

## **Full Council**

Thursday, 17th February, 2022, at 1.00 pm in the Council Chamber, County Hall, Preston.

## **Agenda**

### **Index**

1. **Apologies and Announcements**
2. **Disclosure of Pecuniary and Non-Pecuniary Interests**

### **A. Matters for Decision**

3. **External Auditor's Annual Report on Lancashire County Council 2020/21** (Pages 1 - 32)
4. **Revenue Budget 2022/23 and Financial Strategy 2022/23 to 2025/26; Capital Delivery Programme 2022/23; Capital Strategy 2022 to 2042; Council Tax and Precept 2022/23; Treasury Management Strategy and Non-Treasury Investment Strategy 2022/23; Minimum Revenue Provision Statement 2022/23; Fees and charges 2022/23** (Pages 33 - 140)

### **B. Matters for Information**

There are no matters to be reported at this meeting.

### **C. Notices of Motion**

5. **To consider Notices of Motion Submitted under Standing Order B36**

Angie Ridgwell  
Chief Executive and Director  
Resources

County Hall  
Preston

09 February 2022



## Meeting of the Full Council

Meeting to be held on Thursday, 17 February 2022

Report submitted by: Head of Legal and Democratic Services

**Part A**

Electoral Division affected:  
N/A;

**Corporate Priorities:**  
Delivering better services;

## External Auditor's Annual Report on Lancashire County Council 2020/21

(Appendix 'A' refers)

Contact for further information:

Hannah Race, Tel: (01772) 530655, Senior Democratic Services Officer,  
hannah.race@lancashire.gov.uk

### Brief Summary

Attached at Appendix 'A' is the external Auditor's Annual Report on Lancashire County Council for the 2020/21 audit. The report has been produced in accordance with the National Audit Office Statutory Code of Audit Practice for Local Government Bodies.

### Recommendation

Full Council is asked to note the findings in the Auditor's Annual Report on Lancashire County Council 2020/21 and the improvement recommendations made.

### Detail

Under the National Audit Office Code of Audit Practice, the county council's external auditors (Grant Thornton UK) are required to consider whether the authority has put in place proper arrangements to secure economy, efficiency, and effectiveness in its use of resources.

The auditor is no longer required to give a binary qualified/unqualified Value for Money conclusion. Instead, auditors report in more detail on the authority's overall arrangements, as well as key recommendations on any significant weaknesses identified during the audit.

The external auditor's work has not identified any significant weaknesses in the county council's arrangements. A number of improvement recommendations have been made and are set out in the Auditor's Annual Report, provided at Appendix 'A'.

Paul Dossett, Partner, and Stuart Basnett, Audit Manager, Grant Thornton UK, will attend the meeting to present the report.

### **Consultations**

The Auditor's Annual Report on Lancashire County Council 2020/21 (not including management's responses to the improvement recommendations) was considered by the Audit, Risk and Governance Committee at its meeting held on Monday 31 January 2022.

### **Implications:**

This item has the following implications, as indicated:

### **Risk management**

No significant risks have been identified.

### **Local Government (Access to Information) Act 1985**

#### **List of Background Papers**

Paper	Date	Contact/Tel
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None

Reason for inclusion in Part II, if appropriate

N/A

# Auditor's Annual Report on Lancashire County Council

2020-21

4 February 2022



Appendix A

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# Contents



We are required under Section 20(1)(c) of the Local Audit and Accountability Act 2014 to satisfy ourselves that the Council has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. The Code of Audit Practice issued by the National Audit Office (NAO) requires us to report to you our commentary relating to proper arrangements.

We report if significant matters have come to our attention. We are not required to consider, nor have we considered, whether all aspects of the Council's arrangements for securing economy, efficiency and effectiveness in its use of resources are operating effectively.



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The contents of this report relate only to the matters which have come to our attention, which we believe need to be reported to you. It is not a comprehensive record of all the relevant matters, which may be subject to change, and in particular we cannot be held responsible to you for reporting all of the risks which may affect the Council or all weaknesses in your internal controls. This report has been prepared solely for your benefit and should not be quoted in whole or in part without our prior written consent. We do not accept any responsibility for any loss occasioned to any third party acting, or refraining from acting on the basis of the content of this report, as this report was not prepared for, nor intended for, any other purpose.

# Executive summary



## Value for money arrangements and key recommendation(s)

Under the National Audit Office (NAO) Code of Audit Practice ('the Code'), we are required to consider whether the Authority has put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources. The auditor is no longer required to give a binary qualified / unqualified VFM conclusion. Instead, auditors report in more detail on the Authority's overall arrangements, as well as key recommendations on any significant weaknesses in arrangements identified during the audit.

Auditors are required to report their commentary on the Authority's arrangements under specified criteria. As part of our work, we considered whether there were any risks of significant weakness in the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources. We identified risks in respect of:

- Financial sustainability
- Governance
- Improving economy, efficiency and effectiveness

Criteria	Risk assessment	Conclusion
Financial sustainability	No risks of significant weaknesses identified	No significant weaknesses in arrangements identified, but improvement recommendations made
Governance	No risks of significant weaknesses identified	No significant weaknesses in arrangements identified, but improvement recommendations made
Improving economy, efficiency and effectiveness	No risks of significant weaknesses identified	No significant weaknesses in arrangements identified.



## Financial sustainability

The Authority is operating in an increasingly uncertain financial environment. For the second successive year, the Comprehensive Spending Review was a single year spending review. Lancashire, as with all local authorities, will need to continue to plan with little certainty over funding in the medium term.

Despite this uncertainty, and the challenges posed by COVID-19, the Authority has maintained a good financial position. As at 31 March 2021, the Authority held general revenue reserves of £242m and held £250.9m of earmarked reserves.

This places the Authority in a strong financial position. Having planned its budgets for future years well in advance will enable sensible phasing of proposals to minimise the impact of the financial climate on services to residents.

Our work has not identified any significant weaknesses in arrangements to secure financial stability at the Authority. We have identified a small number of improvement recommendations. Further details can be seen on pages 7-11 of this report.



## Governance

Our work this year has focussed on developing a detailed understanding of the governance arrangements in place at the Authority and the changes instigated as a response to the pandemic.

Our work on both business as usual governance and adapted structures has not identified any significant weaknesses in arrangements in relation to governance. We have identified a small number of improvement recommendations. Further details can be seen on pages 12- 16 of this report.



## Improving economy, efficiency and effectiveness

The Authority has demonstrated a clear understanding of its role in securing economy, efficiency and effectiveness in its use of resources.

Our work has not identified any significant weaknesses in arrangements or improvement recommendations in relation to delivering economy efficiency and effectiveness. Further details can be seen on pages 17-19 of this report.

## Opinion on the financial statements

We presented our finalised Audit Findings Report to the Informal Meeting of the Audit, Risk & Governance Committee on 21 December 2021. We have completed our audit of the Council's financial statements and issued an unqualified opinion on 22 December 2021.

Further detail is set out on page 22.





# Key recommendations



The NAO Code of Audit Practice requires that where auditors identify significant weaknesses as part of their arrangements to secure value for money they should make recommendations setting out the actions that should be taken by the Council. We have defined these recommendations as 'key recommendations'.

Our work has not identified any significant weaknesses in arrangements and therefore we have not made any key recommendations.

The range of recommendations that external auditors can make is explained in Appendix B.



# Commentary on the Council's arrangements to secure economy, efficiency and effectiveness in its use of resources

All Councils are responsible for putting in place proper arrangements to secure economy, efficiency and effectiveness from their resources. This includes taking properly informed decisions and managing key operational and financial risks so that they can deliver their objectives and safeguard public money. The Council's responsibilities are set out in Appendix A.

Councils report on their arrangements, and the effectiveness of these arrangements as part of their annual governance statement.

Under the Local Audit and Accountability Act 2014, we are required to be satisfied whether the Council has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources.

The National Audit Office's Auditor Guidance Note (AGN) 03, requires us to assess arrangements under three areas:



## Financial sustainability

Arrangements for ensuring the Council can continue to deliver services. This includes planning resources to ensure adequate finances and maintain sustainable levels of spending over the medium term (3-5 years).



## Governance

Arrangements for ensuring that the Council makes appropriate decisions in the right way. This includes arrangements for budget setting and management, risk management, and ensuring the Council makes decisions based on appropriate information.



## Improving economy, efficiency and effectiveness

Arrangements for improving the way the Council delivers its services. This includes arrangements for understanding costs and delivering efficiencies and improving outcomes for service users.



Our commentary on each of these three areas, as well as the impact of Covid-19, is set out on pages 7 to 21.

# Financial sustainability



## We considered how the Council:

- identifies all the significant financial pressures it is facing and builds these into its plans
- plans to bridge its funding gaps and identify achievable savings
- plans its finances to support the sustainable delivery of services in accordance with strategic and statutory priorities
- ensures its financial plan is consistent with other plans such as workforce, capital, investment and other operational planning
- identifies and manages risk to financial resilience, such as unplanned changes in demand and assumptions underlying its plans.

## 2020/21 and ongoing financial pressures

Lancashire County Council has historically performed well, with a record of strong financial and budgetary management. Despite the challenging environment in which it is operating as a result of the Covid-19 pandemic, the 2020/21 outturn position for the council resulted in an underspend of £19.232m.

The approved budgeted net expenditure for the year was £844.851m. The net outturn position for the year was £825.619m. Included within the outturn is £45.5m of Covid-19 emergency funding which has been apportioned based on the pressures experienced across service directorates but is non-recurrent.

One of the key areas contributing to the underspend was the significant underspend in Treasury Management of £24.602m, as a result of the sale of gilts and bonds. The underspend on Treasury management negated the main area of overspend in 2020-21 which was Adult Services (£15.870m).

As with the majority of councils, Adult Services makes up a significant proportion of the total net budget and an area of difficulty in controlling costs. This directorate was subject to significant volatility in demand across services provided throughout the year as a result of the pandemic. Adult services also makes up a significant proportion of the savings plans, many of which were delayed in 2021 due to the pandemic.

The Council has a very strong reserves position with a General Fund position of £23.4m (2019-20 – £23.4m) and other earmarked reserves of £469.5m (2019-20 - £310.4m). Within these reserves is the transitional reserve which had a balance of £201.7m as at 31 March 2021. This reserve is the primary means of addressing any short term funding gaps in the budget.

In 2020-21, there was an agreed contribution to the budget of £1.385m which was determined as part of the original budget setting process in February 2020. Due to the combination of the revenue underspend and reduced expenditure from reserves, the transitional reserve increased by £42.355m in year. Whilst a significant proportion of the increase is supporting future year commitments. With commitments of £33.130m forecast over the next 3 years, £168.625m is available to support the financial gap in 2021/22 and beyond.

The Council's latest Medium Term Financial Strategy, which was presented to the Cabinet Committee in November 2021, has identified a funding gap of £58.563m by 2024/25. The savings plans which have been identified by the Council are therefore an important component in being able to address the forecast financial deficit in the medium term.

# Financial sustainability

## Financial Planning

The Corporate Strategy clearly sets out corporate strategic priorities, which are referenced within the Council's financial planning. This planning aims to provide a framework to invest in the Plan's broader ambitions and long term priorities, as well as the recovery from COVID-19.

The capital programme also supports the Council's corporate priorities. The Council has a Capital Strategy which aims to support the delivery of the council's Corporate Strategy by investing in the capital asset base within the resources available and with due regard to risk management. The capital budget for 2021/22 correlates with the revenue budget with the main areas of spend being Adults, Schools and Highways service areas.

The original capital plan agreed by Full Council in February 2020 was £133.842m. With additional funding being received in year specifically to help the Council deliver projects linked to the Covid-19 pandemic, the delivery programme noticeably increased (£160.420m). The additional projects took priority over some schemes in the original delivery programme, causing some slippage. The final outturn for capital spend was £127.810m, which is 80% of the amended budget.

We are satisfied there is a clear linkage between the Medium Term Financial Strategy and the priorities set out in the Corporate Strategy.

Whilst discretionary spending is subject to close scrutiny when spending and savings plans are being considered, these two types of spending are not clearly differentiated in the financial planning reports which available on the internet. We have identified this as an improvement recommendation.

## Managing risks to financial resilience

The Medium Term Financial Strategy (MTFS) is based on a number of assumptions due to the uncertainty in relation to future medium-term local government funding. The Corporate Management Team have reviewed and assessed the key assumptions and the "most likely" scenario was adopted within the MTFS. Throughout 2020-21 a review of these assumptions was undertaken to identify the impact of COVID-19 and ensured that the results were factored in to the MTFS.

## Savings plans

The Council monitors the delivery of planned savings, and mitigating actions where required, on a quarterly basis. These are reported to the Corporate Management Team (CMT) and to Cabinet as part of the updates to the Medium Term Financial Strategy (MTFS). During 2018/19, all services undertook a service challenge and this resulted in savings identified that total £77.171m over the period 2019/20 to 2022/23. £26.841m of these related to management actions rather than policy decisions with the most significant element relating to adult social care at £18.9m. As a result of the pandemic a significant proportion of these savings have been delayed for future years as officer priorities in service areas were refocussed on the response to the pandemic.

There was significant stakeholder engagement and consultation with the 2018/19 services challenge review. Many of the savings identified then remain in progress today. Further savings plans were identified since then which have not been subject to similar levels of stakeholder consultation, we have raised an improvement recommendation on this matter.

The scale of savings agreed to be delivered over future financial years remains significant with £24.876m delayed in 2020/21 due to the pandemic response. In addition there are forecast savings of £24.241m to be delivered across 2021/22 and 2022/23. Should the Covid emergency response continue for a protracted period it is likely that there will be further slippage.

**Generally, we find the Council to be well managed and there is a high level of understanding of its budgetary position, budgetary pressures and any savings required. There is an established process by which the budget is reviewed regularly, and issues are reported on a timely basis to those charged with governance.**

# Financial sustainability

## Medium term financial planning

The Medium Term Financial Strategy (MTFS) is updated quarterly alongside the quarterly reporting of the budget to actual performance. At each update of the MTFS, the latest available known changes in finance settlements, council tax rates, demand for services, income forecasts and latest expected savings performance are applied.

In formalising the MTFS, the Council apply scenario analysis to critically analyse a range of inputs and establish the most likely outcome. This is especially vital as a result of the uncertainty of future funding. A number of scenarios were modelled which whilst not an exhaustive analysis of all funding options, consisted of the most obvious measures which could be taken. This resulted in a range of forecast funding gaps being identified. Following a review of these scenarios by the Corporate Management Team, including the consideration of advice from external advisors, a core and most likely funding scenario on which to base this medium term financial strategy was agreed. This most likely scenario used in the MTFS as at November 2021 forecasts a gap of £58.563m covering the period 2022/23 to 2024/25 which is a decrease of £5.395m from the last reported position in September 2021. The reduction is a combination of revised demand figures included in the forecast, and an additional grant allocation. In this scenario there would be a need to meet the funding gap with available reserves, however the strength of the Council's reserves means that the transitional reserve is able to be sufficient to cover the funding gap and allow time for the Council to address the structural deficit in a sustainable manner.

A key area of uncertainty within the Medium Term Financial Strategy relates to the demand for, and funding of, adult social care across the next few years and beyond. Social care charging reforms are due to be introduced in October 2023, which include a lifetime cap on the amount anyone in England will need to spend on their personal care, alongside changes to the means-test for local authority financial support via an amendment to the Care Act 2014. The impact which this will have on "self-funders" using Council services and the related costs to the Council are not yet known. This is an area which the Council will need to keep abreast of to determine if it creates an additional financial pressure in future years.

Similarly, there are increasing pressures across many local authorities within the High Needs Education Services. At a number of local authorities demand in this area is outstripping central government funding adding additional pressures to budgets. The outturn position for the 2020/21 High Needs Block (HNB) was an underspend of circa £0.9m. Whilst this is not an area of immediate concern for the Council, there is potential that further demand in this area could cause additional financial pressures in the future.

Overall, from our assessment of the arrangements in place, we are satisfied the Council identifies and manages risks to financial resilience and challenges the assumptions underlying its plans.

## Conclusion

We are satisfied the Council has appropriate arrangements in place to ensure it manages risks to its financial sustainability. We have not identified any risks of serious weaknesses. We have identified two opportunities for improvement. These are set out overleaf.

# Improvement recommendations



## Financial sustainability

<b>1 Recommendation</b>	A clearer distinction could be made between statutory and discretionary spending in the budgetary information provided to members and published on the web.
<b>Why/impact</b>	This would help residents to understand the difference between these types of spending and would help inform them as to any spending which is made as a result of manifesto pledges or following a decision by the Council to undertake a specific project.
<b>Auditor judgement</b>	The different categories of spending could be made clearer in the budget information which is included in the public agenda papers. Currently it is not apparent whether any of the Council's spending is discretionary.
<b>Summary findings</b>	No distinction is made in the financial information reported to Those Charged With Governance between statutory and discretionary spending.
<b>Management comment</b>	<p>We are pleased that on the basis of a detailed and thorough review Grant Thornton have concluded that there are appropriate arrangements in place to ensure we manage risks to our financial sustainability with no serious risks identified. We have, in previous budget cycles, analysed the budget between statutory and non-statutory expenditure and reported this to Members. This exercise recognised that statutory expenditure was representing an increasing proportion of the overall budget but also that there are challenges with regard to the interpretation of statutory and discretionary as they relate to a number of service areas.</p> <p>One of the key elements of previous, and future budget cycles, has been to look at how all services including statutory ones can be delivered differently to deliver better outcomes for individuals, often at a reduced cost overall, and discretionary or preventative services can often be key in supporting these changes. As an area of potential improvement this will be considered by the Member Budget Scrutiny Review Panel.</p>



The range of recommendations that external auditors can make is explained in Appendix B.

# Improvement recommendations



## Financial sustainability

<b>1 Recommendation</b>	Stakeholders should be consulted on all significant savings schemes/plans identified by the Council.
<b>Why/impact</b>	This will ensure that all staff, local residents, service users, the voluntary sector and local businesses have a say in the savings that have been identified and what the potential impact may be on services being provided.
<b>Auditor judgement</b>	Whilst there was significant stakeholder engagement and consultation within the 2018/19 services challenge review. Further savings plans were identified since then which have not been subject to similar levels of stakeholder consultation. It is recommended that all major savings plans identified are subject to consultation with key stakeholders.
<b>Summary findings</b>	Arrangements for how the Council plans to bridge it's funding gap and identify achievable savings plans could be improved by ensuring suitable involvement of key stakeholders in the development of savings plans.
<b>Management comment</b>	The report recognises the significant stakeholder engagement and consultations as part of the service challenge review process and the majority of current agreed savings plans resulted from this process. Subsequent agreed savings have been primarily efficiency or income related and we are not aware of any savings that should have been through a specific consultation process, before final decisions being made, that haven't. As an area of potential improvement this will be considered by the member Budget Scrutiny Review Panel.



The range of recommendations that external auditors can make is explained in Appendix B.

# Governance



## We considered how the Council:

- monitors and assesses risk and gains assurance over the effective operation of internal controls, including arrangements to prevent and detect fraud
- approaches and carries out its annual budget setting process
- ensures effectiveness processes and systems are in place to ensure budgetary control
- ensures it makes properly informed decisions, supported by appropriate evidence and allowing for challenge and transparency
- monitors and ensures appropriate standards.

## Monitoring and assessing risk

The Corporate Register is used to monitor progress against governance issues and quarterly progress reports are also presented to the Corporate Management Team (CMT) and the Cabinet Committee on Performance Improvement. There is a separate risk register for the Pension Fund and the full register is reviewed by the Local Pension Board and presented to the Pension Fund Committee every six months.

The Corporate Risk Register (CRR) weights the identified risks and assigns an appropriate RAG rating. The RAG rating is based on the impact/likelihood assessment of each risk. The CRR sets out what the current rating is as well as the target rating. The CRR sets out the risk, the risk consequences, mitigating actions already in place, recommendations or actions to be taken, progress made to date and responsible officers for both. It also sets out how likely achieving the target score is as well as a target date for achieving it.

The Cabinet considers risks as part of their decision making role on corporate policies, including the annual budget setting processes, major policy decisions and major projects. The Corporate Management Team also reviews these corporate risks through quarterly monitoring reports. The Council's understanding of and planning for risks appears sound, and does not demonstrate a risk of a serious weakness.

A full Internal Audit plan was prepared for the start of the year but, by the time the Audit, Risk and Governance Committee considered it on 27 July 2020, the plan had already been curtailed by the onset of the coronavirus pandemic. The majority of the internal audit team had been withdrawn from internal audit work and redeployed to support the council's operational response. It was still anticipated though that detailed audit work on a range of services, systems and processes would be undertaken. However, it became apparent that the Council lacked the capacity to undertake a full audit plan, and a much-reduced plan was presented to the committee in October 2020. As such there was a significant reduction in the number of internal audits completed in year with an assurance rating only provided in 9 cases (over 40 were planned).

The HoIA opinion for 2020-21 was therefore supported by "other assurance" gained during the year from sources other than the Internal Audit Service's own work and the opinion has also been strongly informed by the Internal Auditor's experience within the organisation, judgements about the calibre and actions of the senior management team, and understanding of the organisation's direction of travel. A reduction in the capacity of Internal Audit reduces their ability to evaluate and improve the effectiveness of risk management, control and governance processes. We understand the unique challenges the Covid-19 pandemic impacted on the Council, and we are satisfied that there is no evidence of significant and pervasive changes to control processes at the Council during the year. A full Internal Audit team is operating for 2021-22 with 7 Internal Audits completed and reported to the Committee as at November 2021, all with "Moderate" or "Substantial" levels of assurance awarded.

Despite this other assurance work which contributed to the HOIA opinion for 2020-21, there was, at least, a risk that the overall system of internal control was compromised during the year. However, the positive assurance ratings for 2021-22 already reported provide some evidence that there were not material failings.



# Governance

## Budgetary Setting Process

The budget-setting process is multi-layered and extremely thorough, with several stages. The draft budget is then presented to Cabinet for review in January, with additional papers presented to Full Council to approve the budget in February.

During the budget setting process the contents of the report to cabinet are subject to consultation with a variety of stakeholders and partners. For the budget consultation, an email was sent out on behalf of the County Council outlining the proposal for Council Tax and an Adult Social Care Precept and containing a link to the relevant reports - the results of the consultation were included in Appendix B to the Budget which was presented to Full Council for Approval.

There is a quarterly review of budget to outturn position which is presented to Cabinet. There is also a quarterly update of the Medium Term Financial Strategy which assesses the medium term financial health of the Council based on latest known changes in finance settlements, council tax rates, demand for services, income forecasts and latest expected savings performance. The monitoring of the budget to outturn position and medium term financial position compliment each other and demonstrate a consistent approach to monitoring the Council's finances. The arrangements in place confirm the strength and validity of the budget setting processes in place.



## Budgetary control

There are good systems in place for oversight of the budget. The Finance Department engages at least monthly with budget holders. Budget holders receive monthly financial performance information from the operational finance team. The financial performance is discussed with the budget holder each month with any key areas, trends or issues drawn out to be added to the narrative section of the financial performance report which is reviewed by the Corporate Management Team and CEO on a monthly basis. This information is collated into the quarterly "Money Matters" budget reports presented to the Cabinet.

The quarterly budget monitoring reports detail variances by department (and service lines within departments) demonstrating a regular identification of in-year variances. Actions being taken or to be taken by departments in response to such variances are set out. The reports are clear and concise and allow for the key information reported to be easily digested.

## Leadership and committee effectiveness/decision making

Appropriate leadership is in place. The Council operates a Leader and Cabinet form of executive arrangements. In addition, there are two scrutiny committees which hold the Cabinet to account.

The work of the Council's committees is governed by the constitution. This constitution is regularly reviewed and updated. The constitution is openly available on the Council's website. The Annual Governance Statement needs to be read alongside the Council's constitution, which sets out how the Council operates, how decisions are made and the policies which are followed to ensure that these are efficient, transparent and accountable to local people.

There is a good suite of policies in place, covering anti-fraud and corruption, and the Council has an established anti-fraud culture. We have identified some opportunities to strengthen these with a central register of members' interests and similarly a central register of gifts and hospitality declared. We have also identified some improvements with regard to the level of challenge offered at Committees.

## Monitoring and ensuring appropriate standards

The annual governance statement is compliant with the CIPFA code. An appropriate level of care is taken to ensure the Council's policies and procedures comply with all relevant codes and legislative frameworks.

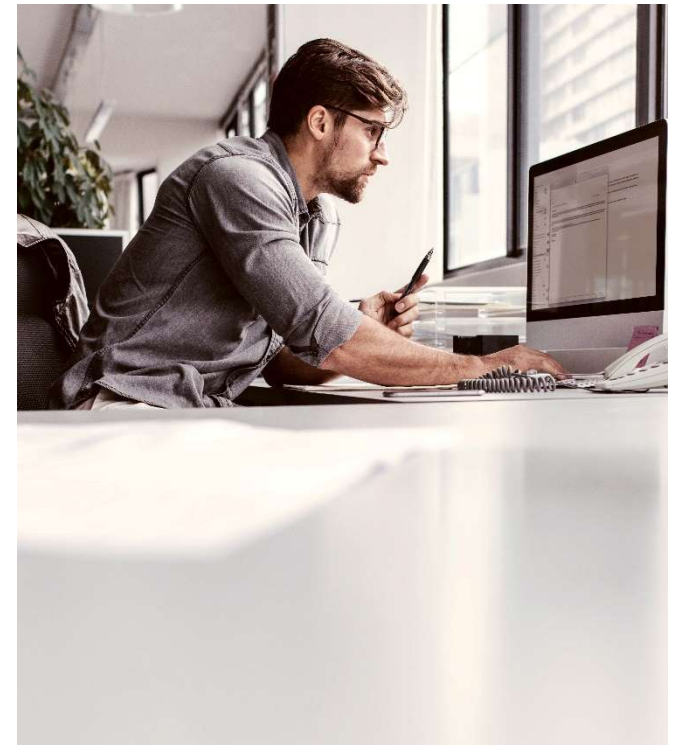
## Conclusion

Overall, we found no evidence of significant weaknesses in the Council's arrangements for ensuring that it makes informed decisions and properly manages its risks. We have identified some opportunities for improvement, set out overleaf.

# Improvement recommendations

## Governance

<b>2 Recommendation</b>	Whilst gifts and hospitality received are declared, as with members interests there is not a central register of all gifts and hospitality received. Improvements could also be made to the level of detail captured on the councillor gifts/hospitality register such as date, value, whether it was accepted or declined.
<b>Why/impact</b>	Transparency of gifts and hospitality received is important. This protects members from inappropriate allegations of corruption or bias.
<b>Auditor judgement</b>	It is not immediately apparent if there is any consistency in the gifts and hospitality being accepted by any particular committee or political grouping.
<b>Summary findings</b>	Transparency could be improved by making this information available in a single place online. This could help the Authority (and members) to demonstrate that gifts and hospitality are not tools being used to lobby or incentivise members.
<b>Management comment</b>	This recommendation will be implemented.

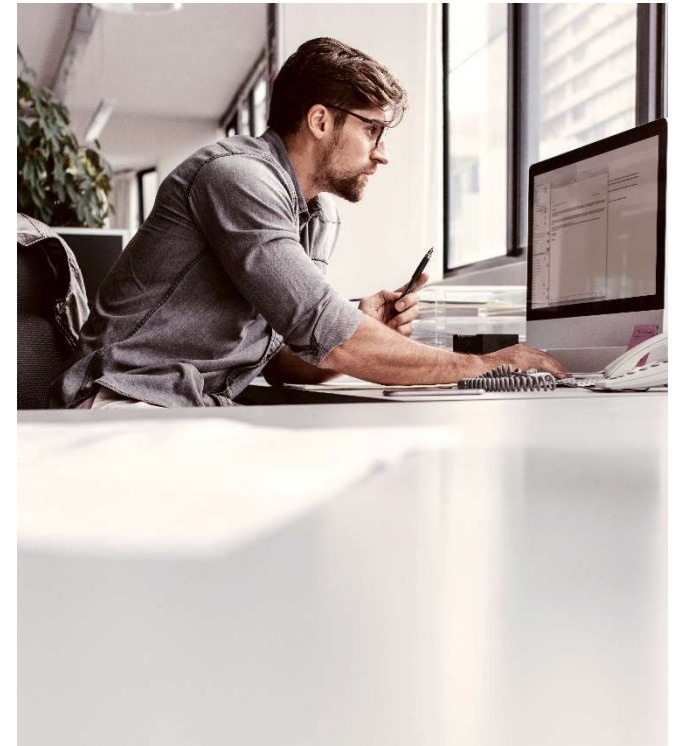


The range of recommendations that external auditors can make is explained in Appendix B.

# Improvement recommendations

## Governance

<b>2 Recommendation</b>	Whilst interests declared by members are available on their individual biographies on the website, the Council should consider the creation of a central, online register of members' interests. This would enable a review of the interests of the Cabinet or of a specific Committee as a whole.
<b>Why/impact</b>	Having to check each member separately is piecemeal and makes it difficult to confirm the overall complexion of interests held.
<b>Auditor judgement</b>	It is not immediately apparent if there are a number of interests or similar interests held by any particular committee or political grouping.
<b>Summary findings</b>	Whilst there is a full register of interests available at the office of the Chief Executive, this is not available online as a single document. Transparency could be improved by making this information available in a single place online.
<b>Management comment</b>	This recommendation will be implemented.

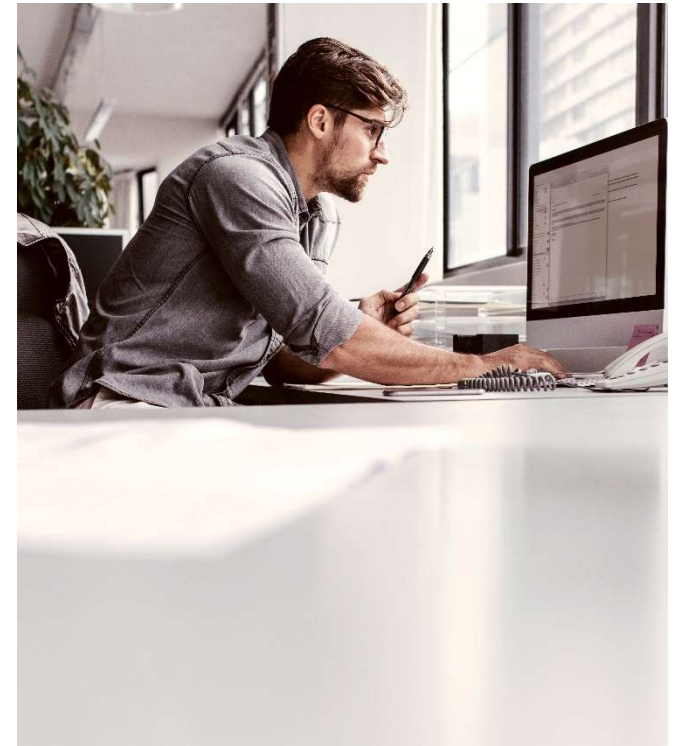


The range of recommendations that external auditors can make is explained in Appendix B.

# Improvement recommendations

## Governance

<b>2 Recommendation</b>	The Council should aspire to ensure that all agenda items reported to committees are subject to sufficient challenge and scrutiny.
<b>Why/impact</b>	This will ensure that members are fully aware of key decisions which have been made, assurances which are being provided and ensure all members have a thorough understanding of key decisions to be made, the control environment in place at the Council and assurances being afforded before approving items.
<b>Auditor judgement</b>	Our experience is that not all agenda items are subject to the same level of discussion and challenge prior to approval.
<b>Summary findings</b>	Our experience is that some reports can be approved by members with limited discussion or challenge over the key items therein. A culture of rigorous challenge and scrutiny of all papers in committee meetings will ensure a thorough understanding of the key decisions being made and the control environments in place at the Council.
<b>Management comment</b>	<p>We are pleased that the External Auditor found no evidence of significant weaknesses in the Council's arrangements for ensuring that it makes informed decisions.</p> <p>Whilst we support the aspirations of this recommendation we have requested further evidence from the External Auditor so that we can consider this improvement recommendation in the context of the enhancements we are putting in place following the LGA Peer Review and the Internal Audit of scrutiny.</p>



The range of recommendations that external auditors can make is explained in Appendix B.

# Improving economy, efficiency and effectiveness



## We considered how the Council:

- uses financial and performance information to assess performance to identify areas for improvement
- evaluates the services it provides to assess performance and identify areas for improvement
- ensures it delivers its role within significant partnerships, engages with stakeholders, monitors performance against expectations and ensures action is taken where necessary to improve
- ensures that it commissions or procures services in accordance with relevant legislation, professional standards and internal policies, and assesses whether it is realising the expected benefits.

## Performance review, monitoring and assessment

Reporting of performance information within the Council is good. There is a very detailed performance scorecard reviewed quarterly by the Cabinet Committee on Performance Improvement. The scorecard sets out RAG ratings for over 40 KPIs used to assess the Council's performance against the targets set out in the Corporate Strategy. The scorecard clearly sets out areas for improvement within the RAG rating. There is helpful commentary against each KPI, explaining any issues and actions taken to address such issues. The KPIs are also organised by strategic priority, enabling members to focus on those within their portfolio.

Whilst there are a number of red rated KPIs as of the 2020-21 outturn position, in the main these are related to the impact of Covid which has caused some services such as libraries to close, has reduced working opportunities and job vacancies, has led to increased staff sickness etc. The report highlights where covid has been a factor in the performance of the KPI and what steps the Council are taking to improve performance.

The Council utilises a number of different tools in order to collate, visualise and assess service performance information. As well as subscribing to the Grant Thornton product CFOi, the Council utilises the advice of local government financial management advisers' Pixel as well as LG Futures for professional advice to assist forecasting and the development of the Council's financial plans. The Local Government Association Peer Review which took place in Autumn 2021 also commented how "the Council has a good understanding of service performance against similar councils elsewhere and has used this to inform spending decisions in the period between 2019 – 2021."

In addition, the review and follow up of both internal and external audit recommendations is sound, with regular reports to the Audit, Risk & Governance Committee on the progress in implementing these recommendations. Our 2019-20 Audit Findings Report included two recommendations (relating to IT controls and Payroll leaver controls) which had not been implemented at the time which we concluded our 2020-21 audit. However, the Council has put in place steps to address the issues as a new financial ledger system is due to be implemented from 1 April 2022 which should address the IT control weaknesses. The Council also brought the payroll services back in house from BTLs from 1 April 2021. As such we are satisfied that steps are being taken to address our findings which will be followed up again in the 2021-22 audit.

During the 2018/19 financial year the Council focussed on the development of services through a 'service challenge' with the aim to put users at the heart of the service whilst securing lower costs. This involved comprehensive benchmarking against other county councils and an open dialogue with other local authorities to improve costs and outcomes, resulting in a £77m savings programme to be delivered by 2022/2023. This benchmarking analysis is updated annually to understand how the Council's position against peers changes, as a result of ongoing service reviews and savings scheme implementations, and to provide updated performance and savings targets for directorates.

# Improving economy, efficiency and effectiveness

## Benchmarking Analysis

We performed our own benchmarking analysis of Lancashire County Council against its peers. This work found that the Council was very high spending in four areas; Children's social care, Adult social care, Education services and Public health. Education and Public health spend are mainly funded through ring-fenced grants of which councils have limited control of, restricting the effect council decisions have on unit costs in this area.

## Children's Services

Children's services has been identified as an area of 'Very High' spend in relation to other local authorities. However, the Council are aware of this, and have been running a large transformation programme over the last 12 months to increase savings and deliver 'whole system' change. This has been reflected in the budget for 2020/2021 and further benchmarking using 2020/2021 budgeted figures, show that the unit cost score has been reduced to High, rather than Very High as a result.

## Adult Services

Adult Services is an area where Lancashire County Council benchmark highly on unit costs compared to peers, both using 2019/2020 outturn and 2020/2021 budgeted figures, showcasing very high unit costs across a range of areas including commissioning and service delivery, mental health support and physical support for older people.

Lancashire's social care responsibilities are also a significant budgetary cost, circa 43% of the total net budget for 2020/2021. Additionally, like many local authorities, Lancashire faced pressures within the service, as a direct result of the pandemic, due to increased demand for non-residential services and staffing constraints.

It is evident that adult's services is an area which of high spend, which the Council are addressing through development of transformation plans and a demanding savings programme to ensure cost efficiencies. There is ambitious savings target, and there is a degree of urgency needed to ensure that sufficient progress against plans are being made. It is essential that this is clearly communicated to members and will continue to be monitored in 2021/2022.

Full details of the analysis of the Council's high spend service areas can be found in [Appendix C](#).

# Improving economy, efficiency and effectiveness

## Partnership working

The Corporate Strategy sets out the high level intentions and objectives of working with partnerships, expected outcomes and deliverables. The Corporate Strategy is linked to the service performance scorecard in which KPIs are monitored and reported to the Cabinet Committee on Performance Improvement.

The Council are an active participant in the Lancashire and South Cumbria Integrated Care Partnership. The Integrated Care System (ICS) Board is a partnership board, constituted of a range of NHS, local government, voluntary and community sector organisations working together across Lancashire and South Cumbria. The role of the ICS Board is to provide leadership and development of the overarching Lancashire and South Cumbria ICS strategy, oversight and facilitation of delivery of sustainability, transformation and design of the future state of health and care. The Board meets on a monthly basis to consider progress and risks in the implementation of the integrated care system's aims and objectives and approve any mitigation measures and other action required to assure success, in line with the approved programme.

As a result of the covid pandemic, the Council recognised that partnership working is key to an effective response, and have been central to the ramping up of the Local Resilience Forum (LRF) to become the central hub for all activity. The Chief Executive and Director of Resources is currently the chairperson of the Forum. The CEO is then able to feed back to members and the CMT on key matters relating the pandemic response to the Council.

Lancashire County Council, along with the two unitary authorities and 12 districts across Lancashire have been progressing arrangements with regards to agreeing a devolution 'county deal'. The aim of the county deal is to see Lancashire take greater control and governance over funding for a range of projects designed to improve skills, housing and transport, boost the local economy and tackle climate change.

The Local Government Association Peer Review which took place in Autumn 2021 also noted that "The leaders commitment to engage with partners has built new relationships and future opportunities" and that "Relationships with districts have improved significantly." The Peer Review also states that it is important to build upon these improved partnerships in furthering the Council's future aspirations.



## Conclusion

Overall, we are satisfied the Council has appropriate arrangements in place to ensure it manages risks to its oversight in ensuring economy, efficiency and effectiveness in its use of resources.

# COVID-19 arrangements



Since March 2020 COVID-19 has had a significant impact on the population as a whole and how Council services are delivered.

We have considered how the Council's arrangements have adapted to respond to the new risks they are facing.

## Financial sustainability

The impact of COVID-19 has cut across the Council, impacting both its income in the collection rates of Council Tax and Business Rates, and expenditure which has seen additional pressures, most notably on adult social care. There were a number of service areas experiencing financial pressures due to the impact of Covid but there were also offsetting short-term cost reductions resulting from factors including lower than anticipated demand for some services and the move to remote working in line with Government guidance. Included within the outturn position is £45.5m of Covid-19 emergency funding which has been apportioned based on the pressures experienced across service directorates but is non-recurrent.

The Council has maintained a good oversight of its COVID-19 related costs and income losses. These were identified early on and subject to detailed monitoring and scrutiny. The MTFS was reviewed and updated during the year, and detailed quarterly reporting against the budget to cabinet was maintained throughout the year.

Whilst the Council has significant reserves to draw upon both to address the current forecast funding gap to 2024/25 and also to potentially cover other short term financial pressures, the Council will undoubtedly need to maintain its high level of monitoring and scrutiny over its finances in order to maintain financially sustainable.

The recent Local Government Association Peer Review also stated "The Council has managed the cost pressures of COVID particularly well. Continuing to monitor any latent impact of COVID-19 on financial forecasts and future saving delivery will remain important. The Council has a good level resilience to this."

## Governance

While the Council generally maintained a business-as-usual approach to its governance arrangements during the pandemic, some adjustments were required. As a result of the lockdown restrictions announced on the 16th March 2020, the Council adjusted some of its internal control processes to support effective governance throughout the pandemic. As soon as these were lawful, the Council started holding members' meetings online.

To enable the Council to be able to respond in a timely manner to the rapidly changing challenges posed by the Coronavirus outbreak, it was agreed that a blanket delegation of all Cabinet powers to officers at Head of Service or above was applied. This was approved at the 14 May Cabinet Committee meeting (retrospectively to 30 March 2021). This was not intended to replace the existing urgent business procedures, and these were encouraged to be used wherever possible.

Before the Covid-19 pandemic, service risk and opportunity registers were updated regularly and the Corporate Risk and Opportunity register was reported to Corporate Management Team (CMT), Cabinet Committee for Performance Improvement (CCPI) and Audit, Risk and Governance Committee on a quarterly basis.

As a result of Covid-19, reporting was suspended, and service level situation reports were introduced. These reports are presented on a weekly basis to the Corporate Emergency Response Team and issues are escalated to CMT and the Local Resilience Forum (LRF). The reports set out the impacts on current service delivery, mitigation actions to minimise impacts and any resource issues. The Corporate Risk and Opportunity Register recommenced reporting to the CCPI in September 2021.

Given the circumstances brought about by the COVID-19 outbreak the Procurement Service undertook an urgent review in April 2020 of contracts expiring that would otherwise have been re-procured in the next 6 to 12 months. As such, the Council extended contracts (total value of £20.6m) with the incumbent to ensure that the focus of the procurement team was maintained on essential category management activities, such as securing the supply of PPE. The contracts extended were set out in the May 2020 Cabinet papers and approved by members.



# COVID-19 arrangements

All office-based staff were provided with the necessary equipment to work from home, enabling a smooth transition to remote working where this was possible. Home-based working has continued throughout the pandemic and there has been a good level of continuity of service. Enabling staff to work from home also supported the Council in protecting its frontline staff and residents by reducing the risk of virus transmission. PPE was also sourced and provided to all Council staff where this was deemed necessary.

## Improving economy, efficiency and effectiveness

The Council has been mindful of the impact on the pandemic on its most important resource, its staff. Actions have been put in place to support staff wellbeing and supporting staff remains a key priority for the Council. In aiming to maintain staff wellbeing, the Council has been able to maintain an efficient and effective delivery of its statutory services.

Partnership working is a key theme of the Corporate Strategy, and work with community partners increased during the pandemic. This is set out in the reporting to those charged with governance and commented on in the Local Government Association Peer Review of the Council which stated that “The Council’s response to Covid-19 has been exemplary...relationships with district councils have improved significantly”. The Council has also been actively engaging with the Lancashire and South Cumbria Health and Care Partnership throughout the pandemic in co-ordinating a joined up response.

## Conclusion

Our review has not identified any significant weaknesses in the Council’s VFM arrangements for responding to the Covid-19 pandemic.



# Opinion on the financial statements



## Audit opinion on the financial statements

We gave an unqualified or we qualified the financial statements on 22 December 2021.

## Other opinion/key findings

We did not identify any significant unadjusted findings in relation to other information produced by the council, including the narrative report, Annual Governance Statement and Pension Fund Financial Statements.

## Audit Findings Report

More detailed findings can be found in our Audit Findings Report, which was published and reported to the Council's Audit, Risk and Governance Committee on 21 December 2021.

## Issues arising from the accounts:

All unadjusted misstatements, disclosure amendments and prior year unadjusted misstatements are disclosed in the 2020-21 Audit Findings Report at Appendix B.

## Preparation of the accounts

The Council provided draft accounts on 15<sup>th</sup> May 2021, two months ahead of the national deadline and provided a good set of working papers to support it.

## Whole of Government Accounts

To support the audit of the Whole of Government Accounts (WGA), we are required to review and report on the WGA return prepared by the Council. This work includes performing specified procedures under group audit instructions issued by the National Audit Office.

We will complete our work on the Whole of Government Accounts consolidation pack in line with the national deadlines.

## Grant Thornton provides an independent opinion on whether the accounts are:

- True and fair
- Prepared in accordance with relevant accounting standards
- Prepared in accordance with relevant UK legislation.



# Appendices

# Appendix A - Responsibilities of the Council



## Role of the Section 151 Officer (Chief Executive Officer & Director of Resources):

- Preparation of the statement of accounts
- Assessing the Council's ability to continue to operate as a going concern

Public bodies spending taxpayers' money are accountable for their stewardship of the resources entrusted to them. They should account properly for their use of resources and manage themselves well so that the public can be confident.

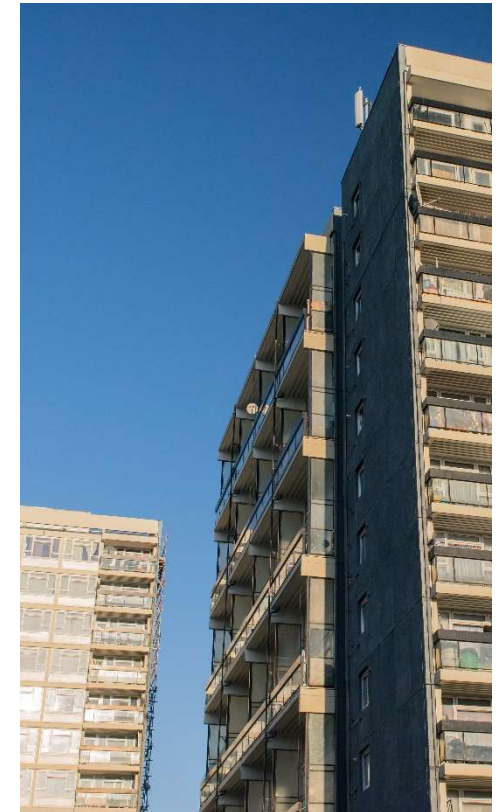
Financial statements are the main way in which local public bodies account for how they use their resources. Local public bodies are required to prepare and publish financial statements setting out their financial performance for the year. To do this, bodies need to maintain proper accounting records and ensure they have effective systems of internal control.

All local public bodies are responsible for putting in place proper arrangements to secure economy, efficiency and effectiveness from their resources. This includes taking properly informed decisions and managing key operational and financial risks so that they can deliver their objectives and safeguard public money. Local public bodies report on their arrangements, and the effectiveness with which the arrangements are operating, as part of their annual governance statement.

The section 151 officer is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the section 151 officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

The section 151 officer is required to prepare the financial statements in accordance with proper practices as set out in the CIPFA/LASAAC code of practice on local authority accounting in the United Kingdom. In preparing the financial statements, the section 151 officer is responsible for assessing the Council's ability to continue as a going concern and use the going concern basis of accounting unless there is an intention by government that the services provided by the Council will no longer be provided.

The Council is responsible for putting in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources, to ensure proper stewardship and governance, and to review regularly the adequacy and effectiveness of these arrangements.



# Appendix B - An explanatory note on recommendations

A range of different recommendations can be raised by the Council's auditors as follows:

Type of recommendation	Background	Raised within this report	Page reference
Statutory	Written recommendations to the Council under Section 24 (Schedule 7) of the Local Audit and Accountability Act 2014. A recommendation under schedule 7 requires the Council to discuss and respond publicly to the report.	No	N/A
Key	The NAO Code of Audit Practice requires that where auditors identify significant weaknesses as part of their arrangements to secure value for money they should make recommendations setting out the actions that should be taken by the Council. We have defined these recommendations as 'key recommendations'.	No	N/A
Improvement	These recommendations, if implemented should improve the arrangements in place at the Council, but are not a result of identifying significant weaknesses in the Council's arrangements.	Yes	Financial Sustainability - p.10-11 Governance - p.14-16

# Appendix C – Detailed Unit Cost Analysis

## Service line expenditure

This benchmarking analysis compares Lancashire's expenditure as a balance per head, from the 19/20 RO forms, in order to compare service line costs with other County councils. The unit cost aims to normalise spend to allow for a more accurate comparison between areas and then allocates a score, based on where the unit costs stands compared to the rest of the group. The top 20% are classified as 'Very High' and the bottom 20% as 'Very Low'.

Whilst a little outdated, the 19/20 data is the most recent benchmark of actual outturn. This is still relevant as a reflection of costs, as it reflects a 'normal' pre-covid baseline, especially given the funding differences in 20/21 which are unlikely to continue.

In comparison to other County Councils Lancashire has a very high spend across:

- Children social care
- Adult social care
- Education services
- Public Health

## Use of benchmarking

During the 2018/19 financial year Lancashire focussed on the development of services through a 'service challenge' with the aim to put users at the heart of the service whilst securing lower costs. This involved comprehensive benchmarking against other county councils and an open dialogue with other local authorities to improve costs and outcomes, resulting in a £77m savings programme to be delivered by 2022/2023. This benchmarking analysis is updated annually to understand how the Council's position against peers changes, as a result of ongoing service reviews and savings scheme implementations, and to provide updated performance and savings targets for directorates.

Lancashire recognise they are high spend in the following service lines, but due to the focus on dealing with pandemic related stresses, there has been limited capacity during 2020/2021 to identify areas of focus for reduction in spend. Despite this, the Council have worked with the LGA to understand spending changes relative to other local government associations throughout 2021/22 and are working towards identification of new savings, to help reduce costs in high spend areas as part of the 2022/23 financial planning. The proportion of the revenue budget spent on adult and children's services is expected to continue increasing due to enhanced demand and change in population demographics towards older populations, which has been reflected in the medium term financial plan. Additionally in 2021/22 services will need to deliver £43m of savings to stay within their budget envelope which includes those savings that have been delayed as a result of the pandemic.

We would encourage continued use of benchmarking to guide the saving scheme planning at the directorate level to further understand opportunities for cost reduction and efficiencies.

## Education and Public Health

Education and Public Health spend mainly funded through ring-fenced grants of which councils have limited control of, restricting the effect council decisions have on unit costs in this area. Therefore the 'Very High' score below is as a result of funding, rather than an indication of value for money.

Lancashire		2019/2020 (£000s)	Unit	Unit Cost (£)	Unit Cost Score
	TOTAL EDUCATION SERVICES (RO) £/aged 0-18	952,013.00	264,866.00	3,594.32	Very High
	TOTAL HIGHWAYS AND TRANSPORT SERVICES (RO) £/head	49,747.00	1,219,799.00	40.78	Very Low
	TOTAL CHILDREN SOCIAL CARE (RO) £/aged 0-17	208,141.00	251,042.00	829.11	Very High
	TOTAL adult social care (RO) £/aged 18+	418,732.00	968,757.00	432.24	Very High
	TOTAL CULTURAL AND RELATED SERVICES (RO) £/head	16,703.00	1,219,799.00	13.69	Average
	TOTAL PLANNING AND DEVELOPMENT SERVICES (RO) £/head	3,453.00	1,219,799.00	2.83	Low
	TOTAL HOUSING SERVICES (GFRA only) (RO) £/head	(49.00)	1,219,799.00	(0.04)	Very Low
	TOTAL ENVIRONMENTAL AND REGULATORY SERVICES (RO) £/head	71,009.00	1,219,799.00	58.21	High
	TOTAL CENTRAL SERVICES (RO) £/head	31,049.00	1,219,799.00	25.45	High
	Total Public Health Services (RO) £/head	68,162.00	1,219,799.00	55.88	Very High

# Appendix C – Detailed Unit Cost Analysis

## Children’s Services

### 2020/2021 Position

Using the 19/20 RO figures, Children’s services has been identified as an area of ‘Very High’ spend in relation to other local authorities. However, the Council are aware of this, and have been running a large transformation programme over the last 12 months to increase savings and deliver ‘whole system’ change. This has been reflected in the budget for 2020/2021 and benchmarking using 2020/2021 RA budgeted figures, show that the unit cost score has been reduced to High, rather than Very High as a result.

Despite this, the 2020/2021 outturn report showcased that Education and Children’s Services (ECS) directorate had an overspend of £6.368m (3.18%) in 2020/2021 year, £5m of which was offset by emergency coronavirus funding. Within this overspend, £2.645m (1.91%) related to Children Social Care. Internal benchmarking across key elements of spend showcase that the high unit costs are driven mainly by Looked After Children and Family Support. The Council have also had a significant amount of spend in relation to temporary agency staff in this directorate.

### Council Response

The Council are focussed on delivering ‘whole system’ change, driven by the January 2021 implementation of the Lancashire Family Safeguarding Model (LFS) as well as remodels of the Early Help and Inclusion services, with the aim of moving away from a locality based approach to a more targeted functional based service.

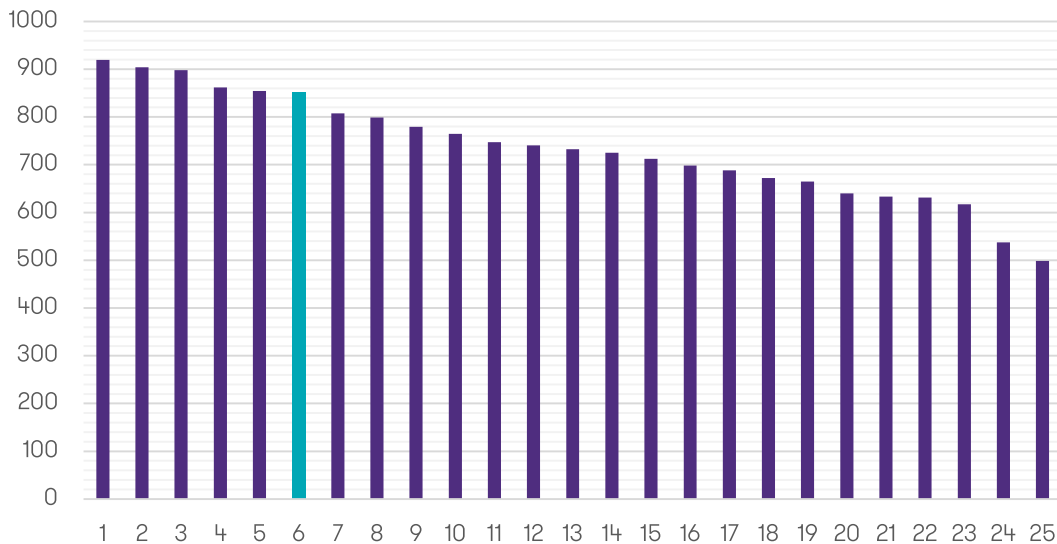
The new LFS Models’ priority is to support families through early intervention in order to keep parents and children together, to achieve better outcomes and reduce costs over a 5 year timeframe. Performance reports have shown this is already highlighting a reduction in the number of children being taken into care, improving the quality of life of young people in the area. *(Corporate Strategy Monitoring Report – Q2 2021/22)*.

The average number of children entering care has been falling since September 2020, and from March to August 2021 the reduction of children in care fell from 82 to 79 per 10,000. Additionally, the number of children subject to a Child Protection Plan has fallen from 25 to 20 per 10,000 between March and August 2021. This work has also had a large impact on the Council’s financial forecasts in Education and Children’s Services, with the decreased demand leading to a forecast underspend of £5.868m. The main impact on the forecast position being the reductions in the number of children entering care, which has resulted in an underspend of £6.6m. Although the Council acknowledge pandemic related income pressures remain which may negate underspends achieved.

In relation to staff costs, the service is currently reviewing the use of agencies and have in place a plan to support recruitment of permanent social workers to support the LFS. However, as for many Councils, this is still an area of continuing challenge, with Q1 forecasts estimating overspends in social work teams of £1.4m as a result of using agency workers to fill vacant posts. Our conversations with staff have identified that work is ongoing in this area to improve recruitment and retention of staff through investment in training and development, use of apprenticeships and promotion through newsletters.

Lower than expected demand is driving underspend in Quarter 1, as well as reflecting successful delivery of the transformation programme. Looking forwards, those charged with governance need to continue to monitor the demand trajectory, to ensure that the forecast outturn takes into account potential variances.

Childrens Social Care (RA) £/aged 0-17 (Unit costs)



# Appendix C – Detailed Unit Cost Analysis

## Adult's Services

### 2020/2021 Position

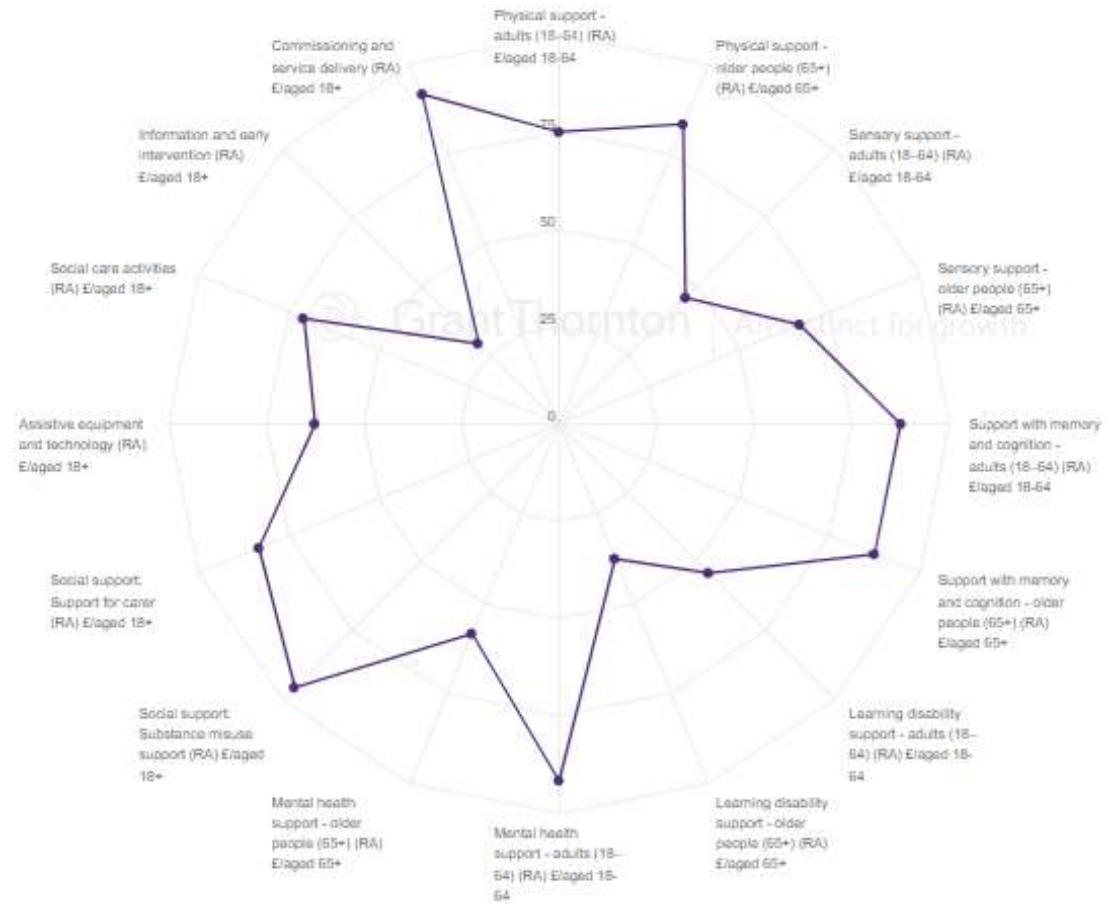
Adult Services is an area where Lancashire County Council benchmark highly on unit costs compared to peers, both using 2019/2020 outturn and 2020/2021 budgeted figures, showcasing very high unit costs across a range of areas including commissioning and service delivery, mental health support and physical support for older people. Lancashire's social care responsibilities are also a significant budgetary cost, circa 43% of the total net budget for 2020/2021. Additionally, like many local authorities, Lancashire faced pressures within the service, as a direct result of the pandemic, due to increased demand for non-residential services and staffing constraints.

During the 2020/2021 financial year, Adults Services attained a £15.773m overspend, although this was significantly supported by £31.643m of Covid-19 funding which reduced the final outturn to a £15.87m underspend. These were mainly driven by delays in saving plans due to Covid-19, with £23m of the £35.452m target affected. However there have also been significant overspends in Learning Disability, Autism & Mental Health (£11.049m) due to significant waiting lists in Deprivation of Liberty Safeguards Service (DOLS) and increased demand for domiciliary care as a result of the pandemic.

### Council response

Whilst some additional Government funding has been provided to support social care in 2021/2022, the short and long term impacts are still relatively uncertain. Therefore there has been a big focus on enabling savings to be made in this area, with a target set for 2021/2022 of £14.341m. Whilst this is a substantial target, the service achieved a 95.1% achievement against target by March 2020, so have a good track record of making savings. The directorate's focus will also be on implementing work programmes to re-enable users to live independently with a programme of change currently underway in Adult Services through use of the '3 Conversations Model'. This approach will be used to support people to gain access to care and to restore their independence without the need for long term services. The aim is for services to not only enable users to live safely and independently, but to reduce waiting lists and bureaucracy, in turn giving the potential to deliver savings. Despite these plans, adults services has a forecast overspend at the end of 2021/2022 Q1 of £15.769m (4.19%) of which £12.483m is expected to be offset by non-recurrent Covid-19 funding.

It is evident that adult's services is an area which of high spend, which the Council are addressing through development of transformation plans and a demanding savings programme to ensure cost efficiencies. This is ambitious savings target, and there is a degree of urgency needed to ensure that sufficient progress against plans are being made. It is essential that this is clearly communicated to members and will continue to be monitored in 2021/2022.



The 50 line represents the median of all authorities. Points closer to the centre would be described as very low, points closer to the outside would be described as very high in comparison to the group. Across almost all of the categories Lancashire scores as high or very high on unit costs compared to all other Counties.



# Appendix C – Detailed Unit Cost Analysis

## Nearest Neighbour Analysis

### Socio Economic characteristics

In order to appropriately benchmark Lancashire against similar areas we used a variety of socio-economic measures to profile the council and then find other authorities with similar characteristics.

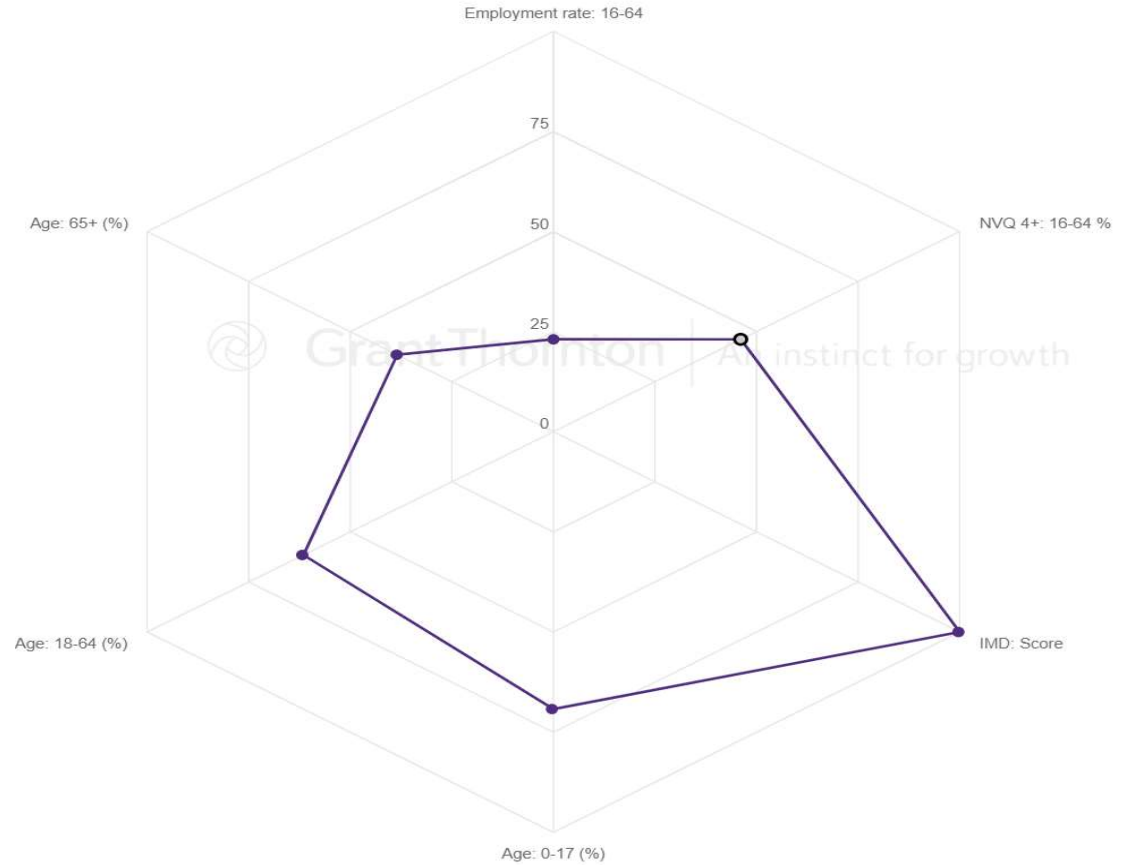
Using the measures set out in the spider chart, we have analysed Lancashire’s Near Neighbour group, to identify the ten most statistically similar authorities to Lancashire based on these indicators. These are shown in the table, with Kent being most similar overall.

The measures used were specifically selected as they give a holistic picture of the population of Lancashire. Measures include age brackets, deprivation and employment rate.

The socioeconomic profile, shows Lancashire in the context of all English county councils. The 50 line represents the group median, consequently points closer to the outside of the profile are 'very high' in comparison to the group and those closer to the centre are 'very low'.

Education levels would be described as average in Lancashire. The spider chart shows that Lancashire has high deprivation and a lower employment rate, whilst the age profile is younger than the national median.

The nearest neighbour group identified has been used as a more focused benchmark group for this report in order to appropriately benchmark Lancashire against similar areas. We have also used all County Councils as a wider, national-picture benchmarking group.



Nearest Neighbours	
Kent	Northamptonshire
Derbyshire	Suffolk
Essex	Cumbria
Nottinghamshire	Norfolk
Staffordshire	Gloucestershire



# Agenda Item 4

## Meeting of the Full Council

Meeting to be held on Thursday, 17 February 2022

Report of the Chief Executive and Director of Resources

### Part A

Electoral Division affected:  
(All Divisions);

**Corporate Priorities:**  
Delivering better services;  
Protecting our environment;  
Supporting economic growth;  
Caring for the vulnerable;

## Revenue Budget 2022/23 and Financial Strategy 2022/23 to 2025/26

### Capital Delivery Programme 2022/23

### Capital Strategy 2022 to 2042

### Council Tax and Precept 2022/23

### Treasury Management Strategy and Non-Treasury Investment Strategy 2022/23

### Minimum Revenue Provision Statement 2022/23

### Fees and charges 2022/23

(Appendices 'A' - 'G' refer)

Contact for further information:

Angie Ridgwell, Tel: (01772) 536260, Chief Executive and Director of Resources

[angie.ridgwell@lancashire.gov.uk](mailto:angie.ridgwell@lancashire.gov.uk)

### Brief Summary

To consider the recommendations of the Cabinet regarding:

1. The revenue budget 2022/23 and financial strategy 2022/23 to 2025/26: section 1 of this report and Appendix A.
2. The capital delivery programme 2022/23: section 2 of this report and Appendix B.
3. The capital strategy 2022-2042: section 3 of this report and Appendix C; and
4. The council tax and precept 2022/23: section 4 of this report.

5. The Fees and Charges report 2022/23, Appendix G and G1, and

To consider the recommendations of the Audit, Risk and Governance Committee from its meeting on 31 January 2022 regarding:

6. The treasury management strategy, the non-treasury investment strategy and the minimum revenue provision policy statement for 2022/23 as shown in Appendices D, E & F.

### **Recommendation**

The Full Council is asked to consider and approve:

- The revenue budget for 2022/23 and financial strategy 2022/23 to 2024/25.
- The capital delivery programme for 2022/23.
- The capital strategy 2022 to 2042.
- The council tax requirement and precept for 2022/23 including the level of Band D council tax for 2022/23 reflecting a 3.99% increase including 2% to be used for adult social care as per the new flexibilities.
- The treasury management strategy, non-treasury investment strategy, minimum revenue provision policy statement 2022/23 as set out at Appendices D, E, & F.
- The fees and charges report (as set out at Appendix G) for implementation on 1 April 2022 bar Adult Social care charges which will be uplifted from Monday 4 April.

The Full Council is asked to note and have regard to the advice of the Chief Executive and Director of Resources in relation to the robustness of the budget and the adequacy of reserves.

## **Background and Advice**

### **1. Revenue Budget 2022/23**

The revenue budget as set out in Appendix A and in the tables below, presents the proposed budget allocations to services and other budget areas. Reports throughout the financial year to Cabinet, have made clear that the council remains committed to the delivery of a significant savings programme. There are inherent risks with saving plans of this scale, particularly in light of the impact of the on-going pandemic, and any significant under-delivery of agreed savings will further increase the funding gap. This has been identified as one of the highest-level risks in the council's risk and opportunity register and there are comprehensive arrangements in place to track delivery of financial savings and take corrective actions as required.

Following the Final Settlement, the announcement of additional funding for social care, the flexibility to raise an Adult Social Care Precept, along with planned investments in services the council will be utilising an amount of £13.340m from reserves to support a balanced budget

<b>Revenue Budget 2022/23 as of 01.02.2022</b>	<b>Net Budget</b>
	<b>£m</b>
Adult Services	418.950
Chief Executive Services	15.470
Children's Social Care	171.440
Corporate Services	23.160
Education and Skills	58.230
Finance Services	18.760
Growth, Environment and Planning	6.290
Waste Management	71.730
Highways and Transport	75.540
Public Health and Wellbeing	2.290
Strategy and Performance	33.650
Organisational Development and Change	1.980
Digital Services	33.510
<b>Sub-Total</b>	<b>931.000</b>
Financing Charges	30.450
Use of one off resources	-13.340
<b>Revenue budget 2022/23</b>	<b>948.110</b>

## **2. Capital Programme Delivery 2022/23**

Full Council is asked to consider and approve the proposals for the capital programme delivery 2022/23 as set out at Appendix B.

## **3. Capital Strategy 2022-2042**

Full Council is asked to consider and approve the proposals for the capital strategy 2022-2042 as set out at Appendix C.

#### 4. Council Tax and Precept 2022/23

Full Council is asked to consider and authorise, in pursuance of the provisions of the Local Government Finance Act 1992, and in order to meet the general expenses of the county council for the financial year 2022/23.

##### a) Budget, Council Tax Requirement and Precept for 2022/23:

That the band D council tax for 2022/23 is increased by:

- 2% for the adult social care precept being an annual increase of £29.12 for band D council taxpayers.
- 1.99% for general council tax being an annual increase £28.98 for band D council taxpayers.
- This gives an overall position of:

	£m
<b>Budget Requirement</b>	<b>948.110</b>
Less Revenue Support Grant	34.630
Less Business Rates	215.250
Less New Homes Bonus	2.470
Less Improved Better Care Fund	47.150
Less Social Care Grant	57.090
Less Collection Fund	1.260
Less Services Grant 2022/23	13.060
Less Capital Receipts	6.000
<b>Equals council tax cash</b>	<b>571.190</b>
Divided by tax base (estimate)	377,198.67
Gives Band D council tax for 2022/23	£1,514.29
2021/22 council tax	£1,456.19
<b>Percentage increase</b>	<b>3.99%</b>

- b) Council Tax (on the basis of a budget requirement of £948.110m and the Council Tax base for each property valuation band:

<b>Council Tax Band</b>	<b>£</b>
Band A	1,009.53
Band B	1,177.78
Band C	1,346.04
Band D (basic)	1,514.29
Band E	1,850.80
Band F	2,187.31
Band G	2,523.82
Band H	3,028.58

- c) The share for each district council of the net total raised from the council tax of £571.190:

<b>District</b>	<b>£m</b>
Burnley	35.570
Chorley	57.710
Fylde	47.540
Hyndburn	31.880
Lancaster	63.690
Pendle	36.250
Preston	60.220
Ribble Valley	37.180
Rosendale	31.160
South Ribble	55.400
West Lancashire	57.040
Wyre	57.550
<b>Total Raised from the Council Tax</b>	<b>571.190</b>

## Consultations

As part of the budget process the contents of the report to Cabinet has been subject to a consultation with a variety of stakeholders and partners, including with the trade unions.

For the budget consultation, an email was sent out on behalf of the county council on 24 January 2022 outlining the proposal for Council Tax and including the Adult Social Care Precept and containing a link to the relevant reports with respondents then able to e-mail or send in their written feedback. The closing date for the consultation is 11 February 2022, and all responses received will be shared at the meeting. It is recognised that this is a short timeframe to consult, however any responses received after the deadline will still be shared with Members.

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

Paper	Date	Contact/Tel
None		
Reason for inclusion in Part II, if appropriate		
N/A		



## **The County Council's Revenue Budget and Council Tax for 2022/23**

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### **1. Introduction**

The council has faced extreme financial challenge since the onset of austerity measures in 2010. This has been exacerbated by two years of the COVID 19 pandemic, and, like all councils, we are facing financial pressures across the period of our medium-term financial strategy. Whilst satisfactory progress has been made to date in addressing the forecast financial shortfall over the strategy period due to significant savings programmes and the improved funding envelope for social care, further work is required to ensure the council can achieve a financially sustainable position over the medium term.

During the second year of the pandemic, originally planned savings have further been delayed particularly around social care. Timescales for savings plans have been revisited and reprofiled and now will be delivered in 2022/23 and beyond. Due to significant amounts of National Government support during 2021/22, and mitigating savings delivered on a one-off basis, the forecast 2021/22 year-end position is positive, alongside a more favourable financial settlement for 2022/23 than had originally been anticipated which has resulted in an improved MTFS position over the next three years. However, there are inherent risks, the impact of latent demand for services due to the pandemic, inflationary pressures due to the changing economic environment and savings delivery which are largely linked to reducing the future demand for services. There has been a strong track record of delivery of previous savings plans, with some being overachieved and arrangements are in place to track delivery of financial savings and take corrective actions when required.

The value of the council's uncommitted transitional reserve, which is available to support the revenue budget, by the end of the financial year including the 2021/22 forecast underspend is currently forecast to be £211.750m, an increase of £7.30m due to recent confirmation from district councils of a greater level of income from business rates being received in 2021/22 than originally budgeted and increasing the 2021/22 forecast underspend. The value of the transitional reserve is sufficient to meet the forecast funding gap within the current MTFS covering the period 2022/23 to 2024/25.

Given the pressures arising from the ongoing pandemic, a formal service challenge process was not adopted in 2021/22 for delivery in 2022/23. Existing savings plans were reviewed and reprofiled where necessary and some service areas were able to identify additional income generation and efficiency plans which have been factored into the Medium-Term Financial Strategy (MTFS) and 2022/23 budget.

It should be noted that a further targeted service challenge review process will be undertaken as part of the 2023/24 budget process, as it is necessary that additional

savings are identified to be delivered to ensure the council has a financially sustainable position going forward. Any utilisation of remaining reserves should support, wherever possible, activities which reduce ongoing revenue costs.

The MTFs includes government funding as confirmed in the final settlement published on 7<sup>th</sup> February along with final taxbase information.

Whilst a multi-year Spending Review was initially announced, only a one-year finance settlement for 2022/23 was subsequently provided so there are still some unknowns for future years. The provisional settlement provided confirmation of funding announcements made by the Chancellor as part of the Spending Review in October 2021 and resulted in the provisional settlement allocations announced on the 16<sup>th</sup> December 2021, which have now been confirmed in the final settlement announced on the 7<sup>th</sup> of February 2022 and are reflected within the figures in this report. The settlement again included the ability to raise additional council tax through an adult social care precept of 1%. The major movements within the settlement have been an improvement in the Social Care Grant from £42m to £57m, an increase of £15m. We are also due to receive a new 2022/23 General Services Grant of £13.06m. In addition, we have received funding for market sustainability and the fair cost of care of £3.725m for 2022/23.

As there is only detail in the settlement for one year, assumptions have therefore been made based on the 2022/23 finance settlement for funding levels from 2023/24-2024/25.

The settlement also confirmed that revenue support grant would continue at 2021/22 inflated amounts, and that the social care funding allocated in 2021/22 would continue into 2022/23 at the value reported above

The MTFs reported to cabinet in January 2021 included the ability to raise a 3% adult social care precept in 2021/22 as a result of flexibilities offered by Government. The Government have confirmed that any of the 3% additional precept not yet used can be applied in 2022/23.

As the 2021/22 budget was agreed with 2% of the 3% allowable Adult Social Care Precept being taken it is therefore assumed that the Council tax increase for 2022/23 will include the 1.99% maximum general increase allowed without being subject to a referendum, the 1% Adult Social Care precept deferred from 2021/22 and the newly announced additional 1% again for Adult Social care. Council tax increases are subject to a full council decision each year when setting the budget, but any decisions taken not to increase council tax as per the assumptions above would increase the financial gap.

Taking account of updated forecasting information there will be an anticipated revenue underspend of £30.76m in 2021/22 which will result in a contribution to reserves, and has been taken account of within the current MTFS. This position has improved since quarter 3 by £7.300m due to compensatory S31 monies due to be received in relation to business rate reliefs provided to local businesses throughout the pandemic.

There also remains an overall funding gap of £41.330m by 2024/25. Current forecasts indicate that that there will be sufficient funds within the transitional reserve to support the identified budget gap through and beyond 2024/25. However, the intention is to identify further savings and thereby reduce any call on the transitional reserve, for 2023/24 and later years.

This report presents for consideration by the full council the recommendations in relation to:

- The revenue budget for 2022/23;
- A revised capital delivery programme for 2022/23;
- The council tax and precept for 2022/23.

In addition, the report sets out the advice of the Chief Executive and Director of Resources, as the council's statutory Chief Finance Officer, on the robustness of the budget and the adequacy of reserves as required by Section 25 of the Local Government Act 2003.

Reports will be provided regularly to cabinet in 2022/23 to update the financial position for the county council based on the latest information.

## **2. The Budget Process**

The county council's approach is driven by a formal requirement to deliver a balanced budget in 2022/23. This needs to be undertaken whilst recognising the position for future years. The cabinet has considered the budget for 2022/23 and future years at a number of its meetings.

## **3. The Revenue Budget 2022/23 to 2024/25**

The county council's medium term financial strategy (MTFS) was approved by full council in February 2021 covering the 2021/22 budget and the forecast position for 2022/23 to 2023/24. This identified the funding gap in each year as follows:

**Table 1**

<b>Aggregated Funding Gap</b>	<b>2021/22</b>	<b>2022/23</b>	<b>2023/24</b>
<b>2021/22 (£m)</b>	3.860	3.860	3.860
<b>2022/23 (£m)</b>		33.635	33.635
<b>2023/24 (£m)</b>			12.553
<b>Total</b>	<b>3.860</b>	<b>37.495</b>	<b>50.048</b>

During 2021/22 cabinet has received a number of MTFs reports that have identified further changes to the expected level of spending and in the anticipated level of resources available for that period including an additional year of 2024/25. The latest MTFs, shows a revised spending gap of £41.330m. The profile of the funding gap is shown in Table 2:

**Table 2**

<b>Aggregated Funding Gap</b>	<b>2022/23</b>	<b>2023/24</b>	<b>2024/25</b>
<b>2022/23 (£m)</b>	13.340	13.340	13.340
<b>2023/24 (£m)</b>		17.200	17.200
<b>2024/25 (£m)</b>			10.800
<b>Total</b>	<b>13.340</b>	<b>30.550</b>	<b>41.330</b>
<b>Previous position (£m) at Quarter 3</b>	21.690	35.720	42.830
<b>Variance (£m)</b>	<b>-8.350</b>	<b>-5.180</b>	<b>-1.5000</b>

#### 4. The level of resources available to support the 2022/23 revenue budget

The level of resources reflected in the MTFs for 2022/23 and future years is as follows:

**Table 3**

	<b>2022/23</b>	<b>2023/24</b>	<b>2024/25</b>
<b>Revenue Support Grant</b>	34.630	35.360	36.170
<b>Business Rates</b>	215.250	215.260	218.000
<b>Council Tax</b>	571.190	598.270	626.620
<b>New Homes Bonus</b>	2.470	1.630	1.630
<b>Improved Better Care Fund</b>	47.150	47.150	47.150
<b>Social Care Support Grant</b>	57.100	57.100	57.100
<b>Collection Fund</b>	1.260	2.000	3.000
<b>Capital receipts</b>	6.000	2.000	2.000
<b>2022/23 Services Grant</b>	13.060	13.060	13.060
<b>Total</b>	<b>948.110</b>	<b>971.830</b>	<b>1,004.630</b>

The final council tax base and collection fund figures (across council tax and business rates) have now been confirmed by the district councils and are reflected in the table above

#### *4.1 The resources received through the local government finance settlement*

The Secretary of State confirmed the final local government finance settlement for 2022/23 on 7<sup>th</sup> February 2022.-. It is important to note that the settlement only covers one year (2022/23), therefore assumptions have been made for 2023/24 onwards. As part of the announcement of the provisional settlement the current expectation is that the new funding formula and Business Rate changes will be implemented from 2023/24 with consultation to be undertaken during the year and so we await further information and guidance. The MTFs does not reflect any potential impact for these changes.

#### *4.2 Council Tax in 2022/23*

Within the settlement for 2022/23, there was an additional increase in the council tax precept flexibility of 1% for Adult Social Care. It was also confirmed that for 2022/23 a council tax increase of 1.99% can be applied without the need for a referendum. There is a requirement for section 151 officers in those authorities levying the adult social care precept to provide information demonstrating that an amount equivalent to the additional council tax has been allocated to adult social care. Any proposals for a council tax increase above these thresholds would be subject to a referendum. The Government have also confirmed that any of the 3% additional precept not used in 2021/22 can be applied in 2022/23.

As part of the budget setting process district councils must confirm both the council tax base and the surplus/deficit on the collection fund by 31<sup>st</sup> January 2022. An increase of c1.7% has been confirmed for tax base in 2022/23, which is an improvement on the 1.5% increase forecast resulting in a £1.050m forecast increase in council tax in 2022/23.

The growth for future years within the MTFs has been forecast at 1.7% in 2023/24 and future years as it is anticipated that post pandemic tax bases have returned to previous years' growth levels, however this will be kept under review with district councils.

The council tax collection fund position has been confirmed as a surplus of £6.750m.

### *4.3 Business Rates in 2022/23*

Since 2013/14 an element of the county council's funding is received from the locally retained element of business rates collected by the district councils. The council will receive funding of £215.250m from business rates in 2022/23, which includes receiving £0.630m through being a member of the Lancashire Business Rates Pool as the agreed share of additional retained business rates resulting from the arrangements. This has improved by £5.450m from quarter 3 largely due to increased levels of S31 grant as a result of covid reliefs being given to local businesses.

As part of the budget setting process district councils did confirm the surplus/deficit on the business rates collection fund by 31st January 2022. The business rates collection fund position has been confirmed as a deficit of £5.490m

### *4.4 Capital receipts*

In previous years, the use of capital receipts (income derived from the sale of long-term assets) has been restricted to funding capital expenditure or the repayment of debt. However, from 1<sup>st</sup> April 2016 the Government introduced the flexibility for capital receipts to be used to fund revenue expenditure which meets certain criteria. To meet the qualifying criteria the revenue expenditure needs to relate to activity which is designed to generate ongoing revenue savings or to transform a service which results in revenue savings or improvements in the quality-of-service provision. The flexibility was extended for the year 2022/23.

Local authorities will only be able to use capital receipts from the sale of property, plant and equipment received in the years in which this flexibility is offered. They may not use their existing stock of capital receipts to finance the revenue costs of service reform.

The current estimates of the capital receipts to be generated included in the MTF5 to support revenue expenditure total £6.000m using the allowed flexibility. All remaining capital receipts will be used to support the capital programme to deliver the investment required to support the capital strategy.

The actual receipts received in any one year will fluctuate in line with local property markets and the type of asset available for sale. Therefore, there is a risk that in any given year the receipts received will be less than assumed and therefore the situation will be monitored closely.

The capital receipts in 2022/23 will be applied to the following areas (shown in Table 4) to generate ongoing revenue savings or to transform a service which results in revenue savings or improvements in the quality of provision.

**Table 4**

<b>Service Area</b>	<b>Value (£m)</b>
Organisational Development	0.750
Social care Adults – New ways of working	2.750
Legal and Democratic	0.250
Children's Social Care	0.140
Highways- new developments	1.500
Adults – Supported Housing	0.110
Exchequer Services	0.500
<b>Grand Total</b>	<b>6.000</b>

At full council in February each year the county council's prudential indicators are reviewed and approved. As part of the treasury management strategy, (Appendix D) that is requesting approval at this full council meeting, the level of indicators incorporate the budgeted level of capital receipts that will be used to support the revenue budget rather than the capital delivery programme. The indicators are reviewed on a regular basis and reported to members on a quarterly basis.

#### *4.4 Specific Grants and contributions to be received by the County Council in 2022/23*

The following table summarises the more significant specific grants to be received by the council in 2022/23:

**Table 5**

<b>Grant</b>	<b>Allocation 2022/23 £m</b>	<b>Description</b>
Improved Better Care Fund	54.940	The Better Care Fund is a pooled budget to help improve the integration of health and care services.
Public Health	72.220	Ring fenced funding only able to be spent in accordance with the conditions of the grant.

#### *4.5 Reserves*

The latest reserves position agreed by Cabinet is shown in Table 6 this includes the impact of the forecast revenue outturn.

**Table 6**

Reserve Name	Opening balance 2021/22	2021/22 Forecast Expenditure	2021/22 Forecast transfers to/from other reserves	2021/22 Forecast Closing Balance	2022-23 Forecast Exp	2023-24 Forecast Exp	2024-25 Forecast Exp	Forecast closing balance 31 March 2025
	£m	£m	£m	£m	£m	£m	£m	£m
County Fund	-23.440	0.000	0.000	-23.440	0.000	0.000	0.000	-23.440
<b>SUB TOTAL - COUNTY FUND</b>	<b>-23.440</b>	<b>0.000</b>	<b>0.000</b>	<b>-23.440</b>	<b>0.000</b>	<b>0.000</b>	<b>0.000</b>	<b>-23.440</b>
Strategic Investment Reserve	-4.810	-1.480	2.360	-3.930	2.810	0.100	0.000	-1.020
COVID-19 Reserve	-11.910	1.730	0.000	-10.180	8.770	1.140	0.270	0.000
Downsizing Reserve	-5.640	1.410	0.000	-4.230	1.410	1.410	1.410	0.000
Risk Management Reserve	-6.290	5.190	0.000	-1.100	1.000	0.000	0.000	-0.100
Transitional Reserve	-201.760	-9.930	-0.060	-211.750	23.040	5.520	2.650	-180.540
Business Rates Volatility Reserve	-5.000	0.000	0.000	-5.000	0.000	0.000	0.000	-5.000
Service Reserves	-72.150	36.030	0.000	-36.120	23.090	6.490	5.190	-1.350
Treasury Management Valuation Reserve	-13.780	13.780	0.000	0.000	0.000	0.000	0.000	0.000
Treasury Management Reserve	-15.400	0.000	0.000	-15.400	0.000	0.000	0.000	-15.400
<b>SUB TOTAL - LCC RESERVES</b>	<b>-336.740</b>	<b>46.730</b>	<b>2.300</b>	<b>-287.710</b>	<b>60.120</b>	<b>14.660</b>	<b>9.520</b>	<b>-203.410</b>
Non-LCC Service Reserves	-16.200	0.420	0.000	-15.780	0.420	1.690	0.100	-13.570
<b>SUB TOTAL - NON LCC RESERVES</b>	<b>-16.200</b>	<b>0.420</b>	<b>0.000</b>	<b>-15.780</b>	<b>0.420</b>	<b>1.690</b>	<b>0.100</b>	<b>-13.570</b>
<b>GRAND TOTAL</b>	<b>-376.380</b>	<b>47.150</b>	<b>2.300</b>	<b>-326.930</b>	<b>60.540</b>	<b>16.350</b>	<b>9.620</b>	<b>-240.420</b>

The county fund shown at the top of table 6 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 £23.440m.

The value of the uncommitted transitional reserve is currently forecast to be £180.540m by the end of March 2025 providing there is no requirement for structural funding support from reserves to the 2023/24 or 2024/25 budgets (however this is not the current forecast).

The transitional reserve is forecast to be sufficient to meet the identified funding gaps through to and beyond 2024/25 as set out in table 7. However, the intention is to identify further savings to reduce the gap, and hence the call on reserves, in the future.



**Table 7**

	2022/23	2023/24	2024/25
	£m	£m	£m
<b>Opening Balance</b>	211.750	188.710	152.650
<b>Gap funding</b>	13.340	30.540	41.330
<b>Commitments</b>	9.700	5.520	2.650
<b>Closing balance</b>	<b>188.710</b>	<b>152.650</b>	<b>108.670</b>

## 5. The Overall Revenue Budget Position for 2022/23

### 5.1 Summary of revenue budget proposals

A report was presented to Cabinet in February 2022 including the medium-term financial strategy. The position presented to cabinet and the subsequent changes are set out in Table 8.

The table reflects the following:

- Confirmed changes in the level of resources that are currently known;
- a council tax increase of 3.99% in 2022/23; and
- confirmed figures by the city and borough councils in respect of council tax base and business rates income.

**Table 8**

	2022/23 £m	2023/24 £m	2024/25 £m	Total £m
<b>Spending Gap as reported at Q2</b>	<b>30.470</b>	<b>15.830</b>	<b>12.260</b>	<b>58.560</b>
Add change to forecast of spending:				
Pay & Pensions	8.090	1.040	0.210	<b>9.340</b>
Inflation and Cost Changes	10.590	3.270	0.190	<b>14.050</b>
Service Demand and Volume Pressures	13.450	6.550	-0.560	<b>19.440</b>
Other	7.730	9.760	1.530	<b>19.020</b>
Additional Grant	-3.730	-7.450	0.000	<b>-11.180</b>
Loss of Specific Grant	0.000	0.000	0.000	<b>0.000</b>
Undeliverable Savings	0.000	0.000	0.000	<b>0.000</b>
Additional Savings	-11.000	0.000	0.000	<b>-11.000</b>
Reprofiled Savings	8.500	-8.500	0.000	<b>0.000</b>

<b>Total Change to Forecast of Spending</b>	<b>33.630</b>	<b>4.670</b>	<b>1.370</b>	<b>39.670</b>
Change to forecast of resources:				
Funding	-42.410	-6.470	-6.520	<b>-55.400</b>
<b>Funding Gap reported to Cabinet 3<sup>rd</sup> February 2022 (Quarter 3)</b>	<b>21.690</b>	<b>14.030</b>	<b>-7.110</b>	<b>-42.830</b>
<b>Funding Update</b>	<b>-8.350</b>	<b>3.170</b>	<b>3.680</b>	<b>-1.500</b>
<b>Funding Gap</b>	<b>13.340</b>	<b>17.200</b>	<b>10.790</b>	<b>41.330</b>

Following confirmation of final settlement figures, council tax and business rates figures from the district councils, the level of forecast resources in 2022/23 has increased. The breakdown of which is shown in the table below:

**Table 9**

	<b>£m</b>
Revenue Support Grant	-0.030
Business Rates	5.450
Council tax	1.050
Collection fund	1.880
<b>Increase in resources</b>	<b>8.350</b>

Revenue Support Grant has been confirmed as slightly lower than the figure originally given in the provisional settlement.

Business Rates increased overall from the amount built in to the MTFs at quarter 3. The local share element of the business rates dropped by c£2.2m from the amount forecast at quarter 3, following submission of the NNDR 1 forms by the district councils. However, the business rates position overall improved due to extra Section 31 grant c£7m being confirmed along with £0.630m we are forecast to receive as part of the Lancashire Business Rates Pool.

Council tax base increased by 1.7%\_providing an extra £1.050m in 2022/23.

The collection fund position improved from quarter 3 by £1.880m as shown in the table below:

**Table 10**

	<b>£m</b>
Council tax collection fund	6.750
Business rates collection fund	-5.490
<b>Net collection fund</b>	<b>1.260</b>
<b>Position at quarter 3</b>	<b>-0.620</b>
<b>Variance</b>	<b>1.880</b>

## 5.2 Revenue Budgets for Services in 2022/23

The budget outlined below results in a net revenue budget of £948.110. The budget by service is summarised below:

**Table 11**

<b>Revenue Budget 2022/23</b>	<b>Net Budget</b>
	<b>£m</b>
Adult Services	418.950
Chief Executive Services	15.470
Children's Social Care	171.440
Corporate Services	23.160
Education and Skills	58.230
Finance Services	18.760
Growth, Environment and Planning	6.290
Waste Management	71.730
Highways and Transport	75.540
Public Health and Wellbeing	2.290
Strategy and Performance	33.650
Organisational Development and Change	1.980
Digital Services	33.510
<b>Sub-Total</b>	<b>931.000</b>
Financing Charges	30.450
Use of one off resources	-13.340
<b>Revenue budget 2022/23</b>	<b>948.110</b>

## 6. The capital Delivery Programme

This is detailed in Appendix B.

## 7. Council Tax 2022/23

Full council is advised that the band D council tax for 2022/23 be increased by 3.99% This includes the 1% social care precept deferred from 2021/22 and the additional 1% Adult Social Care Precept allowed for 2022/23. The impact of these increases is:

**Table 12**

	<b>Band D Council Tax</b>	<b>Council Tax income</b>
Adult Social Care Precept increase at 2%	£29.12	£10.980m
General Council Tax increase at 1.99%	£28.98	£10.930m

The overall position is summarised as follows:

**Table 13**

	<b>£m</b>
<b>Budget Requirement</b>	<b>948.110</b>
Less Revenue Support Grant	34.630
Less Business Rates	215.250
Less New Homes Bonus	2.470
Less Improved Better Care Fund	47.150
Less Social Care Grant	57.100
Less Collection Fund	1.260
Less Services Grant 2022/23	13.060
Less Capital Receipts	6.000
<b>Equals council tax cash</b>	<b>571.190</b>
Divided by tax base (estimate)	377,198.67

Gives Band D council tax for 2022/23	£1514.29
2021/22 council tax	£1456.19
<b>Percentage increase</b>	<b>3.99%</b>

## 8. The Robustness of the Budget and the Adequacy of Reserves

Section 25 of the Local Government Act 2003 requires that, in giving consideration to budget proposals, Members must have regard to the advice of the Council's Chief Finance Officer (in the case of the county council the Chief Executive and Director of Resources) on the robustness of the estimates and the adequacy of the council's reserves.

### Robustness of the Estimates

This section is concerned with the scale of financial risks faced by the council as a result of the estimates and assumptions which support any budget. The basis of the estimates on which the budget has been prepared, as in previous years, relies on the forecast of activity and the impact of changes in policy previously agreed by the council. These forecasts are kept under review as part of the budget monitoring process and actions identified to address financial risks arising from changes in the forecast as they occur.

The table below demonstrates the scale of just a small variance in the assumptions made, showing the potential impact of both a positive and negative movement of 1% across the main areas within the MTFS:

	Potential Full - Year Impact (£m)
Funding - Council Tax (1%)	+/- 5.700
Pay (1%)	+/- 3.290
Price Inflation (1%)	+/- 6.990
Demand (1%)	+/- 5.230

A number of specific risks remain within the budget as follows:

- **Government Funding**

On 27 October 2021 the Chancellor announced the Spending Review 2021. Whilst a multi-year Spending Review was originally expected, the Chancellor and the Prime Minister decided to conduct a one-year Spending Review, setting the department's resource and capital budgets for 2022/23 only in order to prioritise the response to COVID-19 and focus on supporting jobs.

The Final Settlement was announced on the 7<sup>th</sup> February 2022 and confirmed the funding streams that were included within the spending review and the provisional settlement provided more detailed information and allocations for councils.

The Medium-Term Financial Strategy contains a best estimate of the funding envelope that the county council expects to achieve over coming years based on a lack of any certainty regarding funding levels post 2022/23. We anticipate the delayed fair funding review and business rates system review to take effect from 2023/24. The MTFS does not currently reflect any potential impact for these changes.

Assumptions have been made that include the continuation of social care grants, improved better care fund and business rates to continue in its current format for the remainder of the strategy.

The final settlement confirmed that the maximum increase that can be applied to council tax, without a referendum, will be 1.99%. In addition, those authorities with responsibility for adult social care can raise council tax by an additional 1% through an adult social care precept. It has also been confirmed that any of the previous year's allowed increase of 3% not yet utilised can also be used in 2022/23.

## **Service Demand**

In 2021/22 we have seen the impact of the pandemic on demand levels, with areas such as nursing and residential care being initially lower than budgeted, due to a number of factors including lockdown and the impact of the acute health sector commissioning some residential placements as part of NHS funded scheme to create capacity in hospitals in support of the crisis. As 2021/22 has progressed we have seen large increases in demand for both Adults and Children's services, as a consequence of this, increased demand and inflationary price pressures have had to be factored into the MTFS. For Adults social care services an additional £92m has been built in covering both demand and inflationary fee pressures over the next three years

In addition to initial lower than budgeted demand levels, we have some benefits from the current remote working arrangements with costs such as premises, printing and mileage being reduced.

Demand pressures are identified based on current and historical trends and population projections where appropriate (particularly linked to the ageing population in respect of adult social care). Estimates are based on assumptions that have previously been a reasonable prediction of demand, during the current financial year.

Detailed work continues to be undertaken focused on a better understanding of the causes of increasing demand, including the impact of the pandemic, and what steps can be taken to mitigate the financial impact, which is a major contributing factor towards the funding gap reported in the Medium-Term Financial Strategy.

- **Pay**

The majority of the pay bill is driven by the national pay agreement, the 2021/22 pay increase has not yet been agreed and therefore the MTFs continues to use existing forecast rates. The county council also remains committed to paying its employees as an accredited member of the Living Wage Foundation.

- **Inflation**

Levels of inflation have been increasing during the year with the UK Consumer Price Index (CPI) for November registered 5.1% year on year, up from 4.2% in the previous month. Inflation is now forecast by the Monetary Policy Committee to peak at 6% in April 2022.

Provision made within the budget is limited to areas where the council has no choice but to pay increased prices, e.g., due to contractual terms. The inflation forecasts used in recent years are based on the future level of inflation implied by yields on interest linked gilts. Historically, this has tended to give a more accurate forecast than the methodology previously used. It is anticipated that the continued use of this methodology will reduce the risk of needing to make catch up additions to the budget for "missed" inflation or the need to absorb additional inflationary costs in year.

A particularly significant area is the care market, primarily residential, nursing and homecare, the funding of which is recognised as a significant issue regionally and nationally. A significant amount of resource has been included within the Medium-Term Financial Strategy to fund price increases and the estimated impact of the national living wage on care providers.

- **Interest Rates**

As a result of the inflationary pressures there was an expectation that the Bank Rate would be increased, and the Bank of England did increase the Bank Rate to 0.50% in February 2021. Arlingclose, the council's Treasury Management advisors, expect the Bank Rate to stay at that level for the foreseeable future".

- **Savings Programme Delivery**

The scale of savings agreed to be delivered remains significant with £42m of previously agreed savings budgeted to be delivered by 2022/23, £8.5m of which is now forecast not to be delivered until 2023/24 due to the refocussing of officer priorities during the pandemic. There is also a further £7.370m of new savings for 2022-23 assumed in the budget

Any further significant under-delivery or slippage to delivery timeframes will create an additional funding pressure and impact on the ongoing and longer-term financial health of the council if those costs are not mitigated by the Government providing additional funding in future years.

There are inherent risks in the delivery of any savings programme of this scale, particularly where they are directly linked to reducing the future demand for services. However, there is a strong track record of delivery of the vast majority of previous savings plans and there are comprehensive arrangements in place to track delivery of financial savings and take corrective actions where required.

This has been identified as one of the highest-level risks in the council's Risk and Opportunity Register and there are comprehensive arrangements in place to track delivery of financial savings and take corrective actions as required.

### **Adequacy of Reserves**

The council holds reserves for a number of reasons:

- to enable the council to deal with unexpected events such as flooding or the destruction of a major asset through fire,
- to enable the council to manage variations in the demand for services which cause in year budget pressures, and
- to fund specific projects or identified demands on the budget.

There is no 'right' answer to the question of the appropriate level of reserves for a local authority; this is a matter of judgement taking into account:

- the level of risk evident within the budget as set out above,
- a judgement on the effectiveness of budgetary control within the organisation, and
- the degree to which funds have already been set aside for specific purposes which will reduce the need for general reserves.

In relation to the council's general reserve (County Fund Balance), the forecast level at 31 March 2022 is £23.440m. In addition, the council is forecast to hold £15m by the end of the financial year as a formal treasury management reserve to reflect that, whilst the council's treasury management performance (covering both investment activity and financing costs) has been positive over an extended period, the outlook post-Brexit is particularly uncertain and volatile. The reserve is there to hedge against that volatility, including interest rate changes and associated risks over the short-term without directly impacting the revenue account.

The value of the council's uncommitted transitional reserve, which is available to support the revenue budget, by the end of the financial year including the 2021/22 forecast underspend is currently forecast to be £211.750m and is sufficient to meet the forecast funding gap within the current Medium Term Financial Strategy covering 2022/23 to 2024/25.

The level of risk evident within the budget has been significant in recent years and has been exacerbated by the initial and longer-term impact of the pandemic and the ongoing longer-term uncertainty regarding funding levels. The revenue budget for 2022/23 will need to be supported by reserves with an increasing gap forecast in subsequent years. The transitional reserve allows decisions to be made in a more

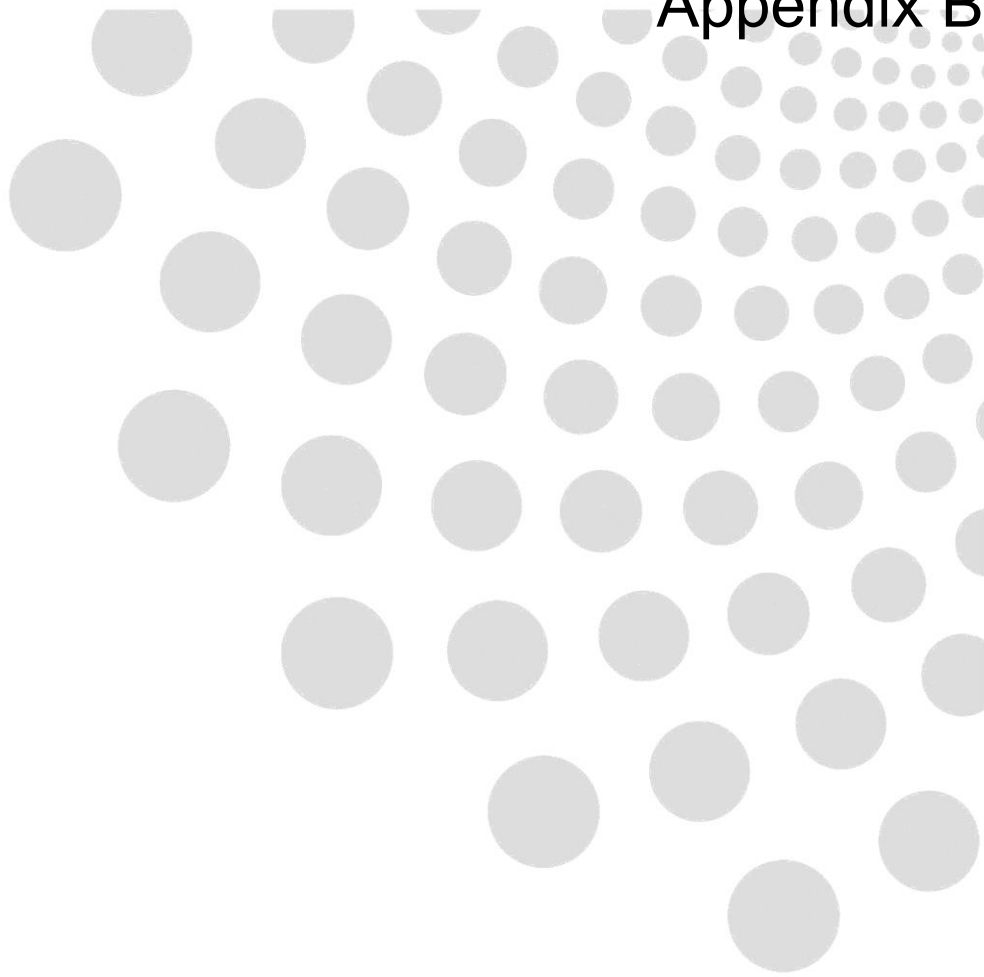


measured and considered way but does not of itself negate the need for a sustainable budget to be achieved. While the council's budgetary control procedures are strong in terms of managing in year expenditure, the effectiveness of budgetary control is a combination of systems and processes as well as the risk environment within which the council is operating. It therefore remains an essential requirement that the council continues to ensure that processes are effective in maintaining a grip on in year expenditure and also that there is a clear focus on delivering a balanced and sustainable budget.

As part of the Medium-Term Financial Strategy report, scenario analysis and stress tests of the current financial gap and reserves position have been undertaken.

Overall, the council has an appropriate level of reserves available to manage the financial risks it is facing from 2022/23 to 2024/25. However, on current forecasts it will be necessary that additional savings are identified to be delivered to bring the council to a financially sustainable position. Any utilisation of remaining reserves should support, wherever possible, activities which reduce ongoing revenue costs.





# Capital Delivery Programme

2022-23 to 2024-25

[www.lancashire.gov.uk](http://www.lancashire.gov.uk)



## Capital Delivery programme – 3 year programme 2022/23 to 2024/25

### 1. Introduction

An indicative Capital delivery programme has been drawn up for 2022/23 to 2024/25. This has been drawn up using agreed annual budgets in addition to the forecast delivery of any remaining prior year slippage less any future year budget already delivered. These figures are shown in table 1 below, with the funding streams for the delivery programme then shown in table 2. A brief supporting narrative for the 2022/23 delivery programme by block is shown in section 2 of the report.

The figures in this report will be revised in May 2022 following the completion of the year end accounts to allow for adjustment for final slippage and advanced delivery figures. Additional funding agreed between January 2022 and May 2022 will also be added to the report to be submitted in early June 2022. The delivery programme agreed in June 2022 will then be used as the basis for the Capital monitoring reports throughout 2022/23.

**TABLE 1 – Capital delivery programme by block**

Service Area	21/22 forecast	22/23 Delivery plan	23/24 Delivery Plan	24/25 Delivery plan
Schools (excl DFC)	22.549	23.361	25.115	29.107
Schools (DFC)	3.075	2.377	3.909	1.608
Highways	59.428	48.258	26.351	21.488
Transport	14.771	23.591	15.495	12.834
Externally Funded	7.275	1.804	0.000	0.000
Central Systems & ICT	11.758	5.187	3.064	3.017
Adults	17.313	16.000	16.000	16.000
Corporate - Property	6.046	20.211	18.600	17.700
Economic Development	8.752	42.526	41.295	39.995
South Lancaster Growth Catalyst	4.100	3.258	20.904	0.000
Vehicles	4.530	4.441	0.000	0.000
Transforming Cities Fund	4.453	15.250	16.152	6.939
<b>Totals</b>	<b>164.050</b>	<b>206.263</b>	<b>186.885</b>	<b>148.688</b>

**TABLE 2 – Funding streams by year**

Service Area		22/23 Delivery plan	23/24 Delivery Plan	24/25 Delivery plan
Borrowing	54.546	97.680	64.323	61.112
Grant	96.946	97.081	116.563	81.876
Contributions	12.558	11.503	6.000	5.700
<b>Totals</b>	<b>164.05</b>	<b>206.263</b>	<b>186.885</b>	<b>148.688</b>

## **2. Detailed narrative**

### **Schools**

**The schools capital programme has a 2022/23 delivery programme of £25.738m and contains approximately 300 projects to be worked on within the financial year.**

The schools delivery programme is split into three areas.

The basic need programme is to increase school pupil places in targeted areas via grant funded school expansions or new school build projects. An amount of £11.007m has been included in the delivery programme for 2022/23, including large projects such as the expansions of Burnley Unity college and Sir Tom Finney community high school.

The condition programme delivers a variety of grant funded works to address priority condition issues at school buildings. An amount of £4.637m has been included in the delivery programme for 2022/23, including projects to improve the condition of Leyland Methodist junior school and Staining CofE primary school. This programme is created on the basis of fixing worse first and is tailored to the amount of funding available through the grant funding.

The devolved formula capital programme is a grant funded programme for small to medium capital projects. It is allocated to schools on a formula basis by the DfE in order for schools to spend on capital projects within expenditure guidelines and a delivery programme amount of £2.377m has been included for 2022/23.

### **Highways**

**The Highways capital programme has a 2022/23 delivery programme of £48.258m and contains approximately 700 projects to be worked on within the financial year.**

The Highways delivery programme contains c£16.000m of projects planned prior to 2022 which are expected to be delivered within 2022/23. This includes £2.000m programmed for bridge maintenance work and £3.200m for detrunking the A601M, including bridge maintenance and demolition and remodelling of the road to permit development of the local area. £2.700m is programmed to continue storm damage repairs and flood prevention work.

An indicative amount of £20.167m has been included as anticipated funding from the Department for Transport (DfT). The actual amount received for the grant, along with a more detailed list of projects to be funded from the grant will be drawn up prior to the submission of the final 2022/23 delivery programme in May 2022.

A risk to the 2022/23 delivery programme is the continued high levels of expenditure on structural defects. This will be continued to be monitored in the remaining months of 2021/22 and a decision will need to be made before submission of the final 2022/23 delivery programme as to how this expenditure will be funded going forward if it is to remain at such a high level potentially reducing the grant allocations to other highways programmes to fund this prioritised work.

### **Transport**

**The transport capital programme has a 2022/23 delivery programme of £23.591m and contains approximately 100 projects to be worked on within the financial year.**

The largest project within the Transport delivery programme is the M55 Heyhouses link road. This is a multi-year project which will connect the existing roundabout at Whitehills Road to the north with Heyhouses Lane near the Cyprus Point development site to the south. A delivery programme of £7.000m has been included for 2022/23 to reflect the expected delivery as per the grant agreements and the current position of the multi year project, the remaining budget is shown in future years.

Other major projects within the 2022/23 delivery programme are the Ormskirk eastern gateway project, the completion of the Burnley town centre project and development of further schemes to promote safer travel across Lancashire whilst the Covid pandemic is ongoing. The £2.500m agreed contribution from the Transport block to the Lancashire City Deal is also included.

Provision has also been made for £5m increase to the budget for the Heysham M6 Link road to allow for the payment of the remaining land compensation claims and landscaping arrangements following the opening of the road several years ago. These are statutory or planning related payments and cannot be avoided.

### **Externally Funded Schemes**

**The externally funded schemes capital programme has a 2022/23 delivery programme of £1.804 and contains 11 projects to be worked on within the financial year.**

The externally funded schemes capital block is funded through contributions from external stakeholders. The S278 scheme covering the improvements to the area around the UCLAN campus is ongoing and is £0.629m of the 2022/23 delivery programme. A further £0.235m is included in the programme for the works on Blackpool Road, Kirkham.

The delivery programme will be increased as further agreements are made with private developers, with ongoing risks to the programme that works need to be

completed as specified in the agreements otherwise funding may have to be returned.

### **Central Systems and ICT**

**The central systems and ICT capital programme has a 2022/23 delivery programme of £5.187m and contains 2 projects to be worked on within the financial year.**

The largest project within the delivery programme is the project to support the future proofing of the document handling service. £0.145m is included in the delivery programme for this which is predominantly to cover the cost of letter extraction and scanning software.

A provision of £5m additional budget has been made in 2022/23 following the review of the programme and related delays that have been identified and reported with roll out anticipated in June / July 2022.

Future years indicative provisions have been increased by £3m to reflect the capital investment that will be required in upgrading systems within the ICT roadmap.

### **Adult Social Care**

**The Adult social care capital programme has a 2022/23 delivery programme of £16.000m and contains 1 project to be worked on within the financial year.**

As at January 2022, the disabled facilities grant (DFG) is the only project included on the delivery programme for the Adult social care block. The DFG is capital funding for the provision of home adaptations to help older and disabled people to live as independently and safely as possible in their homes. The £16.000m amount included in the delivery programme is an indicative amount until the 2022/23 grant agreement is finalised.

### **Corporate – Property**

**The corporate – property capital programme has a 2022/23 delivery programme of £20.211m and contains approximately 60 known projects to be worked on within the financial year plus 2 new programmes that are required.**

The corporate property programme is a rolling programme of works on the Councils property portfolio. The 2022/23 programme includes £1.145m for projects within the building condition programme, £1.019m on projects within the works to operational premises programme and £1.363m on projects within the residential redesign programme.

Following surveyor inspections of a fifth of the corporate property portfolio a large number of priority 1 conditions works has been identified, the works to address these has been costed at £35m and a third of this has been provided in this year's delivery programme to reflect the amount of work that can be delivered this year. This is not a sustainable position for the remainder of the corporate property portfolio going forward and a 6 month programme of works to review the corporate property portfolio will be required to reduce the number of assets held. This work should create a series of capital receipts to be used to reduce the borrowing required to maintain the remaining portfolio which receives no grant funding.

A detailed list of projects to be delivered during 2022/23 will be available with the resubmitted delivery programme in May 2022 once the detail of slipped projects is confirmed after year end with delivery priorities agreed for 2022/23.

The project to replace the Bowgreave Rise residential care home providing affordable extra care schemes for older people and supported housing apartments for younger adults with disabilities is also included in the delivery programme with delivery for the project slipping from prior years.

### **Economic Development**

**The economic development capital programme has a 2022/23 delivery programme of £42.526m and contains approximately 15 projects to be worked on within the financial year.**

The delivery of the Cuerden strategic site continues in 2022/23 and a £5.000m delivery programme has been set. It is expected that delivery will continue at pace throughout 2022/23, with the full site expected to be completed in 2025/26.

Work on the Samlesbury enterprise zone also continues into 2022/23 with a delivery programme of £23m, A loan to Lancashire County Developments for £7m to allow the investment in a new building is also included in the 2022/23 delivery programme. Annual contributions towards the Lancashire City Deal are also included.

A delivery amount of £1.000m has been included for the Low Carbon projects programme. This is a programme of work designed to properly understand and deliver carbon and cash savings across the buildings, assets and activities of the county council and the wider business community. A further £1.700m for this project has been earmarked for 2023/24 onwards.

The future years impacts of these projects is also included in the provisional programme for 2023/24 onwards.



### **South Lancaster Growth Catalyst (SLGC)**

**The SLGC capital programme has a 2022/23 delivery programme of £3.258m and contains approximately 3 projects to be worked on within the financial year.**

In October 2021 a collaboration agreement was signed between Lancaster City Council and Lancashire County Council for a long-term collaboration which will develop south Lancaster to stimulate growth in the region. The agreement plans to deliver c10,000 homes and use the developer contributions alongside agreed grant funding from Homes England (HE) to develop new and existing highways infrastructure. The delivery programme amount for 2022/23 covers the preliminary costs for the programme, including land acquisition fees, design fees and planning costs.

### **Vehicles**

**The vehicles capital programme has a 2022/23 delivery programme of £4.441m and contains approximately 37 projects to be worked on within the financial year.**

The delivery programme amount of £4.441m is to purchase 112 vehicles, the majority of which are pre-planned for 2022/23 delivery, however some vehicles will be slipped delivery from 2021/22. The 112 planned vehicles include 21 minibuses, 24 vans, 11 general purchase trailers and 9 tippers.

The supply chain issues experienced in the last couple of years have been taken into account when drawing up the expected delivery for 2022/23.

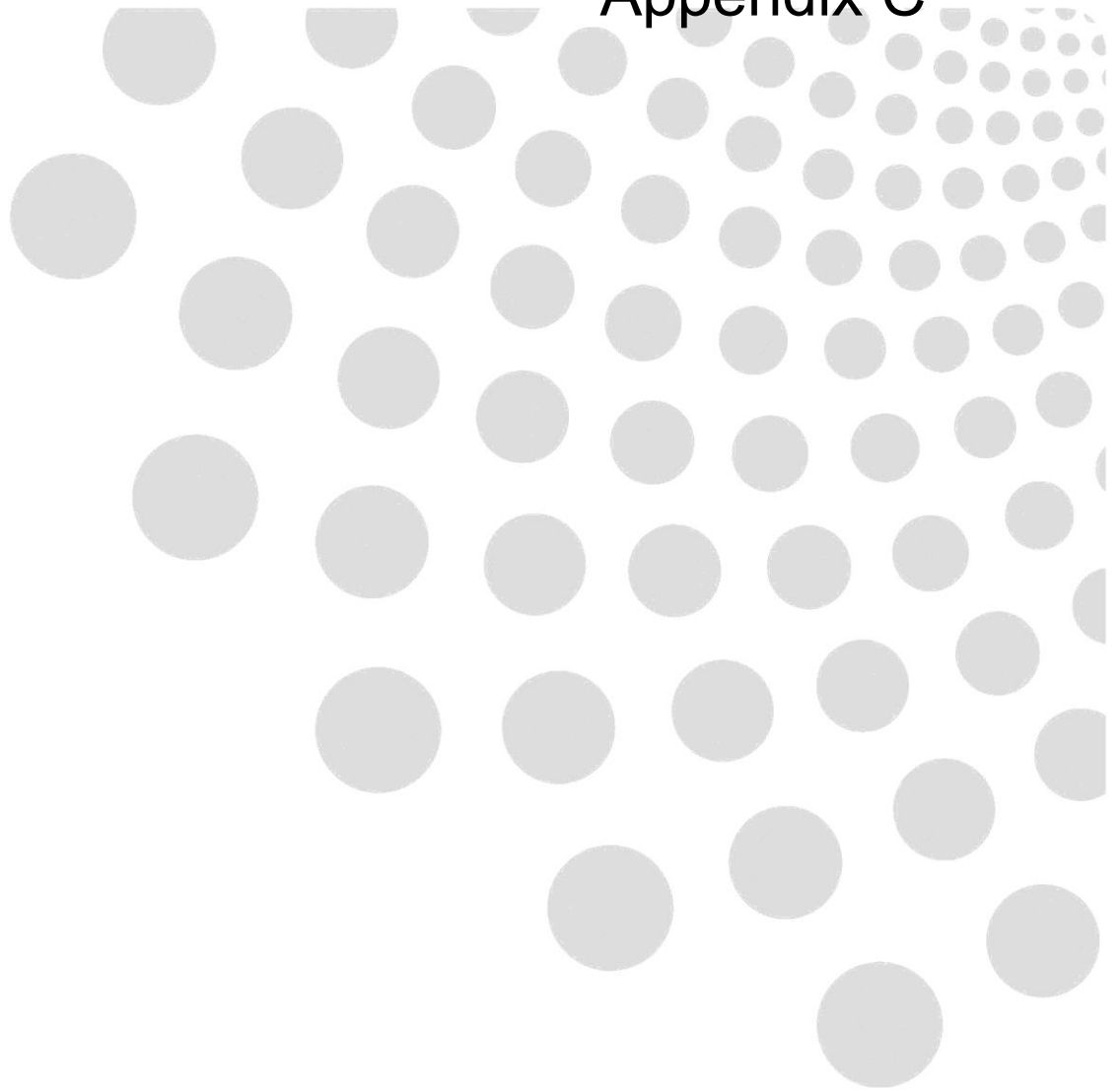
### **Transforming Cities Fund (TCF)**

**The TCF capital programme has a 2022/23 delivery programme of £15.250m and contains 3 projects to be worked on within the financial year.**

The delivery programme for TCF has been set in line with the budget amounts included as part of the grant agreement. Significant spend is expected as the 3 schemes approach critical delivery milestones. The largest scheme in 2022/23, Transforming Ringway, is forecast to spend £10.000m.

Discussions between the council and the Department for Transport (DfT) were held in December 2021 regarding the reprofiling of the budget due to forecasted slippage, the outcome of these discussions are still outstanding and should the budget profile change, this will be reflected in the finalised 2022/23 delivery programme agreed in May 2022.





# Capital Strategy

2022 to 2042

## Contents

Section 1. Background, purpose and aims of the Capital Strategy

Section 2. Approach to investment prioritisation

Section 3. Funding sources and investment decisions.

Section 4. Revenue implications and links to other strategies.

Section 5. Performance monitoring

Section 6. Stewardship

Section 7. Overview of capital requirements.

## 1. Background, purpose & aims of the Capital Strategy

### 1.1 Purpose and aims of the Capital Strategy

The purpose of a capital strategy is to set the long term strategic framework within which the authority will use as the framework and context for capital and investment decisions. It is a requirement of the Chartered Institute of Public Finance and Accountancy (CIPFA)'s Treasury Management Code of Practice and the Prudential Code that authorities have in place a long term capital strategy, the definition of long term is generally accepted to be 15-20 years and as such the strategy cannot set a detailed programme of works to be delivered, or a level of investment to be guaranteed each year, but aims to set a context within which future programmes are developed. The long term funding requirements of the existing asset base should be considered as a priority to maintain the existing asset base required by the services, to the standards set by the individual asset management strategies. This, whilst not being a developed delivery plan, forms an important part of the contextual assessment and provides a background within which individual funding decisions can be made

The council is keen to ensure that there is efficient and effective usage of its capital assets and the resources tied up in them. This 20 year capital strategy therefore sets out the corporate aims and principles that underpin the production of the rolling 3 year capital programme to be approved each February. The strategy will be reviewed at this time each year to ensure that it reflects the changing regulatory environment and the needs and priorities of the council.

The Capital Strategy aims to support the delivery of the council's Corporate Strategy by investing in our capital asset base within the resources available and with due regard to risk management within our asset management.

Key priorities for application of capital expenditure are:

- Delivering the policy ambitions of the Corporate Strategy
- Managing the risks within the existing asset base
- Exercising financial prudence and maintaining debt levels that are sustainable within the council's revenue budget.
- Investing in schemes which will reduce the council's revenue costs
- Being alert to opportunities to lever in additional resources including external funds to help deliver the Corporate Strategy priorities.

The Capital Strategy should be read in conjunction with the Treasury Management Strategy, Prudential Indicators, Minimum Revenue Provision and Capitalisation policies, as well as the Medium Term Financial Strategy 2022-2025, Capital Programme 2022-2025 and the annual budget 2022-23. The principles of the Capital Strategy are the basis for the development of the Asset Management Strategies.

The Asset Management Strategies will set out the standard to which each class or type of asset will be maintained to and will ensure there is consistency of approach between the types of asset used by different services.

The council has set out this strategy being fully aware that there will be competing pressures on the limited resources to fund the capital programme each year from the diverse range of services that the council provides, the large and diverse asset base that the council needs to maintain as well as the finite amount of funding that is available. The current processes within the setting of the capital delivery programme is to limit the requirements in certain blocks to that of the funding available, this means fixing worse first in terms of condition of buildings. Additional expenditure for urgent projects has been on a reactive basis which can lead to higher cost projects than could otherwise be the case or repeated visits to the same building over time which is not efficient. This approach does not address all the risks within the asset portfolio and is therefore not sustainable in the long term over which this strategy is to be applied.

A move to a more proactive capital programme delivery, which focuses on managing risks within the asset base and control of demand for capital resources, is required. This will require leadership at all levels to ensure that the resources available are deployed in the most effective and efficient way and a process for the prioritisation of capital expenditure being included in the capital programme has been developed. There will also need to be a property portfolio review undertaken to reduce the number of corporate property assets held to ensure that the demands on future capital funding will be sustainable. This work will commence soon and be completed in 6 months in time for this budget setting process for 2023-24. These will be managed by Capital Board and Property Board at an officer level to ensure that the development of the capital programme is carried out with due regard to risk management and prudent and sustainable resource management.

## **1.2 The key objective of Lancashire's Capital Strategy**

The key objective of the Capital Strategy is to provide a framework within which the Capital Programme for delivery will be developed. The rolling 3 year programme will:

- Ensure the council's existing asset base is available to support the delivery of services according to the corporate strategy and vision;
- Regularly review the asset base to ensure assets no longer supporting the corporate strategy are disposed of and the capital receipts used to support the investment in remaining asset base;
- Be affordable, financially prudent, and sustainable, and ensure that decisions are made with regard to the long running financial implications and potential risks to the authority; and

- Ensure all new capital investment is deployed in such a way to ensure the asset base can be utilised in the most effective way.

The resources employed to fund the deliver the Capital Strategy are allocated through the annual budget process that sets the three year rolling capital programme and will include the following:

- Capital Grants received, due regard will be made to the terms and conditions of the grant funding to apply the grants to the appropriate schemes;
- Capital Receipts;
- Borrowing, to a level which can be sustained through the revenue budget;
- Revenue contributions, where investment schemes can be demonstrated to provide a revenue savings in future years through a business case process or where capital investments reduce pressure on the revenue budget

### 1.3 The county council's corporate priorities.

- The capital budgets within the capital programme as directed by the capital strategy will support the four Corporate Priorities:
  - **Delivering better services**
  - **Protecting our environment**
  - **Supporting economic growth**
  - **Caring for the vulnerable**

Each capital proposal will be required to clearly demonstrate how it supports the the aims of the Corporate Priorities.

- **Assets** will be invested in to allow provision of first class schools, and good quality reliable roads and public transport, vulnerable people are protected and supported as well as connected to their community. Technology investments will allow digital access to services as well as efficient use of information by services. Investment will be made, subject to prioritisation, where it is necessary to provide the council's services to be delivered or to deliver growth that would otherwise be undeliverable.
- **Capital investments** will be made to develop infrastructure and transport links where the private sector alone cannot. By working with partner local authorities, Transport for Lancashire and Transport for the North, as well as the private sector, individual partners' transport and infrastructure priorities can be supported through the council's local highway authority process and grant funding potential by utilising partner funding where this is available as match funding. Any requirement for county council borrowing to match fund a

scheme would be subject to the principles of the capital strategy as documented above including the prioritisation process, sustainability of revenue provision to support the investment and the ranking against other proposals.

- Capital investment proposals will be considered for prioritisation and ranking that support the development of economic growth where they link with the Lancashire Plan and Lancashire Industrial Strategy and the investment or supporting infrastructure cannot be brought forward by the private sector due to viability issues.
- Capital investments will be made, where financially prudent to do so, to preserve our cultural, leisure and heritage assets. Where it is not financially prudent to do so the council will work with partners to ensure the long term security of heritage, culture and leisure assets valued by our communities.
- Capital investments will be prioritised in our asset base including information technology assets that allow services to promote and enable communities to meet their own needs.

## **2. Approach to investment prioritisation**

### **2.1 The capital programme**

There will be a 3 year rolling capital programme agreed every February set within the context of this capital strategy.

### **2.2 Identification and prioritisation of capital investment needs.**

The formulation of the Capital Programme is driven by the budget and service planning process. The size of the Capital Programme is determined by the following:

- The need to incur capital expenditure to protect and preserve the existing asset base;
- To enhance the exiting asset base where this is required to preserve service delivery;
- The proposals for extending the asset base to provide services which deliver the priorities in the corporate strategy;
- The resources available to fund the expenditure; and
- The revenue implications flowing from the capital expenditure, both positive and negative.

As part of the budget setting process, services will be required to submit capital proposals which are considered by Members for investment decisions. This will be after a triage process at officer level led by Capital Board which will have ensured



the proposal's strategic fit in line with the principles of the Capital Strategy and will have scored the projects for prioritisation in line with all competing proposals. The capital investment appraisal process will take into consideration:

- Corporate Priorities
- Affordability and Resources
- Risk Management
- Value for Money, taking into account options appraisals and cost benefit analysis
- Capability and capacity within the council to manage and deliver the project.

Capital investment proposals will be presented initially to capital board in a standard form that includes the following sections:

- Description of the proposal
- The outputs and outcomes to be achieved
- The projects fit with council's Corporate Strategy
- Key dates and milestones
- Cost of the Scheme and the funding source to be applied
- Affordability in terms of the MRP policy
- Revenue budget implications over the asset life
- Evaluation comments and recommendations from Capital Board including prioritisation scoring
- Risks associated with the proposal including the implications of not proceeding.

Proposals recommended for approval by capital board will be submitted to members for approval along with any recommended changes to the agreed to delivery plan required to accommodate the proposal.

### **2.3 Capital projects: evaluation and priority scoring**

It is acknowledged that the council has limited resources to meet all the requests for capital investment and will need to prioritise requests and set benchmarks for investment decisions. Members ultimately determine the projects to be included within the capital programme but to assist this decision making process and ensure decisions are not taken in isolation and with full knowledge of the competing priorities the council will implement a priority scoring matrix to be overseen by Capital Board and used to determine which proposals are recommended for Cabinet approval and aid the comparison with other proposals. The criteria will be reviewed on an annual basis to ensure that it continues to provide an effective tool for evaluation and is set out in Annex 1.

## **2.4 Assessment of proposals and timetable**

The councils policy is to agree the rolling 3 year capital programme on an annual basis at the February council budget setting meeting.

In future years capital proposals will be submitted to the Capital Finance Team in autumn of each year to inform the budget setting process. The proposals will be assessed and evaluated, using the matrix as referred to in section 2.3 and included at Annex 1, by officers from Capital Finance and Asset Management and the appraisals considered by Capital Board to identify those proposals that will be recommended to form the basis of the capital delivery programme submitted to Corporate Management Team and members for consideration and approval.

## **2.5 Invest to save capital proposals**

Service departments are to be encouraged to consider innovative ways that service provision can drive efficiency in both the revenue and capital budget provision and help drive cash savings and reduce long term funding commitments where possible. On occasion this may include the identification of assets which are no longer considered to be financially sustainable, or fit for purpose, in relation to the delivery of council services and priorities.

Invest to save bids will be considered for capital funding on the same basis as other proposals, subject to funding resources being available and as long as there is a business case demonstrating the savings and benefits which will be achieved as result of the intervention. Where the benefits of these schemes outweigh the costs including the revenue costs of repaying the borrowing, and taking the lifetime of the intervention into account, there is a greater likelihood of the projects being prioritised using the matrix in annex 1; where the costs outweigh the benefits over the lifetime of the intervention, services may be asked to contribute the funding from their revenue budgets to reduce dependency on the limited borrowing capacity available.

## **2.6 Charges to the capital programme**

Service departments should follow the council's capitalisation policy and only charge allowable expenditure to projects in the capital programme. This will reduce the risk of regulatory infringements and also the burden on capital funding by borrowing as well as increase number of projects that can be funded with the limited resources available. This will ensure the most effective use of the resources as directed by this strategy.

## **2.7 Approvals outside of the normal budget setting process.**

Any additional capital investment proposals received outside of the budget setting process in 2.4 above must in the first instance be submitted to Capital Board to be reviewed at the quarterly approvals meetings. The proposals should be submitted in the standard form and will be scored by Capital Finance and Asset Management, if

supported by Capital Board they will then be recommended to Management Team for approval and to Members.

### **2.8 Loans to external bodies or organisations**

The council's capital programme can also provide the facility to loan monies to, or cash flow projects on behalf of, partner organisations where the activities to be funded align to one or more corporate objective or service priorities.

There are statutory regulations which govern the accounting treatment of loans, provided towards expenditure which, if incurred by the authority itself, would be classed as capital expenditure. Loans for this purpose must be State Aid compliant and will be subject to a financial appraisal and due diligence checks, and where possible the council will seek to minimise the risks assessed to the council. This may be in the form of a loan agreement or by security provided by a charge on partner assets.

The rate of interest charged on these facilities will be dependent on the nature and structure of the loan and its assessed risks but will only be provided on the basis that there is no net cost to the council over time.

## **3. Funding sources and investment decisions**

The main sources of capital funding are summarised below:

### **3.1 Grant funding and external contributions**

The Council will endeavour to maximise grant allocations and allocate them to most effectively address the corporate priorities identified and that are highest in the prioritisation scoring matrix, whilst ensuring all conditions of the grant are met.

The majority of 'planned' capital expenditure for maintenance of highway infrastructure and school buildings are funded by the appropriate grants.

Contributions will be sought from developers towards the provision of public or private assets and facilities. This will include agreements with developers to mitigate the impact of their development on communities. This will include using Section 106 (Town and Country Planning Act 1990) agreements or community infrastructure levy towards education infrastructure, as specifically highlighted in Department for Education guidance "securing developer contributions for education" issued in November 2019 and contributions towards Highways infrastructure requirements associated with developments under section 38 and 278 (Highways Act).

Contributions may also be sought from users of the council's asset base where a proposal for investment will generate benefits for that user, this could be a partner organisation, internal service department or school.

### **3.2 Capital receipts**

A capital receipt is an amount of money exceeding £10,000 which is generated from the sale of an asset.

Capital receipts from asset disposals are a finite funding source and it is important to utilise them to the most effective long term advantage of the council be that funding new capital investment or offsetting debt or transitional costs.

The council's policy is to treat all capital receipts as a corporate resource, enabling investment to be directed towards those proposals scoring highest in the prioritisation matrix but where grant funding is not appropriate to be applied to.

The council has a substantial property estate mainly held for operational service requirements, which include administrative buildings and a range of other land and property assets. The estate is to be managed through the asset management strategy which identifies property requirements and where appropriate properties which are surplus to operational requirements which will be disposed of.

The council will continue to work with other organisations to utilise redundant assets and vacant land to bring them into a useful economic purpose and facilitate employment and job creation, subject to the proposals fitting the principles and criteria previously outlined in this strategy.

**Borrowing** The council will seek to minimise the level of borrowing required to finance required capital expenditure by maximising grants and contributions received, minimise the costs charge to each project and ensuring any surplus assets are sold.

The Local Government Act 2003 enables local authorities to determine their programmes for capital investment and associated borrowing requirements provided they have regard to the Prudential Code for Capital Finance in Local authorities developed by CIPFA.

The key objectives of the Prudential Code are to ensure, within a clear framework that the capital investment plans of the authority are affordable, prudent and sustainable. To demonstrate that local authorities have fulfilled these obligations the Code sets out a series of indicators – known as prudential indicators – the Council must consider as part of its budget setting process and also give consideration to CIPFA resilience indicators.

### **3.3 Revenue funding**

Capital expenditure may be funded from revenue, for example where a service requests a capital investment to improve its productivity or where funds can be contributed by a school towards improvement or expansion plans. Pressures on the council's revenue budget and council tax limits may restrict the extent to which revenue funding can be exercised as a source of capital funding.

## **4. Revenue implications and links to MTFs, Treasury Management Strategy, and prudential indicators.**

The impact of the revenue implications has to be a significant factor in determining approval of projects. All capital investment decisions should consider the revenue implications both in terms of servicing the finance but also running and maintaining the new asset. Life cycle costing should be a key factor in the rolling capital strategy requirements and feed through into the rolling three year capital delivery programme. It may be more financially beneficial where service requirements change in the short to medium term to pursue a different model for asset holding which reduces the capital requirements for investment. An example of this could be leasing buildings for service delivery when the demand for the service in that area is shorter than the long term financial strategy or the leasing of vehicles.

The use and financing of capital resources has been fully taken into account in the production of the council's annual budget and Medium term financial strategy, and are reflected in both the Treasury Management Strategy Statement for [2022-2023] and Prudential indicators for [2022-23 to 2023-2024] as detailed in appendices of the Budget 2022-23 report.

## **5. Performance monitoring of the capital programme.**

The capital finance team, working with programme and project managers and heads of service for delivery, monitor the progress of the capital programme on a monthly basis and report to Cabinet on a quarterly basis. All delivery projects within the capital programme are managed through the corporate system (PPMS) and reports will be taken to capital board where there are issues that increase the risks in the capital programme.

All processes and procedures relating to the monitoring of the capital programme are set out in the councils Financial Regulations. The key controls are:

- All expenditure must be carried out in accordance with Financial Regulations and the capitalisation policy.
- The expenditure must comply with the statutory definition of 'capital purpose as interpreted in guidance by the Section 151 officer.

- Where the budget setting process approves a programme budget, a further report on individual schemes to be taken from this budget needs to be approved by Capital Board unless delegated powers in the financial regulations apply.
- Budgets and responsibility for each project must be under the control of a nominated project manager.

The monitoring work above will ensure these controls are enforced.

## **6. Stewardship of assets.**

The council's Asset Management Strategy sets out the standard and condition each of its assets should be maintained to and the arrangements for managing these effectively. The implications of that strategy are included in the long term capital strategy requirements and form an important context in which to make future asset management and capital investment decisions.

## **7. Overview of capital requirements for the existing asset base**

The assessment of investment required over the term of the strategy is updated regularly. A detailed capital programme will be set each year to deliver the investments that score the highest in the prioritisation scoring and can be delivered within the funding available. Items which cannot be funded by the available resources will remain unfunded requirements in future strategy assessments and the risk associated with not delivering them will be highlighted in the capital risk register managed by Capital Board.

## Annex 1

### Capital projects: evaluation and priority scoring

The criteria referred to in section 2.3 of the Capital Strategy to be applied for 2022-2023 is set out below:

- The contribution the proposal will make to one or more of the corporate strategy priorities.
- The impact the proposal will have on the councils revenue budgets either as additional running costs or as a saving including allowing service to be delivered in a more effective way.
- The proposals contribution to maintain existing assets to the standard in the specific asset management strategy or to allow services to be delivered as per directorate strategies for non property assets.
- The proposals ability to assist in attracting a wider investment such as external funds
- The proposals ability to meet statutory compliance and regulatory requirements including those relating to information assets.
- The proposal meets specific government initiatives.
- The proposal addresses non statutory Health and safety risks identified by survey data or mitigates issues included in the corporate capital risk register





## Treasury Management Strategy 2022/23

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Under the Local Government Act 2003, local authorities must have regard to statutory proper practices in their treasury management activities. In effect this means the council must adhere to the Chartered Institute of Public Finance and Accountancy's (CIPFA) Prudential Code for capital finance in local authorities, CIPFA's 'Treasury Management in the Public Services: Code of Practice' (the CIPFA Code), and the then Ministry of Homes, Communities and Local Government guidance on local authority investments.

The CIPFA code requires the treasury management strategy to be produced and approved annually. In addition, the then Ministry of Homes, Communities and Local Government has issued updated statutory guidance on local government investments. This now covers a wider definition of investments and includes those that support local public services by lending to or buying shares in other organisations (service investments), and those made to earn investment income (known as commercial investments where this is the main purpose). Investments held for service purposes or for commercial profit are considered in the separate investment strategy.

In conjunction with the detailed treasury management practices approved by the Director of Finance, the strategy provides the policy framework for the engagement of the council with financial markets in order to fund its capital investment programme, to maintain the security of its cash balances and protect them from credit, liquidity, inflation and interest rate risk.

The strategy includes provisions for borrowing, treasury investments, financial derivatives and the indicators that will be used for monitoring purposes throughout the year. It is designed to achieve the following objectives:

- To ensure the security of the principal sums invested which represent the council's various reserves and balances.
- To ensure that the council has access to cash resources as and when required.
- To minimise the cost of the borrowing required to finance the council's capital investment programme, and to manage interest and inflation rate risks appropriately.
- To maximise investment returns commensurate with the council's policy of minimising risks to the security of capital and its liquidity position.

In setting the treasury management strategy, the following factors have a strong influence:

- the economic position
- the council's current investment and borrowing portfolio
- estimates of future borrowing and investment requirements

## ***Economic position***

### **Economic background:**

The treasury management activity will be influenced by the forecast of interest rates for the year. In December 2021 the Bank of England increased the Bank Rate from 0.10% to 0.25%. This increase is the first in over 3 years and was made in response to inflationary pressures. The November inflation rate, as measured by Consumer Prices Index (CPI) was 5.1% which was the highest for a decade and the Bank of England forecasts suggest it may rise to 6% in the first few months of 2022.

Gross domestic product (GDP) grew by 1.3% in the third calendar quarter of 2021 according to the initial estimate, compared to a gain of 5.5% quarter on quarter in the previous quarter, with the annual rate slowing to 6.6% from 23.6%. Activity was boosted by sectors that reopened following coronavirus pandemic restrictions. However, looking ahead there is a great deal of uncertainty around the impact on the economy from the new Omicron variant which may lead to further restrictions.

A similar picture has occurred in many different areas of the world including the USA. Currently the Federal Reserve has continued to maintain the Fed Funds rate at between 0% and 0.25% but signalled they are in favour of tightening interest rates at a faster pace in 2022, with three 0.25% movements now expected.

### **Arlingclose Forecast**

Given the latest position the council's treasury management adviser Arlingclose is forecasting that Bank Rate will rise to 0.50% in the first quarter of 2022 to subdue inflationary pressures and the perceived desire by the Bank of England to move away from emergency levels of interest rates. The forecast is for the Bank Rate to then remain constant until the end of the forecasting period (December 2024).

Investors continue to price in multiple rises in Bank Rate over the next forecast horizon, and Arlingclose believes that although interest rates will rise again, the increases will not be to the extent predicted by financial markets. In the near-term, the risks around Arlingclose's central case are to the upside while over the medium-term the risks become more balanced.

Gilt yields are expected to remain broadly at current levels over the medium-term, with the 5, 10 and 20-year gilt yields expected to average around 0.65%, 0.90%, and 1.15% respectively. The risks around for short and medium-term yields are initially to the upside but shifts lower later, while for long-term yields the risk is to the upside. However, as ever there will almost certainly be short-term volatility due to economic and political uncertainty and events.

### ***Current portfolio***

The council's treasury portfolio as at 30 November 2021 was as follows.

	£m
Call accounts	181
Local authority deposits	20
Corporate Bonds	449
Government, local government and supra-national bonds	187
<b>Total Investments</b>	<b>837</b>
Short term loans	240
Shared investment scheme	92
Long term loans - local authorities	15
Long Term Bonds	600
Long term loans - PWLB	285
<b>Total Borrowing</b>	<b>1,232</b>
<b>Net Borrowing</b>	<b>395</b>

### Estimates of future borrowing and investment requirements

In the medium term CIPFA's Prudential Code requires that the council's borrowing adjusted for transferred debt is for capital purposes only. The underlying need to borrow for capital purposes is measured by the capital financing requirement, while usable reserves and working capital are the underlying resources available for investment. The following table compares the estimated capital financing requirement to the borrowing at 30 November 2021. This gives an indication of the borrowing required and the resources available for investment.

The capital financing requirement forecast assumes a capital programme which includes borrowing of £83m in 2022/23 and then £50m in each of years 2023/24 to 2024/25. Clearly, this will be subject to change as the capital programme develops.

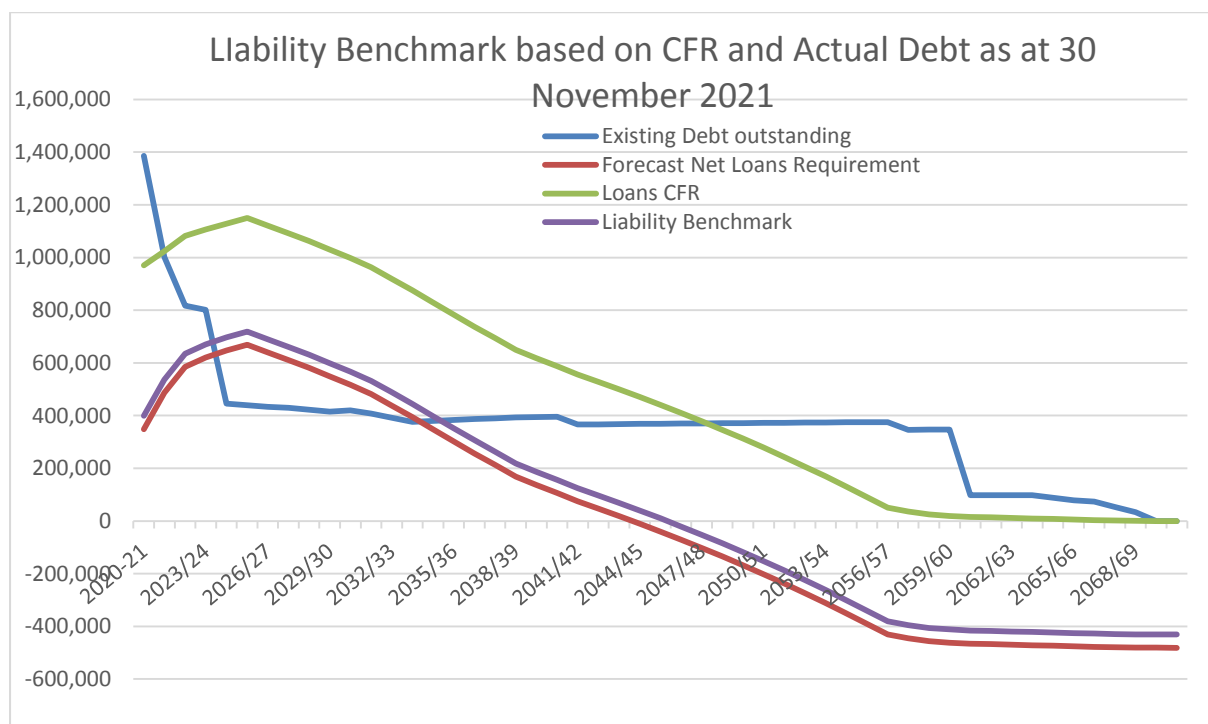
	31/03/2022	31/03/2023	31/03/2024	31/03/2025
	Estimate	Estimate	Estimate	Estimate
	£m	£m	£m	£m
Capital financing requirement	1,156	1,209	1,225	1,239
Other long-term liabilities	-133	-126	-119	-110
<b>Borrowing capital financing requirement</b>	<b>1,023</b>	<b>1,083</b>	<b>1,106</b>	<b>1,129</b>
External borrowing	-1,084	-895	-875	-515
<b>Borrowing requirement for capital</b>	<b>-61</b>	<b>188</b>	<b>231</b>	<b>614</b>
Other borrowing requirements*	82	77	73	69
<b>Total borrowing requirement</b>	<b>21</b>	<b>265</b>	<b>304</b>	<b>683</b>
Reserves and working capital	-750	-700	-700	-700
<b>Borrowing/ - Investment need</b>	<b>-729</b>	<b>-435</b>	<b>-396</b>	<b>-17</b>

\* debt held on behalf other local authorities and premiums

The table above shows that there is an identified need for borrowing from 2022/23 if all reserves are cash backed which is the general policy adopted by the county council. However, an alternative would be to use internal reserves which is demonstrated by the liability benchmark which is a proposed indicator in the Prudential Code.

### Liability benchmark

To compare the Council’s actual borrowing against an alternative strategy, a liability benchmark has been calculated showing the lowest risk level of borrowing. This assumes the same forecasts as the table above, but that cash and investment balances are kept to a minimum level of £50m at each year-end to maintain sufficient liquidity. The liability benchmark is shown in the graph below:



The liability benchmark graph above shows that although the existing debt falls below the CFR it would be above the liability benchmark until 2024/25. This suggests that that there is actually no need to undertake borrowing in 2023/24 but instead investments could be reduced to meet the cash flow requirements. It is also worth noting that even when the debt falls below the benchmark it is for a relatively short period (up to 10 years) and that in the longer-term current debt is already above the benchmark which implies that any new borrowing in line with the liability benchmark should be of a fairly short duration.

### Borrowing Strategy

As indicated earlier in the report there is a current borrowing holding of £1,232m. It has been noted that under the liability benchmark model there is probably no need to borrow in 2022/23 to meet the capital needs in the year. However, this is only one

model for treasury management. Alternatively, the council can maintain a level of investments and look to borrow to cover its capital needs. With the impact of new capital schemes in the programme and the need to replace maturing debt there is an estimated borrowing requirement of approximately £250m in 2022/23.

The borrowing strategy will be determined by the impact of the economic climate on the prevailing cost and availability of borrowing and the level at which it is considered appropriate to maintain investments. The council will continue to ensure the borrowing needs are met while balancing the aims to keep net costs as low as possible in the short term and providing certainty of cost over the long term.

With short-term interest rates currently lower than long-term rates, it has been more cost effective to borrow short-term. Given the economic outlook, significant increases in interest rates are not forecast in the medium term, it is anticipated that short term borrowing will still form a significant part of the debt portfolio. However, there is significant economic uncertainty and rates are at historically low levels. Therefore, in the last couple of years the council has moved to secure greater certainty of costs and reduce the re-financing risk in its debt portfolio by taking some long-term debt including the issuance of a 40-year bond. This has resulted in the long-term debt exceeding the estimated CFR. It is anticipated that there will be new borrowing to fund capital programmes beyond that currently approved which will increase the overall need and therefore the apparent borrowing above need is not considered to be a problem. However, it does mean that any longer-term debt taken is likely to be for maturity in 10-20 years.

There are a range of options available for borrowing in 2022/23:

- Variable rate borrowing is expected to be cheaper than fixed rate long-term borrowing and will be attractive during the financial year, particularly as variable rates are closely linked to Bank Rate.
- Under 10 years loan duration rates are expected to be lower than long term rates, so this opens up a range of choices that may allow the council to spread maturities.
- the issuance of a 'commercial paper (an unsecured, short-term debt instrument issued by a corporation) - euro medium term note. This is a flexible debt instrument that facilitates direct issuance into the public or private markets in a range of formats, with fixed or floating payments across a range of maturities from 1-50yrs. The UK Municipal Bonds Agency euro medium term note documentation allows for "Non-Guaranteed" single council bond issuance under UK Municipal Bonds Agency documentation provided the council has its own long term credit rating. This will represent a cheaper route to market than a stand-alone bond issue and it is this method that the council has used to issue two bonds and if a third bond was considered beneficial then it is the likely route to be chosen by the council
- The UK Municipal Bonds Agency is proposing a product which does not include a joint and several guarantee. Instead, a council's liability will be proportional to its share of the outstanding borrowing. Consideration as to whether or not this would be an appropriate form of borrowing will be given when the full details are available.
- There is a rapidly developing new market in debt finance for 'ESG bonds'. The term ESG stands for Environmental, Social and Governance and in bond markets the label is being used where the issuer has identified specific ESG or green criteria for the use of the bond proceeds. Local Government activities are naturally aligned with ESG criteria and as the concept and practice of socially responsible investing

becomes more widespread there may be the opportunity for issuers to access lower interest rates as a result of increased demand. There are currently no available vehicles for LCC to access ESG funding but market developments will be closely monitored for possible future access.

Against this background, the Director of Finance will, in conjunction with the council's advisers, monitor the interest rate situation closely and will adopt a pragmatic approach to delivering the objectives of this strategy within changing economic circumstances. All decisions on whether to undertake new or replacement borrowing to support previous or future capital investment will be subject to evaluation against the following criteria:

- a) Overall need, namely whether a borrowing requirement to fund the capital programme or previous capital investment exist
- b) Timing, when such a borrowing requirement might exist given the overall strategy for financing capital investment, and previous capital spending performance
- c) Market conditions, to ensure borrowing that does need to be undertaken is achieved at minimum cost
- d) Scale, to ensure borrowing is undertaken on a scale commensurate with the agreed financing route.
- e) To consider whether to use cash balances as a form of internal borrowing, but this will reduce the level of investments that can be made

All long-term decisions will be documented reflecting the assessment of these criteria.

### ***Sources of borrowing***

Traditionally the Public Works Loan Board has been the main source of long-term borrowing for local authorities. The interest rate charged on Public Works Loan Board loans is linked to the gilt yield. Currently the council can obtain a Public Works Loan Board loan at 0.8% higher than the gilts yield (this rate is referred to as the margin). Recently the council has used the issuance of bonds to meet its requirements at rates lower than those available from the PWLB.

The approved sources of long-term and short-term borrowing will be:

- Public Works Loan Board
- UK Local Authorities
- Any institution approved for investments including high quality supranational banks such as the European Central Bank
- UK public and private sector pension funds
- Any other financial institution approved by the Prudential Regulation Authority, (this is part of the Bank of England and is responsible for the regulation and supervision of around 1,700 banks, building societies, credit unions, insurers and major investment firms)
- Municipal Bond Agency
- Capital market bond investors either over the counter or through electronic trading platforms

## ***Borrowing instruments***

The council may only borrow money by use of the following instruments:

- Bank overdrafts
- Fixed term loans
- Callable loans or revolving credit facilities where the council may repay at any time (with or without notice)
- Callable loans where the lender may repay at any time, but subject to a maximum of £150m in total
- Bonds, notes, bills, commercial paper and other marketable instruments
- Sale and repurchase (repo) agreements

Loans may be borrowed at either a fixed rate of interest, or at a variable rate linked to a market benchmark interest rate, such as the Sterling Overnight Index Average (often referred to as SONIA) which is administered by the Bank of England. The balance between fixed and variable rates will be subject to the limits on interest rate risk approved in this treasury management strategy.

## ***Debt restructuring***

The council regularly monitors both its debt portfolio and market conditions to evaluate potential savings from debt restructuring.

## ***Other borrowing***

The council may borrow for short periods of time to cover unexpected cash flow shortages and to take deposits on the shared investment scheme. Also, to provide cash flow support for the Preston, South Ribble and Lancashire City Deal project. This is to cover the gap between the cost of construction of infrastructure and the payment of contributions from other organisations including the government and developers. This borrowing is temporary but will be reflected within the prudential limits

## **Policy on Borrowing in Advance of Need**

The council will not borrow more than, or in advance of need, with the objective of profiting from the investment of the additional sums borrowed. However, borrowing in advance of need is permitted to pre-fund future years' capital requirements, providing this does not exceed the authorised limit for borrowing. Therefore, the Council may look to borrow in advance if the need to finance the future capital investment will materialise in two years or less; and

- a) Where the most advantageous method of raising capital finance requires the council to raise funds in a quantity greater than would be required in any one year, or
- b) Where in the view of the section 151 officer, based on external advice, the achievement of value for money would be prejudiced by delaying borrowing.

Having satisfied the criteria above, any proposal to borrow in advance of need would be reviewed against the following factors:

- a) Whether the ongoing revenue liabilities created, and the implications for the future plans and budgets have been considered and reflected in those plans and budgets, with the value for money of the proposal fully evaluated.
- b) The merits and demerits of alternative forms of funding.
- c) The alternative interest rate bases available, the most appropriate periods over which to fund and repayment profiles to use.

All decisions will be documented reflecting the assessment of these circumstances and criteria.

## **Treasury Management Investments Strategy**

The council holds reserves and other cash items on its balance sheet which if not used to reduce borrowing requirements are invested. In investing these cash balances the council follows guidance issued by CIPFA and the government department.

The guidance requires treasury management investments to prioritise security, liquidity and yield in that order of importance. The council will not make any investments with low credit quality bodies, nor any that are defined as capital expenditure by legislation, such as company shares.

The council has in recent years pursued a policy to hold as investments a sum as close as possible to the cash value of its reserves and balances. This policy will continue but it will be regularly reviewed to ensure value for money is achieved especially with the low interest rates.

### ***Business model for holding investments***

Under the IFRS 9 (International Financial Reporting Standard), the accounting for certain investments depends on the council's "business model" for managing them. In general, the authority holds investments to either collect the contractual cash-flows or a mixture of holding for the contractual cash-flows and sale proceeds. Neither of these would result in changes in market value having to be a charge against council tax at year end. However, if investment assets are held for the purpose of trading any changes in the asset value is charged to the accounts. The business model for the main treasury management investments are as follows:

Local authority investments - these are principally investments for a fixed term which are held to maturity. In addition, the authority holds some long-term bonds issued by local authorities which are also held to maturity. In both cases interest is received on agreed dates and are held for the contractual cash-flows therefore they will be valued at amortised cost.

Gilts - the holding of gilts represent a key part of the strategy for holding investments to back up the reserves and balances while maintaining a low credit risk portfolio. They are also a liquid asset and periodic sales will be incurred in reaction to market movements to enhance the overall yield of the holdings but this is not the primary aim of the holding and therefore gilts will be held at fair value through 'other comprehensive income' which means that market value changes will not be charged against council tax.



Other bonds - the council also holds other high credit quality corporate bonds. These are held primarily for the purposes of liquidity providing a low credit risk holding. These are bought and sold in relation to cash needs and therefore the valuation will be such that the market value changes will not be charged against council tax.

### ***Approved counterparties***

The counterparty credit matrix is at the heart of the council's treasury management strategy and has always been conservatively constructed to protect the council against credit risk whilst allowing for efficient and prudent investment activity.

However, the council does not rely solely on credit ratings in assessing counterparties. Other market information is also monitored such as information from the credit default swap market and any press releases in general. In this way ensuring the council transacts with only the highest quality counterparties.

The council requires very high credit ratings for an organisation to be considered a suitable counterparty for investment purposes however the 2022/23 policy contains a one notch reduction in required credit quality, as measured by Moody's long-term ratings, to reflect the downgrading of the UK sovereign rating from Aa2 to Aa3 in October 2020. The short-term ratings have not changed. The credit ratings are as follows:

For short term lending of up to one year, the short-term ratings from the ratings agencies will be used and that a counterparty must have a minimum of the following:

Moody's	P1
S&P	A1
Fitch	F1

Short term ratings were specifically created by the agencies for money market investors as they reflect specifically the liquidity positions of the institutions concerned.

For medium term investments in the form of tradeable bonds or certificates of deposit (1 to 5 years, where immediate liquidation can be demonstrated), a blended average of the ratings will be taken (averaging across all available ratings), with a minimum of:

Long term	A2/A
Short term	P1/F1+/A1+

For longer term investments (five years and above) in the form of tradeable bonds where immediate liquidation can be demonstrated, a blended average of the ratings will be taken, with a minimum of:

Long term	A1/A+
Short term	P1/A1+/F1+

The detailed calculation methodology of the blended average will be agreed with the council's advisers and set out in the treasury management practices document.

If the counterparty of an existing investment falls outside the policy due to a change in credit rating, full consideration will be made, taking into account all relevant

information, as to whether a premature settlement of the investment should be negotiated.

The minimum sovereign rating for investment as issued by Moody's is A1 which is one notch below the UK and the same as Lancashire County Council. The UK's latest rating issued by Moody's is a long-term rating of Aa3 which is the fourth highest grade.

Although the rating still falls within the current strategy it is possible if there is an economic downturn that there will be further downgrades. This could result in investments in UK government gilts, treasury bonds and bodies guaranteed by the UK government falling outside the treasury management strategy. However, even if there is a further reduction in the UK credit rating, the UK government is still deemed a safe investment. The government has never defaulted on its payments and as an ultimate solution it could prevent insolvency by printing money. Therefore, it is proposed that the minimum sovereign rating is not applied to the UK.

The table below shows the approved investment counterparties and limits:

Instrument	Minimum Credit Rating (blended average)	Maximum individual Investment (£m)	Maximum total Investment (£m)	Maximum Period
UK Government Gilts, Treasury Bills, Debt Management Office & bodies guaranteed by UK Government	UK Government	unlimited	Unlimited	No limit
Sterling Supranational Bonds & Sterling Sovereign Bonds	AA-	150	300	No limit
Corporate Bonds (Short Term less than 1 year to maturity)	P1/A1/F1	50	200	1 year
Corporate Bonds (Medium term up to 5 years)	AA- P1/A1/F1	100	300	5 years
Corporate Bonds (Long term)	AA P1/A1+/F1+	50	200	No limit
Corporate Bonds - government owned/backed companies	A3	200	400	No limit
Government Bond Repurchase Agreements (Repo/ Reverse Repo)	UK Government	500	500	3 years
Repurchase Agreements (Repo/ Reverse Repo)	Other AA-	200	200	1 year
Bond Funds with weighted average maturity maximum 3 years	AA Rated weighted average maturity 3yrs	50	100	These investments do not have a defined maturity date
Bond Funds with weighted average maturity maximum 5 years	AAA Rated	50	100	These investments do not have a defined maturity date
Collateralised lending agreements backed by higher quality government or local government	AA- with cash or AA-	300	300	25 years

and supra national sterling securities	for any collateral			
Call accounts and unsecured bank deposits up to 7 days with UK and Overseas Banks	P1/A1/F1 Long term A Government support	100	250	Overnight in line with clearing system guarantee (currently 4 years)
Unsecured deposits/CDs to Banks and Building Societies	AA	10	50	1 year
Equity, property, multi asset or credit Pooled Funds	Ratings are not produced for such Funds	50	100	These investments do not have a defined maturity date
Local authority fixed term deposits	Government	30	450	50 years
Local authority bonds	Government	50	300	60 years
Local Housing Associations	1st lien on sufficient collateral	100	300	50 years

Note: if the credit rating of assets already held fall below the relevant limit action to address this will be taken at an appropriate time considering the financial impact of any decision to disinvest.

Local Housing Associations have been added to the list of approved counterparties. This allows LCC to invest in unsecured loans and bonds issued by or guaranteed by registered providers of social housing or registered social landlords, formerly known as housing associations. These bodies are regulated by the Regulator of Social Housing (in England), the Scottish Housing Regulator, the Welsh Government and the Department for Communities (in Northern Ireland). As providers of public services, they retain the likelihood of receiving government support if needed. The policy does limit these investment activities to instruments having 1st lien on the housing associations assets. A lien is the legal right of a creditor to seize property from a borrower that has failed to repay the creditor. The creditor may exercise the lien by selling the property if the loan is not paid back.

A new category of bonds in companies which are owned by governments has been included in the approved counterparties. This will include holdings in EDF bonds which were acquired under previously approved non-treasury investments strategy. However, with changes to CIPFA codes it is now considered more appropriate that these, or any similar bonds are held as part of the treasury management strategy.

UK bank bail-in legislation provides that should a bank fail the authorities can impose losses on the bank's creditors which includes local authority deposits. Although the Treasury Management policy does allow unsecured bank deposits for up to one year, to reduce risk exposure to bank credit and 'bail-in legislation', deposits are used as call accounts and usually placed as overnight deals. However occasionally they may have to be placed for a few days at a time, therefore for clarification unsecured bank deposits up to one week have been included alongside call accounts in the Treasury

Management policy matrix above. The only other unsecured deposits used relate to the operational bank accounts which are used for day to day and overnight business and, by virtue of being operational rather than investment accounts, fall outside Treasury Management investment limits.

Regarding investments with other local authorities, Arlingclose state that they are comfortable with clients making loans to UK local authorities for periods up to two years, subject to this meeting the approved strategy. For periods longer than two years they recommend that additional due diligence is undertaken prior to a loan being made. On this basis it is proposed that the nominal value of investments to local authorities are limited as follows:

	Maximum individual investment	Maximum total investment	Maximum period
Up to 2 years	£30m	£450m	2 years
Over 2-10 years	£25m	£300m	10 years
Over 10 years	£25m	£100m	50 years

In addition to fixed term deposits, occasionally local authorities issue bonds. The investment policy allows the county council to purchase such bonds as an investment which are generally held to maturity. The holding of the bonds is considered to be outside the limits expressed above but for the purpose of risk management the total of the bonds plus fixed term deposits with any one authority should not exceed £50m.

The council's day to day transactional bank, National Westminster, lies outside the investment credit matrix but overnight deposits may be placed with them. In practice the balances are considered on a daily basis. If there was a failure of National Westminster it is anticipated that they would be subject to bank bail-in rather than made insolvent. This increases the chance of the council maintaining operational continuity but any monies in the bank would be at risk of at least a partial loss.

### ***Long term investments***

The treasury management code requires where an authority invests, or plans to invest, for periods longer than one year then an upper limit for investments maturing in excess of one year is set. The authority does have fixed term deposits which are for longer than a year and the bonds usually purchased have a maturity date which is in excess of one year and these could be held to maturity.

However, the investments are held in government and supranational securities, which are highly liquid. In addition, the council holds a secondary liquidity investment book of very high quality covered floating rate notes which are typically issued for a three to seven-year term. Because these instruments have their rates re-fixed, at current market rates every three months, their price shows a very low sensitivity to changes in market rates, so that although they are classified as long-term instruments, in practice they operate as fixed instruments with a maximum of three months to maturity and can be liquidated with one or two-days' notice. Therefore the 'long term investments' total contains instruments which operate with a short-term horizon and which are central to achieving the council's security and liquidity objectives.

As a result of the nature of the assets held it is considered appropriate to have a high limit which is related to the forecast of reserves and balances held (currently forecast to be £740m at 31 March 2022, However, it is anticipated that during the year cash-flow will be positive requiring a higher level of investments to be held. In particular, if a borrowing is taken before the debt it is replacing matures or the capital expenditure incurred, and this cash will be invested. Therefore, the proposed limit for 2022/23 is £1,000m.

In recent times, a wider range of investment instruments within the area of sterling deposits have been developed by financial institutions. All of these afford similar security of capital to basic sterling deposits but they also offer the possibility, although never of course the certainty, of increased returns. The Director of Finance will, in liaison with the council's external advisers, consider the benefits and drawbacks of these instruments and whether any of them are appropriate for the council. Decisions on whether to utilise such instruments will be taken after an assessment of whether their use achieves the council's treasury management objectives.

## **Policy on the Use of Financial Derivatives**

The council will only use financial derivatives (such as swaps, forwards, futures and options) on a standalone basis, where it can clearly be demonstrated that as part of the prudent management of the council's financial affairs the use of financial derivatives will have the effect of reducing the level of financial risks that the council is exposed to. Additional risks presented, such as credit exposure to derivative counterparties, will be taken into account when determining the overall level of risk. Many embedded derivatives are already used by local authorities across England and Wales including Lancashire, although unlike the government, commercial sector and other public service areas stand-alone derivatives have not generally been used.

A derivative is a financial instrument with three main features:

- The value changes in response to an underlying variable.
- The transaction requires no initial investment, or an initial net investment smaller than would be required for other types of contract with a similar expected response to market changes.
- The contract is settled at a predetermined future date.

The underlying variable represents an existing external risk for which the hedge is required. Examples are a specified interest rate, a commodity price, a credit rating, a foreign exchange rate or any other variable, however as the council's treasury activity is not directly exposed to all of these risks, for example foreign exchange or commodity prices, the council's use of derivatives would be restricted to the management and hedging of interest and inflation rate risk only.

The embedded and standalone derivatives which can be used by the council to manage interest rate risk are summarised as follows:

<b>Class</b>	<b>Use</b>	<b>Standalone</b>	<b>Embedded</b>
Forwards	To fix an interest or inflation rate for a single period in the future	Forward Rate Agreement, gilt lock, interest rate or gilt futures	Forward Deal
Swaps	To exchange interest or inflation rate exposures (e.g. fixed to floating)	Interest or inflation rate swap (IRS), basis swap.	Variable rate deposit, Floating rate note
Purchased Options	The right but no obligation to fix an interest or inflation rate in exchange for paying a premium	Caps, floors, collars, swaptions, puts, calls	Callable loan Collared deposit

The council will not sell interest rate or inflation rate options, (i.e. give another party the right to fix a rate) since these cannot reduce the council's risk. The only exception is where a sold option is combined with a purchased option of equal or higher premium to create a collar or other structured outcome where maximum is the total premium.

There are two methods of engaging in derivative contracts, exchange traded or settled derivatives and over the counter derivatives. The former are available in public markets and trade over a physical exchange with a clearing house acting as an intermediary and include futures and options. Over the counter contracts are privately negotiated and traded between two counterparties and can include swaps and forwards.

In a derivative contract both parties are often required to provide collateral (i.e. pools of valuable and liquid assets set aside specifically to back liabilities arising from the contract) to reduce credit risk. The method of assessing counterparty quality and suitability of collateral within the structure of the contracts is shown as follows:

<b>Product</b>	<b>Counterparty Quality</b>	<b>Security</b>	<b>Method</b>
Exchange traded or cleared product	Credit rating of exchange	Credit rating of clearing agent	Margin netting
Bilateral Forward rate agreements and swaps assuming netting	Credit rating of counterparty	Full 2-way collateral arrangements	Types of collateral agreed and any haircuts
Over The Counter options	Credit rating of counterparty	Agreed full 2-way collateral	Types of collateral and haircuts
Intra Local Authority swaps	Assumed Credit rating	2-way collateral (cash)	No haircut

The credit quality of the collateral acceptable to the county council will be determined by the credit rating of the counterparty or exchange, along with credit default swap prices which react much quicker than credit rating agencies and can be used as early indicators of credit or liquidity problems.

The following table defines the appropriate limits for collateral quality:

<b>Counterparty type</b>	<b>Documentation</b>	<b>Collateral types</b>	<b>Credit Default Swap levels</b>	<b>Rating</b>
Exchange	MIFCA	Cash margins	<75bp	AA
Bank	International Swaps and Derivatives Association/Credit Support Annex	Cash and Government bonds	<100bp	A3
Insurer and Pension Fund	International Swaps and Derivatives Association/ Credit Support Annex	Cash and Government bonds	<100 (Insurers)	A3 (Insurers)
Local Authority	Contract	Cash and Government bonds	England/Wales None	England and Wales None

The council will only use derivative contracts to hedge existing risks. This is reflected in the limits below. The 100% upper limit means that the council has the option to hedge all of, but not more than, its interest rate risk if felt appropriate.

<b>Exposure Metric</b>	<b>Min Hedge</b>	<b>Max Hedge</b>	<b>Granularity</b>	<b>Tool</b>
Interest rate	0%	100%	0-3 months 3-6 months 6-12m months 1 to 2 years 2-5 years and 5 year blocks	Forward rate agreements, Futures, Options, Swaps Swaption
Inflation rate	0%	100%	1 to 2 years 2-5 years and 5+ years blocks	Swap, Swaption, Option

The council is now able to transact in Exchange Traded Futures and Options. have opened a Derivative Clearing Account with Royal Bank of Canada. The specific instruments appropriate for the council's treasury management are 3-month Sonia Futures and options (Sonia is the replacement for Sterling Libor 3-month interest rate index). These instruments allow the mitigation of the effects of interest rate shocks out to 5yrs maturity. Having analysed the risk profile of the council treasury management it was considered appropriate only to establish positions to mitigate "unusual risk" in any specific period rather than the more regular risks. Effectively the council will look, where appropriate, to "insure" against specific risk for a specific upfront premium. (Technically, insuring against events more than 1.5 Standard Deviations away from the median expected outcome at each maturity.)

Where appropriate and if advised necessary by the treasury management consultants, hedge accounting will be used to periodically test the effectiveness of the hedge. It is expected the hedge will work with between 80% and 125% effectiveness in accordance with accounting standards. If the effectiveness is measured as falling outside these parameters, the structure of the hedge will be changed in response.

The calculation method of interest rate risk to be hedged and hedge effectiveness will be set out in the treasury management practices document.

At all times the council will comply with CIPFA advice and guidance on the use of financial derivatives and have regard to CIPFA publications on risk management. However, the council may need to seek its own legal advice.

It is anticipated that there may be occasions when it is appropriate to undertake transactions which seek to reduce the council's specific exposure to interest rate risk. A standard market technique involves selling gilts to be paid for at an agreed date in the future rather than the normal next working day. It is proposed that the advance date is restricted to one month and the limit on the transaction(s) outstanding is £250m in total.

### Impact on the council's revenue budget

With base rates at low levels, investment returns are likely to continue to be far lower than has previously been the case. However, in the knowledge that a portion of cash invested will not be required in the short term and to protect against continued low investment rates, investments may be made for longer time periods, depending on cash flow considerations and the prevailing market conditions.

The performance target on investments is a return above the average rate for seven-day notice money.

The following table outlines the budget for the financing charges element of the council's revenue budget as reflected in the medium-term financial strategy. However, the budgets will be reviewed in light of changes in the capital programme and interest rates.

	Revenue Budget 2021/22 £m	Revenue Budget 2022/23 £m	Revenue Budget 2023/24 £m	Revenue Budget 2024/25 £m
Minimum Revenue Provision	19	24	26	28
Interest paid	27	25	25	25
Interest and other income earned	-15	-16	-18	-20
<b>Total</b>	<b>31</b>	<b>33</b>	<b>33</b>	<b>33</b>

The revenue budget above reflects a position which takes account of the views of both internal and external advisers, particularly in relation to interest rate movements. The position will be closely monitored by the Director of Finance and any changes will be reflected in forecasts presented to Cabinet.



## Treasury Management Indicators

In line with the relevant legislation the county council has adopted the Prudential Code for Capital Finance in Local Authorities and the Treasury Management in the Public Services Code of Practice (2021) as setting the framework of principles for its treasury management activities. In accordance with the requirements of these codes the council produces each year prudential indicators which provide a framework for the prudent management of its treasury management including limits with regard to certain types of activity such as borrowing. The indicators below are a consequence of the activities set out within the treasury management strategy.

### **Authorised and operational Limits for debt**

The 'authorised limit' is a prudent estimate of external debt but allows sufficient headroom for unusual cash flow movements. Taking into account the capital plans and estimates of cash flow and its risks, the authorised limits for external debt are as follows:

	2021/22 Revised	2022/23	2023/24	2024/25
	£m	£m	£m	£m
Borrowing	1,600	1,700	1,700	1,700
Other long term liabilities	150	400	400	400
<b>TOTAL</b>	<b>1,750</b>	<b>2,100</b>	<b>2,100</b>	<b>2,100</b>

Changes to accounting standards in relation to recording leases are due to be implemented from 1 April 2022. In effect more leases will be included on the council's balance sheet and therefore will be included against the other long term liabilities indicators. At this stage work is on-going to quantify the impact of the change and therefore the other long term liabilities limits will be subject to change.

The 'operational limit' for external debt is based on the same estimates as the authorised limit. However, although it reflects a prudent estimate of debt, there is no provision for unusual cash flow movements. In effect, it represents the estimated maximum external debt arising as a consequence of the council's current plans. As required under the Code, this limit will be carefully monitored during the year. The proposed operational limits for external debt are:

	2021/22 Revised	2022/23	2023/24	2024/25
	£m	£m	£m	£m
Borrowing	1,200	1,300	1,300	1,300
Other long-term liabilities	150	160	160	160
<b>TOTAL</b>	<b>1,350</b>	<b>1,460</b>	<b>1,460</b>	<b>1,460</b>

The actual external debt as at 31 March 2021 was £1,386m.

### **Gross debt and the capital financing requirement (capital financing requirement)**

CIPFA's Prudential Code for Capital Finance in Local Authorities recommends that the authority's total debt should be lower than its highest forecast capital financing requirement over the next three years. The county council's borrowing is in excess of the capital financing requirement however, in making this comparison certain borrowing is included in the total borrowing but does not count against the capital financing requirement. These include the premiums paid and the transferred debt.

	As at 31 March			
	2022	2023	2024	2025
	£m	£m	£m	£m
Borrowing capital financing requirement	1,023	1,083	1,106	1,129
Estimated total borrowing	1,106	1,160	1,179	1,197
Borrowing in excess of capital financing requirement	83	77	73	68
<u>Represented by:</u>				
Premiums	42	38	36	32
Borrowing relating to other authorities	41	39	37	36

The indicators and limits relating to specific treasury management activities are set out as follows.

#### **Interest rate exposure**

In order to control interest rate risk the council measures its exposure to interest rate movements. These indicators place limits on the overall amount of risk the council is exposed to. The one-year impact indicator calculates the theoretical impact on the revenue account of an immediate 1% rise in all interest rates over the course of one financial year. The indicator excludes the impact of any estimated fair value movements.

	Upper Limit
Upper limit on one-year revenue impact of a 1% rise in interest rates	£50m

#### **Maturity structure of debt**

Limits on the maturity structure of debt help control refinancing risk.

	Upper Limit	Lower limit
Under 12 months	75%	0%
12 months and within 2 years	75%	0%
2 years and within 5 years	75%	0%
5 years and within 10 years	75%	0%
10 years and above	75%	25%

### **Investments over 1 year**

Limit on the level of long-term investments helps to control liquidity, although the majority of these investments are currently held in securities which are readily saleable. The limit is largely determined by the forecast of reserves and balances held at the year-end (currently forecast to be £740m). The level of investments will be managed to be in line with the estimated reserves and balances and cash flow at 31 March 2022 (deemed an operational limit which will be reviewed during the year). However, it is anticipated that there will be positive cash-flows in year which will require a higher level of investments to be held including bonds held specifically for liquidity purposes. Therefore, it is proposed that the limit for maturities in excess of one year is £1,100m for each of the years.

	Upper limit
Total invested over 1 year	£1,100m
Forecast at 31 March 2023	£740m

### **Minimum average credit rating**

To control credit risk the council requires a very high credit rating from its treasury counterparties.

	Benchmark
Average counterparty credit rating	A

### **Liquidity Risk Indicator**

	Target
Total sum borrowed in past 3 months without prior notice	£50m

The council has adopted a voluntary measure of its exposure to liquidity risk by monitoring the amount it can borrow each quarter without giving prior notice.



## Investment Strategy 2022/23

The council can make or hold investments for the following purposes:

- because it has surplus cash as a result of its day-to-day activities, for example when income is received in advance of expenditure (known as treasury management investments),
- support local public services by lending to or buying shares in other organisations (service investments), and
- earn investment income (commercial investments)

In making investments the council will take into consideration guidance issued by Chartered institute of Public Finance and Accountancy (CIPFA) and government departments. The Prudential Code issued by CIPFA states that local authorities should avoid exposing public funds to inappropriate or unquantified risk. The prime policy objective of their treasury management investment activities is the security of funds. Investments for 'commercial purposes', which are taken primarily for financial return, are likely to be higher risk, and local authorities must not borrow to invest primarily for financial return. Statutory Guidance on Local Government Investments (3rd Edition) (Statutory Investment Guidance) issued by the then Ministry for Housing, Communities and Local Government (MHCLG) also state local authorities must not borrow more than or in advance of their needs purely in order to profit from the investment of the extra sums borrowed. The guidance makes it clear that it extends to borrowing taken on to finance the acquisition of non-financial as well as financial investments.

### Treasury Management Investments

The authority holds reserves and in general the authority has positive cash flows with grants and other income often being received prior to the expenditure, such as payroll, being incurred. These along with the potential for borrowing being raised before the capital expenditure is incurred leads to positive cash balances which need investing. These investments are made in line with the guidance on treasury management issued by the Chartered institute of Public Finance and Accountancy.

The contribution that these investments make to the objectives of the council is to support effective treasury management activities.

Full details of the council's policies and its plan for 2022/23 for treasury management investments are covered in a separate document, the treasury management strategy.

### Service Investments

The council provides loans as part of its service delivery and not primarily to generate income. The authority has made loans to Lancashire County Development Ltd which is an owned company that promotes economic development within the county, an arrangement with Blackpool BC with respect to the waste service and schools. The council also has an employee loan scheme to promote alternatives to travelling by car.

The key risk when making service loans is that the borrower is unable to repay the loan. Currently, the exposure faced by the council is low and it is proposed that this

continues in 2022/23. The table below provides details of the loans outstanding at 31 March 21 and proposed limits for 2022/23.

Category of borrower	Outstanding at 31 March 21 £m	Proposed Limit 2022/23 £m
Subsidiaries	7.2	15.0
Other councils	28.1	40.0
Employees	0.2	1.0
Schools	0.2	5.0
<b>Total</b>	<b>35.7</b>	<b>61.0</b>

### ***Service Investments: shares***

The county council holds shares in the Municipal Bond Agency for specific service delivery objectives. It is not expected that any significant return will be made on these shares.

### ***Commercial Activities***

The MHCLG defines property to be an investment if it is held primarily or partially to generate a profit. Although the council promotes income generating activity it is generally within the context of providing a service efficiently and covering costs rather than profit seeking. Areas where it is considered the definition is met is in relation to smallholdings and Lancashire County Development Ltd. In 2020/21 the income generated from smallholdings was less than £0.1m while Lancashire County Developments Ltd made a contribution to costs of around £2m.

Other investment proposals may arise during the year. The proposals could involve changes to current services or changing the use of existing assets. These will be examined by officers and approval sought from the appropriate council committee.

<b>Total investment exposure</b>	<b>31/03/2021 Actual</b>	<b>31/03/2022 Forecast</b>	<b>31/03/2023 Forecast</b>
	<b>£m</b>	<b>£m</b>	<b>£m</b>
Treasury management investments	636	510	704
Service investments: Loans	36	36	36
Commercial investments: other	209	190	-
<b>Total Investments</b>	<b>881</b>	<b>736</b>	<b>740</b>

It is anticipated that borrowing will remain within the capital requirements and therefore none of the investments are funded from borrowing. The income derived from service and commercial activities is not material to the funding of the council's revenue budget. Income from treasury management investments is shown in the treasury management strategy.

## Minimum Revenue Provision Statement 2022/23

### 1. Introduction

This annual Statement required to be approved by the county council arises from statutory guidance initially issued by the then Department of Communities and Local Government (DCLG) in 2008. This has been updated with the latest guidance issued by the Ministry for Housing, Communities and Local Government (MHCLG) in 2018.

Local authorities are required each year to make a charge to the revenue account in respect of provision to repay capital expenditure financed by borrowing or credit arrangements (mainly finance leases or Private Finance Initiative contracts). The charge to revenue is one that the authority considers to be prudent and is referred to as the Minimum Revenue Provision (MRP).

Guidance issued by the Ministry for Housing Communities and Local Government continues to identify four options which can be used for the purpose of calculating the Minimum Revenue Provision. However, the legal requirement is to set a prudent charge and therefore authorities are free to move away from the guidance if they feel it is appropriate.

### 2. The Four Options Explained

The first two options, the Regulatory and Capital Financing Requirement methods, can be applied to borrowing which is supported by government via Revenue Support Grants.

For capital expenditure financed by unsupported borrowing, as allowed under the Prudential Code, the guidelines identify the Asset Life method or the Depreciation method as possible alternatives.

#### *Regulatory Method*

Before the Prudential Code system of capital finance was introduced in 2004 the Minimum Revenue Provision was calculated at 4% of the credit ceiling. On the introduction of the Prudential Code this was changed to a charge of 4% of Capital Financing Requirement, which is derived from the Balance Sheet and broadly represents the outstanding debt used to finance the fixed assets. However, to avoid changes in the charge to revenue in 2004/05 an adjustment figure was calculated which would then remain constant over time. For technical accounting reasons this methodology would have led to an increase in the charge to revenue and would therefore have had an impact upon the county council's budget, so this method has not been used and is not recommended for future use.

#### *Capital Financing Requirement (CFR) method*

This option allows for the Minimum Revenue Provision to be calculated as 4% of the Capital Financing Requirement. This is derived from the Balance Sheet and represents the value of the fixed assets, for which financing provision has not already

been made. This method of calculation has been used at the county council since the introduction of the Minimum Revenue Provision in 2004.

#### *Asset Life Method*

Guidelines for this method allow for the charge to be calculated based on the estimated life of the asset. The actual calculation can be made in two ways, namely:

- a) A calculation to set an equal charge to revenue over the estimated life of the asset. This charge will not be varied by the state of the asset.
- b) An annuity method. This provides for greater charges in the later years of the assets life and should only be used if it can be demonstrated that benefits are likely to increase in the later years.

The latest guidance states that the asset lives to be used should not usually exceed 50 years. This maximum can be exceeded if the authority has received an opinion from an appropriately qualified valuer or the asset is leased or acquired under a Private Finance Initiative which is for a duration in excess of 50 years.

#### *Depreciation method*

This requires a charge to be made of depreciation in line with normal accounting purposes. This could include the impact of any revaluations and would be calculated until the debt has been repaid.

### **3. Leases\* and Private Finance Initiative**

(\*Now includes all leases not just finance leases)

Assets held under a Private Finance Initiative contract and leases form part of the Balance Sheet. This has increased the capital financing requirement and, on a 4% basis, the potential charge to revenue. To prevent the increase the guidance permits a prudent charge to equate to the amount charged to revenue under the contract to repay the liability.

### **4. Application at Lancashire County Council**

The relevant regulations require that the council make "prudent provision" for the repayment of debt, and departure from the options outlined above, which is permissible if an alternative option is considered more appropriate.

#### *Supported borrowing*

From 2008/09 to 2014/15 the Capital Financing Requirement option has been applied to all supported borrowing incurred before 1 April 2007. This charge was based on 4% of the outstanding capital financing. However, the charge was based on a 4% reducing balance which never effectively repays the debt. It was also considered that the 4% charge over-estimated the level of support within the revenue support grant. From 2015/16 the charge was made with reference to the capital financing requirement based upon a 50-year life rather than a reducing balance. In 2017/18 it was considered that there had been an over-payment of Minimum Revenue Provision in earlier years



and therefore the Minimum Revenue Provision for years from 2017/18 would be reduced to £1 until the overpayment had been recovered. This will continue to be the case in 2022/23 and therefore the Minimum Revenue Provision charge for the supported debt will be £1.

### *Unsupported borrowing*

The Minimum Revenue Provision for Capital expenditure financed from unsupported borrowing has been calculated using the Asset Life Method on an annuity basis. It is proposed that this continues for calculating the Minimum Revenue Provision for 2022/23. This includes expenditure incurred in 2008/09 to 2014/15, when the Minimum Revenue Provision was initially calculated using the Asset Life method (Equal Charge approach).

Private Finance Initiative payments will be made in line with the amounts due to repay the liability under the contract.

Minimum Revenue Provision will not be made in relation to the following specific circumstances, however, with proposed change in Minimum Revenue Provision regulations from April 2023, this may need to change in future years.

For assets constructed as part of the Preston, South Ribble and Lancashire City Deal where the borrowing will be repaid from other capital financing sources within the life of the City Deal. This is temporary borrowing that will be repaid from sources such as Community Infrastructure Levy and funding from the Homes and Communities Agency when the development facilitated by the construction of County Council assets has taken place. As such, an alternative prudent plan for repayment is in place. However, this position will be reviewed each year in the light of progress with the City Deal.

For new assets no Minimum Revenue Provision will be charged until the financial year after which the project is deemed to be operational.

### *Overpayments*

The guidance does allow for charges in excess of the minimum to be made. It is not proposed that any overpayments will be made in 2022/23.

## **5. Recommendations**

In respect of the methodology for applying the minimum revenue provision for the repayment of debt, it is recommended that the Full Council:

- a) Approves the Capital Financing Requirement method and the Asset Life method for expenditure as outlined in section four.
- b) Charges to revenue a sum equal to the repayment of any credit liability.
- c) Approves the proposed treatment of assets constructed under the Preston, South Ribble and Lancashire City Deal subject to annual review.
- d) Approve the policy of not starting charging revenue until the capital project is operational.



## **FEES AND CHARGES 2022/23**

### **1. Summary**

- 1.1 The need to generate funds locally, at the point of service delivery rather than from local or national taxation, has been a trend encouraged by Central Government for a number of years. This has been demonstrated by a continued reduction in Revenue Support Grant. Furthermore, the launch of the CIPFA Financial Resilience Index in December 2019 ranks those authorities as lower risk that are able to provide higher levels of locally generated sustainable income. A key element of resilience and sustainability is the lack of reliance on external funding, and income generated from fees and charges is a way to achieve this. The Council is able to raise income from a number of sources and this report identifies the areas for charging and includes details of the individual fees and charges proposed.

For 2021/22 the Council had a gross budget of £1.588bn offset by an income budget of £706.770m and funding resources of £881.420m. A proposed gross budget for 2022/23 of £1.645bn including an income budget of £696.970m and funding resources of £948.110m which is funded by Council Tax, Localised Business Rates, Revenue Support and Top up Grant, Other Specific Grants and Contributions and Fees and Charges. Fees and Charges contribute to the Council's ability to provide a diverse range of services.

As the government continues to reduce central funding so the reliance on local resources increases. The Council provides a diverse range of services, and it is important that it is clear on how the services it provides are funded. This will allow it to not only set fair charges for users when it is appropriate to do so but also to make a clear case for additional funding where the cost of key statutory services cannot be met by locally raised taxes. For non-priority services, there will be a need to cover the full cost of the service by charges if the service is to continue in the longer term. This in turn will allow the Council to allocate a reducing net budget to priority services which the Council has a duty to provide.

This report recommends the level of fees and charges to be applied in 2022/23 and a full schedule of 2022/23 charges is contained in Appendix G.1.

### **2. Risk Assessment and Opportunities Appraisal**

3. Income is a key part of the Council's financial strategy. The identification of additional income across the Council provides opportunities to remove the Council's reliance on other forms of funding, some of which we are unable to control. The key risks associated with income generation relate to the potential for under-recovery through a number of factors such as elasticity of demand, changing economic circumstances and emergence of competition. Growth in the reliance of

income from fees and charges heightens this risk. Consideration of new charges will take into account the requirements of the Human Rights Act, any necessary environmental appraisals, the need for Equalities Impact Needs Assessments and in some cases any necessary service user feedback.

#### **4. Financial Implications**

- 3.1 The Council's proposed 2022/23 gross revenue budget includes £696.970m of income, of which £104.110 relates to specific grant income which is generally known and fixed. The balance can vary significantly for a number of factors, and as demonstrated by reductions in income received overall during the pandemic and requires careful management and monitoring throughout the year. Variations in income can significantly affect the Council's financial position. By detailed consideration of income streams and factors which affect the levels of income the Council receives, the risk of significant budget variations caused by a shortfall in income levels will be reduced.

#### **5. Climate Change Appraisal**

- 5.1 Service areas will review for any impact on Climate Change when any new Fees and Charges are set.

#### **6. Background**

- 6.1 The financial landscape for local authorities continues to be very challenging for 2022/23. To meet the challenges of reduced government funding and additional service pressures the Council needs to continue to explore all options to reduce net expenditure, by both reducing gross expenditure and/or increasing income.
- 6.2 The Council has the power to charge for some services under various legislation dating back many years. The Local Government Act 2003 provides clarity over charging powers and is clear that a local authority can charge for discretionary services on the basis of recovering the full costs of providing the service but that it should not make a profit year on year. The same Act also covers local authority's power to trade whereby a profit/surplus can be made as long as trading is carried out through a company. This report concentrates on charging for some services. A key point is that charges should be set at the right level to balance the subsidy between service user and taxpayer.

The current Medium Term Financial Strategy (MTFS) covering the next three years does not specifically identify additional income from fees and charges in future years in all cases. A focus for the MTFS has been the shift in Council priorities, becoming a more commercial organisation, with a greater reliance on savings proposals being built around innovation and raising income. Some proposals identified within the MTFS may include a combination of increased efficiency and increased income generation.

To enable services to continue to be delivered in the medium to long term both alternative delivery mechanisms and revised charging strategies will need to be explored. Increases in charges may deliver additional savings or offset existing service pressures. An increase in individual fees and charges does not necessarily create additional funding beyond the current approved budget.

63 As central government funding continues to reduce, the Council is striving to become more commercial and generate income from fees and charges.

## 7. 2022/23 Income Budgets

7.1 The Council's proposed gross revenue budget for 2022/23 is £1.645bn. This budget is part funded by government grants and other income such as fees and charges to give the Council's net budget of £948.110m which is funded by formula grant and council tax. A large proportion of the income funding the Council's gross budget comes from national government in the form of specific and/or ringfenced grants.

7.2 The total gross income for the Council is shown in Table 1 below.

**Table 1: 2021/22 Gross Income and 2022/23 Proposed Gross Income**

	2021-22 Revised Budget	2022-23 Proposed Budget
	£m	£m
RSG (including returned amounts)	33.620	34.630
Top up Grant	158.100	158.100
Business Rates	44.370	57.160
Council Tax and Collection Funds	551.440	572.440
New Homes Bonus	2.420	2.470
Improved Better Care Fund	45.530	47.150
Social Care Support Grant	41.940	57.100
Capital Receipts	4.000	6.000
Services Grant	0	13.062
<b>Total level of resource</b>	<b>881.420</b>	<b>948.110</b>
Specific Grants	110.620	104.110
<b>Other Income</b>	<b>596.150</b>	<b>592.860</b>
<b>Total Gross Budget</b>	<b>1588.190</b>	<b>1645.080</b>

Other Income is broken down further in Table 2.

**Table 2: Categorisation of “Other Income”**

	2021-22 Revised Budget	2022-23 Proposed Budget
	£m	£m
Other Grants and Contributions	150.360	104.740
Fees & Charges	225.540	254.620
Internal Recharges	216.390	220.160
<b>One off use of Resources</b>	<b>3.860</b>	<b>13.340</b>
<b>Total Other Income</b>	<b>596.150</b>	<b>592.860</b>

73 The income figure shown above for fees and charges can be further categorised into income arising from fees and charges for the provision of services which can be set at the discretion of the Council (discretionary) and income where the levels are set by statute or restricted by regulations or guidance. The latter includes planning fees, which are set at a statutory level and other fees, the level of which must follow statutory guidance (for example charges for residential accommodation which are governed nationally).

74 The report, although detailing all fees and charges in Appendix 3, concentrates on discretionary income areas where there is a decision to be made by the Council on the level of charge.

## **8. 2022/23 Fees and Charges Analysis**

81 The proposed fees and charges within this report are set to generate additional funds of circa £1.5m in 2022-23. £1m of this has been factored into the MTFs as additional income generation savings within Adult Social Care. The remaining £0.5m reflects standard inflationary increases already factored into the budget. Further work on commercialisation will take place in 2022-23 and will be the subject of a further report at budget setting time for 2023-24.

82 The detailed fees and charges by service area are provided in Appendix G.1. The statutory income in Adult Services mainly relates to charges to service users that are set by individual assessments and are governed by the Care Act 2014. The rates for social care are usually published in late February or early March. The DHSC circular also determines the Personal Expenses Allowance for service users in a residential care setting, and the capital threshold that determines whether the Council is required to assist in funding a service user's care and support. Following its publication, the Council will be in a position to determine its Minimum Income Guarantee for 2022/23, and the Adult Social Care Charging and Financial Assessment Policy will be updated accordingly.

83 The majority of the remaining statutory income is in Growth, Environment and Transport. This relates to income primarily in Highways & Transport (highways

development control and New Road & Street Works Act).

84 For discretionary income, more detail on individual services is provided in Appendix G.1 The Council generates discretionary income from contracts for the provision of specific services e.g., scientific services. The main areas where the Council has discretion to agree fees and charges outside of any contract or service level agreement are:

- Car parking
- Highways Services
- Cultural services
- Music Service
- Domiciliary Care services

Please see Appendix G.1 for full detail.





Appendix G.1 - FEES AND CHARGES FOR LANCASHIRE COUNTY COUNCIL

Highways Fees and Charges 2022/23 - Discretionary charges unless stated otherwise

Summary	Legal Description	Description	Charge 2021/22	Charge 2022/23	% Change	Charged By
Note: anything permitted under a statutory provision may be charged for but if not stated in the schedule is 'at cost' or 'at agreed fee'.						
<b>LOCAL AUTHORITIES (TRANSPORT CHARGES) REGULATIONS 1998: HIGHWAYS CHARGES.</b>						
Skip permit	Consideration by a local highway authority of an application by any person for permission to deposit or cause to be deposited, a skip on any highway pursuant to section 139(1) and (2) of the 1980 Act	We check that the proposed location is safe to place a skip on the public highway and that a permit is appropriate. If approved we issue a permit for a maximum duration of 28 days.	£31.00	£33.00	6%	Per application (max 28 days)
Scaffolding, and other structures permits.	Consideration by a local highway authority of an application for a licence in writing to erect or retain on or over a highway any scaffolding or other structure, in connection with any building or demolition work or the alteration, repair, maintenance or cleaning of any building, which obstructs the highway pursuant to section 169(1) and (2) of the 1980 Act	We check that the proposed location is safe to erect scaffold/access tower or other temporary structure upon the public highway. If approved we issue a permit for a standard duration of 1 week.	£30.00	£33.00	10%	Per application (standard duration 1 week)
Permit to make an excavation in the highway or deposit materials on the highway	Consent to make a temporary excavation in a street or to temporarily deposit building materials, rubbish or other things in a street that is a highway maintainable at the public expense, and the undertaking of site inspections to monitor compliance with such consent pursuant to section 171(1), (2), (4) and (5) of the 1980 Act	We check that the proposed location is safe and that a permit is appropriate. If approved we then create and issue a permit for a maximum duration 1 month				
		Temporary excavation	£227.00	£239.00	5%	Per consent
		Building materials	£176.37	£186.00	5%	Per consent. Minimum fee. Increases depending upon number of streets.
		Minimum fee. Increases depending upon number of streets				
Consent not to erect hoarding	Consideration by a relevant authority of an application for consent for the obligation to erect a hoarding or fence in accordance with section 172(1) of the 1980 Act to be dispensed with pursuant to subsection (2) of that section	Hoarding is a legal requirement for works on or adjoining the highway. In certain circumstances, this requirement may be waived. This fee is for verification that hoarding is not required for works on or adjoining the highway.	£30.50	£32.00	5%	Per consent
Hoarding inspection	Anything done by a relevant authority in connection with site inspections to monitor compliance with duties imposed by section 172(3) and by section 173(1) of the 1980 Act on a person who has erected a hoarding or fence.	Where, hoarding is erected Lancashire County Council may impose requirements for the hoarding (for example, being securely fixed). This fee is for each inspections to ensure that conditions imposed by Lancashire County Council are complied with.	£33.00	£35.00	6%	Per inspection

Construction of cellars under street	Consideration by a relevant authority of an application for consent under section 179(1) of the 1980 Act to which that section applies under any part of any street	Consideration for permission to construct a cellar or vault beneath the structural layers of the highway (adjoining and having access to)  We will provide permission to excavate within the highway and will undertake appropriate inspection in relation to reinstatement of the highway structure	At cost	At cost	N/A	Per application
Construction of opening into cellar	Consideration by a relevant authority of an application for consent to make an opening in the footway of a street as an entrance to a cellar or vault there under pursuant to section 180(1) of the 1980 Act	Permission to construct an opening (with suitable cover) within the structural layer of the highway giving access to an existing cellar or other underlying structure. We will undertake appropriate inspection in relation to reinstatement of the highway structure and will approve the make/type of cover used over the new opening.	At cost	At cost	N/A	Per application
Construction of lights into cellar	Consideration by a relevant authority of an application for consent to carry out any works in a street to provide means for the admission of light to premises situated under, or abutting on, the street pursuant to section 180(2) of the 1980 Act	Consideration for permission to construct within the structural layer of the highway an opening for the purpose of admitting light or air to premises adjoining or beneath the highway. We will provide permission to excavate within the highway, will undertake appropriate inspection in relation to reinstatement of the highway structure and will approve make/type of cover used over the new opening.	At cost	At cost	N/A	Per application
Vehicle crossings	Vehicular crossings of footways and verges [HA 1980 s184]	Fee for site assessment for approval of vehicular crossing.  Crossing construction to be carried out by contractor on an LCC approved list directly quoted by them	At cost	Fee for vehicle crossing assessment £220  Fee for unapproved vehicle crossing £110 (£110 refund of original assessment fee)  Fee for vehicle crossing delivered by LCC as part of a planned footway	N/A	Per application Or costs can be shared by adjacent applicants where the overall width of a joint crossing does not exceed 6m and the combined crossing will be constructed by one approved contractor in a single operation.
Clearance of accident debris	Anything done by a local highway authority in connection with the clearance of accident debris pursuant to sections 41 and 130 of the 1980 Act in respect of accidents occurring on or after 1 <sup>st</sup> April	Clear and removal of debris from footway or carriageway following a road traffic incident or act of vandalism.	At cost	At cost	N/A	Per site
Permit / exclusion from an existing waiting (or similar) restriction	Consideration by a local traffic authority of an application pursuant to any provision contained in an order under section 1, 6, 9 or 14 of the 1984 Act for an exemption from any prohibition or restriction imposed by the order on the stopping, parking, waiting, loading or unloading of vehicles on a road	Permission for a vehicle to wait on a waiting restriction, or wait for longer than permitted where waiting time is limited. The vehicle must be essential for the works being undertaken where there is no alternative parking facility.	At cost	At cost	N/A	Per permit / exclusion

**LOCAL AUTHORITIES (TRANSPORT CHARGES) REGULATIONS 1998: TRAFFIC REGULATION**

Request to permanently revoke parking place.	Anything done by a local traffic authority in consequence of a request to revoke or amend an order under section 6, 32(1)(b) or 45 of the 1984 Act so that a particular length of road may cease to be a place where vehicles may be parked in accordance with the order	<p>Section 32: Revocation of free parking place on a road (disabled bays, taxi bays etc.).</p> <p>Section 45: Revocation of paid parking place (such as pay and display bays).</p> <p>Where captured by s.278 agreement</p> <p>Consideration resulting in refusal</p>	<p>No Charge</p> <p>Included in S278 calculation</p> <p>At Cost</p>	<p>No Charge</p> <p>Included in S278 calculation</p> <p>At Cost</p>	<p>N/A</p> <p>N/A</p> <p>N/A</p>	<p>Included in s.278 calculation</p> <p>Per request</p>
Request to permanently vary an order to create an exemption from a waiting (or similar) order	Anything done by a local traffic authority in connection with or in consequence of a request to vary an order under section 1, 6, 9 or 14 of the 1984 Act so as to create an exemption or exclusion from a prohibition or restriction imposed by the order on the stopping, parking, waiting, loading or unloading of vehicles on a road	<p>Consideration to vary the articles of an order to provide a permanent exemption for a specific use.</p> <p>For example, allowing a certain class of vehicle to wait or load in an area where waiting is prohibited.</p>	At Cost	At Cost	N/A	Per request
Temporary Traffic Regulation order or temporary road closures  (including weight restriction)	Anything done by a local traffic authority in connection with or in consequence of the making of an order under section 14(1), or the giving of a notice under section 14(2), of the 1984 Act for the reason mentioned in section 14(1)(a)	Road closures, one way traffic or weight restrictions that are needed normally to assist works proposed or being undertaken on or near to the highway. Temporary weight restrictions are needed for bridges or other structures that are found to be weak.				

orders)		S. 14(1) Temporary order	£585.00	£614.00	5%	Per order
			plus advertising costs	plus advertising costs		
		S. 14(1) Extension of temporary order by a further order	£574.00	£602.00	5%	Per extension
			plus advertising costs	plus advertising costs		
		S. 14(1) Extension of temporary order at the direction of the Secretary of State	£60.00	£63.00	5%	Per extension
		S. 14(2) Notice (emergency only)	£585.00	£614.00	5%	Per order
	plus advertising costs	plus advertising costs				
		Other consequences of s. 14(1) or s. 14(2)	At costs	At costs	N/A	
Road closures for events.	Anything done by a local traffic authority in connection with or in	Road closures that are essential to allow sporting, social or	£585.00	£614.00	5%	Per order
				plus advertising costs	plus advertising costs	
Temporary suspension of the use of a parking place	Anything done by a local authority in connection with or in consequence of a request to the authority, the chief officer of police or any other person specified by or under an order made under section 49(4) of the 1984 Act to suspend the use of a parking place or any part of it.	Consideration for suspending a parking place (such as pay and display bay, resident permits bay or similar) so that vehicles can park there to undertake works or to ensure access by preventing other vehicles from parking there.				
		Resulting in suspension of a parking place	£25.00	£25.00	0%	Per space
		Resulting in refusal	At cost	At cost	N/A	Per space
Direction signs	Consideration by a local traffic authority of a request that under Section 65(1) of the 1984 Act, it cause or permit a traffic sign	Direction signs to premises (excluding tourism signing).				
		• Consideration resulting in refusal on policy or traffic and safety grounds.	Nil	Nil	N/A	Per request
		• Consideration and provision of cost estimates (including applications that are subsequently not proceeded with).	£123.50	£130.00	5%	Per request
		Temporary signs to housing sites. We assess the suitability and provide approval for directional signing to be placed on the highway network to aid drivers on a pre-arranged journey and avoid unnecessary congestion or vehicle movements on the highway network.				
		• Fixed fee	£178.00	£187.00	5%	Per request
		• Per sign	£52.00	£55.00	6%	Per sign
		• Subsequent request for signs at the same location	£57.00	£60.00	5%	Per request
Assess the need for tourism signing based upon Lancashire County Council Policy documents we assess requests to install directional signing to aid drivers on a pre-arranged journey.	£125.00	£131.00	5%	Per request. Note – fee is for assessment only. Total cost of manufacture and erection of signing is also charged to applicant.		

		Provision of H-Bar at private drive. We provide lining measures to highlight the presence of a	£171.00	£179.00	5%	Per request
		Provision of temporary bus stop				
		• Cover existing stop and placement of temporary stop for	£89.00	£93.00	4%	Per stop
		• Removal of existing pole and flag to store for the duration	£168.00	£176.00	5%	Per stop
		• Temporary relocation of the existing bus stop at new	£315.00	£330.00	5%	Per stop
		Request to cause and permit any other traffic signs. We assess the implications of the request with reference to County Policy and National standards and carry out a site visit to consider the impact and most suitable location for the	£123.00	£129.00	5%	Per request
Installation of a traffic sign by Lancashire County Council.	The placing by a local traffic authority of a traffic sign pursuant to section 65(1) of the 1984 Act in accordance with a request of the kind referred to in the preceding paragraph	Installation of a permanent traffic sign (above) by Lancashire County Council	Costs based upon size and number of signs	Costs based upon size and number of signs	N/A	Per sign

**CHARGES UNDER HIGHWAYS ACT 1980**

Permits to place objects in a highway	S.115E, F and H Charges for permission to place objects and structures on certain parts of the highway.					
	• Advertising kiosks / rotundas / banners	Requests by third parties to permit advertising kiosks / rotundas / banners to be placed on the adopted highway for	£85.00	£89.00	5%	Per request (annual fee)
	• Ramps	Requests by third parties to construct a ramp on the highway to allow wheelchair users to access their buildings. We first exhaust all possibilities for internal building alterations to take place to allow wheel chair access. We then assess the practicality of providing	£380.00	£399.00	5%	Per request (annual fee)
	• Others		At Cost	At cost	N/A	Per request
Stopping up or diversion of the highway	S.116/117 stopping up or diversion of highway by application to court.	In certain circumstances areas of highway are considered no longer necessary for public use. An application is received, usually from an adjacent resident or business asking Lancashire County Council to apply to court to stop up the highway. The quoted charges are those which are payable in advance for a process terminated at the relevant stage, irrespective of the outcome. Complex procedures or multiple orders may attract a higher fee.				
		• After preliminary consultation and investigation by	£444.00	£466.00	5%	
		• After formal consultations and legal work by Head of Legal Services before application to Magistrates Court.	£1,127.00	£1,182.00	5%	

		• Following Magistrates Court decision	£2,301.00	£2,414.00	5%	
			Plus court fees	Plus court fees		Plus court fees
Licence to plant in a highway	S.142 Granting of licence to plant and maintain, or to retain and maintain trees, shrubs, plants or grass in a part of the highway.	Permission to provide, plant and maintain Granting of licence is subject to approval of type, size and growth rate of item to be planted and agreement of location. We will prepare and issue licence, including provision of location plan.	£56.00	£59.00	5%	Per licence
	S.142 Annual charge for administering a licence for planting	Annual renewal of permission and issue of licence relating to planting within the public highway. Authorise renewed licence to be issued.	£32.00	£34.00	5%	Per licence
License to construct buildings over the highway	S.177 Licence to construct over highway	Requests by third parties to construct over the public highway, such as projections, balconies or other structures. We will check the area to ensure it is adopted highway, will consider size and nature of item to be placed / constructed over highway and, assess any associated sight line or obstruction issues. We will prepare associated legal documentation and issue licence where considered appropriate.	At Cost	At cost	N/A	Per licence
Gating Order	S.129A-G Making of a Gating Order	Undertake all the legal processes, advertisements to make and seal a gating order. We will: Advise and assist in the identification or suitability of streets for a gating order. Prepare the legal documentation for the formal advertisement processes. Deal and respond to any consultations and enquiries from the public that result. Prepare report on objections or obtain Authority to make the order. Finalise order for sealing.	At Cost	At cost	N/A	Per order

**ENVIRONMENTAL INFORMATION REGULATIONS 2004**

Provision of Accident information	Provision of Accident information	Provision of traffic accident information held by Lancashire County Council				
		Personal requests	Free of charge	Free of charge	N/A	Per site
		For commercial organisations	£48.50	£48.50	0%	Per site

**HIGHWAY SEARCHES AND INFORMATION**

CON29 Official search	Response to a question by district council direct to county council (not inspecting in person)  Charges for second or subsequent questions are waived.	"QUESTION" means the first of any of Questions 2, 3.1, 3.2, 3.3 3.4, 3.5, 3.6, 3.7, 3.11, 4, 5.1, 5.2, 7, 19, 22.1, or 22.2 from a Form CON29 (2007) or a question in similar terms where the information is required in respect of a specified area of land. The response shall include informatives.  This involves reviewing geographical information to provide responses to CON29 form questions submitted by a district council.	£15.50	£16.00	3%	Per search
CON29 Personal search	Response to a question by district council direct to county council (not inspecting in person)  Charges for second or subsequent questions are waived.	"QUESTION" means the first of any of Questions 2, 3.1, 3.2, 3.3 3.4, 3.5, 3.6, 3.7, 3.11, 4, 5.1, 5.2, 7, 19, 22.1, or 22.2 from a Form CON29 (2007) or a question in similar terms where the information is required in respect of a specified area of land. The response shall include informatives.  This involves reviewing geographical information to provide responses to CON29 form questions submitted by a district council.	£15.50	£16.00	3%	Per search
Highway adoption status enquiry - written response	Response to enquiry in respect of highway adoption status with written description (without provision of plan).  Providing greater detail than q2 on the CON 29 form	Providing written confirmation as to the extent of highway adoption in response to a request from any interested party.	£15.50	£16.00	3%	Per request
Highway adoption status enquiry - plan	Response to enquiry in respect of highway adoption status with provision of plan.  Providing greater detail than q2 on the CON 29 form	Providing written confirmation as to the extent of highway adoption in response to a request from any interested party.	£15.50	£16.00	3%	Per request
Highway adoption status enquiry - written response and plan	Response to enquiry in respect of highway adoption status with provision of plan and written description.  Providing greater detail than q2 on the con 29 form	As above, but with written description and plan.	£41.50	£44.00	6%	Per request
	Provision of Environmental Information (applicant not in person) where information can be made available under the Regulations other than a response to "questions" or "enquiries" (as defined or referred to above)	Other Environmental Information	At reasonable cost	At reasonable cost	N/A	

Provision of Environmental Information (Applicant accessing public registers or examining the information at a place made available for the examination)	Applicant would need to assess at his own risk the applicability of the information to a particular area of land.	No Charge	No Charge	N/A	
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**LOCAL AUTHORITIES (ENGLAND)(CHARGES FOR PROPERTY SEARCHES) REGULATIONS 2008( Response to enquiries about a property)**

It is the view of the County Council that these Regulations have a very limited application. The estimates and amount of unit charge together with costs incurred in providing information under these Regulations are regarded to be NIL. Information provided in response to enquiries on form CON29 is considered to be environmental information provided under the Environmental Information Regulations. See below.

**CHARGES UNDER HIGHWAYS ACT 1980 – SECTION 38**

S38 administration and supervision fee	S38 administration and supervision fee,  (Percentage of estimated cost of roadworks, subject to minimum fee)	Requests from developers for the Highway Authority to adopt the roads within a development as highways maintainable at public expense on satisfactory completion and maintenance.  Fees include for : <ul style="list-style-type: none"> <li>inspection and approval of key stages of completion of road</li> <li>support in overcoming unplanned site constraints</li> <li>liaison with specialist street lighting and structural design teams</li> <li>advice and support</li> </ul>	7% £2,330  Minimum fee. Plus approval and inspection for highway retaining structures and property retaining structures, which are charged at cost	7% £2,330  Minimum fee. Plus approval and inspection for highway retaining structures and property retaining structures, which are charged at cost	N/A	Per agreement
Extension of s38 agreement	Supplementary charge for extension of s38 agreement	Extension of time to that specified in the original agreement. Fees include for: <ul style="list-style-type: none"> <li>inspection and approval of key stages of completion of road</li> <li>support in overcoming unplanned site constraints and other issues preventing final adoption</li> <li>liaison with specialist street lighting and structural design teams</li> <li>assessment and valuing of works</li> <li>completions and bond reductions</li> <li>advice and support</li> </ul>	2% of outstanding default costs for 1st extension of up to one year.  5% of outstanding default costs after the 1st extension + Approval and inspection for highway retaining structures and property retaining structures, which are charged at cost	2% of outstanding default costs for 1st extension of up to one year.  5% of outstanding default costs after the 1st extension + Approval and inspection for highway retaining structures and property retaining structures, which are charged at cost	N/A	Per agreement

Rates use to calculate the Highway Authority's Bond requirements for completing the roadworks specified in the agreement in the event of default by the applicant.



<p>Rate per linear metre for estimating s38 agreement roadworks costs.</p>	<p>Rate per linear metre for estimating s38 agreement roadworks costs.</p>	<p>£908 Per Linear metre</p>	<p>£908 Per Linear metre</p>	<p>N/A</p>	<p>This element includes for construction materials and staff time in measuring, calculating and constructing the road as follows:</p> <ul style="list-style-type: none"> <li>total areas to be constructed,</li> </ul> <p>including verges and planting areas, footways, carriageways</p> <ul style="list-style-type: none"> <li>individual items in the highway including street lighting, drainage, gullies and gully connections, signing and road markings and other street furniture</li> </ul> <p>Works costs depend on the current costs to LCC of using our in-house contractor to finish any incomplete works to an appropriate standard.</p>
<p>Administration, design and management fee for approval and consultations for traffic calming schemes on s38 sites</p>	<p>Administration, design and management fee for approval and consultations for traffic calming schemes on s38 sites.</p>	<p>2% Plus disbursements e.g. advertising costs Maximum fee £840.00</p>	<p>2% Plus disbursements e.g. advertising costs Maximum fee £840.00</p>	<p>N/A</p>	<p>Administration, design and management fee for approval and consultations for traffic calming schemes on s38 sites (percentage of estimated roadworks costs extra over the administration and inspection fee)</p>
<p>Provision of street lighting design to developer.</p>	<p>Provision of street lighting design service to developer.</p>	<p>At Cost</p>	<p>At Cost</p>	<p>N/A</p>	<p>Site with 5 columns or less. Per site service</p>
		<p>£93.50</p>	<p>£98.00</p>	<p>5%</p>	<p>Each additional column</p>

**COMMUTED SUMS FOR FUTURE MAINTENANCE – SECTION 38 AGREEMENTS**

Soakaway	Maintenance of a soakaway	The commuted sum allows for future maintenance and repairs over 20 years for the facility.	Site specific calculation	Site specific calculation	N/A	Per item
Other sustainable drainage systems (including filter drains)	Maintenance of other sustainable drainage systems (including filter drains)	The commuted sum allows for future maintenance and repairs over 20 years for the facility.	Site specific calculation	Site specific calculation	N/A	Per site
Diverted culverted watercourses	Maintenance of a diverted culverted watercourses – road crossing or longitudinal up to 20m length	The commuted sum allows for future maintenance and repairs based upon County Surveyors Society guidance	Site specific calculation	Site specific calculation	N/A	
Culvert debris screen	Maintenance of a culvert debris screen	A debris screen (also called a 'trash screen') prevents debris such as branches, leaves and litter entering a culvert (drain pipe) and blocking it so as to reduce capacity for water to drain through it. Screens need to be cleared of debris on a routine basis and after every heavy rainfall event. This facility would only be required as a consequence of the	Site specific calculation	Site specific calculation	N/A	Per item

		development and would not benefit general road users. The commuted sum allows for future maintenance and repairs over 20 years for the facility.				
Petrol and spillage interceptors	Maintenance of petrol and spillage interceptors	Interceptors prevent water contaminated by oil and/or other harmful substances from entering a watercourse or culvert and then damaging the natural environment. Interceptors need cleaning out on a regular basis to prevent a build-up of harmful substances. This facility would only be required as a consequence of the development and would not benefit general road users. The commuted sum allows for future maintenance and repairs over 20 years for the facility.	Site specific calculation	Site specific calculation	N/A	Per item
Highways structures	Maintenance of highways structures	Highway structures can include bridges, retaining walls and any other structure in, on, under or adjacent to the highway.  This facility would only be required as a consequence of the development and would not benefit general road users. The commuted sum allows for future maintenance and repairs over 120 years for the facility and renewal of the structure at the end of that period.	Site specific calculation	Site specific calculation	N/A	Per structure

Road lighting (non-standard but acceptable material specifications)	Maintenance of road lighting (non-standard but acceptable material specifications)	Decorative lighting columns and fixtures can add to the aesthetic appeal of a new road scheme. Non-standard installations can overcome difficult design constraints. Such treatments would only be required as a consequence of the development and would not benefit general road users. The commuted sum allows for future maintenance and repairs over 30 years for the facility.	Site specific calculation	Site specific calculation	N/A	
Highway verge (excluding service strip)	Maintenance of a highway verge (excluding service strip)	Verges wider than a standard 2.0m strip can be provided to overcome design constraints or to aesthetically enhance a new road layout. This facility would only be required as a consequence of the development and would not benefit general road users. The commuted sum allows for future maintenance (usually understood as grass mowing) and any repairs which become necessary over 60 years.	£30.00	£30.00	0%	per square metre
Highway trees	Maintenance of highway trees	The commuted sum allows for future maintenance (including tending the growing tree to maturity, replacing a diseased or dying specimen) and any pruning, lopping etc. which might become necessary over 20 years.	Tree specific calculation	Tree specific calculation	N/A	
Traffic management measures including street furniture, bollards etc.	Maintenance of traffic management measures including street furniture, bollards etc.	Traffic management measures of this type would normally be discouraged and the developer asked to build safety features into the layout of the new road. Such treatments	Site specific calculation	Site specific calculation	N/A	
		would only be required as a consequence of the development and would not benefit general road users. The commuted sum allows for future maintenance and repairs over 30 years for the facility.				
Enhanced paving materials	Maintenance of enhanced paving materials	Decorative paving materials can add to the aesthetic appeal of a new road but are typically more expensive to repair or replace than standard materials used by the County Council. Such treatments would only be required as a consequence of the development and would not benefit general road users. The commuted sum allows for future maintenance and repairs over 60 years for the facility.	Site specific calculation	Site specific calculation	N/A	

Other matters not specified in table but necessitated by site circumstances	Maintenance of other matters not specified in table but necessitated by site circumstances	Such treatments would only be required as a consequence of the development and would not benefit general road users. The commuted sum allows for estimated future maintenance and repairs over the life of the asset.	Site specific calculation	Site specific calculation	N/A	
<b>CHARGES FOR WORKS AUTHORISED BY HIGHWAYS ACT 1980 – SECTION 278</b>						
Works on existing highway to facilitate implementation of development or agreed to be of benefit to the public	An agreement for the execution by the authority of any works incorporating particular modifications, additions or features, or at a particular time or in a particular manner, on terms that that person	Schemes up to £10,000	Legal fee: £750.00 Admin fee: £750.00 Works: At cost	Legal fee: £750.00 Admin fee: £750.00 Works: At cost	N/A	
	pays the whole or such part of the cost of the works as may be specified in or determined in accordance with the agreement  for the execution by the authority of any works incorporating particular modifications, additions or features, or at a particular time or in a particular	Schemes £10,000 – £100,000	Legal fee: £1,250 Admin fee: £1,250 Works: At cost	Legal fee: £1,250 Admin fee: £1,250 Works: At cost	N/A	
		Schemes over £100,000	Legal fee: £1,750 Admin fee: £1,750 Works: At cost	Legal fee: £1,750 Admin fee: £1,750 Works: At cost	N/A	
Minor Works	Minor works to facilitate implementation of approved development not requiring an agreement to be drafted by the Lancashire County Council Legal team.		At cost	At cost	N/A	
<b>CHARGES UNDER LOCAL AUTHORITIES (RECOVERY OF COSTS FOR PUBLIC PATH ORDERS) REGULATIONS 1993</b>						
Creation, stopping up or diversion of footpath or bridleway	S.26/118/118A/118B/119/119A-E creation, stopping up or diversion of footpath or bridleway (and Town And Country Planning Act s257/261)	Changing the route or particulars (such as width) of a public right of way in the interests of the landowners or in the interests of the public (Highways Act 1980) or to allow development (Town and Country Planning Act 1990).  Complex procedures or multiple orders may attract a higher fee.	£2,352.00	£2,467.00	5%	
<b>CHARGES FOR ON-STREET PARKING</b>						
Charges for on-street parking in Preston and Lancaster		Policy is to maintain parity with District's car parking charges to help avoid congestion in the City centres	Preston: £1.40 for 1 hour Lancaster: £1.40 for 1 hour £2.30 for 2 hours	Preston: £1.40 for 1 hour Lancaster: £1.40 for 1 hour £2.30 for 2 hours	0% 0% 0%	Meter per hour

Charges under the New Roads and Street Works Act						
Street Lighting Column Testing	Consideration by a relevant authority of an application to attach at item to a street lighting column in pursuant to section 50, schedule 3 of the New Roads and Street Works Act	All lighting columns over 7 years of age need to be tested so their condition can be assessed prior to the attachment of an approved item by a third party. This fee is applicable where the county council arranges this on behalf of the applicant. Where the applicant arranges their own GN22 approved column test and supplies the test result to the county council, then no charges are applicable. Where a column test indicates that a re-test is not required for 'x' years, no further testing fees will be charged during this period.	£55	£55	0%	per column
Attachment of Third Party CC	Consideration by a relevant authority of an application to attach at item to a street lighting column in pursuant to section 50, schedule 3 of the New Roads and Street Works Act	Licence fee chargeable for carrying out all necessary tests / checks in order to issue a licence. Licence valid for up to 30 months.	£65	£65	0%	per licence / column
Attachment of Third Party 5G	Consideration by a relevant authority of an application to attach at item to a street lighting column in pursuant to section 50, schedule 3 of the New Roads and Street Works Act	Licence fee chargeable for carrying out all necessary tests / checks in order to issue a licence. Licence valid initially for 12 months.	£150	£150	0%	per licence / column
Section 50 licence	Considering, processing and inspection associated with granting a licence under section 50 of NRSWA	Processing the application	£112	£112	0%	per item
		For each additional street	£42	£42	0%	per item
		Ongoing administration costs	£176	£176	0%	per item
		Inspection fees for works taking 10 days or less	£150	£150	0%	per item
		Inspection fees for works taking 11 days or more	£300	£300	0%	per item

End of Highways

CULTURAL SERVICES - FEES & CHARGES SCHEDULE		Type (Discretionary/ Statutory)	2021/22 Current Charge	2022/23 Proposed Charge	Change	Charged by
<b>Libraries Service</b>						
Book Loan	Book Loan	Statutory Service	Nil	Nil	N/A	
Reservation Fee		Discretionary	75p per item some interlibrary loans are £16.35 per item	75p per item some interlibrary loans are £16.35 per item	0.0%	per item
Fines for Late returns		Discretionary	20p per item per day up to a maximum of £7	20p per item per day up to a maximum of £7	0.0%	per item
DVD Loans		Discretionary	Ordinary DVD £1 per week, U classification 50p per week	Ordinary DVD £1 per week, U classification 50p per week	0.0%	per item
Music CD Loans		Discretionary	50p per week with reservation charge of 75p (no reservation charges for audio visual items)	50p per week	0.0%	per item
Charges for craft activities		Discretionary	£1 per child and a maximum of £2 per family per activity	No charges		
Spoken word recordings loans		Discretionary	£1 per 3 week loan; fine of 20p per day up to a maximum of £7 per item for late returns	£1 per 3 week loan; fine of 20p per day up to a maximum of £7 per item for late returns	0.0%	per item
Drama and Music Performance Sets	Drama	Discretionary	£10 per set for 6 months and £5 renewal	£10 per set for 6 months and £5 renewal	0.0%	per item
Drama and Music Performance Sets - 6 months loan period	Music	Discretionary	Vocal scores £30 for 40 copies for 6 months and £1 per additional copy and £15 renewal . Shorter vocal scores £10 for up to 40 shorter vocal scores of same title and £5 renewal	Vocal scores £30 for 40 copies for 6 months and £1 per additional copy and £15 renewal.Shorter vocal scores £10 for up to 40 shorter vocal scores of same title and £5 renewal	0.0%	per item
	Orchestral - Over 40 mins.	Discretionary	Charge by Performance length: Over 40 mins. £40 and £20 renewal.	Charge by Performance length: Over 40 mins. £40 and £20 renewal.	0.0%	per item
	Orchestral - Between 20 and 40 mins.	Discretionary	Charge by Performance length: Between 20 and 40 mins. £30 and £15 renewal	Charge by Performance length: Between 20 and 40 mins. £30 and £15 renewal	0.0%	per item
	Orchestral -Under 20 mins.	Discretionary	Charge by Performance length: Under 20 mins. £20 and £10 renewal	Charge by Performance length: Under 20 mins. £20 and £10 renewal	0.0%	per item
Printing and Copying - Black and White	A4 per sheet	Discretionary	15p	15p	0.0%	per item
	A3 per sheet	Discretionary	25p	25p	0.0%	per item
Printing and Copying - Colour	A4 per sheet	Discretionary	50p	50p	0.0%	per item
	A3 per sheet	Discretionary	75p	75p	0.0%	per item
Printing and Copying - From Microfilm	Per sheet (various)	Discretionary	20p	20p	0.0%	per item
Compensation for lost books		Discretionary	According to the value of book	According to the value of book	0.0%	per item

Sales	Workbooks, posters, old stock etc.	Discretionary	£1.00 each (though a percentage of this is paid back to the company)	£1.00 each (though a percentage of this is paid back to the company) may increase to £2 per item but this will be determined by the provider	0.0%	per item
<b>Museums Service</b>						
Admission Charge (Clitheroe Castle Museum)		Discretionary	Adults £4.70, Concessions £3.60, Children 18 and under free, Carers free	Adults £4.70, Concessions £3.60, Children 18 and under free, Carers free. Family Xplorer £20	0.0%	per item
Admission Charge (Gawthorpe Hall)		Discretionary	Adults £6, Concessions £4, Children under 16 free, National Trust members free, Carers free	Adults £6, Concessions £4, Children under 16 free, National Trust members free, Carers free. Family Xplorer £20	0.0%	per item
Admission Charge (Judges' Lodgings)		Discretionary	Adults £3, Concessions £2, Children 16 and under free, Carers free	Adults £3, Concessions £2, Children 16 and under free, Carers free. Family Xplorer £20	0.0%	per item
Admission Charge (Lancaster Castle)		Discretionary	Adults £8, Concessions £6.50, Families £20, Children free, Carers free	Adults £8, Concessions £6.50, Families £20, Children free, Carers free	0.0%	per item
Admission Charge (Helmshore Mills Textile Museum)		Discretionary	Adults £4, Concessions £3, Children 16 and under free, Carers free	Adults £4, Concessions £3, Children 16 and under free, Carers free. Family Xplorer £20 (proposed). Offer half price entry for two months in May and June 2022 for National Trust members at Helmshore and Queen Street Mills	0.0%	per item
Admission Charge (Queen Street Textile Museum)		Discretionary	Adults £3, Concessions £2, Children 16 and under free, Carers free	Adults £3, Concessions £2, Children 16 and under free, Carers free. Family Xplorer £20 (proposed). Offer half price entry for two months in May and June 2022 for National Trust members at Helmshore and Queen Street Mills	0.0%	per item
Sale of café food and drink (Helmshore Mills and Queen Street Mill only)		Discretionary	Items individually priced	Items individually priced £1.25 for bottle of water to £6.50	0.0%	per item
Sale of Goods including guidebooks and souvenirs (all sites)		Discretionary	Items individually priced	Items individually priced range from 0.25p to £60. General model is General model is double plus VAT.	0.0%	per item
Other fees & charges for events and miscellaneous income (all sites)		Discretionary	Various. These varies depending upon a number of factors; for example a family craft activity covering cost of materials and small profit at £2, to a theatre performance where how much a theatre company will charge us to put on a performance – the ticket price is worked out on their charge + staff costs + estimate of other costs (lighting, etc) + a reasonable small profit	Events and items individually priced range from 0.50p to £35	0.0%	per item

Archive Service						
<b>Access to Archives in Person</b>		Statutory	Nil	Nil	0.0%	per item
<b>Copying services ordered in person in SR</b>	A4/A3 b&w copies of archives	Discretionary	£1 per sheet	£1 per sheet	0.0%	per item
	OS sheets	Discretionary	£7.50 per sheet	£7.50 per sheet	0.0%	per item
	Self-service printout of microform	Discretionary	80p per sheet	80p per sheet	0.0%	per item
<b>Copying services ordered remotely</b>	probate records	Discretionary	£10 per record	£10 per record	0.0%	per item
	QSP and ARR11	Discretionary	£7.50 per document	£7.50 per document	0.0%	per item
	PLA11 and hospital reception orders	Discretionary	£12.50 per record	£12.50 per record	0.0%	per item
	vehicle licensing	Discretionary	£20.00	£20.00	0.0%	per item
	other copies	Discretionary	£7.50 for 1st page and £1 per page thereafter	£7.50 for 1st page and £1 per page thereafter	0.0%	per item
	audio recording	Discretionary	£25.00	£25.00	0.0%	per item
<b>Facility fee for Photography</b>	single image	Discretionary	£5.00	£5.00	0.0%	per item
1 voucher is valid for unlimited images in a single day	1 voucher	Discretionary	£10.00	£10.00	0.0%	per item
	5 vouchers	Discretionary	£40.00	£40.00	0.0%	per item
	10 vouchers	Discretionary	£70.00	£70.00	0.0%	per item
	20 vouchers	Discretionary	£120.00	£120.00	0.0%	per item
Group Permit for Named Project Members	1 year	Discretionary	£150.00	£150.00	0.0%	per item
<b>Certified Copies</b>						
Certification	of facsimile copy of documents by professional archivist	Discretionary	£20 per page/image	£20 per page/image	0.0%	per item
	of customer transcription	Discretionary	£20 per 100 words	£20 per 100 words	0.0%	per item
Church of England Baptism Certificate	Entry located by customer	Statutory	£15.00*	£16.00	6.6%	per item
(*fees set by the Church of England and reviewed annually)	Entry searched for by staff	Statutory	£31.00*	£32.00	3.2%	per item
<b>Professional fees and charges</b>	Research in closed records	Discretionary	£40.00+ VAT per hour	£40.00+ VAT per hour	0.0%	per item
	Archive conservation work	Discretionary	£40.00+ VAT per hour	£40.00+ VAT per hour	0.0%	per item
	Group visits (daytime)	Discretionary	£40.00+ VAT per hour	£40.00+ VAT per hour	0.0%	per item
	Group visits (evening or weekend)	Discretionary	£60.00+ VAT per hour	£60.00+ VAT per hour	0.0%	per item
	External talks	Discretionary	£60.00+ VAT per hour plus travel expenses	£60.00+ VAT per hour plus travel expenses	0.0%	per item
	Training sessions	Discretionary	£200+ VAT per half day	£200+ VAT per half day	0.0%	per item
	Professional consultation fee for heritage projects, conservation and management advice	Discretionary	£40+VAT per hour	£40+VAT per hour	0.0%	per item
<b>Other services</b>	Inclusion on list of record agents	Discretionary	£55 per year	£55 per year	0.0%	per item
	replacement of lost and stolen Archives Card	Discretionary	£5.00	£5.00	0.0%	per item
<b>Reproduction of Images for Publication</b>	Use of a Lancashire image in printed material	Discretionary	See appended table for details	See appended table for details	0.0%	per item
	Use of a Lancashire image in TV/film/DVD	Discretionary	See appended table for details	See appended table for details	0.0%	per item
	Fees for filming on location	Discretionary	See appended table for details	See appended table for details	0.0%	per item
	Displaying a Lancashire image	Discretionary	See appended table for details	See appended table for details	0.0%	per item
	Use of a Lancashire image in the internet	Discretionary	See appended table for details	See appended table for details	0.0%	per item



<b>Conservation &amp; Collections Team</b>						
Deposition of Archaeological Archives		Discretionary	£360.00	£360.00	0.0%	per item
Deposition of Archaeological material per box		Discretionary	£100.00	£100.00	0.0%	per item
Specialist Professional Services		Discretionary	£30 - £40 per hour Dependant on Service Requested	£30 - £45 per hour Dependant on Service Requested	12.0%	per item
Guided Tour of Lancs. Conservation Studio		Discretionary	£7.50 per person	Adult £8.50 Concessions £6.50	13.3% for Adults. Concessions new fee	per item
Training Delivery		Discretionary	£390 1/2 day - £675. Full day	£390 1/2 day - £675. Full day	0.0%	per item
Specialist Room Hire (income goes to FM)		Discretionary	£175 full day	£175 full day	0.0%	per item
Equipment hire Various		Discretionary	£22.50 - £180	£22.50 - £180.00	0.0%	per item
<b>School Library Service</b>						
<b>Annual Subscriptions</b>						
Primary and Special Schools	Premium Plus	Discretionary	£1,158 plus £3 per pupil	£1,158 plus £3 per pupil	0.0%	per item
	Premium	Discretionary	£1,070 plus £3 per pupil	£1,070 plus £3 per pupil	0.0%	per item
	Basic	Discretionary	£1,070.00	£1,070.00	0.0%	per item
<b>Nursery and Childrens' Centres</b>	Premium	Discretionary	£1,070.00	£1,070.00	0.0%	per item
	Basic	Discretionary	£749.00	£749.00	0.0%	per item
<b>Reading Clubs</b>						
Fantastic Book Awards for KS2 pupils	Subscribing schools	Discretionary	£120.00	£120.00	0.0%	per item
	Non-subscribing schools	Discretionary	£180.00	£180.00	0.0%	per item
Brilliant Book award for KS1 pupils	Subscribing schools	Discretionary	No charge	£90.00	New charge	per item
	Non-subscribing schools	Discretionary	£120.00	£120.00	0.0%	per item
<b>Additional Reading &amp; Learning Resources</b>						
Curriculum boxes	Subscribing schools	Discretionary	£45.00	£50.00	11.0%	per item
Booster stock for school libraries	Subscribing schools	Discretionary	£3 per book	£3 per book	0.0%	per item
Consultancy/library advice support One hour/half day/full day	Subscribing schools	Discretionary	From £150-£400	From £150-£400	0.0%	per item
Pupil Workshop sessions One hour/half day/full day	Subscribing & non subscribing schools	Discretionary	From £150- £300	From £150- £300	0.0%	per item

Heritage Learning							
Site Visit -Lancashire County Schools		Discretionary	£2.50 per pupil	£2.50 per pupil	0.0%	per item	
Site Visit -Non Lancashire County Schools		Discretionary	£3:00 per pupil	£3:00 per pupil	0.0%	per item	
Outreach Visit-Lancashire County Council Schools		Discretionary	£95.00 half day session	£95.00 half day session	0.0%	per item	
Outreach visits- Non Lancashire County Schools	Dependent on Heritage Learning Team Receiving Schools Funding	Discretionary	£150 Full day Visit	£150 Full day Visit	0.0%	per item	
Loans Service		Discretionary	Calculation based on geographical location	Calculation based on geographical location	0.0%	per item	
		Discretionary	£50 one loan	£50 one loan	0.0%	per item	
		Discretionary	£150 five loans	£150 five loans	0.0%	per item	
		Discretionary	£250 10 loans	£250 10 loans	0.0%	per item	
		Discretionary	£375 15 loans	£375 15 loans	0.0%	per item	
CPD Lancashire County Council Schools			Discretionary	Free	Free	0.0%	per item
Non Lancashire County Council Schools			Discretionary	£150.00	£151.00	0.0%	per item
Lancashire Music Service							
Instrumental & Vocal Tuition - All Key Stages							
Small Group - 34 Weeks +	1-3 hours	Discretionary	£33.60 per hour (per teacher, per visit)	£33.60 per hour (per teacher, per visit)	0.0%	per item	
	3 hours +	Discretionary	£31.50 per hour (per teacher, per visit)	£31.50 per hour (per teacher, per visit)	0.0%	per item	
Small Group -Less Than 34 Weeks	1-3 hours	Discretionary	£36.00 per hour (per teacher, per visit) Secondary School only	£36.00 per hour (per teacher, per visit) Secondary School only	0.0%	per item	
	3 hours +	Discretionary	£33.60 per hour (per teacher, per visit) Secondary School only	£33.60 per hour (per teacher, per visit) Secondary School only	0.0%	per item	
Parent Direct Payment( Including Online)	Group ( max 4 students)	Discretionary	£7.50	£7.50	0.0%	per item	
	20 min individual	Discretionary	£12 (per student per lesson)	£12 (per student per lesson)	0.0%	per item	
	30 min individual	Discretionary	£14 (per student per lesson)	£14 (per student per lesson)	0.0%	per item	
Whole Class Instrumental Tuition (WCIT) Key Stages 2 & 3	Per Yr (34 weeks)	Discretionary	£1,487.50	£1,487.50	0.0%	per item	
	Additional weeks	Discretionary	£43.75 - One Term option available	£43.75 - One Term option available	0.0%	per item	
Curriculum Delivery	All Key Stages	Discretionary	£51 per hour (minimum 2 hours)	£51 per hour (minimum 2 hours)	0.0%	per item	
Lancashire Rocks - Key Stage 3	Per Yr (34 weeks)	Discretionary	£1,190.00	£1,190.00	0.0%	per item	
	Additional weeks	Discretionary	£35.00	£35.00	0.0%	per item	
Singing - All Key Stages	6 Week Sing	Discretionary	£210.00	£210.00	0.0%	per item	
	One-off Workshop Up to 2 hours	Discretionary	£127.50	£127.50	0.0%	per item	
	Large Group (10+ students)	Discretionary	£35 per hour	£35 per hour	0.0%	per item	
	Staff CPD and Support - All Key Stages	Training and Consultancy	Discretionary	£150.00 per session	£150.00 per session	0.0%	per item
	SMEP Visits	Discretionary	Free	Free	0.0%	per item	
	GarageBand Project	Discretionary	£525 (One Term)	£525 (One Term)	0.0%	per item	
Charanga Licences - All Key Stages	Musical School & Music World	Discretionary	£195 per year (Free if purchasing LMS tuition)	£195 per year (Free if purchasing LMS tuition)	0.0%	per item	
	VIP Studio Sessions	Discretionary	£395 (average cost)	£395 (average cost)	0.0%	per item	
Charanga Recorder World Licence - All Key Stages	First Term (including 33 recorders)	Discretionary	£165.00	£165.00	0.0%	per item	
	Subsequent Terms	Discretionary	£65.00 (also first term without recorders)	£65.00 (also first term without recorders)	0.0%	per item	

Lancashire Outdoor Education Centres						
<b>Hothersall Lodge</b>						
<b>Residential :</b>						
Residential Per Person Per Night	April	Discretionary	£79.50	£81.50	2.52%	per item
Residential Per Person Per Night	May pre SAT's	Discretionary	£79.50	£81.50	2.52%	per item
Residential Per Person Per Night	May post SAT's	Discretionary	£90.50	£92.50	2.21%	per item
Residential Per Person Per Night	June	Discretionary	£94.00	£96.00	2.13%	per item
Residential Per Person Per Night	July	Discretionary	£94.00	£96.00	2.13%	per item
Residential Per Person Per Night	August	Discretionary	£70.00	£75.00	7.14%	per item
Residential Per Person Per Night	September	Discretionary	£81.50	£83.50	2.45%	per item
Residential Per Person Per Night	October	Discretionary	£81.50	£83.50	2.45%	per item
Residential Per Person Per Night	November	Discretionary	£69.00	£70.50	2.17%	per item
Residential Per Person Per Night	December	Discretionary	£57.00	£62.00	8.77%	per item
Residential Per Person Per Night	January	Discretionary	£57.00	£62.00	8.77%	per item
Residential Per Person Per Night	February	Discretionary	£66.00	£67.50	2.27%	per item
Residential Per Person Per Night	March	Discretionary	£80.50	£82.50	2.48%	per item
<b>Day Visits:</b>						
Day Visits - Per Group per day	9.00am-5.00pm	Discretionary	£350.00	£350.00	0.00%	per item
Day Visits - Per Group per half day	Half day	Discretionary	£200.00	£200.00	0.00%	per item
<b>Extras</b>						
Extra Instructor	Full Day	Discretionary	£200.00	£200.00	0.00%	per item
Extra Instructor (only when group is already buying into activities)	Half Day	Discretionary	£100.00	£100.00	0.00%	per item
Transport Costs		Discretionary	£2.00 per mile for the first 40 miles and £1 each mile after	£2.00 per mile for the first 40 miles and £1 each mile after	0.00%	per item
<b>Other Packages</b>						
Self-Catering		Discretionary	£25.50 (Children 3 yrs and under free of charge)	£25.50 (Children 3 yrs and under free of charge)	0.00%	per item
Bed & Breakfast		Discretionary	£32.00	£32.00	0.00%	per item
Full Board (Breakfast, packed lunch and evening meal)	Groups will need to pay for a minimum of 50% capacity of accommodation block they are based in.	Discretionary	£50.00	£50.00	0.00%	per item
Camping		Discretionary	£6.00	£6.00	0.00%	per item
<b>Extra Meals</b>	Breakfast	Discretionary	£6.50	£6.50	0.00%	per item
	Packed Lunch	Discretionary	£6.00	£6.00	0.00%	per item
	Conference Lunch	Discretionary	£10.50	£10.50	0.00%	per item
	Evening or Cooked Meal	Discretionary	£12.00	£12.00	0.00%	per item

<b>Tower Wood</b>						
<b>Residential :</b>						
Residential Per Person Per Night	April	Discretionary	£88.00	£92.50	5.11%	per item
Residential Per Person Per Night	May	Discretionary	£90.50	£92.50	2.21%	per item
Residential Per Person Per Night	June	Discretionary	£103.00	£105.50	2.43%	per item
Residential Per Person Per Night	July	Discretionary	£103.00	£105.50	2.43%	per item
Residential Per Person Per Night	August	Discretionary	£85.50	£87.50	2.34%	per item
Residential Per Person Per Night	September	Discretionary	£85.50	£87.50	2.34%	per item
Residential Per Person Per Night	October	Discretionary	£85.50	£87.50	2.34%	per item
Residential Per Person Per Night	November	Discretionary	£85.50	£87.50	2.34%	per item
Residential Per Person Per Night	December	Discretionary	£70.00	£73.00	4.29%	per item
Residential Per Person Per Night	January	Discretionary	£70.00	£73.00	4.29%	per item
Residential Per Person Per Night	February	Discretionary	£71.50	£73.00	2.10%	per item
Residential Per Person Per Night	March	Discretionary	£93.50	£95.50	2.14%	per item
<b>Day Visits:</b>						
Day visits - Per Group per day	9.00am-5.00pm	Discretionary	£350.00	£350.00	0.00%	per item
Day Visits - Per Group per half day	Half day	Discretionary	£200.00	£200.00	0.00%	per item
Extended Day Visit - Per Group per day	9.00am-8.00pm	Discretionary	£550.00	£550.00	0.00%	per item
<b>Extras</b>						
Extra Instructor (only when group is already buying into activities)	Full Day	Discretionary	£200.00	£200.00	0.00%	per item
Evening Tutor		Discretionary	£77.00	£77.00	0.00%	per item
Transport Costs		Discretionary	£2.00 per mile for the first 40 miles and £1 each mile after	£2.00 per mile for the first 40 miles and £1 each mile after	0.00%	per item
<b>Other Packages</b>						
Self-Catering		Discretionary	£25.50 (Children 3 yrs and under free of charge)	£25.50 (Children 3 yrs and under free of charge)	0.00%	per item
Bed & Breakfast		Discretionary	£32.00	£32.00	0.00%	per item
Full Board (Breakfast, packed lunch and evening meal)	Groups will need to pay for a minimum of 50% capacity of accommodation block they are based in.	Discretionary	£50.00	£50.00	0.00%	per item
<b>Extra Meals</b>	Breakfast	Discretionary	£6.50	£6.50	0.00%	per item
	Packed Lunch	Discretionary	£6.00	£6.00	0.00%	per item
	Conference Lunch	Discretionary	£10.50	£10.50	0.00%	per item
	Evening or Cooked Meal	Discretionary	£12.00	£12.00	0.00%	per item
	Refreshments (tea, coffee & biscuits)	Discretionary	£2.50	£2.50	0.00%	per item
<b>Room Hire</b>						
Bowness Suite - Large Room	Per day	Discretionary	£100.00	£100.00	0.00%	per item

Bowness Suite - Large Room	Half day	Discretionary	£60.00	£60.00	0.00%	per item
Bowness Suite - Small Room	Per day	Discretionary	£60.00	£60.00	0.00%	per item
Bowness Suite - Small Room	Half day	Discretionary	£35.00	£35.00	0.00%	per item
<b>Borwick Hall</b>						
<b>Residential :</b>						
Residential Per Person Per Night	April	Discretionary	£79.50	£81.50	2.52%	per item
Residential Per Person Per Night	May pre SAT's	Discretionary	£79.50	£81.50	2.52%	per item
Residential Per Person Per Night	May post SAT's	Discretionary	£90.50	£92.50	2.21%	per item
Residential Per Person Per Night	June	Discretionary	£94.00	£96.00	2.13%	per item
Residential Per Person Per Night	July	Discretionary	£94.00	£96.00	2.13%	per item
Residential Per Person Per Night	August	Discretionary	£79.50	£83.50	5.03%	per item
Residential Per Person Per Night	September	Discretionary	£81.50	£83.50	2.45%	per item
Residential Per Person Per Night	October	Discretionary	£81.50	£83.50	2.45%	per item
Residential Per Person Per Night	November	Discretionary	£69.00	£70.50	2.17%	per item
Residential Per Person Per Night	December	Discretionary	£57.00	£62.00	8.77%	per item
Residential Per Person Per Night	January	Discretionary	£57.00	£62.00	8.77%	per item
Residential Per Person Per Night	February	Discretionary	£66.00	£67.50	2.27%	per item
Residential Per Person Per Night	March	Discretionary	£80.50	£82.50	2.48%	per item
<b>Day Visits:</b>						
day	9.30am-4.30pm	Discretionary	£350.00	£350.00	0.00%	per item
Day Visits - Per Group per half day	Half day	Discretionary	£200.00	£200.00	0.00%	per item
Extended Day Visit - Per Group per day	930am-8.00pm	Discretionary	£550.00	£550.00	0.00%	per item
<b>Extras</b>						
Extra Instructor (only when group is already buying into activities)	Full Day	Discretionary	£200.00	£200.00	0.00%	per item
Extra Instructor	Half day	Discretionary	£100.00	£100.00	0.00%	per item
Evening Tutor		Discretionary	£77.00	£77.00	0.00%	per item
Transport Costs		Discretionary	£2.00 per mile for the first 40 miles and £1 each mile after	£2.00 per mile for the first 40 miles and £1 each mile after	0.00%	per item
<b>Other Packages</b>						
Self-Catering		Discretionary	£25.50 (Children 3 yrs and under free of charge)	£25.50 (Children 3 yrs and under free of charge)	0.00%	per item
Bed & Breakfast		Discretionary	£32.00	£32.00	0.00%	per item
Full Board (Breakfast, packed lunch and evening meal)	Groups will need to pay for a minimum of 50% capacity of accommodation block they are based in.	Discretionary	£50.00	£50.00	0.00%	per item

Camping		Discretionary	£6.00	£6.00	0.00%	per item
Camping with Equipment	Will need to include additional clean up charge	Discretionary	£10.00	£10.00	0.00%	per item
Extra Meals	Breakfast	Discretionary	£6.50	£6.50	0.00%	per item
	Packed Lunch	Discretionary	£6.00	£6.00	0.00%	per item
	Conference Lunch	Discretionary	£10.50	£10.50	0.00%	per item
	Evening or Cooked Meal	Discretionary	£12.00	£12.00	0.00%	per item
	Refreshments (tea, coffee & biscuits)	Discretionary	£2.50	£2.50	0.00%	per item
Duke of Edinburgh Awards Scheme	Bronze	Discretionary	£200.00	£200.00	0.00%	per item
	Silver - Walking	Discretionary	£275.00	£275.00	0.00%	per item
	Silver - Canoeing	Discretionary	£400.00	£400.00	0.00%	per item
	Gold	Discretionary	£350.00	£350.00	0.00%	per item
Large Room	Per day	Discretionary	£100.00	£100.00	0.00%	per item
Large Room	Half day	Discretionary	£60.00	£60.00	0.00%	per item
Small Room	Per day	Discretionary	£60.00	£60.00	0.00%	per item
Small Room	Half day	Discretionary	£35.00	£35.00	0.00%	per item

End of Culture charges

**Scientific Services - Discretionary charges unless stated otherwise**

Product	Sub products	Analytical	Charge for 2021/22	Proposed charge for 2022/23	Change %	Charged by
		Determinants	Price £	Price £		
Food						
Additives	Colours	Qualitative Identity	75.00	81.00	8%	per request
		Quantitative analysis (HPLC)	115.00	124.00	8%	per request
	Preservatives	Qualitative Identity	75.00	81.00	8%	per request
		Quantitative analysis (HPLC)	100.00	108.00	8%	per request
	Artificial Sweeteners	Qualitative Identity	75.00	81.00	8%	per request
		Quantitative analysis (HPLC)	100.00	108.00	8%	per request
Cereals and Bakery Products	Cereals	Moisture, crude, fibre	58.00	62.00	7%	per request
		Protein	11.00	12.00	9%	per request
		Dietary fibre	100.00	108.00	8%	per request
	Bread	Moisture, crude, fibre	58.00	62.00	7%	per request
		Protein	11.00	12.00	9%	per request
	Flour and Flour Products	Moisture, crude, fibre	58.00	62.00	7%	per request
		Protein	11.00	12.00	9%	per request
		Dietary fibre	100.00	108.00	8%	per request
		Calcium, Iron	60.00	64.00	7%	per request
	Beverages	Cocoa and Cocoa Prod.	Fat and Milk Fat	122.00	131.00	7%
Cocoa solids			204.00	220.00	8%	per request
Coffee and Tea		Moisture and Caffeine (Coffee)	111.00	120.00	8%	per request
		Chicory/Fig extract (Coffee)	51.00	55.00	8%	per request
		Ash ALA Extractives	92.00	99.00	8%	per request
Cakes and Confectionery		Cakes and Confectionery	Fat and Butter Fat	122.00	131.00	7%
	Analytical Filth Test		71.00	76.00	7%	per request

Milk and other Dairy Products	Liquid milk	Alcohol in Chocolate	122.00	131.00	7%	per request
		Fat (Gerber), TS, FPD, Acidity	55.00	59.00	7%	per request
		Fat (gravimetric), FPD, Acidity	55.00	59.00	7%	per request
		Fat (gravimetric), TS, FPD, Acidity	60.00	64.00	7%	per request
		Antibiotic residues	45.00	48.00	7%	per request
		Detection of dairy sterilant/detergent	45.00	48.00	7%	per request
	Cheese	Moisture, Fat	45.00	48.00	7%	per request
		Detection of cow's milk in goat's cheese	150.00	162.00	8%	per request
		Butter	Moisture, Fat, NFMS, salt	53.00	57.00	8%
	Other milk products	Moisture/TS fat in yogurt	35.00	37.00	6%	per request
	Cream	Moisture, Fat	35.00	37.00	6%	per request
Drinks	Wine	Total solids, fixed/volatile, acidities	85.00	91.00	7%	per request
		Alcoholic strength	65.00	70.00	8%	per request
		Sulphur Dioxide Preservative	35.00	38.00	9%	per request
	Alcoholic Drinks	Alcoholic strength	66.00	71.00	8%	per request
		Authenticity - Congeners	110.00	118.00	7%	per request
	Fruit Juices	Refractometer solids, Fruit Juice Content	85.00	91.00	7%	per request
	Soft Drinks	Refractometer solids, Fruit Juice Content	85.00	91.00	7%	per request
		Sulphur Dioxide Preservative	30.00	32.00	7%	per request
	Eggs and Egg Products	Eggs and Egg Products	Fat, Egg Content	190.00	205.00	8%
Fish and Shellfish	Fish and Shellfish	Species via PCR	165.00	178.00	8%	per request
		Extraneous Water-drip Technique	55.00	59.00	7%	per request
		Cd, Pb, Cu, Zn, Hg	70.00	75.00	7%	per request
		Fish Content (Stubbs and More)	65.00	70.00	8%	per request
Nutritional Foodstuffs	Infant Food	Moisture, Fat, Protein, CHO, Energy	60.00	64.00	7%	per request
		Nitrate/Nitrite Content	60.00	64.00	7%	per request
		Metals Fe, Cu, Cd, Pb, Zn	70.00	75.00	7%	per request
Fruit and Vegetables						
Fruit	Fresh and Frozen	Diphenyl, o-Phenylphenol, thiabendazole	110.00	118.00	7%	per request
		Pesticide Residues Screen	264.00	285.00	8%	per request
	Processed Fruit Products	Fruit Content (NPK)	74.00	80.00	8%	per request
		SO2 in dried fruits	35.00	37.00	6%	per request
		Drained weight of Canned fruit	35.00	37.00	6%	per request
Vegetables	Fresh and Frozen	Pesticide Residues Screen	269.00	290.00	8%	per request
		Nitrate Content	60.00	64.00	7%	per request
	Canned and Processed	Salt and Drained Weight	50.00	54.00	8%	per request
		Tin and Iron Content	55.00	59.00	7%	per request
		Nutritional Assessment	100.00	108.00	8%	per request
		Protein Content	10.00	11.00	10%	per request
	Metals Fe, Cu, Cd, Pb, Zn	70.00	75.00	7%	per request	
Ice Cream and Desserts	Ice Cream	Fat and Milk Fat	110.00	118.00	7%	per request
		Fat, NFMS	85.00	91.00	7%	per request
	Desserts	Fat, Protein, Sugars	155.00	167.00	8%	per request

Meat, Game and Poultry							
Meat	Fresh and Frozen	Moisture, Fat on minced meats	35.00	37.00	6%	per request	
		Species identity rPCR	150.00	162.00	8%	per request	
		HADH Activity	95.00	102.00	7%	per request	
		Sulphur Dioxide Preservative	35.00	37.00	6%	per request	
	Meat Products	Meat Content (Stubbs and More)	65.00	70.00	8%	per request	
		Meat Content (Hydroxyproline)	130.00	140.00	8%	per request	
		Nitrate and Nitrite in Cured Meats	56.00	60.00	7%	per request	
		Salt and Phosphorus in Cured Meats	90.00	97.00	8%	per request	
		Sulphur Dioxide Preservative	35.00	37.00	6%	per request	
		Total Volatile Bases (N)	45.00	48.00	7%	per request	
		Rancidity Assessment	50.00	54.00	8%	per request	
Game		Meat Content (Stubbs and More)	65.00	70.00	8%	per request	
Poultry	Fresh and Frozen	HADH Activity	95.00	102.00	7%	per request	
		Total Volatile Bases (N)	45.00	48.00	7%	per request	
		Rancidity Assessment	55.00	59.00	7%	per request	
		Poultry Meat Products	Meat Content (Stubbs and More)	65.00	70.00	8%	per request
	Restaurant Take Away Meals	Monosodium Glutamate	80.00	86.00	8%	per request	
		Cooked Meat Species rPCR	150.00	162.00	8%	per request	
		Other	Soups	Tomato Content	75.00	81.00	8%
Other	Condiments	Fat and Milk Fat proportions	120.00	129.00	8%	per request	
		Acidity, AOV, Iodine value	110.00	118.00	7%	per request	
	Food Supplements	Howard Mould Count	75.00	81.00	8%	per request	
		Vitamins (A, B1, B2, B6, C, E)	385.00	416.00	8%	per request	
		Minerals	45.00	48.00	7%	per request	
		Dietary fibre	90.00	97.00	8%	per request	
	Oils and Fats	Protein	10.00	11.00	10%	per request	
		Rancidity Assessment	50.00	54.00	8%	per request	
		Fatty Acid Profile	105.00	113.00	8%	per request	
	Honey and Honey Products	Vitamins (A, B1, B2, B6, C, E)	385.00	416.00	8%	per request	
		Refractometer solids, Diastatic Activity	125.00	135.00	8%	per request	
		Pollen Spectrum and HMF	140.00	151.00	8%	per request	
		Sugars Profile by HPLC	125.00	135.00	8%	per request	
	Preserves	Refractometer Solids and Fruit Content	105.00	113.00	8%	per request	
		Sorbitol	105.00	113.00	8%	per request	
	Allergens	peanut, almond, casein, egg, gluten (all other)	75.00	81.00	8%	per request	
	Sugar	Polarimetry and Sulphated Ash	90.00	97.00	8%	per request	
	Miscellaneous	Food Bacteriology	TVC's at 22/30/37 deg C	8.00	9.00	13%	per request
			Total Coliforms and E. coli	20.00	22.00	10%	per request
			Yeasts and Moulds	20.00	22.00	10%	per request
Listeria Monocytogenes			25.00	27.00	8%	per request	
Salmonella			25.00	27.00	8%	per request	
Methylene			30.00	32.00	7%	per request	
Phosphatase Test			30.00	32.00	7%	per request	
PCR (for Honey)			Determination of Plant Specific Origin	140.00	151.00	8%	per request
			Quantitative PCR	140.00	151.00	8%	per request



Imported Food and Feed (Manchester Airport)	EC669/2009	Aflatoxins	70.00	75.00	7%	per request
		Cadmium and Lead	55.00	59.00	7%	per request
		Ochratoxin A	70.00	75.00	7%	per request
		Pesticide residues analysed with Multiresidue methods based on GC-MS and LC-MS	269.00	290.00	8%	per request
		Pesticides: methomyl and oxamyl	205.00	221.00	8%	per request
		Pesticides: Amitraz	125.00	136.00	9%	per request
		Organo-phosphorus Pesticide Residues	269.00	290.00	8%	per request
	2008/289/EC	Genetically Modified Organism (GMO) 'Bt63' in rice products from China	Contracted analysis price on request	Subcontracted analysis price on request		per request
	EC 1152/2009	Aflatoxin Contamination	140.00	151.00	8%	per request
	EC 284/201	Polyamide and Melamine Plastic kitchenware	480.00	518.00	8%	per request
	EC 284/2012	Feed and Food from Japan (Radiation)	95.00	102.00	7%	per request
	Courier Cost		Included	Included		
		Any extra charges for weekend and public holiday work		Where samples are taken on a Friday, we operate on a Saturday and charge an extra 30%, if the sample needs to be collected on a Sunday, there will be an additional £100 courier charge	Where samples are taken on a Friday, we operate on a Saturday and charge an extra 30%, if the sample needs to be collected on a Sunday, there will be an additional £100 courier charge	
<b>Agriculture</b>						
	Sample Preparation	NOTE: All samples which are not prepared before testing will be subject to a preparation fee. All affected samples have been marked by an *.	32.50	35.00	8%	per request
Feedingstuffs	Agriculture Act	Oil*	50.00	54.00	8%	per request
		Protein*	10.00	10.00	0%	per request
		Oil and Protein*	60.00	64.00	7%	per request
		Moisture, Oil, Protein, Fibre, Ash*	130.00	140.00	8%	per request
		Copper*	50.00	54.00	8%	per request
		Magnesium*	50.00	54.00	8%	per request
		Sugars*	35.00	37.00	6%	per request
		Urea*	75.00	81.00	8%	per request
		NCD and Energy*	60.00	64.00	7%	per request
		Aflatoxins*	140.00	151.00	8%	per request
		Calcium and Phosphorus*	55.00	59.00	7%	per request
		Water soluble chloride*	35.00	37.00	6%	per request
		Mould evaluation*	15.00	16.00	7%	per request
		Vitamin A*	120.00	129.00	8%	per request
		Vitamin E*	120.00	129.00	8%	per request
		Speciation by rPCR	150.00	162.00	8%	per request
		Metal contamination Cd, Cr, Cu, Pb, Ni, Zn*	75.00	81.00	8%	per request
		FSA Suite 1 Vitamin A, Pb, As*	175.00	189.00	8%	per request
		FSA Suite 2 Vitamin A and E, Pb, As, Cd, Hg,	255.00	275.00	8%	per request
		FSA Suite 3 dioxins and dioxin-like PCBs*	600.00	648.00	8%	per request
Bacteriological examination (Salmonella)*	25.00	27.00	8%	per request		
Propionic acid*	80.00	86.00	8%	per request		
Fertilisers		Total Nitrogen	55.00	59.00	7%	per request
		Ammoniacal Nitrogen	55.00	59.00	7%	per request
		Nitric Nitrogen	55.00	59.00	7%	per request
		Total P2O5	65.00	70.00	8%	per request
		P2O5 soluble in NAC/water	65.00	70.00	8%	per request

		P2O5 soluble in water	65.00	70.00	8%	per request	
		Potassium oxide soluble in water	60.00	64.00	7%	per request	
		Magnesium	50.00	54.00	8%	per request	
		Other nutrients - each	50.00	54.00	8%	per request	
<b>Environmental/Forensic</b>							
Air sample analysis							
		20% v/v TEA in water method (THIS PRICE IS FOR THE NO2 TEST, FOR THE FULL NOX SUITE, SEE THE PRICE BELOW)					
		NOX Passive Diffusion Tubes (no2 only)	4.15	4.50	8%	per request	
		Dust in air	13.50	14.50	7%	per request	
		Full NOX Passive Diffusion Tubes	20% v/v TEA in water method	17.50	19.00	9%	per request
		Chemical (dust)		25.00	27.00	8%	per request
		Gravimetric (dust)		12.00	13.00	8%	per request
		Microscopy (dust)		15.00	16.00	7%	per request
		Asbestos	in ambient air and in dust	24.00	26.00	8%	per request
		Heavy metals	including Benzene	50.00	54.00	8%	per request
Soil and Vegetation		Chemical Contamination	*This will be based on an hourly rate	50.00	54.00	8%	per request
		Microbial and Insect infestation	* This will be charged on a per hour basis	50.00	54.00	8%	per request
<b>Waters</b>		Private Water Regs 2009: Check Monitoring	Ammonia, pH, Conductivity, Colour, Turbidity	46.00	49.00	7%	per request
			Iron, Manganese, Nitrate, Nitrite, Aluminium	45.00	48.00	7%	per request
			Total Coliforms, E. coli, Colony Count at 22 ar	25.00	27.00	8%	per request
			Clostridium Perfringens	20.00	21.00	5%	per request
		Private Water Regs 2009: Audit Monitoring	E. coli and Enterococci	25.00	27.00	8%	per request
		<b>Additional Parameters: Drinking Water</b>				per request	
		General Water Quality	Lead in water	6.00	7.00	17%	per request
			pH, Conductivity, Ammonia, Nitrate, Nitrite, Sulphate, Chloride, Fe, Mn, Al, Pb, Cu, Zn, Cd, Ca, Na, Mg, Total Hardness, Alkalinity, Colour, Turbidity, TOC, Taste, Odour, Total Coliforms, E. coli.	100.00	108.00	8%	per request
		Routine/Complaint analysis					
		Water Microbiology	Total Coliforms, E. coli	20.00	22.00	10%	per request
			Total Coliforms, E. coli, TVC 48 hr at 37 deg C, TVC 72 hr at 22 deg C	25.00	27.00	8%	per request
		Swimming Pool Water Micro					
		Individual Parameters	5-day BOD	25.00	27.00	8%	per request
			Oxidisability	18.00	19.00	6%	per request
			Total Solids	30.00	32.00	7%	per request
			Suspended Solids	18.00	19.00	6%	per request
			Dissolved Solids	18.00	19.00	6%	per request
			Alkalinity	10.00	11.00	10%	per request
			TOC	14.00	15.00	7%	per request
			Ammonia (Distilled)	10.00	11.00	10%	per request
			Ammonia (Colorimetric)	20.00	22.00	10%	per request
			Detergents (Qual)	10.00	11.00	10%	per request
			Dissolved Methane	45.00	48.00	7%	per request
			Toxic Metals	25.00	27.00	8%	per request
			Alkali Metals	25.00	27.00	8%	per request
			Dionex	18.00	19.00	6%	per request
			Turbidity	6.00	7.00	17%	per request
			Colour	6.00	7.00	17%	per request
			Free Chlorine	15.00	16.00	7%	per request
			COD	20.00	22.00	10%	per request
			pH	5.00	6.00	20%	per request
			Conductivity	5.00	6.00	20%	per request
<b>Effluents</b>			5-day BOD	25.00	27.00	8%	per request
			COD	20.00	22.00	10%	per request
			Suspended Solids	18.00	19.00	6%	per request
			Ammonia	10.00	11.00	10%	per request

		Oil and Grease	10.00	11.00	10%	per request
		Chloride/Nitrate	18.00	19.00	6%	per request
		Metals Pb, Cd, Cr, Cu, Ni, Zn, Fe, Mn	73.00	78.00	7%	per request
		Tip Leachates (Includes As, Cd, Cr, Cu, Fe, Pb, Mn, Hg, Ni, Zn, Nitrate, Nitrite, Sulphate, pH, Free ammonia, COD, Chloride, Conductivity	100.00	108.00	8%	per request
		Septic Tank Spillage Parameters	20.00	22.00	10%	per request
		Nitrate/Chloride	18.00	19.00	6%	per request
<b>Consumer Protection (price on request for all subcontracted testing)</b>	Pencils and Graphics	Paint film migration tests for metals Pb, Cd, Cr	35.00	37.00	6%	per request
		Crayons migration tests	35.00	37.00	6%	per request
	Glazed Ceramics	Leachable Pb and Cd	45.00	48.00	7%	per request
	Vitreous Enamel-ware	Leachable Pb and Cd	45.00	48.00	7%	per request
	Cooking Utensils	Lead content	45.00	48.00	7%	per request
	Cosmetics	Soluble metals Cd, Cr, Pb	35.00	37.00	6%	per request
		Sunscreens (SPF)	750.00	810.00	8%	per request
	Nickel Products	Ni release	60.00	64.00	7%	per request
	Materials and Articles in Contact with Food	Plastics for single use - water based simulants	107.00	115.00	7%	per request
		Plastics for single use - Olive oil	394.00	425.00	8%	per request
		Plastics for repeat use - water based simulants	144.00	155.00	8%	per request
		Plastics for repeat use - Olive oil	445.00	481.00	8%	per request
	Toys (Safety) Regulations to BS EN71 (2005)	Full tests	120.00	129.00	8%	per request
		Paint film migration tests for metals Pb, Cd, Cr	35.00	37.00	6%	per request
Flammability tests		35.00	37.00	6%	per request	
Proximates		120.00	129.00	8%	per request	
<b>Trade Descriptions</b>	Coal	Calorific Value	60.00	64.00	7%	per request
		Timber	Preservative Chemicals	240.00	259.00	8%
	Petroleum	Mould Identification	60.00	64.00	7%	per request
		Water - KF	75.00	81.00	8%	per request
		Cold Filter Plug Point of Diesel	87.00	94.00	8%	per request
		Flash point	70.00	75.00	7%	per request
		GC/MS for adulterants	120.00	129.00	8%	per request
		Paraffin	120.00	129.00	8%	per request
	Metallurgical Examinations	For metal type and quality	75.00	81.00	8%	per request
	<b>Low Level Gamma Radiation. NB. You may wish to provide this service under an annual charge basis below.</b>					
Low Level Gamma Radiation Monitoring (food or environmental samples)			87.00	94.00	8%	per request
<b>Non-analytical Costs</b>	<b>Fee (£)</b>	<b>Unit</b>				
Court Appearances	100	per hour	100.00	108.00	8%	per request
Site Visits	85	per hour	85.00	91.00	7%	per request
<b>Asbestos</b>						
	Identification (Bulk Sample Analysis)	24 hour turnaround	30.00	32.00	7%	per request
		48 hour turnaround	25.00	27.00	8%	per request
		2-5 day turnaround	20.00	22.00	10%	per request
	Bulk Sample extraction (incl analysis & report)		150 (+£10 for each additional sample)	162 (+£11 for each additional sample)		per request
	Management survey		Min Charge £300	Min Charge £324		per request
	Refurbishment/demolition		Min charge £350	Min charge £378		per request
	Risk Monitoring survey		£60 ph	£64 ph		per request
	Reassurance Monitoring		£240 (based on 6 air tests)	£259 (based on 6 air tests)		per request
	Clearance testing		£450(based on a full day)	£486(based on a full day)		per request
	Personal Monitoring		80.00	86.00	8%	per request
<b>Lancashire Renewables</b>	Odour Monitoring (both sites)		£586.70 p.m.+ hrly rate of call out	£634 p.m.+ hrly rate of call out officer		per request

**Adults Social Care Charging**

**Adult Social Care fees and Charges**

**Adults & Communities**

Service/ Charge	Type of Fee & Charge (Statutory / Discretionary)	Charge for 2021/22	Proposed charge for 2022/23	% change (21/22-22/23)	Charged for
Weekly Residential Care for Adults - short stay - including External, all client groups					
Residents – all age groups – Short Stay (capital savings over £23,250)	Statutory	Full Cost	Full Cost		Assessment and invoice
Residents Age 18 to 59 – Short Stay (capital savings under £23,250)	Statutory	subject to a financial assessment, charged a contribution towards the actual costs of care	subject to a financial assessment, charged a contribution towards the actual costs of care		Assessment and invoice
Residents Age over 60 – Short Stay (capital savings under £23,250)	Statutory	subject to a financial assessment, charged a contribution towards the actual costs of care	subject to a financial assessment, charged a contribution towards the actual costs of care		Assessment and invoice
Personal Allowance	Statutory	£24.90	£24.90	0%	
<p><i>These rates are based on guidance from DOH and DWP. In order to determine the contribution, we use the age related minimum level of income guarantee that DWP would pay less personal allowance to set the rate.</i></p>					
<b>Care Act - New Charges</b> in accordance with Act - charges per care package					
Brokerage Fee (one off admin fee if BCC arranges care for self funders)	Discretionary	£280.00	£295.00	5%	Assessment and invoice
Deferred Payment Fee (one off admin fee if LCC agrees to secure charges against property)	Discretionary	£810.00	£850.00	5%	Assessment and invoice
Deferred charge interest rate	Discretionary	1.45%	1.45%	0%	Assessment and invoice
Appointeeship annual fee		n/a	£520.00		Assessment and invoice
Residential Charge to Other Local Authorities					invoice
Residential/Nursing care -all client groups	Statutory	Based on Actual costs incurred	subject to a financial assessment, charged a contribution towards the actual costs of care		Assessment and invoice
Weekly Residential Care for Older Adults - External,					
Residents – (capital savings over £23,250)	Statutory	Full Cost	Full Cost		Assessment and invoice
Internal residential provision	Statutory	£716.71	£759.00	6%	Assessment and invoice
Internal residential provision with Dementia	Statutory	£757.09	£802.50	6%	Assessment and invoice

Day Care for Adults – Charges for Refreshments						
	Midday Meal	Discretionary	£2.60	£2.70	4%	per item
	Slice of Cake or Similar	Discretionary	£0.50	£0.60	20%	per item
	Sandwich (take home tea)	Discretionary	£1.80	£1.90	6%	per item
Internal Day Care for Adults – Standard Daily Charge (Exclusive of Meals)						
	standard day	Discretionary	£38.75	£41.00	6%	Assessment and invoice
	Standard day with transport	Discretionary	£42.40	£44.90	6%	Assessment and invoice
	Standard day with Dementia care	Discretionary	£67.75	£71.80	6%	Assessment and invoice
	Standard day with dementicare including transport	Discretionary	£71.35	£75.60	6%	Assessment and invoice
	<b>Home Care – Hourly rate</b>					
	Hourly rate all clients (external provision only)	Discretionary	£14.27	£17.05	19%	Assessment and invoice
Meals Taken by Staff & Public - Normal Vat rules apply						
	Midday Meal	Discretionary	£2.60	£2.70	4%	per item
	Slice of Cake or Similar	Discretionary	£0.50	£0.60	20%	per item
	Sandwich	Discretionary	£1.80	<b>£1.90</b>	6%	per item
Shared Lives - Management Fees to other Local authorities						
	Shared Lives	Discretionary	assessed charge	assessed charge		Assessment and invoice
End of Adults Charges						

Other						
Service/ Charge	Description	Type of Fee & Charge	Charge for 2021/22	Proposed charge for 2022/23	% change (21/22-22/23)	Charged by
<b>Customer Access</b>						
Blue badges – (New & Renewal) - maximum allowable(Must keep at £10)	Blue Badge renewal	Statutory	£10.00	£10.00	0% invoice	
			£0.00			
<b>Childrens Services</b>						
S20 Child Care costs	Based on financial assessment and actual costs	Discetionary		Based on financial assessment and actual costs	N/A	N/A

