

Lancashire County Council

Cabinet

Thursday, 18th January, 2024 at 2.00 pm in Committee Room 'B' - The Diamond Jubilee Room, County Hall, Preston

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 7 December 2023 (Pages 1 - 8)

4. Questions for Cabinet

To answer any verbal questions and supplementary questions from a county councillor, about any matter which relates to any item under Part I on the agenda for this meeting under Standing Order C35(7).

To submit a question to Cabinet, click [here](#).

There will be a maximum of 30 minutes for the questions to be asked and answered.

Matters for Decision:

The Cabinet Member for Resources, HR and Property (Deputy Leader) - County Councillor Alan Vincent

5. Medium Term Financial Strategy Update 2024/25 - 2026/27 (Pages 9 - 44)



**The Cabinet Member for Highways and Transport -
County Councillor Rupert Swarbrick**

- 6. Proposed Bus Stop Clearways in Longridge** (Pages 45 - 62)

**The Cabinet Member for Education and Skills - County
Councillor Jayne Rear**

- 7. Schools Budget 2024/25** (Pages 63 - 80)

- 8. Update on the School Place Planning Delivery
Programme 2023-25** (Pages 81 - 88)

Please note that Appendices 'A' and 'B' to this report are in Part II and appear as Item No. 15 on the Agenda.

**The Cabinet Member for Environment and Climate
Change - County Councillor Shaun Turner**

- 9. Anaerobic Digestion at the Farington Waste
Recovery Park** (Pages 89 - 92)

Matters for Information:

- 10. 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 and the relevant Cabinet Member in accordance with Standing Order C16(1) since the last meeting of Cabinet, and can be viewed by clicking on the relevant link:

- [Network North Additional Highway Maintenance Capital Allocations for 2023/24](#)

- 11. 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.

- 12. Date of Next Meeting**

The next meeting of Cabinet will be held on Thursday 8 February 2024 at 2.00pm at County Hall, Preston.



13. 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.

14. 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 Education and Skills - County Councillor Jayne Rear

15. Appendices 'A' and 'B' of Item 8 - Update on the School Place Planning Delivery Programme 2023-25 (Pages 93 - 98)

Exempt information as defined in Paragraph 3 of Part 1 of Schedule 12A to the Local Government Act 1972. The appendices contain 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

County Hall
Preston



Lancashire County Council

Cabinet

**Minutes of the Meeting held on Thursday, 7th December, 2023 at 2.00 pm in
Committee Room 'B' - The Diamond Jubilee Room, County Hall, Preston**

Present:

County Councillor Phillippa Williamson Leader of the Council
(in the Chair)

Cabinet Members

County Councillor Alan Vincent
County Councillor Peter Buckley
County Councillor Graham Gooch
County Councillor Michael Green
County Councillor Jayne Rear
County Councillor Aidy Riggott
County Councillor Rupert Swarbrick
County Councillor Cosima Towneley
County Councillor Shaun Turner

County Councillor Lorraine Beavers was also in attendance under the provisions of Standing Order No. C14(2).

1. **Apologies for Absence**

Apologies were received from County Councillor Azhar Ali OBE.

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

None.

3. **Minutes of the Meeting held on 2 November 2023**

Resolved: That the minutes of the meeting held on 2 November 2023 be confirmed as a correct record and signed by the Chair.

4. **Questions for Cabinet**

There were no questions received.



5. Corporate Performance Report - 2023/24 Quarter 2

Cabinet considered a report providing an overview of the performance of forty three Key Performance Indicators as well as corporate risks and opportunities to enable monitoring against the four priorities of the corporate strategy:

- Delivering better services
- Protecting our environment
- Supporting economic growth
- Caring for the vulnerable

It was noted that the report also included an additional section on corporate health.

In presenting the report, it was highlighted that the uptake of NHS Health Checks had increased, and Cabinet thanked the officers involved.

Resolved: That, following consideration of the report and the additional information set out in Appendices 'A' to 'C', the report be noted.

6. Money Matters 2023/24 Position - Quarter 2

Cabinet considered a report that provided an update on the county council's 2023/24 revenue and capital financial position, as at the end of September 2023.

It was noted that the Quarter 2 monitoring position contained assumptions relating to demand levels across a number of services such as social care and waste management, which continued to be volatile. However, as it was at the halfway point in the financial year, the county council was able to forecast with a greater level of confidence compared to Quarter 1.

Resolved: That, following consideration of the report, the following be agreed:

- i. The current forecast overspend of £5.903m on the revenue budget in 2023/24; and
- ii. The current forecast spend on the capital programme of £157.666m.

7. Procurement Report

Cabinet considered a report seeking approval to commence the following procurement exercises in accordance with the county council's procurement rules:

- i. Provision of Lancashire Skills Bootcamp Services – Wave 5;
- ii. Reactive Gully Cleansing; and
- iii. Provision of Surface Carriageway Road Planing.

Resolved: That the commencement of procurement exercises for the following be approved:

- i. Provision of Lancashire Skills Bootcamp Services – Wave 5;



- ii. Reactive Gully Cleansing; and
- iii. Provision of Surface Carriageway Road Planing.

8. Appointment to Outside Body - Lancashire Integrated Better Care Fund Board

Cabinet considered a report to add the Lancashire Integrated Better Care Fund Board to the county council's list of outside bodies and for a county councillor to be appointed to the Board as the county council's representative.

Resolved: That

- i. The Lancashire Integrated Better Care Fund Board be added to the list of outside bodies; and
- ii. The Director of Law and Governance be authorised, in consultation with the Cabinet Member for Resources, HR and Property (Deputy Leader), to approve a nomination to act as the county council's representative to the Lancashire Integrated Better Care Fund Board, until the next county council elections in 2025.

9. Tree Asset Management Plan

Cabinet considered a report on the Tree Asset Management Plan. It was noted that the Tree Asset Management Plan set out the strategic approach to managing the county council's tree assets over the next ten years.

Resolved: That the Tree Asset Management Plan 2023 – 2033, as set out at Appendix 'A' of the report, be approved.

10. Request for Waiver of Procurement Rules - Reception Aged Vision Screening

Cabinet considered a report that requested a waiver of Procurement Rules for Reception Aged Vision Screening. It was noted that the current Reception Aged Vision Service provision would expire on 31 March 2024 and the Public Health Improvement Team sought to extend the contract by an additional 4 months until 31 July 2024, to align the contract end date with the academic school year.

Resolved: That a waiver of the county council's procurement rules as set out at paragraph 14.2 of Appendix R of the county council's Constitution to extend the Reception Aged Vision Screening service contract by 4 months until 31 July 2024, be approved.

11. Submission by Lancashire County Council to Zero Emission Bus Fund

Cabinet considered a report seeking approval to submit a bid to the Government's Zero Emission Bus Fund. It was noted that Lancashire County Council was preparing a bid to the Department for Transport's Zero Emission Bus Regional Area fund on behalf of Preston Bus; Stagecoach Cumbria and North Lancashire; and Stagecoach Merseyside and South Lancashire. If the bid was successful, the



Department for Transport would pay grant funding to Lancashire County Council for onward payment to the operators.

Resolved: That

- i. The submission of a bid to the Department for Transport's Zero Emission Bus Regional Area fund, be approved;
- ii. The Director of Highways and Transport be authorised, in consultation with the Director of Law and Governance to agree the detail of the final terms of the submission; and
- iii. The Director of Highways and Transport be authorised, in consultation with the Director of Law and Governance, to approve the final terms of the Grant Funding Agreement with the Department for Transport, flow-down Grant Funding Agreements with the operators and all other relevant legal and contractual documentation relating to the scheme to which the county council was required to be party.

12. Lancashire County Council Carers Strategy

Cabinet considered a report on the Lancashire County Council Carers Strategy 2024-27. It was noted that the Carers Strategy had been developed following engagement with Carers and others in Lancashire throughout 2023. The strategy identified five key priorities for the county council to focus on over the next three years and would directly inform the production of an extensive Action Plan, planned for early 2024.

Resolved: That the Lancashire County Council Carers Strategy 2024-27, as set out at Appendix 'A' of the report, be approved.

13. Lancashire Safeguarding Adults Board Annual Report 2022/23

Cabinet considered the Lancashire Safeguarding Adults Board Annual Report for 2022/23. The Lancashire Safeguarding Adults Board Annual Report for 2022/23 provided a summary of the work undertaken by the Safeguarding Adults Board in Lancashire over the last year.

Resolved: That, following consideration of the report, the report be noted.

14. SEND Sufficiency Strategy Implementation – Provision of Special School Places and Special Educational Needs Units at Mainstream Schools

Cabinet considered a report that provided an update and the current position on the placements available in Lancashire maintained special schools throughout the county, and the potential risk this posed to Lancashire. It was noted that there were significant risks to the county council being able to meet its statutory duties associated with the number of additional places required for September 2024.

It was also noted that Appendices 'A' and 'B' to this report were in Part II and were set out at Item No. 22 on the Agenda.



Resolved: That

- i. The completion of feasibility studies and initiation of informal consultations needed to create 205 additional special school places for September 2024, comprising 104 for children entering reception and/or of primary age, 76 for children transitioning into secondary school and 25 post-16 placements, be approved;
- ii. The Executive Director of Education and Children's Services be authorised, in consultation with the Cabinet Member for Education and Skills, to review the outcomes of the informal consultations, and to decide whether to proceed with the formal consultations to create the additional 205 special school places identified in (i) above;
- iii. The initiation of the consultation processes on the proposal to close Pinfold Primary School in Scarisbrick, Ormskirk, as a maintained mainstream provision, and to repurpose the building as satellite special school provision, attached to a special school within the same locality, be approved;
- iv. The individual school project costings for the refurbishment or other building works required to create additional capacity at The Loyne Specialist School in Lancaster, Kirkham Pear Tree School, Mayfield Specialist School in Chorley, and Kingsbury Primary School in Skelmersdale, be approved;
- v. The budget for the completion of the second phase of the West Lancashire Community High School in Skelmersdale expansion, be approved;
- vi. The initiation of feasibility studies and informal consultation process to create Special Educational Needs units at West Street Primary School, Colne and Barrowford Primary School, Barrowford, be approved;
- vii. The Executive Director for Education and Children's Services be authorised, in consultation with the Cabinet Member for Education and Skills, to review the outcomes of the informal consultations, and to decide whether to proceed with the formal consultations for the development of Special Educational Needs units at the two schools identified in (vi) above.

15. The Future of Maintained Nursery Provision at Gisburn Road Community Primary School, Barnoldswick

Cabinet considered a report on the future of the maintained nursery provision at Gisburn Road Community Primary School, Barnoldswick. It was noted that on 7 September 2023, Cabinet agreed to a statutory notice being published to begin a representation period on the future of the local authority maintained nursery provision currently delivered by Gisburn Road Primary School in Barnoldswick. A Statutory Notice was published, to begin the consultation period in relation to the school discontinuing the nursery provision, by permanently raising its age range from 3-11 years to 4-11 years, with effect from 31 December 2023. The consultation period ended on 2 November 2023.

Resolved: That following consideration of the report, the following be approved:

- i. The proposal as detailed in the statutory notice to discontinue the local authority maintained nursery provision at Gisburn Road Primary School by permanently raising its age range from 3-11 years to 4-11 years, with effect from 31 December 2023; and



- ii. That an appropriate statutory decision letter be sent out, as specified under legal requirements, to give the reasons for the decision to the parties that had been consulted.

16. Landfill Contract Extension

Cabinet considered a report to extend the county council's contract for landfilling of residual wastes. It was noted that the current scheduled expiry of the contract was March 2025, and would require four Waste Collection Authorities in the east of Lancashire to deliver waste to Farington Waste Recovery Park if alternative arrangements were not put in place.

To avoid each refuse collection vehicle having to make long journeys, and to reduce the environmental and financial impacts of the same, the four Waste Collection Authorities were intent on putting waste transfer arrangements in place within their areas to bulk up the waste in much larger vehicles. To provide sufficient time for the Waste Collection Authorities to make such arrangements it was proposed that the existing landfill contract be extended for a further 12 months.

It was also noted that Appendix 'A' to the report was in Part II and was set out at Item No. 23 on the Agenda.

Resolved: That a waiver of the county council's Procurement Rules, as set out in Appendix R of the county council's Constitution and the award of a contract extension as set out in the report, be approved, to extend the current contract with Suez UK Ltd for the landfilling of waste for 12 months.

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

Resolved: That the urgent decision taken by the Leader of the County Council, since the last meeting of Cabinet, be noted.

18. Urgent Business

There were no items of Urgent Business.

19. Date of Next Meeting

It was noted that the next meeting of Cabinet would be held at 2pm on Thursday, 18 January 2023 at County Hall, Preston.

20. 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.



21. Exclusion of Press and Public

Resolved: That under Section 100A(4) of the Local Government Act 1972, the press and 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.

22. Appendices 'A' and 'B' of Item 14 - SEND Sufficiency Strategy Implementation – Provision of Special School Places and Special Educational Needs Units at Mainstream Schools

Exempt information as defined in Paragraph 3 of Part 1 of Schedule 12A to the Local Government Act 1972. The appendices contained information relating to the financial or business affairs of any particular person (including the authority holding that information). 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.

Resolved: That Appendices 'A' and 'B' of Item 14 - SEND Sufficiency Strategy Implementation – Provision of Special School Places and Special Educational Needs Units at Mainstream Schools, be noted.

23. Appendix 'A' of Item 16 - Landfill Contract Extension

Exempt information as defined in Paragraphs 3 and 5 of Part 1 of Schedule 12A of the Local Government Act 1972. Appendix 'A' contained information relating to the financial or business affairs of any particular person (including the authority holding that information); and information in respect of which a claim to legal professional privilege could be maintained in legal proceedings. 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.)

Resolved: That Appendix 'A' of Item 16 - Landfill Contract Extension, be noted.

Angie Ridgwell
Chief Executive

County Hall
Preston



Report to the Cabinet

Meeting to be held on Thursday, 18 January 2024

Report of the Director of Finance

Part I

Electoral Division affected:
(All Divisions);

Corporate Priorities:
Delivering better services;

Medium Term Financial Strategy Update 2024/25 - 2026/27

(Appendices 'A' - 'B' refer)

Contact for further information:

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Brief Summary

The medium-term financial strategy provides a forecast of the financial position for the county council for the next 3 financial years. This report provides an update of the position and highlights any changes since the last report to Members in November 2023.

It has been developed working with services within the Council and benchmarking the assumptions made with other Councils and through advice from professional advisors.

The Council has a long track record of strong financial management and is in a relatively good position compared to some other Councils, however this report is written against a backdrop of considerable financial challenge and uncertainty.

The overall position reported is a forecast financial deficit of £2.908m in 2024/25 with a projected surplus of £4.892m by 2026/27, compared to the position that was reported to Cabinet in November 2023 of a forecast deficit of £14.505m in 2024/25 increasing to £18.294m by 2026/27.

This report reflects the most up to date information available including:

- Revised demand and inflation projections.
- Impacts from the government provisional financial settlement.
- Proposed mitigations.

The report highlights that relative to the 2023/24 budget the council faces the following financial pressures (shown cumulatively):

	2024/25	2025/26	2026/27
	£m	£m	£m
Pay	20.756	34.353	44.956
Price	52.701	101.311	136.532
Demand	39.003	58.067	74.277
Capital Financing	5.368	6.548	5.011
Total Pressures	117.828	200.279	260.776

The main changes since the last report to Members are summarised below:

- Increased demand across Home to School Transport, Special Educational Needs and Disabilities, and Adult Social Care.
- An increase of 10% for 2024/25 for Foundation Living Wage which was unexpected given falling inflation, which is currently sitting at 3.9% in November 2023.
- A reduction in the level of assumed increase for the 2024/25 pay award. This is based on reduced inflationary levels and benchmarking information across other authorities.
- Assumed additional Council Tax levels in 2025/26 and 2026/27, in line with Office of Budget Responsibility's assumptions contained within the provisional financial settlement.
- A net reduction in grants compared to previous forecasts following the provisional settlement.
- Increased levels of business rates following additional information relating to inflationary increases confirmed in the provisional settlement.
- Inclusion of a mitigation to utilise capital receipts to support the 2024/25 budget to support transformation expenditure as permitted by flexibilities from the government.
- Additional savings proposed as a mitigation to support the 2024/25 budget.

In line with the Council's continuing pro-active approach to financial management work was undertaken by Directorates to identify financial savings and efficiencies during the early part of this year in recognition of the remaining budget gap. This resulted in "management action" savings totalling c£23m being included in the medium-term financial strategy presented to Cabinet in November. As part of this report, policy savings totalling c£15m are included in Appendix A for consideration and approval which cover a range of services across the council.

Recent budgets have required the delivery of significant levels of savings over a number of years, aimed at providing efficiencies in costs on behalf of taxpayers, whilst still investing in priority services and protecting the vulnerable. The Council has continued to deliver these savings year on year whilst maintaining delivery of high-quality services to its residents. However, the savings agreed in the previous medium term financial strategy and budget rounds are now in excess of £164m over a four-



year period and necessitate an ongoing heightened focus on delivery to ensure financial sustainability and resilience.

The Council's transitional reserve (currently standing at £165m at the end of 2023/24) will be utilised to bridge the 2024/25 funding gap and remains sufficient to allow plans to be developed over the coming years to continue to aim for a balanced long term sustainable budget. The transitional reserve also serves a purpose going forward to allow modernisation and transformation of council services.

All reserves will be reviewed as part of the Council's forthcoming budget report including the General Reserve which currently stands at £23m representing 2.25% of net expenditure.

As stated earlier, a number of Councils across the country are experiencing extreme financial challenges and whilst this Council is not in that position it does have growing demand for its services in a number of key areas and the budget report that comes before Members in February will need to consider the Council's approach to this scenario going forward taking into account the assumptions within this medium-term financial strategy report, and the sustainability of the current position.

In summary:

- (i) The medium-term financial strategy has been updated for current expectations of levels of funding (following the provisional settlement), savings delivery, demand and inflation.
- (ii) At Cabinet in November 2023 the medium-term financial strategy showed a deficit of £14.505m in 2024/25 with this increasing to £18.294m by 2026/27. The updated position forecasts a gap of £2.908m in 2024/25, with this improving to a small surplus of £4.892m in 2026/27.
- (iii) A number of mitigating measures have been put in place during the year and new proposals totalling £14.940m are included within this report.
- (iv) The council is forecast to hold a General Reserve against unforeseen issues of £23.437m representing circa 2.25% of net budget, which is unchanged from the previously reported position.
- (v) The council is forecast to hold £165.198m of uncommitted transitional reserve at the end of the financial year. This is sufficient to meet the forecast gap for the medium-term financial strategy for the next three financial years.

Recommendation

Cabinet is asked to:

- (i) **Agree** updated budget assumptions and changes to budget requirements for 2024/25, and following years' changes, included in the revised medium term financial strategy.



(ii) **Agree to** consultation with key stakeholders on the savings proposals in Section 3.6 of this report.

(iii) **Agree** the contents of the county council's reserves position.

Detail

The detailed report at Appendix 'A' presents the county council's medium term financial strategy and reserves forecast position of the financial years 2024/25 – 2026/27.

Appendices

Appendix 'A' and 'B' are attached to this report. For clarification they are summarised below and referenced at relevant points within this report.

Appendix	Title
Appendix 'A'	Medium Term Financial Strategy and Reserves – January 2024
Appendix 'B'	Medium Term Financial Strategy Assumptions and Further Information.

Consultations

Proposals will be subject to appropriate consultation where required.

The budget consultation process will commence upon publication of this report, with responses and feedback provided as part of the Budget 2024/25 report to Full Council in February 2024.

Implications:

This item has the following implications, as indicated:

Risk management

The county council's overall approach to managing financial risks continues to be to identify and acknowledge risks early and build their impact into financial plans while continuing to develop strategies which will minimise their impact. This approach operates in parallel with the identification and setting aside of sufficient resources to manage the financial impact of the change risks facing the organisation.

All risks are clearly set out in Section 5 of Appendix 'A'. As part of the preparation of the updated medium-term financial strategy multiple scenarios have been calculated, but the report contains what is thought to be a balanced level of risks and opportunities following the publication of the Provisional Financial Settlement. It is inevitable that risks are inherent within the forecast, but in identifying where the greatest risks are, such as funding levels, demand projections and inflation (many of which are outside our control) and having an awareness as to the levels of fluctuation that could occur, a measured and balanced risk medium term financial strategy is presented. The medium-term financial strategy is a collaborative piece of work undertaken across the

county council with finance working very closely with Directorates and professional advisors for their professional opinions in relation to future year financial forecasts.

Legal

Matters referred to in this financial forecast will be subject to council consideration where appropriate.

List of Background Papers

Paper	Date	Contact/Tel
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None

Reason for inclusion in Part II, if appropriate

N/A



Medium Term Financial Strategy and Reserves

January 2024

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1. Executive summary

The Council has a strong track record of effective financial management and regularly reviews its long-term financial health and sustainability.

At Cabinet in November 2023 the medium-term financial strategy set out the forecast funding gap. A further detailed review of the medium-term financial strategy has been undertaken. The review has taken into account:

- A review of existing assumptions made on key drivers affecting the Council budget (e.g. pay award, inflation, interest rates).
- A review of the changes in demand for Council services (which is to a large extent difficult for the Council to directly control and increasing demand often reflects pressures common to local government as a whole) – e.g. Adults and Childrens Social Care including home to school transport
- The impact of the Provisional Local Government Finance Settlement that was announced on 18th December 2023.
- Mitigations for consideration by Cabinet.

A summary of all of the assumptions made within the medium-term financial strategy is attached as Appendix B. The table below shows the latest position and changes since the last report to members.

Table 1

	2024/25	2025/26	2026/27	Report Section
	£m	£m	£m	
Spending Gap as reported to November 2023 Cabinet	14.505	17.877	18.294	
Add change to forecast of spending:				
Pay & Pensions	-6.865	-6.648	-6.325	3.1
Inflation and Cost Changes	6.630	7.419	7.774	3.2
Service Demand and Volume Pressures	12.458	15.093	15.656	3.3
Other	0.365	0.387	0.390	3.4
Additional Grant	-5.244	-3.389	-3.389	3.5
Total change to forecast spending	7.344	12.862	14.107	
Change to forecast income:				
Funding (Council Tax, Business Rates and Government Grants)	-11.261	-18.225	-22.353	2
Total change to forecast of resources	-11.261	-18.225	-22.353	
Provisional Funding Gap	10.588	12.514	10.048	
Less mitigations:				
Use of Capital Receipts	-5.000	0.000	0.000	2
Additional Savings	-2.680	-4.700	-14.940	3.6
Total mitigations	-7.680	-4.700	-14.940	
Funding Gap	2.908	7.814	-4.892	

As a consequence, following the first review of the position, the forecast funding gap for 2024/25 had reduced to £10.588m, with a slightly reduced deficit position of £10.048m by 2026/27. The movement is the result of a number of factors:

- Reduction in estimated pay award in 24/25 to 3%, resulting in a reduction in the budget required of £8.4m. This is based on reduced inflationary levels and benchmarking information across other authorities. This is offset by an increase in the Foundation Living Wage rate for 2024/25 - the previous medium-term financial strategy assumed a 5% increase, whereas it has been confirmed that the increase for 2024/25 will be 10% (£12 per hour). This has resulted in additional pay costs of £1.5m in 2024/25.



- Inflation – Reviews of inflationary assumptions have taken place across all services, with an additional £6.6m included in the updated medium term financial strategy for 2024/25. The largest increase relates to Adult Social Care payments to provider fees, with the increase in the National Living Wage resulting in additional pressures on the budget forecast. The majority of this additional expenditure is however funded from additional social care related grants. Further changes relate to children's social care (Special Guardianship Orders and family support), with some of the additional amount included relating to a "catch up" from a higher than anticipated inflation level for 2023/24.

There are other smaller inflationary increases included for energy costs, sea fisheries and waste management.

- Demand – Increased costs of c£12.5m are included for 2024/25, £4m relating to continuing increased demand for home to school transport, particularly Special Educational Needs related, and £2.5m of additional investment in the Special Educational Needs and Disability Service to meet the growth in demand and address capacity issues. In addition, there are increased values included for adult social care mental health services (£2m in 2024/25 and £1m in 2025/26) to address recurrent pressure across domiciliary care services. Additional funding of c£2m has been included for digital services to reflect the changing nature of ICT systems as they become 'cloud based' (this means that licensing costs in particular are now funded from the revenue budget and not capital).
- Additional savings – A considerable level of savings were identified by Directorates during the summer through a detailed review and challenge of their budgets. In the previously updated medium term financial strategy c£23m of management action savings were included within the forecast. The management actions include staffing efficiencies and increased productivity, changes to working practices and processes, increased income generation, disestablishing vacant posts identified as no longer required, improved demand management and removal of recurring underspends identified by services.
- Funding – the updated medium term financial strategy includes the impact of the Provisional Financial Settlement, which was provided on 18th December 2023. This has resulted in a number of changes across funding projections with the main changes being to business rates, council tax and specific grants such as the Services Grant and Social Care Grant. Details of the changes are outlined in Section 2 of this report. This resulted in additional funding of £11.2m in 2024/25 and £22.3m by 2026/27, mainly due to increased council tax flexibilities and business rates.



Following a review of the provisional financial gap, further analysis was undertaken and an extended review of assumptions. This resulted in mitigations totalling £7.6m in 2024/25 and £15m by 2026/27 being included in the final position that is forecast. The mitigations were as follows:

- The government permits the flexible use of capital receipts within the revenue budget to support transformation related expenditure. The revised medium term financial strategy includes £5m of capital receipts in 2024/25.
- This medium-term financial strategy includes c£15m of savings proposals over the next 3 years that require a Cabinet decision. These cover a range of services with a summary table and details of each saving included in Section 3.6.

The Council has established a transitional reserve to support the strategic delivery of a sustainable balanced budget position, including facilitating modernisation and transformation so that services can remain the best in class. The phasing of the introduction of the savings needed allows the Council to minimise the impact on residents and service users through the development of fully thought through proposals, with the transitional reserve supporting the budget whilst these are implemented.

The value of the uncommitted transitional reserve is currently forecast to be sufficient to meet the forecast funding gap for the lifetime of the medium-term financial strategy, based on current assumptions.

Table 2

	2024/25	2025/26	2026/27
	£m	£m	£m
Opening Balance	165.198	163.231	158.124
Gap funding	-2.908	-7.814	4.892
Commitments	0.941	2.707	3.680
Closing balance	163.231	158.124	166.696

However, by identifying further savings and/or delivering savings earlier than currently planned the county council would seek to address the financial gap sooner and ensure reserves are maintained for further service transformation and improvement.

Supporting Details

The following sections of the report provide the supporting information behind the numbers in Table 1.

Table 3 provides a detailed analysis of forecast additional budget required across key elements of the council's budget and Table 2 presents the movements between the previously reported financial gap and the revised financial gap:

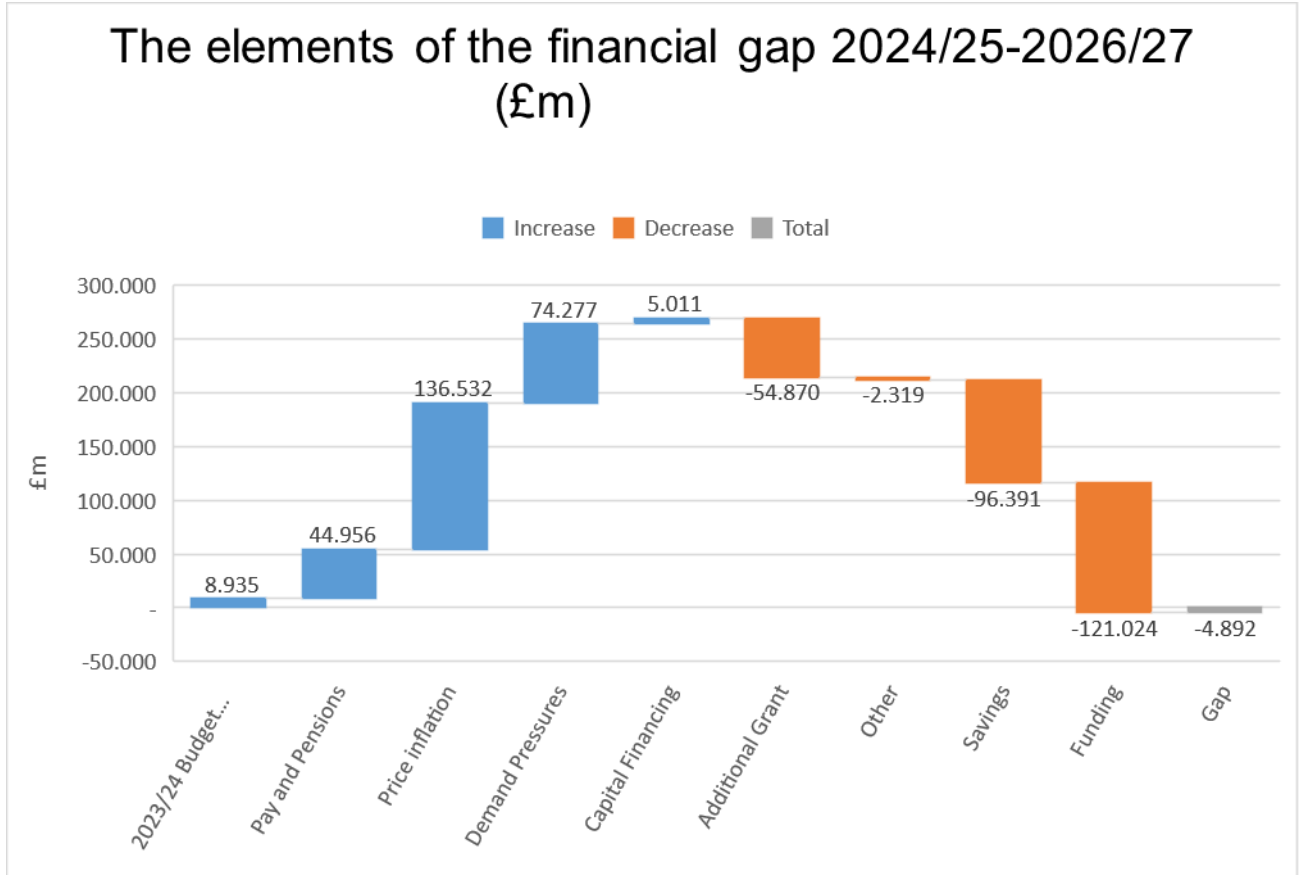


Table 3

	2024/25 £m	2025/26 £m	2026/27 £m
Baseline Expenditure	1,047.981	1,113.586	1,120.057
Pay & Pensions	20.756	13.597	10.603
Inflation and Cost Changes	52.701	48.610	35.221
Service Demand and Volume Pressures	39.003	19.064	16.210
Additional Grant	-15.392	-39.478	0.000
Savings	-34.423	-36.556	-25.412
Capital Financing	5.368	1.180	-1.537
Other	-2.409	0.054	0.037
Budget Requirement	1,113.586	1,120.057	1,155.179
Funding (Council Tax, Business Rates and Government Grants)	1,110.677	1,112.242	1,160.070
Updated Budget Gap	2.908	7.814	-4.892



The graph below demonstrates the drivers and complexity that make up the changes in the financial deficit of £8.935m carried forward from 2023/24 to the cumulative position of surplus of £4.892m in the financial year 2026/27 shown in the table above:



The graph highlights that over the 3 years of the medium-term financial strategy period, additional cost pressures totalling c£260m will be incurred and sets out the proposed solutions to addressing these.



2. Funding (Overall position and changes to the forecast reported to November Cabinet)

The Provisional Local Government Financial Settlement was published on 18th December 2023. In the Final Settlement for 2023/24, the government announced that details were provided for the next two years, however, estimates of grant values had to be made, the recent announcement provides confirmed values, but subject to consultation and the final settlement in February 2024.

In addition, from reviewing OBR fiscal forecasts in relation to funding levels for local government, it is clear that an assumption has been made that the additional core council tax will have continued flexibility of an additional 1% (maximum increase of 2.99%) and there will continue to be the flexibility offered to apply an adult social care precept of 2%.

The key assumptions and changes to the medium-term financial strategy for funding levels are outlined below:

- Council tax increases of 4.99% (2.99% core and 2% adult social care) included for each year of the medium term financial strategy. This represents an additional c£6m in 2025/26 and 2026/27 compared to the previous forecast. Any decisions not to increase council tax in line with the assumptions above would increase the financial gap; every 1% in council tax yields circa £6m.
- Business rates – Additional funding of £12.2m included in 2024/25. The Autumn Statement and Provisional Settlement included changes to how the level of top up grant and compensatory Section 31 Grants are calculated and this has resulted in higher grant levels than previously forecast. In addition, the inflationary factor used as part of calculations (commonly called the multiplier) was applied to the top up grant, which in previous years had been frozen.
- A slight reduction in RSG has been included as CPI is slightly lower than at the time of the previous forecast.
- A reduction of £6.457m in Services Grant in 2024/25. This grant has unexpectedly reduced significantly in the Provisional Settlement, with some of the reduction being used to fund increases to other settlement grants and equalisation of the adult social care precept".
- New Homes Bonus - there has been uncertainty surrounding future of this grant, with grant reducing over recent years and removal of legacy payments. The MTFFS assumed that this would be phased out over 2024/25 and 2025/26, with no grant forecast from 2025/26 onwards. The provisional settlement includes the grant at almost the same level as 2023/24, with our professional partners indicating there could be a final year of new homes bonus in 2025/26. This has therefore resulted in an increase in funding of c£0.7m in

2024/25 and £1.4m in 2025/26. It is still assumed that there will be no further New Homes Bonus grant from 2026/27.

- Capital Receipts – The provisional settlement announced that the existing flexibility to use capital receipts to support specific elements of the revenue budget relating to transformation has now been extended until 2030. In the updated medium term financial strategy an additional £5m of capital receipts are included in funding for 2024/25.
- Social Care Grant – this grant has increased by a net £2.9m, with increases and decreases across the different elements that make up this grant.
- Levy/Safety Net Account – this is an account held by the government from the business rates levy and is generally used to fund safety net payments. In the past, the government has released funds from this account to local authorities. The position for this year has not yet been announced, however as part of the medium-term financial strategy an assumption has been made the Council will receive £2m in 2024/25 and £1m 2025/26 and 2026/27. This will not be confirmed until the final settlement in February.

Other assumptions included within funding forecasts are as follows:

- A 1.7% increase in council tax base is assumed for each of the 3 years in the strategy.
- Council tax and Business Rate collection fund position is assumed to return to a surplus in 2024/25, with a £5m net surplus across the 2 collection funds built into each year of the strategy.
- Business Rates Funding continues at current levels with inflationary uplifts applied.
- Assumption that the new model for business rates is implemented in 2025/26, but currently assuming the impact is cost neutral, however this does include 0.5% growth in all future years.
- Revenue support grant assumed to continue for the duration of this strategy with further inflationary increases applied in future years.
- Social care grant will continue for the duration of this strategy, including additional grant announced as part of Spending Review 2021 and the 2022/23 final settlement.
- Additional grants received for Social Care, including repurposed Adult Social Care reforms funding and new monies to support various aspects of Adults Social Care such as discharges and working with providers. Whilst additional funding is shown in the table below, there are offsetting costs included within the expenditure side of the medium-term financial strategy. It has been assumed that these grants are recurrent.

- Services Grant – It has been assumed that this grant continues until 2025/26 and then no further funding is received following the grant rolling into the revenue support grant.



Table 4 below reflects the updated assumed funding position.

Table 4

	2024/25 £m	2025/26 £m	2026/27 £m
Revenue Support Grant	40.737	40.836	41.675
Business Rates	253.174	255.396	258.399
Council Tax	645.364	689.086	735.770
New Homes Bonus	1.492	1.492	0.000
Improved Better Care Fund	47.145	47.145	47.145
Social Care Support Grant	111.558	72.081	72.081
Collection Fund	5.000	5.000	5.000
Services Grant	1.206	1.206	0.000
Capital Receipts	5.000	0.000	0.000
Total	1110.676	1112.242	1160.070
Forecast – November 2023	1094.416	1094.017	1137.717
Variance	16.260	18.225	22.353



3. Spending Pressures (Overall position and changes to the forecast reported to November Cabinet)

The medium-term financial strategy covers spending pressures including pay increases, contractual inflation, increased demand for services and the impact of previously agreed and new savings measures.

This section focuses on the areas where updates have been included as part of this iteration of the medium-term financial strategy.

3.1 Pay and Pensions

The assumptions for increases in pay over the next 3 years included in the medium-term financial strategy are as follows:

- 2024/25 3.00%
- 2025/26 3.00%
- 2026/27 2.00%

The percentage increase forecast for 2024/25 has been revised to 3% (reduction of £8.4m) as part of this revised medium term financial strategy to reflect reducing levels of inflation and is also based on some updated benchmarking information from other county councils. However, if the actual pay award agreed is higher in 2024/25 than the 3% assumed the additional cost would be funded from the transitional reserve in-year and increase costs in subsequent years.

The change to the projected position reflects the recent announcement of the increase to the Foundation Living Wage. The previous medium-term financial strategy assumed a 5% increase, whereas it has been confirmed that the increase for 2024/25 will be 10% (£12 per hour). This has resulted in additional costs of £1.5m in 2024/25.



3.2 Price inflation and cost changes

Table 5

	2024/25 £m	2025/26 £m	2026/27 £m	Total
Adults Services	37.898	45.038	26.890	109.826
Children's Services	6.138	4.001	3.614	13.753
Waste Services	5.204	-2.183	2.755	5.776
Highways Services	0.717	0.448	0.462	1.627
Transport Services	3.190	2.003	2.144	7.337
Property and Energy Costs	-1.899	-1.339	-1.319	-4.557
Other Services	1.453	0.642	0.675	2.770
	52.701	48.610	35.221	136.532
Previous MTFS total	46.071	47.821	34.866	128.758
Variance	6.630	0.789	0.355	7.774

Contractual price increases represent a significant cost pressure to the county council. The assumptions have been subject to regular review by services.

The largest part of the inflationary calculations relates to Adult Social Care with payments to 3rd parties being subject to increases each year to reflect cost increases and the impact of increases in the national living wage. The increase in the national living wage was recently announced and was higher than had been assumed in earlier calculations. The increase in costs will be met from additional grant funding for adult social care, such as funding related to the delayed reforms and the market sustainability and improvement fund; both of which allow authorities to attribute inflation and fees to the grant.

Although inflation has started to reduce, when comparing to the values that were used in the last medium term financial strategy, the inflation forecasts are slightly higher, therefore forecasts have increased across all services.

In the previous medium term financial strategy significant adjustments were made to energy costs, as updated rates had been provided. We are now in a position where our energy has been advance purchased for the next 12 months and therefore rates are confirmed. These are slightly higher than the estimate, with an increase of 4.6% for electricity and a decrease of 9.5% on gas. It is assumed that energy process will return to lower levels in the next 3 years, so any increases are removed from the budget equally across 2025/26 and 2026/27. This assumption is subject to regular review given the inherent difficulties in forecasting the cost of energy over the medium term with any certainty in the current economic environment.



Further changes relate to children's social care (Special Guardianship Orders and family support), with some of the additional amount included relating to a "catch up" from a higher than anticipated inflation level for 2023/24.

Further small increases are included for waste management and sea fisheries levies following reviews of the charges.

3.3 Demand pressures

Table 6

	2024/25 £m	2025/26 £m	2026/27 £m	Total
Adults Services	13.851	12.320	11.850	38.021
Children's Services	9.701	2.563	1.182	13.446
Highways Services	0.028	0.180	0.031	0.239
Transport Services	11.316	3.994	3.145	18.455
Other Services	4.107	0.007	0.002	4.116
Revised Demand Requirements	39.003	19.064	16.210	74.277
Demand – previous MTFS	26.545	16.429	15.647	58.621
Variance	12.458	2.635	0.563	15.656

All services have reviewed the demand pressures they face in future years and increasing demand still remains a significant element of the funding gap.

The most significant change relates to Home to School Transport, with an overspend of c£6m forecast for 2023/24. This is a national issue being felt by every upper tier authority in the country and further work is being actively undertaken within the council to implement mitigations, however, the increase in costs needs to be reflected within the medium-term financial strategy at this stage.

Adult social care represents a large proportion of the demand pressures. Adult social care has long seen annual increases in the demand for services and the medium-term financial strategy attempts to predict growth in future years largely based on reviewing current and past activity trends and also taking into account future population changes, particularly with regard to the ageing population. From a social care perspective demand covers both increasing numbers of people eligible for support and the increasing complexity of those cases.

As part of this updated medium term financial strategy a detailed review has taken place across the service, looking at the current financial position, demand pressures and future savings and opportunities. As part of the review it was recognised that domiciliary care in the mental health service has seen a significant increase in demand post pandemic (service user numbers have increased by 35% for domiciliary care) and an additional £2m is included in 2024/25 and a further £1m in



2025/26. The service is reporting an overspend of c£3m for this aspect of the service in 2023/24.

The level of demand included for this service area for the three years to 2026/27 is c£38m. This will continue to be monitored and figures may be updated in future medium term financial strategy reports.

Children's social care continues to experience demand pressures across the service, particularly in relation to placement demand due to the number of looked after children in Lancashire and the type of service provision. Our assumptions follow a detailed review with the service and are based on the average increases over the past 6/12 months for different types of placements (in the current financial year), with the medium-term financial strategy reflecting half this demand in 2024/25 and no additional demand in future financial years.

The SEND service is experiencing high demand levels due to the level of referrals received across the service relating to education, health and care plans. The service has seen increased demand of 70% for new assessments since 2022. The number of Education Health and Care Plans have increased from 166 per 10,000 of population aged 0-24 to 246 in 2022 which mirrors trends seen both in the northwest and nationally. The service requires additional funding to meet this and an additional £2.5m has been included recurrently in the 2024/25 budget.

Further additional funding of c£2m has been included for digital services to reflect the changing approach to the provision of ICT systems. A majority of replacement systems are now cloud based and licenses need to be paid for from the Council's revenue budget (previously capital expenditure and funded from the capital programme).

3.4 Other

Additional costs are included in this section mainly relate to additional members allowance costs as were recently agreed at Full Council.

3.5 Additional Grant

The changes in this section relate to adult social care related grants that were announced as part of the Provisional Settlement. The income is shown as a grant, with the additional expenditure to be incurred included within price and demand calculations earlier in the report.

3.6 Savings

As a county council we have a strong track record in identifying and delivering savings, however the impact of the pandemic has resulted in some savings being delayed and Directorates continue to prioritise delivery of these in conjunction with their Finance Monitoring Boards to ensure savings are delivered and offsetting cost reductions found to offset any delays in their planned delivery profile.

In line with the Councils pro-active approach to financial management work was undertaken by Directorates to identify financial savings and efficiency during the early part of this year in recognition of the remaining budget gap. This resulted in "management action" savings totalling c£23m being included in the previously

reported medium term financial strategy. These savings cover aspects of the budget such as removal of budgets for vacant posts no longer required, more efficient ways of working, recurring underspends (following a review of the 2022/23 outturn), improved demand management and increasing levels of income. Work is continuing across Directorates to identify further savings proposals to achieve a balanced budget position.

As part of this updated medium term financial strategy savings proposals that require policy decisions are included totalling c£15m over the next 3 years. The inclusion of these savings will increase the total planned savings built into the 3-year medium term financial strategy to £96.391m.



Table 7

Template Ref	Directorate	Service Area	Brief Description	2024/25 £	2025/26 £	2026/27 £
ECS001	Education and Children's Services	Education Improvement	Additional income from consultation and advisory work	-492,000	-400,000	-300,000
ECS002	Education and Children's Services	Children's Social Care	Children and Young People's Joint Funding	-800,000	-800,000	-800,000
ECS012	Education and Children's Services	Cultural Services	Using Collection HQ technology to improve collection management and performance	-200,000	-200,000	-200,000
GET005	Growth Environment and Transport	Highways	Walking and Cycling Routes - Budget Reduction	-150,000	-150,000	-150,000
GET007	Growth Environment and Transport	Highways	Pay & Display Income	1,950,000	-794,000	-794,000
GET008	Growth Environment and Transport	Transport	Young Persons Travel - Budget Removal	-155,000	-155,000	-155,000
GET009	Growth Environment and Transport	Transport	Discretionary Concessionary Travel - Budget Removal		-239,000	-239,000
GET011	Growth Environment and Transport	Waste	Anaerobic Digestion - Processing of Food Waste		2,500,000	-6,300,000
GET015	Growth Environment and Transport	Planning & Environment	Service Review of Transport Group plus Additional Planning Application Fee Income	-176,000	-176,000	-176,000
GET019	Growth Environment and Transport	Transport	Introduce Pay & Display Charges at Lancaster Park & Ride	50,000	-10,000	-10,000
RES001	Resources	Strategy and Performance	Save 10% on property running costs	-250,000	-550,000	-1,590,000
RES002	Resources	Strategy and Performance	Facilities Management - operational changes	-145,000	-470,000	-470,000
ASC004	Adult Services	Learning, Disabilities and Autism	Enablement – Enhanced	-890,000	-1,662,000	-1,662,000

Template Ref	Directorate	Service Area	Brief Description	2024/25 £	2025/26 £	2026/27 £
ASC006	Adult Services	All Adult Services	Offer a chargeable brokerage service for full cost payers	-250,000	-250,000	-250,000
ASC007	Adult Services	All Adult Services	Full cost payers moving to self-funding rates rather than LCC rates.	-172,000	-344,000	-344,000
ASC009	Adult Services	Older People Care Services	Reduction in net cost of in-house residential homes	0	0	-500,000
ASC010	Adult Services	All Adult Services	Full application of charging policy	-1,000,000	-1,000,000	-1,000,000
			TOTAL	-2,680,000	-4,700,000	-14,940,000



ECS001

The Consultancy/Advisory services offer a broad range of leadership and support advice to headteachers and senior school leaders on recruitment/performance management processes, senior leader briefings/meetings and provide access to a wealth of resources to support schools. This enables the council to monitor the performance of a school and fulfil our statutory functions to intervene if a school is causing concern.

It is important the Council ensures this valuable service is covering its costs and an increase in charges (the first in 3 years) is needed to support this.

It is proposed to introduce a 10% price increase on consultancy/advisory services sold to schools by the council generating a further £300k towards costs. This includes services from Lancashire Professional Development Services (LPDS) and Governor Services.

ECS002

Some children and young people may have very complex health needs and the review is intended to ensure that children and young people get the right support, appropriately funded, from all partners involved in their care.

Care packages will be reviewed to ensure care needs are funded appropriately and that the council is not inappropriately delivering funded care and support to children and young people where funding should be the responsibility of the NHS.

It is anticipated this would generate a further contribution of £800k from the NHS.

ECS012

New Technology exists to allow efficient management of the Councils 'book stock'. The reduction can be made thanks to the careful management of the existing book stock, and the consolidation of the eBook and eAudio collections from 2 providers to a single provider when the contracts expire in summer 2024.

It is anticipated this would generate efficiencies of £200k.

GET005

We are proposing a saving of £150k in the cost of clearing vegetation from walking and cycling routes across Lancashire through the implementation of more effective and efficient working practices.

GET007

A saving of £794k is proposed through the introduction of on street Pay and Display across the county. Delivery of the saving will require one-off investment of £1.950m in pay and display machines. The Traffic Regulation Order process will include a statutory consultation process for the public.



GET008

A saving of £155k is proposed through the withdrawal of the Young Persons Travel scheme. The scheme is not well used and its removal will release resources that will be reassigned to support other services delivering school transport and Bus Service Improvement Plan objectives.

GET009

A saving of £239k is proposed through the withdrawal of the £1 concessionary travel fare option for those with a disabled person's NoWcard, English National Concessionary travel pass, who travel by bus before 9.30 Monday to Friday.

GET011

A saving of £6.3m is proposed by reducing the cost of treating collected food waste compared to existing waste disposal methods. This will be done through the installation and modification of facilities at Farington Waste Recovery Park. The change will also have the benefit of producing electricity which can be used to offset energy costs. This proposal is the subject of a more detailed report on this agenda.

GET015

A saving of £176k is proposed by disestablishing a number of vacant posts within the planning and transport service and increasing the income target from planning application fees.

GET019

Introduce pay and display parking machines at Lancaster Park and Ride. This will require an initial investment to cover the cost of installation (£60k) but will save the authority an estimated £10k each year.

RES001

Scope exists for the Council to review the use of its property estate reflecting a number of factors including its financial position, working with partners to co-locate and provide customer focussed services, adapting to post covid working practices that should be less building reliant.

The review would look at optimisation of use of properties and the release of any surplus properties and it is estimated should generate a further £1.74m.

RES002

We are proposing savings of £490k through a range of changes involving the operation and use of council buildings. Measures include securing a tenant for office space in the County Hall complex, reducing hours of operation to save on energy



consumption and ceasing manned security guards at Lancashire House in Accrington.

ASC004

We are proposing a saving of £1.93m over the next three financial years, through an investment in additional staffing resource to expand the current Enablement Service.

By investing in more staff (8.0 fte), we will be able to increase the number of people seen by the service which will result in a reduction in the overall cost of care through appropriate support given at the right time, therefore improving an individual's ability to live more independently at an earlier stage. This will reduce the cost of care packages and avoid higher levels of care being arranged early on.

This proposal will deliver on going long-term benefits by enabling the management of more referrals, preventing the need for formal paid care and reducing existing packages of care through an increase in the size of the enablement team.

ASC006

We are proposing a saving of £280k by introducing a care arrangement fee for individuals who pay the full cost of their care.

The number of full cost-payers who ask us to arrange their care is expected to increase over the coming years and introducing an arrangement fee to cover our costs will ensure we can deliver this service in the future.

ASC007

A saving of £344k is proposed through the introduction of a top up fee which will raise the charge paid by people with residential places commissioned by LCC (who have assets above the financial threshold) up to the level of charge paid by private funders.

Residents who choose to pay privately usually have assets that are above the financial thresholds, and most residents who have places commissioned by the authority hold assets below the financial threshold and therefore don't pay for their care.

This fee will be applied to new residents of commissioned places where a financial assessment finds assets above the threshold, ensuring equality between people who approach us privately and people who are placed by the authority.

ASC009

A £500k saving is proposed through reducing the net cost of our in-house residential care homes through a combination of increasing occupancy and service efficiencies.



ASC010

We propose a saving of £1.3m through the full application of the Adult Social Care charging policy.

By centralising the sourcing of all adult social care placements and packages of care within the integrated commissioning service, we will be able to meet our Care Act duties by offering residents one offer of reasonably priced care. Should Lancashire residents choose an alternative provider or care home, they will be required to top up the difference in cost.



4. Reserves

Table 8

Reserve Name	Opening balance 2023/24	2023/24 Expenditure	2023/24 Closing Balance	2024/25 Forecast Exp	2025/26 Forecast Exp	2026/27 Forecast Exp	Forecast closing balance 31 March 2027
	£m	£m	£m	£m	£m	£m	£m
County Fund	-23.437	0.000	-23.437	0.000	0.000	0.000	-23.437
SUB TOTAL - COUNTY FUND	-23.437	0.000	-23.437	0.000	0.000	0.000	-23.437
Strategic Investment Reserve	-0.453	0.072	-0.381	0.253	0.000	0.000	-0.128
OCE General Reserve	-6.826	4.276	-2.550	1.422	1.005	0.000	-0.123
Downsizing Reserve	-5.344	0.077	-5.267	1.756	1.756	1.755	0.000
Risk Management Reserve	-3.183	0.244	-2.939	0.000	0.000	0.000	-2.939
Transitional Reserve	-166.731	1.533	-165.198	-0.941	-2.707	-3.680	-172.526
Business Rates Volatility Reserve	-5.000	0.000	-5.000	0.000	0.000	0.000	-5.000
LCC Service Reserves	-128.098	33.275	-94.823	32.497	20.460	9.525	-32.341
Treasury Management Valuation Reserve	-36.317	9.000	-27.317	0.000	0.000	0.000	-27.317
SUB TOTAL - LCC RESERVES	-351.952	48.477	-303.475	34.987	20.514	7.600	-240.374
Non LCC Service Reserves	-24.747	2.840	-21.907	6.611	0.444	0.025	-14.827
SUB TOTAL - NON LCC RESERVES	-24.747	2.840	-21.907	6.611	0.444	0.025	-14.827
GRAND TOTAL	-400.136	51.317	-348.819	41.598	20.958	7.625	-278.638

As part of any MTFs review it is important that the level of reserves are considered as part of the review.

It is key that the Council holds an appropriate level of reserves to meet known future commitments and also an appropriate level to mitigate against unforeseen future events.

It is however also important that the Council doesn't hold higher than necessary level of reserves at the expense of service delivery.

The Councils Chief Finance officer has a duty to report on the level of reserves as part of the annual budget report.

The County Fund shown at the top of Table 7 is the balance set aside to cover the authority against a serious emergency situation (e.g. widespread flooding); a critical and unexpected loss of income to the authority and for general cash flow purposes. In considering these various factors the county council is forecast to maintain its County Fund balance at £23.437m, equating to circa 2.25% of net budget.



The value of the uncommitted transitional reserve is currently forecast to be £165.198m by the end of March 2024 but this will also be impacted directly by the value of any final over or underspend for the current financial year. This will be sufficient to meet the currently forecast funding gap as shown in Table 9. This is also the reserve that would be available for investing in modernising, streamlining and transforming council services moving forward.

Table 9

	2024/25	2025/26	2026/27
	£m	£m	£m
Opening Balance	165.198	163.231	158.124
Gap funding	-2.908	-7.814	4.892
Commitments	0.941	2.707	3.680
Closing balance	163.231	158.124	166.696

However, by identifying further savings and/or delivering savings earlier than currently planned the county council would seek to address the financial gap sooner and ensure reserves are maintained for further service transformation and improvement.



5. Future risks and opportunities

The MTFS is based on a number of key assumptions affecting the Council over a period of years into the future. They are also set against a considerable level of external uncertainty and high levels of demand for Council services.

There are therefore inevitably some inherent risks and opportunities associated with these assumptions.

The following are areas of future risk/uncertainty, the full impact of which is not known at this stage. The impact of changes could be both positive or negative on the current forecast:

Table 10

Funding	Future funding arrangements are under review nationally. Collection rates and tax base growth may not remain at the levels assumed.
Savings Delivery	Savings programme of £164m in place prior to additional savings seeking approval in this report. Whilst the county council has a good track record of delivering savings there will inevitably be delivery challenges with a programme of that size.
Demand and Inflation	Demand and Inflation assumptions could fluctuate from the forecast included within the report.
Further Savings Identification and Delivery	Further savings will need to be found to set a balanced budget in future years.
Children's Social Care	Demand pressure and challenges in predicting future demand.
High Needs Block	Forecast to have pressures in future years, although Lancashire is better placed than many other councils nationally.
Adult Social Care	Delayed reforms could present future financial pressure, additional funding will be required to support implementation.
Health Income	ICB has a very challenging financial position with the potential risk to their aspirations to work in partnership and their ability to meet their funding commitments.
SEND & Home to School Transport	Assumptions made could fluctuate as this area is volatile and difficult to forecast. Every 1% change equates to £350k.

In addition, the medium-term financial strategy contains assumptions across services for funding growth, demand, inflation and pay levels. The table below shows the impact of any increase or decrease of 1% over these key elements of the projected budget requirement.



Table 11

	Potential Full - Year Impact of 1% movement (£m)
Funding - Council Tax	+/- 6.044
Pay	+/- 4.183
Price Inflation	+/- 8.161
Demand	+/- 5.175
Interest on borrowing	+/- 5.000

6. Related Strategies

The medium-term financial strategy report, whilst focussing on the Councils revenue budget is considered alongside other significant areas affecting the Councils financial affairs including:

- The developing Capital Programme
- The Treasury Management Strategy
- The Councils position with regard to high needs within Childrens services
- The Councils commitments to major projects

7. Next Steps

The contents of this medium-term financial strategy report are the basis on which the Council will need to consider and set its budget that will come before Cabinet and Full Council in February.



Funding and Expenditure Assumptions

	2024/25	£m	2025/26	£m	2026/27	£m	Description
Funding							
Council Tax - increase	4.99%	30.673	4.99%	32.751	4.99%	34.974	Maximum increase included for each year based on government projections, including 2% adult social care precept. Decision to increase Council Tax is a decision taken by Full Council each year. The council tax increase is inflated after the tax base increase below has been applied, therefore they are interdependent.
Council Tax - tax base	1.70%	10.275	1.70%	10.971	1.70%	11.710	Tax base increase is based on historic trends and national benchmarking. This is subject to information provided by District Councils at the end of January each year.
Business Rates - growth	0.50%	0.162	0.50%	0.163	0.50%	0.163	Business rates growth is confirmed by District Council's at the end of January each year. 0.5% is an estimate at this stage in the budget setting process and is based on historical trends.
Inflation							
Pay	3.00%	12.3	3.00%	12.7	2.00%	13.0	Based on reducing inflation levels and benchmarking information from other county councils.
Children's Social Care	Various	5.0	Various	3.9	Various	3.5	CPI across contracts and type of expenditure varies with some areas using an average inflation figure and other having a very specific month's inflation as part of their contractual uplifts.
Adult Social Care	Various	37.9	Various	45.0	Various	26.9	Driven largely by National Living Wage increases and CPI which form the basis of the uplifts agreed annually to provider fees. Increases vary across each type of care provision.
Waste	4.30%	3.8	2.80%	2.6	2.80%	2.7	Contractual costs increased at RPI.
Highways	4.30%	0.8	2.80%	0.5	2.80%	0.5	Contractual costs increased at RPI.
Transport	4.30%	3.2	2.80%	2.0	2.80%	2.1	Contractual costs increased at RPI.

	2024/25	£m	2025/26	£m	2026/27	£m	Description
Electricity	4.60%	0.2	2.80%	0.1	2.80%	0.1	Electricity purchased in advance for 2024/25, later years increases assumed at RPI. Whilst this table demonstrates the CPI applied, as part of the medium-term financial strategy calculations an arbitrary adjustment to take out 2022/23 and 2023/24 significant levels of inflation have been included – therefore on the summary tables in Appendix A the overall adjustment is a budget reduction.
Gas	-9.50%	-0.1	2.80%	0.1	2.80%	0.1	Gas purchased in advance for 2024/25, later years increases assumed at RPI. Whilst this table demonstrates the CPI applied, as part of the medium-term financial strategy calculations an arbitrary adjustment to take out 2022/23 and 2023/24 significant levels of inflation have been included – therefore on the summary tables in Appendix A the overall adjustment is a budget reduction.
Other Premises Costs	4.30%	0.7	2.80%	0.5	2.80%	0.5	Running costs of building assumed increase at RPI.
Digital	4.30%	1.0	2.80%	0.4	2.80%	0.6	Contractual costs increased at RPI.
Demand							
CSC Placements	3.50%	3.9	0.83%	1.1	-0.54%	-0.3	Based on historical trends with assumption that demand will reduce in later years.
CSC Special Guardianship Orders	7.00%	0.9	7.00%	1.0	7.00%	1.1	SGOs have continued to rise over recent years, therefore a historical average has been used to project demand.
ASC	2.90%	11.3	2.90%	11.3	2.90%	11.8	Based on older people population increases, with variations applied across different types of service provision.
Waste	0%	0.0	0%	0.0	0%	0.0	Assumed growth remains the same as in 2023/24 at 400,000 tonnes per year.
SEND Transport	14%	11.5	11%	4.4	8%	3.4	Projected growth across Special Educational Needs and Disability service is 14%, which is currently forecast to be the peak of demand post-pandemic. It is then forecast that growth gradually reduces over later years.

Report to the Cabinet

Meeting to be held on Thursday, 18 January 2024

Report of the Director of Highways and Transport

Part I

Electoral Division affected:
Longridge with Bowland;
Preston Rural;

Corporate Priorities:
Protecting our environment;

Proposed Bus Stop Clearways in Longridge

(Appendices 'A' – 'E' refer)

Contact for further information:

James Baron, Tel: (01772) 534218, Senior Engineer (Highways Design Team),
james.baron@lancashire.gov.uk

Brief Summary

This report outlines proposals to provide bus stops which are compliant with the Equality Act 2010 in Longridge. The proposed bus stop improvements would provide a raised boarding area and accompanying clearway restrictions to allow buses to stop parallel to the kerb, providing inclusive accessibility to public transport in the area.

Recommendation

Cabinet is asked to approve the proposed creation of 16 bus stops with clearway restrictions which are compliant with the Equality Act 2010, as set out in this report and in Appendices 'A' – 'E'.

Detail

Lancashire County Council has received two Section 106 funding amounts to improve bus facilities and access to public transport in Longridge. As a result, 16 existing bus stop sites were identified, and proposals drawn up to introduce raised boarding areas and accompanying clearway restrictions in compliance with the Equality Act 2010, to allow buses to draw parallel to the kerb.

Consultation

Consultation and formal advertising of the proposals were undertaken between 24 May and 21 June 2023 at 16 locations in Longridge. Objections to 8 of the 16 locations were received.

Bus stops 2500IMG1455 – Preston Road, 2500IMG1448 – Preston Road & 2500LAA16336 – Kestor Lane – (see Appendix A)

These three bus stops received objections, however after further targeted engagement and design revisions all objections were withdrawn.

Bus stop 2500JB73 – Berry Lane – (see Appendix B)

Objections:

1. Number of parking spaces would be reduced
2. Reduced access to local health services
3. Increased congestion & pollution on Berry Lane
4. The bus stop should remain on Market Place

In response:

1. Whilst the proposed build-out arrangement seeks to minimise parking loss the affected Berry Lane parking bay would be reduced from 21.3m to 13.3m. However, a 17 metre, 3 car parking bay with the same 9am-6pm, 1-hour restriction is proposed just 45 metres away, in place of the bus stop on Market Place.

Furthermore, implementation of the Berry Lane bus stop would include the removal of a second bus stop outside no's 1-3 King Street, removing any need to implement restrictions in that area.

2. The proposed bus stop location would allow passengers to alight much closer to local health services. This will improve accessibility to more people and be particularly beneficial to visually and mobility impaired users.
3. The stop is considered low-use and buses would only stop at this location to allow passengers to board and alight, so would only be stationary for the minimum amount of time.

The current range of buses are much more environmentally friendly. The stop is on a downhill gradient, so minimal acceleration would be required to set off.

4. The county council has received numerous complaints from Market Place residents, including a petition citing disturbance and air quality.

A further objective is to remove King Street and Market Place stops and consolidate these into one, retaining and increasing on-street parking in the area.



Buses leaving the Market Place stop have to arc across both lanes of traffic to turn left into Berry Lane, causing disruption, excessive idling and timetable delays.

Bus stop 25001117 – Berry Lane – (see Appendix C)

Objections:

1. Placing a shelter outside the Post Office would obscure a clear field of view and create a security issue for the staff and premises.
2. Older people could potentially trip over higher kerb when crossing road.
3. Post Office customer & business vehicles use the private forecourt in front of shop. Various vans access the forecourt for delivery and collections.

In response:

The county council proposes to relocate the shelter adjacent to the westerly boundary of the post office, leaving ample space for deliveries/collections.

The shelter would consist entirely of transparent safety glazing.

The raised kerb area is highlighted with contrasting coloured paving and the presence of a bus stop flag & timetable. This is consistent throughout Lancashire.

Bus stop 25001115 – Preston Road (see appendix D)

Objection:

I have owned the adjacent building for 9 years; we have never seen a vehicle parked on the proposed clearway location. This is an inappropriate use of public funds.

In response:

The bus stop clearway is proposed as part of a wider bus stop improvement programme throughout Longridge. This particular clearway has been included in the programme to ensure that the bus stop is not impacted in future, and by parked cars migrating from other areas once all measures are installed.

Bus stop 25001120 – Derby Road and Bus stop 25001443 - Derby Road (see Appendix E)

Objections (to both):

The proposed clearway will mean the loss of parking spaces
The length of clearway seems unnecessarily excessive
The clearway scheme as a whole is ill thought out and will cause traffic problems.



In response:

In light of various feedback, the northbound (25001443) bus clearway design was reviewed and the clearway shortened to 21 metres, removing any restrictions from residential frontages.

The existing southbound (25001120) bus clearway is to be extended northwards slightly, to meet the Towneley Road junction. This will allow the junction opening to be used as part of the entry length, enabling buses to draw parallel with the raised boarding area and minimising the clearway restriction required to 21 metres.

The requirement and rationale for the bus clearways is explained in the brief summary above. The frequency and brief stopping times of buses will not increase, however allowing buses to pull up parallel to the kerb would allow more room for any traffic to pass.

Appendices

Appendices 'A' to 'E' are attached to this report. For clarification they are summarised below and referenced at relevant points within this report.

Appendix	Title
Appendix 'A'	Proposed Preston Road & Kestor Lane Bus Stop details (2500IMG1455 & 2500LA16336)
Appendix 'B'	Proposed Market Place & Berry Lane bus stop relocation details (2500JB73)
Appendix 'C'	Proposed Berry Lane bus stop details (25001117)
Appendix 'D'	Proposed Preston Road bus stop details (25001115)
Appendix 'E'	Proposed Derby Road bus stop details (25001120)

Implications:

This item has the following implications as indicated:.

Risk management

Failure to implement these proposals would result in Lancashire County Council not fulfilling their commitment to provide bus stops in Longridge which are compliant with the Equality Act 2010 and leaving the remaining Section 106 funding remaining unspent.

Financial

The total cost of the schemes in this report (including shelters etc) is estimated at £70,000 and will be funded by section 106s received from housing developers. The county council have received this money and if the works are not completed will have to repay the funding to the developers with interest. There is no financial risk to the county council from these proposals as work will be scaled to fit within the funding available.



Legal

The proposals in this report would be implemented under the Highways Act 1980, the Local Government (Miscellaneous Provisions) Act 1953 and the Traffic Signs Regulations and General Directions 2016.

List of Background Papers

Paper	Date	Contact/Tel
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None

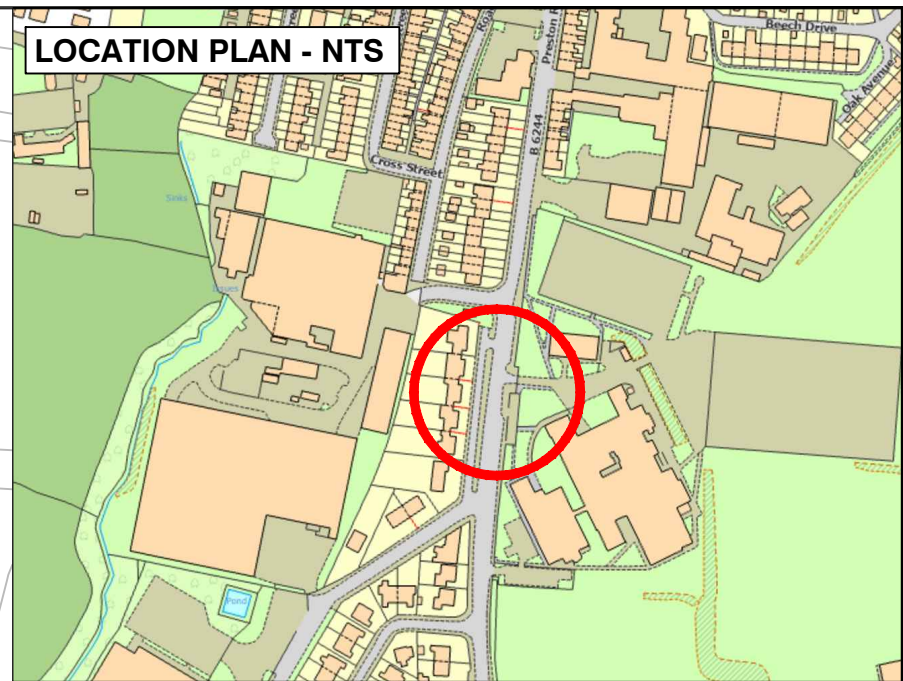
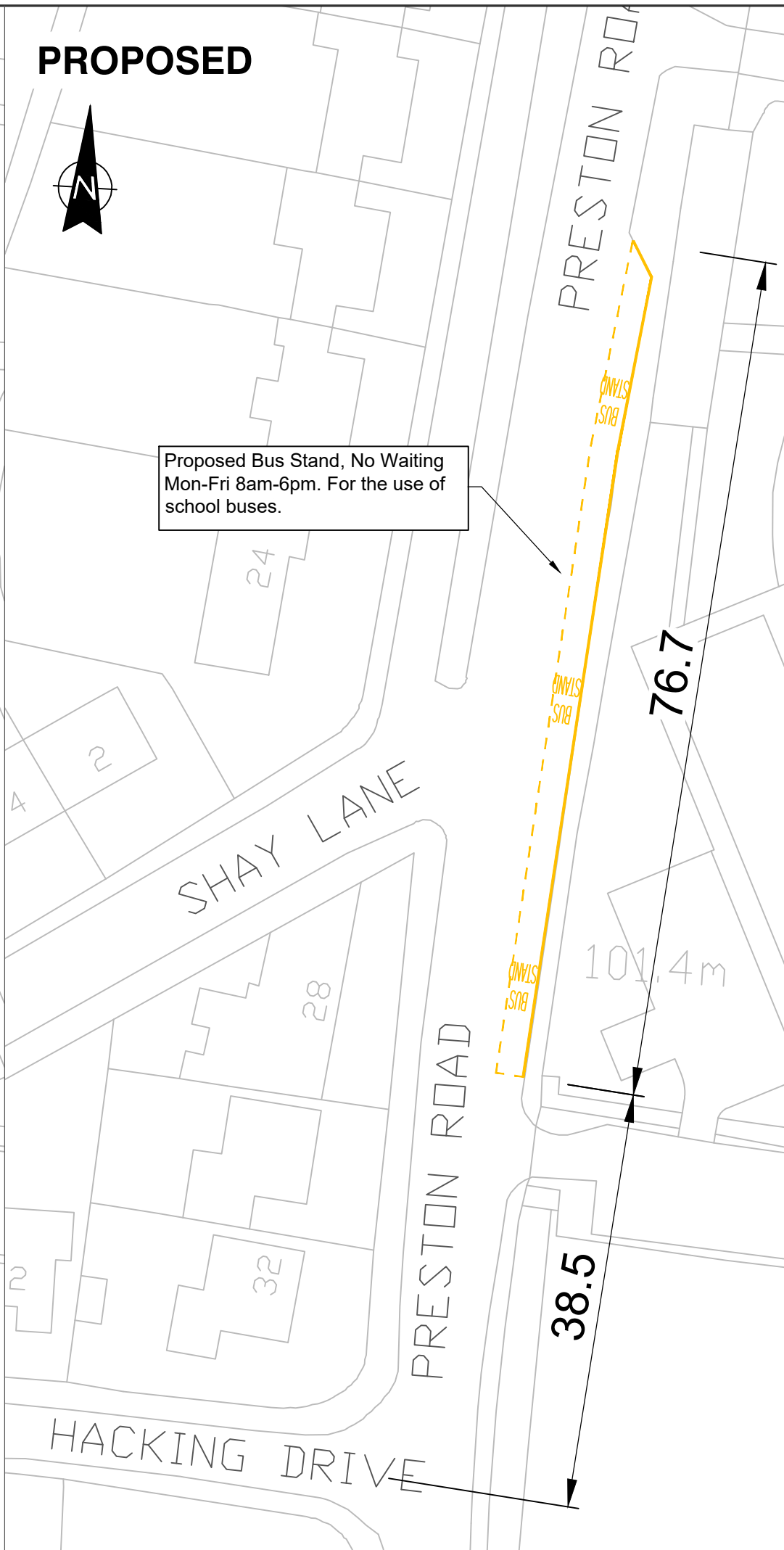
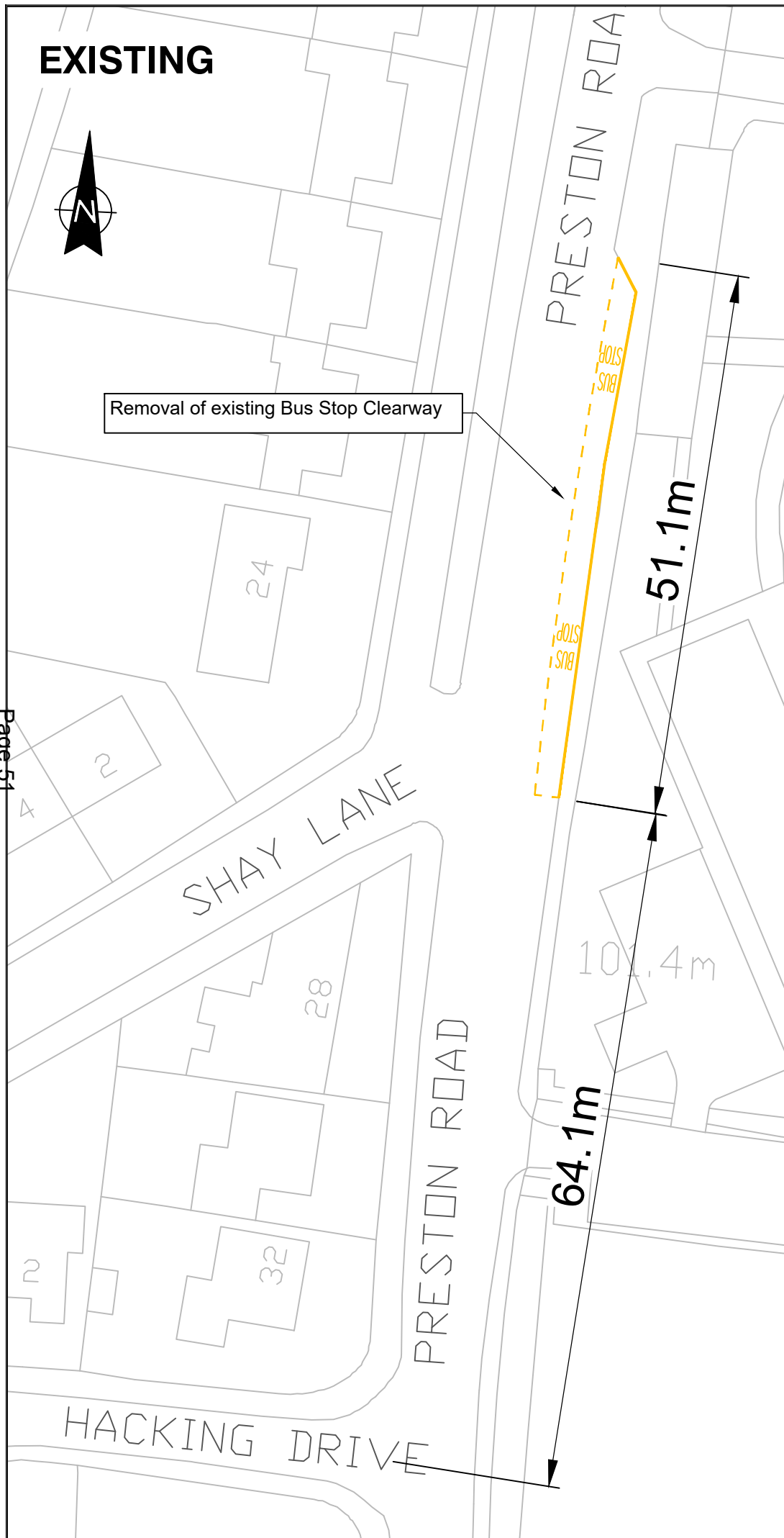
Reason for inclusion in Part II, if appropriate

N/A



EXISTING

PROPOSED



Notes:

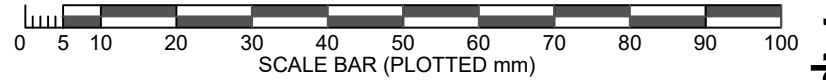
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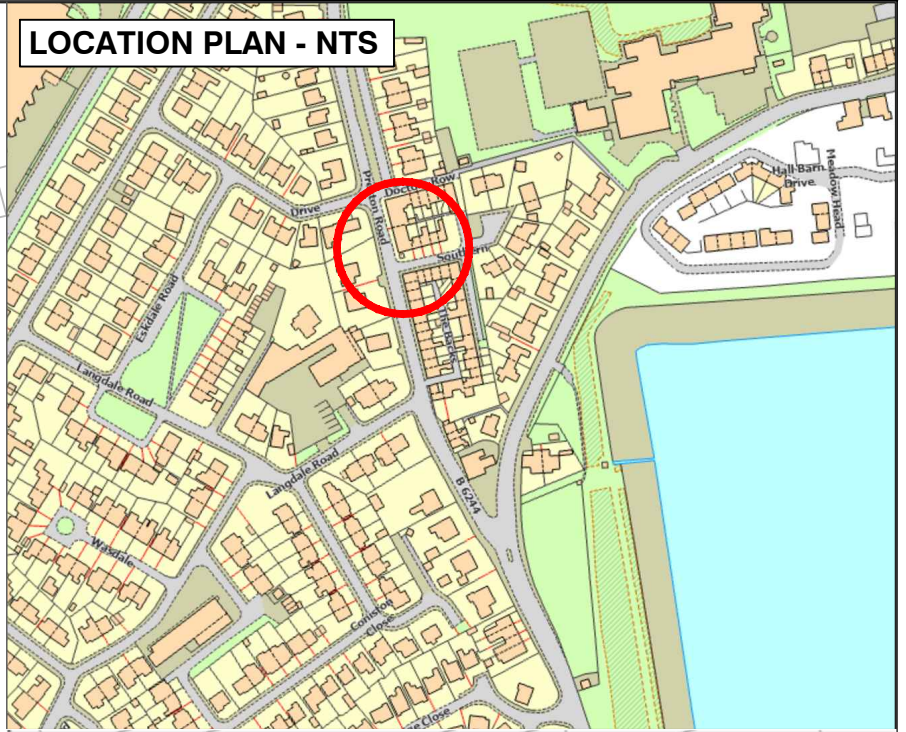
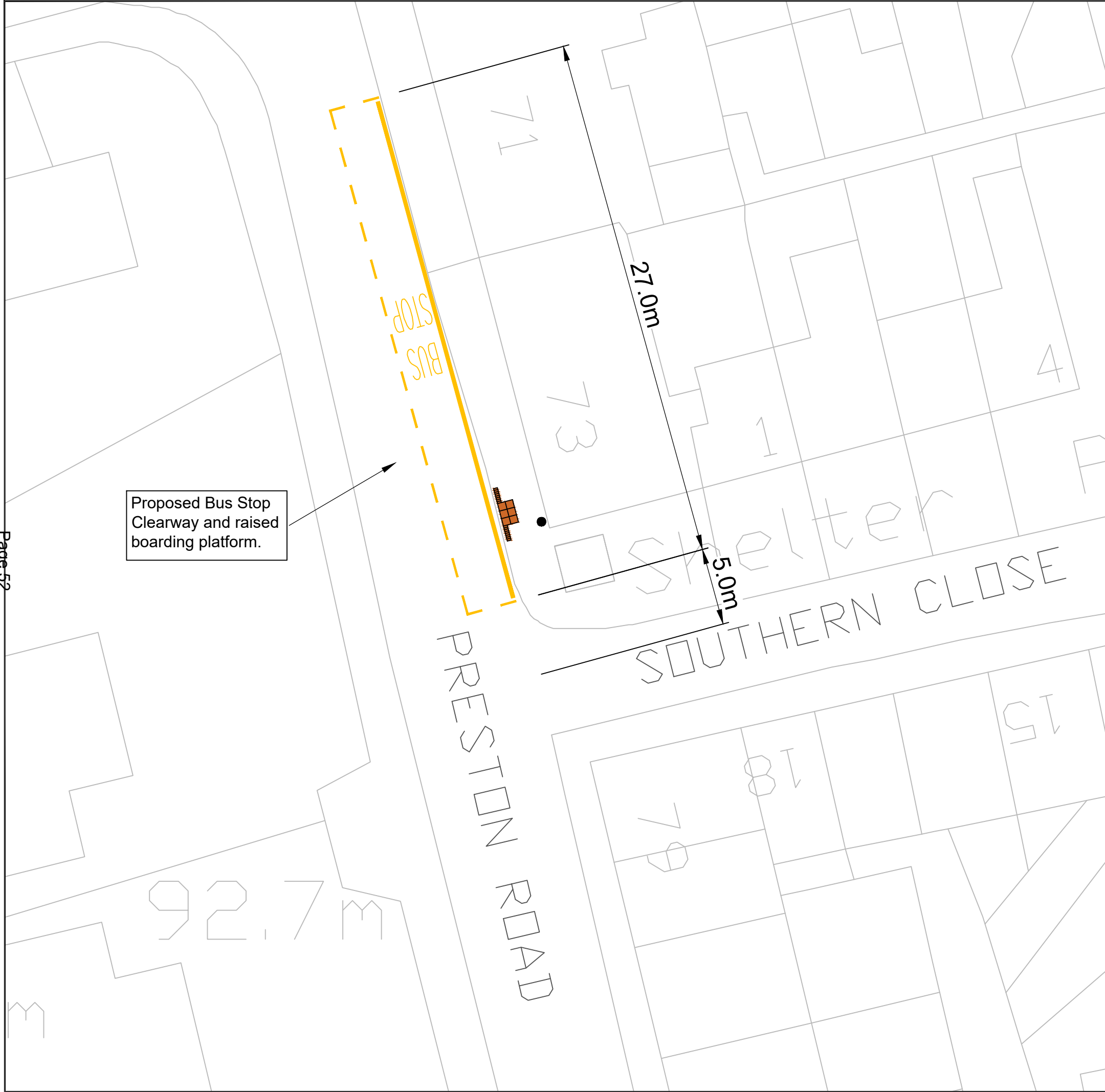
No.	DATE	AMENDMENT DETAILS	CHECKED BY	DRAWN BY
REVISIONS				

Lancashire County Council Design and Construction



PROJECT TITLE S106 Longridge Quality Bus Stop Design			
DRAWING TITLE 2500IMG1455 - Preston Road - School Bus Stand (Longridge High School Traffic Regulation Order)			
DRAWN BY H EHSAN	CHECKED BY J BARON		DATE SEPTEMBER 2022
PPMS No. 11287	DRAWING No. 11287-TRO-015		SHEET No. 1 of 1.
SCALE @ A3 1:500	ISSUE PURPOSE TRO		REVISION -

Appendix A



Notes:

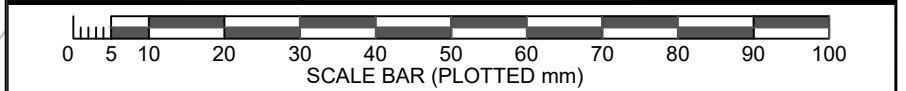
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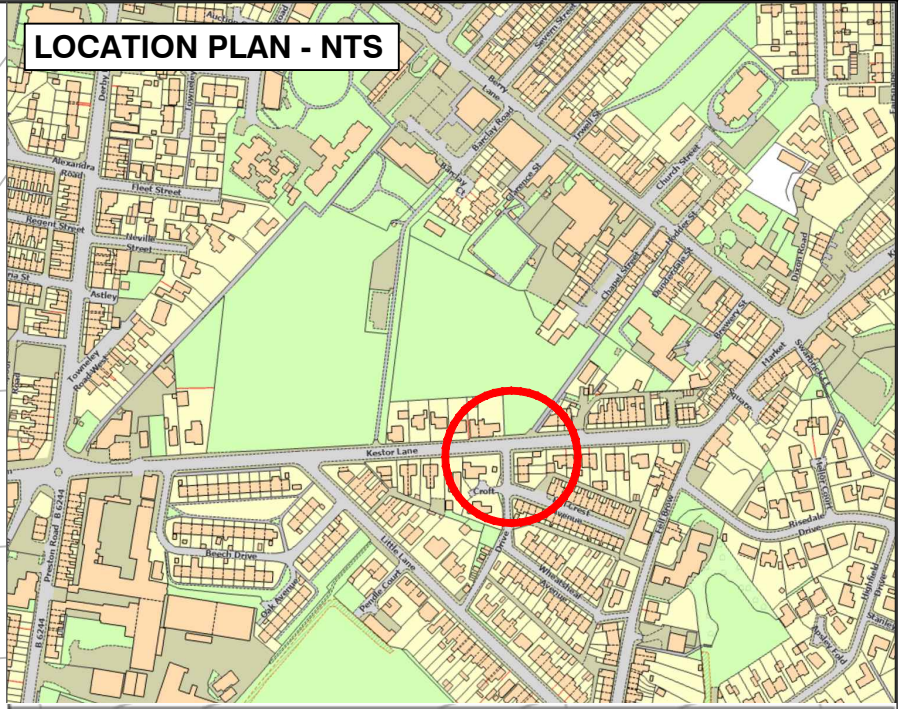
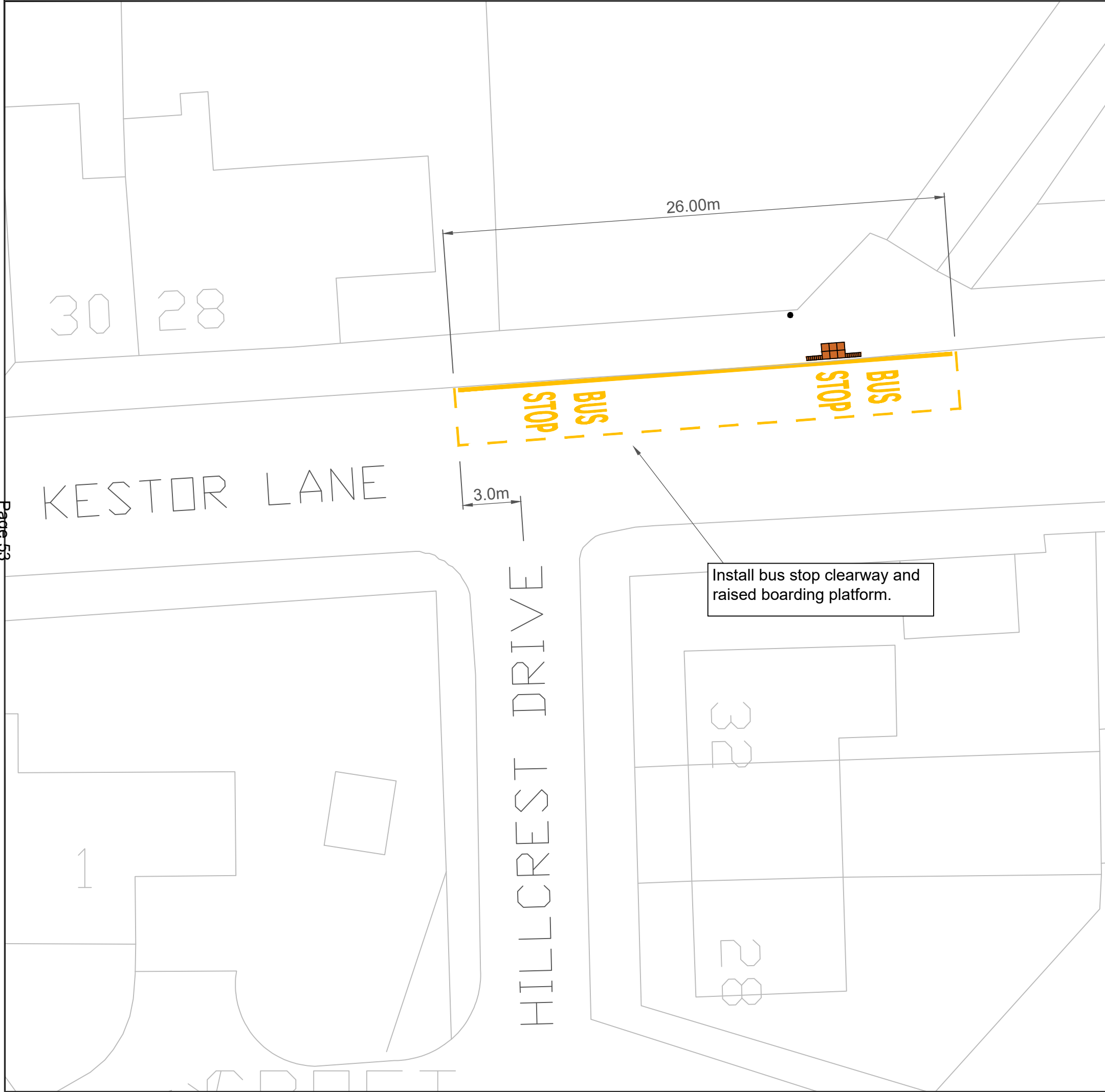
A	JUL 23	BUS CLEARWAY REDUCED TO 27m	S DELANEY	J BARON
No.	DATE	AMENDMENT DETAILS	CHECKED BY	DRAWN BY

REVISIONS

Lancashire County Council  **Design and Construction**



PROJECT TITLE		S106 Longridge Quality Bus Stop Design	
DRAWING TITLE		2500IMG1448 - Preston Road Bus Stop (with Stone Shelter) TRO Plan	
DRAWN BY	H EHSAN	CHECKED BY	J BARON
PPMS No.	11287	DATE	AUGUST 2022
DRAWING No.	11287-TRO-005	SHEET No.	1 of 1.
SCALE @ A3	1:500	ISSUE PURPOSE	TRO



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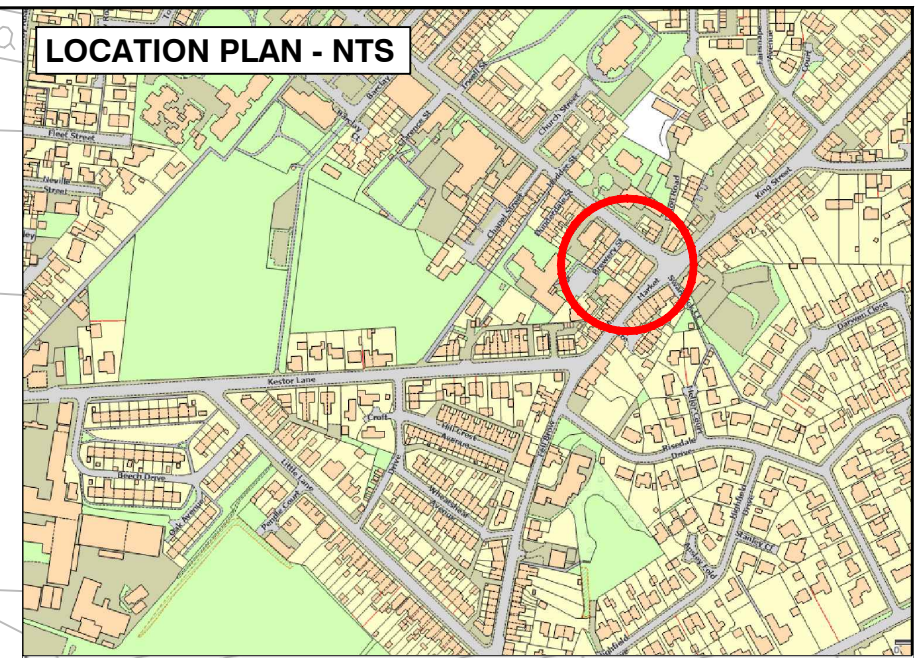
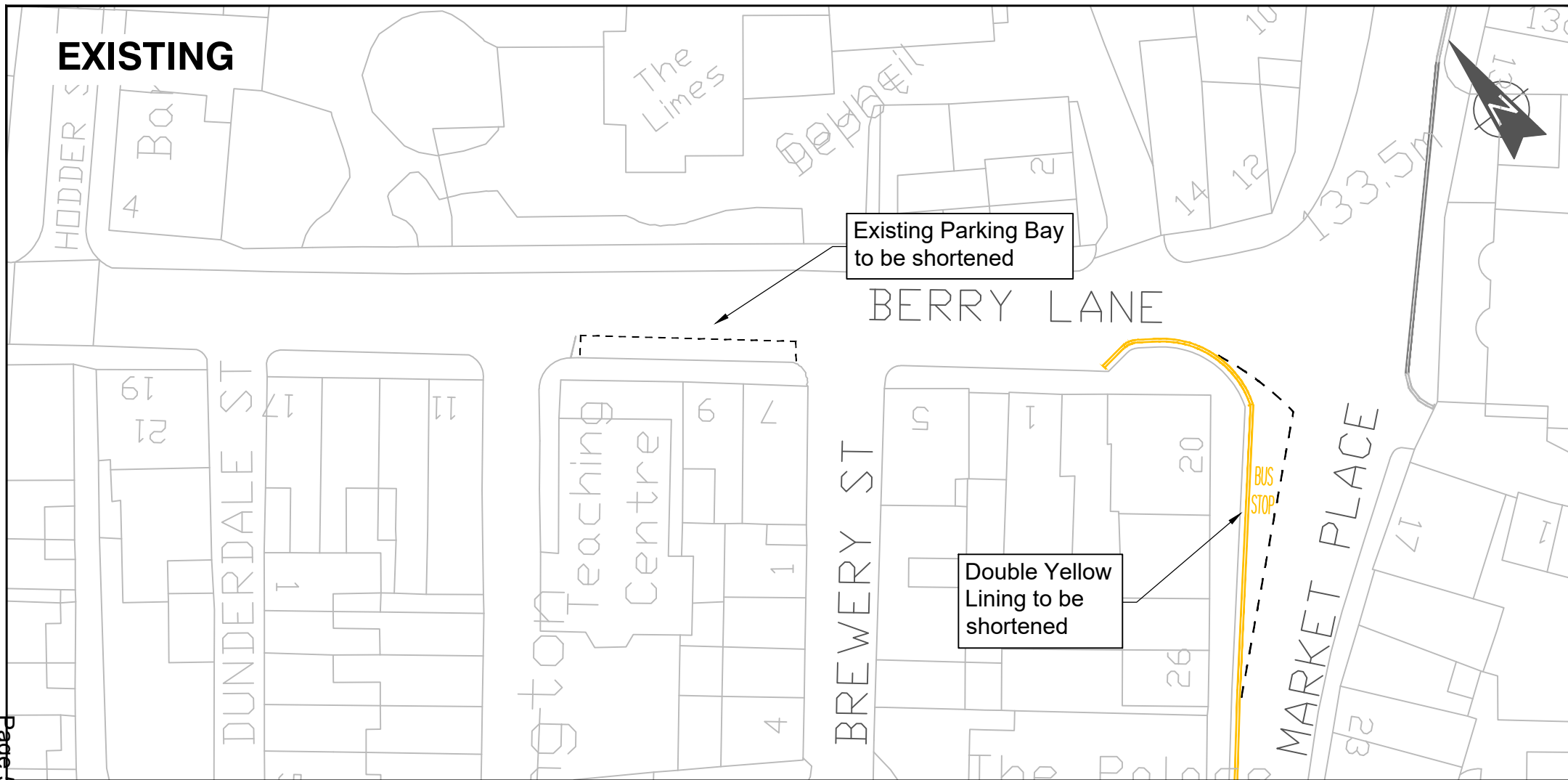
No.	A	AUG 23	CLEARWAY SHORTENED TO 26m	J BARON	S DELANEY
		DATE	AMENDMENT DETAILS	CHECKED BY	DRAWN BY

REVISIONS

	Design and Construction	

PROJECT TITLE			S106 Longridge Quality Bus Stop Design		
DRAWING TITLE			2500LAA16336 - Kestor Lane Bus Stop Construction Plan		
DRAWN BY	H EHSAN	CHECKED BY	J BARON		
PPMS No.	11287	DATE	AUGUST 2022		
DRAWING No.	11287-TRO-007	SHEET No.	1 of 1.	REVISION	-
SCALE @ A3	1:500	ISSUE PURPOSE			
TRO					

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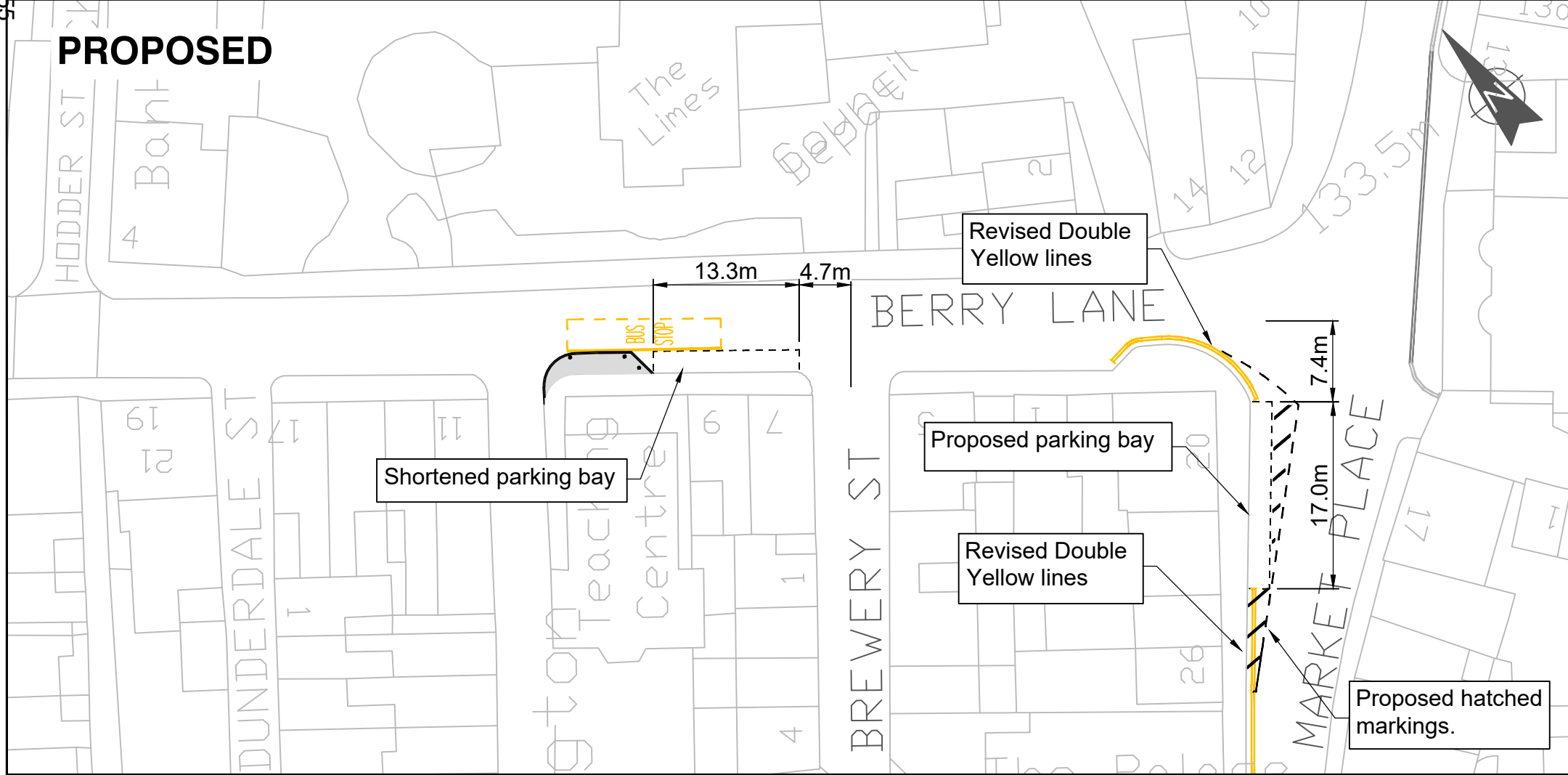


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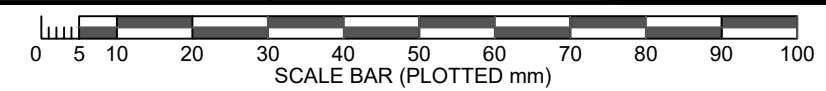
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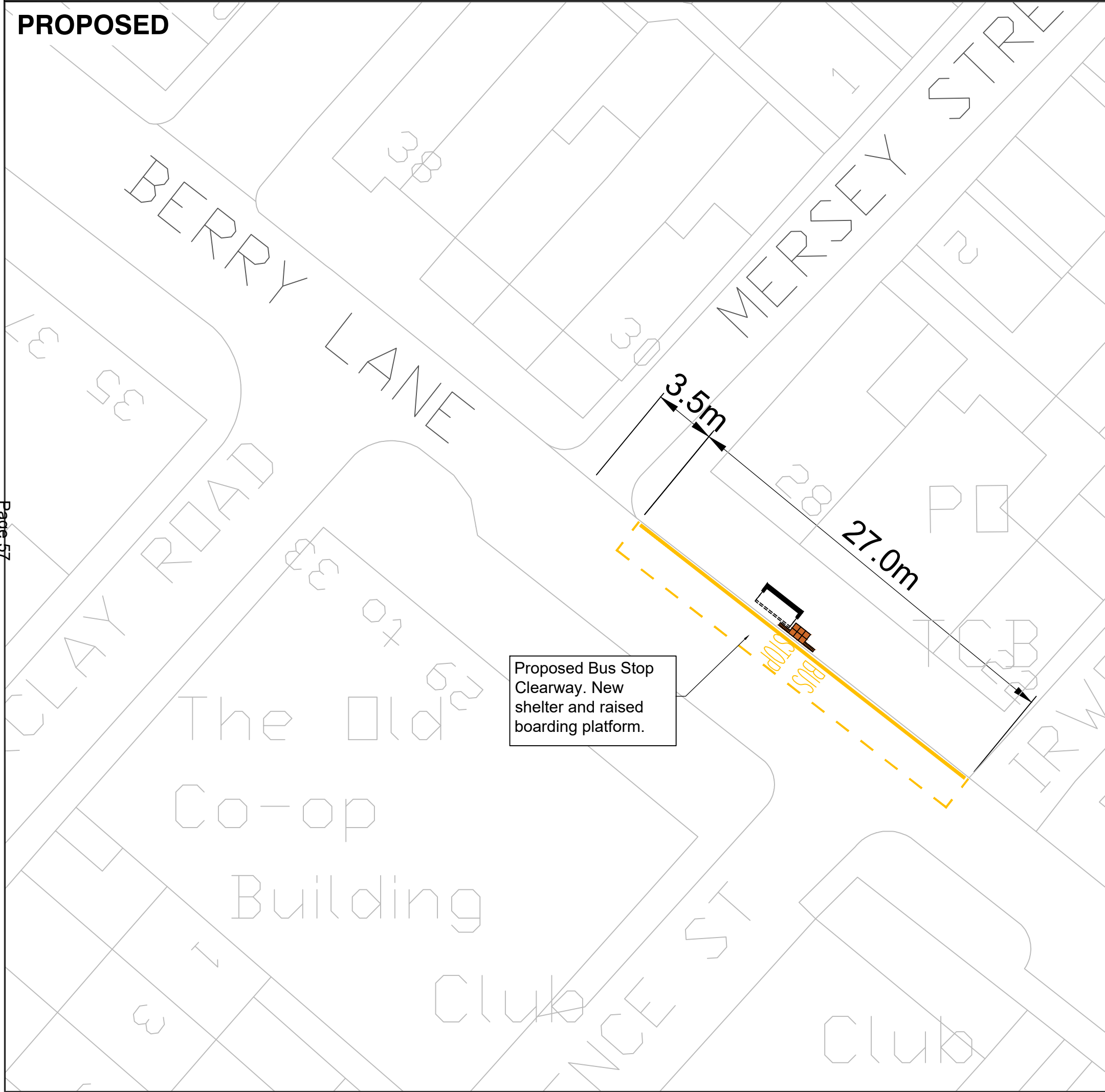
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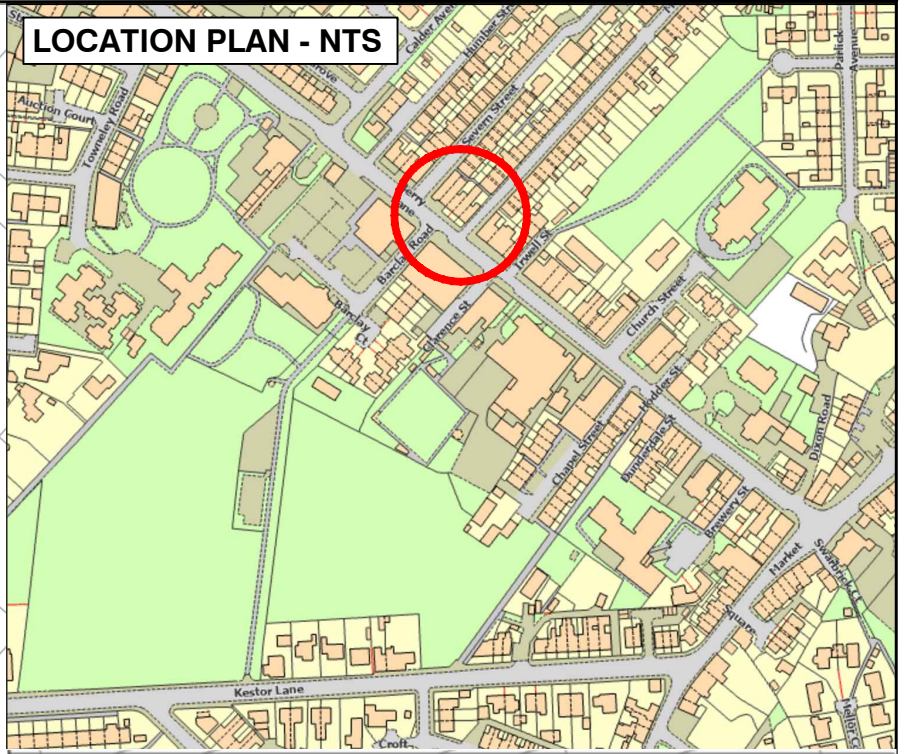


PROJECT TITLE		S106 Longridge Quality Bus Stop Design	
DRAWING TITLE		2500JB73 - Market Place / Berry Lane Bus Stop Parking TRO Plan	
DRAWN BY	H EHSAN	CHECKED BY	J BARON
PPMS No.	11287	DATE	JANUARY 2023
DRAWING No.	11287-TRO-001	SHEET No.	1 of 1.
SCALE @ A3	1:500	ISSUE PURPOSE	TRO

PROPOSED



Proposed Bus Stop Clearway. New shelter and raised boarding platform.



Notes:

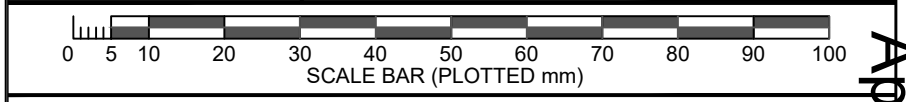
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A	Jul 23	Shelter repositioned following consultation	S Delaney	J Baron
No.	DATE	AMENDMENT DETAILS	CHECKED BY	DRAWN BY

REVISIONS

Lancashire County Council  **Design and Construction**



PROJECT TITLE S106 Longridge Quality Bus Stop Design

DRAWING TITLE 25001117 - Berry Lane Bus Stop TRO Plan

DRAWN BY H EHSAN	CHECKED BY J BARON
PPMS No. 11287	DATE AUGUST 2022
DRAWING No. 11287-TRO-008	SHEET No. 1 of 1.
SCALE @ A3 1:250	ISSUE PURPOSE TRO

PROPOSED

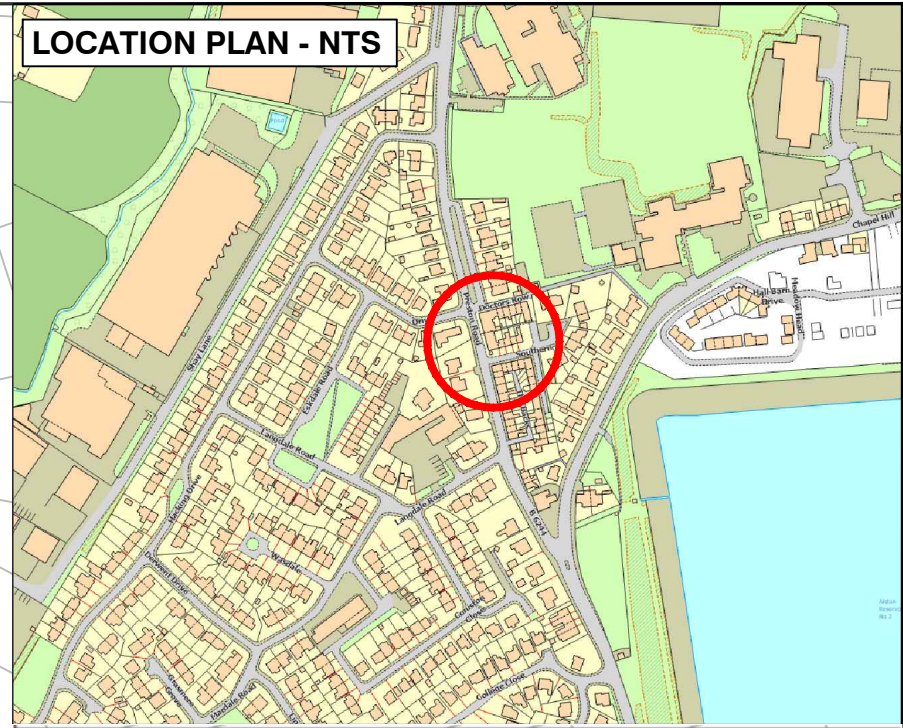
Junction to be used as part of 9m exit length.

Installation of Equality Act Compliant kerbing.

Proposed bus stop flag

Existing Bus Stop pole to be removed. Bus Stop to be relocated to provide clearer run-in & run-out area for bus.

Proposed Bus Clearway Box, in accordance with TSRGD DIA 1025.1. 28m length (13m entry & 15m straightening).



Notes:

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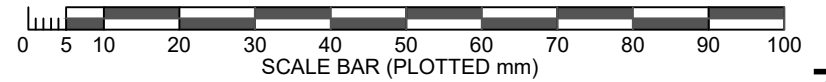
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Hacking Hobs Farm 92.7m

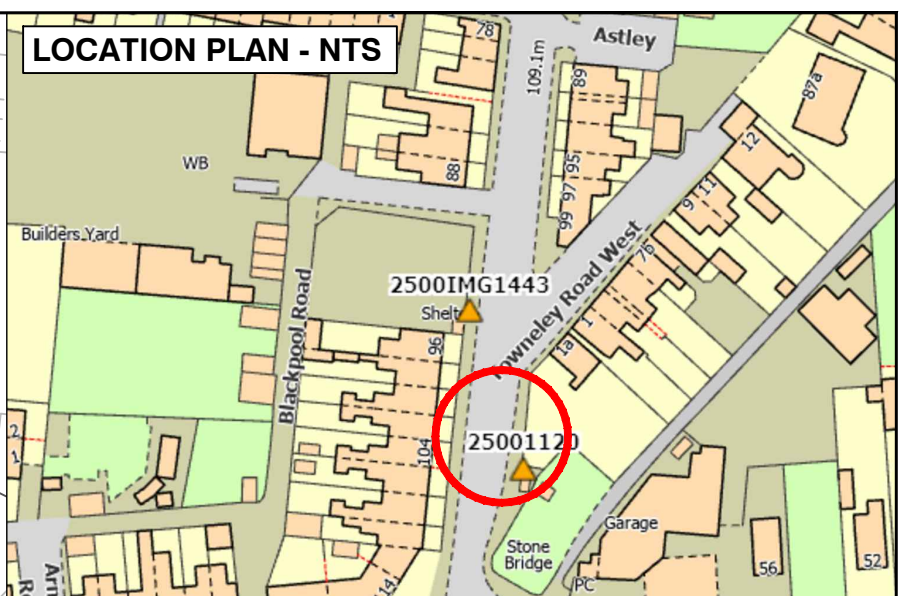
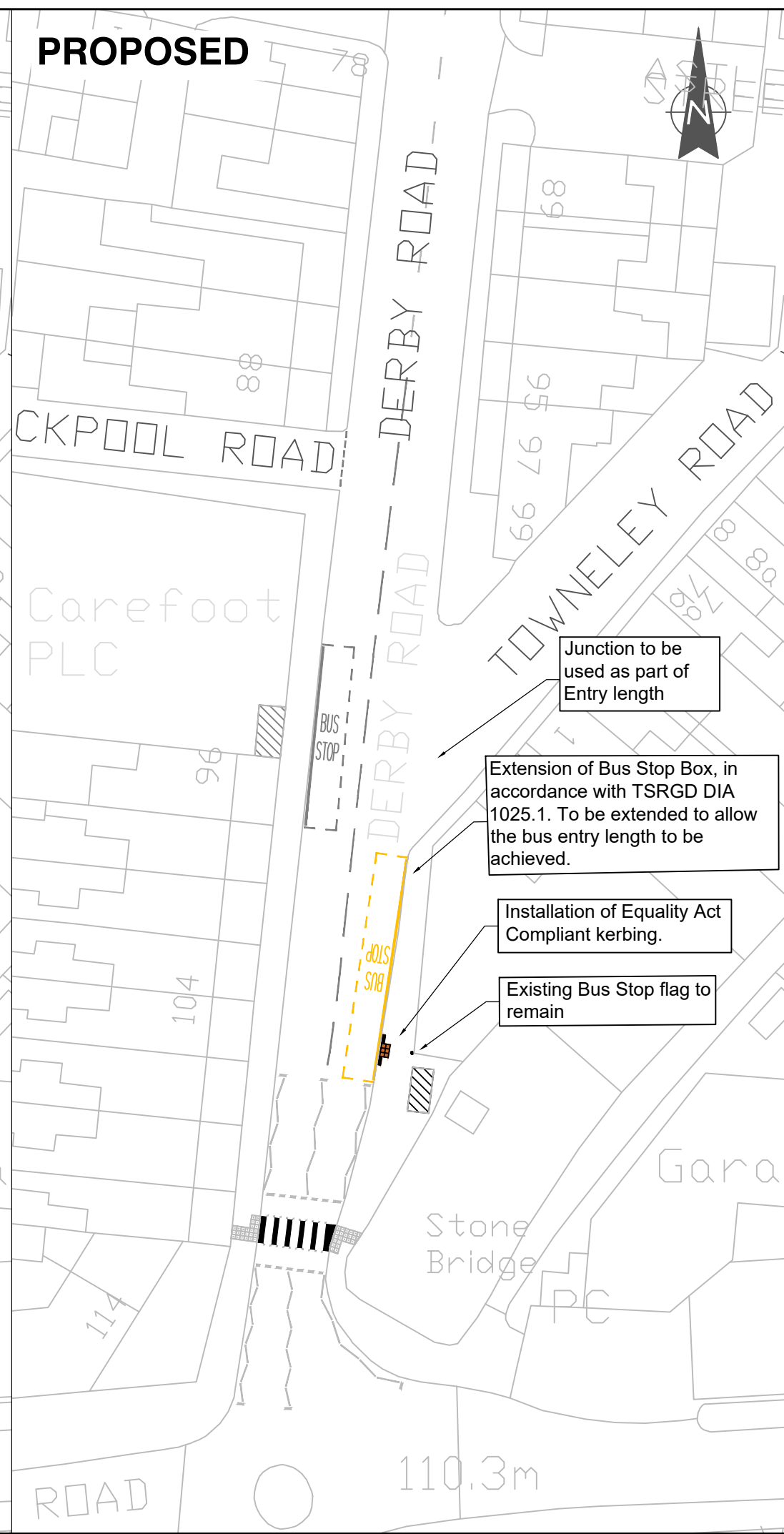
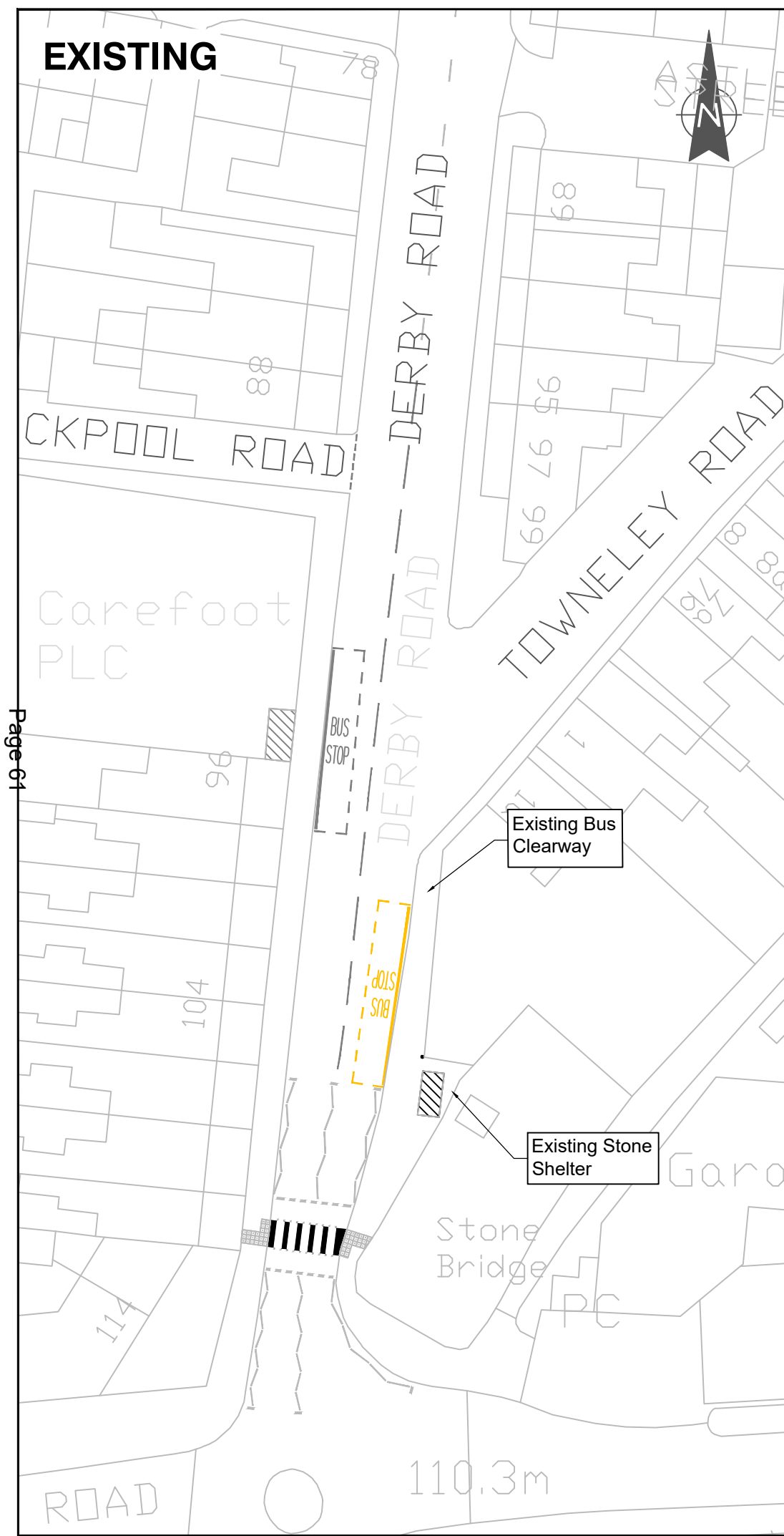
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REVISIONS				

Lancashire County Council  **Design and Construction**



PROJECT TITLE S106 Longridge Quality Bus Stop Design	
DRAWING TITLE 25001115 - Preston Road Bus Stop	
DRAWN BY H EHSAN	CHECKED BY S DELANEY
PPMS No. 11287	DATE JULY 2022
DRAWING No. DRAWING No.	SHEET No. 1 of 1. REVISION -
SCALE @ A3 1:500	ISSUE PURPOSE CONSULTATION

Appendix D



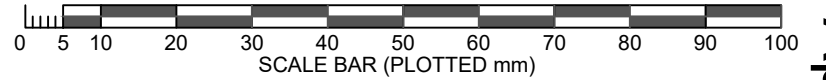
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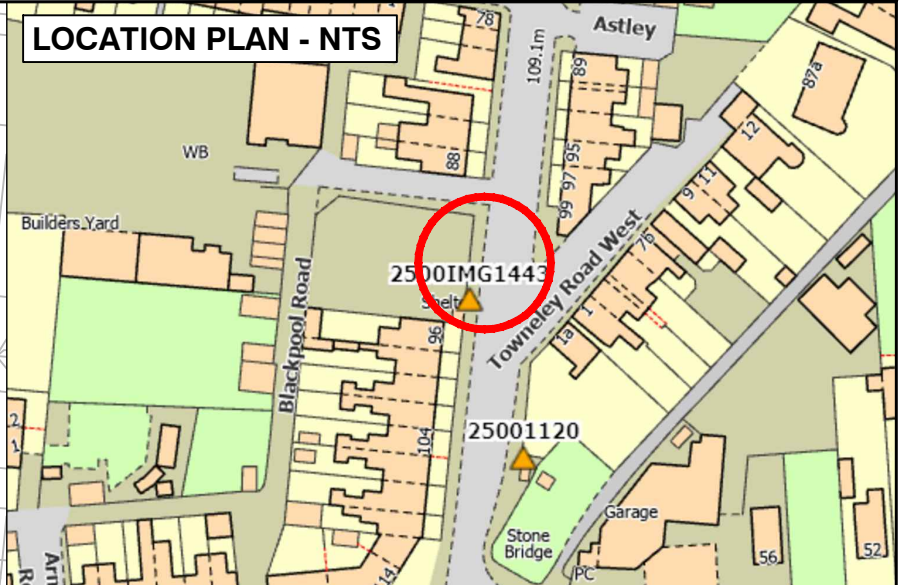
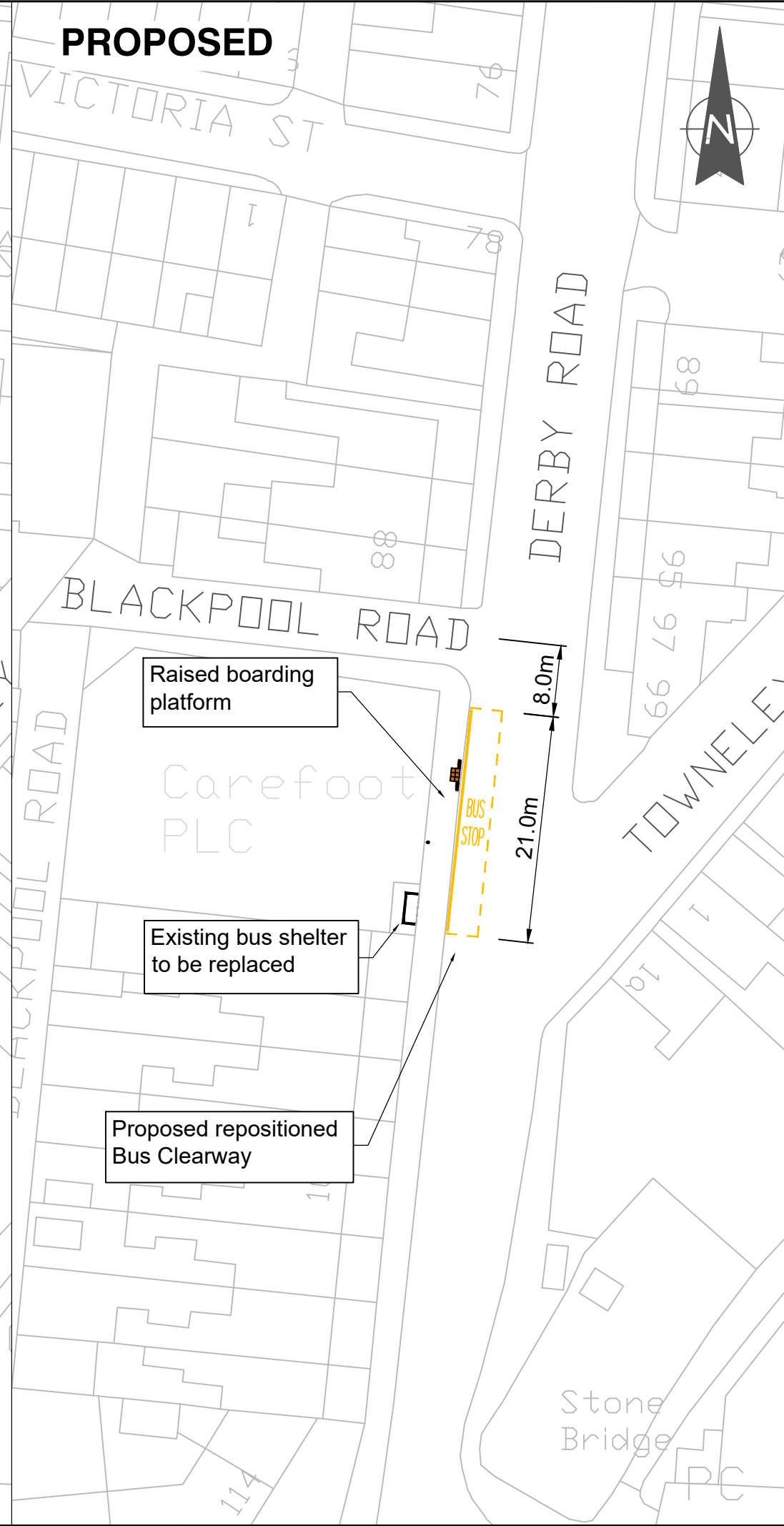
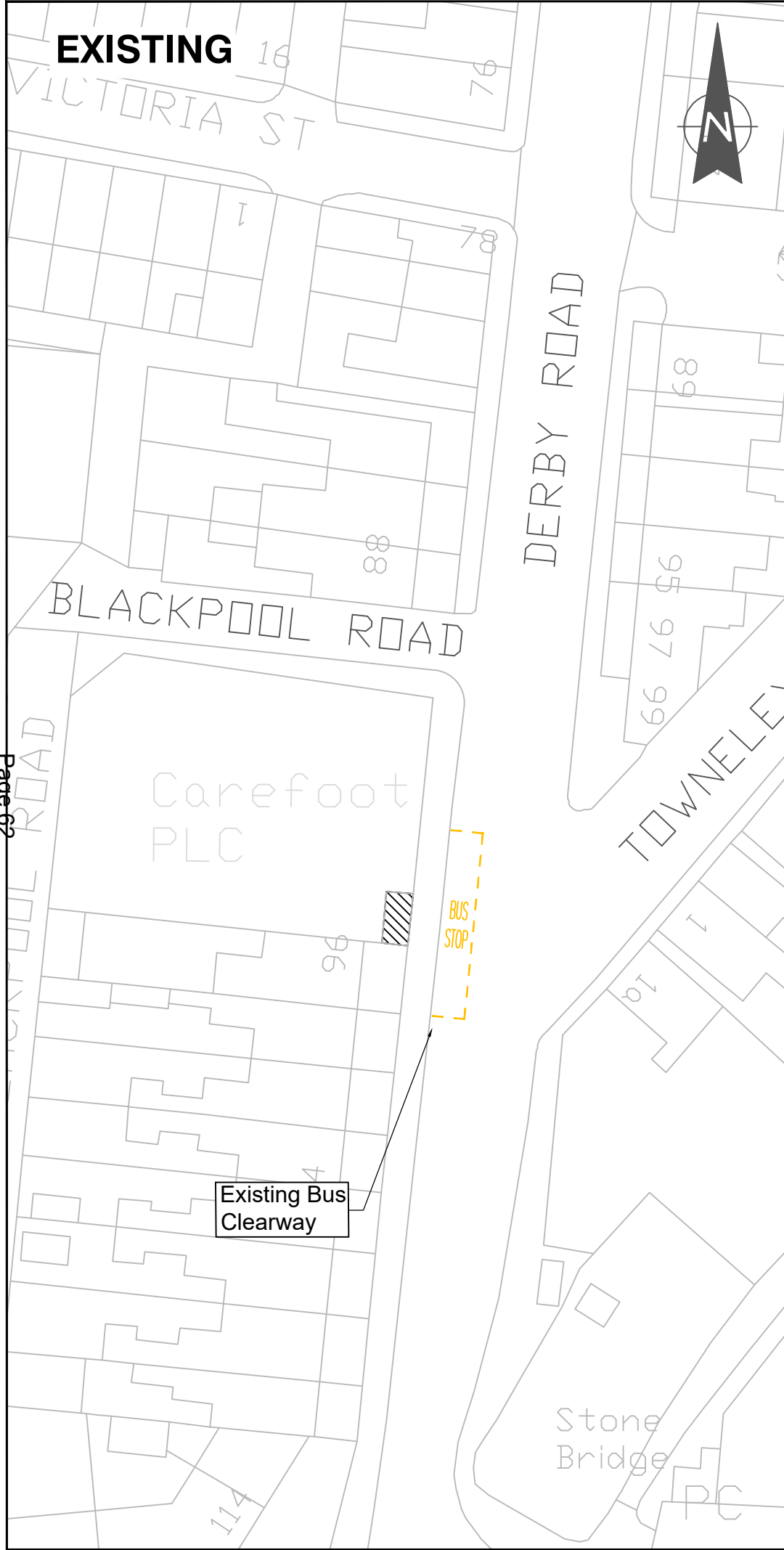
Lancashire County Council Design and Construction



PROJECT TITLE		S106 Longridge Quality Bus Stop Design	
DRAWING TITLE		25001120 - Derby Road Bus Stop (Stone Shelter)	
DRAWN BY	H EHSAN	CHECKED BY	J BARON
PPMS No.	11287	DATE	JUNE 2022
DRAWING No.	11287-02	SHEET No.	1 of 1.
SCALE @ A3	1:500	ISSUE PURPOSE	CONSULTATION

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Appendix E



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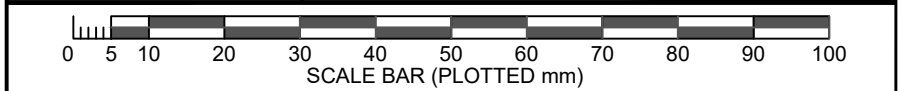
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Page 02

A	JUL 23	BUS CLEARWAY REDUCED TO 21m	S DELANEY	J BARON
No.	DATE	AMENDMENT DETAILS	CHECKED BY	DRAWN BY

REVISIONS

Lancashire County Council Design and Construction



PROJECT TITLE: S106 Longridge Quality Bus Stop Design

DRAWING TITLE: 25001443 - Derby Road Bus Stop TRO Plan

DRAWN BY: H EHSAN | CHECKED BY: J BARON

PPMS No.: 11287 | DATE: SEPTEMBER 2022

DRAWING No.: 11287-TRO-014 | SHEET No.: 1 of 1 | REVISION: -

SCALE @ A3: 1:500 | ISSUE PURPOSE: TRO

Report to the Cabinet

Meeting to be held on Thursday, 18 January 2024

Report of the Director of Finance

Part I

Electoral Division affected:
(All Divisions);

Corporate Priorities:
Delivering better services;

Schools Budget 2024/25

(Appendices 'A' and 'B' refer)

(Appendix 'B' will be circulated after the Schools Forum meeting on 11 January 2024)

Contact for further information:

Millie Dixon, School Statutory & Forum Officer, Tel: 01772 534844,
millie.dixon@lancashire.gov.uk

Brief Summary

In accordance with the Government's school funding Regulations and Guidance, the Authority is required to submit a final Schools Block budget pro-forma for 2024/25 to the Education and Skills Funding Agency by 22 January 2024. This report seeks the authorisation of the Cabinet to submit the Schools Block budget pro-forma and requests approval for the Early Years, High Needs and Central Schools Services Block budgets for 2024/25.

This is deemed to be a Key Decision and the requirements of Standing Order C19 have been complied with.

Recommendation

Cabinet is asked to:

- (i) Approve the 2024/25 budgets for the Early Years, High Needs and Central Schools Services Blocks and local proposals for the High Needs Supplementary Grant allocation for 2024/25, having regard to any comments made by the Lancashire Schools Forum.
- (ii) Authorise the Principal Accountant – Schools Finance to submit the final Schools Block budget pro-forma for 2024/25 to the Education and Skills

Funding Agency by 22 January 2024, on the basis set out in this report.

- (iii) Agree that the Dedicated Schools Grant Reserve underwrite the uncertainties around the 2024/25 Schools Budget.

This decision should be implemented immediately for the purposes of Standing Order C28(3) as any delay could adversely affect the execution of the county council's responsibilities. The reason for this is to ensure that the necessary pro-forma can be submitted to the Education and Skills Funding Agency by the required deadline of 22 January 2024.

Detail

The Dedicated Schools Grant is a ring-fenced specific grant and it must be used in support of the Schools Budget as defined in the Dedicated Schools Grant Conditions of Grant and the School and Early Years Finance (England) Regulations. The Dedicated Schools Grant is allocated to every Local Authority in four funding blocks, each calculated using national funding formulae. The four blocks are:

- Schools Block.
- High Needs Block.
- Early Years Block.
- Central School Services Block.

In July 2023, the Government made initial announcements about the 2024/25 school funding arrangements.

Further information on each of the funding blocks is provided below and details of the final 2024/25 Dedicated Schools Grant allocations, notified in December 2023, and the proposed Schools Budget expenditure are contained in Appendix 'A'.

Schools Block

The Schools Block funds mainstream primary and secondary schools and academies.

Following a previous consultation with schools and academies in the County, and discussions with the Schools Forum, the Cabinet ratified the use of the National Funding Formula as the Lancashire formula methodology from April 2018. This will continue to apply in 2024/25.

Department for Education announcements indicate that the basic structure of the National Funding Formula remains unchanged for 2024/25, but higher funding allocations have been used to increase factor values from April 2024.

National Funding Formula factor values for 2024/25 have increased, as follows:

- 1.4% to basic entitlement, free school meals at any time in the last 6 years (FSM6), income deprivation affecting children index, lower prior attainment, English as an additional language and the lump sum.
- 0.5% to the funding floor, the minimum per pupil levels and free school meals.
- 0% on the premises factors, except for Private Finance Initiative which has increased by Retail Prices Index.

Key changes to the schools National Funding Formula in 2024 to 2025 are:

- introducing a new formulaic approach to allocating split sites funding in the National Funding Formula in 2024 to 2025, replacing the previous locally determined split sites factor.
- rolling the 2023 to 2024 mainstream schools additional grant into the National Funding Formula by:
 - adding an amount representing what schools receive through the grant into their baselines.
 - adding the value of the lump sum, basic per pupil rates and free school meals Ever 6 (FSM6) parts of the grant onto the respective factors in the National Funding Formula.
 - uplifting the minimum per pupil values by the mainstream schools additional grant's basic per-pupil values and an additional amount which represents the average amount of funding schools receive from the FSM6 and lump sum parts of the grants.

The announcements also included the relevant minimum pupil funding levels for primary and secondary schools, which incorporate the 1.9% uplift for 2024/25:

- For primary schools, the Minimum Pupil Funding level will be £4,610 per pupil in 2024/25 compared to £4,405 per pupil in 2023/24.
- For secondary schools, the Minimum Pupil Funding level will be £5,995 per pupil from 2024/25 compared to £5,715 per pupil in 2023/24.

Minimum Funding Guarantee

Local authorities will continue to set a Minimum Funding Guarantee in local formulae, which in 2024/25 must be between +0.0% and +0.5%.

The level to be applied in Lancashire is the subject of a consultation with schools and the Schools Forum. The Forum letter to the Cabinet on finalising the Schools Budget for 2024/25, as set out at Appendix B, will include a final recommendation on the level of Minimum Funding Guarantee to be applied from April 2024.

Schools Block Transfer

The Regulatory framework continues to allow local authorities to be able to transfer up to 0.5% of their schools block allocation to other blocks of the Dedicated Schools Grant, with schools forum approval.



Current modelling indicates that all allocated funding will be required for the Schools Block formula in 2024/25, meaning that there will be no headroom available to support pressures in the other funding blocks.

Once approved, the Schools Block proposals for 2024/25 must be submitted to the Education and Skills Funding Agency, for compliance checking against the Department for Education regulations and guidance. A proforma is provided by the Education and Skills Funding Agency to facilitate submissions and the deadline for the 2024/25 return is 22 January 2024.

High Needs Block

The High Needs Block funds:

- Special Schools budgets.
- Alternative Provision budgets (mainly Pupil Referral Units).
- Special Education Resource Facility and Special Educational Needs in mainstream schools.
- Individually Assigned Resources for High Needs pupils across all educational establishments.
- Certain Special Education Needs Central Schools Services.

The allocation to Lancashire is calculated using a national High Needs Block formula, but the Local Authority's local funding formulae still apply to distribute High Needs funding to Lancashire providers.

Department for Education announcements confirm that the basic structure of the High Needs National Funding Formula for 2024/25 is not changing. The High Needs National Funding Formula floor and gains cap have been set as follows for 2024/25:

- the funding floor is set at 3% so each local authority will see an increase of at least 3% per head of their 2 to 18 population (as estimated by the Office of National Statistics).
- the gains cap is set at 5%, allowing local authorities to see gains up to this percentage increase under the formula, again calculated on a per head basis of their 2 to 18 population.
- The hospital education factor will also be uplifted by 3.4%.

High needs funding is increasing by £440 million, or 4.3%, in 2024 to 2025, compared to the high needs funding allocations for 2023 to 2024. The total high needs budget for 2024 to 2025 will be £10.54 billion, the vast majority of which is allocated through the high needs National Funding Formula and will be included in local authorities' Dedicated Schools Grant allocations.

Early Years Block

Early Years Block funding is utilised for:

- Funding for the universal 15 hours entitlement for three and four-year olds.



- Funding for the additional 15 hours entitlement for three and four-year-old children of eligible working parents.
- Funding for the 15 hours entitlement for disadvantaged two-year olds.
- Funding for the Early Years Pupil Premium.
- Funding for the Disability Access Fund.
- Supplementary funding for Maintained Nursery Schools.

The Government introduced an Early Years National Funding Formula from April 2017. This arrangement introduced a formulaic mechanism for distributing early years funding from national Government to each local authority and set a framework that must be used to distribute funding to all types of early education provider, including nursery schools; nursery classes in maintained primary schools; Private, Voluntary, and Independent providers and Childminders. The Early Years National Funding Formula introduced a requirement to have a Universal Base Rate for all providers and set out the type and level of supplements that are available.

As detailed in the Chancellor's Spring 2023 Budget announcements earlier this year the early years funded entitlements are being expanded to enable working parents of younger children to access funded childcare as follows:

- From April 2024, eligible working parents of 2-year-olds can access 15 hours per week.
- From September 2024, eligible working parents of children aged 9 months up to 3-year-olds can access 15 hours per week.
- From September 2025, eligible working parents of children aged 9 months up to 3 years old can access 30 hours free childcare per week.

Central School Services Block

This Block is to fund central functions that local authorities carry out on behalf of pupils in state-funded maintained schools and academies in England. The Central School Services Block was first introduced in 2018/19, and effectively replaced the previous Education Services Grant allocations, but the levels of funding have reduced considerably over recent years.

The Central School Services Block allocation for local authorities is split into funding for historic commitments and funding for ongoing responsibilities.

The ongoing responsibilities element of funding is calculated by the Department for Education on a formulaic methodology based on pupil numbers and deprivation, plus an area cost adjustment. The historic commitments element of the Block funds certain ongoing obligations funded from the Dedicated Schools Grant.

The Department for Education have stated that they will continue to unwind the historic commitments funding to zero in future years.

Final Dedicated Schools Grant Allocation 2024/25

Details of Lancashire's final Dedicated Schools Grant allocations for 2024/25 for each funding block, and the expenditure proposals for each block are provided at Appendix 'A'.

Appendices

Appendix 'A' is attached to this report. For clarification, it is summarised below and referenced at relevant points within this report. Appendix 'B' will be provided to Cabinet as set out below.

Appendix	Title
Appendix 'A'	Details of Lancashire's final Dedicated Schools Grant allocations for 2024/25 for each funding block, and the expenditure proposals for each block.

Consultations

Discussions have been held with the Schools Forum throughout the budget-setting process, and any decisions and recommendations arising from the Forum's budget meeting on 11 January 2024 will be provided to Cabinet on 18 January 2024 as Appendix 'B'.

To help inform Schools Forum considerations, consultations have been held with Lancashire schools and academies in connection to certain aspects of the Schools Block funding arrangements from April 2024.

The Schools Forum's letter to Cabinet will include any recommendations relating to setting the 2024/25 Schools Budget that arise from the consultations.

Implications:

This item has the following implications, as indicated:

Risk management

There are no significant risks identified in this report.

Financial

There are no financial implications for the county council's budget arising from this report.

The report forecasts a balanced Dedicated Schools Grant funding position in 2024/25, subject to the planned use of £1.154m in Schools Budget reserves to mitigate transitional pressures in the Schools Block budget.

It should also be noted that the Department for Education has tightened the ring-fencing around the Dedicated Schools Grant from 2020/21 onwards, to ensure that local authorities do not make provisions in their general reserves to cover possible



Dedicated Schools Grant deficits, and any deficits would be carried forward into future years and then repaid over time. Several other local authorities are already working with the Department for Education to agree on recovery plans to repay deficits.

To date, Lancashire has always contained any school funding pressures within the Dedicated Schools Grant. The Dedicated Schools Grant reserve as at 31 March 2023 was £25.8 million.

However, there is concern that there could be increased strain on the High Needs Block budget from 2024/25 onwards, when initial announcements from the Government indicate circa 5% rises in funding per annum, but forecast cost and demand led pressures in the High Needs Block are estimated to remain at levels well above this. The pressures on High Needs Block are affecting local government as whole and could create significant pressure on the High Needs Block Budget and the overall Dedicated Schools Grant in the longer term.

List of Background Papers

Paper	Date	Contact/Tel
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None

Reason for inclusion in Part II, if appropriate

N/A

Final Dedicated Schools Grant allocations and pupil data for 2024/25 were published by the Department for Education on 19 December 2023.

Lancashire's Gross 2024/25 Dedicated Schools Grant allocation is £1,332.993m.

The equivalent Gross Dedicated Schools Grant income figure for 2023/24 was £1,214.241m. The 2024/25 Dedicated Schools Grant allocation has increased by £118.752m.

This increase in funding is due to:

- Lancashire's share of the increased £8m for the High Needs Block.
- Increased funding of £56.5m received due to the extended entitlements of 2 year olds and under two's within the Early Years Block.
- An increase in the overall numbers of pupils in Lancashire in the primary and secondary sectors compared to 2023/24.

The sections below provide further details of the Lancashire Dedicated Schools Grant allocations and presents the estimated Schools Budget for 2024/25.

DEDICATED SCHOOLS GRANT ALLOCATIONS 2024/25

The Department for Education sub-divide the Dedicated Schools Grant allocations into 4 funding blocks: Schools Block, High Needs Block, Early Years Block and the Central Schools Services Block. These Blocks are all calculated on a formulaic basis.

Information on the allocations for each of the funding blocks is provided below:

Schools Block allocation (£978.029m)

The Schools Block allocations for 2024/25 are derived on the basis of illustrative individual Schools National Funding Formula allocations calculated by the Government. These calculations translate into primary and secondary units of funding for 2024/25. These units of funding are multiplied by the number of primary and secondary pupils from the October 2023 census. A Local Authority level allocation for premises factors and growth funding are added to provide a final Schools Block allocation.

This provides a total Lancashire Schools Block allocation for 2024/25 of £978.029m.

The 2024/25 Schools Block allocation is over £51m higher than the equivalent figure in 2023/24. The increased allocation is in part due to Lancashire's share of the additional funding made available nationally by the Government, and a slight

increase in the number of pupils across Lancashire primary and secondary schools in the October 2023 school census.

In 2023 to 2024 financial year, mainstream schools were allocated additional funding through the Mainstream School's Additional Grant. In 2024/25, this has been incorporated within the National Funding Formula.

These extra pupils generate additional Schools Block income but will also produce extra costs in the budget. The funding being allocated on deprivation factors has also increased and will place additional pressures in the Schools Block budget.

It should also be noted that the Department for Education has introduced changes to the payment process of schools business rates. From 2024/25, schools business rates will be paid by the Education and Skills Funding Agency to billing authorities directly on behalf of all state funded schools. For 2024/25, a rates allocation will continue to be included in the Department for Education's schools National Funding Formula but a deduction of £1.275m will be made from the Lancashire Schools Block cash allocation in 2024/25, to enable this central government payment to be made.

High Needs Block allocation (£202.146m)

The 2024/25 High Needs Block allocation is calculated under the Government's national High Needs funding formula. Key features of the formula include:

- A high needs funding floor and gains calculation.
- Basic entitlement factor (with area cost adjusted) for the number of pupils in special schools and academies.
- Import/export adjustment.
- Additional Funding for Special Free Schools.
- Hospital education, Alternative Provision teachers pay/pension and supplementary funding factor.

The formula provides a 2024/25 High Needs Block allocation for Lancashire of £202.146m.

This figure is over £8.75m higher than the equivalent 2023/24 allocation, due to increased funding for the High Needs Block made available by the Government.

In 2023 to 2024 financial year, the High Needs Block was allocated additional funding through the High Needs Supplementary Grant. In 2024/25, this has been incorporated within the National Funding Formula.

It should be noted that the High Needs Block allocation is a provisional allocation, and the gross total includes allocations attributable to funded places that will be deducted and made directly by the Education & Skills Funding Agency. These are estimated by Education & Skills Funding Agency to total circa £9.734m.

Early Years Block allocation (£143.990m)

Allocations for the Early Years Block include:

- funding for the universal 15 hours entitlement for three- and four year olds.



- funding for the additional 15 hours entitlement for three and four year old children of eligible working parents.
- funding for the 15 hours entitlement for disadvantaged two year olds.
- funding for the 15 hours entitlement for working families for two year olds.
- funding for 15 hours entitlement for under two year olds (from September 2024)
- funding for the Early Years Pupil Premium (EYPP) expanded to 2 year olds and under.
- funding for the Disability Access Fund (DAF) expanded to 2 year olds and under.
- supplementary funding for Maintained Nursery Schools (MNS).

Following the Spring 2023 Budget Announcement regarding £204m additional early years funding nationally. Lancashire received £4.75m to uplift early years rates from September 2023 to March 2024:

	April 2023 - March 2024	Additional Uplift September 2023 - March 2024	Revised September 2023 - March 2024
2YO	£5.63	£1.67	£7.30
34YO	£4.87	£0.33	£5.20
34YO MNS	£4.31	£0.24	£4.55
EYPP	£0.62	£0.04	£0.66
DAF (Lump Sum)	£828.00	£30.92	£858.92

Following the additional funding in 2023/24, Lancashire received a further increase in allocation in 2024/25 as follows:

- 3 and 4-year-old entitlements - £0.27 per hour uplift.
- 2-year-old entitlement - £0.24 per hour uplift (extended to working families).
- Supplementary funding for maintained nursery schools - £0.63 per hour uplift.
- Early Years Pupil Premium - £0.02 per hour uplift.
- Disability Access Fund - £51 per eligible child per year uplift.

These factors provide a total Early Years Block allocation for Lancashire for 2024/25 of £143,990m.

Lancashire's Early Years funding is significantly higher than the 2023/24 allocation, due to the extended entitlements.

It should be noted that the 2024/25 early years block allocations are initial, and based on Schools, Early Years and Alternative Provision censuses data from January 2023. These allocations will be updated based on January 2024 census data.



Central Schools Services Block (£8.830m)

The Central Schools Services Block is to fund central functions that Local Authority's carry out on behalf of pupils in state-funded maintained schools and academies in England.

The Central Schools Services Block is split into funding for historic commitments and funding for ongoing responsibilities.

The Historic Commitments element of the allocation has been increased by £1.75m due to additional protected funding for a PFI site.

The total Lancashire's Central Schools Services Block allocation for 2024/25 is £8.830m.

In Year Adjustments

The Dedicated Schools Grant allocation notified is prior to in-year adjustments for:

- Academies recoupment from the schools block;
- Deductions for high needs places in academies and non-maintained special schools;
- Post 16 places;
- Deduction for national copyright licences;
- Deduction for schools business rates
- Updates to the funding for three- and four-year olds;
- Updates to the funding two-year olds;
- Updates to the funding for under 2-year olds;
- Updates to the early years supplementary funding for maintained nursery school;
- Updates to the early years pupil premium;
- Updates to early years Disability Access Fund.

Forecast total Dedicated Schools Grant income for 2024/25

The Lancashire Dedicated Schools Grant (DSG) allocations for 2024/25 across the 4 funding blocks are shown below:

Forecast DSG Income	£m's
Schools Block	978.029
High Needs Block	202.146
Early Years Block	143.990
Central Schools Services Block	8.830
Gross Total forecast DSG Income	1,332.995
Total deduction for national schools non-domestic rates	-1.275
Total deductions for direct high needs payments made by the Education & Skills Funding Agency	-9.734
Net Total forecast DSG Income	1,321.986



SCHOOLS BUDGET 2024/25

The latest Individual School Budgets across all phases has been constructed using the final datasets made available from the Department for Education and our latest local Early Years and High Needs data.

This Schools Budget estimate has been calculated following discussions with the Schools Forum and where necessary, consultation with Lancashire schools.

Budget Summary

The table below summarises the budgets to be allocated from each of the Dedicated Schools Grant funding blocks;

Forecast DSG Expenditure	£m's
Schools Block	979.183
High Needs Block	202.146
Early Years Block	143.990
Central Schools Services Block	8.830
Total deduction for national schools non-domestic rates	-1.275
Total deductions for direct high needs payments made by the Education & Skills Funding Agency	-9.734
Total forecast DSG Expenditure	1,323.140

Further details about each block are provided below.

Schools Block (979.183m)

Following a consultation with schools and the Schools Forum as part of the 2018/19 Schools Budget setting cycle, it was agreed to use the Government's National Funding Formula methodology as the local Lancashire funding model.

The National Funding Formula methodology will continue to apply in 2024/25 for calculating allocations to Lancashire schools and will incorporate the changes to the formula introduced nationally that are set out in the main report.

As supported by responses from schools in a consultation held in the autumn term 2023, the Minimum Funding Guarantee has been included in the formula at +0.5% and there is no cap on funding gains.

A 2024/25 growth fund requirement, which is used to support Local Authority initiated school expansions, of £1.5m has been included for 2024/25. The balance of funding from the Growth Fund allocation received by Lancashire, equating to circa £2m, has been used as a contribution to Schools Block.

It should be noted however, due to pressures within the block, £1.154m of Dedicated Schools Grant Reserves is required to set the Schools Block budget.



The Schools Block expenditure for 2024/25 is therefore estimated in the table below:

Forecast Schools Block Expenditure	£m's
Primary	510.734
Secondary	465.478
All-Through	1.471
Budgeted Growth	1.500
Total	979.183
DSG Schools Block Income	-978.029
Proposed DSG Reserve contribution	-1.154

As mentioned earlier in the appendix, the Department for Education has introduced changes to the payment process of schools business rates. From 2022/23, schools business rates will be paid by the Education and Skills Funding Agency to billing authorities directly on behalf of all state funded schools. For 2024/25, a rates allocation will continue to be included in the Department for Education's schools National Funding Formula but a deduction of £1.275m will be made from the Lancashire Schools Block cash allocation in 2024/25, to enable this central government payment to be made.

High Needs Block (£202.146m)

The High Needs Block expenditure for 2024/25 is estimated in the table below:

	Place funding £m	Top-up funding £m
Delegated to Schools	39.920	99.481
FE Colleges		11.147
High Needs Block costs on a commissioned basis		41.312
Total deductions based on 24/25 for direct high needs payments made by the Education and Skills Funding Agency		9.734
Additional 24/25 High Needs places to be paid direct by Education and Skills Funding Agency		0.552
Total	39.920	162.226

Total Expenditure £ m **202.146**

Total Income £ m **202.146**

The total forecast High Needs Block expenditure in 2024/25 is £202.146m.

As a result of the 2022 Autumn statement announcement of extra schools funding, local authorities were required to pass on a proportion of the additional high needs



funding that was included in the high needs block of their 2023 to 2024 Dedicated Schools Grant to: maintained special schools, special academies (and free schools), pupil referral units and AP academies (and free schools), including maintained and academy hospital schools. As the overall high needs funding increase is now included in the 2024 to 2025 high needs funding formula, the Dedicated Schools Grant conditions of grant for 2024 to 2025 requires local authorities to pass on the same level of additional funding to these schools. This totals £3.478m and is included within the top-up funding.

This forecast expenditure includes an estimate of the considerable cost and demand led pressures facing the block in 2024/25.

Proposals also build in a 2% increase to the level for the school specific factor rates in special schools and pupil referral units.

In addition, the Weighted Pupil Number values supporting all high needs pupils are proposed to increase by 2% in 2024/25. This level of increase is lower than the general 3% uplifts for the pupil-led factors in the Schools Block national funding formula. The cost and demand pressures within the high needs block only allows a 2% increase to be affordable from April 2024.

The circa £9.7m of deductions in the Dedicated Schools Grant notifications have been budgeted within HNB, as this relates to direct high needs payments made by the Education and Skills Funding Agency.

An extra £0.552m of deductions for 2024/25 has also been included, for additional high needs places that have now been commissioned by the county council at establishments that are directly paid by the Education and Skills Funding Agency.

Despite considerable pressure on the high need block funding envelope, a balanced budget position has been forecast for 2024/25. The county council needs to continue to work on initiatives that ensure that the best use is being made of the High Needs resources available and to minimise as far as possible the future years forecasted overspends.

However, there is concern that there could be increased strain on the High Needs Block budget from 2024/25 onwards, when initial announcements from the Government indicate circa 5% rises in funding per annum, but forecast cost and demand led pressures in the High Needs Block are estimated to remain at a level well above this. This could create significant pressure on the High Needs Block Budget and the overall Dedicated Schools Grant in the longer term.

Early Years Block (£143.990m)

Following the additional funding in 2023/24, Lancashire received a further increase in allocation in 2024/25 as follows:

- 3 and 4-year-old entitlements - £0.27 per hour uplift;
- 2-year-old entitlement - £0.24 per hour uplift (extended to working families);
- Supplementary funding for maintained nursery schools - £0.63 per hour uplift;

- Early Years Pupil Premium - £0.02 per hour uplift;
- Disability Access Fund - £51 per eligible child per year uplift.

3 and 4-year-old entitlements

Due to the increased funding Lancashire has received, the Lancashire base rate for 3 and 4-year-old entitlements is £5.41 per hour in 2024/25, an increase of £0.33 per hour from 2023/24.

The 2024/25 funding rate is therefore as follows:

2023/24 Base rate	£5.08 per hour
2024/25 DfE uplift	£0.27 per hour
2024/25 Additional funding from within the Early Years Block	£0.06 per hour
2024/25 Base rate	£5.41 per hour

3- and 4-year-old Supplementary funding hourly rate for maintained nursery schools
Lancashire will receive a £0.63 increase in the supplementary funding hourly rate for maintained nursery schools in 2024/25, which will be passed to the maintained nursery schools, providing a revised hourly supplement rate of £5.18 per hour.

2-year-old entitlement

Following the Early Years 2024/25 funding announcements, the Early Years Working Group recommended that Lancashire adopts one single funding rate for 2-year-old entitlements, plus a deprivation supplement based on a similar mechanism that currently exists within the 3- and 4-year-old formula. Lancashire is to receive an additional £0.24 per hour for the 2-year-old entitlement for 2024/25.

This would give a Lancashire base rate for 2-year-olds of £7.10 per hour from April 2024, plus a deprivation supplement where necessary.

Under 2-year-old entitlement

From September 2024, the base rate will be set at £9.51, plus a deprivation supplement based on a similar mechanism that currently exists within the 3- and 4-year-old formula.

Early Years Pupil Premium

Lancashire will increase our early years pupil premium rate by 2p to 68p per hour, equivalent to up to £387 per eligible child per year, for 2024/25, in line with national announcements.

Disability Access Fund

Lancashire will increase the disability access fund by £29 to £910 per eligible child per year for 2022/23, in line with national announcements.



Special Educational Needs Inclusion Fund

Local authorities are now required to have a Special Educational Needs Inclusion Fund for all eligible 3 and 4-year-olds, 2-year-olds and under 2's (from September 2024) who are taking up the free entitlements, regardless of the number of hours taken. For 2024/25 the Lancashire fund will total £2.65m due to the increased demands and extended entitlements.

The Early Years Block expenditure for 2024/25 is therefore estimated in the table below:

Forecast EYB Expenditure	£m's
Early Years Block under 2-year-olds	16.539
Early Years Block 2-year-olds	37.649
Early Years Block 3 and 4-year-olds	79.422
Early Years Pupil Premium expenditure	1.812
Early Years Disability Access Fund expenditure	0.864
Nursery School Maintained Nursery School	5.054
Special Educational Needs Inclusion	2.650
Total	143.99

The total forecast Early Years Block expenditure in 2024/25 is some £143.99m.

Central Schools Services Block (£8.830m)

The estimated Central Schools Services Block expenditure in 2024/25 is £8.830m.

The Historic Commitments element of the allocation has been increased by £1.75m due to additional protected funding for a PFI site.

Careful consideration will be needed around the Central Schools Services Block in future years, as Department for Education implement further reductions in the Historic Commitments budget.

Calculation of the final 2024/25 funding position

	£m's
Total forecast DSG Income 2024/25	1,321.986
Total Forecast DSG Allocations 2024/25	1,323.140

These Schools Budget proposals forecast a balanced Dedicated Schools Grant funding position in 2024/25, subject to the planned use of £1.154m in Schools Budget reserves to mitigate pressures in the Schools Block budget.

Report to the Cabinet

Meeting to be held on Thursday, 18 January 2024

Report of the Director of Strategy and Performance

Part I

Electoral Division affected:
(All Divisions);

Corporate Priorities:
Delivering better services;
Caring for the vulnerable;

Update on the School Place Planning Delivery Programme 2023-25

(Appendices 'A' and 'B' refer)

Contact for further information:

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Brief Summary

In October 2022, Cabinet approved the School Place Planning Delivery Programme 2023-25. This programme set out a series of projects to provide additional primary and secondary school places, where projected shortfalls had been identified. The proposal sought to provide these places through expansion of existing schools and the establishment of new schools. Since the inception of the 2023-25 School Planning Delivery Plan there has been a decline in birth rates nationally which is now showing in the county council's primary school places forecasts.

This report provides an update on the current position of primary and secondary provision in Preston, and the new school at Whittingham Hospital.

Recommendation

Cabinet is asked to:

- (i) Approve the additional capital allocation for Lea Community Primary School, Preston, set out at Appendix 'A'.
- (ii) Approve the capital allocation for phase 2 of the Capital project to permanently expand Cottam Primary School, Preston by 1 form of entry for September 2024, set out at Appendix 'A'.

- (iii) Approve the capital allocation for phase 2 of the Capital project to permanently expand Broughton-In-Amounderness Church of England Primary School, by 25 places per year from September 2024, set out at Appendix 'A'.
- (iv) Approve that a consultation be undertaken on the permanent expansion of Archbishop Temple Church of England High School, Preston, to increase the Published Admission Number from 155 to 210 from September 2025.
- (v) Approve the capital allocation for the temporary expansion of Archbishop Temple Church of England High School, Preston by 55 places for September 2024, set out in Appendix 'A'.
- (vi) Approve the proposal to permanently expand Christ the King Catholic High School, Preston by 20 places per year from September 2025.
- (vii) Approve the Capital allocation for Christ the King Catholic High School, Preston to permanently expand the school by 20 places per year from September 2025, set out in Appendix 'A'.
- (viii) Approve that further consideration be given to the proposals set out in the 2023-25 School Planning Delivery Programme for the primary and secondary projects in Preston North, in response to the change in forecast data which has been impacted by the national downward trajectory of births impacting on reception numbers and the future trajectory of pupils, with revised proposals being brought to Cabinet as required.
- (ix) Acknowledge the outcome of the Whittingham Hospital consultation which provided a further option as set out in Appendix 'B', agree that the Whittingham Hospital site remains the preferred option for delivering a two-form entry (420 place) primary provision in Preston and approve the acquisition of a further 1.33 hectares(3.29 acres) of land for the delivery of the preferred option.

Detail

In October 2022, Cabinet approved the School Place Planning Programme 2023-25, which sets out a series of projects to provide additional primary and secondary school places where projected shortfalls have been identified. The programme proposed that the additional places should be provided through the expansion of existing schools and the establishment of new schools.

This report provides an update on the School Place Planning Programme 2023-25 and requests approval of enlargement proposals and of the related capital schemes. Full details of the capital scheme projections are provided at Appendix 'A'. These are deemed to be exempt from publication as they contain information relating to the financial or business affairs of any particular person (including the authority holding that information).

Projects

Preston West Planning Area

Primary

Lea Community Primary School, Preston

At its meeting in February 2023, Cabinet approved the proposal to permanently increase the published admission number of Lea Community Primary School, by 1 form of entry, by increasing the published admission number from 30 to 60 with effect from September 2023/24, gradually increasing the school's capacity from 210 to 420.

A revision to the capital allocation for the project is set out at Appendix 'A'.

Cottam Primary School, Preston

Approval is sought for the capital allocation, set out at Appendix 'A', for Phase 2 of the Cottam Primary School expansion for the increase in the published admission number from 30 to 60 from September 2025. This will eventually provide an additional 210 permanent school places.

Preston North Planning Area

On 6 October 2022, Cabinet was asked to approve the School Place Planning Delivery Programme 2023-2025, which included the establishment of three new schools, two primary schools and a secondary school. Since seeking this approval, a downward trajectory of births has meant that the forecast number of reception aged pupils has not materialised. In addition, the forecast and the pace of housing growth has slowed from the original forecast. The place planning requirements are subject to review and options to meet the lower than originally anticipated shortfall are in development to apply a broader range of solutions which promote flexibility, support existing schools and are timely and do not oversupply. The proposals below are not identified in the Delivery Programme 2023-25.

Primary

Broughton-In-Amounderness Church of England Primary School

Approval is sought to progress the expansion of the school. The Governing Body have agreed to exceed their published admission number by 25 places for the September 2023/24, providing a temporary solution. A permanent expansion project of some internal and external remodelling is proposed for September 2025. This will increase the school's current published admission number from 35 to 60. Permission is therefore required to progress this works and secure appropriate capacity to meet demand in the area.

In line with approval from Cabinet on 2 November 2023, and in adherence to Department for Education Guidance ['Making significant changes \(Prescribed Alternations\) to maintained Schools – 2023'](#) which prescribes that significant



enlargements to a maintained school requires the publication of a statutory proposal and consultation with stakeholders, a public consultation was undertaken between the period of 20 November to 17 December 2023. Details of the public consultation are provided below.

Approval is sought for the capital allocation, set out at Appendix 'A', for Phase 2 of the Broughton-in-Amounderness Church of England Primary School expansion, for the increase in the published admission number from 35 to 60 for September 2024.

Secondary

Christ the King Catholic High School, Preston

Approval is sought for a temporary expansion project to provide an additional 20 places per year group at Christ the King Roman Catholic High School, for the starting in September 2024, and thereafter to provide permanent places for September 2025/26. This will increase the published admission number from 80 to 100 and eventually provide an additional 100 places.

Approval is also sought for the capital allocation, set out at Appendix 'A', for the Christ the King Catholic Roman Catholic High School, Preston expansion for the increase of the published admission number from 80 to 100 for September 2024, initially as a temporary expansion, followed by a permanent expansion.

Archbishop Temple Church of England High School, Preston

Approval is sought to undertake a consultation on the proposal to develop a two-form entry (55 place) permanent expansion of Archbishop Temple Church of England High School, Preston, for September 2025/26, following a temporary expansion for the year 2024/25. This will increase the published admission number from 155 to 210.

Approval is also sought for the capital allocation, set out at Appendix 'A', for the Archbishop Temple Church of England High School, Preston, Phase 1 temporary expansion for the increase in the published admission number from 155 to 210 for 2024/25.

In developing proposals for school places, officers from the School Place Planning team collaborate with colleagues in the Pupil Access Team, who manage the arrangements of transfer of pupils to secondary school, in adherence to the Department of Education Admissions Code (September 2021). Following closure of the secondary school applications on 31 October 2023, the demand for places has been considered to ensure that proposals reflect this need. Collaboration with local schools is ongoing with focussed negotiations which aim to provide further places to meet this and in-year requirements.

New Schools

Primary

Former Whittingham Hospital site

A public consultation to establish a new two form entry primary school on the former Whittingham Hospital site was undertaken on 12 June for a four-week period. An informal public engagement event was also held at Longridge Library on 15 June. The key themes emerging from these responses were concern about the impact on existing schools, whether a new school was required on the site and the impact of additional traffic. Further details of the consultation are set out at Appendix 'B'. These are deemed to be exempt from publication as they contain information relating to the financial or business affairs of any particular person (including the authority holding that information). The next step of proposals will be subject to a further report to Cabinet.

Appendices

Appendix 'A' and Appendix 'B' are attached to this report. For clarification, they are summarised below and referenced at relevant points within this report.

Appendix	Title
Appendix 'A'	School Place Delivery Programme 2023-25 Capital Allocations
Appendix 'B'	Former Whittingham Hospital site

Consultations

Preston North Primary Planning Area

Additional permanent one form entry from 2025/26 at Broughton in Amounderness Church of England Primary School

On 20 November 2023, the county council published a statutory notice in relation to the expansion proposal for Broughton-in-Amounderness Church of England Primary School. In accordance with the statutory process, the notice invited representations (objections or comments) within the statutory notice period, i.e. from 20 November 2023 to 17 December 2023.

In response to the published proposal, the county council received 23 responses, a summary of which is provided below.

9 respondents supported the proposal and 14 did not. The Department for Education guidance advises that decision makers should not simply take account of the numbers of people expressing a particular view. Instead, they should give the greatest weight to responses from those stakeholders likely to be most affected by a proposal – especially parents of children at the affected school(s). 3 respondents in support of the proposal were identified as a parent/carer of a current pupil at Broughton-in-Amounderness Church of England Primary and 0 respondents in support were identified as parents of future pupils at Broughton-in-Amounderness



Church of England Primary School. In contrast, 13 of the respondents who did not support the proposal were identified as parent/carer of a current pupil of Broughton-in-Amounderness Church of England Primary School; none of the respondents were identified as parents of future pupils and 2 of the respondents were identified as an interested member of the local community. Furthermore:

- 7 respondents agreed that there were growing pupil numbers and 1 disagreed.
- 17 respondents agreed that the need for extra places was in Broughton-in-Amounderness Church of England and 2 disagreed.
- 8 respondents agreed that Broughton-in-Amounderness Church of England Primary was well located and 0 disagreed.
- 9 respondents agreed that Broughton-in-Amounderness Church of England Primary was an excellent/good school and 0 disagreed.

Key concerns raised by respondents related to:

Limited Parking (14 responses)

Of the 14 responses, 12 respondents who expressed concerns about parking were identified as a parent/carer of a pupil of Broughton-in-Amounderness Church of England Primary or a future pupil.

Parking arrangements will be reviewed as part of the planning application and implementation of the proposal. Parking and school access have been discussed with the school.

Volume of Traffic and Road Safety (18 responses)

Of the 18 responses, 11 respondents who expressed concerns about volume of traffic and road safety were identified as a parent/carer of a pupil of Broughton-in-Amounderness Church of England Primary or a future pupil.

Traffic management has been discussed with the school as part of the development of the proposal, although it must be recognised that this increase in pupil numbers is likely to lead to increased traffic.

Concerns expansion could affect educational standards (12 responses)

Broughton-in-Amounderness Church of England Primary School currently has an 'Outstanding' Ofsted rating. The school are committed to continuing to deliver a high standard of education.

Concern that proposed expansion is too much for one school (11 responses)

There are a significant number of 2 form entry (420 pupil) primary schools in Lancashire. Expanding a school by a full form of entry is likely to be more easily managed than a smaller scale expansion due to class size legislation requirements. The school is committed to maintaining the school's current ethos and standard of performance.

Implications:

This item has the following implications, as indicated:

Risk management

If additional school places are not created, there is a risk that the authority would fail in its statutory responsibility to make sure that a school place is available to all Lancashire children of the appropriate age range that want one. Providing additional school places increases the overall capacity in the area and, if demand falls, there may be surplus places.

Legal

The Department for Education '[Making significant changes \(Prescribed Alternations\) to maintained Schools – 2023](#)' guidance specifies any significant enlargement to a maintained school requires the publication of a statutory proposal and consultation with stakeholders. The statutory process should be followed if:

- the proposed enlargement is permanent (longer than three years) and would increase the capacity of the school by more than 30 pupils; and 25% or 200 pupils (whichever is the lesser)

The proposals set out in this report follow this. The county council's proposal to expand Broughton-in-Amounderness Church of England Primary School meets the criteria for the statutory process.

Procurement

The selection of contractors to undertake the capital works will be carried out in full compliance with the Public Contract Regulations 2015, either through the use of established frameworks or through undertaking a compliant procurement exercise following the county council's Procurement Rules, where appropriate.

Financial Capital Funding

Appendix 'A' provides details of the capital funding requirements and anticipated costs in relation to the capital schemes identified within the report, and funds have been set aside for these from the Basic Need allocation, based on current estimates. The schemes will be partially funded from housing developer contributions, agreed as part of the Section 106 agreement, although specific details are yet to be finalised. This is due to the Section 106 legal agreements detailing requirements around recalculations of the position, once accurate bedroom information becomes available, trigger points for payments not yet being reached and indexation calculation requirements. Some of these monies have already been received and the remainder will be payable in stages, as the various phases of the housing development are occupied. Cost estimates are immature, still require detailed design, procurement and a firm agreed price with suppliers. Future levels of Basic Need grant are as yet unconfirmed and may rise with increased housing in the area. Future reports will update on the consultation processes as well as detailed delivery



plans and funding sources for any further schemes to be committed. Updates on future funding levels will also be provided.

Revenue Funding

In year expansions will be funded via the Dedicated Schools Grant through the county council's expansion policy for the first 2 terms. This policy will ensure the schools have the appropriate level of funding. October Census data will then drive the Dedicated Schools Grant budget for the following financial year and incorporate all revised pupil numbers each year. This will provide Lancashire with the full year funding for these pupils through the Dedicated Schools Grant Schools Block, which is increased in line with the rising pupil numbers.

Equality and Cohesion

As part of the statutory decision-making process, the county council must comply with the Public Sector Equality Duty, which requires 'due regard' to the need to: eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under the Equality Act 2010; advance equality of opportunity between people who share a relevant protected characteristic and people who do not share it; and foster good relations between people who share a relevant protected characteristic and people who do not share it. The proposals included in this report will not disadvantage any group and should benefit current and additional future pupils of Lancashire who will be within the age (younger people) protected characteristics group.

List of Background Papers

Paper	Date	Contact/Tel
None		

Reason for inclusion in Part II, if appropriate

Appendix 'A' and Appendix 'B' - Exempt information as defined in Paragraph 3 of Part 1 of Schedule 12A to the Local Government Act 1972. Appendix 'A' and Appendix 'B' contain 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.

Report to the Cabinet

Meeting to be held on Thursday 18 January 2024

Report of the Director of Highways and Transport

Part I

Electoral Division affected:
(All Divisions);

Corporate Priorities:
Protecting our environment;

Anaerobic Digestion at the Farington Waste Recovery Park

Contact for further information:

John Birch, Tel: (01772) 534084, Service Development Manager,
john.birch@lancashire.gov.uk

Brief Summary

This report outlines details of the obligation to process separately collected food waste from April 2026, the options considered, the financial implications and a proposal to provide an in-house solution through Lancashire Renewables Limited.

This is deemed to be a Key Decision and the requirements of Standing Order C19 have been complied with.

Recommendation

Cabinet is asked to approve:

- (i) The proposal to provide an in-house solution to process separately collected food waste.
- (ii) The provision of capital to fund the proposal as set out in the report.

Detail

The Environment Act 2021 is the legislative means by which government will deliver its Resources and Waste Strategy and it introduces a requirement for the separate weekly collection of food waste by waste collection authorities. The Department for Environment, Food & Rural Affairs has confirmed that these new obligations are to be in place from April 2026.

Modelling has been undertaken which estimate the amount of food waste collected based on population and demographics, it is anticipated that around 40,000 tonnes per annum of food waste will be collected in Lancashire, although the actual amount will remain uncertain until collections are in place.

Options for food waste processing

In most cases food waste is treated using a process called anaerobic digestion. The process creates a gas which is converted into electricity. There are two options in this respect:

1. Processing through third party contracts.

Market research has shown that currently the capacity to process Lancashire's food waste does not exist locally. This does not mean that the market will not respond, but it does mean that new infrastructure will likely have to be delivered to enable that. This in turn means that operators will logically seek to recover the capital investment made which could drive up processing costs across the market.

2. Processing at our Waste Recovery Parks.

At both Farington and Thornton Waste Recovery Parks we have anaerobic digestion infrastructure which is currently mothballed and in a state of preservation. Separately collected food waste is the ideal feedstock for anaerobic digestion and these facilities already contain a large amount of the infrastructure required to treat it, albeit that some modification will be required.

The capacity of the anaerobic digestion facilities is around 60,000 tonnes per annum, in excess of what it is anticipated will be collected. This allows contingency if the amount collected is more than the model suggests. In the event that it is less, the spare capacity can be sold commercially, generating income to reduce operating costs.

Both facilities already have two 943 kilowatt gas engines which can produce enough electricity not only to run the anaerobic digestion facilities but to run the whole of the waste plant, providing significant savings on energy costs.

Proposal for food waste processing

The proposal is that food waste be processed in-house, initially through our waste recovery park at Farington, utilising the energy recovered from the food waste to power the processes at the facility.

To achieve this will require procurement and installation of one new piece of equipment, some relatively minor modifications to the existing anaerobic digestion facilities and to refurbish some of the currently redundant equipment to handle and transfer the food waste.

The new equipment required will remove any contamination, such as packaging, from the food waste and prepare the food waste feedstock into a consistency which promotes the best gas yield for creating electricity.



The food waste treatment processes will be provided and operated by the council's waste company, Lancashire Renewables Ltd.

As the separate collection of food waste becomes established and a better understanding of actual tonnage and the operation of the Farington anaerobic digestion process is gained, the business case for replicating the process at Thornton Waste Recovery Park, including the potential for processing commercial food waste, will be assessed.

The proposal will require a one-off capital investment of an estimated £2.5m made up of £1.4m for new processing equipment and £1.1m for the changes to existing infrastructure and remediation and reinstatement of the existing plant.

Our modelling indicates that the general cost of processing the food waste based on 40,000 tonnes per annum will be around **£49.60** per tonne, or **£1.984m per annum**. The typical cost per tonne for treatment (known as the "gate fee") in the market currently is around £30 per tonne, or £1.2m per annum.

However, the generation of electricity based on 40,000 tonnes is estimated to save the waste recovery park direct energy costs circa **£4.019m** per annum based on current costs, which includes income generated from the trading of Renewables Obligation Certificates, issued by Ofgem for every megawatt hour (MWh) of renewable energy generated (through the Renewables Obligations Scheme), again, acknowledging the uncertainty of the energy market itself.

The overall saving to operating costs for Lancashire Renewables is therefore estimated at **£2.035m** per annum.

Despite the cost of processing the food waste, it should be noted that removing the food waste from residual waste will save an additional £4.301m against the cost currently incurred by the council in disposing of it as refuse derived fuel. As such the overall net revenue benefit of this proposal is estimated at **£6.336m** per annum.

In line with our joint working agreement with Blackpool Council in relation to waste disposal the above cost burden and benefits will be split 87.5%/12.5% between the county council and Blackpool Council respectively (£5.544m/£792k).

Consultations

N/A

Implications:

This item has the following implications, as indicated:



Risk management

Financial

The proposal elicits financial savings of £5.544m for the county council. Savings related to energy costs would not be realised if the proposal is not supported and a third party solution was required.

The capital commitment will be paid for by the revenue savings and as such will attract no additional borrowing requirement or interest charges to the revenue budget.

Any ability to sell unused capacity at the plants would also not be available.

Procurement

A procurement exercise will be conducted to purchase the new equipment required to deliver the project. Market research into the required technology and associated services has confirmed its availability.

Environmental

An in-house solution for processing food waste and generating electricity to power the waste recovery park allows the council to reduce its carbon burden more than a procured third party option.

Legal

Although, given the value, such services would normally require a procurement exercise to be carried out in accordance with the Public Contracts Regulations 2015, as Lancashire Renewables Limited is an entity under local authority control, the proposed arrangement would fall within the exemption from the public procurement rules permitted under regulation 12, permitting the county council to commission the services from the company without inviting competition.

List of Background Papers

Paper	Date	Contact/Tel
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None

Reason for inclusion in Part II, if appropriate

N/A



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

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

By virtue of paragraph(s) 2 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

