwell  
Chief Executive and  
Director of Resources

County Hall  
Preston

**Report to the Cabinet**

Meeting to be held on Thursday, 6 August 2020

**Report of the Chief Executive and Director of Resources**

Part I

Electoral Division affected:  
(All Divisions)**Covid-19 Financial Update**

(Appendix 'A' refers)

Contact for further information:

Angie Ridgwell, (01772) 536260, Chief Executive and Director of Resources,  
angie.ridgwell@lancashire.gov.uk**Executive Summary**

The effects of the Covid-19 crisis will have a significant impact on the finances of the Council in the current and forthcoming years.

At the time of writing the Q1 forecast is not finalised, with the draft position showing that treasury management gains are mitigating a large proportion of the current estimated unfunded Covid pressures of £22.602m, leaving a forecast overspend of £3.737m.

Given available reserves and currently lower levels of demand for a number of services due to lockdown and social distancing measures, the authority will be able to manage in year pressures for 2020/21 without recourse to an emergency budget.

Estimated ongoing financial pressures suggest that without significant high level intervention, possibly from the proposed Comprehensive Spending Review in the autumn, action will need to be taken to reduce net expenditure to meet the potential funding gap for 2021/22 and beyond.

Revised forecast funding gaps of £44.555m, £54.325m and £71.703m for 2021/22-2023/24 represent a cumulative funding gap of £170.583m which is an increase of £105.092m from the cumulative funding gap of £65.491m last reported to Cabinet. Based on this forecast there are sufficient reserves to support the revenue budgets for 2021/22 and 2022/23 which allows time for the necessary actions to be taken in a planned way to address the financial gap.

To address the forecast pressure officers, working with our national professional organisations, will develop an evidence base and narrative to influence the forthcoming Comprehensive Spending Review. We will also look to maximise efficiencies across services and commence work to identify potential savings should

a poor settlement arise.

### **Recommendation**

Cabinet is asked to note the content of the report including the financial forecasts and approve the proposed next steps.

### **Background and Advice**

The effects of the Covid-19 crisis will have a significant impact on the finances of the Council in the current and forthcoming years.

The situation remains fluid and precise impacts are unclear, however in its monthly returns to Government, the council has estimated a pressure for the current financial year of circa £100m as a result of a number of factors including demand pressures, emergency funding for adult social care providers, the costs of reacting to the emergency such as the purchase of significant volumes of Personal Protective Equipment and creation of a temporary mortuary, delayed savings and lost income.

There will be financial impacts for the authority which continue beyond the current financial year. As an example there is a forecast council tax and business rates collection fund deficit of circa £30m by the end of 2020/21 attributable to the county council. This will need to be met over the next three years at least. There remains significant uncertainty around the ongoing impacts across all council services and funding sources.

Government has provided a range of grant funding initiatives in response to the crisis. The county council has to date received £65m of emergency funding in support of Covid-19 pressures and we are evaluating the recently announced income guarantee scheme. Further guidance is anticipated to clarify the uncertainty with regard to the income losses that are covered and the detailed operation of the scheme.

At the end of March 2020 the county council had circa £150m of reserves available to support future budgetary pressures. Given the available reserves, treasury management gains and the currently lower level of demand for some services due to lockdown and social distancing measures, the authority will be able to manage in year pressures for 2020/21 without recourse to an emergency budget. However any unplanned call on reserves will mean they will not be available for expected service transformation and infrastructure improvements.

The ongoing financial pressures suggest that without significant high level intervention as a result of the recently announced Comprehensive Spending Review, action will need to be taken to reduce net expenditure to meet the potential funding gap for 2021/22 and beyond.

As our next steps to address the forecast pressure officers, working with our national organisations, will develop an evidence base and narrative to influence the

forthcoming Comprehensive Spending Review. The county council will also look to maximise efficiencies across services and commence work to identify potential savings should a poor settlement arise. A full report outlining the position is attached at Appendix 'A'.

### **Consultations**

N/A

### **Implications:**

This item has the following implications, as indicated:

### **Risk management**

The ongoing nature of the financial impacts will require regular review and updating of the council's medium term financial strategy.

Officers will continue to explore all opportunities to manage and mitigate the risks.

### **Financial**

There remains a significant level of uncertainty around the full financial impact of Covid-19. As a result we have had to make assumptions with a limited evidence base in assessing our financial position.

As further information and guidance becomes available it is likely that the county council will see volatility in our future forecasts, both positive and negative.

The county council will continue to monitor and assess the financial implications of the pandemic and report to future cabinet meetings.

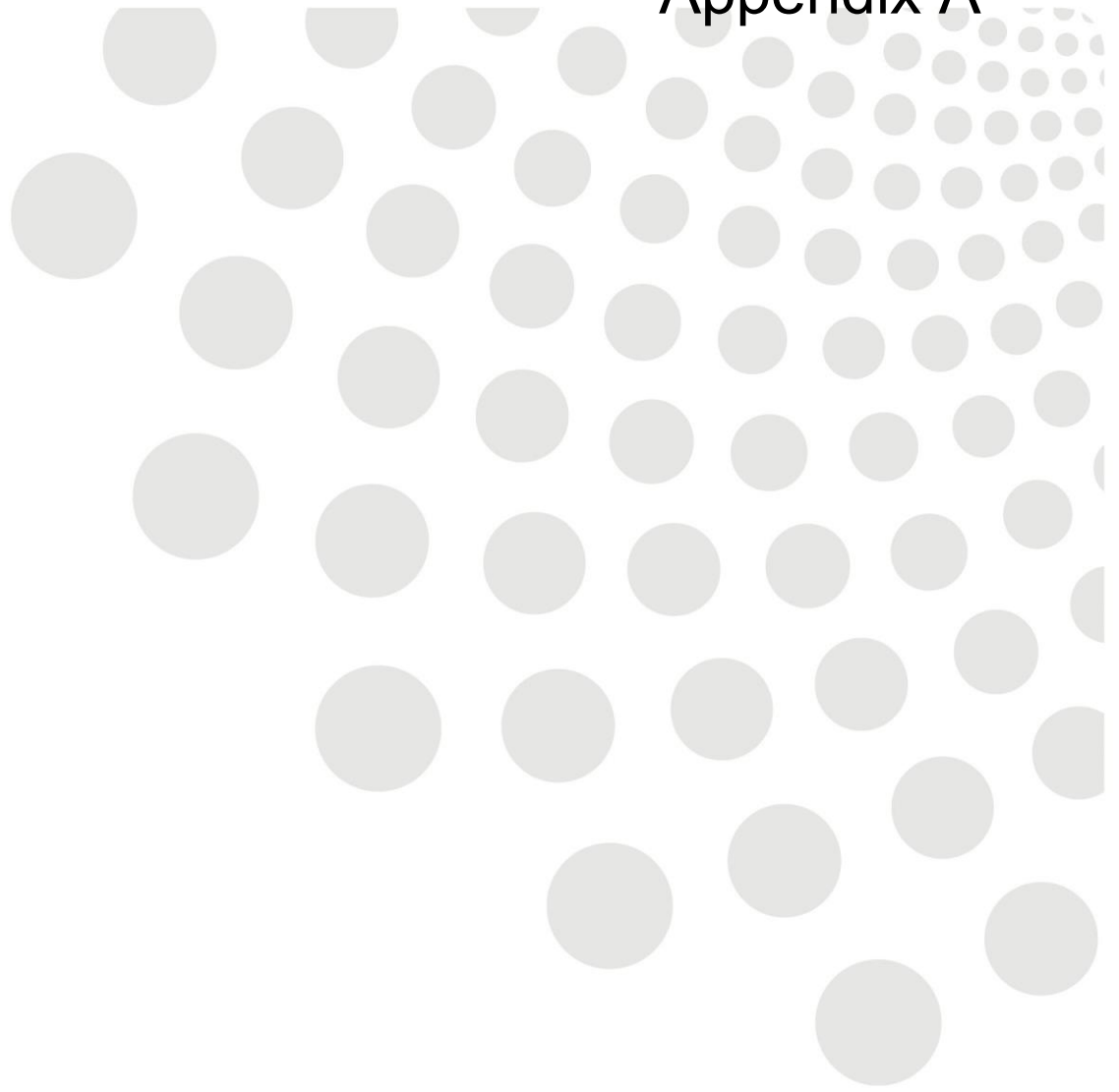
### **List of Background Papers**

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

NA





# Covid-19 Financial Update

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## 1) The Council's Financial Position Pre Covid

The final outturn position at the 31<sup>st</sup> March 2020 was net expenditure of £800.534m, which represents an in year underspend of £1.741m or 0.22% of the revenue budget.

The most material areas of over and underspend in 2019/20 were as follows:

- Adults Social Care Services - £24.930m overspend primarily as a result of under delivery of savings and financial support being provided to two of the local Clinical Commissioning Groups as referenced in the Money Matters report to cabinet on 6<sup>th</sup> February 2020
- Treasury Management - £22.888m surplus position primarily through over-achievement of budgeted income principally due to the sale of gilts and bonds.

£151.199m was available in the transitional reserve at the end of 2019/20 for future years. There are current (Non-Covid related) commitments of £1.537m which leaves a forecast of £149.662m available to support any future financial gap and the financial pressures of the pandemic, however if used in this way, the resources will not be available for the council's ongoing plans to transform services and invest in infrastructure.

When Full Council set the budget in February the level of reserves of £151.199m were forecast to be sufficient to deliver the required service transformation and cover the medium term financial strategy period and beyond. The funding gap reported at that time was as per the table below:

<b>Aggregated Funding Gap</b>	<b>2020/21</b>	<b>2021/22</b>	<b>2022/23</b>	<b>2023/24</b>
<b>2020/21 (£m)</b>	-1.358	-1.358	-1.358	-1.358
<b>2021/22 (£m)</b>		8.121	8.121	8.121
<b>2022/23 (£m)</b>			13.563	13.563
<b>2023/24 (£m)</b>				18.076
<b>Total</b>	<b>-1.358</b>	<b>6.763</b>	<b>20.325</b>	<b>38.401</b>
<b>Cumulative Funding Gap</b>	<b>-1.358</b>	<b>5.404</b>	<b>25.730</b>	<b>64.131</b>

In arriving at this reported position it was necessary to make assumptions about future funding levels. During the course of 2019/20 a number of funding scenarios were modelled and the most appropriate scenario selected. There remains significant uncertainty regarding funding levels post 2020/21 with changes to be made in respect of business rates retention, the overall funding formula, the anticipated green paper on adult social care and, of course, the government spending review.

There is now a further level of uncertainty around the full financial impact of COVID-19 and the extent to which government will make good the financial pressures in both 2020/21 and subsequent years. The government's aim to introduce a new fair funding formula and 75% business rates retention has been further delayed by at least a year adding yet more uncertainty in assessing finances in the medium term

## 2) The Financial Impact of COVID-19 on the 2020/21 Budget

The budget for 2020/21 was set without recourse to reserves and with a healthy level of reserves available to support the current and future financial years, however this was set prior to the impact of COVID-19.

Public services have been at the forefront of the emergency response, including local government. Councils have needed to introduce new services while providing additional financial support to existing service areas, such as adult social care. Local government is still in the process of understanding the short, medium and long terms impact that COVID-19 will have on councils, including the impact on the wider economy and government macro-economic policy.

The government funding provided so far has focussed on alleviating immediate financial pressures created by COVID-19, with ongoing debate on what funding and support the government may provide in relation to ongoing COVID-19 financial pressures. The funding has focussed on COVID-19 related expenditure, and arguably has had less focus on the indirect consequences of the pandemic, in particular lost income and the ability to deliver planned savings. Further work will be required to understand the latent financial impacts on local government and this will be a matter reserved for the Spending Review.

The main mechanism for assessing the immediate financial pressures so far has been a monthly data collection exercise via Ministry of Housing, Communities and Local Government (MHCLG) financial returns. The MHCLG returns collect data on the use of government support funding, key financial pressures (cost and income) and reserves. The purpose of this is to enable MHCLG to obtain a reliable estimate of the financial challenge caused by COVID-19 at a local level.

In assessing the impact on our 2020/21 budget we are forecasting full year pressures in a very uncertain environment. Presently funding received is in excess of the actual expenditure incurred in the current year to date position. Our latest high level view of the full year impact on the current year's budget as captured in the June MHCLG return is for unplanned financial pressures of £100m as a result of 3 main factors:

- 1) The levels of unplanned COVID-19 related costs.
- 2) Planned savings activities delayed due to the prioritisation of COVID-19 response activity.
- 3) Income pressures as a result of lockdown impacting the authority's income generating activities.

As a non-billing authority we do not report forecast collection fund pressures within our monthly returns. The future impact of this pressure is detailed below in the commentary on our June Covid return.

We have to date filed three returns with the pressures reported being refined over the period as underlying activity and demand has been assessed with the pressures reported being:

	Forecast Pressure £m
April	119.650
May	94.723
June	100.029

The breakdown of the latest return as filed with MHCLG in June was as follows:

LCC Covid related estimated additional pressure 2020/21 in (£m):							
Spend							
Service Area	Mar-20 £m	Apr-20 £m	May-20 £m	Jun-20 £m	Full Year £m	Submitted in May	Movement Full Year £m
Adult Social Care	-	3.859	4.944	7.047	50.375	50.390	- 0.015
Childrens Social Care	-	0.208	0.191	0.196	5.284	4.983	0.301
Education	-	0.083	0.167	0.167	5.000	0.500	4.500
Highways and Transport	-	-	-	-	-	2.000	- 2.000
Public Health	-	0.045	-	-	0.045	0.045	-
Environment & regulatory	-	1.383	0.648	0.461	4.127	1.434	2.693
Finance & corporate	0.663	0.254	0.005	- 0.005	0.253	0.254	- 0.000
Other	-	0.912	0.912	0.912	10.480	14.752	- 4.273
<b>Total Estimated Spending Pressure</b>	<b>0.663</b>	<b>6.745</b>	<b>6.866</b>	<b>8.580</b>	<b>75.565</b>	<b>74.359</b>	<b>1.206</b>
Income Loss							
Service Area	Mar-20 £m	Apr-20 £m	May-20 £m	Jun-20 £m	Full Year £m	Submitted in May	Movement Full Year £m
Highways and Transport Sales, Fees & Charges (SFC) - Parking services loss	-	0.103	0.103	0.103	0.747	-	0.747
Highways and Transport Sales, Fees & Charges (SFC) losses - other	-	0.438	0.451	0.451	3.816	5.285	- 1.469
Cultural & Related (SFC) - Recreation and sport losses	-	-	-	-	-	-	-
Cultural & Related (SFC) losses - other	-	0.226	0.345	0.345	2.214	2.138	0.076
Planning & Development SFC losses	-	-	-	-	-	-	-
Other SFC income losses	-	-	-	-	-	-	-
10 - Other income losses	0.679	3.909	4.524	4.246	17.686	22.384	- 4.698
<b>Total Income Losses</b>	<b>0.679</b>	<b>4.676</b>	<b>5.422</b>	<b>5.144</b>	<b>24.464</b>	<b>29.808</b>	<b>- 5.343</b>
<b>Total Estimated Financial Impact Full Year</b>	<b>1.342</b>	<b>11.420</b>	<b>12.289</b>	<b>13.724</b>	<b>100.029</b>	<b>104.166</b>	<b>- 4.137</b>

The content and information requirement has been refined twice with new information being requested. This has made comparison between returns difficult. At the time of writing we are awaiting the July data collection template which is to be submitted by 31 July, but it is expected to have significant changes to it.

The most significant pressures forecast in the June return are forecast to relate to:

- Additional demand for adult social care services of £24.582m. This is the forecast full year impact of pent up demand and reflects predicted pressure as service users recommence accessing services. During lockdown and consequent social distancing requirements, we have seen reduced demand across many adult social care services. It is expected that additional demand will arise for both adult social care and mental health services in the near future including the impact of accelerated frailty on a number of service users. There is also an expectation and a provision within this forecast of additional costs arising as a result of rapid discharge from hospital. This has led to service users being placed in health commissioned short term residential care placements which due to the disruption of Covid and the reduced ability to assess and move to more appropriate care packages, is likely to lead to long term residential care.
- Emergency assistance payments in support of the adult social care provider market forecast of £16.762m.
- The provision of personal protective equipment and the creation of sufficient stocks to deliver resilience in the case of another spike of £6.200m.
- Work force costs including the creation of an auxiliary workforce to support the adult social care market of £3.031m.
- Additional demand for children's social care services of £4.767m.

- An expected pressure of £5.000m to support social distancing measure for home to school transport in the new school term.
- Delayed agreed savings plans of £10.263m.
- Lost income of £24.464m from a range of services including school support services, school catering, libraries, bus income and bus station departure charges, school bus passes and workshop income, as well as the revenue impacts of delayed capital schemes to which a level of revenue expenditure would normally be charged.
- A number of smaller amounts of expenditure including the creation of a temporary mortuary, the adaptations required to our operational estate and the impact on waste disposal costs account for the balance of cost pressures.

The assumptions and forecasts that underpin this assessment are very high level and are a snapshot at a point in time - they are not of the same accuracy that we would normally expect to find in a medium term financial strategy (MTFS). The process of assessment will need to be constantly updated as more information becomes available and in light of changing circumstances and assumptions based on the progress of the infection, the government's response and all of the other factors that influence the overall position.

The current assessment of impact disclosed to MHCLG does not assume a second spike of the virus and there is no collection fund impact reflected within our return as MHCLG directed that the full impact including in relation to the precepting authorities has to be included in the collection authority returns i.e. the district councils.

On the latest information we have from districts in their June returns, we have estimated that the impact to LCC as a result of deficits on the collection fund is in the region of £30m. This would ordinarily represent a funding pressure in 2021/22 with the agreed precept being paid in full during the current financial year. Government have indicated that they will allow the impact of this pressure to be spread over 3 financial years 2021/22-2023/24, and therefore this will lead to a current forecast pressure of £10m in each of those financial years.

The County Council Network and Society of County Treasurers commissioned an analysis of the Covid Related financial pressures being reported by county councils. The highlights from this analysis and most significant for Lancashire showed that:

- a) Cost pressures within Adult Social Care services constitute over 50% of all cost pressures. Our returns have been consistent with this view to date.
- b) Cost pressures from within Children Social Care services represent 9.1% of all cost pressures. To date we have forecast below this at around 5% of additional costs in the absence of key evidence of pent up demand or cost pressures. This assessment of pressure is a judgement call which has been shared with the service and is made in the absence of predictable current demand information while expecting negative impacts for a number of children and young people as a result of lockdown.
- c) Cost pressures from within Education services of which Home to School transport is the biggest contributor represent 5.3% of all cost pressures. At 5% we are broadly in line with the average for all county council's
- d) Cost pressures from within other services represent 20.1% of all cost pressures. This section includes the impact of delayed savings activity as the most significant (73%) amongst other items. We are reporting a 10% forecast pressure as a result of delayed savings.

- e) The total value of lost service level income in 2020/21 was reported as £454m at an average of £12m per county authority. Our projections are for a loss of £24m of income for 2020/21.

### 3) Government Support for budget pressures 2020/21

In response to the crisis the government has provided a number of streams of additional funding to local government to support some of the pressures that are being forecast. The government has so far awarded £65m in unringfenced emergency grants to the council to help with the financial pressures, and some ringfenced grants in support of specific activity around infection control, track and trace and emergency assistance for the most vulnerable in society. The ringfenced grants are not incorporated within our cost pressures return as they are assumed to be fully committed for the purposes they have been awarded.

Despite these grants which have been a welcome response, it has become clear the government will not meet the full costs of the Covid-19 crisis. The deductions from the reimbursement of income losses is an example of this. Government have been clear that local authorities should bear some of the consequences of their commercial strategies in which there were always accepted risks. However the forecast will necessarily change as the impacts of policy on home to school transport and as the post lockdown level of demand for services become clearer.

Local Authority	First Tranche of Covid-19 Funding	Second Tranche of Covid-19 Funding	Third Tranche of Covid-19 Funding	Total Covid-19 Additional Funding
	£m	£m	£m	£m
<b>Covid Emergency Funding</b>				
Total England	1,600.000	1,594.000	494.000	3,688.000
Lancashire	35.296	21.405	8.285	64.986
<b>Infection Control</b>				
Total England				600.000
Lancashire				16.197
<b>Track and Trace</b>				
Total England				300.000
Lancashire				6.367
<b>Emergency Assistance Grant</b>				
Total England				63.000
Lancashire				1.453
<b>Income Guarantee</b>				Per Guidance
<b>Total funding granted to LCC</b>				<b>89.003</b>

Before taking into account the currently estimated £30m impact of collection fund pressure detailed above, the current forecast financial impact on the 2020/21 revenue budget is made up of both additional forecast expenditure and potential shortfalls in income. We have now

been clearly advised that the emergency funding provided (£65m to date) is to cover additional expenditure pressures and a separate scheme has been introduced to compensate councils for income losses. We have forecast additional expenditure of £75.565m in the June MHCLG return against which we have received £64.986m of emergency funding and which therefore leaves a shortfall on expenditure of £10.579m. In addition we have estimated a loss of income of £24.464m which will be partially covered by the income guarantee scheme but at the time of writing we are awaiting further detailed guidance as to its operation, particularly with regard to the interpretation of internal charges to capital projects. The general principles of the income guarantee are that the first 5% of any shortfall of income against budget is to be absorbed by the authority after which central government will make good 75p in the pound. In addition to be eligible for funding the following criteria are to be applied:

- The loss must arise from transactional income from customer and client receipts (excluding rents and investment income) which is generated from the delivery of services which were budgeted for in 2020/21
- As a result of COVID-19, and consequent reductions in economic activity, these income sources have been unavoidably lost and won't be recovered in this financial year.
- Compensation should be based on net losses, where a local authority has been able to reduce expenditure, or has received other compensation, only the residual loss would be compensated for.

Should all our forecast income losses be eligible for reimbursement this would enable recovery of £17.431m of the £24.464m to be recovered. However we are concerned that £7.240m may not meet the criteria for funding which would reduce our recoverable income loss value to £12.272m.

Taken together the shortfall of funding to cover expenditure and income could therefore fall between £17.612m and £22.771m depending on the how the income scheme is applied.

#### **4) Q1 Forecast Overview**

Forecasting in the current climate is challenging as while the financial impact of the Covid crisis, is the biggest single factor impacting on our financial performance this year, there remain other factors of uncertainty in our forecast which will be kept under review as we progress through the year.

Despite the current assessment of our Covid 2020/21 financial pressures it is clear that there are opportunities to offset some of these. Our Q1 overall forecast at the time of writing is not fully complete and will be reported in detail to September Cabinet. At this point in the financial year we have limited activity to forecast from, however demand on adult social care is lower than budgeted, due to a number of factors including lockdown, social distancing measures and the impact of the acute health centre commissioning some residential placements as part of NHS funded scheme to create capacity in hospitals in support of the crisis. Longer term, we do not expect these factors to drive permanent reductions and expect a drift back up in demand as a new normal settles post Covid.

In addition to current lower than budgeted demand levels, we have some benefits from the current remote working arrangements with costs such as building occupancy, printing and mileage being reduced. We also have significant treasury management gains which are helping to mitigate some of the forecast pressures. The expectation is that the Q1 forecast will show a small deficit although the impact of pent up demand cannot be assessed with any

certainty at the moment and volatility in actual demand could lead to a significant variance from the currently forecast level as time goes by.

At the time of writing, the Q1 forecast is being finalised but a summary of how the draft overspend has arisen is as follows, with the Covid pressures being largely offset by treasury management gains:

	£m
Forecast Covid Expenditure	75.565
Covid Expenditure Funding	-64.986
Forecast Lost Income Covid	24.464
Forecast Income Support	-12.441
<b>Net cost of covid</b>	<b>22.602</b>
Q1 Forecast cost adjustments	1.072
Q1 Forecast treasury management gains	-19.937
<b>Q1 Net forecast variance</b>	<b>3.737</b>

With reserves of £151m there are sufficient reserves in place for the current financial year and there is no need for consideration of an emergency budget at this stage, however any use of reserves to address unplanned deficits will limit our investment choices in the future, particularly in respect of proposed service transformation and infrastructure investments.

## 5) Longer term impacts of Covid and the potential impact on the MTFS

We now know that there will be an impact to our financial position as a result of the crisis beyond the current financial year. The significant shortfall on collection fund income being an example. There are also likely to be ongoing financial pressures as a result of other factors and the most material elements are shown below with a forecast of the potential financial impact in future years and which would represent an additional pressure to the last reported MTFS position if additional funding is not made available. These impacts are early estimates that are expected to be subject to significant variation as we progress through the year:

Potential Impact	2021-22 £m	2022-23 £m	2023-24 £m
<b>In-year Budget gap at February 2020 Full Council</b>	<b>6.763</b>	<b>13.563</b>	<b>18.076</b>
3 year recovery of forecast collection fund deficit	13.750		
Assume a 0% tax base increase for 1 year	9.010	0.335	0.348
Assume no uplift in NNDR local share and top up for 1 year	0.374	-2.312	-1.595
Adult Services - 1% increase in price for 1 year	4.379	4.830	3.852
Children's Services additional 5% demand for placements for 1 year	6.701	-3.067	-3.303
Adult Services - demand	3.578	-3.578	
<b>Total potential in year impacts</b>	<b>37.792</b>	<b>-3.792</b>	<b>-0.698</b>
<b>In-year change to MTFS gap</b>	<b>44.555</b>	<b>9.771</b>	<b>17.378</b>

The aggregated effect of the above assumptions and effect on the transitional reserve are as per the following tables, The Aggregated funding gap for the 3 years to 2023/24 could potentially rise from £65.491m which was reported at February Council to £170.583m. As a result without high level intervention via the spending review or further efficiencies and savings being identified reserves would be depleted during the 2023/24 financial year

### Aggregated Funding Gap

	2021-22 £m	2022-23 £m	2023-24 £m
2021/22 (£m)	44.555	44.555	44.555
2022/23 (£m)		9.771	9.771
2023/24 (£m)			17.378
<b>Total</b>	<b>44.555</b>	<b>54.325</b>	<b>71.703</b>

### Effect on Transitional Reserve

	2021-22 £m	2022-23 £m	2023-24 £m
Forecast Opening Balance	146.261	101.463	47.137
Gap funding	44.555	54.325	71.703
Commitments	0.244	0.000	0.000
<b>Forecast Closing balance</b>	<b>101.463</b>	<b>47.137</b>	<b>-24.566</b>

All of the above are high level assumptions at the moment and are likely to fluctuate as new information becomes available. In particular the collection fund forecast impact is subject to variability on districts approach to assessing losses in 2020/21.

Beyond 2021/22 the uncertainty around these estimates increases and as a result we will continually monitor and update our MTFs to reflect updated estimates. The above impacts would indicate a potential significant budgetary gap for 2021/22 before any future support from HMG.

On the 21<sup>st</sup> July the chancellor launched the 2020 Comprehensive Spending Review (CSR) and is requesting any written representations by 24 September before being published in the autumn and will set out the government's spending plans for the parliament. Due to unprecedented uncertainty, the Chancellor did not fix a set spending envelope, but confirmed that departmental spending (both capital and resource) will grow in real terms across the CSR period.

Given the impact COVID-19 has had on the economy, the Chancellor was clear there will need to be tough choices in other areas of spending at the review. As part of their preparations for the CSR departments have been asked to identify opportunities to reprioritise and deliver savings.

## **6) Next Steps**

Without significant high level intervention as a result of the comprehensive spending review the pressures noted above suggest that service costs will need to be significantly reduced to meet the potential funding gap for 2021/22 and beyond.

To address the forecast pressure officers, working with our national organisations, particularly in adults and children's services which are the most significant areas of financial pressure due to the increasing demand and cost of services going forward, will develop an evidence base and narrative to influence the forthcoming Comprehensive Spending Review for which submissions will be accepted up until 24<sup>th</sup> September 2020.



As part of the monthly reporting cycle and alongside our budget monitoring activity we will continue to report to the ministry of housing communities and local government to help inform and influence the spending review.

We will also look to maximise efficiencies across services and commence work to identify potential savings should a poor settlement arise.



**Report to the Cabinet**

Meeting to be held on Thursday, 6 August 2020

**Report of the Head of Service - Commercialisation****Part I**

Electoral Division affected:  
(All Divisions);

**Commercial Blueprint**

(Appendix 'A' refers)

Contact for further information:

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ajay.sethi@lancashire.gov.uk

**Executive Summary**

This Commercial Blueprint sets the strategic commercial aim of the council and presents priority areas for development. It brings clarity to what we mean by commercialisation and collectively provides a framework that will assist the council to create the environment for it to be more commercial.

**Recommendation**

Cabinet is asked to approve the Commercial Blueprint set out at Appendix 'A', and specifically:

- The Commercial Objective.
- The definition of what 'commercialisation' means for Lancashire County Council.
- The identified priority themes for development.

**Background and Advice**

Over the years Lancashire County Council has continued to look at ways to achieve savings and to look at commercially innovative ways to deliver services and to capitalise on its traded services to deliver income to help deliver services that cannot generate income.

Austerity, in the form of falling central government funding and rising demand for some services brings questions about how the council can remain financially sustainable in the long term. This situation is further compounded as councils respond to Covid 19 and its impact on residents and businesses in the short, medium and longer term.

This Commercial Blueprint takes a broad view and presents areas of focus and development that will support and safeguard our commercial activity. It also presents the route by which new enterprises will be considered which will help ensure a high level of transparency, due diligence and integrity. This is important to ensure the council considers any new enterprise fully informed. Across the country councils are at different stages of development in considering what it means to be commercial and this is open to interpretation. Indeed, some councils are now facing increased scrutiny, specifically relating to property investment and the use of public funding in this regard.

The service challenge reviews identified that the county council has experience of providing services which customers will pay for across a number of service areas/sectors. Whilst many services provide high quality traded services, some services have innovative ideas for growth though have identified wider issues that require consideration.

From a continuous improvement perspective and also supporting recommendations in our Improvement Journey the current climate presents an opportunity for Lancashire County Council to further support and be responsive to our customers.

- This means being clear at a corporate level what we mean by commercialisation;
- being clear on our commercial aim;
- supporting the skills of our workforce to operate with a commercial mind-set/public service heart;
- ensure services have clarity of purpose and are not conflicted;
- review how we can better support services in areas of finance, financial modelling and marketing, market analysis to fully understand cost, volume and price variables and legal basis.

This document is presented following consideration of best practice across the country and lessons learnt from other councils. It is this review of practice and in acknowledging the scale and breadth of Lancashire County Council that it presents five pillars to structuring our activity.

1. Culture, Skills and Capability
2. Fees and Charges
3. Traded Development\*
4. New Enterprises\*
5. Investment (managed within the overall Treasury Management Strategy)

*\*Any alterations to service delivery models and/or new enterprise development will be considered on an individual basis with a full understanding of the social, economic, financial and legal implications including state aid.*

This blueprint will provide a required statement of intent and enable a programme of works to be initiated across the organisation in bringing clarity to what we mean by commercialisation, ensure activity is supported and bring a high level of integrity and transparency so that members are assured any new ventures are fully considered and appraised.

## **Consultations**

N/A

## **Implications:**

Policy outline

## **Risk management**

Rationale: Enterprises emerging as a result of planned commercial growth will follow council governance decision making.

## **List of Background Papers**

Paper	Date	Contact/Tel
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None

Reason for inclusion in Part II, if appropriate

N/A





"Here at Lancashire County Council we are helping you to make Lancashire the best place to live, work, visit and prosper"

## **Lancashire County Council**

### **Our Commercial Blueprint 2020**

# Contents

Welcome to Lancashire County Council's Commercial blueprint which outlines our strategic commercial aim and priority areas for development.

## **Audience:**

The audience for this blueprint is principally the council – its members and its staff. Allowing us to set the mandate for a new way of working which sees culture and behaviours operating with a business mind-set and public service heart.

Ref	Contents	Page
1.	Introduction	3
2.	Commercial Councils	4
3.	What will commercialisation look like for Lancashire County Council	5
4.	Commercial Objective	6
5	Commercial Themes - The Council's Priority Commercial Themes	7
6.	Commercial Assets	9
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## 1. Introduction

A combination of austerity in the form of falling central government funding and rising demand for services brings questions about how the council can remain financially sustainable in the long term. This situation has become common across the public sector, affecting local authorities irrespective of geography and type.

There have been some excellent examples within the council of cost saving initiatives being successfully carried out, such as re-commissioning services, re-letting contracts, re-negotiating arrangements and reviewing specifications. Whilst excellent progress has been made, there is also a recognition that these measures alone will not be enough to meet the significant funding pressures we are seeing.

Local government is under immense financial pressure to do more with less. With further funding deficits still looming, commercial approaches and income generation is increasingly an essential part of the solution to ensuring financial sustainability, alongside managing demand reduction and cost efficiency of service delivery.

Commercialisation is focused on engaging in activities that will support and maintain current income and further strengthen our position and creating the right environment for new external income to the council, where this supports the provision of services to our communities. It is recognised that the authority already has pockets of commercial activity that generate external income however, it is essential for the council to explore all opportunities that use its unique asset base to support the authority in closing the funding shortfall and meeting its [strategic priorities](#):

- Lancashire will be the place to live.
- Lancashire will be the place to work.
- Lancashire will be the place to prosper.
- Lancashire will be the place to visit.
- Lancashire will be the place where everyone acts responsibly

## 2. Commercial Councils

Across the country councils are at different stages of development in considering what it means to be a commercial council. What this means is open to interpretation; for some it means becoming wholly self-sufficient with a non-reliance on grant funding to deciding the purpose of operating models that create innovative solutions to challenges faced.

Examples of the drivers for change and the types of activities include the following:

Drivers for change	Examples of what some councils are doing
<ul style="list-style-type: none"> <li>▪ Financial unsustainability</li> <li>▪ Public sector landscape</li> <li>▪ Quality</li> <li>▪ Better outcomes</li> <li>▪ Funding reductions</li> <li>▪ Increased demand</li> <li>▪ Localism</li> <li>▪ Government policy</li> <li>▪ Commissioner or Provider</li> <li>▪ Volatility in funding streams</li> </ul>	<ul style="list-style-type: none"> <li>▪ Shared Services</li> <li>▪ Advertising and sponsorship</li> <li>▪ Joint venture partnerships</li> <li>▪ Investments</li> <li>▪ Land and property – asset rationalisation, exploitation</li> <li>▪ Housing companies</li> <li>▪ Waste</li> <li>▪ Creating commercial professional services – bespoke services</li> <li>▪ Maximising fees and charges</li> <li>▪ Trading (Local Authority Trading Companies)</li> <li>▪ Outsourcing</li> </ul>

The term commercialisation is interpreted in many different ways and activity can be wide in scope and cover areas such as improved contract management and procurement. How service budgets are arrived at and how well budgets are spent. The intelligence we use to inform decisions to selling services and investing.

Commercialisation is an approach that should be open to all areas of the council and aspects of it will the norm in service delivery.

94% of councils currently share a service with another council | 91% use assets such as land in an entrepreneurial manner | 62% operate joint ventures with a neighbouring council, as well as 57% with the private and 54% with the voluntary sector | 38% invest money in private sector enterprises.

Modelling projects the level of entrepreneurial activity to rise from £10bn in 2013 to £27.4bn in 2020, representing a make-up of 6% and 18% of total council budgets. *Localis, Commercial Councils, 2013*

### 3. What will Commercialisation look like for Lancashire County Council?

For Lancashire County Council commercialisation is:

- Maintaining and increasing net commercial income for Lancashire County Council.
- Creating the environment that promotes and encourages Lancashire to be a commercial council.
- Supporting the council to be innovative in the delivery of services to residents, communities and partners and manage cost effectively.
- Considering and deploying alternative service delivery models.
- Reaching decisions as to whether income generating ideas are viable and putting in place resource support to achieve income realisation.
- Developing and promoting an increased commercial presence of Lancashire County Council throughout the county and beyond.
- Realising value from our assets and maximising eligible fees and charges.
- Supporting our Traded Services to create and innovative further and be responsive to customer need.
- New Enterprise development\* (Where this supports the provision of services to our communities).
- Commercial Investment\* (where this supports the provision of services to our communities).

\*New enterprise development and commercial investment must support our commercial objective and benefit our customers, communities. Improving and developing the provision of our services and not be solely focused on income generation.

Lancashire County Council has experience operating commercially, in 2018/19 the value of income from the application of fees, charges and other service income is valued approx. £268m.

*Statement of Accounts 2018/19*

## 4. Commercial Objective

*"To innovate and collaborate - making the best use of our people, assets, skills and position to deliver a financial and social return both to the county council and to the communities of Lancashire"*

All activity in the council must support our core purpose – serving the residents of Lancashire. It is therefore expected any commercial activity must support at least one of the following:

- Support the council to be innovative in the delivery of services to residents, communities and partners and manage cost effectively.
- Provide an economic or community/sector benefit which supports reducing reliance on grant funding and becoming more financially sustainable - meaning that it will strive to no longer use reserves to fund ongoing services.
- Assist in offsetting costs in those service areas of rising demand.
- Support local economies to thrive – where possible aim to assist in the promotion or improvement of the economic, social and environmental well-being of the county.

*I.e. Does our involvement in this business add value to the council or specific community? Does our activity promote a circular economy? Does our procurement, where possible, deliver economic benefit to Lancashire's businesses and people? Accepting our responsibility as a large employer and significant procurer of goods and services – Think and Act as an anchor employer for Lancashire.*

### The Mandate

This blueprint provides the mandate for Lancashire County Council to enter a new phase of commercial practice, enterprise and commercial growth.

## 5. Commercial Themes

To support our commercial objective priority work themes have been identified. Each will be supported by a programme of works. This will support a culture of actively looking for additional opportunities to raise income without losing focus upon the existing customer base and the quality of service delivery.

The priority themes will collectively create the environment for Lancashire County Council to be 'Commercial'; and aims to support an organisational culture where making a positive contribution to the budget shall be considered as the norm.

Lancashire County Council will provide clear operating parameters by which commercial activities are considered, understood and governed at a corporate level. This means we will efficiently apply the coherence required in the organisation, in strategy and in areas such as people and change, financial management, sales and marketing and systems and processes.

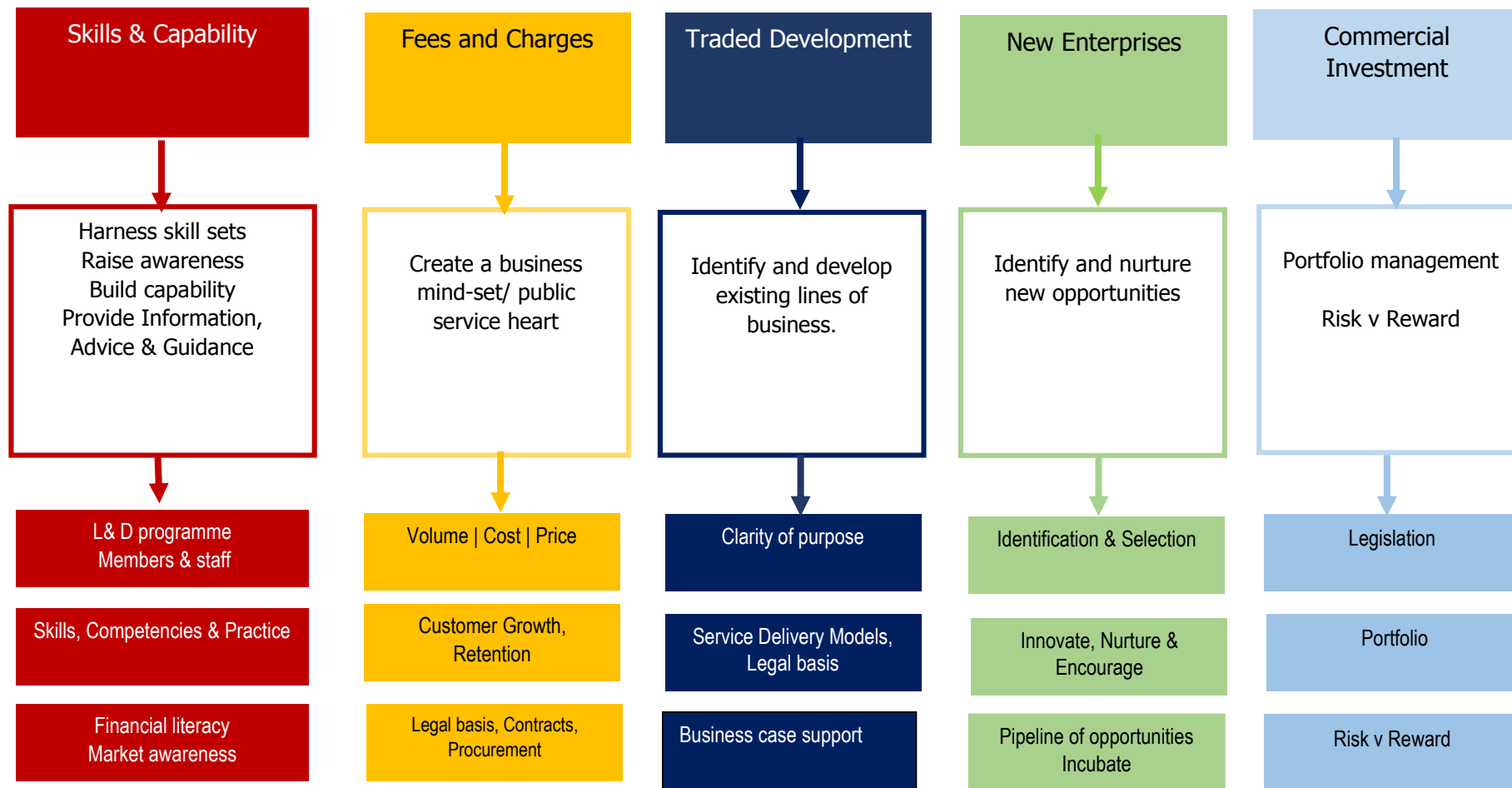
This blueprint and supporting activity will provide a coherence and clarity of purpose.

Our priority themes are:

- Culture - Instilling an environment that promotes and encourages Lancashire to be a commercial council.
- Fees and Charges – Consideration of volume, cost and price, quality of offer.
- Traded Services – clarity of purpose, opportunity gain.
- New Enterprise – Identification and selection of new enterprise.
- Investment – portfolio management (this sits within the overall Treasury Management Strategy and where this supports the provision of services to our communities).

# Lancashire County Council's Commercial Blueprint

## Culture, Leadership, Structure Set the environment & culture to be Commercial



## 6. Our Commercial Assets

Our commercial assets and the characteristics we will demonstrate:

### Our People

Trusting and using the skills, knowledge and experience of our workforce to create commercial value. Nurture and support our strengths considering applications into new markets, customer segments.

### Our Knowledge

Capitalise on our significant business and service knowledge and data to make intelligent decisions to create new commercial opportunities and better service delivery models to benefit the council and those that use the service.

### Our Infrastructure

Using and continuously improving our infrastructure assets such as the way we organise ourselves, our digital platforms and systems for commercial growth. Create the right infrastructure, service delivery models for new and existing commercial activity to prosper.

### Our Liquid Assets

Effective and intelligent Medium Term Financial Strategy and access to cash, borrowings to initiate and fund required investment.

### Our Role

Using our strategic role to champion the social, health and economic needs of the county to shape and create the market for growth and enterprise.

### Our Customer Insight

Maximising the way we communicate with the public, our customers, to listen and respond to them to identify, anticipate and satisfy meeting demand to add value and help design commercial opportunities.

### Our Market Strength

Utilising our economic, infrastructure and assets to influence the market. From our direct supply chain and how partners engage to elicit commercial benefits and opportunities.

### Our Position

Use our position in the county to promote our trading and commercial activities and those which we can partner with others to receive a financial benefit. Where possible seek to develop circular economies.

### Our Partnerships

Engage early with partners on strategic issues – Engage with private, public and third sector partners on shared priorities that offer the public value for money and value to communities.

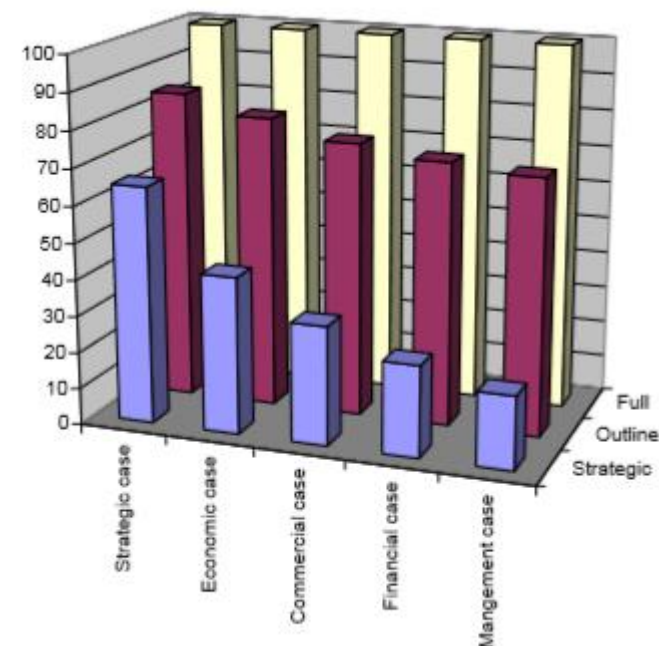
### Our Land and Buildings

Use our physical assets to generate income, capital receipts and reduce cost. Considering best use, redevelopment opportunities, energy use and dispose of premises surplus to requirements in a timely and effective manner.

## 7. Commercial Purpose - Integrity and Transparency

Knowing your purpose is vital for success, it informs strategy and measures the right key performance indicators. Supports informed decision making and performance management. Clarity of purpose will provide the integrity and transparency required and thus alleviate any concerns of services drifting from the council's core purpose. To support this and to ensure commercial return is maximised and that public money is appropriately used, it is essential decision making is robust, consistent and built on a sound business case. We will build a business case methodology<sup>1</sup> for all commercial activity which is risk sensible and supports creativity and innovation. The principals of this will be taken from best practise in Government and should enable the council and other stakeholders to ascertain that proposals support our commercial objective and:

1. Are supported by a robust Case for Change – the **Strategic Case**; clarity of purpose.
  - a. **Social Value**: the value the activity has in contributing to our communities, recognising the importance of economic, health, social and environmental wellbeing;
2. Optimise Value for Money, the **Economic Case**; alternative options, with a recommended way forward (£) and an initially recommended shortlist;
3. Are commercially viable, the **Commercial Case**; addresses the fundamentals of any potential operation, procurement and/or deal;
4. Are financially affordable, the **Financial Case**; discusses the likely affordability of the proposed activity;
5. Can be delivered successfully, the **Management Case**; outlines how the project will be set up and managed.




<sup>1</sup> This 5 point business case methodology will be supported by the relevant governance protocols to ensure the council adopts the right clearances and accountable decision making.

5 aspects of business case development over time. The likely level of detail required at different stages (Strategic, Outline and Full)

*HM Treasury Green Book – Appraisal Methodology.*



A blue decorative graphic consisting of several overlapping, semi-transparent rectangular shapes that create a layered, geometric effect. The colors range from a light sky blue to a deeper cerulean blue.

THIS COMMERCIAL BLUEPRINT, IT'S THEMES AND DESCRIPTORS HAVE BEEN DEVELOPED CAPTURING OUR FISCAL POSITION AND OUR POTENTIAL TO CAPITALISE ON OPPORTUNITIES. IT ALSO ENABLES ACTIVITY ACROSS THE ORGANISATION TO COME TOGETHER CREATING A CORPORATE COHERENCE WHICH WILL ASSIST IN CREATING THE RIGHT ENVIRONMENT FOR COMMERCIALISM TO THRIVE AND BUILDS ON GOOD PRACTICE AND OUR EXPERIENCE TO-DATE.

WE HOPE THE AMBITION AND THEMES ARE INCLUSIVE AND ENGAGEMENT IN THIS WORK ENCOURAGES LEADERS, MEMBERS, STAFF AND CUSTOMERS ACROSS THE COUNTY TO CONSIDER, INNOVATE AND COLLABORATE TO THE BENEFIT OF SERVICES BUT MORE IMPORTANTLY TO OUR RESIDENTS.

Feedback is welcome as with any ideas for improvement to [ajay.sethi@lancashire.gov.uk](mailto:ajay.sethi@lancashire.gov.uk)  
Thank you.



By virtue of paragraph(s) 3 of Part 1 of Schedule 12A of the Local Government Act 1972. It is considered that all the circumstances of the case the public interest in maintaining the exemption outweighs the public interest in disclosing the information.

Document is Restricted

