



LANCASTER
CITY COUNCIL

Promoting City, Coast & Countryside

COUNCIL MEETING

**Wednesday, 13 December 2023 -
6.00 p.m.
Morecambe Town Hall**

Lancaster City Council welcomes members of the public to attend meetings. However, space in the public gallery is limited to 30 seats due to Fire Regulations. The seats are allocated on a first come, first served basis and no standing is permitted. Meetings are livestreamed so if you have access to MS teams you can watch and listen on the link [HERE](#). If you wish to ask a question or speak at the Council meeting please register to speak by emailing the text of your speech or question to chiefexecutive@lancaster.gov.uk NO LATER THAN 12pm on Friday 8th December.

Mark Davies,
Chief Executive,
Town Hall,
Dalton Square,
LANCASTER,
LA1 1PJ



LANCASTER CITY COUNCIL

Promoting City, Coast & Countryside

Sir/Madam,

You are hereby summoned to attend a meeting of the Lancaster City Council to be held in the Town Hall, Morecambe on Wednesday, 13 December 2023 commencing at 6.00 p.m. for the following purposes:

1. **APOLOGIES FOR ABSENCE**

2. **MINUTES**

To receive as a correct record the Minutes of the Meeting of the City Council held on 8 November, 2023 (previously circulated).

3. **DECLARATIONS OF INTEREST**

To receive declarations by Councillors of interests in respect of items on this Agenda.

Councillors are reminded that, in accordance with the Localism Act 2011, they are required to declare any disclosable pecuniary interests which have not already been declared in the Council's Register of Interests. (It is a criminal offence not to declare a disclosable pecuniary interest either in the Register or at the meeting).

Whilst not a legal requirement, in accordance with Council Procedure Rule 9 and in the interests of clarity and transparency, Councillors should declare any disclosable pecuniary interests which they have already declared in the Register, at this point in the meeting.

In accordance with Part B Section 2 of the Code Of Conduct, Councillors are required to declare the existence and nature of any other interests as defined in paragraphs 8(1) or 9(2) of the Code of Conduct.

4. **ITEMS OF URGENT BUSINESS**

5. **ANNOUNCEMENTS**

To receive any announcements which may be submitted by the Mayor or Chief Executive.

6. **QUESTIONS FROM THE PUBLIC UNDER COUNCIL PROCEDURE RULE 11**

To receive questions in accordance with the provisions of Council Procedure Rules 11.1 and 11.3 which require members of the public to give at least 3 days' notice in writing of

questions to a Member of Cabinet or Committee Chairman.

7. PETITIONS AND ADDRESSES

To receive any petitions and/or addresses from members of the public which have been notified to the Chief Executive in accordance with the Council's Constitution.

8. LEADER'S REPORT (Pages 5 - 8)

To receive the Cabinet Leader's report on proceedings since the last meeting of Council.

REPORTS REFERRED FROM CABINET, COMMITTEES OR OVERVIEW AND SCRUTINY

9. COUNCIL PLAN 2024-2027 (Pages 9 - 31)

Report of Cabinet.

Published 7 December.

10. LOCAL COUNCIL TAX SUPPORT SCHEME 2024/25 (Pages 32 - 45)

Report of Cabinet.

Published 7 December.

11. MEDIUM TERM FINANCIAL STRATEGY 2024/25 - 2028/29 (Pages 46 - 57)

Report of Cabinet.

Published 8 December.

OTHER BUSINESS

12. TREASURY MANAGEMENT MID-YEAR REVIEW 2023/24 (Pages 58 - 78)

Report of Chief Finance Officer.

Published 8 December.

13. LANCASHIRE DEVOLUTION DEAL - CONSULTATION (Pages 79 - 206)

Report of the Chief Executive.

Published 8 December.

14. APPOINTMENT OF MAYOR-ELECT

To appoint a Mayor-Elect to be put forward for election by the City Council in May 2024, for the municipal year 2024/25.

15. APPOINTMENTS AND CHANGES TO COMMITTEE MEMBERSHIP

Group Administrators to report any changes to Committee Membership.

16. **QUESTIONS UNDER COUNCIL PROCEDURE RULE 12**

To receive questions in accordance with the provisions of Council Procedure Rules 12.2 and 12.4 which require a Member to give at least 3 working days' notice, in writing, of the question to the Chief Executive.



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Chief Executive

Town Hall,
Dalton Square,
LANCASTER,
LA1 1PJ

Published on 5 December 2023.



Leader's Report

13 December 2023

Report of the Leader of the Council

PURPOSE OF REPORT

To present the Leader's report to Council.

This report is public.

RECOMMENDATIONS

To receive the report of the Leader of Council.

REPORT

1.0 Cabinet

1.1 The minutes of the Cabinet meeting held 24 October 2023 will be tabled at January's meeting of Council.

2.0 Decisions required to be taken urgently.

2.1 No urgent cabinet decisions have been taken during this period.

3.0 Leader's Comments

3.1 Remembrance

I observed Remembrance at the Garden of Remembrance at Lancaster Town Hall alongside the Mayor, Councillors, representatives from community organisations and service personnel.

3.2 Culture & Events

November was a month with a great deal of cultural offerings. I attended the launch event for Light up Lancaster on 3rd November and had a chance to hear first-hand the incredible effort that had gone into putting on this year's festival. The

installations were superb and the streets were packed with people out enjoying the spectacle. I also attended the 'Spill the Mill Race' exhibition at St Johns Church which brought together ceramics, clog dance and soundscapes to retell stories of that ever-changing part of our city and its long history. I note too the Museum's centenary event which celebrated the city museum opening its doors on 5th November 1923. I had hoped to attend the 'facing the past' event at the priory on the 28th (but could not because of a diary conflict) and see the exhibition of important works which reveal and redress omissions in the way that Lancaster (as the 4th largest slavery port in the UK) commemorates its history. On the 27th we celebrated Lancashire Day, and civic, community, business and public service leaders gathered in Westminster at the Speaker's invitation to hear the proclamation.

I also welcome progress that has been made in an effort to retain the Platform in Morecambe as a cultural venue operated by the Council. A reimagined operating model is being devised by officers and Cabinet members (esp. Cllr Potter who has the culture portfolio) and promises to deliver both a broad entertainment programme and cost neutrality to the Council in the future.

3.3 The Autumn Budget

Cabinet agreed to sign a letter addressed to the Chancellor of the Exchequer supporting the Samaritans campaign to properly fund the National Suicide Prevention Strategy. As put by the Samaritans:

"We welcome the new National Suicide Prevention Strategy for England, but this cannot be implemented without ongoing funding. It is crucial that ring-fenced funding for local suicide prevention is renewed so that local areas can direct resources towards the most appropriate interventions for their population. Samaritans estimate that this would cost around £77.1million for the five-year duration of the new strategy, an equivalent of £1.40 per capita."

I signed a letter to Rt Hon Jeremy Hunt MP, the Chancellor of the Exchequer, to support a District Council's Network (DCN) campaign to tackle the temporary accommodation crisis. There are rising levels of homelessness and a pre-existing demand for social housing which outstrips the availability of suitable properties. Temporary accommodation (such as B&B's) is not only an inappropriate solution, but also an expensive one which is placing ever more strain on many Councils already under-resourced budgets. Further details about the campaign and the text of the letter can be found here: <https://www.districtcouncils.info/chancellor-urged-by-119-councils-to-avert-homelessness-crisis/>

The budget announcements that may interest members included an increase to the Local Housing Allowance rates, funding for local authorities to invest in homelessness prevention, changes to fees for major planning applications, and the Public Works Load Board (PWLB) preferential borrowing rate being extended until June 2025. There was no indication of any intention to increase Council's core spending power, either through taxation, grants or other funding mechanisms. Further details will become available by the end of the year, but it is unlikely that

any significant easing of budgetary challenges will arise in the Local Government Finance Settlement.

3.4 Local Government & Devolution

Cllr Jean Parr attended the Lancashire Parish and Town Council Conference on 4th November 2023 on behalf of our Council and heard speakers covering topics including Lancashire 2050 and devolution, public rights of way, flooding, highways and environment updates and rural crime. She queried the lack of involvement/voting rights of the district councils in the new Combined County Authority (CCA). The leader of the County Council, Cllr Phillippa Wilkinson, said that district councils would not be extended voting rights.

On the 26th of November the Lancashire Devolution Deal was signed by the leaders of Lancashire's upper tier authorities and the Minister, Jacob Young MP, at a ceremony held at Lancaster Castle. Prior to this I joined leaders from Burnley, Chorley, Pendle, Preston, Rossendale, South Ribble and West Lancashire in signing a letter to the Minister calling for a pause and review of the devolution plans – until such stage as they can be supported by a majority of the district councils. On 30th November these signatories did not attend the scheduled Lancashire Leaders meeting (for all 15 Lancashire Councils) in protest at the conduct of the upper tier authorities and the government in their handling of this issue.

The public consultation on the deal is now live and available online at <https://lancashiredevolution.co.uk/consultation/> until the 26th Jan.

3.5 Consultation & Stakeholders

November has been a busy month for consultation and discussion with stakeholders. There have been discussions between cabinet members and local businesses and the community around issues concerning city centre parking, transport and wider plans for the canal quarter. A consultation has been launched seeking views on this year's budget setting process, alongside events with local stakeholders and a media briefing. Member of the public can respond to this consultation online at <https://keepconnected.lancaster.gov.uk/outcome-based-resourcing-2023> before 17th December.

Consultation work has continued around the objective setting for the Frontierland redevelopment. Alongside direct public engagement sessions, there have also been stakeholder briefings and workshops – including a briefing to Morecambe Town Councillors. Further responses to the consultation can be submit online at <https://keepconnected.lancaster.gov.uk/frontierland> by 3rd Jan.

4.0 Decisions

The following decisions were scheduled to be considered by Cabinet on 24 October 2023:

Council Plan 2024-2027

Resourcing the Review of the Lancaster District Local Plan
Delivering Our Priorities: Q2 2023/24
Localised Council Tax Support
Strategic Risk Register
Risk Appetite
Centenary House (Former Co-Op Department Store), Regent Road, Morecambe: BRLF2 Grant Funded Abnormal Works.

There have been no Officer Delegated Key Decisions taken since the last Leaders report.

The following Individual Cabinet Member Decision has been taken since the last Leader's report.

ICMD 12	UK Shared Prosperity Fund, Capital Funding Award: Community and Place UK Shared Prosperity Fund (UKSPF): Communities, Well-Being and Partnerships	Published on 18.10.23 Taken by: Cllr Peter Jackson
ICMD 13	UK Shared Prosperity Fund, Capital Funding Award: Community and Place UK Shared Prosperity Fund (UKSPF): Environmental Services	Published on 18.10.23 Taken by: Cllr Joanne Ainscough
ICMD 14	Shared Prosperity Fund, Capital Funding Award: Community and Place UK Shared Prosperity Fund (UKSPF): Housing and Homelessness	Published on 18.10.23 Taken by: Cllr Caroline Jackson
ICMD 15	UK Shared Prosperity Fund, Capital Funding Award: Community and Place UK Shared Prosperity Fund (UKSPF): Regeneration, Skills and Digital Innovation	Published on 18.10.23 Taken by: Cllr Nick Wilkinson
ICMD 16	UK Shared Prosperity Fund, Capital Funding Award: Community and Place UK Shared Prosperity Fund (UKSPF): Visitor Economy, Community Wealth Building & Culture	Published on 18.10.23 Taken by: Cllr Catherine Potter

Background Papers

Cabinet agenda of the meeting held on 5 December 2023.

COUNCIL

Council Plan 2024-2027 13th December 2023

Report of Chief Executive

PURPOSE OF REPORT

To request Council adopts its plan for 2024-2027.

This report is public.

RECOMMENDATIONS OF CLLR PHILLIP BLACK

- (1) That Council adopts the Council Plan 2024-2027 as recommended by Cabinet.

1.0 Introduction

- 1.1 The purpose of this report is to present the content of the Council Plan 2024-2027.
- 1.2 It should be noted that this version contains the content of the document only. Graphic designers will assist in getting the right look and feel to the document.
- 1.3 The previous full version of the Council Plan document was adopted in July 2018 and known as the Council "Ambitions".
- 1.4 In January 2020, a new set of 'Priorities' were agreed and replaced those in the previous Ambitions document.
- 1.5 Action on Climate Change was a new Priority. This was reconfirmed in December 2021.
- 1.6 Priority policies within the Council Plan 2024-2027 were agreed following the formation of our new Cabinet.
- 1.7 The local government association (LGA) worked with Cabinet to develop the refreshed priority list to inform the new Council Plan.
- 1.8 Cabinet on 5th Dec 2023 made the following resolution-

Resolved unanimously:

- (1) That Cabinet recommend that Council adopt the Council Plan 2024-2027 with the revision to 2.4 Investment and Regeneration: *Encouraging tourism and promoting our district as an attractive destination for leisure and culture.*

2.0 Proposal Details

- 2.1 The adoption of the Council Plan 2024-2027 will enable the council to work towards clearly defined strategic ambitions.
- 2.2 The Council Plan 2024-2027 will be a key pillar for achieving the Council’s strategic goals, but it is recognised that a written plan will not guarantee the delivery of ambitious strategic goals for the local environment, economy, communities and the Council.
- 2.3 The structure of the Council Plan 2024-2027 and the elements of the plan are described below:
 - Financial Context: providing the reader with information on the financial climate in which the Council is operating.
 - Values and Culture: the internal values and culture the Council has adopted, to ensure a working environment conducive to successful delivery of services.
 - Sustainable Development Goals (SDGs): the ways in which the Principles and Ambitions contribute to each of the UN Sustainable Development Goals, reflecting the Council’s commitment to achieving these locally
 - Principles: the ways in which all the Council’s activities will be shaped by specific ideas and ways of working
 - Four Themes: each with 6 Ambitions.
 - 1. The Climate Emergency
 - 2. Community Wealth Building
 - 3. Increasing Wellbeing. Reducing Inequality
 - 4. Deliver Effective Services, Take Responsibility.
 - Ambitions: 24 statements, 6 within each theme, covering the Council’s key aims for the district’s environment, economy, communities and the Council services themselves.
 - Projects and Activities: the work which will be undertaken, by the Council and its partners, to deliver the Principles and Ambitions.
 - Achievements so far: examples of our recent achievements

3.0 Details of Consultation

- 3.1 Portfolio Holders have worked with officers to produce the Council Plan 2024-2027.

4.0 Options and Options Analysis (including risk assessment)

	Option 1: Adopt the Council Plan 2024-2027.	Option 2: Do not adopt the Council Plan 2024 – 2027.
Advantages	If adopted, subsequent strategic and financial planning and decision making will take place based on the most up-to-date ideas of Cabinet and council officers as detailed in the Council Plan 2024-2027.	No specific advantages are identified for this option; if no action is taken, the Policy Framework would continue to be represented by the Priorities agreed in December 2021.

Disadvantages	No specific disadvantages are identified for this option.	The Council must have a Council Plan in place. The existing framework will be out of date and lack detail and accountability.
Risks	None identified.	The development and delivery of strategic priorities may be compromised by this option.

5.0 Officer Preferred Option (and comments)

5.1 The recommended option is to proceed with the full adoption of the Council Plan 2024-2027 (Option 1).

6.0 Conclusion

6.1 The report provides details of the reasons for creating the Council Plan 2024-2027 and outlines the content of the document. Adoption will enable the Council to move forward and provide direction for its Principles and Ambitions.

**CONCLUSION OF IMPACT ASSESSMENT
(including Health & Safety, Equality & Diversity, Human Rights, Community Safety, Sustainability and Rural Proofing):**

Whilst the adoption of a strategic plan would have a substantial impact on many of the Council’s future activities, the content of the Council Plan 2024-2027 at this stage does not have a direct impact.

LEGAL IMPLICATIONS

No legal implications arising directly from this report.

FINANCIAL IMPLICATIONS

No financial implications arising directly from this report. The Financial Context is summarised within the Council Plan 2024-2027.

OTHER RESOURCE IMPLICATIONS, such as Human Resources, Information Services, Property, Open Spaces

No implications arising directly from this report.

SECTION 151 OFFICER'S COMMENTS

Although there are no financial implications directly arising from this report, further decisions that will need to be made will undoubtedly carry budgetary pressures. Those will need to be considered on their own merits and built into the Council's future budgets projections at the appropriate time.

MONITORING OFFICER'S COMMENTS

The Council Plan forms part of the Policy Framework which is a legal requirement for the Council, to be decided by Full Council.

BACKGROUND PAPERS

Appendix A: The Council Plan 2024-2027
Appendix B: Glossary of terms
Appendix C: Priority Policies 2023

Contact Officer: Mark Davies

Telephone: 01524 582401

Email: MDavies@lancaster.gov.uk

Ref: [Insert reference, if applicable]

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Foreword: Cllr Phillip Black

The Council Plan 2024-2027 highlights the strategic direction of Lancaster City Council. The Council Plan is an internal business planning document that sets out the council's future priorities and policies. Policies will remain flexible and adaptable to accommodate the changing needs of the district. There are four principles for the years 2024-2027, to show a clear vision for our district, where we are all proud to have;

- A Sustainable District
- An Inclusive and Prosperous Local Economy
- Healthy and Happy Communities
- A Co-Operative, Kind and Responsible Council

Financial Context - We will align budget and resource to deliver the prioritised ambitions.

The council faces a significant financial challenge. Central government have withdrawn in the region of 40% of our funding over the last decade and millions of pounds of cost burden has been passed on to the local council taxpayers and businesses in the district. Despite this, the council has experienced a significant reduction in real terms spending power.

Alongside the national context of spiking inflation, high energy costs and increases to the National Living Wage, local authorities are under financial restraint like never before. Demand for services continue to rise, including the statutory services that our communities rely on. Local authorities are also well placed to play crucial roles in tackling the shared challenges of the climate emergency and sustainable economic development, following the covid-19 pandemic.

The council has embarked on a programme called Outcomes-Based Resourcing (OBR) that will see it examine every area of its budget and match resources more closely with its priorities. The OBR programme includes looking at ways the council can do things differently by utilising technology and being more efficient, as well as considering areas in which it can generate more income. By matching resources closely with priorities, we are successfully delivering services and the ambitions of the Council Plan.

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Our Values, Culture and People Plan

Our values define who we are and, importantly, where we want to be in the future. Our Values are embedded in the Council Plan and the vision for the future.



By working with our staff to define our values and embedding them in our daily working lives, we will achieve enduring excellence in delivering positive outcomes for our communities. Our values will support our purpose of working in partnership with our communities to create a district where people can flourish.

The People Plan

A People Plan is an internal, strategic document that guides how we will manage, develop, and support our workforce. It is therefore critical to supporting the delivery of the Council Plan. It is underpinned by our values and supports the development of an organisational culture where our workforce is supported and have the right skills, knowledge, and behaviours.

Engagement and Collaboration

Our aim is to work; 'in partnership with our communities, creating a district where people can flourish'.

We engage with residents so that our policies and services are informed by and delivered for residents. Our responsibility is to deliver services that achieve the best outcomes for all our residents - in Lancaster, Morecambe, Heysham, Carnforth, and the coastal and rural villages. The Council Plan is ambitious and sets out intended outcomes that require the combined efforts of the council, residents, volunteers, businesses, and many other organisations.

Our ambitions can only be achieved by working collaboratively with a range of partners. The Council Plan will capitalise on opportunities for new and innovative ways of working with partners, the community and new technology.

Existing partnerships, as shown below, are key to helping deliver outcomes for the district.

- Lancaster District Strategic Partnership
- The Bay Anchor Network
- Community Safety Partnership

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- Communities Together
- Lancaster District Health and Wellbeing partnership

Case Study – Lancaster District Peoples Jury

The People's Jury, formed of 30 citizens from across the Lancaster district, shows that resident engagement and participation can amplify strategic action. The 16 sessions facilitated by non-profit Shared Future CIC on the council's behalf enabled the Peoples Jury to identify how our activities could be made net-zero carbon by 2030. Citizens were at the centre of designing a response to the climate emergency. The Climate Emergency is now a priority for the Council Plan. Climate Action is happening now, thanks to the passion and commitment of residents and the Peoples Jury. Further details can be found on our webpage: [Peoples Jury](#)

Residents can be; **Informed, Connected, Involved** in how the Council Plan is delivered by using our Keep Connected site: <https://www.lancaster.gov.uk/the-council-and-democracy/voice-your-views/get-involved>.

Sustainable Development Goals

[The 2030 Agenda for Sustainable Development](#), adopted by all United Nations Member States in 2015, provides a shared blueprint for peace and prosperity for people and the planet, now and into the future. At its heart are the 17 Sustainable Development Goals, which are an urgent call for action by all countries - developed and developing - in a global partnership.

The above Sustainable Development Goals are reflected in the Council Plan and the Principles, Themes and Ambitions.

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The Council Plan

In this next section, the Principles, Themes and Ambitions of the Council Plan are explained. There are several internal organisational plans and services that contribute to the overarching Council Plan. There are website links provided within each theme.

Principles

The Council Plan sets out 4 **Principles**. The **Principles** are the cornerstones of all that we do.

Principles	1: A Sustainable District	2: An Inclusive and Prosperous Local Economy	3: Happy and Healthy Communities	4: A Co-operative, Kind and Responsible Council
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Themes

The Council Plan sets out 4 **Themes**. These **Themes** provide greater definition of the principles, to ensure strategy, policy, resources, and service delivery are focussed to effectively deliver the council's agreed outcomes for the district.

Themes	Action on the Climate Emergency <i>taking action to meet the challenges of the climate emergency.</i>	Community Wealth-Building (Morecambe Bay Model) <i>building a sustainable and just local economy that benefits people and organisations</i>	Increasing Wellbeing. Reducing Inequality <i>empowering and supporting healthy ways of living, and tackling the causes of inequality</i>	Deliver Effective Services, Take Responsibility <i>bringing people together to achieve the best outcomes for our communities, in tandem with running efficient quality public services.</i>
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Ambitions

The Council Plan sets out an ambitious vision of the future that will benefit the districts residents, our businesses and natural environment. In this section, the tables showcase the projects and activities that are being delivered for each ambition. The tables also highlight some projects and activities that are planned for and in development.

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Theme 1: The Climate Emergency

On January 30, 2019, the council declared a climate emergency. The Council Plan sets out ambitions so that we take action to meet the challenges of the climate emergency. See our website for further information on what we are doing and how to get involved: [Climate Emergency - Lancaster City Council](https://www.lancaster.gov.uk/Climate-Emergency)

Ambition 1.1 Carbon Zero

Net zero carbon by 2030 while supporting other individuals, businesses, and organisations across the district to reach the same goal.

Projects and Activities	<ul style="list-style-type: none"> ➤ Retrofit of Council Housing ➤ Developing Green Skills ➤ Partnership working with Green Rose CIC: retrofit of private housing
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Ambition 1.2 Sustainable Energy

Increasing the amount of sustainable energy produced in the district and decreasing the district's energy use.

Projects and Activities	<ul style="list-style-type: none"> ➤ Solar Farm projects including the Salt Ayre Decarbonisation Project and plans for Burrow Beck Solar Farm. SALC Decarbonisation Project ➤ LAEP – Local Area Energy Plan (UKSPF)
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1.3 Climate Resilience

Supporting our communities to be resilient to flooding and adapt to the wider effects of climate change.

Projects and Activities	<ul style="list-style-type: none"> ➤ Lune Flood Protection, Caton Road ➤ Our Future Coasts
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1.4 Ecology & Biodiversity

Increasing biodiversity, protect our district's unique ecology and ensure the habitat provided for wildlife is maintained.

Projects and Activities	<ul style="list-style-type: none"> ➤ BNG Net Gain project – Planning development Contributions ➤ BNG Councils Grassland Management Strategy ➤ Arnsdale & Silverdale National Landscape – managing the statutory Partnership, preparing and delivering the statutory Management
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	<p>Plan and delivering a range of projects to benefit biodiversity such as Bee on the Verge, Meadow Makers and Priority Habitat management across 10+ sites</p> <ul style="list-style-type: none"> ➤ Farming in Protected Landscapes programme – grants for farmers and landowners for projects under 4 themes: Climate, Nature, People and Place ➤ Managing Warton Crag and Trowbarrow Local Nature Reserves, both Sites of Special Scientific Interest, for their nationally important mosaic of woodland, species-rich grassland and limestone habitats
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1.5 Reduced Waste

Moving towards zero residual waste to landfill and incineration.

Projects and Activities	<ul style="list-style-type: none"> ➤ Working in line with Government Waste Strategy timelines (March 31, 2026)
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1.6 Low carbon and Active Transport

Transitioning to an accessible and inclusive low-carbon and active transport system.

Projects and Activities	<ul style="list-style-type: none"> ➤ The development of a Sustainable Transport Strategy ➤ Co Wheels Car Club – making it easier to switch to using more sustainable transport
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*All projects and activities detailed in the Council Plan are subject to due diligence and the Council's internal governance processes before implementation. *

The district's achievements so far:

- The council is the top district council for the climate change scorecard league. See details here: [Lancaster City Council: Top of the leaderboard](#)
- The Salt Ayre Decarbonisation project won the Association for Public Service Excellence (APSE) award for Best Decarbonisation Initiative. The project has decreased the overall energy usage of the site from 4.3GWh (gas and electricity) to 2.7GWh of green electricity.
- The council has purchased 28 electric vans in 22/23 to replace diesel vehicles. These EV's are going to grounds maintenance, cleansing, RMS, environmental projection / health and refuse collection teams. CO2 savings are expected to be in the region of 49 tonnes p/a. 25% of the council's fleet are now EV.

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- The council has expanded use of Co – Wheels Electric cars to the public at 3 locations: Salt Ayre Leisure Centre, Dallas Road Car Park (Lancaster), Carnforth
- Queen's Trees planted in Lancaster and Morecambe as a thank you to volunteers
- Bee on the Verge project grew over 8000 native wildflower plug plants in 2023, which were planted out on sites across the National Landscape
- Council-owned parts of Warton Crag and Trowbarrow Quarry SSSIs both assessed by Natural England to be in favourable condition
- Arnside & Silverdale Development Plan Document was recognised as Overall Winner at the North West RTPi Planning Awards for Excellence in 2019

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Theme 2: Community Wealth Building (Morecambe Bay Model)

Through Community Wealth Building we aspire to develop a sustainable and just local economy that benefits people and organisations. See our website for further information on what we are doing and how to get involved: [Lancaster City Council: Community Wealth Building](#)

Ambition 2.1 Social Use of Resources

Using our land, property, finance and procurement to benefit local communities and encouraging residents, businesses, organisations and anchor institutions to do the same.

<p>Projects and Activities</p>	<ul style="list-style-type: none"> ➤ Eden Project Morecambe ➤ Morecambe Town Centre Regeneration Strategy ➤ The Bay Anchor Network ➤ Grants and funding to voluntary and community organisations ➤ Lancaster Canal Quarter ➤ Procurement Strategy 2020-2024
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2.2 Sustainable Innovation

Develop a sustainable industrial strategy to support new and existing enterprises in innovation and the strengthening of local support networks.

<p>Projects and Activities</p>	<ul style="list-style-type: none"> ➤ Local Full Fibre network: a district wide 33km local full fibre network, including all necessary supporting infrastructure and facilities. ➤ Development of an Economic Strategy for the District
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2.3 Sustainable Skills

Supporting the development of new skills and improved prospects for our residents within and environmentally sustainable local economy.

<p>Projects and Activities</p>	<ul style="list-style-type: none"> ➤ Partnership working with Lancaster and Morecambe College: retrofit and green technology training and skills. ➤ Delivery of the UKSPF Economy and Skills Programme ➤ Formation of Providers Networks and local partnerships to deliver Educational Skills Programmes
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2.4 Investment and Regeneration

Securing investment and regeneration across our district. Encouraging tourism and promoting our district as an attractive destination for leisure and culture. You can find out more of what we are doing on our website here: [Sustainable Growth](#)

<p>Projects and Activities</p>	<ul style="list-style-type: none"> ➤ Frontierland ➤ Canal Quarter - Coopers Field ➤ Canal Quarter Phase 2 – Masterplan and Delivery Strategy ➤ Heysham Gateway ➤ Heritage Action Project ➤ Centenary House ➤ Mainway Regeneration Project ➤ Eden Project Morecambe ➤ Morecambe Town Centre Regeneration
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2.5 Inclusive Ownership

Promoting business ownership models that empower the local workforce, such as co-operatives, social enterprises and community ownership.

<p>Projects and Activities</p>	<ul style="list-style-type: none"> ➤ Formation of new Business Support and Skills Hubs
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2.6 Fair Work

Advocating for fair employment and just labour markets that increase prosperity and reduce income inequality.

<p>Projects and Activities</p>	<ul style="list-style-type: none"> ➤ Fair Work Charter: Developing a new charter that aims to reduce inequalities within the local labour market by promoting equal and fair employment practices. Lancaster.gov.uk/fair-work-charter ➤ Real Living Wage Accreditation – The council has received Real Living Wage employer accreditation from the Living Wage Foundation. For the last 10 years the council has made sure that all of its employees are paid at least the RLW but has now received official accreditation to show civic leadership on the issue. For the real cost of living Living Wage Foundation ➤ Armed Forces Covenant – In July 2022 the council went from being a Silver Employer Recognition Scheme Award holder, to obtaining the Gold Employer Recognition Award, awarded by the Ministry of Defence. This award recognises the council’s commitment to the
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	employment of the Armed Forces Community. www.gov.uk/mod/employer-recognition
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*All projects and activities detailed in the Council Plan are subject to due diligence and the Council's internal governance processes before implementation. *

The district's achievements so far:

- Increased amount of local spend in the district due to a Progressive Procurement Strategy.
- Local funding for sustainable skills development. Utilising the districts UK Shared Prosperity Fund allocation for skills and innovation projects such as Electech Innovation Cluster and Tech Lancaster.
- Eden Project Morecambe has secured £50M of Levelling Up Fund and a formal Partnership has been established to ensure not only Eden is delivered in Morecambe but all the wider benefits are secured.
- Multiple successes of bidding for Brownfield Land Regeneration Funds to support regeneration in the Canal Quarter and Morecambe.
- A visionary Masterplan for the regeneration of Lancasters Canal Quarter has been adopted and will shape the area over the next 10 to 15 years.
- The council has supported the Musicians Coop to bring 1 Lodge Street back in to use with works scheduled to start in 2023.
- Work has commenced on providing a regeneration framework for Morecambe Town Centre with support from the High Streets Task Force this will carry forward into more detailed work.
- Received seaside awards for Morecambe's north and south beaches.
- Retained five Green Flag awards and one Green Heritage Site award for local parks.

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Theme 3: Increasing Wellbeing. Reducing Inequality

More detail on the local plan and planning policy can be found here: [Local Plan](#)

3.1 Access to Quality Housing

Developing more housing, including council owned social housing, ensuring people of all incomes are comfortable, warm and able to maintain their independence.

Projects and Activities	<ul style="list-style-type: none"> ➤ My Mainway ➤ Mellishaw Park ➤ Lancaster City Council is a social housing provider with a significant housing stock. ➤ Delivery of Canal Quarter Housing Schemes
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3.2 Quality Public Spaces

Keeping our district's neighbourhoods, parks, beaches and open spaces clean, well-maintained and safe.

Projects and Activities	<ul style="list-style-type: none"> ➤ Green Flag accreditations ➤ Keep Britain Tidy Partnership – Fly Tipping Strategy ➤ Volunteer Litter picks ➤ Litter Bin Emptying schedules – Bin Senor technology ➤ Regular Street Sweeping – route optimisation ➤ Community Safety Partnership activities ➤ Green Flag awards for parks and cemeteries ➤ Volunteer groups supporting parks and open spaces.
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3.3 Access to Culture and Leisure

Providing access to and involvement in arts, culture, leisure, and recreation, supporting our thriving arts, culture and heritage sector.

Projects and Activities	<ul style="list-style-type: none"> ➤ Events supported to take place on Council land ➤ Creative, Cultural and Heritage Vision implementation ➤ Development of a Vision and Action Plan for the City Museums ➤ Partnership work to deliver a structured programme of events ➤ UKSPF cohort of arts, culture and event projects ➤ Provide space for cultural programming and community use
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3.4 Community Engagement

Ensuring local communities are active, engaged, involved and connected.

Projects and Activities	<ul style="list-style-type: none"> ➤ Community Conversations - Corporate
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	<ul style="list-style-type: none"> ➤ Community Consultations – Public Realm ➤ Our advisory groups enable residents to voice their views on challenges and opportunities facing the district. ➤ Lancaster District Community Fund ➤ Supporting Community Events and Initiatives ➤ KeepConnected: Get involved:KeepConnected ➤ Communities Together
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3.5 Reducing Inequality and promote wellbeing

Develop a healthy living strategy to support wellbeing, tackle discrimination and reduce inequality.

Projects and Activities	<ul style="list-style-type: none"> ➤ Partnership with Morecambe Community Football Club ➤ The Air Quality Action Plan ➤ Holiday Activity and Food Programme ➤ Healthy Weight Management Programme ➤ Play and Skills at Teatime Activities ➤ Playschemes
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3.6 Early Intervention

Focused early-intervention approaches and involving our communities in service design and delivery.

Projects and Activities	➤ Household Support Fund
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*All projects and activities detailed in the Council Plan are subject to due diligence and the Council's internal governance processes before implementation. *

The district's achievements so far:

- Salt Ayre Leisure Centre membership levels have increased to 3700, surpassing our pre-pandemic membership levels.
- Salt Ayre Leisure Centre supports 18 local primary schools with swimming lessons, teaching children vital life skills.
- 4000 children have accessed free activity sessions in partnership with SSN at Salt Ayre Leisure Centre.
- Nearly 1 million members and visitors have attended Salt Ayre Leisure Centre.
- £1.1 million of funding granted through the Household Support Fund.
- Over 11,000 visits and more than 2,000 contributions through KeepConnected.
- Over 980 Young People attended 4 Holiday and Activity Summer Events which was supported by the Targeted Youth Service, Police, Fire, Arm, Sea Cadets, Lancaster and Morecambe College, LDCVS, More Music and Stanleys Community Centre

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- The council's housing company – Morehomes for the Bay saw its inaugural business plan approved helping to set the direction and ambitions of the company moving forward.
- Over the winter the HIA have delivered over £136,000.00 of winter warmth / energy efficiency measures into vulnerable and elderly residents homes linked to funding from Lancashire County Council and the Household Support Fund.
- Supported vulnerable households by awarding additional Council Tax Support from the governments Additional Council Tax Support Fund.
- CPT Changing Place Toilets implemented at Happy Mount Park
- External funding and S106 planning contributions resulted in over £234k of investment in public open space.
- Secured Social Housing Decarbonisation Funding to improve Councils worst performing properties.
- Secured Brownfield Land Release Funding: Canal Quarter, Skerton High School, Centenary House
- New tenancy health checks for all new council housing tenants, ensuring new tenants get off to the right start.
- Development of Customer Scrutiny Panels reviewing services within Council Housing.
- Secured three-year funding from government working jointly with Preston City Council to review all supported housing schemes within the district to ensure those living in the schemes are housed appropriately, with the right support and in good quality accommodation.
- District supporting most residents under Homes for Ukraine scheme.
- £261,400 of investment into Arts and Events from the council. The Arts, Culture and Heritage are significant drivers of economic growth in the Lancaster District. A cohort of events over 2023/2024 increased the amount of footfall in the district, in turn benefiting the wider business community.
- 148,506 visitors to the 2 major festivals supported by the council, Light Up Lancaster and Vintage by the Sea in Morecambe, the busiest on record
- £2,485,946 economic impact from the 2 major festivals supported by the council, Light Up Lancaster and Vintage by the Sea in Morecambe
- By acting as the accountable body, enabled Morecambe Sparkle CIC to secure over £500,000 over 2 years for Baylight, a new festival in Morecambe £309,000 in grants has been raised directly and indirectly by Lancaster Museums since 2021
- Lancaster Museums have worked with over 56 partners on a range of projects and initiatives since 2021
- Lancaster Museums have over 11,200 followers on Facebook
- 16.2% of those engaging with Lancaster Museums state that they have a disability up from 10% in 2019
- 91,000 engagements in arts activity through the arts organisations supported by the council
- £2,266,000 of investment in the arts by the arts organisations supported by the council, £10 is secured for every £1 invested by the council
- The Platform secured £40,000 of arts council funding to deliver a grass roots live music programme
- The Storey was voted best venue for hosting live music as part of this year's Lancaster Music Festival
- Between April – November 2023, Ashton Hall hosted 34 events which generated £58,000

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Theme 4: Deliver Effective Services, Take Responsibility

4.1 Value for Money

Providing value for money and ensuring that we are financially resilient and sustainable. Making sure relevant data and analysis are available to decision makers.

Projects and Activities	➤ Outcomes-Based Resourcing (OBR)
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4.2 Partnership

Working in partnership with residents, local organisations, anchor institutions (anchor institutions are large and locally rooted organisations that are unlikely to relocate and have a significant stake in their local area) and partners recognising the skills in our community to build a powerful force working for and serving our district.

Projects and Activities	<ul style="list-style-type: none"> ➤ UK Shared Prosperity Fund (UKSPF) ➤ Rural England Prosperity Fund (REPF) ➤ Lancaster District Strategic Partnership ➤ The Bay Anchor Network ➤ Keep Britain Tidy – collaborations including: Social Impact Fly Tipping interventions, 'More Bins' Campaign, Value –Added Comms, Fly Tipping Strategy. ➤ Lancaster District Insights Hub (Travel & Climate Change) ➤ Local Climate Change Engagement Programme (Public climate decision-making) - Shared Futures ➤ Supporting Morecambe Town Council and other Parish Councils Operations within the district ➤ Household Support Fund ➤ Holiday Activity and Food Programme ➤ Voluntary, Community and Social Enterprise Funding ➤ Family Hubs
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4.3 Investing in Our Skills and Facilities

Having high standards for, and investing in our facilities, equipment, and people to enable us to deliver quality services and meet our wider ambitions.

Projects and Activities	<ul style="list-style-type: none"> ➤ White Lund Development Masterplan ➤ Lancaster City Council 'People Plan'
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4.4 Listening and Empathy

Listening to our communities and treating everyone with equal respect, being friendly, honest and empathetic.

Projects and Activities	<ul style="list-style-type: none"> ➤ KeepConnected ➤ Communities Together ➤ Armed Forces Covenant
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4.5 Innovative Public Services

Embracing innovative ways of working to improve service delivery and the operations of the council.

Projects and Activities	<ul style="list-style-type: none"> ➤ Bin Sensors ➤ Route Optimisation for Cleansing and Refuse Rounds ➤ Organisational Digital Transformation, including a service-wide tablet roll-out for improved services. ➤ Operational team utilisation of customer contact system & direct reporting ➤ Lancaster University – Plastic Packaging in People’s Lives (PPiPL) ➤ Lancaster University – Beyond Imagination (District-wide survey work encompassing numerous public realm elements)
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4.6 Openness

Responsible decision making which supports our ambitions for the district whilst being open, accountable and rooted in evidence.

Projects and Activities	<ul style="list-style-type: none"> ➤ Lancaster District Insights Hub (Travel & Climate Change) ➤ Local Climate Change Engagement Programme (Public climate decision-making) - Shared Futures
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*All projects and activities detailed in the Council Plan are subject to due diligence and the Council's internal governance processes before implementation. *

Risk Management

Risk management can be defined as “The systematic application of principles, approach and processes to the identification, assessment and management of risks”. It is a key element of the council’s Governance Framework. Effective and efficient risk management is critical to the success of the council, which is why in March 2023 the council’s risk management policy was updated and new procedures introduced to ensure strategic risks are reviewed at least quarterly.

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The new approach to risk management which we now have in place draws on best practice from the institute of risk management (IRM) and HMT Orange Book: Management of Risk, Principles and Concepts. It will enable the council to make better informed decisions which are vital to successful transformational change and support a culture of well-measured risk taking throughout the council's business.

The district's achievements so far:

- Mini review of street sweeping schedules and methodology to improve performance, with plan to do route optimisation work when resources are available.
- Launch of Video Appointments: A service for residents to engage with a Customer Service advisor live on MS Teams.
- Bespoke Mobile Service: We continue to provide this service to our most in need residents, visiting them in their homes if they require tailored one to one support. Over £45,000 of income has been generated.
- Public and local businesses were invited to have their say on how the council can deliver services differently and efficiently.
- Home Improvement Agency scooped two prestigious awards; 1) 'Sustainability in Home Adaptations' category at the National Healthy Homes Awards and 2) 'Innovator of the Year' at the UK Housing Awards

The Forward View

The Council Plan will be reviewed annually and will remain flexible and adaptable to accommodate the changing needs of the district. The district's achievements in each of the four themes will be updated each year to measure the success of the Council Plan. Annual reviews will take account of the Financial Context and the Outcomes-Based Resourcing programme detailed in this document. Whilst the council faces a significant financial challenge, our aim is to work collaboratively with our partners and with our communities to realise the ambitions of the Council Plan.

Term	Description
Lancaster District Strategic Partnership	<i>Lancaster District Strategic Partnership (the "LDSP" or the "Partnership")</i> has been established to spearhead the wider district's collective strategic ambitions. <i>Sustainability and Climate, the Economy, Health and Wellbeing and Communities</i> will be the overarching strategic priorities for the partnership.
Community Wealth Building	Community wealth building is a people-centred approach to local economic development.
Anchor Institutions	Anchor institutions are big and locally rooted organisations like councils, FE colleges, universities, hospitals, and big businesses with local headquarters.
UK Shared Prosperity Fund	The UK Shared Prosperity Fund (UKSPF) is a central pillar of the UK governments ambitious Levelling Up agenda.
Rural England Prosperity Fund	The Rural England Prosperity Fund (REPF) provides complimentary funding to the UK Shared Prosperity Fund, targeted specifically at supporting rural businesses and communities.

Priority Policies (updated September 2023)

Principles	1: A Sustainable District	2: An Inclusive and Prosperous Local Economy	3: Happy and Healthy Communities	4: A Co-operative, Kind and Responsible Council
Themes	Climate Emergency <i>taking action to meet the challenges of the climate emergency</i>	Community Wealth-Building (Morecambe Bay Model) <i>building a sustainable and just local economy that benefits people and organisations</i>	Increasing Wellbeing. Reducing Inequality <i>empowering and supporting healthy ways of living, and tackling the causes of inequality</i>	Deliver Effective Services, Take Responsibility <i>bringing people together to achieve the best outcomes for our communities, in tandem with running efficient quality public services.</i>
Ambitions	1.1 Carbon Zero Achieving Net zero carbon by 2030 while supporting other individuals, businesses and organisations across the district to reach the same goal	2.1 Social Use of Resources Using our land, property, finance and procurement to benefit local communities and encouraging residents, businesses, organisations and anchor institutions to do the same	3.1 Access to Quality Housing Developing more housing, including affordable and council owned social housing, ensuring people of all incomes are comfortable, warm and able to maintain their independence	4.1 Value for Money Providing value for money and making good use of relevant data and analysis to ensure that we are financially resilient and sustainable
	1.2 Sustainable Energy Increasing the amount of sustainable energy produced in the district and decreasing the district's energy use	2.2 Sustainable Innovation Developing a sustainable industrial strategy to support new and existing enterprises, creating networks and promoting innovation	3.2 Quality Public Spaces Keeping our district's neighbourhoods, parks, beaches and open spaces clean, well-maintained, accessible and safe	4.2 Partnership Working in partnership with residents, local organisations, anchor institutions and partners recognising the skills in our community to build a powerful force working for and serving our district
	1.3 Climate Resilience Supporting our communities to grow more food, be resilient to flooding and adapt to the wider impacts of climate change	2.3 Sustainable Skills Supporting the development of new skills and improved prospects for our residents within and environmentally sustainable local economy	3.3 Access to Culture and Leisure Providing access to and involvement in arts, culture, leisure and recreation, supporting our thriving arts, culture and heritage sector	4.3 Investing in Our Skills and Facilities Having high standards for, and investing in our facilities, equipment, and people to enable us to deliver quality services and meet our wider ambitions
	1.4 Respecting Nature Increasing biodiversity, protect our district's unique ecology and ensure the habitat provided for wildlife is maintained and improved	2.4 Investment and Regeneration Securing investment and regeneration across our district. Encouraging tourism and promoting our district as an attractive destination for leisure and culture.	3.4 Community Engagement Ensuring local communities are active, engaged, involved and connected	4.4 Listening and Empathy Listening to our communities and treating everyone with equal respect, being friendly, honest and empathetic
	1.5 Reduced Waste Moving towards zero residual waste to landfill and incineration	2.5 Inclusive Ownership Promoting business ownership models that empower the local workforce, such as co-operatives, social enterprises and community ownership	3.5 Reducing Inequality and promote wellbeing Developing a healthy living strategy to support wellbeing. Tackling discrimination and reducing inequality, including food and energy poverty	4.5 Innovative Public Services Embracing innovative ways of working to improve service delivery and the operations of the council
	1.6 Low carbon and Active Transport Transitioning to an accessible and inclusive low-carbon and active transport system	2.6 Fair Work Advocating for fair employment and just labour markets that increase prosperity and reduce income inequality	3.6 Early Intervention Focusing on early-intervention approaches and involving our communities in service design and delivery	4.6 Openness Making responsible decisions which support our ambitions for the district whilst being open, accountable and rooted in evidence



**Local Council Tax Support Scheme (2024/25)
13th December 2023**

Report of Cabinet

PURPOSE OF REPORT

To seek a decision from Council on retaining the existing Localised Council Tax Support (LCTS) scheme in its present format for application in 2024/25.

This report is public.

RECOMMENDATIONS OF CABINET

- (1) That Option (1), the retention of the existing Localised Council Tax Support (LCTS) scheme for 2024/25, subject to minor consequential amendments to match changes in Housing Benefit rules, be approved.
- (2) That in the event that Option 1 is approved, that the s151 Officer be authorised to finalise and publish the Council’s approved Scheme for 2024/25 and make all other necessary arrangements for its implementation in the next financial year.

1.0 Introduction

1.1 Cabinet considered the report of the Assistant Director (Head of Revenues and Benefits) attached at Appendix A at its meeting on 5th December 2023. The report set out the background and overview to the Council’s current scheme and presented and analysed the options of retaining the current scheme or making changes.

2.0 Proposal

2.1 Cabinet resolved:

That Cabinet supports Option (1), the retention of the existing Localised Council Tax Support (LCTS) scheme, subject to minor consequential amendments to match changes in Housing Benefit rules and that the associated options included at Appendix A to the report, be presented to Full Council for its deliberation and approval.

3.0 Conclusion

3.1 Council is asked to approve the retention of the existing Localised Council Tax Support (LCTS) scheme for 2024/25.

RELATIONSHIP TO POLICY FRAMEWORK

As shown on the Cabinet report attached.

CONCLUSION OF IMPACT ASSESSMENT

(including Diversity, Human Rights, Community Safety, Sustainability etc)

As shown on the Cabinet report attached.

FINANCIAL IMPLICATIONS

The current forecast assumes the continuation of the existing LCTS scheme, which is based on a 100% support scheme. As such, retaining the existing scheme will have no impact on the Council's financial forecast.

Other comments are as shown on the Cabinet report attached.

SECTION 151 OFFICER'S COMMENTS

As shown on the Cabinet report attached.

LEGAL IMPLICATIONS

As shown on the Cabinet report attached.

MONITORING OFFICER'S COMMENTS

As shown on the Cabinet report attached.

BACKGROUND PAPERS

Cabinet 5th December 2023
[Agenda for Cabinet on Tuesday, 5th December 2023, 6.00 p.m. - Lancaster City Council](#)

Contact Officer: Andrew Taylor,
Assistant Director (Head of
Revenues and Benefits).

Telephone: 01772 906013
E-mail: a.taylor@preston.gov.uk

APPENDIX A

CABINET

**Local Council Tax Support Scheme (2024/25)
5th December 2023**

Report of Assistant Director (Head of Revenues and Benefits)

PURPOSE OF REPORT				
To enable Cabinet to consider the existing Localised Council Tax Support (“LCTS”) Scheme and the options available, ahead of formal consideration and approval by Council for application in 2024/25.				
Key Decision	N	Non-Key Decision	Y	Referral from Cabinet Member
Date of notice of forthcoming key decision				
This report is public				

RECOMMENDATIONS OF Councillor Tim Hamilton-Cox

- (1) Retain the existing Localised Council Tax Support Scheme for 2024/25 (Option 1)

1.0 Introduction

- 1.1 Cabinet’s views are sought as to whether to retain the existing Localised Council Tax Support Scheme for 2024/25 (Option 1) subject to future consequential minor amendments following changes in housing benefit rules; or whether to amend it to reduce entitlement (Option 2).
- 1.2 Following the abolition of the national Council Tax Benefit (CTB) system back in 2013, each billing authority now has a legal duty to adopt a Localised Council Tax Support (LCTS) scheme.
- 1.3 Each authority is also under a legal obligation to consider, for each year, whether to revise its scheme or to replace it with another scheme. The history of the Council’s arrangements is summarised below:
- 1.4 The first local scheme was adopted in January 2013 for implementation in 2013/14. The Council chose not to reduce support levels at that time, unlike most other local authorities.

- 1.5 In reviewing its scheme since then, Council has decided to retain basic council tax support levels, meaning that working age claimants on low incomes may still be awarded support to cover up to 100% of their council tax bills.
- 1.6 The Council has applied other comparatively minor changes over the years, on the basis that entitlement criteria for LCTS should generally remain in line with other key benefits, most notably Housing Benefit (HB) and Universal Credit (UC).
- 1.7 If a Council does wish to alter its scheme, it must approve any changes by 11 March, otherwise the existing scheme will continue to apply. There is currently no provision for changing a scheme in-year.
- 1.8 The Local Government Finance Act 1992 as amended, sets out measures requiring all billing authorities to introduce and maintain a LCTS scheme for each financial year. The main aims of the LCTS scheme are to ensure fairness and consistency, and to help reduce confusion for claimants.
- 1.9 Under any scheme, support for pensioners must remain at existing levels, and the scheme must be delivered through a national framework of criteria and allowances. For working age claimants, Councils can choose, through the design of their scheme, whether to alter support entitlements in some way.
- 1.10 Policies and procedures are structured to ensure that all customers receive the correct amount of support and that every claim is considered on its own merits and in accordance with legislation and Government guidance.

2.0 Overview of the Council's current scheme

- 2.1 As laid down by Government, there are three general principles that all Local Council Tax Support (LCTS) schemes must follow:
 - pensioners should be fully protected;
 - vulnerable groups should be protected as far as possible, as determined locally; and
 - local schemes should support the positive work incentives being introduced through Universal Credit for working age people.
- 2.2 The Council's existing scheme meets these principles, giving protection for certain groups and helping to support work incentives. It provides additional protection for vulnerable people through other income disregards, premiums and allowances. It also provides for annual uplifts associated with inflation, etc.
- 2.3 Under current legislation, pensioners are protected from any locally driven scheme changes, and so any Council decisions impact only on working age claimants.
- 2.4 As Council has so far maintained general support levels, this means that if entitled, a claimant would receive 100% support to cover their council tax bill. Of the 333 schemes in operation nationally, currently the Council is one of a few Councils that still provides full levels of Council Tax Support for working age claimants, depending on their circumstances.
- 2.5 A hardship fund of £30k is built into the LCTS scheme to protect those suffering exceptional hardship. This initiative is financially supported by a contribution from

the major precepting authorities, although given that general support levels are maintained, demand against this continues to be minimal.

- 2.6 The Department for Work and Pensions (DWP) operates a “full” Universal Credit (UC) service in this district, and the Council’s existing LCTS scheme accommodates this development. The Council’s current LCTS scheme principles are set out in **Appendix A** to this report.
- 2.7 This report sets out a recommendation that the LCTS scheme for 2024/25 be ‘retained’ in its present form, subject to minor consequential amendments to accommodate the annual uprating of similar applicable amounts in the Housing Benefit Scheme.

3.0 Details of Consultation

- 3.1 Members have previously indicated a preference to retain the existing LCTS scheme in its present format, subject to the scheme principles listed in **Appendix A**. As such, legally there is no need to consult on changes to the scheme at this stage. However, should “Option 2” be the preferred option of the Council, alternative scheme options will need to be developed for consideration by Council early next year, following a swift consultation exercise.
- 3.2 Under Option 1, the Council will write to major precepting authorities setting out the principles of the scheme for 2024/25, acknowledging the fact that they will share the financial cost and risk of any changes made. Their preference has always been for a cost neutral scheme that limits the financial pressure on their budgets as an alternative to cutting essential services.

4.0 Options and Options Analysis (including risk assessment)

- 4.1 The challenge for the Council is to adopt a scheme that fits with its ambitions and priorities and is considered fair, deliverable and affordable, given statutory obligations and competing pressures for resources. Council is presented with two basic options:

4.2 Option 1:

Retain the existing Localised Council Tax Support (LCTS) scheme, subject to minor consequential amendments to match changes in Housing Benefit rules.

- The existing scheme is considered soundly structured and works well, and offers maximum support for low-income families, who may otherwise find themselves in mounting debt.
- current forecast assumes the continuation of the existing LCTS system and as such, maintaining current levels of support would normally have no impact on the Council’s financial forecast. However, costs have increased in recent years with increased take-up due to Covid-19, although 2023/24 has seen a slow decline in the number of residents receiving LCTS, which would reduce costs if the trend continues in the longer term. However, the cost-of-living crisis may result in an increased number of claims.

- Retaining existing policy principles of keeping various positive entitlement provisions for LCTS in line with other key welfare benefits promotes equality.

4.3 **Option 2:**

Make changes to the existing Localised Council Tax Support (LCTS) Scheme to reduce benefit entitlement for working age claimants.

- Currently 9,574 residents claim LCTS in the Lancaster district. As pensioners make up 38% (3,625) of claimants, it means any cut in the level of support provided falls on the remaining 62% (5,949) of working age people on low incomes.
- A reduction in the levels of support provided could arguably provide claimants with further incentives to work, reducing their reliance on benefits, although the jobs market is particularly uncertain at this difficult time.
- This option will have greater adverse financial impact on working age households but would help protect other Council services by requiring less savings to be made by them.
- If levels of support are reduced, the Council would be tasked with the difficulty of collecting this debt from the more vulnerable members of our society, increasing workloads and costs associated with council tax recovery.
- Additional costs associated with developing new scheme options, consultation exercise, legal changes to scheme etc.

5.0 **Options and Options Analysis (including risk assessment)**

	Option 1: Retain the existing LCTS scheme	Option 2: Amend the LCTS scheme to reduce entitlement	Option 3:
Advantages	The current scheme provides support up to a level of 100% and assists those on low incomes	Financial savings to Lancaster City Council and the other precepting authorities.	N/A
Disadvantages	The Government does not fully fund the cost of a 100% LCTS scheme. The additional cost falls on Lancaster City Council and the other precepting authorities.	A reduction in support would result in Council Tax increases for those on low incomes. The Council Tax team would need to recover more money, often from those least able to make payments.	N/A
Risks	The cost of the scheme may increase due to an increase in new claims as the	Reduced collection rates and increased debt. Potential reputational damage.	N/A

	cost-of-living crisis progresses.		
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6.0 Officer Preferred Option (and comments)

6.1 Retain the existing Localised Council Tax Support Scheme for 2024/25 (Option 1). This will assist financially vulnerable Council Tax customers in the Lancaster City Council District.

7.0 Conclusion

7.1 The Council's existing LCTS scheme works well in terms of providing support, but at a cost, particularly for the County Council. To date the Council has attached a high priority to maintaining council tax support levels available to working age claimants (pensioners being unaffected by Council's decision).

7.2 Adoption of a particular option should be informed by Council's views regarding the relative priority of LCTS, compared with other services and activities in support of future corporate priorities.

<p>RELATIONSHIP TO POLICY FRAMEWORK</p> <p>The LCTS scheme is developed in support of ambitions within the Council Plan regarding "Healthy and Happy Communities" to optimise access for those that need it most, together with welfare benefits and related support.</p>
<p>CONCLUSION OF IMPACT ASSESSMENT (including Health & Safety, Equality & Diversity, Human Rights, Community Safety, HR, Sustainability and Rural Proofing)</p> <p>The ambition is to continue with a LCTS scheme for the Council, which supports the objective of simplicity, but protects the most vulnerable residents in the district. The Council must continue to ensure that it has due regard to equality in making its local scheme, including how it will minimise disadvantage.</p> <p>The Equality and Human Rights Impact Assessment has been reviewed and can be found as part of Appendix B.</p>
<p>LEGAL IMPLICATIONS</p> <p>The Local Government Finance Act 1992 (as amended) provides that the Council, as the billing authority, must consider whether to revise its LCTS scheme, or replace it with another scheme by 11th March every year. However, it is beneficial for the Council to determine the principles of its LCTS scheme early, in order to build estimates into its Tax Base calculations.</p> <p>Before a Council can determine to revise or replace its LCTS scheme it must consult any major precepting authority which has the power to issue a precept to it and such other persons as it considers are likely to have an interest in the operation of the scheme. However, these consultation rules do not apply if the Council approves the recommendation to "retain" its existing LCTS scheme.</p> <p>Likewise, if Council is not proposing to change the existing LCTS scheme then technically there is no requirement to seek approval from full Council. However, it is</p>

considered good practice for Council to ratify the existing scheme, given the annual uprating in April each year to adjust benefits and personal allowances, and any other consequential amendments.

FINANCIAL IMPLICATIONS

Currently the LCTS system is estimated to cost £11.1M in total each year with the Council's element amounting to 13.4% (£1.49m) in 2023/24; the cost being affected by council tax rates and claimant caseload, as well as the decisions of Council. The overall cost is broken down between working age claimants (£6.8m) and elderly claimants (£4.3m) with any decision disproportionately only affecting working age claimants. Of this cost for working age claimants (£6.8m), approximately £911k falls to the City Council, with the remainder being covered predominantly by the other major precepting authorities (County, Fire, Police) and a small element being met by Parish and Town Councils. Since the introduction of the LCTS scheme, the Government has rolled the Council Tax Support Grant into mainstream Government funding thereby making it impossible to separately identify. Should Council approve Option 2 and reduce support levels there would be related savings to the Council and major preceptors (County, Fire, Police), subject to the level of reduction. Any impact on parishes would be negligible. A cut of 10% in the level of support for working age claimants would equate to savings of £91k, whereas a 20% cut in support levels would equate to £182k in savings for the City Council.

OTHER RESOURCE IMPLICATIONS

Human Resources:

None

Information Services:

None

Property:

None

Open Spaces:

None

SECTION 151 OFFICER'S COMMENTS

As Members will be aware the Council is currently facing a significant budget deficit in 2024/25 and beyond, and as a result there is pressure to reduce costs where possible. As noted within the report Lancaster City Council is one of only a few Councils which provides 100% support for working age claimants at an annual cost to the Council of approximately £911k per annum, and so is an area where changes to the scheme could provide a level of savings to reduce the deficit.

However, should Members wish to revise the scheme to achieve a degree of savings it should be balanced against the points raised at para 4.2 as well as the Council's stated Priorities.

MONITORING OFFICER'S COMMENTS

The monitoring Officer has been consulted and has no further comments.

BACKGROUND PAPERS None	Contact Officer: Andrew Taylor, assistant Director (Head of Revenues and Benefits) Telephone: 01772 906013 E-mail: a.taylor@preston.gov.uk
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**Lancaster City Council
Summary Principles of the Council Tax Support Scheme**

The Council Tax Support Scheme is based upon the following principles and will:

1. be calculated as a means tested discount, defined primarily by the terms of the former Council Tax Benefit (CTB) Scheme;
2. match/reflect as appropriate specific wider welfare reforms introduced by the Government, such as those that impact upon housing benefits and/or universal credit;
3. protect pensioners (a Government requirement);
4. help protect the most vulnerable members of society as far as possible, as determined locally;
5. retain a local arrangement for war pensions to be disregarded in full;
6. support positive work incentives that are built in to benefit those who find work;
7. include a hardship fund to help claimants who suffer exceptional hardship as a result of council tax support changes; and
8. not include a second adult rebate reduction for working age claimants.

Class of persons:

The scheme sets out rules for working age claimants. Regulations prescribe a scheme for claimants of state pension credit age and prescribe certain classes of persons who are not eligible to claim council tax support.

Eligibility for council tax support is determined by reference to means testing i.e. the income and capital of the claimant and any partner; and by the income and number of non-dependants in the household.

Eligibility for council tax support is defined by the terms of this scheme. The scheme sets out how council tax support is claimed, calculated and paid, except where amendments are required by statute under the Local Government Finance Act 2012 and/or accompanying legislation.

Class of reductions:

The scheme aligns with the basic principle of the need to create work incentives.

The scheme is based on the system of making deductions from the eligible council tax for each non-dependant person in the household. The categories of non-dependency are set out in the scheme. Income brackets may be altered in line with the general up-rating arrangements in the scheme, usually adjusted annually to include personal allowances.

Changes will be reflected in the scheme, as considered appropriate, to reflect the Government's ongoing welfare benefits reforms, such as those affecting housing benefit and universal credit as examples.

Applications:

An application will be required for all new claims. An appropriate means of application will be decided by the authority and may be revised as required. A review process may be implemented by the local authority for new and existing awards. Awards may be reviewed in a time period to be determined by the authority and failure of the claimant to fulfil any request during a review of their award may result in the termination of that award.

General administration of the scheme:

Apart from where statutorily required, advice of any award granted, removed or revised will be by an adjustment to the council tax bill and the bill itself will be the formal notification. The authority reserves the right to include additional notifications.

Changes in Circumstances:

Matters relating to the duty for a claimant to notify the Local Authority of a change in circumstances shall generally replicate those that applied to the former CTB Scheme.

Appeals process:

Claimants will submit any appeals to the Council in the first instance for a reconsideration of a relevant decision. Once notified of the outcome of this review, the claimant will have a period of two months from the date of the notification to submit an appeal to the Valuation Tribunal.

Backdating:

Council Tax Support can be backdated, providing continuous good cause is shown for the delay in claiming.

Up-rating:

Following commencement of the scheme, with effect from 1st April each year any figures set out in the scheme may be up-rated by the consumer price index, retail price index or other rate of inflation set out in the preceding September, or by another rate determined with reference to provisions made for Housing Benefit and Universal Credit, or as decided by the authority.

Other Matters:

The scheme may be amended to take into account any circumstances subsequently identified, whether through government statute, or other means.



**Lancaster City Council's Equality Impact Assessment
Localised Council Tax Support Scheme 2024/25**

Section 1: Details:

Service	Revenues & Benefits Shared Service Resources
Title and brief description (if required)	Localised Council Tax Support Scheme (2024/25)
New or existing	Existing
Author/officer lead	Lead – Head of Shared Service / Benefits Manager
Date	1 st November 2023

Does this affect staff, customers or other members of the public?

Yes

Section 2: Summary:

What is the purpose, aims and objectives?

The Local Government Finance Act 1992 as amended, sets out measures requiring all billing authorities to introduce and maintain a LCTS scheme for each financial year.

The main aims of the LCTS scheme are to ensure fairness and consistency, and to help reduce confusion for claimants.

Who is intended to benefit and how?

Under any scheme, support for pensioners must remain at existing levels, and the scheme must be delivered through a national framework of criteria and allowances.

For working age claimants, Councils can choose, through the design of their scheme, whether to alter support entitlements in some way.

Policies and procedures are structured to ensure that all customers receive the correct amount of support and that every claim is considered on its own merits and in accordance with legislation and Government guidance.

Section 3: Assessing impact

Is there any potential or evidence that this will or could:		
• Affect people from any protected group differently to others?	Yes	
• Discriminate unlawfully against any protected group?		No
• Affect the relations between protected groups and others?		No
• Encourage protected groups to participate in activities if participation is disproportionately low (won't always be applicable)?		No
• Prevent the Council from achieving the aims of its' Equality and Diversity Policy?		No

We hold household and income details of current Localised Council Tax Support recipients and we have access to wider population statistics and can assess equality monitoring data available as part of the survey.	
Age including older and younger people and children	Positive re: pensioners - as they are protected from any changes, as directed by Government. The scheme impacts upon working age claimants only.
Disability	Disabled customers are not adversely affected by the LCTS scheme and are not disadvantaged in comparison to other groups.
Faith, religion or belief	Neutral.
Gender including marriage, pregnancy and maternity	No specific evidence. We do not anticipate this scheme will have a particular equality impact on this protected group.
Gender reassignment	We do not anticipate this scheme will have a particular equality impact on this protected group.
Race	Potentially but if so, very marginally – BME populations seem to be over- represented in unemployment figures and so this may feed through into LCTS claims and entitlement.
Sexual orientation (Including Civic Partnerships)	No specific evidence. We do not anticipate this scheme will have a particular equality impact on this protected group.
Rural communities	No specific evidence. We do not anticipate this scheme will have a particular equality impact on this protected group.
People on low incomes	The scheme relates predominantly to this group, but numbers affected by the specific proposals are expected to be very low.

Section 4: Next steps:

Do you need any more information/evidence eg statistics, consultation? If so, how do you plan to address this?

No further evidence required.

The proposal is to retain the existing scheme, which works well and offers 100% support.

How have you taken/will you take the potential impact and evidence into account?

This Equality Impact Assessment forms part of the Council report to be presented to Members December 2023.

How do you plan to monitor the impact and effectiveness of this change or decision?

Applications to the Discretionary Hardship fund will be analysed to establish if any group is suffering extreme detriment under the retained LCTS scheme to enable action to be taken.

The Council has a Hardship Fund, available to assist vulnerable customers, experiencing difficulty in meeting their Council Tax liability.

COUNCIL

Medium Term Financial Strategy Update

2023/24 – 2028/29

13 December 2023

Report of Chief Finance Officer

PURPOSE OF REPORT

To provide an update on the Council’s Medium Term Financial Strategy forecasts for 2023/24 to 2028/29 and outline the approach to balancing the budget.

This report is public.

RECOMMENDATIONS

That Council considers:

- (1) The draft future years estimates as set out in the report as the latest information available, accepting that this is an interim position.
- (2) Agrees that the update be referred on to December Council for information.
- (3) Notes the Council Tax Base for 2024/25 as set out in paragraph 3.12.

1.0 INTRODUCTION

1.1 Under the Constitution, Cabinet has responsibility for developing corporate planning proposals and a balanced budget for Council’s consideration.

1.2 This report sets out:

- An updated budget gap analysis taking account of the latest funding outlook and other information on expenditure and income pressures.
- A summary of the budget framework strategy

1.3 It is critically important that all Members understand that the position reported is an interim update of the baseline position and primarily for information. It contains a series of estimates and assumptions that are based on the latest information available. These are highly likely to change over the coming months as we work through the budget process. Nor does it include any interventions through the Council’s agreed Outcomes Based Resourcing project, or any impact the Local Government Finance Settlement due mid-December may have.

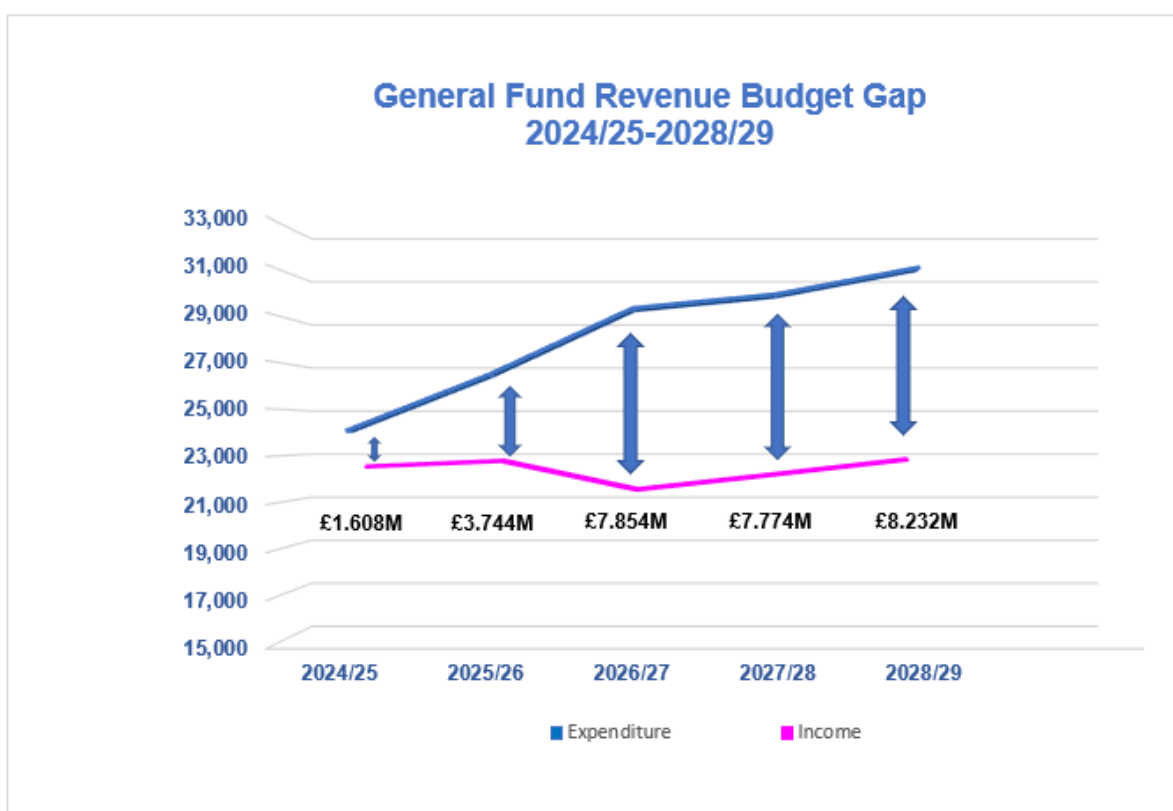
2.0 UPDATED BUDGET GAP ANALYSIS

2.1 Officers have been working with budget holders and Senior Leadership Team to update the Council’s Medium Term Financial position. The review considered latest available information around government funding, other income streams as well as forecast expenditure levels incorporating known budget pressures including those associated with the current cost of living crisis. It aims to provide a baseline position.

2.2 As noted above, this baseline forecast is subject to change when more up to date information becomes available and does not reflect the ongoing work being done by Cabinet and Senior Leadership Team regarding any Outcomes Based Resourcing (OBR) proposals, nor does it reflect the revenue impact of any revisions to the capital programme. It sets a baseline position without any further interventions in the Budget setting process. The interventions and actions being undertaken include:

- A range of income and efficiency proposals aiming to significantly reduce the 2024/25 budget gap, to be brought forward in the upcoming Budget and Policy Framework.
- A mid-term Outcomes-Based Resourcing project to realign our expenditure with core duties and priorities

2.4 The current budget gap for the next five years to 2028/29 is summarised in the graph below. The graph below assumes no intervention, but it does highlight the scale of the challenge facing the Council, the reasons for which are outlined in the report.



3.0 GOVERNMENT FUNDING PROSPECTS

3.1 Members will be aware that Local Government funding has changed significantly over recent years. Significant reductions in central funding have taken place and as a result the Council is now almost entirely reliant on Council Tax and Business Rates with a small amount of income from some assets and services to fund net expenditure. It is, therefore, important to provide regular estimates of these key funding streams.

Autumn Statement

3.2 Government announced its Autumn Statement on 22 November and whilst several announcements made national and local headlines particularly around personnel taxation and devolution. The statement was silent on a number of key points notably:

- The level and distribution of specific grants such as Lower Tier Services Grant and One-off Services Grant
- Fair Funding Review
- Business rates reset.
- Reforms to the New Homes Bonus

- 3.3 This in turn significantly reduces the level of certainty needed to plan effectively and efficiently.
- 3.4 The Autumn Statement itself only provides useful headline messages regarding Local Government’s funding prospects over the next few years but it does not provide information at individual Authority level. The level of detail required for Council’s to finalise their budgets will not be available until the announcement of the Local Government Finance Settlement. It is understood that this is likely to be published in the week before Christmas.
- 3.5 A further update will be produced for all Members once the Settlement has been announced and its impact assessed. This will be reported into January’s Cabinet and Council meetings.

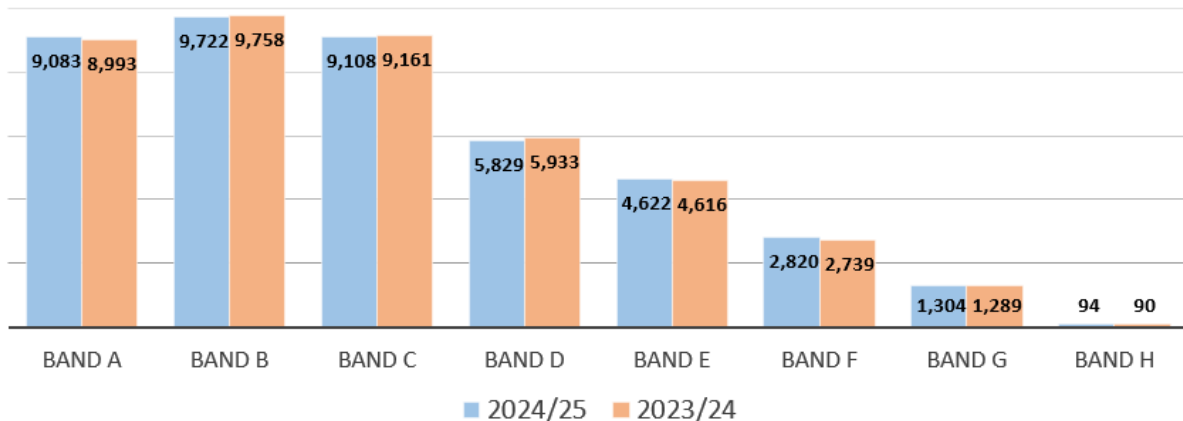
Local Government Finance Settlement

- 3.6 Given that the Settlement announcement is imminent, and the current level of uncertainty, there is little benefit to be gained from spending significant time on modelling different funding scenarios; real information is needed at this stage in the process.
- 3.7 Nonetheless, some preliminary high-level work has been done to update the budget scenarios, in order that we do not to lose sight of the potential risks and the challenge created by the underlying position.
- 3.8 This has taken the updated budget position and reflected several assumptions such as general inflation, the Local Government Pay Award, and prospects for retained Business Rates, Council Tax yield and New Homes Bonus.

Council Tax

- 3.9 Council tax is the Council’s primary source of funding and is calculated by multiplying the tax base, the number of eligible residential properties (expressed in band D equivalents), by the level of the district council precept which is determined each year.
- 3.10 The tax base for 2024/25 has been calculated as 42,583 Band D equivalent properties after allowing for a collection rate of 98.68%, the same as in previous years. This equates to a negligible increase in the tax base from 42,579 in 2023/24. There are three issues underlying the lack of growth which in previous years has been in the region of 1% increase per annum. Fewer new properties than forecast were completed during 2023/24 and the number of new properties forecast for 2024/25 is also reduced. There has also been an increase in exempt accounts together with an increase in the number of properties eligible for 25% occupancy reductions. From 2025/26 1% growth in the Tax base has been used for forecasting.

Council Tax Base Comparison



- 3.11 The Government's referendum criteria which limits increases in the Council's element of Council Tax currently remains unchanged at 3% or £5, whichever is greater. For the purposes of forecasting, it has been assumed that the Council will increase council tax by 2.99%, the maximum allowed before triggering a referendum, in each of the next three years.
- 3.12 The table below sets out Council Tax forecasts for the next four years including a sensitivity analysis showing the potential impact on council tax yield of different scenarios:

	Actual 2023/24	Forecast 2024/25	Forecast 2025/26	Forecast 2026/27	Forecast 2027/28	Forecast 2028/29
Council Tax Band D 2.99% increase		£256.63	£264.31	£272.21	£280.35	£288.73
Council Tax Band D (£5 increase)	£249.18	£254.18	£259.18	£264.18	£269.18	£274.18
Tax base (1% growth from 2025/26)	42,579	42,583	43,009	43,439	43,873	44,312
Council Tax Income	£10,610,019	£10,928,285	£11,367,591	£11,824,557	£12,299,892	£12,794,335
Previous MTFS		£11,037,000	£11,480,000	£11,942,000	£12,422,000	£12,422,000
Difference Increase or (Decrease)		(£108,715)	(£112,409)	(£117,443)	(£122,108)	(£122,108)
Scenario 1 – No increase in Council tax over period of MTFS		(£425,985)	(£762,875)	(£1,117,703)	(£1,489,460)	(£1,380,135)
Scenario 2 – Council Tax Band D (£5 increase)		(£213,070)	(£332,786)	(£466,120)	(£611,994)	(£272,334)
Scenario 3 – 1.5% increase in tax base growth & 2.99% increase from 2025/26)		(£108,715)	(£56,134)	(£79)	£61,469	£627,576

Business Rates

- 3.13 Business Rates is now a fundamental part of the local government finance settlement and, along with Council Tax, accounts for the majority of local government financing. There are currently several significant uncertainties which make forecasting and planning extremely difficult, these are set out below.
- 3.14 The Chancellor's autumn statement set out a number of reliefs and discounts. The small and standard business rates multipliers have been de-coupled for the first time. The small business rates multiplier has been frozen for the fourth year in a row whilst the standard multiplier has been uprated by the increase in CPI inflation of 6.7%. In its consultation on the proposal to de-couple the multipliers DHLUC did recognise that this would present an implementation challenge to local authorities and additional technical feasibility issues and that there would be a knock-on impact on arrangements to index baseline funding levels. These changes make forecasting which is already challenging more difficult than usual.
- 3.15 Councils are usually fully compensated for the reliefs and discounts referred to above. Such compensation usually takes the form of Section 31 grant which is factored into the retained rates calculation. The detail behind this is not yet available. In prior years the Section 31 grant adjustments, particularly those related to freezing the multiplier have been significant. The adjustment factor related to the freezing of the multiplier is normally confirmed with the release of the NNDR1 form after the finance settlement.
- 3.16 The Local Government Finance Settlement is not expected until mid-December. This sets out tariff, baseline and safety net levels which drive the retained rates calculation and as noted above, these will be impacted by the decision to de-couple the business rates multipliers. The forecasts in the later table use assumptions based on 2023/24 levels.

- 3.17 We are one of only a small number of Councils with a nuclear power station within its boundary. The rateable value of the Heysham1 and Heysham 2 nuclear reactors accounts for over 30% of the Council's total rateable value. Although the retained business rates scheme does have a safety net mechanism in place to ensure that an authority's income does not drop below more than a set percentage of its index linked spending baseline, the Council is vulnerable to swings in income levels relating to the power station' operations. Heysham 1 is shortly due to be decommissioned with its operators, EDF currently giving an end of generation date of March 2026 rather than the date of March 2024 previously given. There remains a level of uncertainty around the exact timing and whilst EDF have an ambition to continue generation for a further year past the March 2026 date they have also commented that the March 2026 date may not be achieved and remains dependent on future graphite inspection results.
- 3.18 The Autumn Statement remained silent on the prospect of a potential business rates growth reset which would effectively remove all growth from the system by setting the business rates baseline to equal actual rates levels. The decommissioning of the Heysham 1 reactor will, however, have the effect of triggering a safety net payment from Central Government unless there is a significant amount of year-on-year growth over that currently assumed before the end of generation date. This would most likely shift the focus of the baseline reset for Lancaster onto the level of the new safety net payment rather than on the level of growth which can be retained.
- 3.19 The table below provides Business Rates forecasts for the next four years incorporating several assumptions and sensitivity analysis. For the reasons set out in the above paragraphs these must remain heavily caveated. Current forecast assumptions are:
- Income to remain in line with business rates monitoring during 2022/23 together with a 2% uplift to baseline and tariff in respect of inflation.
 - Growth of 2% in 2025/26 onwards
 - Heysham 1 reactor to be decommissioned March 2026

	2024/25 £	2025/26 £	2026/27 £	2027/28 £	2028/29 £
Retained Business Rates	7,517,990	7,668,349			
Safety Net Payment	-	-	5,842,040	5,958,881	6,078,059
Renewable Energy Disregard Income	3,617,530	3,689,881	3,763,678	3,838,952	3,915,731
Sub Total	11,135,520	11,358,230	9,605,718	9,797,833	9,993,789
Previous MTFS	10,261,000	9,617,000	9,809,000	10,005,000	10,005,000
Difference increase/(decrease)	874,520	1,741,230	(203,282)	(207,167)	(556,211)
Scenario 1 – Heysham 1 reactor closes March 2026 and rating income tapers off over 6 months in 2026/27	-	-	839,136	-	-
Scenario 2 – Heysham 1 reactor life extended to March 2027	-	-	1,776,395	-	-

- 3.20 In order to reduce the potential impact of large surpluses or deficits in respect of business rates on the General Fund transfers from the Business Rates Retention Reserve are used. The Council also uses the reserve to manage significant fluctuations in income levels to smooth the impact and provide some budgetary stability. As further information becomes

available, and the forecast position clarifies the current use of the reserve will be reviewed and updated with this aim in mind. The table below shows the current planned transfers from the Reserve.

	2024/25 £	2025/26 £	2026/27 £	2027/28 £	2028/29 £
Planned transfer from reserve	516,100	316,100	-	-	-

- 3.21 Further information which will inform the estimates will become available during December and January and updates will be provided as a clearer picture emerges. Further monitoring for 2023/24 will also be undertaken to inform the forecast surplus or deficit for the year. Members are asked to note that the changes could be significant.

New Homes Bonus

- 3.22 New Homes Bonus is a reward grant which is calculated from Council Taxbase figures. The growth in the Taxbase is negligible and in consequence no new homes bonus is expected in 2024/25. It has been assumed that there is some recovery in 2025/26 and future years though for the sake of prudence this has been reduced from the previous MTFs assumption. There has been a risk for several years that the Government will seek to further reduce the grant going forward and this remains the case.
- 3.23 The current forecast of levels of New Homes Bonus is set out in the table below. This may be impacted by the finance settlement.

	2023/24 £	2024/25 £	2025/26 £	2026/27 £	2027/28 £	2028/29 £
Annual Reward	188,000	0	90,000	90,000	90,000	90,000
Total	188,000	0	90,000	90,000	90,000	90,000
Previous MTFs	188,000	188,000	188,000	188,000	188,000	188,000
Difference Increase/ (Decrease)	-	(188,000)	(98,000)	(98,000)	(98,000)	(98,000)

4.0 MEDIUM TERM FINANCIAL STRATEGY – CURRENT PROSPECTS TO 2028/29

- 4.1 Total operational changes included in the base budget for 2024/25 currently amount to an increase in expenditure of £0.671M and are provided in the General Fund Revenue Budget Projections 2024/25-2028/29 table at paragraph 4.3.

MTFS Planning Assumptions

- 4.2 Within the current base budget there are several principles and key assumptions underpinning the proposed revenue strategy. The table below, lists the major assumptions that have been made within the MTFs. Members should note these assumptions are highly likely to change as we move through the budget cycle.

	2024/25	2025/26	2026/27	2027/28	2028/29
Council Tax Base Growth	-	1.0%	1.0%	1.0%	1.0%
Council Tax Increase	2.99%	2.99%	2.99%	2.99%	2.99%
Council Tax Collection Rate	98.67%	98.67%	98.67%	98.67%	98.67%
Fees & Charges	2.8%	1.7%	1.5%	1.5%	1.5%
Inflation – Pay	5.9%	3.5%	3.0%	3.0%	3.0%
Employer Pensions Contribution	16.3%	16.3%	16.3%	16.3%	16.3%
Utilities	Re-based at current prices	Re-based at current prices	Re-based at current prices	Re-based at current prices	Re-based at current prices
Other inflation (Minor cost centres)	2.8%	1.7%	1.5%	1.5%	1.5%
Interest Rate – investments	4.5%	3.0%	2.8%	2.8%	2.8%
Interest Rate – new borrowing	4.6%	3.8%	3.6%	3.6%	3.6%

4.3 General Fund Revenue Projections 2023/24 – 2028/29

General Fund Revenue Budget Projections 2024/25 to 2028/29					
For Consideration by Cabinet 05 December 2023					
	2024/25	2025/26	2026/27	2027/28	2028/29
	£'000	£'000	£'000	£'000	£'000
Revenue Budget/Forecast as at 22 February 2023	23,407	25,253	27,342	27,690	0
Base Budget Changes					
Employees	1,558	2,448	2,021	2,349	33,734
Premises Related Exp	(1,748)	(1,931)	(2,096)	(2,248)	11,009
Transport Related Exp	52	2	(19)	(31)	1,967
Supplies and Services	3,049	1,678	1,220	1,201	14,241
Transfer Payments	0	0	0	0	21,977
Support Services	(32)	(36)	(36)	(36)	546
Capital Charges	(2)	(2)	(2)	(2)	6,804
Capital Financing Costs	(812)	(480)	(483)	(476)	2,124
Capital Financing Inc	0	0	0	0	(8,700)
Appropriations	(1,317)	(62)	401	451	6,702
Income	(77)	(401)	936	974	(59,384)
	24,078	26,469	29,284	29,872	31,020
Outcomes Based Resourcing Proposals:					
Savings/ Income Generation Proposals					
Communities & Leisure	0	0	0	0	0
Corporate Accounts	0	0	0	0	0
Environment & Place	0	0	0	0	0
Financing	0	0	0	0	0
Governance	0	0	0	0	0
Housing & Property	0	0	0	0	0
Other Items	0	0	0	0	0
Parish Precepts	0	0	0	0	0
People & Policy	0	0	0	0	0
Planning & Climate Change	0	0	0	0	0
Resources	0	0	0	0	0
Sustainable Growth	0	0	0	0	0
Revenue Impact of Capital Programme Review (MRP & Interest)	0	0	0	0	0
General Fund Revenue Budget	24,078	26,469	29,284	29,872	31,020

Core Funding:					
Revenue Support Grant		(406)			
Prior Year Council Tax (Surplus)/Deficit					
Net Business Rates Income	(11,136)	(11,358)	(9,606)	(9,798)	(9,994)
Council Tax Requirement	12,536	15,111	19,678	20,074	21,026
Estimated Council Tax Income - (Increases based on 2.99% for 2024/25 then max allowable)	10,928	11,367	11,824	12,300	12,794
Resulting Base Budget (Surplus)/Deficit	1,608	3,744	7,854	7,774	8,232

4.4 To reaffirm, the baseline forecast deficit positions above are subject to change when more up to date information becomes available and does not reflect the ongoing work being done by Cabinet and Senior Leadership Team regarding any OBR proposals, nor does it reflect the revenue impact of any revisions to the capital programme.

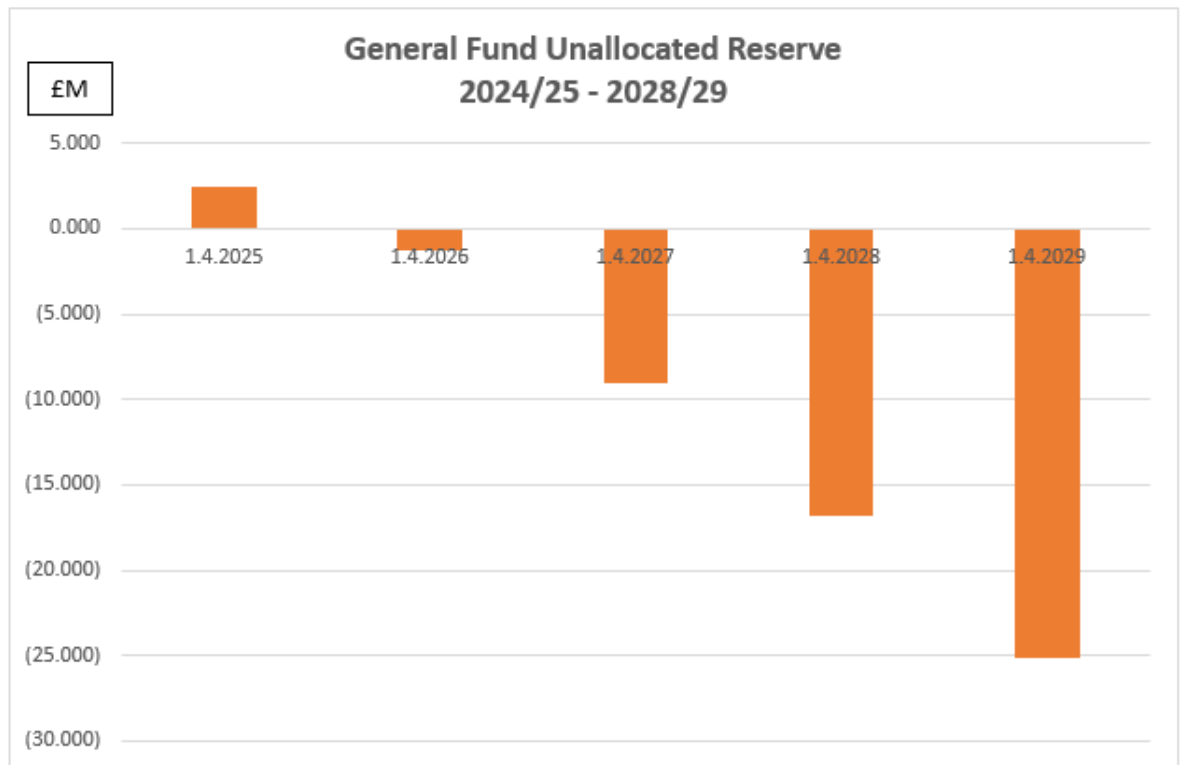
5.0 PROVISIONS, RESERVES AND BALANCES

5.1 A Council's reserves are an essential part of good financial management. They help the Council to cope with unpredictable financial pressures and plan for future spending commitments. Councils generally hold two types of reserves, "Unallocated" to meet short term unexpected cost pressures or income reductions and "Earmarked". These can be held to provide for some future anticipated expenditure for identified projects (particularly in respect of corporate priorities), address specific risks such as business rates, provide up-front costs which specifically result in future efficiencies, cost savings or increased income, or to hold funding from other bodies, mainly Government, for specified purposes.

5.2 As noted above, reserve levels and their usage are an important part of the budget framework. It is important that the Council maintains a healthy level of reserves to maintain financial resilience. Members will recall that during 2022/23 Cabinet approved the transfer of £5.913M from several of the Council's allocated reserves to the General Fund unallocated balances to increase financial resilience. Council also noted the advice of the s151 officer that the Council's minimum level of General Fund balance be increased to £5M, as well as revisions to the governance arrangements for the approval of reserve funded expenditure within the Council's Reserve Strategy.

5.3 The Council's Outturn Report 2022/23 showed the Council's Unallocated General Fund Balance as £11.677M. Without significant intervention by the Council the General Fund budget gaps will remain and unallocated balances will be required to fund them. Whilst the required level of reserves is assessed annually the forecast deficits are of such a size that available unallocated reserves will be expended within 2 years, as illustrated in the tables below. It should be noted that the potential call on unallocated reserves to support the Local Plan Review which is subject to a report elsewhere on this agenda are **not** included in the figures below.

General Fund Unallocated Balance					
	£M	£M	£M	£M	£M
BALANCES					
Balance as at 1 April 2024-28	(9.970)	(7.507)	(3.763)	+4.091	+11.865
In Year allocations	+0.000	+0.000	+0.000	+0.000	+0.000
Forecast (Under)/Overspend	+1.608	+3.744	+7.854	+7.774	+8.232
Other Adjustments	+0.855	+0.000	+0.000	+0.000	+0.000
Projected Balance as at 31 March 2025-29	(7.507)	(3.763)	+4.091	+11.865	+20.097
Reserves	(7.507)	(3.763)	+4.091	+11.865	+20.097
Less Recommended Minimum Level of Balances	5.000	5.000	5.000	5.000	5.000
Available Balances	(2.507)	+1.237	+9.091	+16.865	+25.097



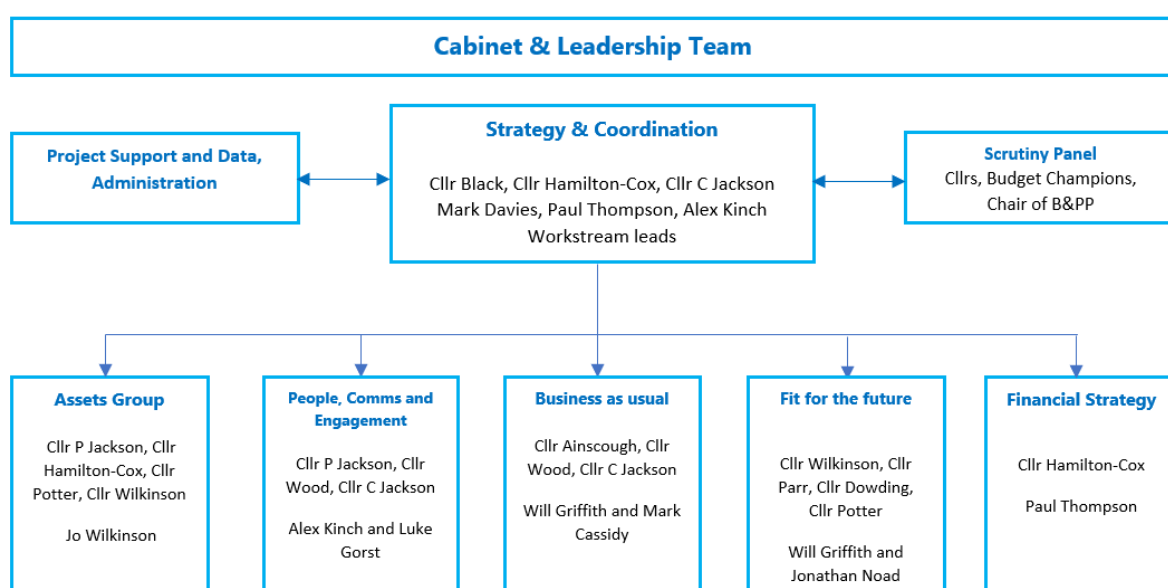
- 5.4 In addition to the General Fund Unallocated Reserve the Council holds some further non-ringfenced reserves. These include the Business Rates Retention (BRR), and the renewals reserve. The table below shows the position were these also to be utilised to support the budget gap and indicates that all reserves would be expended by 2027/28.
- 5.5 However, Members should be aware that whilst the BRR can be utilised to support the general fund its main function to manage fluctuations within with Business Rates Retention regime. It contains several technical entries such as provision for appeals against business rating values. The appeals are independently managed by the Valuation Office Agency (VOA) and so outcomes are out of the Council's control. As a result, the movement in the BRR can be significant depending on the volume and value of any appeals. The reserve is also there to manage routine surpluses and deficits encountered during the normal administration of the business rates system. It is therefore recommended that the use of this reserve treated with extreme caution.

	2023/24 £M	2024/25 £M	2025/26 £M	2026/27 £M	2027/28 £M	2028/29 £M
Unallocated Reserve	-11.678	-10.581	-9.025	-5.281	-5.281	0.000
Other Non-Ring Fenced Reserves	-2.096	-0.901	0.000	0.000	0.000	0.000
Business Rates Retention Reserve	-7.472	-7.694	-7.178	-6.862	0.000	0.000
Renewals Reserve	-1.062	-1.423	-1.876	-2.368	-1.869	0.000
Estimated Additional Call on Reserves	0.611	0	0	0	0	0
Forecast Deficit Funded From Reserves	0.000	1.608	3.744	7.854	7.774	8.232
Balance carried forward	-21.697	-18.991	-14.335	-6.657	0.624	8.232

- 5.5 Whilst reserves can be used to manage the current financial crisis, as the tables clearly show, funding of the forecast deficits from reserves is **NOT** a viable option. Addressing the underlying structural issues within the Council's budget requires significant interventions from Cabinet, Senior Leadership Team, and Council to address the forecast deficit levels.

6.0 OUTCOMES BASED RESOURCING

- 6.1 The Council embarked on its OBR project in 2022/23 with its intention to ensure that funds are allocated according to a set of predefined outcomes, or priorities to ensure that funds are directed toward the Council’s key ambitions and statutory functions and away from areas which contribute less or not at all against the predetermined objectives.
- 6.2 The fundamental reshaping of the Council’s services and realigning against its priorities through the ongoing OBR process will be key to shrinking the budget gap and securing the financial sustainability of the Council.
- 6.3 The table below shows the current operational structure of the OBR project, its governance processes along with the key Member and Senior Officer involvement. The project is split into 5 task groups each charged with a discreet area of responsibility. Progress against all of these areas will be reported to Members together with any implications of the Local Government Settlement as part of January’s update.



7.0 BALANCING THE BUDGET TO 2028/29

- 7.1 A number of workshops have already been held between Cabinet and Senior Leadership Team and to explore initial proposals from the OBR task groups and these will be ongoing throughout the budget process.
- 7.2 Savings were identified during the 2023/24 budget process which have made some initial inroad into the structural deficit. The continuation of the application of OBR across the Council is an ongoing and significant piece of work and will continue to have a particularly important part to play in driving down budget gaps from 2024/25 to achieve a position of financial sustainability.
- 7.3 Capital proposals have been reviewed by Capital Assurance Group and passed on to 7et who have given an initial steer on which proposals they would like to see worked up further. This work is ongoing and the revenue impact of MRP and interest charges will be included in future update reports to Members.

8.0 DETAILS OF CONSULTATION

- 8.1 Given the size of the challenges faced by the Council and the need for fundamental change in service delivery enhanced consultation with relevant internal and external stakeholders on the budget will be undertaken prior to Budget Council in February. Group. Consultation on council housing matters will be undertaken through the District Wide Tenants’ Forum.

9.0 OPTIONS AND OPTIONS ANALYSIS

9.1 As the report is for consideration no alternative options are put forward, the Cabinet could make supplementary recommendations regarding any matters.

10.0 CONCLUSION

10.1 It must be reiterated that the current forecasts **do not** include any interventions by Cabinet, Senior Leadership Team, or the outcomes of the Local Government Settlement. Whilst some savings have been delivered, the forecasts show that potential annual and cumulative budget deficits remain over the next 5 years and continue to need to be addressed. In light of this, balancing the budget both in the short and the medium term remains a tough task and ***all Members must work together and recognise that they will face a number of difficult but key decisions as part of the forthcoming budget and over the coming financial years which will affect the manner in which it delivers its services.***

RELATIONSHIP TO POLICY FRAMEWORK

Performance, project, and resource monitoring provides a link between the Council Plan and operational achievement, by providing regular updates on the impact of operational initiatives against strategic aims.

CONCLUSION OF IMPACT ASSESSMENT

(including Diversity, Human Rights, Community Safety, Sustainability etc)

None identified at this stage

FINANCIAL IMPLICATIONS

As set out in the report

SECTION 151 OFFICER'S COMMENTS

The s151 Officer has authored this report and his comments are reflected within its contents however he would draw Members attention to the following commentary within the report.

It must be reiterated that the current forecasts **do not** include any interventions by Cabinet, Senior Leadership Team, or the outcomes of the Local Government Settlement. However, the forecasts clearly highlight potential annual and cumulative budget deficits over the next 5 years and the perilous position the Council now faces, a position shared nationally across the public sector. In light of this, balancing the budget both in the short and the medium term will be a tough task and ***all Members must work together and recognise that they will face a number of difficult but key decisions as part of the forthcoming budget and over the coming financial years which will affect the manner in which it delivers its services.***

LEGAL IMPLICATIONS

No specific legal implications arising from this report.

MONITORING OFFICER'S COMMENTS

The Monitoring Officer has been consulted and has no comments.

BACKGROUND PAPERS

Council – MTFS

[Agenda for Council on Wednesday, 27th February 2019, 6.00 p.m.](#)

[Agenda for Council on Wednesday, 26th February 2020, 6.00 p.m.](#)

[Agenda for Council on Wednesday, 24th February 2021, 6.00 p.m.](#)

Contact Officer: Paul Thompson

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Ref: N/A

[Agenda for Council on Wednesday, 23rd February 2022, 6.00 p.m.](#)

[Agenda for Council on Wednesday, 22nd February 2023, 6.00 p.m. - Lancaster City Council](#)

Cabinet – MTFS

[Agenda for Cabinet on Tuesday, 5th December 2023, 6.00 p.m. - Lancaster City Council](#)

COUNCIL**Treasury Management Mid-Year Review 2023-24
13th December 2023****Report of the Chief Finance Officer****PURPOSE OF REPORT**

This report seeks Council's consideration of various matters in connection with the Treasury Management Mid-Year Review 2023/24.

This report is public.

RECOMMENDATION OF CABINET**That Council:**

- (1) Approve the amendments to the Treasury Management Strategy for 2023/24 as set out in **Appendix B** in accordance with CIPFA Code of Practice on Treasury Management (the Code) and the CIPFA Prudential Code for Capital Finance in Local Authorities (the Prudential Code).
- (2) Consider the various matters in connection with the Treasury Management Mid-Year Review 2023/24.

1.0 INTRODUCTION

- 1.1 The Council's Treasury Management Activities are regulated the CIPFA Code of Practice on Treasury Management (the Code) and the CIPFA Prudential Code for Capital Finance in Local Authorities (the Prudential Code) issued under the Local Government Act 2003
- 1.2 During 2023/24 the minimum reporting requirements are that the Full Council should receive the following reports:
 - An annual treasury strategy in advance of the year (Council 22 February 2023)
 - A mid-year (minimum) treasury update report (This report).
 - An annual review following the end of the year describing the activity compared to the strategy
- 1.3 In addition, Members will receive Treasury Management update reports on which are presented to Cabinet (5th December 2023) and Budget and Performance Panel (7th December 2023).

2.0 BACKGROUND

- 2.1 As part of the Treasury Management Strategy for 2023/24 approved by Council on 22 February 2023 an amended Minimum Revenue Provision (MRP) Policy in relation to 2022/23 enabling

savings of £2M to be realised in that year.

- 2.2 In order to fully reflect the impact of the change in MRP policy in financial years 2023/24 to 2026/27 several of the prudential indicators included in the original approved Treasury Management Strategy for 2023/24 now require amendment. These amendments need to be considered by Budget & Performance Panel and referred on the Full Council for approval.
- 2.3 The Mid-Year Review (Appendix A) sets out the performance of treasury operations for the first six months of the 2023/24 financial year in terms of long and short-term borrowing, investment activities and relevant borrowing limits and prudential indicators.
- 2.4 Under CIPFA's Code of Practice on Treasury Management (the Code) and the CIPFA Prudential Code for Capital Finance in Local Authorities (the Prudential Code) it is a requirement that an information report on these matters be presented to Cabinet and full Council.

3.0 AMENDMENTS TO THE TREASURY MANAGEMENT STRATEGY 2023/24-2026/27

- 3.1 In compliance with the Prudential Framework the Council sets an annual Treasury Management Strategy including key indicators, determined under regulation, to assist Members in assessing the affordability of borrowing and in determining that it is prudent and sustainable.
- 3.2 The change to the MRP policy included within the original Treasury Management Strategy for 2023/24 was not able to be fully reflected in the prudential indicators at that time. Officers have now updated the indicators for adoption within the amended strategy and these require Council approval. Given that the 2022/23 accounts have been finalised and slippage on the capital programme has been approved this has also been incorporated into the amended strategy.
- 3.3 The impact of the change in policy is reflected primarily in the capital financing requirement which has increased by circa £2M. The same circa £2M impact can also be seen in an increase in the level of under-borrowing and an upwards movement in the operational boundary and authorised limit.
- 3.4 The amended indicators are set out in **Appendix B** and for comparative purposes the original indicators are set out in **Appendix C**. The remainder of the strategy is unchanged.

4.0 MID YEAR REVIEW SUMMARY DETAILS

- 4.1 Mid-year quarter 2 position incorporates the amended indicators set out in the amended TM strategy

Investments

- 4.2 The average level of funds available for investment purposes over the six-month period was £32.9M (2022/23 £44.5M). These funds were available on a temporary basis, and the level of funds available was mainly dependent on the timing of precept and business rate related payments, the receipt of grants and progress on the Capital Programme.
- 4.3 The Council's investments returned a weighted average rate of 5.07% on deposit generating £748K of interest against a profiled budget of £433K.

Borrowing

- 4.4 The Capital Financing Requirement (CFR) measures the Council's underlining need to borrow for capital purpose, i.e., its borrowing requirement. The CFR is the amount of capital

expenditure that has not yet been financed by capital receipts, capital grants or contributions from revenue.

- 4.5 The Council's capital financing requirement (CFR) for 2023/24 was forecast as £105.97M with the current forecast CFR at quarter 2 is, however, £108.14M. This is principally due to the impact of the change in MRP policy as set out earlier in this report.
- 4.6 If the CFR is positive the Council may borrow from the PWLB, or the market (external borrowing) or from internal balances on a temporary basis (internal borrowing). The balance of external and internal borrowing is generally driven by market conditions. The Council currently has borrowings of £59.01M and has utilised £49.13M of cash flow funds in lieu of borrowing and with current forecasts estimating new borrowing of £15.5M later in the financial year. However, the potential for slippage & uncertainty regarding the progress of some schemes under development make this difficult to quantify with certainty and the actual amount of borrowing may be lower.
- 4.7 Consideration also needs to be given to the recent volatility in the markets leading to PWLB interest rates being in excess of 5% at the time of writing. In light of this it may be prudent to delay borrowing or consider the use of short-term borrowing as an interim measure.

Prudential Indicators

- 4.8 In compliance with the Prudential Framework the Council sets an annual Treasury Management Strategy including key indicators, determined under regulation, to assist Members in assessing the affordability of borrowing and in determining that it is prudent and sustainable. The indicators are set out in **Annex A** of The Mid -Year Report at **Appendix A**

5.0 OPTIONS AND OPTIONS ANALYSIS

- 5.1 As the report is for consideration and progressing to Budget and Performance Panel and Full Council, no alternative options are put forward.

6.0 CONCLUSION

- 6.1 Consideration of Treasury Management Mid-Year Review and presentation to Full Council will ensure the Council complies with CIPFA's Code of Practice on Treasury Management (the Code) and the CIPFA Prudential Code for Capital Finance in Local Authorities (the Prudential Code).

RELATIONSHIP TO POLICY FRAMEWORK

Treasury Management forms part of the Councils budget framework

CONCLUSION OF IMPACT ASSESSMENT

(including Health & Safety, Equality & Diversity, Human Rights, Community Safety, HR, Sustainability and Rural Proofing)

Effective Treasury Management and use of the Councils' resources is fundamental to the delivery of its priorities and outcomes.

LEGAL IMPLICATIONS

None directly arising from this report.

FINANCIAL IMPLICATIONS

There are no financial implications arising directly from this report.

However, due to the financial pressures faced by the Council, and the significant increase in interest rates and borrowing costs areas of capital investment may be delayed, reprofiled or stopped. Financial due diligence and assessment will ensure that all the appropriate costs are considered for each proposal and external advice considered ahead of any borrowing being incurred.

OTHER RESOURCE IMPLICATIONS

There are no additional resource or risk implications

SECTION 151 OFFICER'S COMMENTS

The s151 Officer has written this report in his role as Chief Finance Officer

MONITORING OFFICER'S COMMENTS

The Monitoring Officer has been consulted and has no further comments.

BACKGROUND PAPERS

Strategy

[Agenda for Council on Wednesday, 22nd February 2023, 6.00 p.m. - Lancaster City Council](#)

Cabinet

[Agenda for Cabinet on Tuesday, 5th December 2023, 6.00 p.m. - Lancaster City Council](#)

B&PP

[Agenda for Budget and Performance Panel on Thursday, 7th December 2023, 6.10 p.m. - Lancaster City Council](#)

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Ref: N/A

**Treasury Management Strategy Statement and Annual
Investment Strategy**

Mid-Year Review 2023/24

Report of Chief Finance Officer

Presented To

Cabinet 24th October 2023

Budget & Performance Panel 7th December 2023

Council 13th December 2023

1. Background

Capital Strategy

In December 2021, CIPFA (Chartered Institute of Public Finance and Accountancy) issued revised Prudential and Treasury Management codes. These require all local authorities to prepare a Capital Strategy which is intended to provide the following:

- a high-level overview of how capital expenditure, capital financing and treasury management activity contribute to the provision of services
- an overview of how the associated risk is managed
- the implications for future financial sustainability

A report setting out our Capital Strategy was taken to Council on 22 February 2023.

Treasury Management

The Council operates a balanced budget, which broadly means that cash raised during the year will meet its cash expenditure. Part of the treasury management operations ensure this cash flow is adequately planned with surplus monies being invested in low-risk counterparties, providing adequate liquidity initially before considering optimising investment return.

The second main function of the treasury management services is the funding of the Council's capital plans. These capital plans provide a guide to the borrowing need of the Council, essentially the longer-term cash flow planning to ensure the Council can meet its capital spending operations. This management of longer-term cash may involve arranging long or short-term loans, or using longer term cash flow surpluses, and, on occasion any debt previously drawn may be restructured to meet Council risk or cost objectives.

Accordingly, treasury management is defined as:

“The management of the local authority's borrowing, investments and cash flows, its banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks.”

2. Introduction

This report has been written in accordance with the requirements of CIPFA's Code of Practice for Treasury Management.

The primary requirements of the Code are as follows:

- (i) Creation and maintenance of a Treasury Management Policy Statement which sets out the policies and objectives of the Council's treasury management activities.
- (ii) Creation and maintenance of Treasury Management Practices which set out the manner in which the Council will seek to achieve those policies and objectives.

- (iii) Receipt by full council of an annual Treasury Management Strategy Statement – including the Annual Investment Strategy and Minimum Revenue Provision Policy – for the year ahead, a Mid-year Review Report and an Annual Report, covering activities during the previous year.
- (iv) Delegation by the Council of responsibilities for implementing and monitoring treasury management policies and practices and for the execution and administration of treasury management decisions.
- (v) Delegation by the council of the role of scrutiny of treasury management strategy and policies to a specific named body. For this Council the delegated body is Budget and Performance Panel.

This mid-year report has been prepared in compliance with CIPFA's Code of Practice on Treasury Management, and covers the following:

- An economic update for the first part of the 2023/24 financial year
- A review of the Treasury Management Strategy Statement and Annual Investment Strategy
- The Council's capital expenditure, as set out in the Capital Strategy, and prudential indicators
- A review of the Council's investment portfolio for 2023/24
- A review of the Council's borrowing strategy for 2023/24
- A review of any debt rescheduling undertaken during 2023/24
- A review of compliance with Treasury and Prudential Limits for 2023/24

3. Economics update (provided by Link Asset Services)

- *The first half of 2023/24 saw:*
 - *Interest rates rise by a further 100 basis points, taking Bank Rate from 4.25% to 5.25% and, possibly, the peak in the tightening cycle.*
 - *Short, medium and long-dated gilts remain elevated as inflation is continually surprised to the upside.*
 - *A 0.5% month on month decline in real GDP in July, mainly due to more strikes.*
 - *CPI inflation falling from 8.7% in April to 6.7% in August, its lowest rate since February 2022, but still the highest in the G7.*
 - *Core CPI inflation declining to 6.2% in August from 7.1% in April and May, a then 31 years high.*
 - *A cooling in labour market conditions, but no evidence yet that it has led to an easing in wage.*
- *The 0.5% month on month fall in GDP in July suggests that underlying growth has lost momentum since earlier in the year. Some of the weakness in July was due to there being almost twice as many working days lost to strikes in July (281,000) than in June (160,000). But with output falling in 10 out of the 17 sectors, there is an air of underlying weakness.*
- *As the growing drag from higher interest rates intensifies over the next six months, we think the economy will continue to lose momentum and soon fall*

into a mild recession. Strong labour demand, fast wage growth and government handouts have all supported household incomes over the past year. And with CPI inflation past its peak and expected to decline further, the economy has got through the cost-of-living crisis without recession. But even though the worst of the falls in real household disposable incomes are behind us, the phasing out of financial support packages provided by the government during the energy crisis means real incomes are unlikely to grow strongly. Higher interest rates will soon bite harder too. We expect the Bank of England to keep interest rates at the probable peak of 5.25% until the second half of 2024. Mortgage rates are likely to stay above 5.0% for around a year.

- The tightness of the labour market continued to ease, with employment in the three months to July falling by 207,000. The further decline in the number of job vacancies from 1.017m in July to 0.989m in August suggests that the labour market has loosened a bit further since July. The cooling in labour market conditions still has not fed through to an easing in wage growth.
- CPI inflation declined from 6.8% in July to 6.7% in August, the lowest rate since February 2022. The biggest positive surprise was the drop in core CPI inflation, which declined from 6.9% to 6.2%. That reverses all the rise since March and means the gap between the UK and elsewhere has shrunk.
- In its latest monetary policy meeting on 20 September, the Bank of England left interest rates unchanged at 5.25%. The weak August CPI inflation release, the recent loosening in the labour market and the downbeat activity surveys appear to have convinced the Bank of England that it has already raised rates far enough. The Bank also retained the hawkish guidance that rates will stay “sufficiently restrictive for sufficiently long”.

4. Interest Rate Forecast

The Council’s treasury advisor, Link Asset Services, provided the following forecast on 25 September 2023. This sets out a view that, short, medium and long-dated interest rates will be elevated for some little while as the Bank of England seeks to squeeze inflation out of the economy. The PWLB rate forecasts below are based on the Certainty Rate (the standard rate minus 20 bps) which has been accessible to most authorities since 1st November 2012:

Link Group Interest Rate View	25.09.23												
	Dec-23	Mar-24	Jun-24	Sep-24	Dec-24	Mar-25	Jun-25	Sep-25	Dec-25	Mar-26	Jun-26	Sep-26	Dec-26
BANK RATE	5.25	5.25	5.25	5.00	4.50	4.00	3.50	3.00	2.75	2.75	2.75	2.75	2.75
3 month ave earnings	5.30	5.30	5.30	5.00	4.50	4.00	3.50	3.00	2.80	2.80	2.80	2.80	2.80
6 month ave earnings	5.60	5.50	5.40	5.10	4.60	4.10	3.60	3.10	2.90	2.90	2.90	2.90	2.90
12 month ave earnings	5.80	5.70	5.50	5.20	4.70	4.20	3.70	3.20	3.00	3.00	3.00	3.00	3.00
5yr PWLB	5.10	5.00	4.90	4.70	4.40	4.20	4.00	3.90	3.70	3.70	3.60	3.60	3.50
10 yr PWLB	5.00	4.90	4.80	4.60	4.40	4.20	4.00	3.80	3.70	3.60	3.60	3.50	3.50
25 yr PWLB	5.40	5.20	5.10	4.90	4.70	4.40	4.30	4.10	4.00	3.90	3.80	3.80	3.80
50 yr PWLB	5.20	5.00	4.90	4.70	4.50	4.20	4.10	3.90	3.80	3.70	3.60	3.60	3.60

5. Treasury Management Strategy Statement and Annual Investment Strategy Update

The Treasury Management Strategy (TMS) for 2023/24, which includes the Annual Investment Strategy was approved by the Council on 22 February 2023. The underlying TMS approved previously requires revision in light of the change in MRP policy. The required changes are reflected in the quarter 2 position reported in Annex A and will be

forwarded on to Budget & Performance Panel for consideration and comment then to Full Council for approval.

6. Investment Portfolio

In accordance with the CIPFA Treasury Management Code of Practice the Council's investment priorities are set out as being:

- Security of capital
- Liquidity
- Yield

The Council will aim to achieve the optimum return (yield) on its investments commensurate with proper levels of security and liquidity and with the Council's risk appetite. In the current economic climate it is considered appropriate to keep investments short term to cover cash flow needs, but also to seek out value available in periods up to 12 months with high credit rated financial institutions, using the Link suggested creditworthiness approach, including a minimum sovereign credit rating and Credit Default Swap (CDS) overlay information.

Following the Government's fiscal event on 23rd September 2022, both S&P and Fitch have placed the UK sovereign debt rating on Negative Outlook, reflecting a downside bias to the current ratings in light of expectations of weaker finances and the economic outlook. Nothing further has evolved in the first half of 2023/24.

The current investment counterparty criteria selection approved in the TMSS is meeting the requirement of the treasury management function.

It is noted that sentiment in the current economic climate can easily shift, so it remains important to undertake continual monitoring of all aspects of risk and return in the current circumstances.

The average level of funds available for investment purposes over the six-month period was **£32.9M**. These funds were available on a temporary basis, and the level of funds available was mainly dependent on the timing of precept and business rate related payments, the receipt of grants and progress on the Capital Programme.

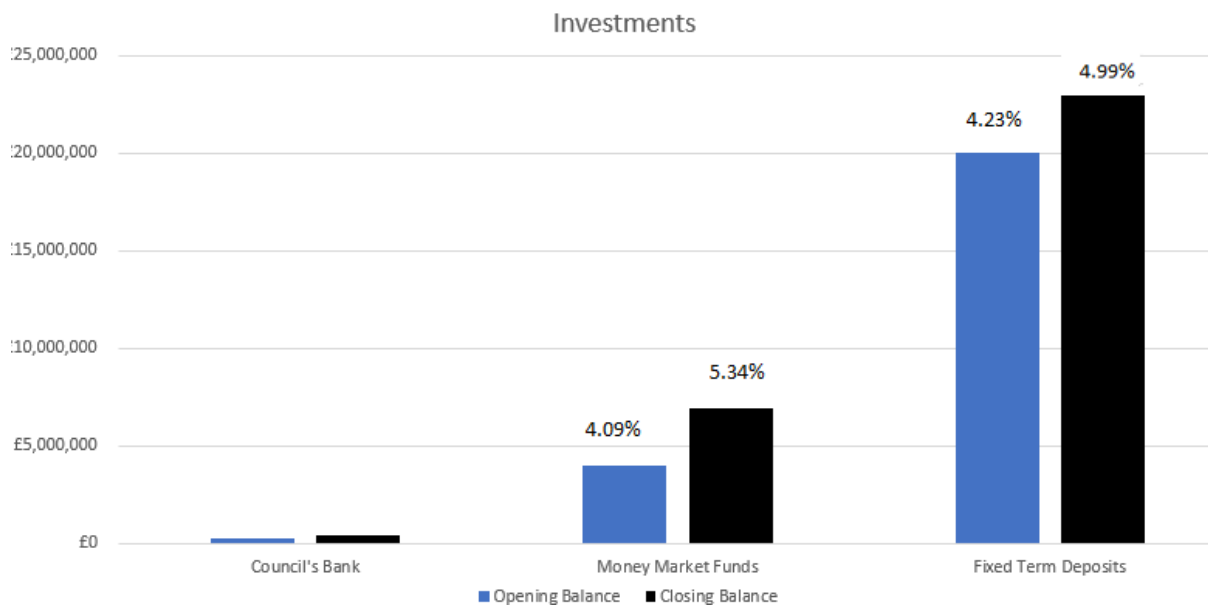
In terms of performance against external benchmarks, the return on investments compared to the SONIA (average) and bank rates at the end of the period is as follows. This is viewed as reasonable performance, given the need to prioritise security of investments, and liquidity (i.e. making sure that the Council's cashflow meets its needs):

Base Rate	5.25%
SONIA (average)	4.74%
Lancaster City Council investments	5.07%

Investment Balances – quarter ended 30 September 2023

At the start of the year investments totalled £24.0M rising to £29.9M by 30 September. Fixed term investments rose from £20M to £23M whilst Money Market Fund balances rose from £4M to £6.9M

Other Investments	Term	Maturity Date	Opening 1.4.23 £	Closing 3.09.23 £	Indicative Rate (YTD)	Current Fixed Rate	Interest to Date £	
Call Accounts								
Natwest (Cash Manager Plus)			244,000	396,500	0.12%		3,797	
Money Market Funds								
Aberdeen Life Investments			0	900,000	5.28%		105,515	
Blackrock Sterling Liquidity First Fund			4,000,000	0	4.09%		51,739	
LGIM			0	6,000,000	5.35%		106,022	
Insight			0	0	5.14%		34,512	
Goldman Sachs			0	0	5.14%		7,045	
Lancashire County Council			0	0	5.00%		2,147	
Fixed Term Deposits								
London Borough of Newham	233 days	26/05/2023	5,000,000	0		3.50%	26,370	
West Dunbartonshire	184 days	22/11/2023	5,000,000	5,000,000		4.55%	104,979	
Halton Borough Council	186 days	20/11/2023	5,000,000	5,000,000		4.50%	104,438	
Aberdeen City Council	92 days	03/08/2023	5,000,000	0		4.35%	68,849	
Birmingham City Council	213 days	19/01/2024	0	5,000,000		5.05%	71,253	
Bradford City Council	184 days	31/01/2024	0	5,000,000		5.50%	46,712	
London Borough of Barking & Dagenham	153 days	30/01/2024	0	3,000,000		5.60%	14,729	
Sub-total			24,244,000	30,296,500			748,107	
							Budgeted income	433,000
								315,107



Investment Counterparty criteria

The current investment counterparty criteria selection approved in the TMS is meeting the requirement of the treasury management function.

Approved Limits

Officers can confirm that, with one exception where funds held in the Council's bank account overnight exceeded the £1.5M specified limit, the approved limits within the Annual Investment Strategy were not breached during the period ended 30th September 2023.

Borrowing

The Council's capital financing requirement (CFR) for 2023/24 was forecast as £105.97M as set out in **Annex A**. The current forecast CFR at quarter 2 is, however, £108.14M. This is principally due to the impact of the change in the Council's MRP policy during 2022/23. The CFR denotes the Council's underlying need to borrow for capital purposes. If the CFR is positive the Council may borrow from the PWLB or the market (external borrowing), or from internal balances on a temporary basis (internal borrowing). The balance of external and internal borrowing is generally driven by market conditions. The Council currently has borrowings of £59.01m and has utilised £49.13m of cash flow funds in lieu of borrowing. This is a prudent and cost-effective approach in the current economic climate but will require ongoing monitoring in the event that any upside risk to gilt yields prevails.

No new external borrowing has, to date, been undertaken. The capital programme is being kept under regular review due to the effects of inflationary pressures, shortages of materials and labour. Our borrowing strategy will, therefore, also be regularly reviewed and then revised, if necessary, in order to achieve optimum value and risk exposure in the long-term.

Gilt yields and PWLB certainty rates were on a generally rising trend throughout the first half of 2023/24. July saw short-dated rates peak at their most expensive. The 1-year rate spiked to 6.36% and the 5-year rate to 5.93%. Although, in due course, short-dated rate expectations fell, the medium dates shifted higher through August and the 10-year rate pushed higher to 5.51% and the 25-year rate to 5.73%. The 50-year rate was 4.27% on 5th April but rose to 5.45% on 28th September.

Rates are forecast to fall back over the next two to three years as inflation dampens and 50 year rates are forecast to stand at 3.9% by the end of September 2025, however, there is a high degree of uncertainty as to whether rates will fall that far.

It is anticipated that further borrowing will need to be undertaken during this financial year. This is currently in the region of £15.5M, however, the potential for slippage & uncertainty regarding the progress of some schemes under development make this difficult to quantify with certainty and the actual amount of borrowing may be lower. Consideration also needs to be given to the recent volatility in the markets leading to PWLB interest rates being in excess of 5% at the time of writing. In light of this it may be prudent to delay borrowing or consider the use of short-term borrowing as an interim measure.

7. Debt Rescheduling

Debt rescheduling opportunities have increased over the course of the past six months and will be considered if giving rise to long-term savings. However, no debt rescheduling has been undertaken to date in the current financial year.

8. Compliance with Treasury and Prudential Limits

It is a statutory duty for the Council to determine and keep under review the affordable borrowing limits. During the half year ended 30th September 2023, the Council has operated within the treasury and prudential indicators set out in the Council's Treasury Management Strategy Statement for 2023/24. The amendments to the Treasury Management Strategy for 2023/24 are reflected in the quarter 2 position set out at Annex A and will be passed on the Budget & Performance panel for consideration and comment then presented to Dull Council for approval. The Chief Finance Officer reports that no difficulties are envisaged for the current or future years in complying with these indicators.

All treasury management operations have also been conducted in full compliance with the Council's Treasury Management Practices.

9. Other Issues

Changes in risk appetite

The 2021 CIPFA Codes and guidance notes have placed enhanced importance on risk management. Where an authority changes its risk appetite e.g. for moving surplus cash into or out of certain types of investment funds or to other types of investment instruments this change in risk appetite and policy should be brought to members' attention in treasury management update reports. There are no such changes to report.

PRUDENTIAL INDICATORS - MID YEAR REVIEW**Prudential Indicator for Capital Expenditure**

This table shows the current estimates for the General Fund and Housing Revenue Account capital programmes, compared to the original estimates.

Capital Expenditure by Fund	2023/24	
	Original Estimate £m	Quarter 2 Position £m
General Fund	19.61	23.97
Council Housing (HRA)	6.20	7.22
Total Capital Expenditure	25.81	31.19

ANNEX A**Changes to the Financing of the Capital Programmes**

This table shows the changes in the financing of the capital programme and the level of borrowing required.

Capital Expenditure	2023/24	
	Original Estimate £m	Quarter 2 Position £m
Total capital expenditure	25.81	31.19
Financed by:		
Capital receipts	1.52	1.53
Capital grants	8.25	10.54
Reserves	2.77	4.77
Revenue	2.21	2.55
Total Financing	14.75	19.39
Borrowing Requirement	11.06	11.80

Changes to the Capital Financing Requirement

Capital Financing Requirement	2023/24	
	Original Estimate £m	Quarter 2 Position £m
General Fund	71.87	74.05
HRA	34.10	34.09
Total Capital Financing Requirement	105.97	108.14
Net movement in CFR	3.47	2.17

Limits to Borrowing Activity

A key control over treasury management activity is to ensure that over the medium term, net borrowing (borrowings less investments) will only be for capital purposes. Gross external borrowing should not, except in the short term, exceed the total capital financing requirement.

External Debt v Borrowing Need (CFR)	2023/24	
	Original Estimate £m	Quarter 2 Position £m
External Debt	59.01	59.01
Expected Change in Other long term liabilities	14.46	14.46
Total Debt	73.47	73.47
Compared to current :		
Capital Financing Requirement	105.97	108.14
Operational Boundary:-		
Debt	106.96	109.14
Authorised Limit:-		
Debt	122.00	124.00

Definitions:

Operational Boundary

The limit beyond which external debt is not normally expected to exceed is known as the operational boundary.

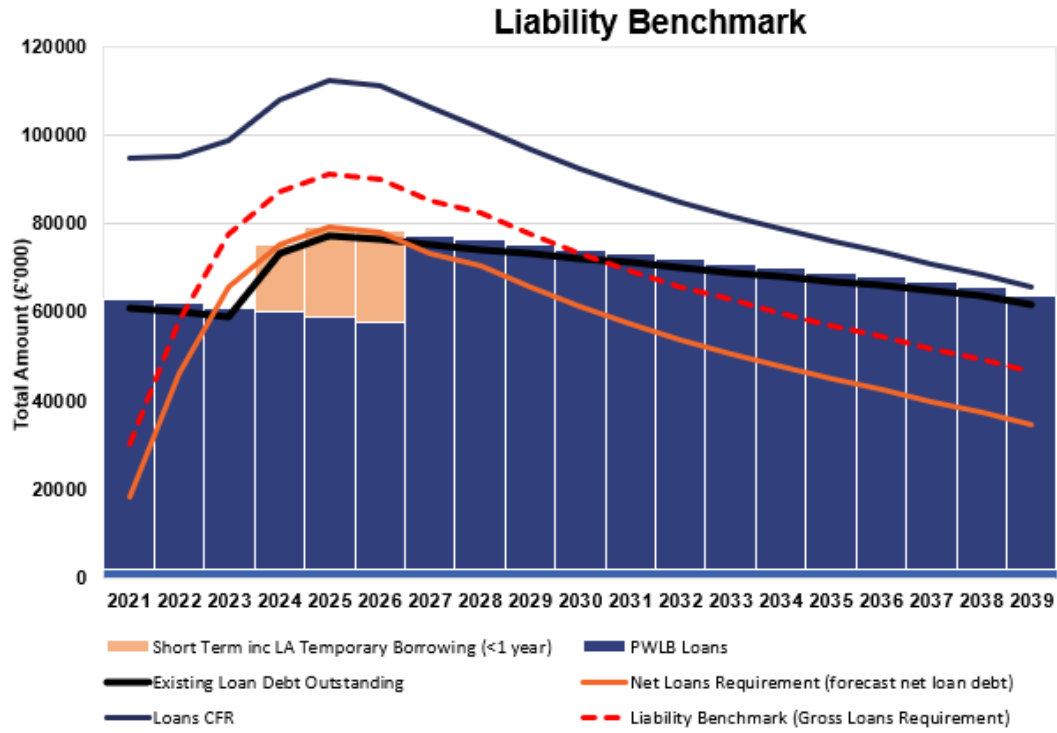
Authorised Limit for External Debt

A further prudential indicator controls the overall level of borrowing. This is the authorised limit which represents the limit beyond which borrowing is prohibited. It reflects the level of borrowing which, whilst not desired, could be afforded in the short term, but it is not sustainable in the longer term. It is the expected maximum borrowing need with some headroom for unexpected movements.

Liability Benchmark

The Council's liability benchmark reflecting the mid-year position is set out below. This charts the following four key components:

1. **Existing loan debt outstanding:** the Authority's existing loans that are still outstanding in future years.
2. **Loans CFR:** this is calculated in accordance with the loans CFR definition in the Prudential Code and projected into the future based on approved prudential borrowing and planned MRP.
3. **Net loans requirement:** this will show the Authority's gross loan debt less treasury management investments at the last financial year-end, projected into the future and based on its approved prudential borrowing, planned MRP and any other major cash flows forecast.
4. **Liability benchmark (or gross loans requirement):** this equals net loans requirement plus short-term liquidity allowance.



Capital Expenditure	2021/22 Actual £m	2022/23 Actual £m	2023/24 Estimate £m	2024/25 Estimate £m	2025/26 Estimate £m	2026/27 Estimate £m
General Fund	11.22	10.44	23.97	14.29	5.73	2.78
Housing Revenue Account (HRA)	3.76	5.31	7.22	4.46	4.00	3.90
Total	14.98	15.75	31.19	18.75	9.73	6.68
Financed by:						
Capital receipts	-0.06	-0.22	-1.53	-0.54	-0.50	-0.50
Capital grants	-7.49	-5.15	-10.54	-4.55	-2.21	-2.23
Capital reserves	-3.46	-4.94	-3.45	-3.85	-3.43	-3.40
Revenue	-0.48	-0.83	-2.55	-0.11	-0.07	-0.00
Net financing need for the year	3.49	4.61	13.12	8.53	3.52	0.55

Capital Financing Requirement	2021/22 Actual £m	2022/23 Actual £m	2023/24 Estimate £m	2024/25 Estimate £m	2025/26 Estimate £m	2026/27 Estimate £m
CFR – Non Housing	59.06	63.56	74.05	79.17	78.97	75.47
CFR – Housing	36.18	35.13	34.09	33.05	32.01	30.97
Total CFR	95.24	98.69	108.14	112.22	108.78	106.44
Movement in CFR						
Non Housing	1.34	4.51	10.48	5.12	-0.20	-3.49
Housing	-1.04	-1.05	-1.04	-1.04	-1.04	-1.04
Net Movement in CFR	0.29	3.46	9.44	4.08	-1.24	-4.54

Movement in CFR represented by						
Net financing need for the year (above) re Non Housing	3.49	4.61	13.12	8.53	3.52	0.55
Less MRP/VRP and other financing movements	-3.20	-1.15	-3.68	-4.45	-4.76	-5.09
Net Movement in CFR	0.29	3.46	9.44	4.08	-1.24	-4.54

Year End Resources	2021/22 Actual £m	2022/23 Actual £m	2023/24 Estimate £m	2024/25 Estimate £m	2025/26 Estimate £m	2026/27 Estimate £m
Fund balances / reserves	42.60	33.85	28.41	27.22	27.39	27.93
Capital receipts	1.27	2.39	0.00	0.00	0.00	0.00
Provisions	6.66	4.74	5.00	5.00	5.00	5.00
Total core funds	50.53	40.98	33.41	32.22	32.39	32.93
Working capital*	32.85	19.02	15.00	15.00	15.00	15.00
Under borrowing	-35.19	-39.68	-34.67	-34.79	-34.58	-31.09
Expected investments	48.19	20.32	13.74	12.43	12.81	16.84

*Working capital balances shown are estimated year end; these may be higher mid-year

Ratio of Financing Costs to Net Revenue Stream	2021/22 Actual %	2022/23 Actual %	2023/24 Estimate %	2024/25 Estimate %	2025/26 Estimate %	2026/27 Estimate %
General Fund	18.50	5.90	22.96	25.01	25.08	24.34
HRA	19.87	18.79	17.00	16.22	16.25	15.99

	2021/22 Actual £m	2022/23 Actual £m	2023/24 Estimate £m	2024/25 Estimate £m	2025/26 Estimate £m	2026/27 Estimate £m
External Debt						
Debt at 1 April	61.09	60.05	59.01	73.47	77.43	76.39
Expected change in Debt	-1.04	-1.04	14.46	3.96	-1.04	-1.04
Other long-term liabilities (OLTL)	0.00	0.00	0.00	0.00	0.00	0.00
Expected change in OLTL	0.00	0.00	0.00	0.00	0.00	0.00
Actual gross debt at 31 March	60.05	59.01	73.47	77.43	76.39	75.35
The Capital Financing Requirement	95.24	98.69	108.14	112.22	110.97	106.44
Under Borrowing	-35.19	-39.68	-34.67	-34.79	-34.58	-31.09

Operational boundary for external debt	2022/23 Actual £m	2023/24 Estimate £m	2024/25 Estimate £m	2025/26 Estimate £m	2026/27 Estimate £m
Debt*	99.00	108.14	112.22	110.97	106.44
Other long term liabilities	0.00	1.00	1.00	1.00	1.00
Total	99.00	109.14	113.22	111.97	107.44

Authorised Limit for external debt	2022/23 Actual £m	2023/24 Estimate £m	2024/25 Estimate £m	2025/26 Estimate £m	2026/27 Estimate £m
Debt	115.00	123.00	127.00	126.00	121.00
Other long-term liabilities	0.00	1.00	1.00	1.00	1.00
Total	115.00	124.00	128.00	127.00	122.00

Capital Expenditure	2021/22 Actual £m	2022/23 Estimate £m	2023/24 Estimate £m	2024/25 Estimate £m	2025/26 Estimate £m	2026/27 Estimate £m
General Fund	11.22	13.90	19.61	13.12	5.73	2.78
Housing Revenue Account (HRA)	3.76	7.06	6.20	4.46	4.00	3.90
Total	14.98	20.96	25.81	17.58	9.73	6.68
Financed by:						
Capital receipts	-0.06	-0.67	-1.52	-0.54	-0.50	-0.50
Capital grants	-7.49	-6.51	-8.25	-4.55	-2.21	-2.23
Capital reserves	-3.46	-4.87	-2.77	-3.85	-3.43	-3.40
Revenue	-0.48	-2.14	-2.21	-0.11	-0.07	-0.00
Net financing need for the year	3.49	6.77	11.06	8.53	3.52	0.55

Capital Financing Requirement	2021/22 Actual £m	2022/23 Estimate £m	2023/24 Estimate £m	2024/25 Estimate £m	2025/26 Estimate £m	2026/27 Estimate £m
CFR – Non Housing	59.06	63.73	71.87	76.98	76.77	73.30
CFR – Housing	36.18	35.14	34.10	33.05	32.01	30.97
Total CFR	95.24	98.86	105.96	110.04	108.78	104.28
Movement in CFR						
Non Housing	1.34	4.67	8.14	5.11	-0.21	-3.46
Housing	-1.04	-1.04	-1.04	-1.04	-1.04	-1.04
Net Movement in CFR	0.29	3.63	7.10	4.07	-1.26	-4.51

Movement in CFR represented by						
Net financing need for the year (above) re Non Housing	3.49	6.77	11.06	8.53	3.52	0.55
Less MRP/VRP and other financing movements	-3.20	-3.14	-3.96	-4.46	-4.78	-5.06
Net Movement in CFR	0.29	3.63	7.10	4.07	-1.26	-4.51

Year End Resources	2021/22 Actual £m	2022/23 Estimate £m	2023/24 Estimate £m	2024/25 Estimate £m	2025/26 Estimate £m	2026/27 Estimate £m
Fund balances / reserves	42.60	31.50	28.41	27.22	27.39	27.93
Capital receipts	1.27	0.73	0.00	0.00	0.00	0.00
Provisions	6.66	5.00	5.00	5.00	5.00	5.00
Total core funds	50.53	37.23	33.41	32.22	32.39	32.93
Working capital*	32.85	31.00	15.00	15.00	15.00	15.00
Under borrowing	-35.20	-39.86	-32.50	-32.62	-32.40	-28.94
Expected investments	48.18	28.37	15.91	14.60	14.99	18.99

*Working capital balances shown are estimated year end; these may be higher mid-year

Ratio of Financing Costs to Net Revenue Stream	2021/22 Actual %	2022/23 Estimate %	2023/24 Estimate %	2024/25 Estimate %	2025/26 Estimate %	2026/27 Estimate %
General Fund	18.50	14.90	24.31	25.05	25.12	24.23
HRA	19.87	18.57	17.00	16.22	16.25	15.99

	2021/22 Actual £m	2022/23 Estimate £m	2023/24 Estimate £m	2024/25 Estimate £m	2025/26 Estimate £m	2026/27 Estimate £m
External Debt						
Debt at 1 April	61.08	60.04	59.00	73.46	77.42	76.38
Expected change in Debt	-1.04	-1.04	14.46	3.96	-1.04	-1.04
Other long-term liabilities (OLTL)	0.00	0.00	0.00	0.00	0.00	0.00
Expected change in OLTL	0.00	0.00	0.00	0.00	0.00	0.00
Actual gross debt at 31 March	60.04	59.00	73.46	77.42	76.38	75.34
The Capital Financing Requirement	95.24	98.86	105.96	110.04	108.78	104.28
Under Borrowing	-35.20	-39.86	-32.50	-32.62	-32.40	-28.94

Operational boundary for external debt	2022/23 Estimate £m	2023/24 Estimate £m	2024/25 Estimate £m	2025/26 Estimate £m	2026/27 Estimate £m
Debt*	98.86	105.96	110.04	108.78	104.28
Other long term liabilities	1.00	1.00	1.00	1.00	1.00
Total	99.86	106.96	110.04	109.78	105.28

Authorised Limit for external debt	2022/23 Estimate £m	2023/24 Estimate £m	2024/25 Estimate £m	2025/26 Estimate £m	2026/27 Estimate £m
Debt	114.00	121.00	125.00	124.00	119.00
Other long-term liabilities	1.00	1.00	1.00	1.00	1.00
Total	115.00	122.00	126.00	125.00	120.00

COUNCIL

The Lancashire Devolution Deal 13th Dec 2023

Report of Chief Executive

PURPOSE OF REPORT
To allow Council to consider the draft Lancashire Devolution Deal and agree the principles of a response to the formal consultation.
This report is public.

RECOMMENDATIONS OF CLLR PHILLIP BLACK

- (1) That Council notes the draft Lancashire Devolution Deal and Proposal (Appendix A and B)
- (2) That Council agrees to submit a response to the eight sections of the formal consultation, feeding back the comments in part 3.0 of this report.
- (3) To delegate authority to the Chief Executive, in consultation with the Leader, to finalise the consultation response (including completion of the online consultation and a formal written response) based on recommendation 2
- (4) That Council promotes the consultation and seeks to encourage our district's residents and organisations to respond.

1.0 Introduction

- 1.1 In February 2022, the Government published its White Paper on Levelling Up, a significant set of proposals which sought to address geographical disparities in funding, productivity and growth across England. The resulting legislation, the Levelling-up and Regeneration Act 2023, allows for, amongst other things, the creation of new Combined County Authorities (CCAs) that require the agreement of upper-tier Local Authorities in the area (County and Unitary).
- 1.2 Following the publication of the White Paper, the three upper tier Councils (Lancashire, Blackpool, Blackburn with Darwen) agreed to cooperate on the creation of a new devolution deal that would cover the Lancashire area by establishing a CCA.
- 1.3 The three Councils have undertaken extensive negotiations, with Government, to agree the basis of a proposed devolution deal.
- 1.4 The Deal document (APPENDIX A) sets out the basis for the deal, including the key powers to be devolved, main objectives of the proposed CCA and the governance principles.

2.0 Proposal Details

2.1 The Deal document has been further developed into a Proposal document (APPENDIX B) This Proposal document will be subject to an extensive consultation process across the area in accordance with the statutory requirements. The full consultation arrangements, setting out how the Councils will seek the views of the public and stakeholders are set out in the Proposal document.

2.2 In summary the draft deal sets out-

2.2.1 The formation of the Lancashire Combined County Authority (CCA) to provide overall vision and leadership, seek the best value for taxpayer's money, and be accountable to local residents.

2.2.2 The integration of relevant functions of the Lancashire Local Enterprise Partnership into the Lancashire CCA, ensuring that there continues to be a strong and independent local business voice in the form of a Lancashire Business Board which informs local decision making and strategic economic planning. In absorbing the role and functions of the Growth Lancashire Company, LEP Growth & Skills & Employment Hub, LEP Investment Team, destination management/visitor economy, the Lancashire CCA will deliver a number of functions on behalf of the central government departments.

2.2.3 New powers to better shape local skills provisions to ensure these meet the needs of the local economy. This will include devolution of Adult Education functions and the core Adult Education Budget, and the opportunity to provide input into Local Skills Improvement Plans.

2.2.4 New powers to improve and better integrate local transport, including the ability to introduce bus franchising subject to approval from the Secretary of State for transport, and control of appropriate local transport functions e.g. responsibility for an area-wide local transport plan.

2.2.5 Subject to funding, policy and delivery considerations at the next Spending Review, UK Shared Prosperity Fund (UKSPF) planning and delivery at a strategic level from 2025/26.

2.2.6 The ability to exercise compulsory purchase powers to help drive the regeneration of the area and to build more affordable homes, subject to the agreement of the Local Authority where the relevant land is located.

2.2.7 Up to £20 million capital funding in the current Spending Review period to support innovation led growth (including assets to maximise the benefits of National Cyber Force HQ) and net zero ambitions across Lancashire. This investment is subject to agreement of the relevant business cases.

2.2.8 Strengthening the local visitor economy, reinforcing Lancashire's attractive and vibrant cultural and creative sector through the formation of a wider Lancashire visitor offer encompassing Blackpool, which

remains the UK's No1 seaside resort, and nationally significant investments such as Eden North, with facilities and events of regional and national significance, aligned to the Local Visitor Economy Partnership (LVEP)

2.2.9 Deliver innovation-led growth, including working with government to capitalise on Lancashire economic potential in growing the energy and low carbon sector

2.2.10 Improve urban quality and help address poor health.

2.3 From the perspective of Lancaster City Council the following points are highlighted-

2.3.1 District Council involvement The Combined County Authority model, as established by the Levelling-up and Regeneration Act 2023, says that only Upper Tier Local Authorities can be constituent members. However, it is recognised that it will be essential to ensure that the voice of the district councils in Lancashire is heard. To achieve that, district councils will be invited to nominate two “non-constituent” members to serve as members of the CCA. The Act gives the CCA the right to grant voting rights to the non-constituent members. The responsibility for agreeing any such rights rests with the constituent members of the CCA and would be set out in the CCA’s constitution. In addition, Districts will also be invited to nominate representatives to the CCA Audit and Scrutiny Committees. It is proposed that these nominations are made by the District Leaders Forum, as a body which commands the consent of all 12 districts in Lancashire. The nominating body may change, in consultation with the districts, if an alternative nominating body which represents the interests of all districts in Lancashire, is preferred.

2.3.2 Business Voice The involvement of business will be essential to delivering the CCA's aims and ambitions. To achieve this, a “Business Board” will be established. Whilst it will not be a formal part of the CCA’s own governance structure, it will link closely to the CCA on matters connected to business, economic growth, skills and investment, and its views will be sought by the CCA on these and other issues. A business representative will also have a seat at the CCA table as an associate member

2.3.3 UKSPF Subject to funding, policy and delivery considerations at the next Spending Review, the Levelling Up White Paper sets out the Government’s expectation that delivery responsibility for the UK Shared Prosperity Fund will be aligned with devolution deal responsibilities. This would mean that Lancashire CCA could have such responsibilities from 2025/26. In carrying out this role, Lancashire CCA and the constituent councils will work closely with the Lancashire District Leaders Forum in an advisory capacity. Delivery of these functions will build on existing district-led delivery arrangements for UKSPF and align with the Lancashire 2050 strategy, as agreed by all local authorities in Lancashire, to ensure that the needs of residents can be effectively addressed.

2.3.4 Housing and land The government and partners within Lancashire recognise the need to deliver decent and affordable housing that will

benefit existing residents, as well as attract and retain the people required to drive the economy over the longer term. Constituent councils have identified several priorities including improving and increasing the availability of good quality housing on both new sites and through existing stock, more effectively linking housing regeneration to economic and transport plans, securing urban renewal by demolishing and replacing housing stock in some areas and improving the attractiveness of the built environment for communities.

As local authorities, the constituent councils already have access to a broad range of powers and tools allowing them to collectively work together to acquire land, develop new homes and act more generally to improve local housing conditions.

The government and the constituent councils believe that devolution at Level 2 now offers an opportunity to better align this work within the Lancashire area, seeking to accelerate housing delivery as well as promote wider measures that enhance availability and affordability locally. The government and the constituent councils will therefore seek to work together to explore further opportunities to improve housing delivery across the next period through the CCA

2.3.5 Working with Homes England Lancashire's authorities and Homes England are committed, with the support of the Department for Levelling Up, Housing and Communities (DLUHC) to working collaboratively on this basis – combining their skills and capacity to reduce the barriers to affordable housing delivery, regeneration and wider housing growth through the development of a shared development pipeline for the region.

Homes England and DLUHC will explore the potential for investing in the delivery of this pipeline – in support of Lancashire CCA's wider strategic ambitions for enhancing the affordability and accessibility of housing locally – through current and future funding streams, including the Affordable Homes Programme and Brownfield, Infrastructure and Land Fund. Through taking a co-design approach with Homes England, Lancashire CCA will seek to enhance the impact of any funding allocated within the area over the next five years

As part of this approach, partners within Lancashire will seek to further align their own resources and capacity alongside the work of the Combined County Authority, working closely with Government to maximise the impact of joint programmes such as the One Public Estate through the use of their land and wider capital assets.

3.0 Details of Consultation

3.1 The consultation on the draft devolution deal runs until 26th January 2024. It seeks views on eight areas of the draft devolution agreement. Individuals and organisations are invited to respond online at <https://lancashiredevolution.co.uk/consultation/>

3.2 Council is asked to consider it's response to the eight sections of the consultation. Respondents are requested to indicate a basic level of agreement with the proposals ranging between 'Strongly Agree- Strongly Disagree'. There is also an opportunity to provide a comment on the proposal, enabling respondents to share more nuanced views and highlight specific points of concern or support. It is proposed that the finalisation of the response is delegated to the Chief Executive in consultation with the Leader based on Council's response

tonight.

3.3. The eight sections of the consultation are set out below with comments and questions included from the City Council perspective. These comments and questions are intended to form the basis of the Council's response to the consultation. The full wording of the preamble to each section of the consultation questions is included in **Appendix C**, the section title and primary statement of intention is provided here.

Section 1 – Innovation, Trade and Investment

We will work with local and national stakeholders to become a globally recognised and sustainable economy, distinguished by its quality of life, connectivity and access to opportunities.

COMMENTS

Lancaster City Council's allocation of £6million UKSPF is assisting a wide range of projects and organisations across the District that would potentially not have been funded by a central allocation. What will the CCA put in place to ensure that any further UKSPF allocation (or equivalent) is distributed in a way that best delivers agreed outcomes across our District? We believe that administration and decision making for UKSPF funding should be retained by the District Councils of Lancashire.

Technology based businesses represent a significant growth opportunity for Lancashire. The capital requirement to meaningfully develop this area will be much greater than £12 million. What level of capital investment does the CCA estimate actually is required, and how will a small number of geographically constrained projects benefit the county as a whole? We believe a greater amount of capital funding should be sought as part of this deal. We note that the capital projects highlighted in the deal had previously been announced before the devolution deal had been announced, what new investment comes with this deal?

Is £1million of capacity funding to support the CCA and particularly to ensure full engagement with 12 Districts and other stakeholders sufficient?

We note that the functions of the LEP already exist within the county and that this role is not expanded or built upon in this Devolution deal.

Section 2 – Skills

We will work collaboratively with employers, skills and training providers, local authorities and other stakeholders to support people to develop their skills throughout their lives and attract business to Lancashire because of our highly skilled workforce.

COMMENTS

Improving skills benefits the Lancashire economy. What will the devolution deal offer that isn't currently being delivered?

How will the deal be beneficial to our educational providers, eg Lancaster and Morecambe

College, University of Cumbria, Lancaster University?

What will the selection criteria be for the pilot scheme that looks to support people with health conditions to remain in the workplace?

Section 3 – Transport

We will work with transport providers inside and outside Lancashire to create better connected infrastructure that links opportunity to need and delivers travel choices that are safe, inclusive, affordable and low carbon.

COMMENTS

A transport system that provides convenient, affordable public transport and encourage as active travel is essential to meeting many other aspirations.

Lancashire has a huge rural area that is poorly serviced by public transport. How will the CCA address transport issues in rural areas?

Lancaster District's transport issues are widely acknowledged. Projects like Canal Quarter, Eden, Morecambe regeneration etc highlight the need for action and significant investment in the existing network and additions to infrastructure (eg rail, tram etc). How will the CCA plan and prioritise that for that? What quantum of investment is required to ensure that Lancashire's Devolution deal provides the benefits seen in other areas?

We note that Blackpool has the agreed separate arrangements for its trams and buses within this deal. We do not believe that Ministerial sign-off should be required for any future public transport franchising arrangement within the county.

Section 4 – Net Zero and Climate Change

We will work across Lancashire to meet our low carbon ambitions, promote clean energy, and enhance our natural environment. Our ambition is that Lancashire becomes internationally recognised as a leader in the creation of 'green jobs', building upon our world class engineering and manufacturing capabilities.

COMMENTS

Setting an ambitious net zero target for Lancashire is essential.

It will only be achieved through an effective strategy that is fully resourced. A starting point should be the commissioning of a Local Area Energy Plan for the whole of Lancashire.

We are concerned that a £2million fund for retrofit will have little impact across the whole of Lancashire, a much more larger amount of funding is required.

With the deal that is on offer how will the CCA provide assurance that the ambition will actually be delivered?

As evidenced by UK100 climate scorecard Lancaster City Council is a leading Council in addressing climate change. How will the CCA ensure that the best practice that is already present in Lancashire is fully utilised and built upon?

Section 5 – Digital and Cyber

We will work across Lancashire to continue to transform our digital infrastructure and knowledge-based sectors to balance and modernise our industrial base.

COMMENT

Some key projects are identified. How will the be assumed benefits of these be delivered for the benefit of Lancashire as a whole?

Lancaster City Council can provide the CCA with excellent local examples of how digital infrastructure has transformed rural communities. How will the CCA work with us to ensure that best practice is shared?

Section 6 – Culture and Tourism

We recognise the fundamental importance of our culture and tourism assets and will work with stakeholders across Lancashire to strengthen these. This work includes the creation of a Local Visitor Economy Partnership for the region to help further develop the region’s visitor economy.

COMMENT

Culture and Tourism is vitally important to delivering the agreed outcomes in the Lancaster District. District Councils are an integral part of that as is our wider community that provides arts and culture within the area.

How will the CCA work with us to ensure Government provides the support and investment needed to sustain our arts and culture offer?

Eden will bring a further 740,000 visitors to Lancashire and specifically Morecambe. How will the CCA ensure investment is provided to support those additional visitors and more importantly ensure that the economic impact of those additional visitors is felt locally?

We note that Eden Morecambe was announced prior to this Devolution deal being negotiated.

Section 7 – Housing and Land

We will support the delivery of decent, affordable, and low carbon housing for every community. High quality housing will benefit existing residents, as well as attract and retain the people required to drive the economy over the long term.

COMMENT

There is nothing material in this aspect of the deal which provides something that isn't within the County already.

This aspect of the deal requires the collaboration of all three tiers of Local Government. How will the CCA ensure that?

Section 8 – Delivering Our Ambitions

We will implement streamlined management and decision-making arrangements with a strong business voice to address the big opportunities and challenges for Lancashire.

COMMENT

This section of the deal acknowledges the importance of District Councils. However District Councils are not constituent members of the Deal. We believe that the CCA should enshrine full voting rights for district representatives on the CCA board, and note that it has the power to do so when drafting it's constitution. If the CCA is a step to broader devolution how will the CCA work within the legal framework of this proposed deal to ensure that Districts see the advantages of the this deal and remain fully engaged in the broader devolution strategy for Lancashire?

Lancaster City Council fully recognises the importance of collaboration across all sectors. It also recognises that local authority boundaries don't articulate economic, strategic and social footprints. Lancaster City Council already has in place meaningful partnerships and collaborations that deliver on a wide range of outcomes and that in many cases necessary cross recognised Local Authority Boundaries. How will what is described in this section complement the excellent work that already takes place?

This section is about delivering ambitions. At this stage the funding accompanying the deal £20 million is unlikely to deliver those ambitions. At what stage will further funding from Government be released to deliver ambitions?

**CONCLUSION OF IMPACT ASSESSMENT
(including Health & Safety, Equality & Diversity, Human Rights, Community Safety, Sustainability and Rural Proofing):**

At this stage the report seeks to provide a response to the consultation on the CCA. Until the response to the consultation is known it is not possible the assess the impacts.

LEGAL IMPLICATIONS

As outlined in the report.

FINANCIAL IMPLICATIONS

None directly arising from this report.

OTHER RESOURCE IMPLICATIONS, such as Human Resources, Information Services, Property, Open Spaces

None directly arising from this report.

SECTION 151 OFFICER'S COMMENTS

Although there are no financial implications directly arising from this report, further decisions will be made which will undoubtedly carry budgetary implications for the Council. Those will need to be considered on their own merits and built into the Council's future budgets projections at the appropriate time.

MONITORING OFFICER'S COMMENTS

The Monitoring Officer has been consulted and has no further comments to add

BACKGROUND PAPERS

[Insert list of background papers. NOTE: ALL listed background papers MUST be sent to Democratic Services for publication on the Council's website]

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Ref:

Lancashire Devolution Deal

Subject to ratification of the deal by all partners and the statutory requirements referred to within this document, including the consent of all councils affected and parliamentary approval of the secondary legislation implementing the provisions of this Deal.



Department for Levelling Up,
Housing & Communities



Signature Page

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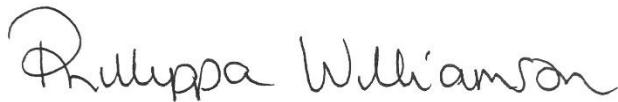
The Rt Hon Michael Gove MP

Secretary of State for Levelling Up, Housing and Communities

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Jacob Young MP

Minister for Levelling Up

Handwritten signature of Phillippa Williamson in black ink.

Cllr Phillippa Williamson

Leader of Lancashire County Council

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Cllr Phil Riley

Leader of Blackburn with Darwen Borough Council

Handwritten signature of Lynn Williams in blue ink.

Cllr Lynn Williams

Leader of Blackpool Council

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Introduction

1. Lancashire is a diverse county with a rich history and culture. The emblem of the historic county of Lancashire is the Red Rose of the English royal House of Lancaster. The contrasting geography of the area, along with the creativity and friendliness of its people, combine to make Lancashire a great place to live, learn and work. Lancashire has a long tradition of innovation and entrepreneurship which has gone on to change the world. Today, over 250 years since Richard Arkwright's cotton spinning technology helped to reshape the global economy, the county is again on the cusp of another transformative chapter in its industrial and commercial history.
2. With a population of 1.5 million residents and a GVA of £35 billion, Lancashire offers enormous potential. It has over 55,000 businesses providing over 637,000 jobs. It is a coherent economic area and has a range of significant future looking sectors with potential for growth, including advanced manufacturing and engineering (with one of the world's largest aerospace clusters), cyber, digital and low carbon, as well as traditional strengths in areas such as tourism and food production. Given its size, scale and importance, a thriving Lancashire remains one of the prerequisites to a successful economy in the North of England.
3. Lancashire is truly 'polycentric' with a strong network of urban centres set within an area of outstanding natural beauty. Home to the cities of Preston and Lancaster and the larger towns of Blackpool and Blackburn, the area brings together a range of nationally significant businesses and assets including BAE Systems, Springfields Nuclear Fuels, combined with a highly capable engineering and manufacturing supply chain. It contains four world class universities and eleven Further Education colleges which provide excellence in research, skills development and business support. The area has a rich quality of place offer that complements the more urban offers of Manchester and Liverpool with its population living within easy access of countryside and coast.
4. But Lancashire also faces challenges which impact on productivity and employment levels and its ability to grow. The historic structure of Lancashire's economy has a range of sectors which are gradually losing jobs. Economic shocks can hit harder and take longer to bounce back from than in neighbouring economies. There are clear and profound disparities in skill levels, health, economic productivity measures and resident prosperity across the county, which in turn impact more widely on people's life chances. 2021 data (latest) on Gross Disposable Household Income shows considerable variation across Lancashire, with around £10,000 difference between the households in Lancashire with the lowest disposable household income (Blackburn with Darwen (£15,025) and the highest Ribble Valley (£24,734).¹ Lancashire also has more than 220,000

¹ Source: ONS, Regional Gross Disposable Household Income: Local Authorities by ITL1 Region. Table 3: GDHI local authority by ITL1 region: TLD North West: GDHI per head of population at current basic prices, pounds

economically inactive residents. Almost a quarter of all of Lancashire's working age residents are economically inactive, partly due to long-term ill-health (33.2% of all inactive residents, compared to 26.5% nationally), and more than 50,000 of Lancashire's inactive residents would like to get into employment (23.6% compared to 18.0% nationally).²

5. Greater local powers are needed to level up, to tackle the challenges facing the Lancashire area, to harness its huge economic opportunity for the benefit of the people of the area and for the whole of the UK. In recognition of this, the Government has already invested £225 million through the Levelling Up Fund. Local authorities across the Lancashire area have also been allocated a three-year total of over £60 million UK Shared Prosperity Fund (including Multiply programme funding).
6. The Government has set itself a mission that, by 2030, every part of England that wants a devolution deal will have a devolution deal with powers at, or approaching, the highest level of devolution, with a simplified, long-term funding settlement. The 2022 Levelling Up White Paper makes clear the case for devolution as the engine room of improved productivity and reduced regional disparities. Devolution will be critical to delivering our twelve headline levelling up missions by strengthening local leadership to act more flexibly and innovatively to respond to local need, whether on transport, skills or regeneration.
7. In the Levelling Up White Paper, the Government published for the first time a devolution framework, which set out a clear menu of options for places in England that wish to unlock the benefits of devolution. This framework places a strong emphasis on the importance of high profile, directly elected local leadership, strong local governance, and joint working across sensible and coherent economic geographies. The most comprehensive package is a Level 3 deal, for areas with a single institution over a sensible geography, with the strongest and most accountable leadership, such as a mayoral combined authority (MCA) or a mayoral combined county authority (MCCA) covering a functional economic area or the whole county geography with a directly elected mayor. The Level 2 offer is for devolution to single local government institutions without a directly elected mayor, such as a combined authority or combined county authority covering a functional economic area or the whole county geography. The Level 1 offer is for local authorities with looser joint working arrangements, such as a joint committee model.
8. This document sets out the terms of an agreement for a Level 2 devolution deal between the Government and Lancashire County Council, Blackpool Council and Blackburn with Darwen Borough Council (“Lancashire”), subject to ratification of the deal by the Councils and the statutory requirements for making the secondary legislation implementing the deal. The statutory requirements include public consultation on a proposal, Ministerial decision that the proposal meets the

² Source: ONS annual population survey. Economic Inactivity (Apr 2022 - Mar 2023)

statutory tests, the Councils consenting to the secondary legislation implementing aspects of the deal, and Parliament approving it. Once this legislation is approved and made, the devolution deal will be confirmed. This document describes both the offer of functions and funding from the Government, and the reforms and measures that Lancashire will need to deliver.

9. The local authorities of Lancashire and Government have agreed a historic Level 2 devolution deal which will provide powers and funding to enable Lancashire to unleash its economic potential and in doing so level up, raise living standards for its communities and make a greater contribution to the UK economy. The Lancashire devolution deal shows how levelling up can be done in practice – with clear alignment to the twelve headline Levelling Up missions.
10. Government recognises that devolution is a journey, not a one-off event. This agreement is the first step in a process of further devolution. As institutions mature, they can gain greater responsibility, and Lancashire will be able to deepen their devolution arrangements over time, subject to Government agreement. The Government will also continue to work with Lancashire on important areas of public service reform and infrastructure investment, to support inclusive economic growth in towns, cities and rural areas whilst tackling climate change, on our journey to 2030.

Summary of the Devolution Deal between the Government and the Local Authorities of Lancashire, comprising of Lancashire County Council, Blackpool Council and Blackburn with Darwen Borough Council

The Government and the constituent councils are minded to agree a devolution deal which will provide Lancashire with new powers and funding to increase opportunities and living standards through inclusive growth and productivity improvements.

A devolution agreement is contingent upon the constituent councils proceeding through the steps necessary to meet the governance criteria required for a Level 2 devolution deal.

The devolution agreement includes:

- The formation of the Lancashire Combined County Authority (CCA) to provide overall vision and leadership, seek the best value for taxpayers' money, and be accountable to local residents.
- The integration of relevant functions of the Lancashire Local Enterprise Partnership into the Lancashire CCA, ensuring that there continues to be a strong and independent local business voice in the form of a Lancashire Business Board which informs local decision making and strategic economic planning. In absorbing the role and functions of the Growth Lancashire Company, LEP Growth & Skills & Employment Hub, LEP Investment Team, destination management/visitor economy, the Lancashire CCA will deliver a number of functions on behalf of central Government departments.
- New powers to better shape local skills provisions to ensure these meet the needs of the local economy. This will include devolution of Adult Education functions and the core Adult Education Budget, and the opportunity to provide input into Local Skills Improvement Plans.
- New powers to improve and better integrate local transport, including the ability to introduce bus franchising subject to approval from the Secretary of State for transport, and control of appropriate local transport functions e.g. responsibility for an area-wide local transport plan.
- Subject to funding, policy and delivery considerations at the next Spending Review, UK Shared Prosperity Fund (UKSPF) planning and delivery at a strategic level from 2025/26.
- The ability to exercise compulsory purchase powers to help drive the regeneration of the area and to build more affordable homes, subject to the agreement of the Local Authority where the relevant land is located.

- Up to £20 million capital funding in the current Spending Review period to support innovation led growth (including assets to maximise the benefits of National Cyber Force HQ) and net zero ambitions across Lancashire. This investment is subject to agreement of the relevant business cases.
- Strengthening the local visitor economy, reinforcing Lancashire's attractive and vibrant cultural and creative sector through the formation of a wider Lancashire visitor offer encompassing Blackpool, which remains the UK's No1 seaside resort, and nationally significant investments such as Eden North, with facilities and events of regional and national significance, aligned to the Local Visitor Economy Partnership (LVEP).
- Deliver innovation-led growth, including working with Government to capitalise on Lancashire's economic potential in growing the Energy and Low Carbon sector.
- Improve urban quality and help address poor health.

More detail on these commitments is given in the main body of the document below.

Once the CCA has been established, further devolved functions and consolidated funding may be agreed over time and included in future legislation. This will be subject to the area's status as a Level 2 devolved area.

Governance

11. Local Authorities in Lancashire have a long history of working together to deliver efficient, effective and transformational services for the people of Lancashire. This approach was recently formalised into a ground-breaking "Lancashire 2050" strategic framework document, setting out the agreed aims of the 15 local authorities in 8 key priority areas. Lancashire 2050 provides a basis for enhanced and increased joint working using existing powers and resources. The framework sets the context for a devolution deal between the three Upper Tier Local Authorities and the Government to provide further opportunities for partnership working in Lancashire to deliver the Levelling Up agenda.
12. In order to ensure clarity and unity around devolution to achieve this next step, the constituent councils (working closely with district colleagues) have agreed the following principles to be applied to this devolution deal:
 - Lancashire can deliver effective local leadership through a Combined County Authority.
 - The governance arrangements will be designed to deliver the best deal for the people of Lancashire within the provisions of the Levelling-up and Regeneration Act 2023 (LURA) and any regulations made under it by the Secretary of State.
 - Upper tier councils will be constituent members. District councils will be represented by non-constituent members on the decision-making body.
 - Decisions taken by the Combined County Authority will follow the principles of open and transparent decision making adopted by local government.
 - The Combined County Authority and the devolution deal will not affect the sovereignty of member councils in terms of existing services and investment decisions. Voting structures will be aligned to risks carried.

Governance arrangements

13. As set out in the Levelling Up White Paper, the Government will devolve functions from central government under a level 2 devolution deal to Lancashire CCA, which will allow strengthened local decision-making powers to benefit the residents of Lancashire.
14. The Lancashire CCA will comprise of the following members:
 - 4 elected members, consisting of a lead member for each constituent council and 1 further member appointed by Lancashire County Council.
 - 2 non-constituent members, who will be nominated by the district and borough councils to represent the interests of district and borough councils on the CCA.
 - Up to 2 associate or non-constituent members, to be appointed by the CCA.

15. Proposals for decisions by the CCA may be put forward by any constituent member. All constituent members will have one vote. Constituent members will work towards the principle of unanimity of all key decisions. Other questions that are to be decided by the CCA are to be decided by a simple majority of the members present and voting, unless otherwise provided for in legislation. Decisions requiring unanimity amongst the constituent members will include:

- Approval of the CCA's budget, including significant financial decisions.
- Approval of the policy framework, which will include:
 - Corporate Strategy;
 - Economic Growth Strategy;
 - Skills and Employment Strategy;
 - The Local Transport Plan, Bus Service Improvement Plan (BSIP) and the Local Cycling and Walking Infrastructure Plan (LCWIP);
 - Appointment of the Chief Executive;
 - Approval of and significant amends to the Constitution.

16. The following decisions will require the consent of the lead member of the relevant constituent council, or substitute members acting in their place, in whose area the decision will apply:

- Compulsory purchase of land or buildings by the CCA;
- The exercise of compulsory purchase power will also require the consent of the relevant planning authority;
- Any decision by the CCA that could lead to a financial liability falling directly upon that constituent council, or Blackpool Transport Services Ltd;
- Such other matters as may be contained within the CCA constitution.

17. The constituent councils recognise the importance of local consensus in relation to matters that could impact companies wholly owned by those councils, and they have resolved to require Blackpool Council's consent for any decision which may have a significant, material and direct impact on Blackpool Transport Services Ltd.

18. As part of this deal, the constituent councils intend to adopt the combined county authority (CCA) model which is provided for in the LURA.

19. A key advantage of the CCA model is its capacity to provide for joint governance arrangements between upper tier local authorities around key growth levers such as transport, skills, economic development and regeneration, which creates a shared structure through which strategic prioritisation can be taken forward across an area and integrated policy goals better pursued. A CCA also offers additional accountability and improved line of sight for Government around local delivery and commissioning.

20. In bringing forward the Lancashire CCA, Government and the constituent councils are aware that the CCA institutional model as set out through the LURA only provides opportunities for upper tier authorities to be formal voting members.
21. The CCA will have the ability to appoint non-constituent and associate members should it wish. The maximum number of non-constituent or associate members is not to exceed the number of constituent members. It will be up to the CCA to set out further constitutional arrangements, including delegation to committees to support its operation, which may include members from district councils who are not members of the authority itself. It will also be for the CCA to decide on the nominating bodies for non-constituent members.
22. Lancashire is to be given powers in relation to:
- Economic development and regeneration functions;
 - Adult education and skills functions;
 - Transport functions;
 - Compulsory purchase powers (subject to the consent of the local planning authority affected by the exercise of the function).
23. For the Overview and Scrutiny Committee(s) and Audit Committee, at least one member will be nominated from each constituent council for each committee. In addition, there will be non-constituent council representatives on each Overview and Scrutiny Committee and the Audit Committee. The chair and vice chair of each Overview and Scrutiny Committee will be appointed by the CCA. The chair shall not be a member of a registered political party which has the largest number of members on the CCA. Further detail on the approach to nomination of those representatives will be developed in consultation with the district and borough councils in the area and included in the proposal to be consulted on. The Audit Committee must also include at least one independent person.
24. As a local government institution with devolved powers, the CCA will be subject to the English Devolution Accountability Framework ('the Framework'). The Framework applies to all English institutions with devolved powers. In line with the Framework, the Government, Lancashire and other areas with devolution deals will work together to put in place mechanisms to ensure that local leaders and institutions are transparent and accountable, work closely with local businesses, seek the best value for taxpayers' money, and maintain strong ethical standards.
25. Lancashire should also have regard for the Government's Scrutiny Protocol, which develops the standards and best practice to make sure that scrutiny committees in areas with devolution deals can meet this unique challenge. This is to empower local residents and provide them with the confidence that devolution is leading to improvements in their area.

26. The proposals in this devolution deal are subject to ratification by each constituent council. This will include: the development of a proposal; a public consultation on that proposal with local residents and stakeholders; and the submission of proposal and the outcomes of the consultation to the Government. Implementation of the deal is subject to the Secretary of State being satisfied that the required statutory tests have been met, the consent of each constituent council and parliamentary approval of the required implementing secondary legislation. As institutions mature, they can gain greater responsibility, and Lancashire will be able to deepen their devolution arrangements over time, subject to Government agreement and appropriate accountability arrangements.

27. The CCA institutional model includes upper tier authorities only. Both the Government and the Lancashire constituent members place high importance on the CCA working collaboratively with the 12 district councils across Lancashire (“the district councils”) and ensuring that they have a voice in the CCA. They are:

- Burnley Borough Council
- Chorley Council
- Fylde Borough Council
- Hyndburn Borough Council
- Lancaster City Council
- Pendle Borough Council
- Preston City Council
- Ribble Valley Borough Council
- Rossendale Borough Council
- South Ribble Borough Council
- West Lancashire Borough Council
- Wyre Borough Council.

28. The Lancashire constituent members will work with the district councils in the area to develop the detail of the arrangements for appropriate district council input to the CCA; this will be for inclusion in the detailed proposal which will be subject to public consultation across the area, prior to formal submission to the Secretary of State. These arrangements will include, for example, a mechanism for appointment of representative non-constituent members from the district and borough councils to the CCA and representatives of the district councils on the CCA’s Overview and Scrutiny Committee and the Audit Committee. These arrangements are for local choice and will not be expected to be specified in any implementing secondary legislation.

29. Certain decisions of the CCA will have consent requirements attached to them in which district and borough councils' consent will be required as a condition of the decision, including the exercise of compulsory purchase powers, as set out at paragraphs 15 and 65. Furthermore, in accordance with the LURA, the CCA has the right to grant voting rights to the non-constituent members. The responsibility for agreeing any such rights rests with the constituent members of the CCA and would be set out in the CCA's constitution.

Role of the LEP

30. The Levelling Up White Paper announced the Government's intention to support the integration of Local Enterprise Partnership functions and roles into local democratic institutions. On 4 August 2023 Government confirmed its previous 'minded to' decision to withdraw central government support (core funding) for Local Enterprise Partnerships from April 2024 and transfer their functions to local and combined authorities. This deal confirms the integration of LEP functions into the Lancashire Combined County Authority, subject to Government endorsement of an integration plan and the agreement of the Lancashire Combined County Authority.

31. The Lancashire Combined County Authority will be supported to take on relevant functions and roles of the Lancashire LEP in line with published guidance and with any agreed interim arrangements. In doing so, all parties will work together to ensure the independence of the local business voice is maintained, with the business voice to be represented within the Combined County Authority, and with advisory boards representative of the geographies and composition of their local communities. The Lancashire Combined County Authority will ensure that any business advisory board or equivalent structure is meaningfully involved in local decision making, maintaining a culture of constructive challenge and scrutiny with the Combined County Authority framework.

32. Government funding for integrating LEP functions will be subject to future spending decisions by individual departments and business planning.

Finance and Investment

33. The constituent councils will create a fully devolved funding programme covering all budgets for devolved functions accountable to the Lancashire CCA.
34. The Lancashire CCA will have the flexibility to secure private and public sector leverage as appropriate. As per local government guidance, the Lancashire CCA will also be able to use capital receipts from asset sales as revenue funding for public service transformational initiatives.
35. The costs of establishing the CCA will be met from the overall resources of the CCA. To support the Lancashire CCA in its early stages of this deal, the Government will provide £250,000 of capacity funding in 2024/25, £500,000 in 2025/26 and £250,000 in 2026/27. This will be provided on the basis that the establishing legislation has been made and an Assurance Framework confirmed with the Government. Any future capacity funding will be subject to Spending Review, in line with arrangements for other devolution deals.
36. The Government will provide the Lancashire CCA with up to £20 million capital funding in the current Spending Review period to support innovation led growth (including assets to maximise the benefits of National Cyber Force HQ) and net zero ambitions across Lancashire. This investment is subject to agreement of the relevant business cases.
37. Subject to funding, policy and delivery considerations at the next Spending Review, the Levelling Up White Paper sets out the Government's expectation that delivery responsibility for the UK Shared Prosperity Fund will be aligned with devolution deal responsibilities. This would mean that Lancashire CCA could have such responsibilities from 2025/26. In carrying out this role, Lancashire CCA and the constituent councils will work closely with the Lancashire District Leaders Forum in an advisory capacity. Delivery of these functions will build on existing district-led delivery arrangements for UKSPF and align with the Lancashire 2050 strategy, as agreed by all local authorities in Lancashire, to ensure that the needs of residents can be effectively addressed.
38. The Government understands that Lancashire currently has, and will in the future have, interest in applying for funding and other opportunities made available. This includes but is not limited to the Levelling Up Fund. This deal does not preclude participation in these processes where the Lancashire CCA meets the relevant criteria.

UK Infrastructure Bank

39. The UK Infrastructure Bank ("the Bank") will increase infrastructure investment across the UK by partnering with the private sector and local government to help tackle climate change and support regional and local economic growth. The Bank can offer advice and support to local actors, including the Lancashire CCA, to help

deliver on their objectives, including driving investment into net zero infrastructure and innovative local projects. It can also act as a convenor, bringing together local actors for collaborative projects, and where appropriate identifying where projects can be aggregated to achieve greater impacts.

Skills and Education

Adult Education

40. Lancashire is an area of low and slowly growing productivity relative to the national average, trailing the national average by almost 16%. Productivity in Lancashire grew by less than 5% between 2004 and 2020, whilst in the UK it grew by more than 13% and more than 11.4% in the North West.³ Lancashire's productivity is being hampered by both investment spending and by the labour market. Lancashire's growth in investment is almost two thirds lower than the national rate of growth.⁴
41. In Lancashire's labour market, the estimated employment rate (72.7%) is below the national rate (75.4%) and has contracted by 3.9% points and almost 30,000 people since the pandemic. This is based on the latest survey data covering April 22 to March 23.⁵ Lancashire's labour force is also characterised by a lower proportion of residents with higher level qualifications. Though a higher proportion of Lancashire residents are qualified to Level 3 (18.2% vs 16.9% in England, Census 2021), Lancashire trails at Level 4 or above qualifications (29.5%) compared to the national average (33.9% in England).⁶ This demonstrates a lower proportion of people with higher level and graduate level qualifications, a problem which is compounded by Lancashire's below average graduate retention, which is the second lowest in the NP11.
42. The Government will fully devolve the Adult Education Budget (AEB) to the Lancashire CCA from academic year 2026/27 subject to readiness conditions and Parliamentary approval of the required secondary legislation conferring the appropriate functions. Funding for Free Courses for Jobs (FCFJ) will also be devolved and will be ring-fenced.
43. Prior to full devolution taking place, the Government will work with Lancashire CCA to support their preparations for taking on the relevant functions and will make implementation funding available for Lancashire, subject to the availability of appropriate central funding including in the next Spending Review.
44. Upon devolution, the Lancashire CCA will be responsible for making allocation to providers and the outcomes to be achieved, consistent with statutory entitlements. The Government will not seek to second guess these decisions, but it will set proportionate requirements about outcome information to be collected in order to allow students to make informed choices.

³ ONS: Table A5: Chained Volume (unsmoothed) GVA (B) per hour worked indices; ITL2 and ITL3 subregions, 2004 - 2020

⁴ Source: Experimental Regional Gross Fixed Capital Formation (GFCF) estimates by asset type, ONS, 2022. 1997-2020 (latest)

⁵ ONS Annual Population Survey - Published on NOMIS (www.nomisweb.co.uk); Jan 19 to Dec 19 data was used as the pre-pandemic comparator as this was the latest period available pre-pandemic.

⁶ Census 2021, ONS. TS067 - Highest level of qualification

45. The Government will inform Lancashire on which basis the existing methodology operates to calculate the size of the grant to be paid to the CCA for the purpose of exercising the devolved adult education functions.
46. The Government will discuss with Lancashire CCA, and other areas with, or which are planning to secure, devolved adult education functions, any proposed changes to its methodology for calculating devolved areas' grants. Any discussions will be undertaken in a timely manner and before decisions are made.
47. In order to proceed with devolution, the Government needs to be assured of the following readiness conditions:
 - a. The Secretary of State for Education and appropriate accounting officer are assured that Lancashire CCA is operationally ready to administer the adult education budget and is satisfied the required statutory tests have been met.
 - b. Parliament has legislated to enable transfer to Lancashire CCA of the current statutory duties on the Secretary of State to secure appropriate facilities for further education for adults from this budget and for provision to be free in certain circumstances.
 - c. Agreement to a memorandum of understanding between the Department for Education and Lancashire CCA that provides appropriate assurance that the named parties will work together to ensure the future financial stability of the provider base, including for sharing financial risk and managing provider failure.
 - d. Learner protection arrangements are agreed between parties.
48. The Department for Education will continue to work with Lancashire to commission a local programme of Skills Bootcamps, to be informed by future spending agreements.

Skills

49. Local Skills Improvement Plans (LSIPs) will set out the current and future skills needs of the area and how local provision needs to change to help people develop the skills they need to get good jobs and increase their prospects. LSIPs will build a stronger and more dynamic partnership between employers and further education providers and allow provision to be more responsive to the skills needs of employers in local labour markets.
50. Working with the designated Employer Representative Body, and utilising and sharing the local labour market intelligence and analysis developed, Lancashire CCA will support and provide refinement of the LSIP for the area. Government will consider the LSIP boundaries in 2025 at the end of the funding period, with the aim of maximising alignment across boundaries where possible.
51. Lancashire will be considered alongside other areas with a Level 2 devolution deal at future Spending Reviews with regard to the devolution of skills funding.

52. The Department for Education will work with the Lancashire CCA to undertake an Early Connect pilot to test raising the visibility of apprenticeships through the UCAS system with college and sixth form leavers, and to raise the visibility of employer vacancies. The Department will also continue to engage with Lancashire to consider ways in which apprenticeship opportunities in the area can be developed further.
53. Lancashire will work in partnership with the National Cyber Force (a Defence and intelligence partnership), the Ministry of Defence (MoD), GCHQ, the National Cyber Security Centre (NCSC) and DSIT to grow the digital, cyber and wider talent pipeline in Lancashire. These organisations, working with the Lancashire Skills and Employment Hub and other partners, will support the development of outreach and engagement programmes in Lancashire to inspire and engage Lancashire residents in roles in cyber, and to meet Levelling Up aspirations.

Employment

54. Lancashire CCA and the Government recognise the crucial link between local skills, education, health and workforce development activity in the region and the work of the Department of Work and Pensions.
55. The Department for Work and Pensions, through regional Jobcentre Plus and Partnership teams, and the Lancashire CCA will work together on shared strategic employment priorities through a place-based approach.
56. Lancashire CCA will work in partnership with local and regional work and health stakeholders, including all local authorities in the region with responsibility for UKSPF until 2025, as well as Department for Work and Pensions and other parts of UK Government to ensure effective and coordinated strategic planning and delivery of local employment, health and skills provision, that meet local needs and complement national employment provision.

Careers Education and Advice

57. The Government recognises the significant unique opportunities that are developing across Lancashire and that, to ensure maximum benefit of the AEB allocation and the area's economic growth, a more place-based and industry led approach to careers education is developed for both adults and young people. Ensuring access to high quality careers, advice and guidance is a crucial element of the Government's long-term ambitions around social mobility, raising aspiration and ensuring we are able to secure the future workforce our economy needs.
58. In support of this objective, Lancashire LEP and Local Authority partners have worked closely on the development of the Lancashire Career Hub. With the folding in of relevant LEP functions as announced in August 2023, the Government and partners within the Lancashire CCA wish to ensure that there remains a shared

focus on careers education and advice for young people. This is particularly crucial given the specific challenges faced in Lancashire, including higher than average NEET rates in Lancashire County (bottom third of local authorities nationally) and Blackpool (bottom tenth) and Lancashire businesses commonly citing that employability skills are the most important attribute that they look for in job applicants (LSIP reported 83% of those employers surveyed). The Department for Education will therefore seek to work with the Department for Levelling Up, Lancashire and other relevant partners to support the continuity of activity within the Careers Hub.

59. To ensure a more place-based and joined-up approach to careers education locally, the Government supports Lancashire CCA to work with local stakeholders to align careers provision with devolved AEB activities.

Housing and Land

60. The Government and partners within Lancashire recognise the need to deliver decent and affordable housing that will benefit existing residents, as well as attract and retain the people required to drive the economy over the longer term. Constituent councils have identified several priorities including improving and increasing the availability of good quality housing on both new sites and through existing stock, more effectively linking housing regeneration to economic and transport plans, securing urban renewal by demolishing and replacing housing stock in some areas and improving the attractiveness of the built environment for communities.
61. As local authorities, the constituent councils already have access to a broad range of powers and tools allowing them to collectively work together to acquire land, develop new homes and act more generally to improve local housing conditions.
62. The Government and the constituent councils believe that devolution at Level 2 now offers an opportunity to better align this work within the Lancashire area, seeking to accelerate housing delivery as well as promote wider measures that enhance availability and affordability locally. The Government and the constituent councils will therefore seek to work together to explore further opportunities to improve housing delivery across the next period through the CCA.

Working with Homes England

63. Lancashire's authorities and Homes England are committed, with the support of the Department for Levelling Up, Housing and Communities (DLUHC) to working collaboratively on this basis – combining their skills and capacity to reduce the barriers to affordable housing delivery, regeneration and wider housing growth through the development of a shared development pipeline for the region.
64. Homes England and DLUHC will explore the potential for investing in the delivery of this pipeline – in support of Lancashire CCA's wider strategic ambitions for enhancing the affordability and accessibility of housing locally – through current and future funding streams, including the Affordable Homes Programme and Brownfield, Infrastructure and Land Fund. Through taking a co-design approach with Homes England, Lancashire CCA will seek to enhance the impact of any funding allocated within the area over the next five years.
65. As part of this approach, partners within Lancashire will seek to further align their own resources and capacity alongside the work of the Combined County Authority, working closely with Government to maximise the impact of joint programmes such as the One Public Estate through the use of their land and wider capital assets.

Compulsory Purchase Powers

66. The Lancashire CCA will also have access to additional land assembly and compulsory purchase powers, subject to the agreement of the Lancashire local authority constituent member where the relevant land is located, the relevant local planning authority (where that isn't the constituent member), and to the consent of the Secretary of State for Levelling Up, Housing and Communities.
67. Housing quality is a major issue in many parts of Lancashire, where substandard conditions drive poor socioeconomic outcomes, especially in areas characterised by large concentrations of failed private rented stock. DLUHC can facilitate access to relevant best practice resulting from the delivery of several programmes. This includes the Supported Housing Improvement Programme (SHIP) which is delivering new approaches to enforcement against poor quality supported housing, which in Lancashire is already operating in Blackpool, Blackburn with Darwen, and in Lancaster City partnered with Preston, and the Private Rented Sector (PRS) Pathfinder Programme, which is trialling a range of new enforcement approaches in Blackpool, and other areas throughout the country. The revenue costs of any new enforcement action would be met by the local authorities themselves, except to the extent these are already being funded for existing participants of SHIP.

Transport

68. Lancashire lies within the nationally important north-south motorway and main rail line transport spine, providing excellent connectivity with other parts of the UK, and a comprehensive network of motorways and railways linking much of Lancashire with the major regional employment centres of Manchester and Liverpool, and the international gateways of Manchester Airport and the port of Liverpool.
69. Connectivity and the quality of Lancashire's transport provision varies significantly between the strategic north-south and east-west transport corridors, impacting travel opportunities and choice locally across Pennine Lancashire, the Blackpool and the Fylde Coast and West Lancashire, and to regional destinations such as Leeds and Liverpool. Walking and cycling rates for Lancashire remain below the national average but continue to grow in popularity; and a longer-term decline in public transport use has been exacerbated over recent years by the pandemic. However, there are now signs of growth, with investment through the Bus Service Improvement Plans, and on the Fylde Coast the Blackpool tramway has experienced substantial growth and is undergoing further expansion. Ultra-low emission vehicles account for a significant and increasing proportion of new vehicles, and growth in Lancashire's Electric Vehicle (EV) fleet will be facilitated by their EV infrastructure strategies and Local EV Infrastructure funding.

Network North

70. As set out in the recent Network North announcement:
- The Lancashire CCA will receive a proportion of the £2.5 billion announced as part of Network North to transform local transport in areas in the North outside of the big city regions.
 - The Lancashire CCA will receive a proportion of the £770 million of funding for Bus Service Improvement Plans in the North.
 - The Lancashire CCA will receive a proportion of the £3.3 billion funding to fix potholes in the North.

Powers of the Local Transport Authority and Local Transport Plans

71. The Lancashire CCA will become the Local Transport Authority (LTA) for the new combined county authority area and take on all associated responsibilities and local public transport powers.
72. As part of becoming the LTA, responsibility for an area-wide Local Transport Plan (LTP) will be conferred on Lancashire CCA. Lancashire will develop a provisional area-wide LTP by March 2025 to be finalised by the Lancashire CCA once established. Spending Review is expected in 2024; in developing its case for local transport investment DfT will be engaging the local transport sector. As such, we will look to draw on any emerging evidence base and strategy Lancashire is able to make available by that time. Lancashire CCA will be expected to ensure its LTP

aligns with best practice in transport planning including any revised LTP guidance, and to update their LTP as necessary.

73. Under the terms of this devolution deal, ownership and operation of Blackpool Transport Services Limited (BTS) and all associated assets, including the Bus and Tram fleet, will remain with BTS. BTS will remain as an arm's length company owned by Blackpool Council.

Local and Regional Partnership Working

74. The Government recognises that local and regional level organisations are often best placed to make practical changes required to meet shared strategic objectives on local economic growth and decarbonisation, ensuring that local communities and businesses are engaged. Transport for the North Sub-national Transport Body (STB) will develop its Regional Centre of Excellence, which will offer bespoke capability and tools to support to all Local Authorities in the STB area. This provides the opportunity for Lancashire CCA to work with Transport for the North STB to establish if Lancashire CCA would benefit from capability support.

75. As set out in the National Electric Vehicle Strategy, the Government recognises the aspirations of Lancashire CCA to improve public electric vehicle charging infrastructure, which would increase the uptake of electric vehicles and reduce carbon emissions by supporting all motorists in making the switch. Lancashire CCA can also access support from their Sub-National Transport Body, Transport for the North, which has received Government funding to develop a regional Electric Vehicle Charging Infrastructure (EVCI) strategy. This EVCI strategy will provide a robust plan of charging needs in Lancashire and can be used to underpin any public sector funding proposals, including applications for the LEVI Capital Fund. It will also help local authorities in Lancashire CCA to develop their own strategies to scale up the rollout of public chargepoints in their areas. The constituent councils within Lancashire have also received £13.4 million in capital funding from Government's Local EV Infrastructure Fund and a further £1.4 million revenue funding to increase their capability to plan and deliver public, on-street EV infrastructure. Through the LEVI fund, Lancashire CCA will be able to utilise the LEVI support body for further assistance and upskilling of EV officers.

Local Highways Networks

76. Unless otherwise agreed locally, all operational responsibility for highways will remain with the constituent councils. However, where practical we would expect the Lancashire CCA to work towards streamlining contractual and delivery arrangements across the region. The Lancashire CCA should consider how highways across the region are managed, which may include developing a single strategic assessment plan for local highways in the area, in partnership with constituent councils.

77. Lancashire CCA will be able to enter into agreements with Government, other local authorities and National Highways, including to determine shared priorities for its strategic route network roads.

78. Lancashire CCA may by exception also take on some highways powers to coordinate or deliver highways functions for the full Lancashire area to be exercised concurrently with the relevant highway authorities. Any such powers are to be agreed separately with Government and set out in the proposal/required scheme and consultation, with local agreement on how concurrency will work in practice.

The Blackpool Tramway

79. Blackpool Tramway is a key local attraction and a vital part of Blackpool's tourism offer. The tramway network operates locally, extending through Blackpool and into the surrounding area, connecting over 300,000 people. Patronage has tripled since the tramway's modernisation in 2012, and it now carries around 5 million passengers annually. Notwithstanding its contribution to travel provision in the local area, its importance to the local visitor economy is paramount and as such it represents an integral asset in the town's tourism and marketing activities.

80. Lancashire CCA will set the strategic direction for public transport services through the Local Transport Plan for the CCA area and hold the powers to support public transport services. Blackpool Transport Services Limited will continue to operate tram services in Blackpool and the surrounding area. Blackpool Council will retain the relevant powers to manage Blackpool Transport Services Limited. Maintenance of tram infrastructure and assets will continue to be the responsibility of Blackpool Council in partnership with Lancashire County Council.

Buses

81. As the Local Transport Authority (LTA), the Lancashire CCA will be responsible for:

- Bus Service Improvement Plans
- Enhanced Partnerships (EPs);
- Subsidised bus services;
- Concessionary fare schemes;

And will, where practical, streamline engagement with bus operators and seek efficiencies in their future contractual and delivery arrangements across the combined county area.

82. Blackpool Transport Services Limited (BTS) provides vital bus services to Blackpool and the surrounding area. BTS will continue to deliver bus services locally.

Bus Enhanced Partnerships

83. BTS, along with other bus operators in the Lancashire CCA area, will work with Lancashire CCA as part of any EPs in the area. Lancashire CCA has responsibility for making the EP scheme(s), but at set points in the process it can only proceed with its proposals if it has the support of local bus operators. Bus operators will maintain responsibility for their operational arrangements under any EPs.

Bus Franchising

84. If Lancashire CCA concludes that bus franchising is likely to deliver better outcomes, the Government will consider conferring franchising powers under the Transport Act 2000 to Lancashire CCA where it demonstrates it has the capability and intention to deliver its chosen franchise model, and that franchising will deliver better services than its Enhanced Partnership without unnecessarily delaying benefits to passengers.

Bus Service Improvement Plans (BSIPs)

85. The Lancashire CCA will work with constituent councils to deliver against the existing Bus Service Improvement Plans (BSIPs). Lancashire CCA will work towards integrating the existing BSIPs in the area.

Active Travel

86. To ensure consistency in the quality and safety of schemes, Active Travel England (ATE) will provide support to ensure walking and cycling schemes are designed and delivered to high standards, including compliance with Local Transport Note 1/20 (LTN 1/20). Lancashire CCA will work with ATE to improve the design quality of all active travel schemes funded by Government and those that are locally funded. All cycling and walking schemes funded by Government must be approved by ATE as complying with LTN 1/20.

Net Zero and Climate Change

87. As part of its Net Zero Strategy and Net Zero Growth Plan, the Government recognises that devolved and local government can play an essential role in meeting national net zero ambitions. Local leaders in the Lancashire area and elsewhere are well placed to engage with all parts of their communities and to understand local policy, political, social, and economic nuances relevant to climate action. This is why the devolution framework grants places the opportunity to adopt innovative local proposals to deliver action on climate change and the UK's net zero targets.
88. The Local Net Zero Forum, chaired by the Department for Energy Security and Net Zero is cross-Government and brings together national and local senior officials. Through representative organisation on the forum – The Local Government Association (LGA), Association for Public Service Excellence (APSE), Core Cities and the Association of Directors of Environment, Economy, Planning and Transport (ADEPT), Lancashire CCA will get the opportunity to discuss local net zero policy and delivery issues in the round.

Energy system

89. The Government recognises the need to increase Lancashire's electricity network capacity to meet future electricity demand. Government is committed to ensuring that devolved regional institutions such as combined authorities, including the Lancashire CCA, have a meaningful role in planning our future energy system for net zero, alongside other local areas as appropriate.
90. The Government is considering the role of local energy plans, including their role in supporting strategic network investment, working closely with Ofgem as part of its ongoing governance review into local energy institutions and its proposals on regional energy system planning.

Heat networks

91. The Government has confirmed its intention to establish heat network zoning in England. Under the zoning proposals, Zoning Coordinators within local government will be able to designate areas as heat network zones where heat networks are going to be the most cost-effective way to decarbonise heating and hot water within the zone. Local authorities will have powers to require certain buildings to connect to heat networks within the zones. This will enable the Lancashire CCA to assume the role of heat network Zoning Coordinator for its locality and play a key role in the delivery of heat decarbonisation infrastructure. The Government is committed to have heat network zoning in place by 2025.
92. The Government will support the Lancashire CCA alongside other local authorities across England to take forward heat network zoning, including collaboration with

the private sector on developing heat networks within zones and to help capitalise on unique local opportunities to utilise all available low carbon heat sources, including geothermal energy.

Buildings

93. The Government commits to explore the potential benefits of and design options for a place-based approach to delivering retrofit measures, as part of the Government's commitment in the Net Zero Strategy to explore how we could simplify and consolidate funds which target net zero initiatives at the local level where this provides the best approach to tackling climate change.

94. This work will involve inviting the Lancashire CCA to work with the Government through the relevant representative organisations to consider if such an approach could accelerate the meeting of net zero goals and provide better value for money.

Green Jobs

95. Through the Green Jobs Delivery Group, the Government is working to ensure that workers, business and local areas, including Lancashire, are supported through net zero transition. Lancashire CCA now has the opportunity to deliver green skills interventions at a local level through having a greater role in delivering the Adult Education Budget and the UKSPF.

96. Lancashire's Energy and Low Carbon sector is particularly important due to its existing ecosystem and capabilities in designing and manufacturing low carbon technologies. The area is forecast to have the highest number of jobs per capita in the Energy and Low Carbon sector in England between 2030 – 2050.⁷ Government will work with Lancashire to enable the continued growth of this sector by supporting the delivery of Lancashire's Energy and Low Carbon sector plans.

Nature Recovery

97. Lancashire County Council has been appointed by Defra SoS as the authority responsible for preparing the Local Nature Recovery Strategy (LNRS) for the Lancashire Combined County Authority Area. LNRSs will agree priorities for nature's recovery, map the most valuable existing habitat for nature, and map proposals for creating or improving habitat for nature and wider environmental goals. Defra has confirmed total planned funding of £388,000 for financial years 2023-2024 and 2024-2025 to cover the costs of strategy preparation, including the required stakeholder engagement. The Government will work closely with responsible authorities to ensure they are supported in preparing their LNRS, including by making available Defra group expertise and data, and agrees to

⁷ Local Government Association (2021), *Local green jobs – accelerating a sustainable economic recovery*. Available from https://gemserv.com/wp-content/uploads/2021/06/Local-green-jobs-accelerating-a-sustainable-economic-recovery_final-1.pdf

consider the role of Lancashire CCA in the LNRS process following establishment of the new body.

98. The Government will ensure that over time locally identified environmental priorities are incorporated into environmental land management schemes where appropriate.
99. Government will work with Lancashire to ensure that local environment policies, including Lancashire's LNRS and existing and potential protected landscapes, support the delivery of England's new Environmental Improvement Plan.
100. Government will ensure the new environment land management schemes are implemented in line with local needs and priorities, including those of Lancashire which has identified the need for more coordinated specialist business support for the farming and wider rural community to foster rural business resilience; sustainable new market opportunities; and environmental gains.

Digital and Cyber

101. Continued improvements to Lancashire's digital infrastructure, digital and knowledge-based industries and an innovation base which can practically display how these capabilities can be deployed, are all vital to balancing and modernising Lancashire's industrial base.
102. This is essential to fully realise the impact of new opportunities across Lancashire such as the decision of National Cyber Force to locate their national headquarters at Samlesbury, infrastructure projects in Blackpool built around exploiting the benefits of ultra-high-speed transatlantic data cable connecting New York, the United Kingdom and Northern Europe which comes ashore in Blackpool and major innovation projects in Blackburn and Preston that will enhance east-west innovation and connectivity.
103. Lancashire CCA will continue to work with the Department for Science, Innovation and Technology, to fully capture the investment, business, research and skills development benefits of these new developments, creating opportunities and new careers for local residents, developing markets and technologies of local businesses and making a reality of the North West Cyber Corridor concept.
104. The Government is committed to supporting Lancashire's digital connectivity ambitions, including through the Wireless Infrastructure Strategy which was published in April 2023 and sets out a strategic framework for the development, deployment and adoption of 5G and future networks. This includes working closely with places to encourage investment in advanced wireless connectivity and increase its adoption across the local economy and public services.
105. As set out in the National Cyber Strategy 2022, the Government is committed to strengthening the capability of local authorities such as Lancashire to buy and use connected places technology securely. In May 2021, the National Cyber Security Centre published the Connected Places Cyber Security Principles, a foundational step in supporting the cyber security of the UK's connected places. Since then, the Government has continued to develop its support of local authorities deploying and managing connected places technologies and in 2022 the Department for Science, Innovation and Technology published the alpha Secure Connected Places Playbook. The Playbook was designed in collaboration with local authorities and helps them to get their cyber security foundations right whilst setting a strong cyber security culture. Government hopes to continue to work with local authorities such as the Lancashire CCA to support the secure and sustainable adoption of connected places technologies. Bolstering the UK's Cyber Ecosystems remains a high priority for the Government.
106. Government recognises that high quality digital connectivity is crucial for future economic growth and productivity in the region. The private sector will continue to lead on the rollout of broadband and mobile infrastructure, with DSIT supporting

delivery in less commercially viable areas. The Government will engage with the Lancashire CCA on a regular basis on delivery plans in the region, particularly where they involve hard to reach rural areas. The Government is committed to achieving nationwide coverage of gigabit capable broadband by 2030 and to ensuring that rural areas are not left behind including in Lancashire. Procurements covering Lancashire are scheduled to launch in 2024, and regular Project Gigabit programme updates will be provided demonstrating progress in delivering for communities across the area.

107. The National Cyber Force (NCF), a partnership between Defence and Intelligence, will establish its future home in Sarncliffe, Lancashire, helping to stimulate technology, digital and defence sectors, as well as encouraging partnerships between Government, industry and academia in the North West of England across the Cyber Ecosystem in line with Pillar One of the National Cyber Strategy.

108. The Lancashire area stands out for the quality of universities, further education colleges and schools alongside its appeal to existing staff, offering improvements in wellbeing and good growth opportunities. The region's ethnic diversity will secure a workforce with the right mix of minds for the NCF to be a centre of excellence for offensive cyber, reflective of the nation it serves.

109. DSIT will engage with the National Cyber Force, Lancashire CCA, academia, local partners and stakeholders to bring together relevant parts of Government, supporting the alignment of research and development priorities and identification of potential collaboration and future funding as Lancashire mobilises its plan to deliver economic and social transformation for the region, and in the process strengthen the UK's international position as a leader in cyber security and a responsible and democratic cyber power.

Culture and Tourism

Culture

100. Lancashire's rich cultural and heritage offer has an important role in the area's plans to attract and retain skilled workers, and in contributing to pride in place in the region. Tourism and the visitor economy are crucial industries for Lancashire, with the area amongst the UK's most prolific visitor destinations every year. Blackpool, on the western coast of the county, is the nation's No1 seaside resort, with some 20m visits per year, and represents a £1.5 billion visitor economy.
101. Lancashire and a subset of DCMS Arm's Length Bodies (ALBs), supported by DCMS, will hold a series of exploratory conversations to explore the region's appetite and capacity for partnership working across (some or all of) culture, heritage, sport, communities and the visitor economy (as applicable). If there is agreement to undertake any partnership working, this would focus on the region's particular priorities and potential opportunities for the ALBs to help the region achieve these where they align with ALBs' own priorities for the region.
102. Insofar as appropriate this will lead to recommendations that the ALBs and/or place can act on if they wish to. This does not prejudice ALB decisions around national grant funding processes or their national priorities. ALBs will also seek to use any partnership to deliver their national priorities, which will remain paramount. The scale of each ALB's involvement in any partnership will be dependent on the specific context and degree of alignment identified between individual priorities.
103. These exploratory conversations will take place over a six month period that will start at a time agreed on by the region and relevant ALBs. DCMS will be involved in discussions as appropriate.

Tourism

104. VisitEngland and the Lancashire CCA will work with the accredited Local Visitor Economy Partnership for the region to help further develop the region's visitor economy. This collaborative work, across those areas set out in the Government's Tourism Recovery Plan, could include harnessing the region's potential to grow domestic and international visitor spend, and encouraging visits throughout the year rather than just during the traditional tourist season.

Innovation, Trade and Investment

105. The Government is committed to supporting places to realise their entrepreneurial and innovation potential, underpinned by ambitious measures set out in the Levelling Up White Paper.
106. The Department for Business and Trade (DBT) will work closely with devolution deal areas, including Lancashire, to make it easier for businesses to access the information, advice and support they need, drawing on DBT's global and sector offer.
107. The Department for Science, Innovation and Technology and UK Research and Innovation (UKRI) will work with Lancashire to explore opportunities for closer long-term collaboration in strengthening their local research and innovation capacity.

Public Service Reform

108. The Government supports the Lancashire area in its ambition for public service reform, including a focus on creating safe, healthy, resilient communities. The Government commits to working with the region and partners to explore initiatives to improve delivery of public services, such as how best to support residents with multiple complex needs. Where appropriate, and as part of its levelling up agenda, the Government will also consider devolving further powers to the Lancashire CCA to support public service reform, in relation to the statutory duties held by its constituent councils.
109. Good quality data is essential for understanding local need and the place-specific issues affecting people in an area. As set out in the Levelling Up White Paper and the Government Statistical Service's Subnational Data Strategy, the Government is working to improve the dissemination of subnational statistics to empower local decision makers, including in Lancashire, to use data-led evidence to respond to local priorities.
110. The Lancashire CCA will work with the Government to understand the existing barriers to data sharing and better use of data in their area, and explore where improvements to the quality of, or access to, data could support them in achieving Lancashire's local ambitions. As part of this, the Spatial Data Unit (SDU) will work with the CCA to help support data capability, including in data science, and will engage with the CCA to further understand its needs and priorities.
111. The Government is committed to relocating roles out of Greater London and closer to the policy issues they are addressing. Relocation will benefit communities across the UK, bringing more diversity of thought into policy making leading to better-informed policy, built on an understanding of the impacts across the UK and drawing on a more diverse range of experiences, skills and backgrounds. The Government will continue to work with departments to consider the potential for any future relocations of government roles to Lancashire as part of the Levelling Up agenda.

Resilience and Public Safety

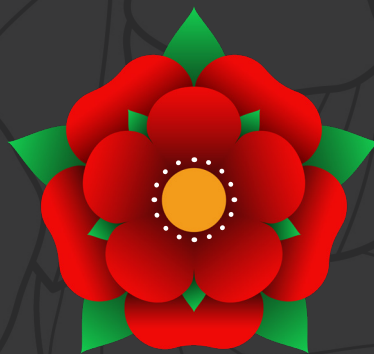
112. The Lancashire CCA, in partnership with Government, will ensure that the Lancashire Police and Crime Commissioner (PCC) is invited to attend and participate in CCA meetings as an observer, or as a non-constituent, member. This will ensure close collaboration and productive joint working between the CCA and PCC.
113. The Lancashire CCA will work with Lancashire Fire and Rescue Authority (FRA) to agree an appropriate arrangement to ensure close collaboration and productive joint working on public safety between the CCA and FRA.
114. The UK Government will work to significantly strengthen Local Resilience Forums by 2030, as described in the UK Government Resilience Framework. This will include considering a clear role for Lancashire CCA in local resilience and civil contingency planning, preparation and delivery.
115. This is subject to the conclusion and full consideration of the Stronger Local Resilience Forums (LRF) pilot programme in 2025/26, and Lancashire CCA having a strong working relationship with Lancashire LRF.

Lancashire's Commitments Underpinning the Deal

116. The constituent councils will work with the Government to develop a full implementation plan, covering each policy agreed in this deal, to be completed ahead of implementation. This plan must be approved by the Government prior to delivery. Any issues of concern with the subsequent delivery of this deal will be escalated to ministers and leaders to resolve, in keeping with the letter and spirit of devolution.
117. As part of the implementation of the deal, the Lancashire CCA and Government will agree a process to manage local financial risk relating to the deal provisions.
118. Prior to the implementation of the deal, Government will work with the Lancashire CCA to give the public and stakeholders – including Parliament – a clear understanding of: the powers and funding that are being devolved to the CCA, where accountability sits as a result of this deal; and how decisions are made.
119. The Lancashire CCA and its members will continue to adhere to their public sector equality duties, for both existing and newly devolved responsibilities.

LANCASHIRE COMBINED COUNTY AUTHORITY

DRAFT PROPOSAL



November 2023

This document has been prepared by
Lancashire County Council,
Blackburn with Darwen Council
and **Blackpool Council.**



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EXECUTIVE SUMMARY

This document outlines our Proposal for a Combined County Authority (“CCA”) model of local government. It has been prepared by the three upper tier councils of Lancashire County Council, Blackburn with Darwen Council and Blackpool Council which have negotiated a proposed Devolution Deal with Government. If the proposals are accepted, Government would give additional powers and funding to the Lancashire CCA and more control over the decision-making that affects Lancashire’s residents and businesses.

The proposed CCA is intended to work collaboratively with the 12 district councils across Lancashire and would cover the whole Lancashire area. The creation of the CCA would not result in the merger or take-over of councils in the Area.

Objectives

The objectives for the Proposal reflect regional and national strategy and are designed to ensure a positive future for our county and its people. Together they offer a bold and strategic framework so that:

- Lancashire competes better for its share of national resources and investment
- Lancashire’s public, private and voluntary sectors collaborate better to maximise the best use of our resources
- Lancashire has a strong and clear voice that responds innovatively to new opportunities and challenges
- Lancashire has a rich, meaningful and strategic dialogue with central government about the future of our county
- Lancashire is better positioned to respond to Government’s

Levelling Up objectives:

- Boosting productivity, pay, skills, jobs and living standards
- Spreading opportunities and improving public services
 - Restoring a sense of community, local pride and belonging
 - Empowering local leaders and communities.



Context

A thriving Lancashire remains one of the prerequisites to a successful economy in the North of England. With a population of 1.53 million residents and a GVA of £35 billion, Lancashire already makes a major contribution and offers enormous potential to UK PLC. It has over 55,000 businesses providing over 728,000 jobs. It is a coherent economic area and has a range of significant future-looking sectors with potential for growth, including advanced manufacturing and engineering (one of the world's largest aerospace clusters), cyber, digital and low carbon, as well as traditional strengths in areas such as tourism and food production.

However, alongside this, the CCA Area also experiences challenges which impact on productivity and employment levels and the ability to grow. The historic structure of Lancashire's economy has a range of sectors which are gradually losing jobs. Economic shocks can hit harder and take longer to bounce-back from than in neighbouring economies. There are clear and profound disparities in skill levels, health, economic productivity measures and resident prosperity across the county which, in turn impact more widely on people's life chances.

The Proposal

Our vision is for the 1.53 million people in Lancashire to be able to enjoy greater health, prosperity and wellbeing through the opportunities available to them within an inclusive and confident Lancashire.

We propose to use devolution to build upon Lancashire's substantial strengths in delivering benefits for its residents. This initial Proposal, if approved by the Secretary of State, will focus on the following priorities and will also establish our case for enhanced future deals.

Innovation, Trade, and Investment

We will work with local and national stakeholders to become a globally recognised and sustainable economy, distinguished by its quality of life, connectivity, and access to opportunities.

Skills

We will work collaboratively with employers, skills and training providers, local authorities and other stakeholders to support people to develop their skills throughout their lives and attract business to Lancashire because of our highly skilled workforce.

Transport

We will work with transport providers inside and outside Lancashire to create better connected infrastructure that links opportunity to need and delivers travel choices that are safe, inclusive, affordable and low carbon.

Net Zero and Climate Change

We will work across Lancashire to meet our low carbon ambitions, promote clean energy, and enhance our natural environment. Our ambition is that Lancashire becomes internationally recognised as a leader in the creation of 'green jobs', building upon our world class engineering and manufacturing capabilities.

Digital and Cyber

We will work across Lancashire to continue to transform our digital infrastructure and knowledge-based sectors to balance and modernise our industrial base.

Culture and Tourism

We recognise the fundamental importance of our culture and tourism assets and will work with stakeholders across Lancashire to strengthen these. This work includes the creation of a Local Visitor Economy Partnership to help further develop the region's visitor economy.

Housing and Land

We will support the delivery of decent, affordable and low carbon housing for every community. High quality housing will benefit existing residents, as well as attract and retain the people required to drive the economy over the long term.

The county is again on the cusp of another transformative chapter in its industrial and commercial history.

Delivery

We will implement streamlined governance and decision-making arrangements with a strong business voice to address the big opportunities and challenges for Lancashire¹.

The Proposal includes up to £20 million capital funding in the current Spending Review period to support innovation led growth (including assets to maximise the benefits of the National Cyber Force in Samlesbury) and net zero ambitions across Lancashire .

¹ Subject to agreement of the relevant business cases.

Principles

Our Proposal is based upon the four principles for levelling up set out in the Levelling Up White Paper:

Principle one: **Effective leadership** with a revised governance model across the CCA Area.

Principle two: **Sensible geography** – the CCA Area covered by this devolution deal has a clear functional economic geography as identified in the Lancashire independent Economic Review (2021).

Principle three: **Flexibility** – the Proposal recognises the unique needs and ambitions of the CCA Area in terms of its governance and priorities.

Principle four: **Appropriate accountability** – the Constituent Councils have, should the Proposal be approved by the Secretary of State, committed to developing a Constitution and Assurance Framework that will confirm, clarify and formalise the intention of institutions and local leaders to continue to be transparent and accountable, work closely with local businesses, seek the best value for taxpayers' money and maintain strong ethical standards.

Our principles also include the local commitments established through the Lancashire 2050 Strategic Framework:

Principle five: **Work collaboratively** – we will work collaboratively on our collective priorities sharing ideas, assets, skills and knowledge.

Principle six: **Cross-cutting themes** – we will ensure our commitments to diversity and inclusion, reducing inequalities, children and families, climate and improving quality of life are addressed through the CCA priorities.

Principle seven: **Listening to residents** – we will be active listeners in building our plans for Lancashire. Everyone will be able to contribute to shaping our shared future.

Principle eight: **Being open and transparent** – we will ensure decisions are made democratically and transparently, so residents can easily understand progress against our priorities.

Benefits of the Proposal

We believe the time is now for devolution for Lancashire – drawing power from Whitehall to give Lancashire greater control over our public services and funding. The proposed CCA would give Lancashire a stronger voice both nationally and in the North West, allowing the region to compete on a more even playing field with our neighbours in Manchester and Liverpool.

Devolution in Lancashire would:

- Ensure we benefit from a boost in government funding, allowing the proposed CCA to tackle the issues that matter most to the people of Lancashire
- Give us new powers to drive regeneration in our town and city centres and build more affordable homes across Lancashire
- Enable us to support new jobs in growing industries such as low carbon technologies, cyber security and energy, making sure we have the right skills to take advantage of these opportunities
- Enable greater co-ordination of investment in, and management of our expertise, priorities, and investment in our transport infrastructure to ensure that it meets the needs of people across the region
- Drive investment across Lancashire, ensuring no area is left behind.

Next steps

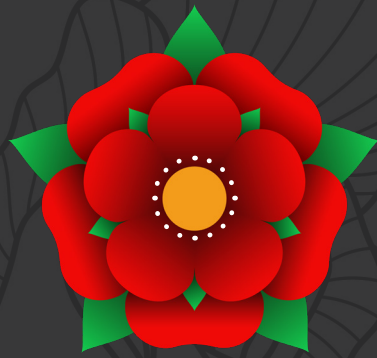
To gain feedback on the Proposal and to inform the decision as to whether to proceed to advance the Proposal (with any potential amendments) to the Secretary of State, an eight-week consultation is planned to be undertaken between 1st December 2023 and 26th January 2024. Transition to the proposed CCA is dependent on a number of factors:

- This Proposal being accepted by the constituent councils as a result of public consultation
- This Proposal then being accepted by Government
- The approval by Parliament of the necessary secondary legislation implementing the deal.

The transition to a formal CCA in Autumn 2024 is planned to be in three stages:

- Stage 1: Establishing transition arrangements – Autumn 2023 to Spring 2024
- Stage 2: Working as a shadow organisation – Spring 2024 to Autumn 2024
- Stage 3: Formal establishment of the CCA – Autumn 2024 onwards.

Lancashire partners recognise that devolution is a journey, not a one-off event. This Proposal is the first step in a process of further intended devolution. As institutions mature, they can gain greater responsibility, and Lancashire will seek to deepen its devolution arrangements over time, subject to Government agreement.



1. INTRODUCTION

Lancashire is a diverse county with a rich history and culture. The emblem of the historic county of Lancashire is the Red Rose of the English royal House of Lancaster. The contrasting geography of the area, along with the creativity and friendliness of its people, combines to make Lancashire a great place to live, learn and work. Lancashire has a long tradition of innovation and entrepreneurship which has gone on to change the world. Today, over 250 years since Richard Arkwright's cotton spinning technology helped to reshape the global economy, the county is again on the cusp of another transformative chapter in its industrial and commercial history.

On the 22 November 2023 the government announced the potential for a devolution deal for Lancashire. The potential signing of the proposed deal would, subject to relevant approvals and consultation, represent a significant milestone in the region's development, addressing decades of historically low investment and providing a platform for innovation-led growth.

A thriving Lancashire remains one of the prerequisites to a successful economy in the North of England. With a population of 1.53 million residents and a GVA of £35 billion, Lancashire already makes a major contribution and offers enormous potential to UK PLC. It has over 55,000 businesses providing over 728,000 jobs. It is a coherent economic area and has a range of significant future-looking sectors with potential for growth, including advanced manufacturing and engineering (one of the world's largest aerospace clusters), cyber, digital and low carbon, as well as traditional strengths in areas such as tourism and food production.

However, alongside this, Lancashire also experiences challenges which impact on productivity and employment levels and the ability to grow. The historic structure of Lancashire's economy has a range of sectors which are gradually losing jobs. Economic shocks can hit harder and take longer to bounce-back from than in neighbouring economies.

A thriving Lancashire remains one of the prerequisites to a successful economy in the North of England.

There are clear and profound disparities in skill levels, health, economic productivity measures and resident prosperity across the county which, in turn impact more widely on people's life chances. 2021 data (latest) on Gross Disposable Household Income shows considerable variation across Lancashire, with around £10,000 difference between the households in Lancashire with the lowest disposable household income (Blackburn with Darwen (£15,025) and the highest Ribble Valley (£24,734).

As a result of their devolution agreements, other areas such as Greater Manchester have seen significant benefits and stronger economic performance. Lancashire now has its opportunity to access greater local powers and funding to address its challenges and exploit its significant opportunities.

Government's devolution framework places a strong emphasis on strong local governance and joint working across functional economic geographies. The upper tier local authorities of Lancashire and Government have agreed a historic Level 2 devolution deal which will provide powers and funding to enable Lancashire to unleash its economic potential and in doing so level up, raise living standards for its communities and make a greater contribution to the UK economy. The Proposal shows how levelling up can be done within a complex geographical area – with clear alignment to the 12 headline Levelling Up missions.

CCAs are a new model of devolution, outlined in the Levelling Up and Regeneration Act (2023). Establishing a CCA is a formal, legal step, allowing upper tier councils across the region to work more closely together in a more structured way. A CCA for the region would be a new statutory authority created to lead collaboration between councils and would act as the recipient of powers and funding from Government.

The creation of the proposed CCA would not result in the merger or take-over of councils in the Area nor would it require individual councils to give up their powers, except in the specific area of transportation, where some powers would be transferred from the upper tier authorities to the CCA. Cooperation in transport matters between the CCA and the councils would also continue into the longer term with certain powers to be held concurrently moving forward to enable the parties to work together effectively in the years ahead. The CCA would work as one democratically accountable body on key priorities such as economic development, regeneration and transport, enhancing the investment capability of the CCA Area and individual authorities to support growth.

We believe the time is now for devolution for Lancashire – drawing power from Whitehall to give Lancashire greater control over our public services and funding. The CCA will give Lancashire a stronger voice both nationally and in the North West, allowing the region to compete on a more even playing field with our neighbours in Manchester and Liverpool.

Devolution in Lancashire would:

- ensure we benefit from a boost in government funding, allowing the proposed new CCA to tackle the issues that matter most to the people of Lancashire
- give us new powers to drive regeneration in our town and city centres and build more affordable homes across Lancashire
- enable us to support new jobs in growing industries such as low carbon technologies, cyber security and energy, making sure we have the right skills to take advantage of these opportunities
- enable greater co-ordination of investment in, and management of our expertise, priorities, and investment in our transport infrastructure to ensure that it meets the needs of people across the region
- drive investment across Lancashire, ensuring no area is left behind.

Whilst the devolution of power and responsibilities would be to the CCA whose constituent members are the three upper tier local authorities, the Proposal respects the importance of the continued role of the district / borough councils² (see Figure 1 below) whose powers and functions remain intact and who would also have specified consenting rights in respect of the exercise of some powers by the CCA.

If devolution goes ahead, all local councils in Lancashire will continue to exist, as they do now. Councils will continue to have the responsibilities they do now, providing vital services to their communities and championing their towns, rural communities, and cities.

Lancashire partners recognise that devolution is a journey, not a one-off event. This Proposal is the first step in a process of further devolution. As institutions mature, they can gain greater responsibility, and Lancashire would intend to deepen its devolution arrangements over time, subject to Government agreement.

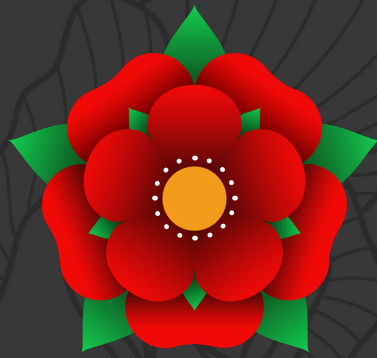
This Proposal document sets out further detail on our plans³.



Figure 1 Map of the proposed Lancashire CCA Area and local authority boundaries. The area covered by Lancashire County Council is shown in light blue.

² Burnley Borough Council, Chorley Council, Fylde Borough Council, Hyndburn Borough Council, Lancaster City Council, Pendle Borough Council, Preston City Council, Ribble Valley Borough Council, Rossendale Borough Council, South Ribble Borough Council, West Lancashire Borough Council and Wyre Borough Council.

³ In line with guidance from Department for Levelling Up, Housing and Communities, this Proposal adopts and acknowledges best practice from a range of devolution documents from other areas, including the EMCCA.



2. BACKGROUND AND CONTEXT

Lancashire is 'polycentric' with a strong network of urban centres set amongst areas of outstanding natural beauty. Home to the cities of Preston and Lancaster and the larger towns of Blackpool and Blackburn, the area brings together a range of nationally significant businesses and assets including BAE Systems and Springfields Nuclear Fuels, combined with a highly capable engineering and manufacturing supply chain. Our county contains four world class universities and 11 further education colleges, which provide excellence in research, skills development, and business support. The area has a rich quality of place offer that complements the more urban offers of Manchester and Liverpool, with its population living within easy access of countryside and coast.

Partners across Lancashire already work closely together on many collaborative large-scale initiatives such as major inward investment projects and the underpinning evidence base and strategies. The proposed CCA supports the growing recognition that our extensive range of strengths and opportunities as a functional local area complement each other. The Proposal's focus on Lancashire-wide issues will improve cohesion between local areas and with other areas.

Population

The proposed CCA Area will cover a population of more than 1.53 million people. This compares to:

- West Midlands Combined Authority - 2.9 million
- Greater Manchester Combined Authority - 2.9 million
- West Yorkshire Combined Authority - 1.9 million
- Liverpool City Region Combined Authority - 1.56 million
- North East Combined Authority - 1.16 million
- South Yorkshire Combined Authority - 1.41 million
- West of England Combined Authority - 0.95 million
- Tees Valley Combined Authority - 0.66 million.

This would make the proposed CCA comparable in size to mid-sized combined authority areas. The Proposal would play a key role in driving new economic, social and cultural opportunities to ensure the CCA Area is better able to compete with other sub-regional economies.

Economy

The proposed CCA is very significant, covering almost as many residents and working age residents as the Liverpool City Region, and contributing £35bn in GVA to the UK economyⁱ.

In 1998, Lancashire was the second-largest economy in the North West, this continued for the next decade until the Global Financial Crisis of 2008, when Lancashire was badly impacted. Along with Cumbria and the Liverpool City Region, Lancashire's economy did not recover to pre-2008 levels until 2014, whilst both Greater Manchester and Cheshire had recovered by 2011. Cumbria and the Liverpool City Region both enjoyed a stronger recovery than Lancashire did, with Cumbria recovering to 3.3% above pre-crisis levels and Liverpool City Region to 2% above – with Lancashire recovering to just 1% above. By the time Lancashire's economy had recovered to pre-crisis levels of output, it had fallen to the third largest in the North West, having been overtaken by the Liverpool City Region.

Pre-Pandemic, Lancashire's economy was still the third largest economy in the North West, but economic data for 2021 shows Lancashire's economy is still 3% smaller than pre-pandemic in real termsⁱⁱ. History dictates a change of tack is needed to ensure Lancashire's recovery from the pandemic does not take as long as the recovery from the Global Financial Crisis – implementation of this Proposal would unlock policy levers to better stimulate, recover and grow Lancashire's economy.

The Proposal would play a key role in driving new economic, social and cultural opportunities to ensure the CCA Area is better able to compete with other sub-regional economies.

The functional economic area (areas that share a number of similar economic factors with boundaries that ideally reflect the drivers of the local economy) has been strengthened through the Local Enterprise Partnership, in place since 2011. This footprint renews those boundaries, and will cover a combined 1.53 million residents, and more than 700,000 jobs. 88% of employed Lancashire residents also work in jobs in Lancashire, though Lancashire residents are also working in large numbers in neighbouring areas like Greater Manchester (38,000), Liverpool City Region (15,000), Cumbria (4,500), Cheshire and Warrington (4,000) and as far as the Leeds City Region (3,800) and York and North Yorkshire (3,400). The integration of these economies and labour markets works both ways, with Lancashire attracting talent from all over the North, with some 30,000 from Greater Manchester, 16,000 from the Liverpool City Region, and more than 3,000 from both Cumbria and the Leeds City Regionⁱⁱⁱ.

Transport and Infrastructure

The proposed CCA Area benefits from a huge amount of strategic assets summarised as follows:

- 104 miles of motorways, the M6, M55, M58, M61 and M65 as well as 616 miles of major roads, and more than 5,000 miles of roads in total^{iv}
- High levels of strategic rail connectivity, including stations on the West Coast Mainline, and stations connected to Merseyrail, Northern, and Transpennine Express
- Preston Railway Station is a key stop and saw more than 4.1million entries and exits in 2021-22, the 70th most used rail station of more than 2,500 nationally, with direct trains to London in 2 hours and 15 minutes^v
- In total, stations in Lancashire handled more than 16 million entries and exits in 2021-22^{vi}
- Heysham Port with links to Ireland and the Isle of Man, connected to the M6 via The Bay Gateway
- Blackpool Airport and Blackpool's connectivity to the North Atlantic Loop
- Enterprise Zones at Blackpool Airport, Samlesbury, Warton, and Hillhouse
- An established pipeline of major development and infrastructure projects with the potential to secure over £20bn of investment over the next decade^{vii}

Business and Manufacturing

The proposed CCA Area has 627,000 employed people^{viii} with 55,000 businesses, and 220 large employers^{ix}. The proposed CCA Area benefits from an exceptionally strong advanced manufacturing base and one of the largest aerospace clusters in the world. The manufacturing sector in Lancashire:

- Generated £6.4bn in 2021 - 8th highest of any enterprise region
- Employs 84,000 people in Lancashire
- Its contribution to the Lancashire economy is almost double what is typical nationally^x.

Lancashire is a world leader in transport equipment manufacturing, in both aerospace and automotive, with prime manufacturers such as BAE Systems in Warton and Samlesbury, which has two of its three largest sites in the UK situated within Lancashire, employing 10,000 people. Other major employers include Rolls Royce in Barnoldswick, Safran Nacelles in Burnley, and Leyland Trucks in South Ribble. Lancashire is home to the North West Advanced Manufacturing Research Centre (AMRC), supporting manufacturing innovation across Lancashire.

Lancashire also has a strong food manufacturing sector, which contributes almost 3.5% of Lancashire's economy (compared to around 2% nationally), with large employers such as Fox's Biscuits, Huntapac, and Flavourfresh Salads.

These draw on Lancashire's strong and concentrated Food and Agriculture businesses, which provide more than £2bn a year to Lancashire's economy, accounting for almost 7% of Lancashire's economy, compared to 5% nationally^{xi}.

Nuclear technology is also significant in Lancashire given the presence of EDF's Nuclear Power Stations at Heysham, currently the only site in the UK with two operating nuclear power stations. Lancashire also plays host to The National Nuclear Laboratory in Salwick with Springfields Nuclear Fuels, where the design and manufacture of nuclear fuels takes place. Alongside Springfields is Westinghouse's Clean Energy Technology Park, an innovation campus open to the nuclear supply chain, academia, and technology developers to collaborate to develop and demonstrate advanced nuclear technologies. Lancashire's nuclear specialisms dovetail well with its Low Carbon story, producing almost 10% of the UK's wind power in 2022^{xii}, as well as being forecast to be home to the highest number of Low Carbon Electricity jobs per head of the population by 2030^{xiii}.

Lancashire also has a burgeoning Healthcare sector, which employs more than 100,000 people, 16% of employment in Lancashire comes from this sector, almost a fifth higher than the national average^{xiv}. This comes with the presence of large hospitals, such as Blackpool Victoria, Royal Preston and Royal Blackburn teaching Hospitals, as well as from our base of innovative businesses working across MedTech, Life Sciences, diagnostics, and clinical research. Lancashire's health sector is also supported by the presence of innovation assets such as Lancaster University's Health Innovation Campus, and the THRIVE research centre at University of Central Lancashire, amongst many others.

Our science and innovation ecosystem are underpinned by Lancashire's three universities, Edge Hill, Lancaster University and the University of Central Lancashire, as well as the Lancaster Campus of the University of Cumbria. In 2021, 91% of research undertaken within Lancaster University's Faculty of Health and Medicine's was rated as "world leading" or "internationally excellent".

Its Management School is rated as the number one business school in the UK for research power, and its Environment centre is ranked 5th nationally for "research power".

The University of Central Lancashire opened its £35m Engineering Innovation Centre in 2019 supporting innovation in engineering and manufacturing in Lancashire.

Lancashire is also to be the permanent home of the National Cyber Force (NCF), and will create the North West Cyber Corridor in collaboration with Greater Manchester, joining NCF with GCHQ in Manchester. This will cement the North West as the Cyber Centre of the UK, with Lancashire playing a leading role.

The investment in the National Cyber Force will bring 2,000 jobs to Lancashire, long-term sustainable funding and will catalyse clustering and agglomeration of digital and cyber businesses in Lancashire, creating high-quality well-paid jobs, and bringing further prosperity.

Outside of our two cities, Lancaster and Preston, the businesses and activities located in the proposed CCA Area's districts and boroughs generate almost 80% of our GVA^{xv}. The share of Lancashire's economy that comes from its cities has remained largely unchanged in the last 20 years, but there have been winners and losers in the distribution of the remainder. The Fylde coast accounts for 1.7% less of Lancashire's economy now than it did in 1998, and there are shrinking shares of the economy that come from most districts and boroughs of East Lancashire. These towns, boroughs and rural economies play host to key manufacturing sites, large employers and thriving small businesses, and are home to much of Lancashire's workforce too.

Commuting and Labour Force

The proposed CCA Area is already a highly functional economic geography, with the Lancashire LEP area having 88% of its workforce living in Lancashire, and 14% of residents working outside of Lancashire in areas like Greater Manchester, the Liverpool City Region, Cheshire and Warrington, and Cumbria. Whilst there is a large labour force locally to provide businesses with employees (940,000 working age residents), the proposed CCA Area will need to continue to catalyse the delivery of great opportunities for work, housing and leisure in order to remain attractive to those who live and work here. This will include building a more attractive proposition to retain more of the graduates from Lancashire's three universities, with around a quarter of graduates from Lancashire universities in the last three years staying to work in Lancashire after they graduate. Lancashire's retention of graduates is the second lowest of all areas of the North, and below the national average of an area retaining a third of its graduates in employment after they graduate^{xvi}.

Whilst Lancashire does have a large working age population, post-pandemic the proportion of Lancashire residents who are economically active (that is they are employed or are looking for work) has fallen considerably. Lancashire has more than 220,000 residents who are economically inactive, which is almost a quarter of its working age population. Lancashire has long had an economically inactive cohort which has been greater in proportion of the workforce than was typical nationally, but this has become more acute post-pandemic, with the gap between Lancashire's economic inactivity rate and the national rate growing from 0.4% to 3.3%^{xvii}.

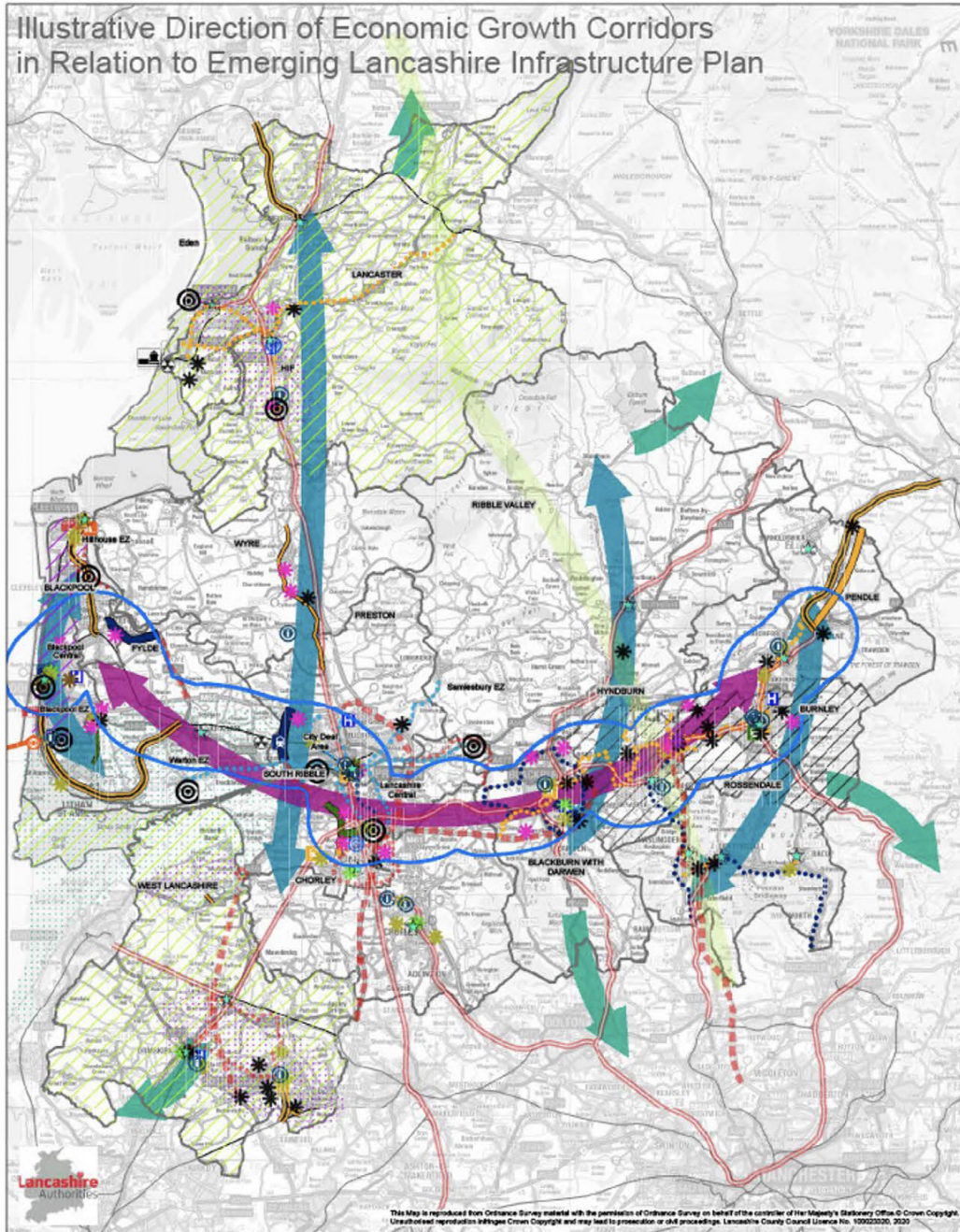


Figure 2 - Map of Economic Corridors in Lancashire, source: LIER 2021

Housing

Across the country, mismatches of demand for housing and housing supply are ubiquitous. In many areas, this leads to increasingly unaffordable and, in some areas, unsuitable dwellings. The proposed CCA Area, like much of the nation, has seen a shortage in housing supply. An estimated 5,200 homes a year are required to meet local need^{xvii}. Over the last five years, an average of 4,560 homes a year have been completed^{xix}. Based on these trends, we are likely to see a shortfall of over 6,400 homes over the next 10 years, which adds to the existing lack of supply.

This is a challenge, but Lancashire is somewhat insulated from lack of affordability for existing housing (relative to the typical position nationally), with a median house price to earnings ratio of 5.64:1, compared to the England average of 8.91:1 and the North West average of 6.47:1^{xx}.

For newly built dwellings though, Lancashire's house price to workplace-based earnings ratio is 8.66:1 (i.e. earnings typical for someone working in a Lancashire workplace, as opposed to earnings from Lancashire residents who may work outside of Lancashire) - this is much closer to the England average of 8.91:1 for existing dwellings, and 9.85:1 for newly built dwellings^{xxi}.

Newly built homes are not being built quickly enough in Lancashire and the gap between housing need and housing provision is widening every year. Despite being the third most affordable new-builds of all "Shire Counties," the affordability of new-builds has dipped by a factor of more than four times the median income in Lancashire since 1998, and they are increasingly unaffordable for Lancashire residents.

Parity of investment

Investment spending in Lancashire has grown on average by 0.8% a year since the Global Financial Crisis. This rate of growth in investment spending puts Lancashire in the bottom fifth of areas nationally, and looking at growth from 1997 onwards, Lancashire is the worst performing region in the country for growth in investment spend. In the North West, only Cumbria had a lower investment spend than Lancashire in 2020, but investment in Cumbria totalled around £11,300 per head, in Lancashire it was just £3,700^{xxii}.

Addressing productivity, skills, and employment

Improvements in productivity can help lift wages and provide high quality jobs across all parts of the country. Across the proposed Lancashire CCA Area there has been a long-standing gap in productivity compared to England as a whole. Despite an increase in productivity of almost 45% since 2004, this has been slower than the growth nationally (49.1%), and so the gap between Lancashire's productivity and the national average rate of productivity has grown.

In 2004, Lancashire's productivity was 12.7% below the national average, as of 2021 this gap has grown, and Lancashire's productivity is 15.3% below the national average^{xxiii}.

A devolved CCA can support the improvement of skills and qualifications in Lancashire residents, boosting workforce participation and employment, enhancing productivity, improving earnings and standards of living.

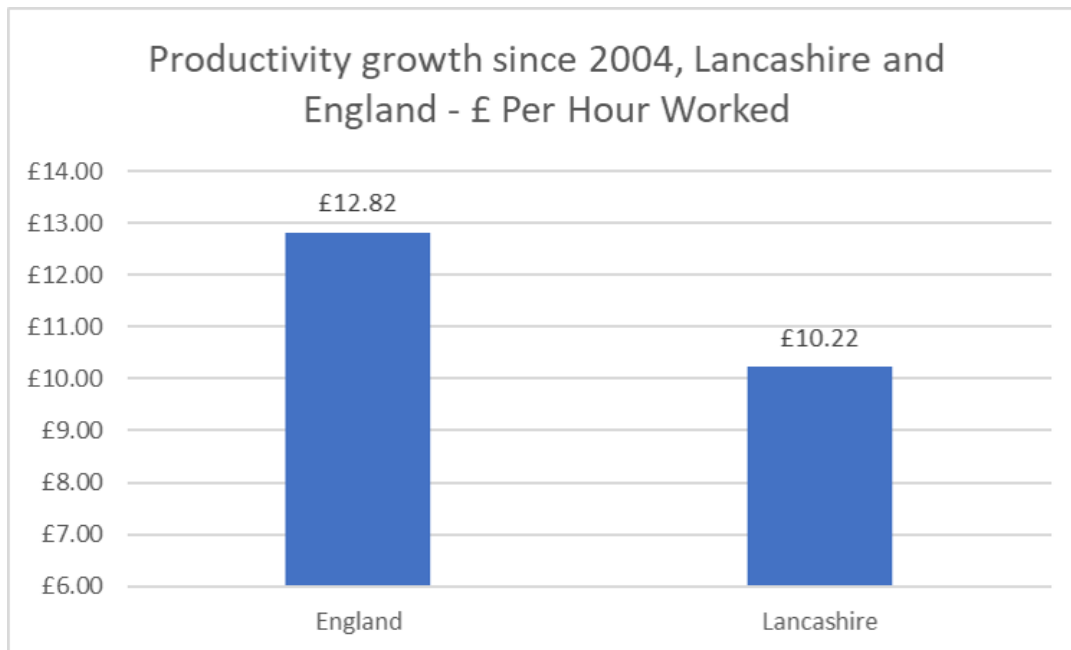


Figure 3 – Graph of Productivity Growth in Lancashire and England

Source: Subregional productivity: labour productivity indices by UK ITL2 and ITL3 subregions - Gross Value Added (Balanced) per hour worked at Current Prices 2004-2021 2023, ONS
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After the recovery from the Global Financial Crisis, and prior to COVID-19, the proposed CCA Area's economy had grown by an average of 1.9%, slightly below the rate seen in Cheshire and Warrington and 1.3% below Greater Manchester. During this time, Lancashire saw improvements in skills, with an additional 47,000 residents holding Level 4 or above qualifications, and in high value employment opportunities, with an additional 25,000 people working in the most highly qualified occupations. Despite these improvements there remains a significant gap between Lancashire's economic performance and that of England and there remains some fundamental challenges to be addressed:

- A loss of £3.8 billion in GVA during the first year of COVID-19, and Lancashire's economy still almost 3% smaller than pre-pandemic. ^{xxiv}
- An estimated 22% of jobs in the Area will be affected by the transition to a net-zero carbon economy requiring the upskilling of 70,000 workers. ^{xxv}
- Poor east-west connectivity by road and rail, more than half of Lancashire's population live along the east-west axis between Colne and Blackpool, and the four largest settlements in Lancashire lie along this stretch. ^{xxvi}
- The Area has a low skill low wage economy with the median annual pay of both residents and workplaces in the proposed Area being almost 11% lower than the United Kingdom average. ^{xxvii}
- Four of the proposed Area's 14 local authorities rank in the bottom 10% (decile) of all authorities across the United Kingdom on median gross annual workplace pay, and half are in the bottom third. ^{xxviii}

- Lower than average labour market participation with the Area's employment rate (72.5%) falling below the Great Britain (75.6%) average. Lancashire has a higher rate of economic inactivity amongst the working age population (24.7%) than is typical across Great Britain (21.4%). ^{xxix}

In terms of levelling up measures there are significant differences between different district/borough localities in the Area:

- Productivity, with three of the Area's local authorities in the top 25% (quartile) nationally in 2021 (South Ribble, Fylde and Ribble Valley), but six falling in the lowest performing quartile, including Blackburn with Darwen and Blackpool, which were in the bottom 10% (decile) nationally, and a total of nine in the bottom third. ^{xxx}
- Workplace pay, with Ribble Valley in the best-paid 50 local authorities nationally where pay is around 9% higher than the UK average, but six of the Area's authorities amongst the lowest ranking 25.0% nationally (Blackburn with Darwen, Wyre, Blackpool, Rossendale, Pendle and Burnley) where weekly pay is up to 22% below the UK average. ^{xxxi}
- Employment rate, with two District/Borough areas in the best performing quartile (Fylde, South Ribble) nationally, but eight in the worst performing 25.0%, including Pendle, ranked second lowest in the country (after Brent), with Wyre fourth lowest, and Chorley 10th lowest. ^{xxxii}

Reducing wider inequalities

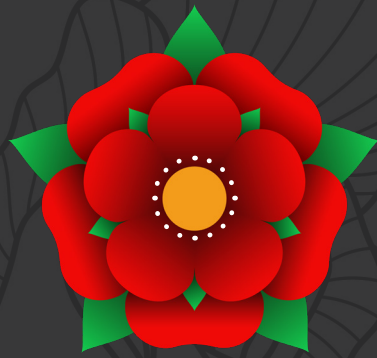
The proposed CCA Area experiences persistent and systemic deprivation, with almost a fifth of neighbourhoods in Lancashire considered to be in the most deprived 10% of neighbourhoods across England. ^{xxxiii} There are significant pockets of deprivation right across Lancashire, with 8 of the 10 most deprived neighbourhoods in the country coming from Blackpool alone, and a further 33 neighbourhoods in the most deprived 1% across the country. On a district/borough level, Blackpool is the most deprived in the country, Burnley and Blackburn with Darwen are in the top 10, and Hyndburn, Pendle and Preston are in the 50 most deprived nationally.

In Lancashire, there are significant differences in outcomes depending on where you live:

- Both males and females have a lower healthy life expectancy than is typical nationally across all upper tier authorities of the proposed CCA. In Blackpool, males and females both have the worst recorded healthy life expectancy of any local authority in the county, at 74.1 years for males and 79 years for females, compared to a national average of 79.4 and 83.1 years respectively. For males across Lancashire, healthy life expectancy is particularly challenging, with eight of the proposed CCA's 14 district/unitary authorities amongst the lowest fifth of local authorities in the country by healthy life expectancy. ^{xxxiv}

- From a health standpoint, more than a third of economic inactivity in Lancashire is due to long-term ill health, compared to 26.6% nationally – Lancashire’s proportion of inactivity due to ill health is the 7th highest area in the country. ^{xxxv}
- GCSE Average attainment 8 scores at Key Stage 4 for all upper tier authorities in the proposed CCA are below the England average. ^{xxxvi} Across the districts/boroughs, attainment varies considerably, Blackpool was the third lowest performing district authority nationally at Key Stage 4 in 2022/23, with four other Lancashire districts in the worst performing fifth. On the other hand, Chorley, Ribble Valley, and Rossendale are in the best performing third nationally. ^{xxxvii}
- At the early years foundation stage, four of Lancashire’s district/boroughs are in the lowest 10% (decile) nationally on children meeting the expected level on early learning goals for five-year-olds ^{xxxviii}. Additionally, 10 of the Area’s 14 local authorities are in the poorest performing 25% of areas nationally, only Ribble Valley and Fylde are in the top 50% of local authorities by this measure.
- A lower proportion of adults are qualified to NVQ level 3+ than England (47.7%: 50.8% respectively), and six of Lancashire’s 14 districts are in the least well qualified third of local authorities nationally. ^{xxxix}
- Similarly, Lancashire is also behind the national average for the proportion of adults with a Level 4 or above qualification (29.5% vs 33.9% in England). ^{xl}





3. OUR AMBITIONS

Our vision is for the 1.53 million people in Lancashire to be able to enjoy greater health, prosperity, and wellbeing through the opportunities available to them within an inclusive and confident Lancashire.

Objectives

The objectives for the Proposal reflect regional and national strategy and are designed to ensure a positive future of our county and its people. Together they offer a bold and strategic framework so that:

- Lancashire competes better for its share of national resources and investment
- Lancashire's public, private and voluntary sectors collaborate better to maximise the best use of our resources
- Lancashire has a strong and clear voice that responds innovatively to new opportunities and challenges
- Lancashire has a rich, meaningful and strategic dialogue with central government about the future of our county.
- Lancashire is better positioned to respond to Government's Levelling Up objectives which are;
 - Boosting productivity, pay, skills, jobs and living standards
 - Spreading opportunities and improving public services
 - Restoring a sense of community, local pride and belonging
 - Empowering local leaders and communities.

Outcomes

Through delivering on these objectives, we aim to achieve the following outcomes for our residents and the CCA Area:

- A stronger voice in the North West that is currently dominated by Manchester and Liverpool
- Encourage innovation led growth through long term investment in major opportunities
- Match skills to economic need to increase productivity and wellbeing of people who live and work in the area
- Reduce inequality and promote social mobility to allow people to achieve their potential

- Improve transport links to offer greater choice and facilitate better and more sustainable access to our economic hubs, including improving east – west connectivity
- Greater access to Government funding that is exclusively targeted at devolved areas
- Greater say on where to spend investment
- Decision making brought closer to communities, increasing the visibility of those decisions
- Lancashire authorities will gain powers from Whitehall.

The Lancashire evidence base

Our devolution ambitions have been informed by substantial Lancashire level analysis over recent years and are based upon a series of major reviews and consultations.

Lancashire Independent Economic Review | 2021

This major review showed how the county can build on its world-beating strengths, tackle its economic challenges, and deliver environmentally responsible and inclusive growth while shaping public sector reform and local government reorganisation. The exercise was informed by a call for evidence that was open to individuals, communities, businesses, or representative organisations from within Lancashire and beyond who had an interest in the economic future of Lancashire and who could deepen partners' understanding of the Lancashire economy. One of the central recommendations was for 'strengthened combined governance across Lancashire' to take advantage of the opportunities offered through devolution.

The main report covered 'Productivity, Innovation and Work', 'Skills, Education and Health', 'Housing and Resilience', 'Transport, Infrastructure and Connectivity' and 'Place Governance Capacity' and was enhanced by a series of deep dive reports:

- Internationalisation Strategy for Lancashire
- Economic Geography and the future of towns
- Infrastructure Strategy for Lancashire
- Health, Wealth and Wellbeing
- Stronger and Greener: The future of manufacturing in Lancashire
- Lancashire Net Zero Pathways Options
- Climate Resilience Study
- Lancashire State of the Environment
- State of the Environment: Renewable Technology

Lancashire 2050 Strategic Framework, launched in 2022

Initiated by Lancashire's 15 councils and involving a wide range of stakeholders, Lancashire 2050 sets out a long-term vision, ambition and plans for the Area.

Vision: a place where every single person can live their best life.

Ambition: to be seen across the world as the best place to make a home, raise a family, develop a career, do business, and grow old. A place made up of communities everyone is proud of, that celebrates our sense of place, heritage, and natural environment. A place where we always look to the future.

Plan: Our plan for achieving our vision is organised around eight priority areas. The framework for action will help us focus on the things that are most important, as well as respond to changing local and global trends, policy mandates and place needs. It will mean that Lancashire can speak with one voice when championing our needs in government.

Local partners have established working groups across the eight priority areas as described within section 4 of this proposal.

Responding to the Devolution opportunity

Lancashire partners used the substantial local evidence base and strategic work to assess the devolution framework set out by government in the Levelling Up White Paper. This technical assessment exercise, shared with Government officials in June 2023, considered the following four points across the range of devolution functions set out by Government for a Level 2 Deal:

- What Lancashire is/has already done under each devolution theme
- Identification of specific Lancashire options and proposals under each devolution theme
- Why these proposals are a priority/key issue for Lancashire
- How the Lancashire proposals aligns with Government policy ⁴

Crucially, this approach has allowed partners to understand which priorities can be supported through the Proposal and which could be taken forward over time.

Our Priorities

We propose to use devolution to build upon Lancashire's substantial strengths in delivering benefits for its residents. This initial Proposal will focus on the following priorities and will also establish our case for potential enhanced future deals.

Within this section, we set out what we would intend the CCA would deliver across our key priority areas if this Proposal is approved.

⁴ The CCA Priorities also directly support a number of Labour's 5 Missions announced in February 2023; Securing the "highest sustained growth" in the G7 group, Making Britain a "clean energy superpower", removing fossil fuels from all of Britain's electricity generation by 2030 and Raising education standards.

Innovation, Trade, and Investment

We will work with local and national stakeholders to become a globally recognised and sustainable economy, distinguished by its quality of life, connectivity, and access to opportunities.

We will use the devolution process to refresh our strategic plans for economic prosperity. These plans will build upon our competitive advantages, exploit opportunities, and develop new sectors capable of delivering economic growth and high-value job creation over the long term. The proposed CCA will enable Lancashire to produce better strategic cases for investment and gain a greater share of national resources.

Devolution for Lancashire can support us to overcome a historical imbalance of economic performance, low productivity, low investment, and employment at a local level and ensure that Lancashire gets the necessary boost in funding to address longstanding inequalities and support levelling up our communities. Lancashire has opportunities aplenty in all parts of the county, and devolution will put Lancashire in a better position to realise the benefits of these opportunities to improve the lives of residents.

This Proposal can further stimulate business diversification through building upon the existing sectoral strengths of the CCA Area, and catalysing growth in future industries, such as Energy and Low Carbon and Cyber. This activity will ensure no area of Lancashire is left behind, and the future of Lancashire is one which is equitable for residents in all corners of Lancashire. Devolution will allow Lancashire to build on its proud history of international trade, supported by a county wide internationalisation strategy, and boost investment across all areas of Lancashire.

Subject to funding, policy and delivery considerations at the next Spending Review, Government's expectation is that delivery responsibility for the UK Shared Prosperity Fund (UKSPF), a flexible funding pot, will be aligned with devolution deal responsibilities. This would mean that the proposed CCA could have such responsibilities from 2025/26. In carrying out this role, the proposed CCA and the constituent councils will work closely with the Lancashire District Leaders Forum in an advisory capacity. Delivery of these functions will build on existing district-led delivery arrangements for UKSPF and align with the Lancashire 2050 strategy, as agreed by all Local Authorities in Lancashire, to ensure that the needs of residents can be effectively addressed.

The Proposal will provide £6m capital investment⁵ to create an Innovation Hub of international excellence at Samlesbury Enterprise Zone. The new centre will help stimulate the growth of new clusters to maximise the transformational benefits of the £5bn National Cyber Force in Lancashire.

The Proposal will provide £6m for the Blackburn Technology Innovation Quarter⁶. The project will provide new business space to support the growth of Lancashire's digital, creative, and cyber sectors.

Through the Proposal, Government departments will consider the potential for future relocations of Government roles to Lancashire as part of the Levelling Up agenda.

To support the proposed CCA in its initial stages of this deal, the Government will provide £1m of capacity funding.

Skills

We will work collaboratively with employers, skills and training providers, local authorities, and other stakeholders to support people to develop their skills throughout their lives and attract business to Lancashire because of our highly skilled workforce.

In Lancashire's labour market, the estimated employment rate is below the national rate and has worsened since the pandemic. Lancashire's labour force is also characterised by a lower proportion of residents with higher level qualifications.

The Proposed deal includes new powers to better shape local skills provisions to ensure these meet the needs of the local economy. This will include devolution of adult education, the core Adult Education Budget, and the opportunity to further refine the Local Skills Improvement Plan. Funding for Free Courses for Jobs will also be devolved and will be ring-fenced.

A strong, resilient, and inclusive economy brings health benefits to its residents, just as good population health is essential to economic prosperity, health and wealth are effectively 'two sides of the same coin'. As a CCA Area, Lancashire will be better placed to bid to become a pilot on national economic inactivity programmes that support individuals with health conditions to be retained or re-engaged through early intervention in the workplace.

Transport

We will work with transport providers inside and outside Lancashire to create better connected infrastructure that links opportunity to need and delivers travel choices that are safe, inclusive, affordable, and low carbon.

Partners will build on a successful track record of major transport investment, and Lancashire's fourth Local Transport Plan will set its direction and priorities

⁵ Subject to Business Case approval.

⁶ Subject to Business Case approval.

for highways and transport investment. This plan will work across the county to secure the benefits of connectivity in support of widening transport choices and supporting low carbon travel opportunities. Lancashire has a significant infrastructure pipeline of road transport, bus and rail schemes, and active travel projects that it is seeking to fund through devolution.

The Proposal includes new powers to improve and better integrate local transport, including the ability to develop the bus service improvement plan (BSIP) partnership and strengthen co-ordination of local transport functions.

The Proposal includes plans to improve public electric vehicle charging infrastructure to increase the uptake of electric vehicles and reduce carbon emissions.

As such devolution will help Lancashire deliver improved productivity, health and wellbeing, air quality and net zero carbon policies - and support objectives for maintaining a safe and reliable transport network.

As set out in the recent Network North announcement:

- The proposed CCA will receive a proportion of the £2.5 billion announced as part of Network North to transform local transport in areas in the North outside of the big city regions.
- The proposed CCA will receive a proportion of the £770 million of funding for Bus Service Improvement Plans in the North.
- The proposed CCA will receive a proportion of the £3.3 billion funding to fix potholes in the North.

Note: Under the terms of this Proposal, ownership and operation of Blackpool Transport Services Limited (BTS) and all associated assets, including the Bus and Tram fleet, will remain with BTS. BTS will remain as an arm's length company owned by Blackpool Council.

Blackpool Transport Service also provides vital bus services to Blackpool and the surrounding area. BTS will continue to deliver bus services locally.

Net Zero and Climate Change

We will work across Lancashire to meet our low carbon ambitions, promote clean energy, and enhance our natural environment. Our ambition is that Lancashire becomes internationally recognised as a leader in the creation of 'green jobs', building upon our world class engineering and manufacturing capabilities.

Lancashire's Energy and Low Carbon sector is particularly important due to its existing ecosystem and capabilities in designing and manufacturing low carbon technologies. The area is forecast to have the highest number of jobs

per capita in the Energy and Low Carbon sector in England between 2030 – 2050. Government will work with the proposed CCA to enable the continued growth of this sector by supporting the delivery of Lancashire’s Energy and Low Carbon sector plans.

Lancashire partners have been successful in securing funding for natural carbon capture and storage projects including for woodland creation, peatland restoration and pioneering soil management techniques. The county’s Biological Heritage Site system of managing locally important wildlife sites has been strengthened to support the development and delivery of the Local Nature Recovery Strategy for Lancashire.

The Proposal will provide £2m⁷ additional capital investment for the Cosy Homes in Lancashire domestic retrofit scheme to extend eligibility criteria and complement the current Home Upgrade Grant scheme. This investment will support a reduction in carbon emissions, better quality housing and improved health outcomes.

Digital and Cyber

We will work across Lancashire to continue to transform our digital infrastructure and knowledge-based sectors to balance and modernise our industrial base.

Lancashire has continued the development of a Lancashire Infrastructure Plan and supported rollout of Openreach and Gigabit programmes, including establishing Superfast Atlantic connection with the North Atlantic Loop at Blackpool Enterprise Zone. This increased digital connectivity provides competitive advantages to attract more cutting-edge, tech-based industries.

Locating the National Cyber Force in Lancashire will attract significant investment and create over 2,000 new jobs. Lancashire CCA will work with the Department for Science, Innovation and Technology, to fully capture the investment, business, research, and skills benefits of this new location. These activities will create opportunities and new careers for residents, develop markets and technologies of local businesses and help to establish a North West Cyber Corridor.

The Proposal will provide £6m capital investment for a Low Carbon Data Demonstrator Centre at Blackpool Enterprise Zone . The project will provide new business space to support Lancashire’s low carbon and digital innovation ambitions.

⁷ Subject to Business Case approval.

Culture and Tourism

We recognise the fundamental importance of our culture and tourism assets and will work with stakeholders across Lancashire to strengthen these. This work includes the creation a Local Visitor Economy Partnership for the region to help further develop the region’s visitor economy.

Lancashire’s rich cultural and heritage offer has an important role in the proposed CCA’s plans to attract and retain skilled workers, and in contributing to ‘pride in place’ in the region. Tourism and the visitor economy are crucial industries for Lancashire, with the area amongst the UK’s most prolific visitor destinations every year. Blackpool is the nation’s Number 1 seaside resort, with some 20 million visits per year, and represents a £1.5bn visitor economy.

The proposed CCA will work with Government to hold a series of exploratory conversations to test the region’s appetite and capacity for partnership working across culture, heritage, sport, communities, and the visitor economy.

VisitEngland and the proposed CCA will work with the accredited Local Visitor Economy Partnership for the region to help further develop the region’s visitor economy. This collaborative work, across those areas set out in the Government’s Tourism Recovery Plan, could include harnessing the region’s potential to grow domestic and international visitor spend, and encouraging visits throughout the year rather than just during the traditional tourist season.

Housing and Land

We will support the delivery of decent, affordable, and low carbon housing for every community. High quality housing will benefit existing residents, as well as attract and retain the people required to drive the economy over the long term.

Housing is a crucial issue for Lancashire. We need more and better housing to help support a return to growth in our working-age population and economic growth more widely. We also need concerted action to tackle poor-quality housing across the county as this stock drives many of our worst socio-economic outcomes.

As a collaborative, Lancashire authorities have successfully delivered £22m Local Authority Green Home Grant providing home energy improvements to over 2,000 households through the Cosy Homes in Lancashire scheme. £41m has been secured from the Home Upgrade Grant to provide energy efficiency and low carbon heating measures over the next two years.

Blackpool Council have been a Levelling Up partner with Department for Levelling Up, Housing and Communities (DLUHC) since March 2022 and is now trialling policy changes in decent homes standards for the private rented sector and supported housing, and Blackburn with Darwen is also confirmed as one of 20 national Levelling Up Partnership areas.

Lancashire has a major development and infrastructure pipeline in excess of £22bn and a consistent understanding with regard to brownfield land opportunities and outputs including economic development, infrastructure, and housing. Lancashire has clear evidence of the blockages to development, infrastructure, and housing especially on brownfield land where issues such as ownership and contamination and/or buildings from previous uses can present a barrier to achieving outcomes.

The proposal would give Lancashire the ability to exercise compulsory purchase powers, to help drive regeneration and build more affordable homes, boosting supply and bringing down the cost of newly built dwellings.

The Proposal supports our ambition to deliver a pipeline of strategic development sites and infrastructure opportunities faster and more strategically than would otherwise be the case.

Delivery

We will implement streamlined governance and decision-making arrangements with a strong business voice to address the big opportunities and challenges for Lancashire.

This priority will allow the creation of a powerful CCA to drive growth in the North, empowered through strong leadership and effective governance.

To achieve this, our Proposal includes the integration of the Lancashire Local Enterprise Partnership with wider structures and the formation of a new Business Board. This change will help ensure there continues to be a strong and independent local business voice which informs local decision making and strategic economic planning. The model places a strengthened private sector voice at the heart of growth strategy development.

The governance model proposed (see section 5) builds upon existing structures and recognises the significant role of District Councils. The Proposal includes new arrangements for Transport and Skills and will enable partners to collaborate more effectively and focus on the big opportunities and challenges for Lancashire.

The proposal will see the integration of the Lancashire Enterprise Partnership investment team, Marketing Lancashire - the destination management organisation and the Growth Lancashire company, and existing powers to assemble land to unlock sites of significance to stimulate investment in Lancashire. The integration of the LEP and Business Board helps Lancashire choose its own economic path.

The plans proposed respond to national policy on levelling up and devolution including integration of LEP functions and roles into local democratic institutions to ensure a strong business voice at the heart of local decision making.

We propose to use devolution to build upon Lancashire's substantial strengths in delivering benefits for its residents.

Our Principles

Our Proposal is based upon the four principles for levelling up set out in the Levelling Up White Paper:

Principle one: **Effective leadership** with a revised governance model across the CCA Area.

Principle two: **Sensible geography** - the CCA Area covered by this Proposal has a clear functional economic geography as identified in the Lancashire Independent Economic Review (2021).

Principle three: **Flexibility** - the Proposal recognises the unique needs and ambitions of the CCA Area in its governance and programme.

Principle four: **Appropriate accountability** – the Constituent Councils have committed to developing a Constitution and Assurance Framework that will confirm, clarify, and formalise the intention of institutions and local leaders to continue to be transparent and accountable, work closely with local businesses, seek the best value for taxpayers' money and maintain strong ethical standards.

Our principles also include the local commitments established through the Lancashire 2050 Strategic Framework:

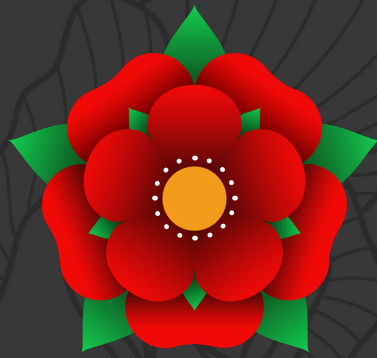
Principle five: **Work collaboratively** – we will work collaboratively on our collective priorities sharing ideas, assets, skills, and knowledge.

Principle six: **Cross-cutting themes** – we will ensure our commitments to diversity and inclusion, reducing inequalities, children and families, climate and improving quality of life are addressed through the CCA priorities, referred to above.

Principle seven: **Listening to residents** – we will be active listeners in building our plans for Lancashire. Everyone will be able to contribute to shaping our shared future.

Principle eight: **Being open and transparent** – we will ensure decisions are made democratically and transparently, so residents can easily understand progress against our priorities.

A major advantage of the CCA model is its capacity for joint governance arrangements across key growth levers such as transport, skills, economic development and regeneration, which allows for more integrated policy development and better strategic prioritisation.



4. DELIVERING OUR AMBITIONS

Work is currently underway to define the intended operating and delivery arrangements for the proposed CCA. The proposed CCA would build upon existing structures and expertise to deliver the ambitions set out above.

Lancashire local authorities have a long history of joint working to deliver projects and services for the whole county. This joint work has included extensive engagement with public, private, and voluntary sectors and communities. Since its launch in 2022, this joint working has been enhanced through the Lancashire 2050 Strategic Framework (L2050) and the formation of eight theme groups (shown below).



Figure 4 - Diagram of Lancashire 2050 Priority Theme Groups established in 2022

Once established, the proposed CCA would build upon the L2050 theme groups to develop a pipeline of key priorities and projects. The projects are intended to be underpinned by the priorities of the proposed CCA and actioned through the powers and functions sought as part of the Proposal.

We recognise that Lancashire is a diverse place and the proposed CCA will deliver our shared vision and outcomes via targeted investment and support that acknowledges our geographic differences and similarities. The needs of Lancashire and the projects to address these needs are not all area-wide.

Some priorities may be focussed on our urban and suburban areas and/or our market towns, and/or our rural areas, recognising that new investment should be able to deliver regional wide benefits. The work of the proposed CCA would be informed by a Lancashire Data Observatory that is an alliance of local authorities, industry experts and academic researchers delivering sub-regional research and analysis.

Lancashire local authorities have a long history of joint working to deliver projects and services for the whole county.

Social Value

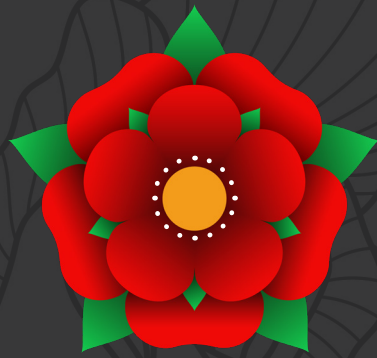
The Proposal provides an opportunity for Lancashire to expand its leading work around generating social value. The proposed CCA would support the development of a Lancashire wide Social Value Framework in delivering devolution.

The Lancashire Enterprise Partnership has been a leading area of the country in realising social value⁹ through its investment spend. Lancashire Enterprise Partnership successfully embedded social value within their key infrastructure investment programmes through the adoption of a LEP wide Social Value Framework. The framework utilises the National Themes Outcomes and Measures to embed social value within the procurement, monitoring and evaluation of projects across the LEP's project and programme portfolio including the Growth Deal, City Deal, and Boost business support programmes.

The impact of this approach can be seen at programme and project level. The £320m Lancashire Growth Deal programme generated a total of £56.9m of added benefits from social value, including for example, 638 Apprenticeships and 338 work placement weeks for unemployed residents.

⁹ Social Value is the additional economic, social and environmental benefits that can be created when an organisation purchases a service from an outside organisation, above and beyond the value of the goods or services.





5. GOVERNANCE

The Constituent Councils have proposed a governance structure for the proposed CCA which is true to the principles of the Levelling Up and Regeneration Bill, and which would secure effective and convenient local government for the proposed CCA Area.

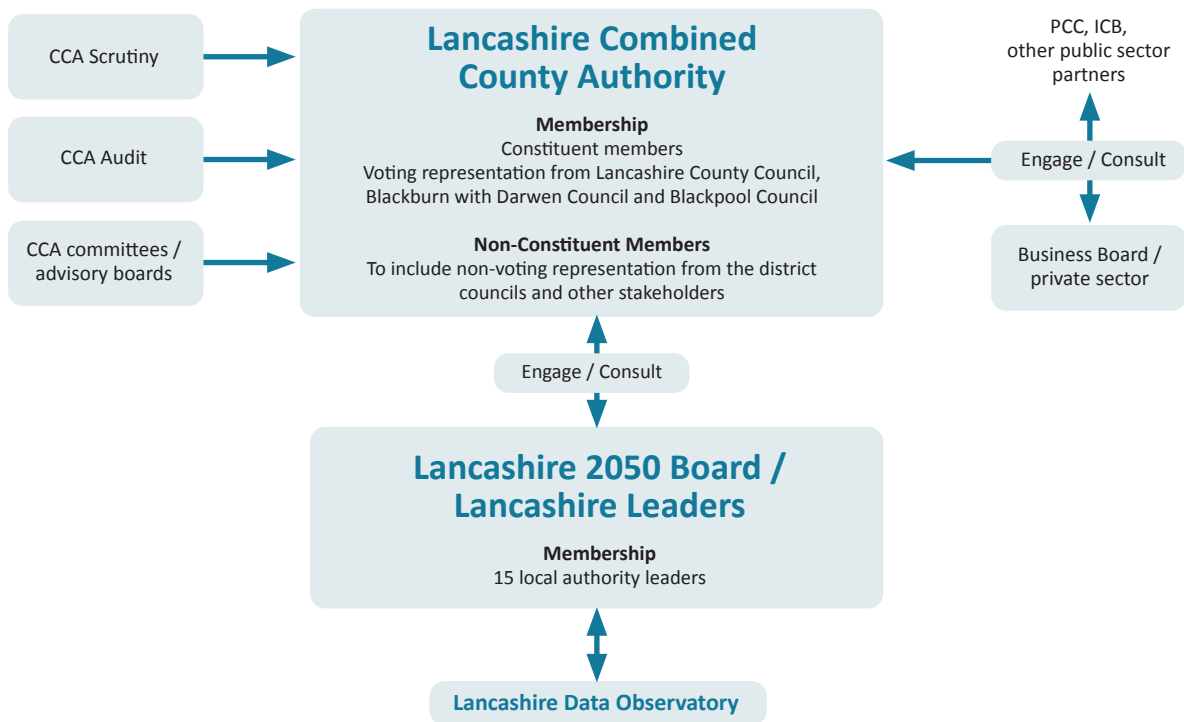


Figure 5 - Diagram of proposed CCA governance model

Name and Area

The proposed CCA would be formally known as the Lancashire Combined County Authority. It would cover the geographical areas of the Lancashire County, Blackburn with Darwen and Blackpool Councils, which together would form the Constituent Councils of the proposed CCA.

Membership of the CCA

The proposed CCA would have up to eight Members in total, comprising:

- Four Constituent Members (Members appointed by the Constituent Councils, with Lancashire County Council appointing two members and Blackburn with Darwen and Blackpool Councils appointing one each)
- Two Non-Constituent Members nominated by the District Councils within the area
- Up to two further Non-Constituent or Associate Members, to be appointed by the CCA

The four constituent members would have full voting rights. In accordance with the Levelling Up and Regeneration Act (2023), the proposed CCA would have the power to grant voting rights to the non-constituent members. The responsibility for agreeing any such rights would rest with the constituent members of the CCA and would be set out in the CCA's constitution. The Levelling Up and Regeneration Act 2023 does not allow associate members to vote.

District Councils

There are 12 District Councils within the proposed CCA Area. The Districts would be invited to nominate two individuals to represent their interests on the proposed CCA as non-constituent members

The Constituent Councils have worked with the District Councils to agree a system of nominations. It has been agreed that nominations would be made by the Lancashire District Council Leaders Forum, on the basis that that Forum operates with the unanimous support of the District Councils in Lancashire. This arrangement would be regularly reviewed to ensure that all District Councils, as well as the proposed CCA, remain content that the district voice is properly reflected in the proposed CCA.

The same appointment arrangements would also be used for the District Councils to nominate additional individuals as substitutes and representatives on the Overview and Scrutiny Committee, and Audit Committee, who may come from different Councils than the nominated Non-Constituent Members.

The inclusion of a mechanism by which the District Councils can have a key role on the proposed CCA ensures that the identities and interests of all our local communities would be fully represented on the proposed CCA.

Business Interests

The voice of business will be a critical component in the future proposed CCA, given that a key area of focus would be economy, industry, and business. The proposed CCA will appoint an Associate Member who can represent the views of business on the proposed CCA.

This function of the Lancashire LEP will be integrated into the proposed CCA, through the creation of a Business Board.

The Business Board would not be a formal committee of the proposed CCA, but it would be part of the formal governance arrangements and would exist to provide advice to the proposed CCA on all issues of business and economy relevant to the proposed CCA. The proposed CCA would then appoint the Chair of the Business Board to the proposed CCA as an Associate Member representing the views of business on the proposed CCA.

Resilience and Public Safety

The proposed CCA, in partnership with Government, will ensure that the Lancashire Police and Crime Commissioner (PCC) is invited to attend and participate in CCA meetings as an observer, or as a non-constituent member. This will ensure close collaboration and productive joint working between the CCA and PCC.

Other Memberships

There would be one remaining potential space for a further member, either as a “non-constituent” or “associate” member. This would be determined by the proposed CCA itself.

CCA Functions

The functions of the proposed CCA will be exercisable by the proposed CCA. On day one these will include:

- The duty to set a budget for the proposed CCA
- Duty to prepare an economic assessment of the proposed CCA Area
- Compulsory purchase, land acquisition and disposal and development of land powers (the exercise of compulsory purchase functions is subject to the consent of all the local planning authorities affected)
- Consideration of whether to seek the power to borrow and to explore the extent of those powers
- Housing supply and regeneration functions
- Duty to review air quality plans and propose and undertake steps to support the delivery of those plans by Districts Councils in the proposed CCA Area, and,
- Incidental powers in relation to its functions (the power to do anything which is incidental to the exercise of its functions).

In addition, the CCA will have functions relating to transport.

More detail is given in the table of powers at Appendix 1.

CCA decision making

The Members of the proposed CCA would be the main decision-making group of the proposed CCA. The proposed CCA will have the power to establish sub-committees to exercise CCA functions.

CCA voting

The proposed CCA would prescribe voting requirements in its Constitution, but the following principles are intended to be applied:

Proposals for decisions by the proposed CCA may be put forward by any constituent member. All constituent members would have one vote. Constituent members would work towards the principle of unanimity of all key decisions. Other questions that are to be decided by the proposed CCA are to be decided by a simple majority of the members present and voting, unless otherwise provided for in legislation. Decisions requiring unanimity amongst the constituent members would include:

- Approval of the proposed CCA's budget, including significant financial decisions
- Approval of the policy framework, which will include:
 - Corporate Strategy
 - Economic Growth Strategy
 - Skills and Employment Strategic Framework
 - The Local Transport Plan, Bus Service Improvement Plan (BSIP) and the Local Cycling and Walking Infrastructure Plan (LCWIP)
 - Appointment of the Chief Executive
 - Approval of and significant amendments to the Constitution.

The following decisions would require the consent of the Lead/Executive member of the relevant Constituent Council, or substitute members acting in their place, in whose area the decision will apply:

- Compulsory purchase of land or buildings by the proposed CCA
- The exercise of compulsory purchase power will also require the consent of the relevant planning authority
- Any decision by the proposed CCA that could lead to a financial liability falling directly upon that constituent council, or significant material impact on Blackpool Transport Services Ltd
- Such other matters as may be contained within the proposed CCA's constitution.

The constituent councils recognise the importance of local consensus in relation to matters that could impact companies wholly owned by those councils, and they have resolved to require Blackpool Council's consent for any decision which may have a significant, material and direct impact on Blackpool Transport Services Ltd.

Advisory Boards

The proposed CCA may choose to establish advisory boards. Advisory boards are formally constituted boards which would form part of the operation of the proposed CCA, but which have no decision-making power.

Advisory Boards may be formed if required to support the business of the proposed CCA. Membership of Advisory Boards would reflect the role and purpose of the Board, including members from outside the Constituent Councils as required to ensure the relevant expertise is available.

The role of any Advisory Boards established would be to advise the proposed CCA on the exercise of functions in their areas of expertise.

Members Allowances

The statutory instrument (SI) which may create the proposed CCA will set out the position on members allowances. DLUHC have indicated that the SI will provide that allowances will be payable as follows:

- Members of committees/sub-committees who are not elected members of a Constituent Council may be paid an allowance, the amount to be recommended by an independent remuneration panel
- Members of Overview and Scrutiny Committees and/or Audit Committee (whether or not also elected members of a Constituent Council) may also be paid an allowance, the amount to be recommended by an independent remuneration panel and,
- Otherwise, members may only be paid allowances for travel and subsistence, paid in accordance with the proposed CCA's published policy.

Overview and Scrutiny Committee

The proposed CCA would be required to have at least one Overview and Scrutiny Committee.

The role of the Overview and Scrutiny Committee is to monitor the decision making of the CCA to ensure that the decision making is appropriately focussed on community needs, and that high quality delivery is taking place for the benefit of the proposed CCA Area.

In accordance with the Levelling Up and Regeneration Act 2023 and given the role of the Committee, its membership must involve different individuals than those who are Members of the proposed CCA. However, the proposed CCA would intend to ensure that the District Councils would be represented on the Overview and Scrutiny Committee and would consider how and whether to represent any additional Non-Constituent and Associate Members on the Committee.

Practically this means that at least one member of the Overview and Scrutiny Committee would be nominated from each Constituent Council of the proposed CCA. At least two members are intended to be nominated by the District Councils. Any members of the Committee not drawn from the Constituent Councils would not automatically have voting rights on the Committee.

There is intended to be a requirement for political balance on the Committee which would reflect the political balance of the CCA Area (which in this context means to reflect the voting in respect of the Constituent Councils but taken across the whole CCA Area).

The Chair of the Overview and Scrutiny Committee would be an independent person – i.e. not a member of the Constituent Councils or District Councils in Lancashire. The Independent Chair of Overview and Scrutiny would be appointed by the proposed CCA through an open recruitment process.

Audit Committee

The proposed CCA would be required to have an Audit Committee. The role of the Audit Committee is to support and monitor the authority in the areas of governance, risk management, external audit, internal audit, financial reporting, and other related areas to ensure that the financial and governance decision making position of the proposed CCA is sound.

As with the Overview and Scrutiny Committee, this means that at least one member of the Audit Committee would be nominated from each Constituent Council of the proposed CCA. At least one member would be nominated by the District Councils. Any members of the Committee not drawn from the Constituent Councils would not automatically have voting rights on the Committee.

There would be a requirement for political balance on the Committee which will reflect the political balance of the proposed CCA Area (which in this context means to reflect the voting in respect of the Constituent Councils but taken across the whole CCA Area).

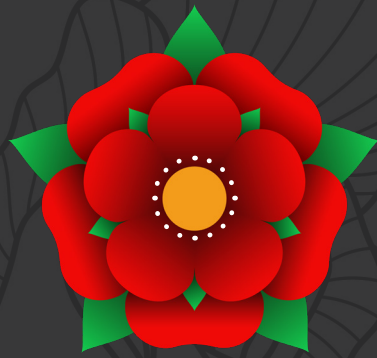
There is a requirement for the Chair of the Audit Committee to be an independent person, who is not otherwise involved in the proposed CCA. Again, the Levelling Up and Regeneration Act 2023 requires that members of the Audit Committee must not be the same individuals as those representatives who are members of the proposed CCA.

The proposed CCA will ensure that the Audit Committee has the right people to ensure effective oversight of the adequacy of the proposed CCA's overall assurance arrangements, and scrutiny of financial decision making by the proposed CCA.

Funding of the CCA

If the decision is taken by the Secretary of State to establish the proposed CCA then the Establishment Order will indicate that the proposed CCA will be funded by the three Constituent Councils. Funding has been secured as part of the deal from central Government to cover the financial years 2023/4 and 2024/5. In addition, the proposed CCA would consider whether to seek the power to borrow and explore the extent of these powers. In practice it is expected that the running costs of the proposed CCA will be met by either continued central Government support or with funding from the Constituent Councils. The proposed CCA will not have the power to raise a precept. That means it will not be able raise money through increasing Council Tax.

The general powers the proposed CCA is intended to have around finance and funding are expected to be substantially the same as local authorities enjoy generally.



6. CONSULTATION

To gain feedback on the Proposal and to inform the decision as to whether to proceed to advance the Proposal (with any potential amendments) to the Secretary of State, an eight-week consultation is planned to be undertaken between 1 December 2023 and 26 January 2024.

The consultation methods will include:

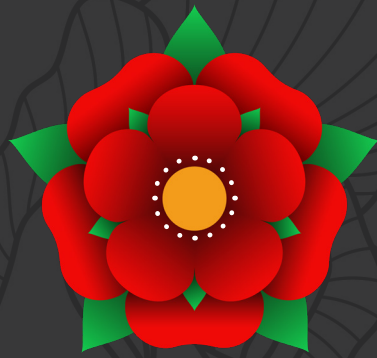
- an online survey with alternative options provided on request to meet the needs of participants (translations, paper copies and easy-read versions)
- stakeholder engagement with businesses, the voluntary sector, and other stakeholders identified
- events to engage residents and stakeholders of the proposed CCA Area.

Active steps will be taken to encourage participation and to ensure that the consultation is accessible to all (including, for example, the digitally disadvantaged, those with protected characteristics and high intensity users of affected services). An equality impact assessment has been completed to inform engagement undertaken by Constituent Councils.

A detailed plan of communications will be created with support from each Constituent Council to identify the best method of promoting the consultation in their local areas, including a list of frequently asked questions (FAQs).

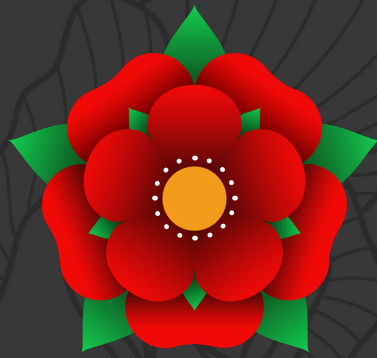
A Data Protection Impact Assessment will be undertaken to assist the Constituent Councils in ensuring that data shared and collected through the consultation process is held, processed and stored correctly, and for no longer than is necessary.

Findings from the consultation will be analysed and published in March 2024. These will support consideration of the Proposal by each Constituent Council.



7. THE DEAL

The Lancashire Devolution Deal can be viewed here:
www.gov.uk/government/publications/lancashire-devolution-deal



8. NEXT STEPS (TRANSITION)

The transition to a formal CCA in Autumn 2024 is planned to be in three stages:

- **Stage 1: Establishing transition arrangements – Autumn 2023 to Spring 2024**
- **Stage 2: Working as a shadow organisation – Spring 2024 to Autumn 2024**
- **Stage 3: Formal establishment of the CCA – Autumn 2024 onwards**

It is important to note that transition to the proposed CCA is dependent on a number of factors: this Proposal being accepted as a result of public consultation; this Proposal then being accepted by Government; and the approval by Parliament of the necessary secondary legislation implementing the Proposal. Importantly we would not propose to move into ‘shadow’ mode until the outcome of the consultation was known and all parties agreed to progress advancing the Proposal for the establishment of a CCA to the Secretary of State for consideration.

Stage 1: Establishing transition arrangements – Autumn 2023 – Spring 2024

The three Constituent Councils will work closely together in this Stage to oversee consultation and engagement, consider any amendments to the Proposal in light of the outcome of the consultation and prior to potential submission to the Secretary of State, take a decision as to whether to submit a proposal to the Secretary of State following consultation, and plan for the potential establishment of the proposed CCA. If it is decided to submit a proposal, then this stage will involve:

- ensuring collaborative leadership from Leaders of Constituent Councils to enable decisions to be made
- consolidating a programme team to operate as the ‘engine’ of the shadow CCA – drawing on staff from Constituent Councils, other stakeholders, and professional advisors
- defining a resource plan so that individual authorities can take decisions about their financial and time commitments
- developing an engagement plan to ensure that key partners, including District Councils and the business community are involved in the development activity
- putting in place the necessary arrangements to begin developing plans for priority areas such as transport, skills, and employment

- starting to consider the practical arrangements for shadow and combined authority working and decision making, including the role of districts and the Lancashire Leaders forum.

In this and subsequent stages, the relationship between the future CCA and existing local authorities (and other stakeholders) will be developed to ensure effective and constructive governance.

Stage 2: Working as a shadow organisation - Spring 2024 to Autumn 2024

In this stage, the focus will be on working as a shadow organisation and making preparations for the formal CCA. It is important to note that this shadow organisation will not be a new legal entity and therefore any activities (such as employing people or financial accountability) will be done by the existing local authorities. Functions at this stage will involve:

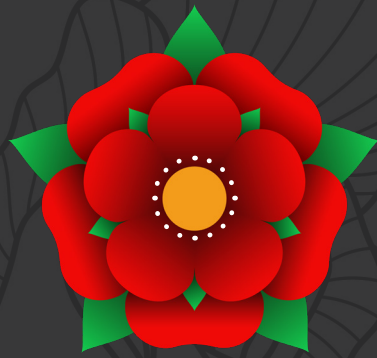
- preparing functional plans ready for the formal CCA to pick up if it is established
- designing and confirming important aspects of the formal CCA, such as the future management structure and resources to enable delivery of the objectives
- developing and designing a constitution for the CCA to ensure effective governance arrangements
- planning the integration of the functions of the LEP into the CCA, ensuring it is ready for delivering functional responsibilities if the formal CCA is established.

Stage 3: Formal establishment of the CCA – Autumn 2024 onwards

In this stage, which would follow the laying of the necessary Statutory Instrument, the constituent councils will begin to formally meet as a Combined County Authority, informed by the preparation and planning undertaken in the previous two stages. It will begin to deliver on the objectives and ambitions of this proposal:

- begin the process of appointment to Statutory Roles to manage the CCA's operations
- delivering on functional plans to begin delivering CCA responsibilities and achieving outcomes for the region
- scaling up the enabling competencies in order to allow the organisation to operate as required
- implementing the governance model for the CCA, including establishing the various committees
- continuing to enable the CCA to operationally evolve as is required.





9. LEGISLATION

Set out in the Appendix is a table of the powers which the Constituent Councils are proposing are available to the proposed CCA. The powers are those which the Constituent Councils believe are needed to enable the proposed CCA to deliver the purposes outlined in this Proposal.

In considering our Proposal, the Government, and in particular, specialist legislative counsel, will review the table below and some of the detail set out may be required to change as a consequence of the drafting of establishment orders, and other consequential amendments to existing powers for combined authorities.

The scope of powers to be available, and the broad terms of the exercise of those powers are unlikely to change, and, in any event, the powers will not go beyond the scope set out in the governance section of this Proposal.

In particular it should be noted that discussions are ongoing with the Department for Transport in relation to certain transport functions, in particular the necessity for concurrent exercise of specified functions. The Appendix therefore sets out the intended position in relation to these powers, but this may be subject to change as a result of these ongoing discussions.

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DEFINED TERMS

CCA - Combined County Authority.

Constituent Councils - Lancashire County Council, Blackburn with Darwen Council and Blackpool Council.

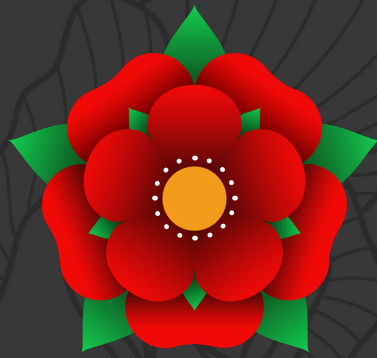
Functional Economic Area - FEA - areas that share several similar economic factors with boundaries that ideally reflect the drivers of the local economy.

GVA - Gross Value Added – this is the measure of the value of goods and services produced in an area, industry, or sector of an economy.

Local Enterprise Partnerships (LEPs) - Partnerships between local authorities and businesses to help determine local economic priorities and undertake activities to drive economic growth and create local jobs.

The Area - The Area covered by the proposed Lancashire Combined County Authority.

Statutory Instrument (SI) - Statutory instruments are the most common form of secondary (or delegated) legislation.



APPENDIX A:

TABLE OF POWERS/ FUNCTIONS

Set out below is a table of the powers which the Constituent Councils are proposing are available to the CCA. The powers are those which the Constituent Councils believe are needed to enable the CCA to deliver the purposes outlined in this proposal. In considering our proposal the Government, and in particular, specialist legislative counsel, will review the table below and some of the detail set out may be required to change as a consequence of enactment of the Levelling-up and Regeneration Act, the drafting of establishment orders, and other consequential amendments to existing powers for combined authorities. The scope of powers to be available, and the broad terms of the exercise of those powers are unlikely to change; and in any event, the powers will not go beyond the scope set out in the governance section of this proposal, and the Devolution Deal.

Finance, Investment, Innovation and Trade

Legislative Provisions	From	Concurrent exercise?	Consent	Voting
Local Democracy, Economic Development and Construction Act 2009 Section 69	Upper tier councils	Yes	No, but requirement to consult and seek the participation of the district/ boroughs.	Unanimous vote
Crime and Disorder Act 1998 Section 17A	Upper tier councils	Yes	No	Simple majority
Local Government Act 1972 Sections 113, 142(2), 144, 145 and 222	All LAs	No (but LAs do not lose powers)	No	Simple majority
Local Government Act 1985 Section 88	All LAs	No	No	Simple majority

Finance, Investment, Innovation and Trade (cont.)

Legislative Provisions	From	Concurrent exercise?	Consent	Voting
Local Government and Housing Act 1989 Section 13	Applies to all powers conferred on any relevant authority by s102(1) of the Local Government Act 1972	N/a – this relates to voting rights rather than exercise of powers	No	N/a – no voting
Local Government Pension Scheme Regulations 2013	N/a – provision for pension arrangements	No – administering authority is Lancashire County Council	No	N/a – no voting
Local Government Act 2003 Section 31	Minister	Yes	Where exercise of power will result in financial liability of a constituent council, that constituent council must consent. Where exercise of power will result in financial liability for Blackpool Transport Services Limited, Blackpool Borough Council must consent. Where exercise of a power may have a significant, material, and direct impact on Blackpool Transport Services Ltd, Blackpool Borough Council must consent.	Simple majority

Skills and Education

Legislative Provisions	From	Concurrent exercise?	Consent	Voting
Apprenticeships, Skills, Children and Learning Act 2009 Sections 86 and 87, 88, 90 and 100(1)	Secretary of State functions	Section 86, 87 and 88 are transferred Sections 90 and 100(1) are exercised concurrently with Secretary of State	None specified	Simple majority
Education Act 1996 Sections 13A , 15ZA, 15ZB and 15ZC	Upper tier councils	Yes	None specified	Simple majority
Education and Skills Act 2008 Sections 10, 12, 68, 70, 71 and 75	Upper tier councils	Yes	None specified	Simple majority
Further and Higher Education Act 1992 Section 51A	Upper tier councils	Yes	None specified	Simple majority

Housing and Planning

Legislative Provisions	From	Concurrent exercise?	Consent	Voting
<p>Town and Country Planning Act 1990</p> <p>Sections 226, 227, 229, 230(1)(a), 232, 233, 235, 236, 238, 239, 241</p>	LPA (Local Planning Authority) powers	Yes	Section 226 requires consent of lead member of CCA designated under paragraph 1(3) of schedule 1 whose area contains land subject to the acquisition, and of district councils in whose area the land subject to the acquisition is located.	Simple majority
<p>Housing and Regeneration Act 2008</p> <p>Sections 5, 6, 7, 8, 9, 10, 11, 12, paragraphs 19 and 20 of Schedule 3 and paragraphs 1, 2, 3, 4, 6, 10 and 20 of Schedule 4</p>	Homes England powers	Yes	<p>Section 9(2) requires consent of</p> <ul style="list-style-type: none"> • Lead member of CCA designated by constituent council whose local government area contains any part of the relevant land; • Each district council whose area contains any part of the relevant land. <p>Where exercise results in financial liability falling on a constituent council, the consent of the lead member of that council is required.</p>	Simple majority
<p>Housing Act 1985</p> <p>Sections 8(1), 11, 12, 17 and 18</p>	City Council and District/ Borough powers	Yes	<p>Section 17(3) requires consent of:</p> <ul style="list-style-type: none"> • Lead member of CCA designated by constituent council whose local government area containing the relevant land; • Each district council whose area contains any part of the relevant area • Where exercise of 17(3) results in financial liability falling on a constituent council, the consent of the lead member of that council is required 	Simple majority

Transport

Discussions are ongoing between the Constituent Councils and the Department for Transport in relation to the necessity for the concurrent exercise of those functions and/or powers marked with a [*]

Legislative Provisions	From	Concurrent exercise?	Consent required before exercise	Voting	When?
Part 2 Transport Act 2000					
Local transport plans and bus strategies (sections 108, 109 and 112) (sections 110 to 111 repealed)	A local transport authority or local transport authorities or a district council or a Passenger Transport Executive (as applicable)	The following are concurrent during the transition period: • 113C-123 • 123A-123X • 124-134B • 138A-143B • 151-162 Thereafter, the following are concurrent and continuing: • 134C – 138 • 145A to 150	In respect of all powers: • Where exercise of power will result in financial liability of a constituent council, that constituent council must consent • Where exercise of power will result in financial liability for Blackpool Transport Services Limited, Blackpool Borough Council must consent • Where exercise of a power may have a significant, material and direct impact on Blackpool Transport Services Ltd, Blackpool Borough Council must consent In addition, s123A-123X are only exercisable with the consent of the affected constituent council.	Unanimous for s108-113 Otherwise, simple Majority	From Establishment and on an ongoing basis
Bus services: advanced quality partnership schemes (sections 113C to 113O)					
Bus services: quality partnership schemes (sections 114 to 123)					
Bus services: franchising schemes (sections 123A to 123X)					
* Bus services: advanced ticketing schemes (sections 134C to 134G)					
* Bus services: ticketing schemes (sections 135 to 138)					
Bus services: enhanced partnership plans and schemes (sections 138A to 138S)					
Bus services: provision of information (section 139 to 141A)					
Bus services: miscellaneous (sections 142 to 143B)					
* Mandatory travel concessions for journeys not beginning on the London bus network (sections 145A to 150)					
Travel concessions in Greater London (Section 151)					
Financial and competition provisions (sections 152 to 159 (156 and 158 repealed))					
Supplementary (Section 160 to 162)					

Transport (cont.)

Legislative Provisions	From	Concurrent exercise?	Consent required before exercise	Voting	When?
Part 2 Transport Act 2000					
Chapters 2 and 3 of Part 3 (Workplace parking levy, General and supplementary) and Workplace Parking Levy (England Regulations 2009	Local Authority (charging authority which is the traffic authority (charging schemes can be made by a non-metropolitan local traffic authority (or jointly by more than one non-metropolitan local traffic authority), by an Integrated Transport Authority or combined authority and one or more eligible local traffic authorities, or the Secretary of State [or a strategic highways company]; a licencing authority or licencing authorities)	Concurrent and continuing	<p>Only exercisable with consent of the affected constituent council.</p> <p>Where exercise of power will result in financial liability of a constituent council, that constituent council must consent</p> <p>Where exercise of power will result in financial liability for Blackpool Transport Services Limited, Blackpool Borough Council must consent</p> <p>Where exercise of a power may have a significant, material, and direct impact on Blackpool Transport Services Ltd, Blackpool Borough Council must consent</p>	Simple majority	From Establishment and on an ongoing basis.

Transport (cont.)

Legislative Provisions	From	Concurrent exercise?	Consent required before exercise	Voting	When?
Highways Act 1980					
Section 6 Highways Act 1980 (Delegation etc. of functions with respect to trunk roads etc)	Public Authority Minister of Crown [or a strategic highway company]	With Constituent Councils	Only exercisable with the consent of the affected Constituent Council. Where exercise of power will result in financial liability of a constituent council, that Constituent Council must consent Where exercise of power will result in financial liability for Blackpool Transport Services Limited, Blackpool Borough Council must consent Where exercise of a power may have a significant, material, and direct impact on Blackpool Transport Services Ltd, Blackpool Borough Council must consent	Simple majority voting but the agreement of the Constituent Council would be needed before vote	From Establishment and on an ongoing basis.
Sections 8 of the Highways Act 1980 (Agreements between local highway authorities [and strategic highways companies] for certain works)	Local Authority Local highway authorities [and strategic highway companies]	With Constituent Councils	Only exercisable with the consent of the affected Constituent Council. Where exercise of power will result in financial liability of a Constituent Council, that constituent council must consent Where exercise of power will result in financial liability for Blackpool Transport Services Limited, Blackpool Borough Council must consent Where exercise of a power may have a significant, material, and direct impact on Blackpool Transport Services Ltd, Blackpool Borough Council must consent	Simple majority voting but the agreement of the Constituent Council would be needed before vote	From Establishment and on an ongoing basis.

Transport (cont.)

Legislative Provisions	From	Concurrent exercise?	Consent required before exercise	Voting	When?
Part 4 Transport Act 1985					
Passenger Transport Areas (section 57 to 62)	In a non-metropolitan county in England and Wales, the county council, a non-metropolitan district council in England, Passenger Transport Executive for any integrated transport area, council operating a bus undertaking, public transport company or its controlling authority, a Passenger Transport Executive or a council or local authority	The following sections are concurrent during the transition period: · S57 to 62 · S80 to 87	In respect of all powers: · Where exercise of power will result in financial liability of a constituent council, that constituent council must consent	Simple majority	From Establishment and on an ongoing basis
[* - in relation to sections 65 to 71 only]					
Passenger Transport in other areas (sections 63 to 71)		The following are concurrent and continuing · s63 and 64 · s65 to 71 · s72 to 79	· Where exercise of power will result in financial liability for Blackpool Transport Services Limited, Blackpool Borough Council must consent		
Further Provisions (sections 72 to 79)			· Where exercise of a power may have a significant, material, and direct impact on Blackpool Transport Services Ltd, Blackpool Borough Council must consent		
Miscellaneous (section 80 to 87)			In addition, s63-64 and 72-79 only exercisable with consent of affected constituent council		

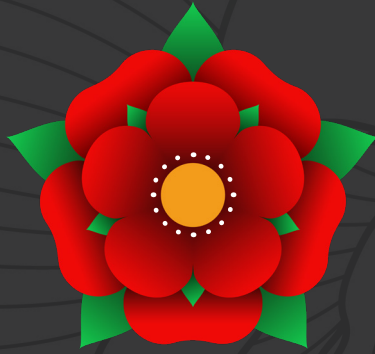
Transport (cont.)

Legislative Provisions	From	Concurrent exercise?	Consent required before exercise	Voting	When?
Part 5 Transport Act 1985					
[* - in relation to section 88 only] Expenditure on public passenger transport services (sections 88 to 92)	Any authority responsible for expenditure on public local transport, any local authority or any two or more local authorities acting jointly, Passenger Transport Executive, a county or district council operating any public passenger transport service, a parish council or community council, the Secretary of State	The following are concurrent and continuing <ul style="list-style-type: none"> • s88 to 92 • s93-101 • s103-105 • s106 and 106A 	In respect of all powers: <ul style="list-style-type: none"> • Where exercise of power will result in financial liability of a constituent council, that constituent council must consent • Where exercise of power will result in financial liability for Blackpool Transport Services Limited, Blackpool Borough Council must consent • Where exercise of a power may have a significant, material, and direct impact on Blackpool Transport Services Ltd, Blackpool Borough Council must consent In addition: <ul style="list-style-type: none"> • during transition period s88 only exercisable with consent of constituent council and; • s93-101 only exercisable with consent of constituent councils 	Simple majority	From Establishment and on an ongoing basis
* Travel Concession Schemes (sections 93 to 101 (102 repealed))					
*Travel concessions apart from schemes (sections 103 to 105)					
Grants for transport facilities and services (sections 106 and 106A)					
Grants for services in rural areas (sections 108 to 109)					
Miscellaneous (sections 110 (111 repealed) and 112)					

Transport (cont.)

Legislative Provisions	From	Concurrent exercise?	Consent required before exercise	Voting	When?
Traffic Management Act 2004					
Part 3 Permit Schemes Section 33 Section 33A Section 36	Local Highway Authorities	Concurrent and continuing	<p>Only exercisable with the consent of the affected Constituent Council(s).</p> <p>Where exercise of power will result in financial liability of a constituent council, that constituent council must consent</p> <p>Where exercise of power will result in financial liability for Blackpool Transport Services Limited, Blackpool Borough Council must consent</p> <p>Where exercise of a power may have a significant, material, and direct impact on Blackpool Transport Services Ltd, Blackpool Borough Council must consent</p>	Simple majority	From Establishment and on an ongoing basis
Part 6 (Civil Enforcement of Traffic Contraventions) and paragraph 10 (designation of civil enforcement areas for moving traffic contraventions) of Schedule 8 (civil enforcement areas and enforcement authorities outside Greater London)	Enforcement Authority	Concurrent and continuing	<p>Only exercisable with the consent of the affected Constituent Council(s).</p> <p>Where exercise of power will result in financial liability of a constituent council, that constituent council must consent</p> <p>Where exercise of power will result in financial liability for Blackpool Transport Services Limited, Blackpool Borough Council must consent</p> <p>Where exercise of a power may have a significant, material, and direct impact on Blackpool Transport Services Ltd, Blackpool Borough Council must consent</p>	Simple majority	From Establishment and on an ongoing basis





CONSULTATION QUESTIONS

Please tell us whom the organisation or group represents and, where applicable, how you assembled the views of members.

Section 1 – Innovation, Trade and Investment

We will work with local and national stakeholders to become a globally recognised and sustainable economy, distinguished by its quality of life, connectivity and access to opportunities.

We will use the devolution process to refresh our strategic plans for economic prosperity. These plans will build upon our competitive advantages, exploit opportunities and develop new sectors capable of delivering long-term economic growth and creating high-value jobs. We believe the proposed CCA would enable Lancashire to produce better strategic cases for investment and gain a greater share of national resources.

The proposed CCA will plan and deliver the Lancashire area allocation of the UK Shared Prosperity Fund (UKSPF) from 2025/26. In spending this flexible funding pot, the proposed CCA will work closely with district council Leaders in an advisory capacity.

Devolution under the Proposal will provide £6 million capital investment to create an innovation hub of international excellence at Samlesbury Enterprise Zone. We believe the new centre will help stimulate the growth of new economic clusters to maximise the county-wide benefits of the £5 billion investment in National Cyber Force to be located in Lancashire.

The Proposal will also provide £6 million for the Blackburn Technology Innovation Quarter to create new business space to support the growth of Lancashire's digital, creative and cyber sectors.

Through the Proposal, Government departments will consider the potential for future relocations of Government roles to Lancashire as part of the Levelling Up agenda.

To support the proposed Lancashire CCA in its initial stages of devolution, the Government will provide £1 million of capacity funding.

Please find further details on the Proposal at www.lancashiredevolution.co.uk opens in new tab.

To what extent do you agree or disagree with the proposal on innovation, trade and investment for the Lancashire Combined County Authority?

Please select one box only

Strongly agree

Agree

Neither agree nor disagree

Disagree

Strongly disagree

Don't know

If you have any comments you would like to make around the delivery proposal, you will have the opportunity at the end of the questionnaire.

Section 2 – Skills

We will work collaboratively with employers, skills and training providers, local authorities and other stakeholders to support people to develop their skills throughout their lives and attract business to Lancashire because of our highly skilled workforce.

In Lancashire's labour market, the estimated employment rate is below the national rate and has worsened since the pandemic. Lancashire's work force is also characterised by a lower proportion of residents with higher level qualifications.

The Proposal includes new powers to better shape local skills provisions to ensure these meet the needs of the local economy. This will include devolution of adult education, the core Adult Education Budget, and the opportunity to further refine the Local Skills Improvement Plan. Funding for Free Courses for Jobs will also be devolved and will be ring-fenced.

A strong, resilient and inclusive economy brings health benefits to its residents. As a combined authority, we believe Lancashire will be better placed to bid to become a pilot on national programmes that support individuals with health conditions to remain in the workplace.

Please find further details on the Proposal at www.lancashiredevolution.co.uk opens in new tab.

To what extent do you agree or disagree with the proposal on skills for the Lancashire Combined County Authority?

Please select one box only

Strongly agree

Agree

Neither agree nor disagree

Disagree

Strongly disagree

Don't know

If you have any comments you would like to make around the delivery proposal, you will have the opportunity at the end of the questionnaire.

Section 3 – Transport

We will work with transport providers inside and outside Lancashire to create better connected infrastructure that links opportunity to need and delivers travel choices that are safe, inclusive, affordable and low carbon.

The Proposal will build on a successful track record of major transport investment, and a new Local Transport Plan will set the direction and priorities for highways and transport investment. This plan will work across the county to secure the benefits of connectivity to widen transport choices and support low carbon travel opportunities. Lancashire has significant plans for road, bus and rail schemes, and active travel projects that it is seeking to fund through devolution.

The Proposal includes new powers to improve and better integrate local transport, including the ability to develop the bus service improvement plan

(BSIP) partnership and strengthen coordination of local transport functions.

Blackpool Transport Services (BTS) will continue to operate tram services in Blackpool and the surrounding area and Blackpool Council will retain the relevant powers to manage BTS. Maintenance of tram infrastructure and assets will continue to be the responsibility of Blackpool Council in partnership with Lancashire County Council. BTS also provides vital bus services to Blackpool and the surrounding area. BTS will continue to deliver bus services locally.

The Proposal includes plans to improve public electric vehicle charging infrastructure to increase the uptake of electric vehicles and reduce carbon emissions.

As set out in a recent Network North announcement:

- The proposed CCA will receive a proportion of the £2.5 billion announced as part of Network North to transform local transport in areas in the North outside of the big city regions
- The proposed CCA will receive a proportion of the £770 million of funding for Bus Service Improvement Plans in the North
- The proposed CCA will receive a proportion of the £3.3 billion funding to fix potholes in the North

We believe devolution will support Lancashire's objective of maintaining a safe and reliable transport network.

Please find further details on the Proposal at www.lancashiredevolution.co.uk opens in new tab.

To what extent do you agree or disagree with the proposal on transport for the Lancashire Combined County Authority?

Please select one box only

Strongly agree

Agree

Neither agree nor disagree

Disagree

Strongly disagree

Don't know

If you have any comments you would like to make around the delivery proposal, you will have the opportunity at the end of the questionnaire

Section 4 – Net Zero and Climate Change

We will work across Lancashire to meet our low carbon ambitions, promote clean energy, and enhance our natural environment. Our ambition is that Lancashire becomes internationally recognised as a leader in the creation of 'green jobs', building upon our world class engineering and manufacturing capabilities.

Lancashire's energy and low carbon sector is particularly important due to its capabilities in designing and manufacturing low carbon technologies. The area is forecast to have the highest number of jobs per capita in the energy and low carbon sector in England between 2030 and 2050. Through the Proposal, if adopted, the Government will work with the proposed CCA to enable the continued growth of this sector by supporting the delivery of Lancashire's energy and low carbon sector plans.

Devolution would provide £2 million additional investment to extend eligibility criteria for the 'Cosy Homes in Lancashire' domestic retrofit scheme. We believe this investment will support a reduction in carbon emissions, better quality housing and improved health outcomes.

Please find further details on the Proposal at www.lancashiredevolution.co.uk opens in new tab.

To what extent do you agree or disagree with the proposal on net zero and climate change for the Lancashire Combined County Authority?

Please select one box only

Strongly agree

Agree

Neither agree nor disagree

Disagree

Strongly disagree

Don't know

If you have any comments you would like to make around the delivery proposal, you will have the opportunity at the end of the questionnaire

Section 5 – Digital and Cyber

We will work across Lancashire to continue to transform our digital infrastructure and knowledge-based sectors to balance and modernise our industrial base.

Lancashire has continued the development of the Lancashire Infrastructure Plan and supported rollout of Openreach and gigabit programmes, including establishing Superfast Atlantic connection with the North Atlantic Loop at Blackpool Enterprise Zone. This increased digital connectivity provides competitive advantages to attract more cutting-edge, technology-based industries.

Locating the National Cyber Force in Lancashire will attract significant investment and create over 2,000 new jobs. The proposed Lancashire CCA will work with the Department for Science, Innovation and Technology, to fully capture the investment, business, research and skills benefits of this new location. These activities will create opportunities and new careers for residents, develop markets and technologies of local businesses and help to establish a North West Cyber Corridor.

Devolution under the Proposal would provide £6 million investment for a Low Carbon Data Demonstrator Centre at Blackpool Enterprise Zone. The project will provide new business space to support Lancashire's low carbon and digital innovation ambitions.

Please find further details on the Proposal at www.lancashiredevolution.co.uk opens in new tab.

To what extent do you agree or disagree with the proposal on digital and cyber for the Lancashire Combined County Authority?

Please select one box only

Strongly agree

Agree

Neither agree nor disagree

Disagree

Strongly disagree

Don't know

If you have any comments you would like to make around the delivery proposal, you will have the opportunity at the end of the questionnaire

Section 6 – Culture and Tourism

We recognise the fundamental importance of our culture and tourism assets and will work with stakeholders across Lancashire to strengthen these. This work includes the creation of a Local Visitor Economy Partnership for the region to help further develop the region’s visitor economy.

Lancashire's rich heritage and culture has an important role in the area's plans to attract and retain skilled workers, and in contributing to 'pride in place' in the region. Tourism and the visitor economy are crucial industries for Lancashire, with the area amongst the UK’s most prolific visitor destinations every year. Blackpool is the nation's No1 seaside resort, with some 20 million visits per year, and represents a £1.5 billion visitor economy.

If the Proposal is adopted, Lancashire CCA could work with the government to hold a series of exploratory conversations to test the region’s appetite and capacity for partnership working across culture, heritage, sport, communities and the visitor economy.

Under the Proposal, VisitEngland and the Lancashire CCA would work with the accredited Local Visitor Economy Partnership to help further develop the region’s visitor economy. This collaborative work, across those areas set out in the Government’s Tourism Recovery Plan, could include harnessing the region’s potential to grow domestic and international visitor spend, and encouraging visits throughout the year rather than just during the traditional tourist season.

Please find further details on the Proposal at www.lancashiredevolution.co.uk opens in new tab.

To what extent do you agree or disagree with the proposal on culture and tourism for the Lancashire Combined County Authority?

Please select one box only

Strongly agree

Agree

Neither agree nor disagree

Disagree

Strongly disagree

Don't know

If you have any comments you would like to make around the delivery proposal, you will have the opportunity at the end of the questionnaire

Section 7 – Housing and Land

We will support the delivery of decent, affordable, and low carbon housing for every community. High quality housing will benefit existing residents, as well as attract and retain the people required to drive the economy over the long term.

The proposal would give Lancashire the ability to exercise compulsory purchase powers (subject to the agreement of the Local Authority where the land is located) to help drive regeneration and build more affordable homes, boosting supply and bringing down the cost of newly built dwellings.

The Proposal supports our ambition to deliver a pipeline of strategic development sites and infrastructure opportunities faster and more strategically than would otherwise be the case.

Please find further details on the Proposal at www.lancashiredevolution.co.uk opens in new tab.

To what extent do you agree or disagree with the proposal on housing and land for the Lancashire Combined County Authority?

Please select one box only

Strongly agree

Agree

Neither agree nor disagree

Disagree

Strongly disagree

Don't know

Section 8 – Delivering Our Ambitions

We will implement streamlined management and decision-making arrangements with a strong business voice to address the big opportunities and challenges for Lancashire.

In order that powers and funding are available, suitable management and

decision-making arrangements must be put in place. These arrangements provide the Government with assurance that funding will be spent appropriately, and statutory functions will be delivered effectively and efficiently.

We believe that this priority will allow the creation of a powerful CCA with strong leadership and effective governance to drive growth in Lancashire and across the north of England.

To achieve this, our proposals include the integration of the Lancashire Local Enterprise Partnership with wider structures and the formation of a new Business Board. This change will help ensure there continues to be a strong and independent local business voice that informs local decision-making and strategic economic planning. The model places a strengthened private sector voice at the heart of growth strategy development.

The governance model proposed would build upon existing structures and recognises the significant role for the 12 district councils (who would be able to nominate two representatives to the proposed CCA, potentially through the Lancashire District Council Leaders Forum). Our proposals also include new delivery arrangements for transport and skills to enable partners to collaborate more effectively and focus on the big opportunities and challenges for Lancashire.

Please find further details on the Proposal at www.lancashiredevolution.co.uk opens in new tab.

To what extent do you agree or disagree with the proposed delivery arrangements for the Lancashire Combined County Authority?

Please select one box only

Strongly agree

Agree

Neither agree nor disagree

Disagree

Strongly disagree

Don't know

Your comments

If you have any comments you would like to make about the proposals

for the Lancashire Combined County Authority, please tell us using the space below.