



Committee: CABINET

Date: TUESDAY, 4 SEPTEMBER 2012

Venue: LANCASTER TOWN HALL

Time: 10.00 A.M.

A G E N D A

1. **Apologies**

2. **Minutes**

To receive as a correct record the minutes of Cabinet held on Tuesday, 17 and Tuesday, 24 July, 2012 (previously circulated).

3. **Items of Urgent Business Authorised by the Leader**

To consider any such items authorised by the Leader and to consider where in the agenda the item(s) are to be considered.

4. **Declarations of Interest**

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

Members 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 10 and in the interests of clarity and transparency, Members 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, members 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.

5. **Public Speaking**

To consider any such requests received in accordance with the approved procedure.

Reports from Overview and Scrutiny

None

Reports

6. **Consultation on the Meeting Housing Needs Supplementary Planning Document (Pages 1 - 111)**

(Cabinet Member with Special Responsibility Councillor Hanson)

Report of the Head of Regeneration and Planning

7. **Funding of Housing Regeneration Priorities and Medium Term Council Housing Rent Policy (Pages 112 - 125)**

(Cabinet Member with Special Responsibility Councillor Leytham)

Report of the Head of Resources and the Head of Health and Housing

8. **Local Government Finance Bill - New Discretionary Powers in Relation to Council Tax (Pages 126 - 130)**

(Cabinet Member with Special Responsibility Councillor Bryning)

Report of the Head of Resources

9. **Welfare Reforms - Localisation of Council Tax Support (Pages 131 - 143)**

(Cabinet Member with Special Responsibility Councillor Bryning)

Report of the Head of Resources

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

Members are asked whether they need to declare any further declarations of interest regarding the exempt reports.

Cabinet is recommended to pass the following recommendation in relation to the following items:-

“That, in accordance with Section 100A(4) of the Local Government Act, 1972, the press and public be excluded from the meeting for the following item of business, on the grounds that they could involve the possible disclosure of exempt information as defined in paragraph 3 of Schedule 12A of that Act.”

Members are reminded that, whilst the following items have been marked as exempt, it is for the Council itself to decide whether or not to consider each of them in private or in public. In making the decision, Members should consider the relevant paragraph of Schedule 12A of the Local Government Act 1972, and should balance the interests of individuals or the Council itself in having access to information. In considering their discretion Members should also be mindful of the advice of Council Officers.

11. **Disposal of Land off Quernmore Road, Lancaster (Pages 144 - 152)**

(Cabinet Member with Special Responsibility Councillor Hamilton-Cox)

Report of the Head of Resources

ADMINISTRATIVE ARRANGEMENTS

(i) Membership

Councillors Eileen Blamire (Chairman), Janice Hanson (Vice-Chairman), Jon Barry, Abbott Bryning, Tim Hamilton-Cox, Karen Leytham, Ron Sands and David Smith

(ii) Queries regarding this Agenda

Please contact Liz Bateson, Democratic Services - telephone (01524) 582047, or email ebateson@lancaster.gov.uk.

(iii) Apologies

Please contact Members' Secretary, telephone 582170, or alternatively email memberservices@lancaster.gov.uk.

MARK CULLINAN,
CHIEF EXECUTIVE,
TOWN HALL,
DALTON SQUARE,
LANCASTER LA1 1PJ

Published on Thursday, 23 August, 2012.

CABINET

Statutory consultation on the Draft Meeting Housing Needs Supplementary Planning Document

4th September 2012

Report of Head of Regeneration and Planning

PURPOSE OF REPORT			
To seek a resolution from Cabinet to publish and consult on the Draft Meeting Housing Needs Supplementary Planning Document (SPD).			
Key Decision	X	Non-Key Decision	Referral from Cabinet Member
Date Included in Forward Plan	23 rd April 2012.		
Project Appraisal Undertaken	(N/A)		
This report is public.			

RECOMMENDATIONS OF COUNCILLOR HANSON

- (1) That Cabinet resolves to publish and consult on the Draft Meeting Housing Needs Supplementary Planning Document (SPD). An extensive period of statutory public consultation will then commence on 1st October and conclude on 11th November.

1.0 Introduction

- 1.1 The Meeting Housing Needs SPD has been prepared to support and guide developers (applicants) in addressing the Council's housing related policies contained within the Lancaster District Core Strategy (adopted July 2008). The policy areas covered by the SPD include market housing, affordable housing, rural housing, and accommodation for specific communities. The document also provides technical guidance and templates to support the planning application process.

2.0 Background

- 2.1 Supplementary Planning Documents were introduced by the Planning and Compulsory Purchase Act 2004 and replaced Supplementary Planning Guidance. Because SPDs are subject to greater consultation they are therefore given greater weight when planning applications are decided. The

process for preparing SPDs is set out in the Town and Country Planning (Local Development) (England) Regulations 2004.

- 2.2 The National Planning Policy Framework (NPPF) published in March 2012 defines SPDs as "documents which add further detail to the policies in the Local Plan. They can be used to provide further guidance for development on specific sites, or on particular issues, such as design. Supplementary planning documents are capable of being a material consideration in planning decisions but are not part of the development plan." The NPPF also states that SPDs should be used where they can help applicants make successful applications or aid infrastructure delivery, and should not be used to add unnecessarily to the financial burdens on development.

3.0 Strategic Context

- 3.1 The Lancaster District Core Strategy (adopted July 2008) stated that an SPD was the appropriate local development document to provide the detailed approach on achieving the delivery of the Core Strategy's affordable housing targets. The Meeting Housing Needs SPD relates in the main to Policy SC4 of the Core Strategy, which is concerned with meeting the district's housing requirements. It also relates in part to other Core Strategy policies including SC1 (sustainable development), SC2 (urban concentration), and SC3 (rural communities).
- 3.2 The SPD also relates to "saved" Local Plan Policy H10. Although this policy has been partly superseded by the Core Strategy it will continue to be taken into account alongside Core Strategy Policy SC4 until it is entirely superseded by the development management policies contained in the emerging Local Plan following adoption of this document in 2014.
- 3.3 Following adoption, the SPD will replace all existing guidance on meeting the district's housing requirements; Supplementary Planning Guidance 10: Affordable Housing (March 2002) and the Affordable Housing Practice Update (January 2011).

4.0 Preparation of the SPD

Earlier work

- 4.1 The 2010 Affordability Housing Viability Study was prepared by Adams Integra and provided the Council with new evidence on the ability of the district's housing market to deliver various levels of affordable housing. The Study examined the influence of a range of affordable housing targets and thresholds on the viability of sample schemes. Following receipt of the Study the Council prepared the Affordable Housing Practice Update which described the process for negotiating affordable housing. This document was implemented in January 2011 and replaced the 2008 version.
- 4.2 The preparation of the Affordable Housing Viability Study and the Affordable Housing Practice Update was supported by stakeholder engagement through a Key Stakeholder Group that met three times during the preparation of both documents. This group comprised residential developers, planning agents, land agents, and registered providers of social housing operating in the

district.

Information Gathering

- 4.3 In order to develop the SPD the Council reconvened the Key Stakeholder Group so that the earlier work could be used as a basis for engaging with stakeholders around the preparation and content of the SPD. The group met in February 2012 and stakeholders were briefed on the aims and objectives of the SPD and invited to provide their perspectives on a range of issues to help inform the preparation and content of the SPD. A schedule of consultees invited to the Key Stakeholder Group and summary of comments is set out in Appendix A.
- 4.4 Following this meeting, the Council emailed a survey (see Appendix B) that asked a series of key questions on the content of the SPD. This was sent to the Key Stakeholder Group and also a number of other relevant stakeholders that were identified via the LDF database. The intention was to help inform the content of the draft SPD ahead of the statutory public consultation. The survey also included a briefing note to provide more detail on the preparation process. A list of consultees sent the Survey is set out in Appendix C, and a summary of comments received from consultees sent the Survey is set out in Appendix D.
- 4.5 The information gathering process for the SPD was also promoted via a press release which featured in the Lancaster Guardian in the first week of March 2012; on the Shaping a Better Future Facebook page; and on the Council's Twitter feed.
- 4.6 All engagement was carried out in accordance with the Council's Statement of Community Involvement (SCI), which was adopted in June 2006.

Statutory Consultation

- 4.7 Proceeding to this stage will require Cabinet's approval. On the basis that approval is achieved then the Draft SPD will be subject to a 6 week statutory consultation period from 1st October to 9th November 2012. The statutory consultation will be carried out in accordance with the process set out in the Town and Country Planning (Local Development) (England) Regulations 2004 (amended 2008).
- 4.8 Letters and emails will be sent to the following organisations giving notice of the consultation, and details of where and when the Draft SPD and accompanying documents can be inspected.
- :
- English Heritage, Natural England, and the Environment Agency (as the three statutory consultation bodies);
 - The Homes and Communities Agency; and
 - South Lakeland District Council, Wyre Council, and Lake District Nation Park Authority.
- 4.9 Letters and emails will also be sent to organisations that participated in the Key Stakeholder Group and also the town and parish councils giving notice of the consultation, and details of where and when the Draft SPD and

accompanying documents can be inspected.

- 4.10 An email will also be sent to all other stakeholders on the LDF consultation database giving notice of the consultation, and details of where and when the draft SPD and accompanying documents can be inspected.
- 4.11 Prior to the statutory consultation period (week commencing 24th September 2012) the Draft SPD and accompanying documents will be placed in Lancaster and Morecambe town halls, as well as the Cable Street office, and the main libraries (Lancaster, Morecambe, Heysham, Carnforth). The intention is to allow members of the public to inspect the documents.
- 4.12 The Draft SPD and accompanying documents will also published on the Council website week commencing 24th September 2012. This will also include details of where and when the draft SPD and accompanying documents can be inspected.
- 4.13 A local advert will be published in both the Lancaster Guardian and Morecambe Visitor during week commencing 24th September 2012 providing details of where and when the Draft SPD and accompanying documents can be inspected.
- 4.14 The availability of the Draft SPD will also be publicised in the following ways:
- Online consultation via the Council's website;
 - A press release to be issued week commencing 24th September 2012 to local newspapers, radio and TV;
 - Details of the consultation on the Shaping a Better Future Facebook page; and the Council's Twitter feed;
 - Details of the consultation on the Current consultations page of the Council's website;
 - An email notifying all Members of the consultation to be sent week commencing 24th September 2012;
 - Hard copies of the SPD provided in the Member's rooms for reference; and
 - An email notifying appropriate officers in the Planning and Regeneration Service and Housing and Health Service to be sent week commencing 24th September 2012; and
- 4.15 Following the conclusion of the statutory consultation, all comments received will be recorded and reviewed. The SPD will then be updated accordingly to reflect comments. It is anticipated that the publication version of the SPD will be reported to the January 2013 meeting of Cabinet seeking approval to adopt.

5.0 Key SPD issues

- 5.1 Affordable housing contributions are required from all proposals that will result in a net increase in the overall number of dwellings. Small schemes up to 4 dwellings are expected to provide a financial contribution and larger schemes of 5 or more dwellings are expected to provide on site affordable housing.

- 5.2 Up to 20% on site affordable housing is required from schemes that propose a net increase of 5 to 9 dwellings in a rural location, or 5 to 14 dwellings in an urban location.
- 5.3 Up to 30% on site affordable housing is required from schemes that propose a net increase of 10 plus dwellings in a rural location, or 15 plus dwellings in an urban location.
- 5.4 The opportunities for developing new housing on Greenfield sites will be limited but where this is permitted the Council will require increased affordable housing provision (up to 40%). The precise requirement will be agreed via negotiation and will be influenced by site specific issues.
- 5.5 If adopted then the Community Infrastructure Levy (CIL) may reduce the Council's ability to request affordable housing contributions because it will also impact on development viability. CIL is a charge which local authorities in England and Wales can place on developers for most types of development and the monies generated can then be used (or pooled for future use) to pay for strategic infrastructure improvements.
- 5.6 An affordable tenure mix of 50% social rented and 50% intermediate will be required of all schemes but the Council will seek to ensure that the specific tenure mix, dwellings type and size of dwellings reflect local housing needs as evidenced by the 2011 Housing Needs Survey or other local evidence where appropriate.
- 5.7 Developers are expected to realistically assess the full cost of developing new housing before applying for planning permission, with consideration made of the cost of land acquisition, site remediation, abnormalities, construction, finance, affordable housing provision, and other planning obligations. In particular, developers are expected to fully consider the cost of purchasing land, buildings or an option on land before applying for planning permission, as these costs will impact on the ability of the scheme to meet the required affordable housing provision, and therefore scheme viability.
- 5.8 Proposals for residential development in the West End of Morecambe and the area covered by the Morecambe Area Action Plan (MAAP) are not required to provide an affordable housing contribution as this can have a significant impact on development viability because property values are much lower than elsewhere in the district. This therefore acts as a disincentive to securing much needed investment.
- 5.9 In recent years the Council has permitted new rural residential development in 8 settlements that retain a sufficient number of key services to make these settlements sustainable. In order to better meet rural housing needs development will be considered in rural settlements with fewer key services where it can be demonstrated that the proposals will maintain or enhance the vitality of the local community. A key aspect of this is how well a proposed development meets local housing need.

6.0 Details of Consultation

- 5.1 Full details on the preparation of the Meeting Housing Needs SPD are dealt

with under section 4.0 of this report (Preparation of the SPD).

- 5.2 In addition to this consultation officers presented a report to the 13th March 2012 Planning Policy Liaison Group (PPCLG) detailing how the SPD would be prepared. A further report updating PPCLG was received at the 28th August 2012 meeting ahead of the 4th September Cabinet meeting.
- 5.3 In terms of focused consultation on sustainability issues affecting the SPD, officers are confident that such issues have been intensively explored and tested during the preparation of the Council's Core Strategy and emerging Local Plan. Because the SPD links to the higher-level sustainability testing of both documents then the likely affects of the SPD are in-line with those anticipated for both documents. Therefore this SPD has not been subject to its own sustainability appraisal. The Core Strategy Sustainability Appraisal reports can be found at: <http://www.lancaster.gov.uk/ldf>

4.0 Options and Options Analysis (including risk assessment)

	Option 1: Approve the recommendation and thus publish and consult on the Draft Meeting Housing Needs SPD.	Option 2: Do not approve the recommendation and do not publish and consult on the Draft Meeting Housing Needs SPD.
Advantages	The Council will have available complete and up to date guidance on meeting housing needs (albeit in draft) that applicants can refer to when preparing specific planning proposals and the Development Team can refer to when considering specific planning applications.	Delaying the publication of the SPD will allow time for further internal consultation, although adequate time has already been allowed for this.
	The Council will be aligned with the National Planning Policy Framework (NPPF) requirement that SPDs provide further guidance on particular issues (in this instance meeting housing needs).	
	The Council will be aligned with the NPPF requirement that SPDs add further detail to the policies in the Local Plan.	
Disadvantages	The SPD's focus on how the Council will achieve affordable housing from new residential development may attract renewed criticism from developers / applicants around the impact this has on viability which may be viewed as being at odds with the NPPF.	
Risks	Applying the approach to calculating commuted sums to conversions (as distinct to new build) may attract some criticism because the in-principle expectation of affordable housing contributions from a net increase in units (whether new build or conversion of existing) is described within a development management policy in the Draft Local Plan which has not yet been adopted. Although public consultation on the preferred options version of the Draft Local Plan is anticipated to commence on 22 nd October, the document is not anticipated for adoption until September 2014. However, paragraph 216 of the NPPF states that	The absence of a fully consulted on SPD providing complete and up to date guidance on meeting housing needs may put the Council at risk from future appeals to overturn decisions made where planning proposals did not address relevant policies in the adopted Core Strategy.

	<p>decisions makers may also give weight to relevant policies in emerging plans according to the stage of preparation of the emerging plan. On this basis, the Draft Local Plan can be thought of as a material consideration (but of limited weight), and might usefully inform the consideration of a development proposal.</p>	
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6.0 Officer Preferred Option (and comments)

- 6.1 The officer preferred option is Option 1 so that the Council has in place complete and up to date guidance on meeting housing needs.

RELATIONSHIP TO POLICY FRAMEWORK

Lancaster District Core Strategy. This proposal will make a positive contribution to Policy SC4 in terms of meeting the district's housing requirement.

Lancaster District Housing Action Plan. This proposal will support implementation of the forthcoming Action Plan by guiding applicants on how proposed developments should meet the housing needs of the district.

CONCLUSION OF IMPACT ASSESSMENT

(including Diversity, Human Rights, Community Safety, Sustainability and Rural Proofing)

The Meeting Housing Needs SPD will contribute towards meeting the housing needs of those in unsuitable accommodation, in terms of the size and location. This will allow improved access to employment, training and education opportunities, and will contribute towards ensuring social cohesion which in turn should impact on community safety. Affordable or low cost market housing in rural locations will also contribute to improved access to housing where often younger families and vulnerable households cannot access suitable and affordable accommodation.

LEGAL IMPLICATIONS

The Meeting Housing Needs SPD will provide new guidance around the use of Nominations Agreement and Local Occupancy Criteria agreement, and S106 agreements which should assist applicants in understanding the legal implications of specific proposals. This will require liaison between Regeneration and Planning and Legal.

FINANCIAL IMPLICATIONS

The Meeting Housing Needs SPD will provide new guidance on the negotiation of commuted sums. Assuming that no changes are made in due course to the financial management arrangements, as and when the monies are received they would be held in the Commuted Sums – Affordable Housing Reserve until such time as they are required, at which point the capital programme would be updated accordingly to reflect their application to specific schemes.

The wider financial implications attached to local planning and the supply of homes (such as local tax raising capacity and future service demands) have been outlined previously to Cabinet, and feature in the related Council report that was deferred at the July meeting.

OTHER RESOURCE IMPLICATIONS**Human Resources:**

None.

Information Services:

None.

Property:

None.

Open Spaces:

None.

SECTION 151 OFFICER'S COMMENTS

The Section 151 Officer has been consulted and has no further comments.

MONITORING OFFICER'S COMMENTS

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

BACKGROUND PAPERS

Draft Meeting Housing Needs SPD.

Contact Officer: David Hayward, Planning Officer.

Telephone: 01524 582723

E-mail: dhayward@lancaster.gov.uk

Ref:

Appendix A:
Schedule of consultees invited to the Key Stakeholder Group and summary of comments recorded.

Consultee	Attended (Yes / No)	Summary of comments recorded
Adactus	No	
Barrat Homes	No	
Blue Sphere	No	
Bowsall Limited	Yes	
Briery Homes	No	
Countryside Properties	Yes	The SPS should focus on market housing as well as affordable housing.
Fisher Wrathall	Yes	Concerns expressed around the rising costs of planning applications. The SPD should streamline and simplify the process. Concerns expressed around poor housing provision for older people in rural settlements to allow down sizing.
Garner Planning Associates	Yes	Concerns expressed around the approach to affordable housing and the impact on housing completions. Clarity is needed around how affordable housing will relate to the CIL.
Great Places	No	
Guinness Northern Counties	No	
Harrison Pitt Architects	Yes	
Harrison Willis & Moor	No	
Homes and Communities Agency	No	
Impact	Yes	As a registered provider we do try hard to encourage developers to get in touch with us. There is not a minimum number of affordable units we would be prepared to purchase from a market scheme.
JMP Architects	Yes	
JWPC Ltd	Yes	
Lambert Smith Hampton	No	
Applethwaite	Yes	
Mason Gillibrand	Yes	
Michael A Harrison Architects	No	
Miller Homes	No	
Nathaniel Lichfield and Partners	No	
Peel Land and Property	Yes	

Peill and Co	No	
Persimmon	No	
Places for People	Yes	Will the proposed affordable housing tenure mix allow for shared ownership?
Richard P Taylor	Yes	
Russell Armour Homes	No	
Steven Abbot Associates	No	
Story Homes	No	
Turley Associates	No	
The Planning Bureau	Yes	

**Appendix B:
Information Gathering Survey and Briefing**



Shaping
a better future



Shaping
better development



Shaping
the urban future



Shaping
the rural future

Survey: Meeting Housing Needs Supplementary Planning Document

This survey is part of the Information Gathering stage of preparing the Supplementary Planning Document (SPD). It asks some key questions on the content of the SPD to help inform a consultation draft that will be subject to formal consultation at the end of June 2012. The related Briefing Note provides more detail on the process.

Your feedback is important so please provide as much detail as you can.

Do you support the preparation of a Supplementary Planning Document (SPD) to help meet housing needs?

Should the SPD include information on the following?

- Explanation of relevant government policy and targets
- Explanation of relevant regional and local policy
- Information on housing need in the district
- Glossary of terms

Should the SPD include the following?

- Affordable housing targets and thresholds
- A clear definition of affordable housing
- A clear description of affordable housing tenures and the proportions expected

Should the council request an affordable housing contribution from all new development that result in a net increase in homes, whether new build, change of use to residential, or conversion from a larger property?

Should the SPD include guidance on design and layout issues (e.g. mix, integration, design, sustainability, accessibility etc)?

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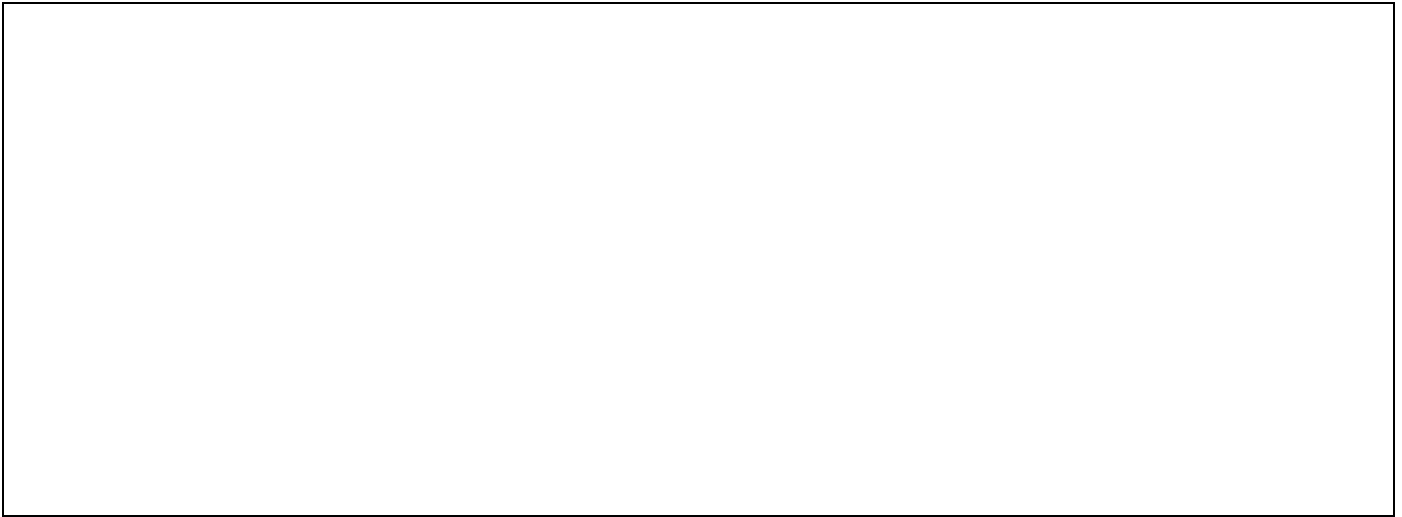
Should the SPD include guidance on legal procedural issues (e.g. standard clauses expected from Section 106 agreements)?

A large, empty rectangular box with a thin black border, intended for a response to the question above.


Should the SPD include information on the planning process (e.g. pre-application discussions, the committee process etc)?

A large, empty rectangular box with a thin black border, intended for a response to the question above.

Should the SPD include guidance on commuted sums are calculated?



Should the SPD include information on registered providers of social housing?

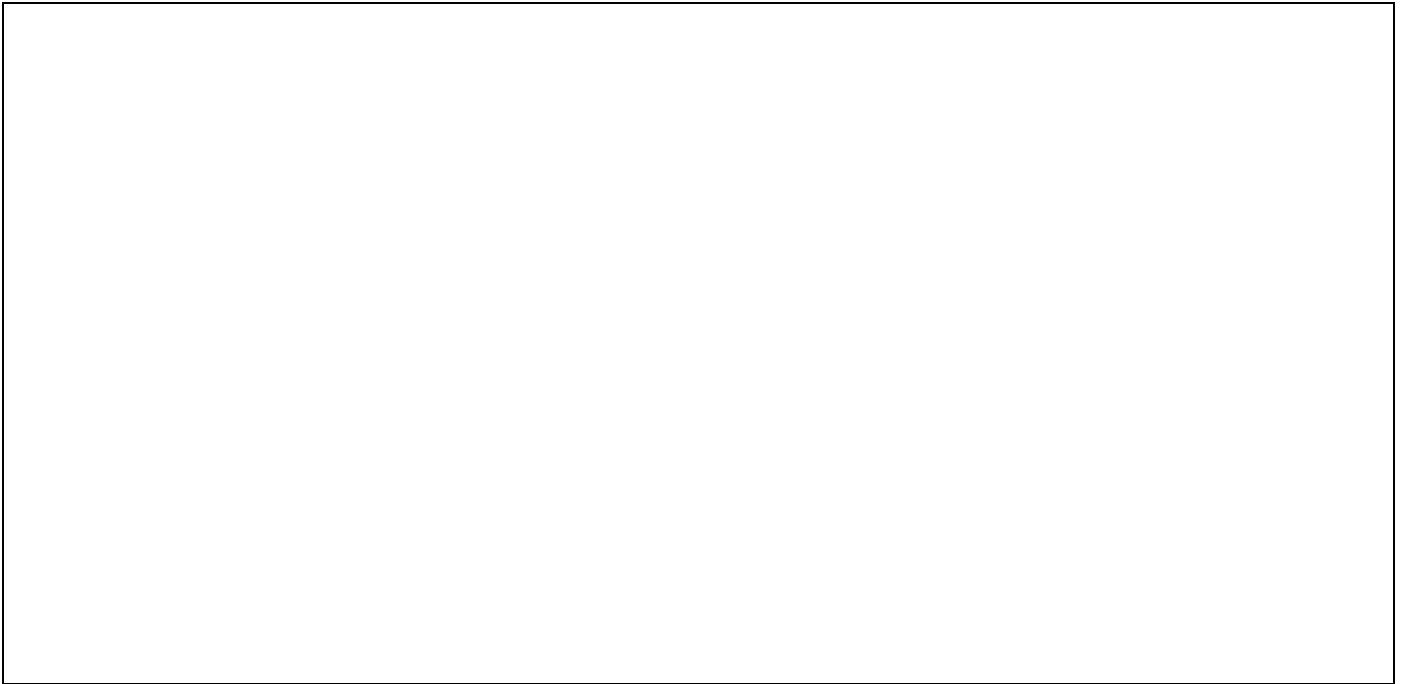


Should the SPD include details of scenarios where affordable housing contributions may be waived or reduced?

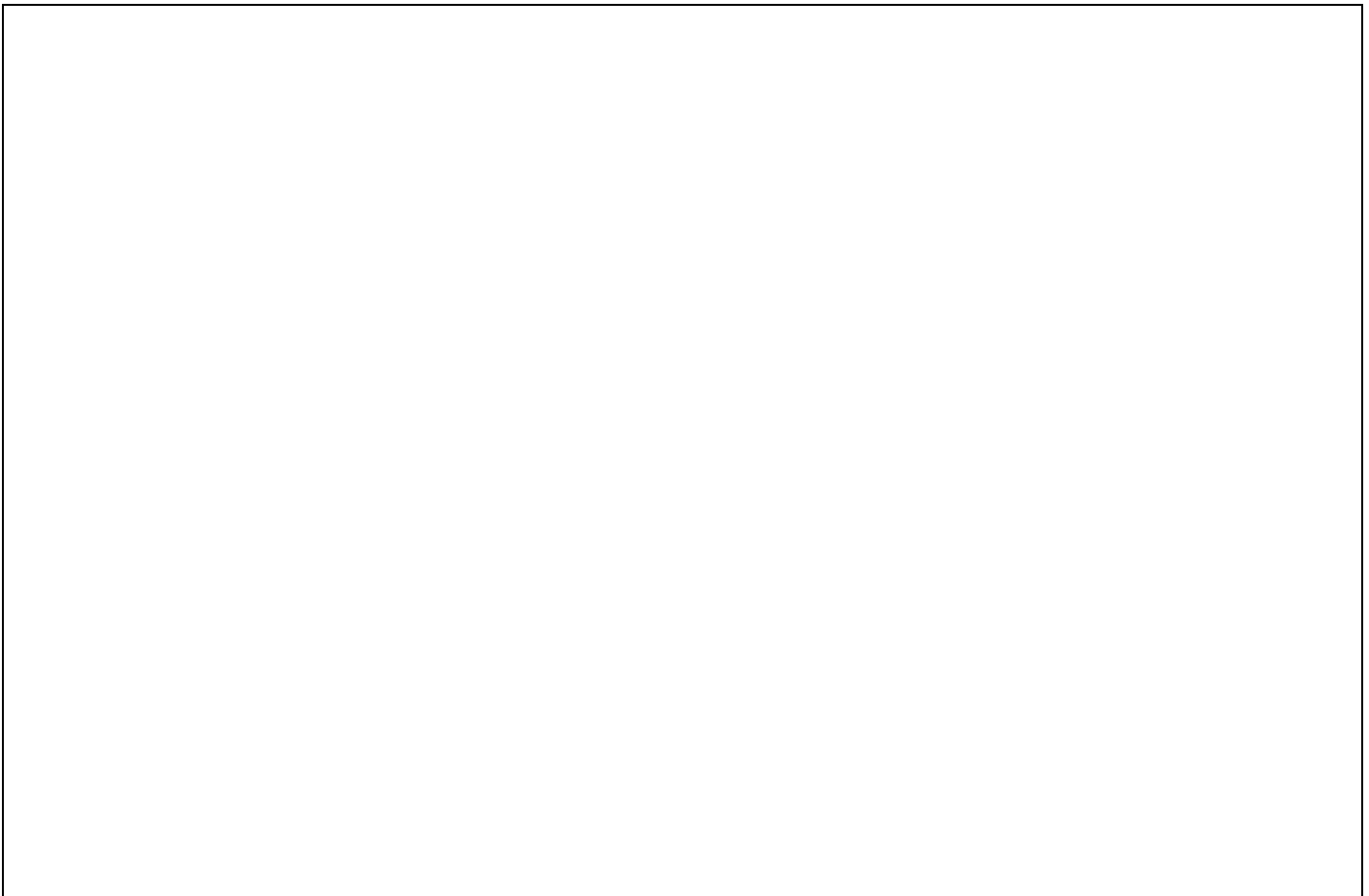


Should the SPD include templates? For example:

- A development appraisal
- Affordable Housing Statement
- Model S106 agreement and Unilateral Undertaking



Should the SPD include details on the evaluation and allocation of commuted sums monies to affordable housing schemes?



What else should the council consider or include in the SPD?

The closing date is Friday 30th March.

Please email your completed survey to: dhayward@lancaster.gov.uk

Alternatively you can post your completed survey to:

David Hayward – Planning Officer (Housing and Communities)
Planning and Housing Policy Team
Lancaster City Council
PO Box 4
Town Hall
Dalton Square
Lancaster
LA1 1QR



Shaping
a better future



Shaping
better development



Shaping
the urban future



Shaping
the rural future

Briefing Note: Meeting Housing Needs Supplementary Planning Document

Introduction

Lancaster City Council is in the process of gathering information ahead of preparing a Meeting Housing Needs Supplementary Planning Document (SPD). This document will provide greater detail on Policy SC4 of the Lancaster District Core Strategy which considers how the council will help meet the district's housing requirements. Policy SC4 sets out the council's intentions to:

- Maximise the opportunities offered by the development of new dwellings to redress imbalances in the local housing market;
- Achieve housing that genuinely addresses identified local housing need; and
- Secure units of "in-perpetuity" affordable housing.

The SPD will also support delivery of "saved" Local Plan Policy H10. This policy relates to affordable housing and has been partly superseded by the Core Strategy. Although this policy will continue to be taken into account alongside Core Strategy Policy SC4 it will be entirely superseded by the Development Management Development Plan Document (DPD) once adopted in 2013.

Guidelines for preparing a Supplementary Planning Document

SPDs were introduced by the Planning and Compulsory Purchase Act 2004 and replace Supplementary Planning Guidance. SPDs are subject to greater consultation and are therefore given greater weight when planning applications are decided. The process for preparing SPDs is set out in the Town and Country Planning (Local Development) (England) Regulations 2004.

Planning Policy Statement 12: Local Spatial Planning also provides guidance on preparing SPDs. The key principles can be summarised as:

- Provide greater detail on DPD policies, and be consistent with them;
- Not to be prepared with the aim of avoiding the need for the examination of policy which should be examined;
- Add value to the assessment of development proposals;
- Not be used to allocate sites;
- Consider national policy objectives which should be considered in a DPD;
- Subject to a sustainability appraisal where significant effects are likely to be raised;
- Adopt by council resolution; and,
- Sufficient resources should be allocated to the preparation.

The council's Statement of Community Involvement (SCI) also explains how the council will prepare an SPD.

The rationale for the Supplementary Planning Document

The overarching driver for the SPD is found in the adopted Core Strategy which stated that an SPD is the appropriate local development document to provide the detailed approach on achieving the delivery of the Core Strategy's affordable housing targets. The Core Strategy also stated that changes to the housing market, the emergence of new evidence, and the receipt of new Government guidance (Planning Policy Statement 3: Housing) meant that an SPD would be prioritised, and would include

guidance on definitions, site thresholds, and set targets for tenure types.

Planning Policy Statement 3: Housing (PPS3) is the key national policy driver for local authorities to improve the affordability and supply of housing. PPS3 requires local authorities to provide a robust, transparent and up-to-date assessment of the financial implications of affordable housing policy, and to set affordable housing targets that reflect viability, delivery risks and finance for affordable housing. PPS3 also suggests that local authorities set lower thresholds where viable and practicable, provided there is robust evidence justifying both the need for affordable housing and the threshold.

The application of PPS3 was tested at both Blyth Valley BC and the City of Wakefield BC where the respective affordable housing targets were found to be unsound. Both cases demonstrated the importance of ensuring affordable housing policy is underpinned by evidence, and balances maximising affordable housing with achievable targets that don't discourage development.

The implications of PPS3 led to the council commissioning an Affordability Housing Viability Study in October 2009. The Study examined the influence of a range of affordable housing targets and thresholds on the viability of sample schemes in order to test the circumstances in which the district's housing market can deliver various levels of affordable housing. Following this work, the council prepared an Affordable Housing Practice Update which replaced an earlier Practice Update (published in 2008), which itself was based on earlier evidence (2007 Housing Needs Survey Update). The Practice Update is used alongside Supplementary Planning Guidance 10: Affordable Housing.

Since 2007 the UK housing market has experienced a dramatic slowdown resulting from the global economic downturn. This has impacted on the ability to raise deposits, and a severe reduction in the availability of mortgage and development finance. Consequently fewer new homes have been built causing a growing demand for new housing, particularly affordable housing. In Lancaster district only 79 new homes were completed during 2010/11 with just 29 of these affordable (37%). The shortage of new housing was highlighted in the council's 2011 Housing Needs and Demand Survey which an annual shortfall of 476 market and 339 affordable homes (based on identified needs and adjusted to reflect stock turnover).

Process of preparing the Supplementary Planning Document

The first stage of the preparing the SPD focuses on gathering information on the content of the SPD. This process first began in 2009 when the council engaged with key stakeholders on the preparation of the Affordable Housing Viability Study, the Affordable Housing Practice Update. A wider group of stakeholders were also asked for their feedback on the Practice Update and members of the public were invited to give their views.

Following the conclusion of the information gathering stage, a consultation draft of the SPD will be prepared. A formal consultation period will then take place in accordance with the regulations, starting at the end of June and lasting for 6 weeks. Anyone with an interest in the document will be able to access the consultation draft and related documents via the council website or at council offices and the main public libraries.

Following the conclusion of the formal consultation, Members will be asked to approve the SPD before it can be adopted. Once adopted the adopted SPD will be made available via the council website or at council offices and the main public libraries along with a summary of the representations received and how they have been addressed.

Suggested Content

There are a range of topics and issues that the SPD will need to address to meet the objective of providing greater detail on Core Strategy Policy SC4. The survey that accompanies this briefing note suggests some areas and topics for inclusion, and the responses will help inform the consultation draft.

Appendix C:
List of consultees sent the Information Gathering Survey

Consultee	Method
Adactus	Letter and Email
ADL Architects	Email
Anchor Trust	Email
Applethwaite	Letter and Email
Arkholme-with-Cawood Parish Council	Email
Arnside/Silverdale Area of Outstanding Natural Beauty Management Unit	Email
Barrat Homes	Letter and Email
Bellway Homes	Email
Black Health Agency	Email
Blue Sphere	Letter and Email
Bolton Emery Partnership	Email
Bolton-le-Sands Parish Meeting	Email
Borwick Parish Council	Email
Bovis Homes Limited	Email
Bowsall	Letter and Email
Briery Homes	Letter and Email
Burrow-with-Burrow Parish Meeting	Letter
Cantsfield Parish Meeting	Email
Carr Gomm	Email
Cassidy Ashton	Email
Caton-with-Littledale Parish Council	Email
Chelford Homes	Email
Claughton Parish Council	Email
Cockerham Parish Council	Email
Contour Homes	Email
Countryside Properties	Letter and Email
CPRE	Letter
Crosby Lend Lease	Email
David Wilson Homes North West	Email
De Pol Associates	Email
DH Design	Email
Ellel Parish Council	Email
English Heritage	Email
Fisher Wrathall	Letter and Email
Friends of the Earth (North Lancashire)	Email
Friends, Families and Travellers	Email
Garner Planning Associates	Letter and Email
Gill Dockray Architects	Email
Gleeson Homes	Email
Graham Anthony Associates	Email
Graham Bolton Partnership Planning	Email
Great Places	Letter and Email
Gressingham Parish Council	Email
Guinness Northern Counties	Letter and Email
Gypsy Council	Letter
Halton-with-Aughton Parish Council	Email
Harrison Pitt Architects	Letter and Email
Harrison Willis & Moor	Letter and Email
Harron Homes	Email
Heaton-with-Oxcliffe Parish Council	Email

Home Builders Federation	Email
Homes and Communities Agency	Letter and Email
Hornby-with-Farleton Parish Council	Email
Ian J Potts Associates	Email
Impact	Letter and Email
Indigo Planning	Email
Ireby and Leck Parish Council	Letter
James Barr	Email
JMP Architects	Letter and Email
Johnnie Johnson Housing Trust Ltd	Email
Jones Lang LaSalle	Email
JWPC Ltd	Letter and Email
King Sturge	Email
Knight Frank	Email
Lakes Architect Limited	Email
Lambert Smith Hampton	Letter and Email
Lancashire Care NHS Foundation Trust	Letter
Lancashire Constabulary	Email
Lancashire County Council	Email
Lancashire Fire and Rescue Service	Email
Lancaster Canal Trust	Email
Lancaster Civic Society	Letter
Lancaster District Chamber of Commerce, Trade and Industry	Email
Lancaster Property Network	Email
Land Access and Recreation Association	Email
Maple Grove Developments	Letter and Email
Mason Gillibrand	Letter and Email
McCarthy and Stone Developments Ltd	Email
Melling-with-Wrayton Parish Council	Email
Mellor Architects	Email
Middleton Parish Council	Email
Mike Harrison	Letter and Email
Miller Homes	Letter and Email
Morecambe Bay Partnership	Email
Morris Homes	Email
Nathaniel Lichfield and Partners	Letter and Email
National Farmers Union	Email
National Grid Company PLC, Planning & Environment Group	Email
National Travellers Action Group	Email
National Trust	Email
Nether Kellet Parish Council	Letter
Network Rail	Email
Norman Jackson Contractors Ltd	Email
North Lancashire NHS	Email
NW Structural Consultants Limited	Email
Over Kellet Parish Council	Letter
Over Wyresdale Parish Council	Email
Overton Parish Council	Letter
Paul Butler Associates	Email
Peel Land and Property	Letter and Email
Peill and Co	Letter and Email
Persimmon	Letter and Email
Places for People	Letter and Email
Planning Specialist Envirolink Northwest	Email
Priest Hutton Parish Meeting	Email
Quernmore Parish Council	Email
Regenda	Email

Richard P Taylor	Letter and Email
Roeburndale Parish Meeting	Letter
Rural Innovation	Email
Russell Armour Homes	Letter and Email
Salvation Army Housing Association	Email
Savills	Email
Scotforth Parish Council	Email
Signposts	Email
Silverdale Parish Council	Email
Skerton High School	Email
Slyne-with-Hest Parish Council	Email
Smiths Gore	Email
Stagecoach North West	Email
Steven Abbot Associates	Letter and Email
Story Homes	Letter and Email
T Gill	Email
Tatham Parish Council	Email
Taylor Wimpey	Email
The Planning Bureau	Letter and Email
Thomas Associates Architects	Email
Thurnham Parish Council	Email
Transition City Lancaster	Email
Tunstall Parish Meeting	Email
Turley Associates	Letter and Email
Two Castles Housing Association	Email
Warton Parish Council	Email
Wennington Parish Council	Email
Whittington Parish Council	Email
Wray-with-Botton Parish Council	Email
Yealand Conyers Parish Council	Email
Yealand Redmayne Parish Council	Email

Appendix D:

A summary of comments received from consultees sent the Information Gathering Survey.

Consultee	Summary of comments / feedback
English Heritage	The consultee acknowledged that many of the survey questions were not appropriate for English Heritage to respond to, however it was suggested that rural housing needs should be addressed separately in the document. A link to English Heritage publication "Affordable Rural Housing and the Historic Environment" was also provided.
Eric Wright Group	The consultee was supportive of the preparation of an SPD. In summary the main comments arising were 1. That the proportion of social rented units is crucial as it requires much greater cross-subsidy from the market dwellings and thus affects viability; 2. That the inclusion of 1 or 2 social rented units on small sites amongst up market homes can affect the saleability and value of those homes and hence overall scheme viability. 3. Not in agreement on requesting affordable housing contributions on a net increase basis because on small developments there will be insufficient revenue from the market dwellings to cross subsidise the affordable units, and developers/landowners will be deterred from bringing schemes forward. 4. Following on from the previous point, on conversion schemes it is often not possible to incorporate small units within the constraints imposed by the structure and layout of the existing building. Also it may not be feasible to include affordable homes (particularly social rented) and service charges for maintaining the building and common parts etc will make the homes unaffordable. 5. Disagreed that the SPD should include guidance on design and layout issues because it is a policy document and cannot be prescriptive and that developers will determine this based on knowledge of local market demand together with consultation with the planning officer and registered provider. 6. Information on the planning process should not be included because it is readily available elsewhere. 7. Agreed that there must be recognition that there are exceptions where it is not feasible or viable to apply standard "one size fits all" policies. 8. Agreement that a model S106 agreement would reduce the time it currently takes to agree a S106 agreement, allow schemes to start on site sooner, and will also provide more certainty that the terms will be acceptable to lenders. 9. An approved development appraisal is required to assess viability. Where a landowner has unrealistic expectations of land value it could assist in demonstrating that the residual land value has been calculated in accordance with a set format and may convince the landowner to accept a more realistic value.
Fisher Wrathall	The consultee was supportive of the preparation of an SPD. but made the point that housing needs need to be identified and to be appropriate to differing sites, so flexibility is required in terms of the percentage demands adequately reflecting the value and quality of type of each individual development. In summary the main comments arising were: 1. That the Council should require affordable housing on a net increase basis because only new build has any possibility of a sufficient margin to contribute. Therefore any levy should be graduated on schemes of 5 or less. 2. Guidance on design and layout issues should be included if guidance rather than mandatory. 3. It would probably be useful to have certain S106 standard clauses providing they are kept simple and understandable and cover the legal requirements rather than attempt to cover the specifics of individual sites. 4. Include guidance on how commuted sums are calculated because this is an area where virtually no one understands the present position. 5. The SPD should include information as regards different costs / charges from different registered providers. 6. The SPD should include details on the evaluation and allocation of commuted sums monies to affordable housing schemes because there is always a suspicion that funds are not ring fenced.
Garner Planning Associates	Consultee provided a letter expressing concerns around the approach being taken and the implications arising. This referred to an earlier representation provided on the Affordable Housing Viability Study which expressed concerns around the robustness of the document. In summary the main comments arising were: 1. The consultee stated that since 2009 housing completions have dropped so a different policy response is required. 2. The consultee feels that monies negotiated from

	smaller sites since implementing the Affordable Housing Practice Update (2011) are negligible. 3. The Council should amend the approach to negotiating affordable housing to stimulate housing delivery. 4. Concerns expressed around progressing an SPD rather than progressing with a development plan policy and that this is contrary to the National Planning Policy Framework.
Halton with Aughton PC	The parish council did not provide a completed response but did provide copies of the Parish Plan and a Halton Mills update document. In summary the parish council does not support the SPD so chose not to respond to the survey. The parish council did however restate their policy on housing by saying that there are existing permissions for almost 100 new homes on the Halton Mills site, so therefore no new housing is needed until this scheme is completed. In addition the parish council is opposed to the re-designation of agricultural land to housing since there is no shortage of brownfield housing sites. In addition there is no gap in provision of affordable housing, but the parish housing needs survey identified a need for housing suitable for people over 55 who may be looking for smaller properties designed for older people. This would free up more family accommodation within the village.
Hornby with Farleton PC	The parish council did not complete the survey as they had insufficient time to complete survey. They did however request a clearer definition of what constitutes "affordable" in an expensive location such Hornby.
Impact HA	The consultee agreed with the preparation of an SPD. In summary the main points were: 1. There is a need to include the ability to be flexible depending on viability assessment and to exercise discretion around thresholds. 2. Concerns expressed around the SPD being too specific on insisting that developers meet requirements such as the Code for Sustainable Homes, Lifetime Homes etc as this can limit the number of affordable homes delivered because of the increase in cost and affect on the viability. 3. A statement on exceptional circumstances is sufficient but no details required.
Lancashire County Council	The consultee did not provide a completed response on basis that housing is not part of the county's planning remit.
National Trust	The consultee agreed with the preparation of an SPD. In summary the main points were: 1. The SPD must have regard to the NPPF. 2. No object per se to the inclusion of guidance on design and layout issues it does on the face of it appear to be outside the areas identified previously to be covered by this SPD, e.g. in terms of the content of the Core Strategy, so therefore might best be left to existing adopted Planning Policy or covered in a separate SPD on standards for new housing development. 3. Agreement that guidance on how commuted sums are calculated would be a helpful. 4. Proposals for rural enterprise worker accommodation or charitable key worker should be exempt.
Network Rail	The consultee did not provide a completed survey response but did provide a "standard" planning policy consultation response the details of which were mostly outside of scope of the SPD and more relevant to a development management development plan document.
Persimmon Homes	The consultee stated support for the preparation of the SPD on the basis it provides clarity and certainty, and helps with the interpretation of policy. In summary other points raised include applying flexibility in the application of affordable housing requirements. 2. The Council should be careful that placing strict guidelines around the provision of affordable housing does not result in housing development stifling. 3. Disagreed that guidance around design and layout is required as the SPD is specific to housing needs, and matters concerning design should be covered in other documents. 4. There should not be surrounding the mix of market housing as this would cause inflexibility. 5. Disagreed that guidance on legal procedures is required because Section 106 agreements are produced at the point of negotiation and clauses should be specific to each scheme. Providing excessive guidance will result in the document becoming cumbersome and heavy as a tool to use. 6. Agreed that guidance on calculating commuted sums should be included to make the process clear and transparent, and provide developers with more of an idea about what costs they will incur when assessing viability. 7. Agreed that the SPD should provide scenarios that are exceptional such as if a site is contaminated or has extra costs

	attached through converting an existing building this should be taken into account. If a developer is paying for remediation works or other high costs then ultimately if they also have to provide affordable housing this might make certain developments unviable.
Planning Bureau	The consultee did not provide a completed survey response but did provide a letter containing comments prepared on behalf of McCarthy and Stone Retirement Lifestyles Ltd. In summary the main point raised was around the exclusion of the needs of an ageing population particularly as the 2011 Housing Needs Survey evidences the aging population of the district. 2. It is important to recognise that the NPPF requests that 'local planning authorities should use their evidence base to ensure that their Local Plan meets the full, objectively assessed needs for market'.
Story Homes	The consultee provided a completed survey response. In summary the main points raised were: 1. The Council might need to ensure that the Core Strategy in general, and in particular, Policy SC4, is in conformity with the NPPF prior to progressing any SPD to provide further detailed guidance on the implementation of that policy. 2. No objection in principle to the preparation of an SPD, but consideration should be given to addressing these issues within a Local Plan or Land Allocations DPD where site specific issues can be addressed in greater detail with the benefit of a full viability assessment which is now a central spine running through the NPPF. This would also allow affordable housing targets and other financial burdens to be considered in the context of infrastructure provision and any CIL requirements and if need be a site specific basis. 3. The advent of the NPPF has amended the policy landscape so that LPAs should set out their policy on local standards in the Local Plan including requirements for affordable housing. 4. Regarding a net increase approach to affordable housing contributions, any such substantial shift in policy away from that contained within Policy SC4 would need to be developed and progressed within a Local Plan / Allocations DPD not an SPD. 5. The SPD could contain further information relating to design and sustainability so long as it relates to the implementation of other Core Strategy policies (on the basis they are in conformity with the NPPF) and does not provide a greater financial burden to developers or is contrary to the guidance within the NPPF. 5. Any guidance relating to commuted sums would need to be in accordance with the NPPF which requires on site provision, unless off-site provision or a financial contribution of a broadly equivalent value can be robustly justified and the agreed approach contributes to the objective of creating mixed and balanced communities. 6. The NPPF advises on the importance of ensuring viability and deliverability and any Local Plan / SPD policy will need to be in accordance with this. It states that sites and scale of development identified in plans should not be subject to such a scale of obligations and policy burdens that their ability to be developed viably is threatened. To ensure viability, the costs of any requirements likely to be applied to development, such as requirements for affordable housing, standards, infrastructure contributions or other requirements should, when taking into account the normal cost of development and mitigation, provide competitive returns to a willing land owner and willing developer to enable development to be deliverable.
Yealand Conyers Parish Council	The parish council provided a completed survey response. In summary the main points were: 1. The parish council were in general agreement with the preparation of an SPD. 2. The village is located in a conservation area so consideration should be given to how any new building applications would be viewed within these constraints.
Silverdale Parish Council	The parish council provided a completed survey response. In summary the main points were: 1. The parish council were in general agreement with the preparation of an SPD. 2. However affordable housing contributions should only be levied on developments of 2 or more homes but not from change of use, with monies apportioned to the locality / parish from where they originated. 3. The parish council did not agree that guidance on issues such as design and layout, legal procedures, and the planning process should be included within the SPD.
Member of the public	The consultee did not provide a completed survey response but made the following points: 1. Affordable housing should be brought forward on brownfield

	<p>sites only and not greenfield. 2. Suitable brownfield sites are Luneside, Albion Mills, and the former K Shoe factory site (Lancaster), and Frontierland (Morecambe). 3. Too much emphasis has been placed on retail and commercial development and that these sites are perfectly OK to bring forward affordable housing and would tidy the area up around Bulk Road.</p>
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1 Glossary	4
2 Executive Summary	10

Chapters

1 Introduction	12
2 Housing Delivery	18
3 Market Housing Needs	22
4 Affordable Housing Needs	26
5 Rural Housing Needs	40
6 Housing Needs of Older People & People with Disabilities	46
7 General Guidance	50
8 Monitoring	56

Appendices

1 Application of Affordable Housing Requirements	58
2 Affordable Housing Commuted Sums Fund	59
3 Affordable Housing Tenures & Products	61
4 Affordable Housing Statement Templates	63
5 General Guidance for Financial Viability Appraisals	67
6 S106 Unilateral Undertaking Template	71
7 Sample Restricted Occupancy Condition	79
8 Sample Nominations Agreement & Local Connection Criteria	81
9 Key Contacts	83

Glossary

1 Glossary

This Glossary explains the terms and references which are included in this SPD. The terms and references compliment the definitions found in Annex 2 of the National Planning Policy Framework (NPPF). This Glossary does not seek to replace terms described within the NPPF and therefore should be read in conjunction with the NPPF.

Affordable Homes Programme - The Homes and Communities Agency's programme of funding for the 2011-15 period. The programme seeks to increase the supply of affordable homes in England, and the majority of funding will be made available for the Affordable Rent product.

Affordable Housing Viability Study - A study carried out by Adams Integra on behalf of the Council in 2009 that tested the circumstances in which the district's housing market can deliver various levels of affordable housing by examining the influence of a range of affordable housing proportions and thresholds on viability.

Area of Outstanding Natural Beauty (AONB) - Areas which have been specially designated and protected because of their landscape and environmental importance. The District contains two AONB's: Arnside / Silverdale and the Forest of Bowland.

Brownfield - See Previously Developed Land (PDL).

Communities - Groups of social interacting people. Interaction may occur due to the close proximity of where people live (i.e. within neighbourhoods) or groups of people that share the same common interests or values.

Concealed households - Family units or single adults living within 'host' households.

Conservation Area - An area which has been designated for its special architectural and / or historical interest, the character or appearance of which it is desirable to preserve or enhance. It is a recognition of the value of a group of buildings and their surroundings and the need to protect not just individual buildings but the character of the area as a whole.

Core Strategy - The key document within the local planning system, which sets out strategic policy guidance on future development requirements and policy issues. Lancaster City Council adopted their Core Strategy in the summer of 2008.

Development Plan Document (DPD) - Spatial planning documents which are prepared by the local authority. They sit below the Core Strategy in strategic importance but remain subject to public consultation and independent Inquiry. Both the Development Management document and Land Allocations documents are classified as Development Plan Documents.

Discounted sale housing - Homes sold on the open market at a discounted price. The level of discount will differ from scheme to scheme depending on local house prices, and according to eligibility criteria agreed between the Council and the developer.

Extra Care Housing - Housing designed with the needs of older people in mind and with varying levels of care and support available on site. People who live in Extra Care housing have their own self contained homes and benefit from communal facilities being available. Properties can be rented, owned or part owned/ part rented.

Fuel poverty - Fuel poverty occurs when a home cannot be heated to a comfortable level by utilising 10% or less of the household's income. This means that choices must be made between warmth and other essentials. Fuel poverty can contribute to excess winter deaths, cold-related illnesses, high health care costs, and deteriorating housing conditions.

Greenfield - Is land which has not been previously developed on, Greenfield land is often but exclusively characterised by open countryside and agricultural land.

Gypsies and travellers - Persons of nomadic habit of life whatever their race or origin, including such persons who on grounds only of their own or their family's or dependants' educational or health needs or old age have ceased to travel temporarily or permanently, but excluding members of an organised group of travelling showpeople or circus people travelling together as such.

Homes and Communities Agency - The national housing and regeneration agency for England. Provides investment for new affordable housing and to improve existing social housing, as well as for regenerating land.

Houses in Multiple Occupation (HMOs) - For the purpose of this SPD a HMO is defined according to the Use Class Order 2010. A property is an HMO if it is a small shared dwelling house occupied by between three and six unrelated individuals, as their only or main residence, who share basic amenities such as a kitchen and bathroom.

Housing Needs Survey - The Council's current evidence base on many homes are needed, (market and affordable), and the type and size of homes required. The survey was carried out in 2011 by David Couttie Associates and will be updated throughout the Local Plan period in accordance with relevant Government guidance.

Key Services - For the purpose of this SPD these are post offices, basic shops, primary schools, and bus stops in rural locations.

Lifetime Homes Standard - Ordinary homes designed to provide accessible and convenient homes for a large segment of the population from young children to older people and those with temporary or permanent physical or sensory impairments. Lifetime Homes have 16 design features that ensure the home will be flexible enough to meet the existing and changing needs of most households.

Local housing need - The housing requirements of existing and concealed households living with Lancaster District as evidenced in the 2011 Housing Needs Survey.

Localism Act - The Localism Bill was introduced to Parliament on 13 December 2010, and was given Royal Assent on 15 November 2011, becoming an Act. This legislation will shift power from central government back into the hands of individuals, communities, and councils.

Local Development Documents - The collective term for Development Plan Documents, including the Core Strategy, Development Plan Documents, Area Action Plans, Proposals Maps and Supplementary Planning Documents.

Local Planning Authority - The statutory authority (usually the local council) whose duty it is to carry out the planning function for its area.

Local Services - For the purpose of this SPD these are services (other than Key Services) that can support or enhance the vitality of a rural location. These include healthcare facilities (pharmacy, prescription service); education (nursery / creche, secondary school); local businesses (grocer, butcher, baker, restaurant, café); access to mobility support; community facilities (village hall, meeting house, church hall, public house); and access to sports facilities.

Low cost market housing - Smaller homes or starter homes of a lower build standard and specification available to purchase on the open market. Not classed as affordable housing.

Market housing - Private housing for rent or for sale, where the price is set in the open market.

National Planning Policy Framework (NPPF) - Published in March 2012 this document is a key part of the current reforms to make the planning system less complex and more accessible, to protect the environment and to promote sustainable growth.

Neighbourhood Planning - This is a new way for communities to have a say on the future of the places where they live and work. Communities can use neighbourhood planning to choose where new homes, shops and offices should be built; say what those new buildings should look like; and grant planning permission for new buildings that fit with a neighbourhood plan.

Planning policy for traveller sites - Published in March 2012, this document sets out the Government's new planning policy for traveller sites and should be read in conjunction with the NPPF.

Previously Developed Land - Land which is or was occupied by a permanent structure, including the curtilage of the developed land (although it should not be assumed that the whole of the curtilage should be developed) and any associated fixed surface infrastructure. This excludes: land that is or has been occupied by agricultural or forestry buildings; land that has been developed for minerals extraction or waste disposal by landfill purposes where provision for restoration has been made through development control procedures; land in built-up areas such as private residential gardens, parks, recreation grounds and allotments; and land that was previously-developed but where the remains of the permanent structure or fixed surface structure have blended into the landscape in the process of time.

Regional Spatial Strategies (RSSs) - Prepared by the former regional government agencies (in the case of this region 4NW or North West Regional Assembly). Regional Spatial Strategies provided planning guidance at a regional level and set a series of development targets for each local authority area. Following a change in Government in 2010 a decision was taken to abolish regional government agencies (including 4NW) and Regional Spatial Strategies - relying on a more local approach to planning through the local plan system. RSS documents at this time do still have limited validity as the move to abolish them moves through the

courts. This process is now reaching its conclusions. The evidence base work that underpinned the strategy will remain valid until the information it contains becomes out of date.

Registered Provider of social housing (registered providers) - The technical name for social landlords, that are registered with the Tenant Services Authority. Most are housing associations, but some are trusts, co-operatives and companies that own or manage affordable housing. A distinction between this system and the old system of Registered Social Landlords is that a provider of social housing can now be either a non-profit organisation or a profit-making organisation.

Registered Social Landlord - The technical name for independent housing organisations registered with the Housing Corporation under the Housing Act 1996. Most are housing associations, but there are also trusts, co-operatives and companies. The term has now been replaced by Registered Provider of social housing.

Rural settlements - For the purpose of this SPD these are settlements outside of the urban locations (as specified in this Glossary).

Rural Enterprise - Enterprises located in rural parts of the district, including agriculture, horticulture, equine, forestry, and marine.

Rural Enterprise Worker - Workers employed full-time or primarily in a rural enterprise.

Sheltered Housing - Housing specifically for older and/or disabled people. Includes a block or group of houses with resident or visiting warden, and individual houses, bungalows and flats, which receive support from a mobile warden or pendant (emergency) alarm service.

Stakeholders - Groups, individuals or organisations which may be affected by or have a key interest in a development proposal or planning policy. They may often be experts in their field or represent the view of many people.

Sustainable Development - In broad terms this means development that meets the needs of the present without compromising the ability of future generations to meet their own needs. The Government has set out five guiding principles for sustainable development in its strategy "Securing the future - UK Government strategy for sustainable development". The five guiding principles, to be achieved simultaneously, are: Living within Environmental Limits; Ensuring a Strong, Healthy and Just society; Achieve a Sustainable Economy; Promoting good governance; and Using Sound Science Responsibly.

Sustainability Appraisal (SA) - The Planning and Compulsory Purchase Act 2004 requires Local Development Documents to be prepared with a view to contributing to the achievement of sustainable development. Sustainability appraisal is a systematic appraisal process. The purpose of sustainability appraisal is to appraise the social, environmental and economic effects of the strategies and policies in the Local Development Documents from the outset of the preparation process. This will ensure that decisions are made that accord with sustainable principles.

Travelling showpeople - Members of a group organised for the purposes of holding fairs, circuses or shows (whether or not travelling together as such). This includes such persons who on the grounds of their own or their family's or dependants' more localised pattern of trading, educational or health needs or old age have ceased to travel temporarily or permanently, but excludes Gypsies and Travellers as defined above.

Urban locations - For the purpose of this SPD urban locations are defined as Lancaster, Morecambe, Heysham, Carnforth and Bolton-le-Sands. Although Bolton-le-Sands is not classed as an urban location in the adopted Core Strategy it is recognised as being a large sub-urban village by both the adopted the Core Strategy, and the (saved) Policy H10 of the adopted Local Plan.

Executive Summary

2 Executive Summary

2.1 *This section will be completed following the statutory consultation process and approval for adoption anticipated for January 2013.*

Introduction

Chapter 1: Introduction

Introduction

1.1 This Meeting Housing Needs Supplementary Planning Document (SPD) has been prepared by Lancaster City Council to provide additional detail and guidance on how the Local Planning Authority will interpret and apply specific policies in the adopted Core Strategy.

1.2 An SPD cannot include new policies and is not part of the Council's Development Plan. The SPD will however be a material consideration in the determination of planning applications.

Key objectives

1.3 The key objectives of this SPD are:

- To aid effective implementation of specific Core Strategy policies
- To provide clear direction to all parties on how to interpret these policies; and
- To guide all applicants on how to liaise with the Council and the information required so that planning applications are not delayed unnecessarily.

Scope

1.4 This SPD applies to proposals for residential development across the whole of the District of Lancaster. This means proposals for new homes that are for sale on the open market or for use by those in need of affordable housing, or accommodation to meet the needs of older or disabled people in the District. This SPD applies to development proposals in both urban and rural locations.

1.5 This SPD does not provide guidance relating to the development of accommodation or sites for use by gypsies and travellers, or travelling showpeople. This is because the new national planning policy for traveller sites requires the Council to undertake an assessment of need for the purposes of planning, and to work collaboratively with neighbouring local planning authorities so that a fair and effective strategy can be developed to meet the assessed need through the identification of land for sites. This national policy requirement will be progressed through an assessment of the accommodation needs of gypsies and travellers, and of travelling showpeople, and supported through community engagement; and the Local Plan land allocations process. The Local Plan will also include a criteria based development management policy for proposals for establishing Gypsy and Traveller and Travelling Showpeople sites.

Strategic Context

National Guidance

1.6 SPDs were introduced by the Planning and Compulsory Purchase Act 2004 and replaced Supplementary Planning Guidance. Because SPDs are subject to greater consultation they are therefore given greater weight when planning applications are determined. The process for preparing SPDs is set out in the Town and Country Planning (Local Development) (England) Regulations 2004, and is supplemented by updated guidance contained in the 2008 Regulations, and the Town and Country Planning (Local Planning) (England) Regulations 2012.

1.7 The National Planning Policy Framework (NPPF) published in March 2012 defines SPDs as "documents which add further detail to the policies in the Local Plan. They can be used to provide further guidance for development on specific sites, or on particular issues, such as design. Supplementary planning documents are capable of being a material consideration in planning decisions but are not part of the development plan."

1.8 The NPPF also states that SPDs should be used where they can help applicants make successful applications or aid infrastructure delivery, and should not be used to add unnecessarily to the financial burdens on development.

Local Plan

1.9 The Lancaster District Core Strategy (adopted July 2008) stated that an SPD is the appropriate local development document to provide the detailed approach on achieving the delivery of the Core Strategy's affordable housing targets.

1.10 The Meeting Housing Needs SPD relates in the main to Policy SC4 of the Core Strategy, which is concerned with meeting the District's housing requirements. It also relates to other Core Strategy policies including SC1 (sustainable development), SC2 (urban concentration), and SC3 (rural communities).

Explanatory Box 1: Core Strategy policies relevant to this SPD**Policy SC1: Sustainable Development**

To ensure that new development proposals are as sustainable as possible.

Policy SC2: Urban Concentration

To build healthy sustainable communities by focusing development where it will support the vitality of existing settlements, regenerate areas of need, and minimise the need for travel.

Policy SC3: Rural Communities

To build healthy sustainable communities by working with empowered rural communities to develop local vision and identity, meet local needs, and manage change in the rural economy.

Policy SC4: Meeting the District's Housing Requirements

To set out the principles which will ensure that housing needs are met through housing allocations and through determining planning applications in a way which builds sustainable communities.

1.11 The SPD also relates to “saved” Local Plan Policy H10. Although this policy has been partly superseded by the Core Strategy it will continue to be taken into account alongside Core Strategy Policy SC4 until it is entirely superseded by the development management policies in the emerging Local Plan following adoption of this document in 2013.

1.12 The SPD will replace both the Supplementary Planning Guidance 10: Affordable Housing (March 2002) and the Affordable Housing Practice Update (January 2011).

Preparation**New evidence**

1.13 The process for preparing this SPD began during the preparation of the Affordability Housing Viability Study in 2009. This Study provided the Council with new evidence on the ability of the District’s housing market to deliver various levels of affordable housing, achieved by examining the influence of a range of affordable housing targets and thresholds on the viability of sample schemes. The Study led the Council to prepare an Affordable Housing Practice Update which described the process for negotiating affordable housing. The Practice Update was implemented in January 2011 and replaced the previous version published in 2008 following receipt of the 2007 update of the Housing Needs Survey.

1.14 A comprehensive consultation process supported both the preparation of the Affordable Housing Viability Study, and the Affordable Housing Practice Update. A Key Stakeholder Group was established that met three times during the preparation of the Study and the Practice Update. The stakeholder group comprised residential developers, planning agents, land agents, and registered providers of social housing, all of which operate in the district.

Information Gathering

1.15 The preparation of the SPD was underpinned by the earlier consultation work described above. To ensure continuity the Key Stakeholder Group was reconvened and met again in February 2012. Stakeholders were briefed on the aims and objectives of the SPD and were invited to provide their perspectives on a range of issues to help inform the preparation of the SPD. Following this meeting, the Council emailed a survey to a wider range of consultees inviting them to respond to several key questions on the content of the SPD to help inform the draft SPD before the preparation of the document. The survey also included a briefing note to provide more detail on the process.

Statutory Consultation

1.16 *This section will be completed following the statutory consultation process.*

Sustainability appraisal

1.17 This SPD has not been subject sustainability appraisal because the requirement to do so was removed by the Planning Act 2008. The Council is satisfied that the sustainability issues relevant to this SPD have been fully explored and tested during the preparation of the adopted Core Strategy and also the emerging Local Plan. This is on the basis that the SPD links to the higher-level sustainability testing of both documents and therefore the likely affects of the SPD are in-line with those anticipated for both documents. The Core Strategy Sustainability Appraisal reports can be found at: www.lancaster.gov.uk/ldf

Housing Delivery

Chapter 2: Housing Delivery

Context

2.1 The Council seeks to achieve an average annual requirement of 400 dwelling completions per annum as set out in Policy SC4 'Meeting the District's Housing Requirement' of the Core Strategy. This is based upon a requirement for 7,200 new dwellings over the period 2003/04 to 2020/21. Housing supply in the District is monitored against the 2003/04 to 2023/24 time period described in the Core Strategy. However the time period has been extended to 2026/27 to enable a 15 year period to be monitored.

Table 1: Actual dwelling completions since 2003/04.

Year	Total completions	Affordable completions	Running performance
2003/04	556	30	156
2004/05	348	44	-52
2005/06	253	73	-147
2006/07	182	43	-218
2007/08	350	27	-50
2008/09	330	45	-70
2009/10	121	29	-279
2010/11	79	29	-321
2011/12	99	58	-301
Total	2,318	378	-1,282

2.2 Since 2007, the UK housing market has experienced economic crisis rooted in insecurity in the financial markets following the sub-prime mortgage crisis beginning in the American market. This led to a fall in house prices throughout the UK which has left recent marginal buyers, and those with high percentage mortgages in negative equity. Since then there has been rising unemployment, low consumer confidence and the reduced availability of mortgages / credit, all of which remain a serious constraint to the recovery of the housing market.

2.3 As a result of these conditions, housing needs in the District are not being met. In 2011/12 only 99 dwellings were completed and this follows similarly low levels of completions in previous years, with just 79 dwellings completed in 2010/11, the lowest ever recorded completions in the district. Despite these conditions the Council continues to receive and approve planning applications for new residential development. During 2011/12 102 new dwellings were granted approval, and as of the 1st April 2012 the outstanding commitment in the District stood at 3,329 dwellings.

2.4 The District has a total housing stock of 61,570 dwellings (HSSA 2011). The 2004 Housing Stock Condition Survey reported that 78% of this stock was owner-occupied, with 4% owned and managed by registered providers, 6% by the Council, and 12% rented from private landlords.

Understanding housing need

2.5 Housing need is assessed through surveys that identify the shortage of affordable housing in an area. Although there is no statutory requirement for local authorities to conduct surveys, there is a clear expectation from Government that local authorities understand current and future housing needs. This is more important than ever following the abolition of Regional Spatial Strategies by the Localism Act. This legislation places much more emphasis on local planning authorities to have local evidence on which to base their housing requirements.

2.6 The NPPF supports this position by setting out the Government's expectation that local planning authorities should use their evidence base to ensure that their Local Plan meets the full, objectively assessed needs for market and affordable housing in the housing market area, as far as is consistent with the policies set out in the NPPF.

2.7 The current Housing Needs Survey was carried out by David Couttie Associates (DCA) in February 2011. The Survey examined the needs of both existing and hidden households, the planned moves of existing households and the results of the Survey and their implications for the district are discussed later in this SPD. The survey data was drawn from:

- A postal household survey sent to over 11,500 households and completed by 3,152 households across the District (200 carried out by face to face interviews);
- An on line survey of employees living outside but working within the District;
- A housing market survey utilising the Land Registry and Halifax databases and an internet survey of estate agents on the cost of access level property and on the supply and cost of private rented housing;
- Secondary data analysis drawing upon Housing Strategy Statistical Appendix (HSSA) and Housing Register data on the flow of affordable stock and need, the 2001 Census, household and population projections and other national research; and
- Balancing Housing Market Stock Analysis (by 5 subareas) detailing demand and supply for all stock by type and size for both the market and affordable sectors.

2.8 The Survey highlighted that over 900 market and affordable homes are required annually over the next 3 years. Whilst this need is high the Council recognises that the Core Strategy average annual requirement of 400 dwellings remains realistic and achievable in current market conditions. The Council has therefore adopted a viability informed approach to delivery planning for 400 dwellings per annum.

2.9 Local housing needs surveys, such as those carried out by parish councils or similar on a smaller scale can also be a valuable source of information on local need providing they are carried out to a robust methodology and the results are statistically valid.

Market Housing Needs

Chapter 3: Market Housing Needs

Background

3.1 Demand for market housing in the District is strong with almost 4,000 households and over 2,000 concealed households looking for market homes. Similarly there is strong demand for private rented accommodation, with over 1,200 households planning to move to this sector. However the supply of new market housing remains constrained by reduced levels of developer finance, and tight lending criteria on mortgages. Despite this, open market housing is technically at a more affordable level than it has been since 2005.

Policy Context

3.2 Core Strategy Policy SC4 sets out the Council's intention to maximise the opportunities offered by new housing development to redress imbalances in the local housing market, and to achieve housing that genuinely addresses identified housing needs.

3.3 The National Planning Policy Framework (NPPF) requires local planning authorities (LPAs) to deliver a wide choice of high quality homes, widen opportunities for home ownership and create sustainable, inclusive and mixed communities.

New market homes

3.4 Those wishing to develop new market housing in the District should seek to address the demand for particular dwelling types and sizes in this sector.

3.5 The small supply of properties on the market and tightening of lending criteria for mortgages at high loan to valuation ratios (LTV) has resulted in a major decline of first time buyers coming into the market. Developers of market housing are therefore encouraged to address the needs of first time buyers, particularly those classed as concealed households.

3.6 The needs of first time buyers, particularly those with income levels just adequate to access the housing market can often be met through the provision of low cost market housing such as discounted sale housing. Low cost market housing does not qualify as affordable housing because these homes are available to purchase on open market.

3.7 Developers of market housing should look to address the district's changing demographic and household formation patterns which have increased the need for smaller units of housing.

3.8 Levels of under-occupation in the District are high with over 40% of households with mortgages, and over 55% of households without mortgages over occupying their homes. The Council will generally be supportive of proposals that actively address the under-occupation of family housing so that existing stock can be better used.

3.9 The 2011 Housing Needs Survey provides evidence of demand for market housing across various sub areas and rural settlements in the District. The following table provides should be used by developers as a guide to demand for different dwelling types and sizes. It is not definitive and does not take account of the supply of market dwellings created from existing households moving.

Table 2: Summary of market housing need by dwelling type and size.

Location	Dwelling type	Dwelling size
Bolton-le-Sands	Predominately bungalows, some detached & semi detached.	Predominately 2 & 4 bed.
Carnforth	Predominately detached & semi-detached.	Predominately 3 bed.
Caton and Brookhouse	Predominately detached & semi-detached, some bungalows.	Predominately 2 & 4 + bed, some 3 bed.
Galgate	Semi detached.	Predominately 2 bed & some 3 and 4 + bed.
Halton	Predominately bungalows, detached & terraced.	Predominately 2 bed & some 4 + bed.
Heysham	Predominately bungalows & semi detached.	Predominately 2 bed, some 3 & 4 + bed.
Hornby	Predominately semi detached & terraced.	Predominately 2 & 3 bed.
Lancaster North	Predominately flats/maisonettes, terraced, semi-detached, & detached.	Predominately 2 & 3 bed.
Lancaster South	Predominately semi-detached, terraced, & flats/maisonettes.	Predominately 2 & 3 bed.
Morecambe	Detached	Predominately 4 + bed.
Other rural	Predominately detached, some semi-detached.	Predominately 4 + bed, some 3 bed.
Silverdale	Predominately detached.	Predominately 4 + bed.
Slyne-with-Hest	Predominately detached, some semi detached & bungalows.	3 bed.
Wray	Semi-detached.	Predominately 2 & 3 bed.

Market need by dwelling type and size

3.10 The Council will encourage new market housing to incorporate Lifetime Homes Standards so that older people and those with accessibility issues can remain in their established community later in life.

3.11 All new dwellings upon commencement of development will be required to meet the following levels in the Code for Sustainable Homes: Code level 3 until 31st December 2012, Code level 4 from 1st January 2013, and Code level 6 from 1st January 2016.

Increasing Supply through the reuse of Existing Buildings

3.12 Developers of market housing are encouraged to reuse existing buildings in the District to increase the supply of market homes for sale or for private rent. In particular the reuse of long term empty homes will help to meet the need for market homes, particularly low cost homes. It is estimated that around 600 homes have been sitting empty for longer than 2 years across the district, so the Council has made this a strategic housing regeneration priority.

Affordable Housing Needs

Chapter 4: Affordable Housing Needs

Background

4.1 The need for affordable housing in Lancaster District is acutely high. The 2011 Housing Needs and Demand Survey indicates an annual shortfall of over 330 affordable homes based on identified needs and adjusted to reflect the turnover of existing affordable homes. In 2010/11 just 29 affordable homes were completed in the District, and a further 50 in 2011/12.

Policy Context

4.2 The Core Strategy Policy SC4 established the principle of ensuring a sufficient supply of affordable homes and set an annual target of 60 new affordable homes.

4.3 The NPPF requires the Council to meet the need for affordable homes from new market housing development, preferably on site, unless off site provision or a financial contribution of broadly equivalent value can be robustly justified.

Defining affordable housing

4.4 Affordable housing can either be social rented, affordable rented or intermediate housing that is provided to eligible households whose needs are not met by the market. The full definition is set out in the Glossary and accords with the NPPF definition. Homes that do not meet this definition are not considered affordable.

4.5 Low cost market housing is not the same as affordable housing. Low cost market homes tend to be small units or starter homes of a lower build standard and specification. Whilst these homes provide a cheaper option for the first occupier, there is no mechanism to guarantee that the units will remain so for subsequent occupiers.

4.6 Similarly, discounted sale housing which is provided at a discount by the developer to the first occupier only does not constitute affordable housing. To be affordable, it would need to be demonstrated that the accommodation would be priced below the current average price for comparable properties in the district, and that the Discount will be retained for subsequent purchasers.

Achieving affordable housing

4.7 Affordable housing contributions are required from all developments that will result in a net increase in the overall number of dwellings. Small schemes up to 4 dwellings are expected to provide a financial contribution and larger schemes of 5 or more dwellings are expected to provide on site affordable housing.

Guidance Box 1: How to calculate a net increase.

The net increase is calculated by deducting the number of dwellings lost from the number of dwellings proposed.

For example: for a proposal to convert a 4 bed house to create 2 x 2 bed flats, the net increase would be 1 dwelling. This would trigger the requirement for affordable housing.

4.8 In some scenarios, the precise number of affordable dwellings will be determined by the location of the proposed development.

4.9 The Council recognises that each potential site for residential development can be affected by certain factors that impact on scheme viability. Therefore a negotiated approach to affordable housing provision will be adopted where appropriate, taking into account site specific circumstances.

On site affordable housing provision

4.10 On site affordable housing is required from developments that result in a net increase of 5 or more dwellings. The Council will round up to the nearest whole number when calculating on site affordable dwellings.

4.11 Up to 20% on site affordable housing provision is required from schemes of 5 to 9 (net) dwellings in a rural location, and from schemes of 5 to 14 (net) in an urban location.

4.12 Up to 30% on site affordable housing provision is required from schemes of 10 plus (net) dwellings in a rural location, and from schemes of 15 plus (net) dwellings in an urban location.

4.13 The opportunities for developing new housing on Greenfield sites will be limited but where this is permitted the Council will require increased affordable housing provision (up to 40%). The precise requirement will be agreed via negotiation and will be influenced by site specific issues.

Scenario Box 1.

8 new build dwellings in Hornby - based on a 20% requirement, up to 2 of these are required to be affordable.

15 new build dwellings in Lancaster - based on a 30% requirement, 5 of these are required to be affordable.

4.14 The Council acknowledges that the on site affordable housing requirement (up to 20%) for smaller schemes (typically 5 or 6 dwellings) may not always result in a whole number. In such cases the Council will accept a financial contribution calculated using the

adopted methodology (see paragraph 6.21). Where the on site requirement is 1 dwelling, the developer may experience difficulties in attracting a registered provider to purchase a single affordable dwelling. In such cases the developer will be asked to provide evidence that they have approached at least 4 registered providers.

Off site affordable housing provision

4.15 There may be scenarios where it is mutually accepted that on site affordable dwellings are not appropriate and should therefore be provided on an alternative site in the vicinity. In such cases, developers must be able to demonstrate that on site affordable dwellings cannot reasonably be secured, and this position will be considered against the risk of undermining the creation of a mixed and balanced community.

4.16 Where this position is mutually accepted, the developer should provide details of a suitable alternative site that is available for development within an appropriate timescale. The affordable dwellings should be completed prior to the effective completion of the facilitating development.

4.17 Where the alternative site would also generate a requirement for affordable housing in its own right then the appropriate number of affordable dwellings would also be required since, in effect, two sites will be developed.

Scenario Box 2.

If the main site has a total of 38 dwellings on it, of which 11 would have been affordable dwellings (based on a 30% requirement), and off site provision is agreed on an alternative site that will also deliver 38 dwellings, then the Council would seek 30% from both sites e.g. 2 x 11 dwellings, totalling 22 affordable dwellings.

Financial contributions (in lieu of on site)

4.18 Off site affordable housing in the form of a financial contribution (a commuted sum) is required from developments that result in a net increase of up to 4 units. The amount payable will be broadly equivalent to the value of providing up to 10% affordable housing on site.

Scenario Box 3.

4 new build units in Carnforth would be required to provide a financial contribution broadly equivalent to the value of providing 0.4 affordable dwellings (10%) on site.

A house converted to create 3 flats (net increase of 2) would be required to provide a financial contribution broadly equivalent to the value of providing up to 0.2 affordable dwellings (up to 10%) on site.

4.19 Proposals for the removal or variation of a restrictive occupancy condition on a dwelling to allow unfettered residential use will also be required to provide a commuted sum broadly equivalent to the value of providing 10% on site affordable dwellings.

Scenario Box 4.

A former office building (B1 use) converted to create 4 dwellings would be required to provide a financial contribution broadly equivalent to the value of providing 0.4 affordable dwellings (10%) on site.

4.20 There is no guidance on or single acceptable approach to calculating affordable housing financial contributions. What is important to all parties is to arrive at a clear figure which does not unduly affect development viability so that site supply is not restricted by the implementation of the approach.

4.21 The Council has adopted an approach to calculating financial contributions based on estimating the market value of the land that would be provided by the developer in an on site affordable housing scenario, i.e. one where the build costs for the affordable dwellings would be reimbursed to the developer by a registered provider.

4.22 The cost to the developer in this on site scenario is therefore the market value of the land for the on site affordable dwellings. The approach looks to identify and secure an amount of money (the commuted sum) that is broadly equivalent to the market value of the land where the affordable units would be built. The monies can therefore be invested elsewhere to support the provision of affordable housing.

4.23 The approach was formally adopted in January 2011 following the recommendations arising from the 2010 Affordable Housing Viability Study. The Council has also considered whether there are alternative approaches that could potentially be applied in circumstances which involve the conversion or change of use of premises (as distinct from new build). Having investigated this, and in the context of paragraph 6.18 of this SPD, this Council is satisfied that the adopted approach should continue to be used because it provides a clear figure that does not unduly impact on viability, and has been effectively applied to all development scenarios since January 2011. The Council, agents and developers alike all have the benefit of experience gained to date of the adopted approach.

4.24 The adopted approach to calculating financial contributions is as follows:

Step 1: Establish the open market value of the proposed development.

Step 2: Calculate 18.5% of the open market value.

Step 3: Add 15% to the result of Step 2.

Step 4: Apply the result of Step 3 to the net gain in units & the 10% affordable housing requirement

Guidance Box 2: Calculating Financial Contributions.

Step 1: For the purposes of calculating the financial contribution, the open market value refers to the value of the proposed development should it be for sale on the open market. This can be easily obtained by researching relevant or comparative properties.

Step 2: The adopted approach to calculating commuted sums uses an average residual land value (RLV) for the district because the approach seeks to replace the land (plot) value. RLV (is expressed as a percentage of Gross Development Value, and the average for the district is 18.5% which is derived from the appraisals of smaller sites without affordable housing carried out as part of the 2010 Affordable Housing Viability Study. This is 18.5% and is a percentage of gross development value (GDV). Using a district average means that an RLV appraisal is not required each time.

Step 3: By adding 15% an appropriate amount to reflect the likely cost of acquisition, fees, basic servicing and site preparation works is built into the calculation.

Step 4: The net increase is calculated by deducting the number of dwellings lost from the number of dwellings proposed. For example, the conversion of a house to create 3 flat would be a net increase of 2 dwellings ($3 - 1 = 2$). A net increase of 2 units at 10% is expressed as 0.2 ($2 / 10 = 0.2$). Similarly, a net increase of 4 units at 10% is expressed as 0.4 ($4 / 10 = 0.4$).

Scenario Box 5.

How to calculate a financial contribution for a 4 dwelling scheme (net) (all 3 bed):

Step 1: The open market value of is £205,632

Step 2: 18.5% of £205,632 = £38,042

Step 3: 15% of £38,041 = £5,706, added to £38,041 = £43,748

Step 4: £43,748 x 0.4 dwellings (10% of 4 dwellings) = £17,499

4.25 In some scenarios not all dwellings will be equivalent, i.e 3 bed dwellings will have a lower open market value than 4 bed dwellings. Where this is the case, the Council will use the average open market value.

Scenario Box 6.

How to calculate a financial contribution for a 2 dwelling scheme (net) with different dwellings (1 x 3 bed & 1 x 4 bed):

Step 1: £400,000 (3 bed) + £475,000 (4 bed) = £875,000 / 2 = £437,500

Step 2: 18.5% of £437,500 = £80,938

Step 3: 15% of £80,937 = £12,141, added to £80,937 = £93,079

Step 4: £93,078 x 0.2 dwellings (10% of 2 dwellings) = £18,616

Meeting affordable housing need**Tenure**

4.26 The Council's starting point for affordable housing provision is set out earlier in this chapter. In addition to this the Council will require affordable dwellings to provide an affordable tenure mix of 50% social rented and 50% intermediate. The increased requirement for intermediate housing from the previous target is a response to the demand for shared ownership from both existing and concealed households.

Guidance Box 3.

The Council is aware that that under the conditions of the Homes and Communities Agency's (HCA) Affordable Homes Programme registered providers are required to use secured grant to purchase affordable rented dwellings rather than social rented dwellings.

However, the Council will continue to require social rented units from market housing schemes in accordance with paragraph 4.25 of this SPD to address the need for this tenure. Affordable rented dwellings will only be considered as an alternative only where this is a specific funding requirement of the HCA. This position will be reviewed annually over the Affordable Homes Programme (2011-15).

Type and Size

4.27 The type and size of new affordable dwellings should reflect local affordable housing need as evidenced by the 2011 Housing Needs Survey, or other more local evidence where appropriate. The Council acknowledges that the type and size of affordable dwellings will to a certain extent be influenced by site characteristics, such as location and related constraints, and that this may influence the negotiation process.

4.28 Data on the affordable housing needs of existing and concealed households who need to move within the District by location, dwelling type and size are set out in the following tables. Whilst this data does not factor in the resupply of affordable housing through re-lets, it should be treated as indicative of the supply of new affordable dwellings required.

Table 3: Social Rented need by dwelling type and size.

Location	Dwelling type	Dwelling size
Bolton-le-Sands	Predominately bungalows & semi detached.	2 bed.
Carnforth	Bungalows.	2 bed.
Caton and Brookhouse	Bungalows.	Predominately 2 bed.
Galgate	Terraced.	3 bed.
Halton	Predominately terraced, some bungalows & semi-detached.	Predominately 3 bed & some 2 bed.
Heysham	Predominately flats/maisonettes & supported housing.	Predominately 2 bed, some 1 bed.
Hornby	Terraced.	2 bed.
Lancaster North	Predominately flats/maisonettes, bungalows & detached.	Predominately 2 bed, some 1 & 4 + beds.
Lancaster South	Predominately terraced, detached, semi-detached, terraced and supported housing.	Predominately 2 & 3 bed.
Morecambe	Predominately flats/maisonettes, some supported housing, semi-detached & terraced.	Predominately 2 bed, some 1 bed.
Other rural	Predominately detached, some semi-detached.	Predominately 4 + bed, some 3 bed.
Silverdale	Flats/maisonettes.	2 bed.
Slyne-with-Hest	Flats/maisonettes & bungalows.	1 & 2 bed.
Wray	Nothing indicated.	Nothing indicated.

Table 4: Shared Ownership need by dwelling type and size.

Location	Dwelling type	Dwelling size
Bolton-le-Sands	Detached.	2 bed.

Location	Dwelling type	Dwelling size
Hornby	Terraced.	2 bed.
Lancaster North	Predominately detached.	2 bed.
Lancaster South	Terraced.	2 bed.
Morecambe	Flats/maisonettes.	2 bed.

Note: In locations where no specific need for shared ownership was identified these locations have been excluded from this table.

Design and Integration

4.29 Good design is a key aspect of ensuring that new residential development is sustainable, and should contribute positively to making places better for people. The design of new affordable housing should not be distinguishable from market housing, especially those homes located on a predominately market housing development.

4.30 The design of affordable housing dwellings must comply with the HCA Design and Quality Standards (2007) or successor documents, regardless of whether the registered provider is in receipt of HCA funding.

4.31 Affordable housing dwellings must meet the following minimum standards as set out in the Code for Sustainable Homes: Level 3 until 31st December 2012, Level 4 from 1st January 2013, and Level 6 from 1st January 2016.

4.32 The design of affordable housing dwellings should fully incorporate all of the 16 Lifetime Homes features into houses and apartments wherever practicable.

4.33 On site affordable housing should be well integrated within the wider development unless there is sufficient justification otherwise, and be delivered throughout the build programme (not at the end).

Viability

4.34 The Council expects applicants to realistically assess the full cost of developing new housing before applying for planning permission. The cost of development should consider the full range of likely costs, including the cost of land acquisition, site remediation, abnormalities, construction, finance, affordable housing provision, and other planning obligations.

4.35 In particular, the cost of purchasing land, buildings or an option on land should be fully considered before planning permission is applied for. These costs will impact on the overall viability of the scheme and therefore its ability to meet the required affordable housing provision. Developers that have paid a disproportionate amount to acquire land or buildings should fully understand the implications this will have on viability.

Guidance Box 4.

Where the affordable housing provision has a negative impact on scheme viability the Council will expect developers to provide detailed and compelling evidence as part of their Affordable Housing Statement. The evidence must include a financial viability appraisal and a summary of what the appraisal concludes in relation to the viability of the scheme. Full details of what should be included in an Affordable Housing Statement is set out in Chapter 7 of this SPD, and Affordable Housing Statements templates can be found in Appendix 3 of this SPD.

4.36 It is essential that applicants enter into meaningful discussions around the potential purchase of on site affordable dwellings with registered providers as part of the pre-application process.

4.37 For larger schemes that will be required to provide on site affordable dwellings, developers should be flexible around the affordable dwelling types and sizes, layout etc so that the affordable housing provision can be secured without viability being compromised.

4.38 The Council acknowledges that financial viability appraisals may contain commercially sensitive information. In such cases, this will be held in confidence by the Council where a justified request is made. In order to be as transparent as possible, developers should also provide a summary of the development appraisal which can be reproduced and reported in the public domain.

Guidance Box 5.

Where the Council does not agree that the affordable housing provision compromises scheme viability the Council will send the Affordable Housing Statement, the development appraisal and any other evidence to an independent chartered surveyor.

The purpose of this will be to determine whether the affordable housing provision compromises scheme viability, and where appropriate to inform an alternative contribution. The applicant is responsible for meeting the cost of this process.

Delivery Issues**Phasing**

4.39 On larger schemes (30 or more dwellings) on site affordable homes in any phase of the wider development should be completed before the first occupation of no more than 40% of the market homes within that same phase.

Service charges

4.40 Some dwellings involve high service charges to provide for improved security, maintenance of communal areas etc. Schemes should therefore be designed to reduce the potential for high service charges in the on site affordable dwellings.

Registered providers of social housing

4.41 The Council expects on site affordable housing to be delivered in partnership with a registered provider.

Guidance Box 6.

Developers should include in their Affordable Housing Statement evidence of discussions with registered providers and of an "in principle" agreement to purchase the affordable dwellings. This will enable all parties to be clear on the implications of providing on site affordable homes.

Where the developer has gained Investment Partner status with the HCA, evidence of this should be included in their Affordable Housing Statement.

4.42 Developers are free to make contact with whichever registered provider they prefer. A list of registered providers that currently manage affordable homes in the District and contact details are provided in Appendix 9 of this SPD.

Funding for new affordable homes

4.43 Funding for new affordable homes comes from the Homes and Communities Agency via the 2011-15 Affordable Homes Programme. This is a £4.5bn investment programme that includes existing commitments from the previous National Affordable Housing Programme. The majority of funding is for affordable rented homes with some for affordable home ownership, supported housing and in some circumstances, social rented homes.

4.44 The Affordable Homes Programme is based on HCA funding to make the development viable as well as other sources such as monies raised by registered providers through the increased borrowing capacity generated from the conversion of social rent properties to Affordable Rent (or other tenures) at re-let, and by the net rental income stream of the new homes. Other sources of funding are free or discounted public land.

4.45 To support this process, the Council prepared an Investment Priorities prospectus to help guide registered providers on how to formulate bids that would address local housing and regeneration priorities in the District. A total of 7 registered providers bid for funding and five have been successful in securing funding subject to all the necessary approvals.

Table 5: Summary of affordable housing schemes funded by the HCA Affordable Homes Programme.

Registered provider	Location	Total dwellings	Affordable tenure	Status	Start on site
Adactus	District-wide.	10	Affordable rent	Awaiting approvals.	To be determined.
	Hornby	10	Shared ownership	Awaiting approval.	2012
	Hornby	10	Affordable rent	Awaiting S106.	2013
	Morecambe West End	15	Affordable rent	Awaiting approval.	To be determined.
Great Places	Lancaster	24	Affordable rent	Awaiting approval.	To be determined.
Guinness Northern Counties	Lancaster	27	Affordable rent	On site.	2013
	Lancaster	16	Affordable rent	Awaiting approval.	To be determined.
	Morecambe	3	Affordable rent	Awaiting approval.	To be determined.
Impact	Lancaster	26	Affordable rent	Pre-application.	2013
Places for People	Lancaster	8	Affordable rent	Approved.	To be determined.
Total		149			

4.46 Although funding bids were finalised in Summer 2012 some funding has been retained for small community led organisations such as community land trusts or small rural groups and others, who were not in a position to bring forward proposals at the outset of the programme.

4.47 The Council manages a ring fenced Affordable Housing Commuted Sums Fund to support registered providers develop new affordable housing in the District. The Fund is supported by financial contributions generated from smaller market housing schemes. The eligibility criteria is set out Appendix 1.

Exemptions

4.48 There are specific circumstances where the affordable housing provision will be waived.

Replacement dwellings

4.49 Proposals for replacement dwellings (where there is no net gain in dwellings) are not required to provide an affordable housing contribution.

Development in central Morecambe and the West End

4.50 Property values are much lower in Central Morecambe and the West End compared to most other parts of the District and this means that viability is often marginal, and in the prevailing investment conditions the affordable housing requirement is likely to be a disincentive to future investment in these distinct parts of Morecambe. Therefore proposals for residential development in the areas defined by the emerging Local Plan proposals map as the Morecambe Area Action Plan (MAAP) area and the West End Masterplan are not required to provide affordable housing.

Guidance Box 7.

The Council will not require affordable housing provision from proposals in the above locations but developers are expected to acknowledge this within their Affordable Housing Statement. Where appropriate to do so, the Council reserves the right to request evidence in support of waiving affordable housing provision.

The type and size of dwellings proposed should meet the housing needs of Morecambe and should not exacerbate the problem of over supply of particular forms of dwellings.

Housing for Rural Enterprise Workers

4.51 Proposals for housing that will enable individuals working full time in rural enterprises to live at, or in the immediate vicinity of, their place of work will provide a form of low cost market housing due the impact of the appropriate occupancy conditions on the value of these dwellings. Therefore such proposals are not required to provide affordable housing. However, such accommodation will only be approved where they meet the necessary financial functions test.

Specific forms of non-self contained residential accommodation

4.52 Non-self contained accommodation such as care homes, nursing homes, and student accommodation are not required to provide affordable housing at all.

Exceptional circumstances

4.53 Ordinarily the Council will require affordable housing provision from all developments that result in a net increase in the number of dwellings. However the Council acknowledges there may be some circumstances where affordable dwellings are more suited to being provided on an alternative site, or a commuted sum needs to be reduced. In each case proposals will be investigated on a case by case basis.

Scenario Box 7.

1. For a change of use from guest house to self contained dwellings, if the guest house in its current use includes self contained owner accommodation, the Council will deduct one unit when calculating the net increase in dwellings. However, this will need to be evidenced in the existing floor plans submitted with the planning application.

Therefore, if a proposal will create 5 self contained dwellings, the existing unit would be deducted so that 4 dwellings would be subject to the affordable housing provision.

2. For a proposal for an extra care scheme or for sheltered accommodation, the on site affordable housing requirement should be changed to a financial contribution because of the management issues related to this form of accommodation.

Rural Housing Needs

Chapter 5: Rural Housing Needs

Background

5.1 The Council needs to address the housing needs of those living in the rural parts of the District, not just the urban parts. Because much of Lancaster district is classed as rural it is important that appropriate and sympathetic residential development helps to maintain the vitality of rural areas so that they can remain vibrant and sustainable places to live and work.

5.2 The 2011 Housing Needs Survey highlighted that rural property values are generally much higher compared to the District wide averages.

Table 6: A comparison of Rural and District wide property values.

Property type	Rural	District wide
1 bed flat	£109,950	£65,000
2 bed flat	£134,950	£89,950
2 bed terrace	£84,995	£89,950
3 bed terrace	£140,000	£100,00

5.3 Often those living in rural areas within concealed households or in unsuitable accommodation cannot continue to live there. Similarly those with connections to particular rural areas cannot afford to live there.

Policy Context

5.4 Core Strategy Policy SC3 seeks to build healthy sustainable rural communities. This will be achieved in rural areas by locating housing where it will enhance or maintain the vitality of rural communities. The Council wants new housing to reflect local housing needs, particularly for affordable housing. The current evidence of housing need highlights the continuing need for affordable housing in the rural areas of the District. Core Strategy Policy SC3 also proposed that new housing development in rural areas should be focused in sustainable locations. These are settlements which retain key services such as basic shopping, schools, access to medical care and public transport and development outside of these settlements is only possible where there is exceptional justification.

5.5 The NPPF requires the Council to be responsive to local circumstances and plan new homes that meet local housing need, particularly for affordable housing; and to promote sustainable development in rural areas where it will enhance or maintain the vitality of rural communities.

Evidence of rural housing need

5.6 The need for different dwelling types and sizes in the 8 rural settlements was identified by the 2011 Housing Needs Survey and has been summarised in the following table. This information is drawn from the need for existing and concealed households to move within the District. This information should guide developers and registered providers in how they can effectively meet rural housing need.

Table 7: Housing needs in the District's rural settlements by tenure.

Location	Market need	Private rented need	Shared Ownership need	Social Rented need
Bolton-le-Sands	-41	0	-62	-36
Caton and Brookhouse	-321	-22	0	-16
Halton	-29	46	-15	-225
Hornby	-18	33	0	-16
Galgate	-39	-33	8	-68
Silverdale	-54	7	0	-14
Slyne-with-Hest	-164	-172	0	-84
Wray	19	-97	0	-28
Rest of rural	126	416	0	-84
Total	Under supply of 540	Over supply of 178	Under supply of 69	Under supply of 571

5.7 Table 7 highlights that overall there is a considerable under supply of both open market housing and social rented housing in rural areas, with a smaller under supply of shared ownership homes.

Guidance Box 7.

The Council will also consider other evidence of local housing need for rural locations. Local housing needs surveys should follow a robust process and the subsequent analysis must be unbiased and carried out by an impartial party. The Council will therefore need to agree the methodology upfront.

In some cases a survey might be initiated by the parish council or an appropriate local community organisation in support of neighbourhood planning or other activities falling out of the Localism Act. Developers may also choose to carry out a local survey in support of their proposal, and this should demonstrate consultation with the parish council and other appropriate community groups.

Addressing rural housing needs**Sustainable rural settlements**

5.8 In recent years the Council has permitted new rural residential development in 8 settlements that retain 5 key services (a GP, Primary School, Food Shop, Post Office and Bus Stop). This is on the basis that these key services can support the communities that live there. There are now very few GPs regularly practising within these 8 settlements and on that basis, other rural settlements that retain 4 key services will also be favoured. In all cases applicants should propose schemes that are proportionate in terms of the number of dwellings to the location.

5.9 Proposals for market housing in all rural settlements are expected to provide affordable housing in accordance with Chapter 3 of this SPD.

5.10 Proposals for new residential development in settlements that retain fewer than 4 key services must be able to demonstrate that:

- They will maintain or enhance the vitality of the local community;
- A high standard of design will be achieved appropriate to the location and the surrounding landscape; and
- They have been developed in consultation with the parish council and other community groups where appropriate.

5.11 Proposals for new residential development in settlements that retain fewer than 4 key services will also have local occupancy conditions placed on the dwellings to ensure that people already living and working in the location are able to access market dwellings housing that meet their needs.

5.12 Affordable housing secured in settlements that retain fewer than 4 key services must also meet the affordable housing needs of people already living and working in the location and this will be secured via a local lettings plan.

Guidance Box 8.

A key test of how well a proposal will maintain or enhance the vitality of the local community is how it will address local housing need.

5.13 One of the ways the Council can deliver housing that addresses rural housing needs is through working with parish councils and other community groups to bring about more community-led planning at a local level. The changes to the planning system brought about by the Localism Act and the National Planning Policy Framework make provision for this so that parish councils or other appropriate community organisations can establish local development priorities, in consultation with the local community, within Neighbourhood Development Plans.

Rural Exception Sites

5.14 The Council acknowledges that in some rural settlements there is available land for new housing but proposals for market housing would be contrary to adopted development management policies. However, proposals for affordable housing on rural exceptions sites would be supported where a genuine need has been demonstrated.

5.15 Proposals for rural exception sites must be able to demonstrate that they will maintain or enhance the vitality of the local community. A key aspect of this is how well a proposed development meets local housing need.

Guidance Box 9.

The Council defines rural exception sites schemes as:

- Schemes on small sites no larger than 0.4 hectares (1 acre);
- Schemes that address genuine local housing need, and provide affordable homes in perpetuity; and
- Schemes that provide affordable homes for local people, i.e. those who are either current residents or have an existing family connection or employment connection.

5.16 Schemes should not result in a significant adverse impact on the character of the settlement, the amenities of residents, the rural landscape, or nature conservation interests, and should not result in the loss of open space with public amenity or recreational importance.

5.17 It may be acceptable for exception sites to include a very small proportion of market homes in order to ensure the scheme's viability. However the Council will seek to ensure all dwellings are subject to a local lettings policy, and all affordable dwellings will be advertised through Ideal Choice Homes (choice based lettings system).

5.18 The value of exception sites should be lower than land where open market development is permitted. This will help keep development costs down and increase the viability of the scheme viability, so that schemes do not become unaffordable.

Housing Needs of Older People & People with Disabilities

Chapter 6: Housing Needs of Older People & People with Disabilities

Background

6.1 The Council, as both an enabler and provider, plays a fundamental role in meeting the needs of vulnerable people that live in the district who are likely to have additional housing needs and will experience poorer outcomes if these needs are not met. This SPD focuses on how the housing needs of older people and people with disabilities can be addressed in terms of current and future requirements across all tenures and related care and support needs.

Policy Context

6.2 Core Strategy Policy SC4 states that the Council will aim to maximise the opportunities offered by new homes to achieve housing that genuinely addresses identified local housing need. Local housing need will often mean accommodation that meets the needs of specific groups.

6.3 The NPPF requires the Council to plan for a mix of housing based on the needs of different groups in the community including older people and people with disabilities.

Older people

6.4 The number of people in the District aged 65 plus is set to increase by 62% between 2008 and 2033, and within that group people aged over 85 will significantly increase by over 138% in the same period. This ageing population poses a significant challenge as these households are more likely to have a need for support services, adaptations or specialist accommodation.

6.5 This means that there needs to be sufficient supply of new specialist and adaptable general needs accommodation as well as ensuring that support and other needs are being met to enable older people to enjoy a good quality of life.

6.6 Over 2,100 additional units of sheltered accommodation are required by 2014 to meet the needs of existing households, and those households who may in-migrate to be closer to family. Developers are therefore encouraged to consider sheltered housing or independent accommodation with visiting support that will help meet these people's needs.

6.7 Over 360 households require extra care accommodation in the District. The future provision of extra care accommodation is being considered by the Council and the County Council so that the most appropriate models of provision can be determined. Developers that wish to develop such accommodation should discuss this with the Strategic Housing Officer as early as possible.

People with physical disabilities

6.8 The 2011 Housing Needs Survey highlights that there is someone with a disability living in almost a quarter of households in the District. This suggests that over 13,000 households are affected in some way.

Table 8: Type of disability by households affected.

Disability	% households
Mobility restriction	47.9
Limiting long-term illness	31.4
Asthmatic / respiratory problem	24.4
Other physical disability	20.5
Learning disability / Mental health problem	19
Visual / hearing impairment	17.3
Wheelchair user	8.3

6.9 This table demonstrates the different disability types that affect people living in the district. Meeting the needs of individuals affected by these disabilities will depend upon the requirements of the individual, their care needs and the household composition. Therefore any proposal to develop accommodation specifically for disabled people should be discussed with the Strategic Housing Officer as early as possible.

Standards

6.10 There is a need for developers to provide new housing to Lifetime Homes standards, so that they are easily adaptable to meet the changing needs of occupants.

6.11 Through the planning process, and during negotiations for affordable housing, the Council will seek to secure some provision of wheelchair properties as part of the on site affordable housing on a site by site basis. Furthermore, any sites which are wholly affordable rented housing will normally include some wheelchair provision.

General Guidance

Chapter 7: General Guidance

Background

7.1 This chapter is designed to guide applicants on how to ensure that proposals for residential development are not delayed.

Pre-application discussion

7.2 Developers and registered providers should discuss proposals for residential development with the Strategic Housing Officer as early on in the process as possible. This will help ensure that proposals reflect affordable housing requirements and local housing need.

7.3 Developers should also refer to the Planning Application Validation Guide for details of what forms, plans and documents are required to accompany planning applications. The latest version of the Planning Application Validation Guide can be downloaded at www.lancaster.gov

Affordable Housing Statements

7.4 The Council requires all proposals for residential development to provide an Affordable Housing Statement. This is an important document that sets out how the proposal will address affordable housing.

Guidance Box 8.

Failure to submit an Affordable Housing Statement will invalidate your application and will ultimately delay the process.

7.5 The information that should be included in an Affordable Housing Statement will vary slightly depending upon what is being proposed. The basic information required for a full planning application is set out below, and several Affordable Housing Statement templates are provided in Appendix 3.

Table 9: Basic information required for a full planning application.

Scenario	Information required
A net increase of 1 to 4 dwellings or a variation / removal of restrictive occupancy conditions triggering a financial contribution.	A brief summary of the proposed development (including confirmation of the net increase in dwellings).
	A detailed description of the proposed development (unit types, unit size, Gross Internal Area (GIA), plot size).

Scenario	Information required
	A brief description of how the proposed development will meet local housing need.
	The anticipated open market value of the proposed development and supporting evidence demonstrating this is based on relevant and comparable information.
	A commitment to payment of a financial contribution calculated according to the Council's adopted methodology, triggered by start on site, and secured by a S106 unilateral undertaking.
A net increase of 5 plus dwellings triggering on site affordable housing.	A brief summary of the proposed development (including confirmation of the net increase in dwellings).
	A detailed description of the proposed development (number, type, size, tenure, phasing, occupancy criteria).
	A description of how the proposed development will meet local housing need (referring to evidence, in particular the district Housing Needs Survey).
	Evidence of discussions with registered providers and of an "in principle" agreement to purchase the affordable dwellings.
	A commitment to the provision of on site affordable units secured by a S106 agreement.

7.6 An Affordable Housing Statement is also required for an outline planning application albeit less information is required compared to a full planning application.

Table 10: Basic information required for an outline planning application.

Scenario	Information required	Additional information required at Reserved Matters stage
A net increase of 1 to 4 dwellings or a variation / removal of restrictive occupancy conditions triggering a financial contribution.	A commitment that subject to the proposal being acceptable in planning terms, outline permission will only be granted when accompanied by a signed legal agreement containing a clause that requires the financial contribution to be agreed at the time of the Reserved Matters application based on an open market valuation(s) at that time.	The anticipated open market valuation of the proposed development, and supporting evidence demonstrating this is based on relevant and comparable information.

Scenario	Information required	Additional information required at Reserved Matters stage
A net increase of 5 plus dwellings triggering on site affordable housing.	A commitment that subject to the proposal being acceptable in planning terms, outline permission will only be granted when accompanied by a signed legal agreement containing clauses that detail the percentage of on site affordable dwellings required from the proposed development, and that the specific number, type, tenure, phasing and occupancy criteria of the affordable dwellings will be agreed at the time of the Reserved Matters application.	All of the above information plus details of <u>all</u> homes created by the proposal (tenure, type, number of bedrooms, GIA and plot size). In addition evidence of discussions with registered providers and of an "in principle" agreement to purchase the affordable dwellings.

7.7 When an outline application reaches Reserved Matters stage, the application should be accompanied by a revised Affordable Housing Statement that includes the additional information detailed above. If the Reserved Matters application is acceptable in planning terms, a Deed of Variation will be required to reflect either the on site provision or the commuted sum agreed between the applicant and the Council.

Additional requirements

7.8 Where the affordable housing provision has a negative impact on scheme viability the Council will expect developers to provide detailed and compelling evidence as part of their Affordable Housing Statement. The evidence must include a development appraisal and a summary of what the appraisal concludes in relation to the viability of the scheme. Full details of what should be included in an Affordable Housing Statement are set out in Appendix 4 of this SPD. The Council expects that all abnormal costs should be quantified by an independent expert.

7.9 The Council acknowledges there may be other scenarios where the required affordable housing provision may need to be altered. Exemptions and exceptional circumstances are dealt with by Chapter 5 of this SPD.

Legal Agreements

7.10 For an outline application the legal agreement will differ depending on the number of dwellings proposed.

Table 11: Legal agreement clauses.

Scenario	Clause(s)
1 to 4 dwellings	A clause that requires the commuted sum to be agreed at the time of the Reserved Matters application based on the open market value(s) at that time.
5 or more dwellings	Clauses detailing the number of on site affordable dwellings required from the proposed development, and that the specific number, size, type, tenure, phasing, and occupancy criteria of the affordable units will be agreed at the time of the Reserved Matters application.

7.11 A full application for a net increase of up to 4 dwellings requires the developer to sign a Section 106 Unilateral Undertaking (UU) (a S106 UU template is provided in Appendix 7 of this SPD). The applicant's appointed legal representatives will be required to complete the UU and return it to the Council's Legal Services team.

7.12 For a full application for 5 or more dwellings the Council will provide a draft template of a S106 Agreement. The finalised Agreement will need to be signed by all parties with a legal interest in the land before a planning permission can formally be issued. This will need to be evidenced by the applicant by providing an up to date Land Registry search(es) for the application site. In some cases, and depending upon site specific circumstances, agreements may also relate to other matters (e.g. contributions for highways improvements).

Payment of financial contributions

7.13 When the financial contribution has been agreed between the Council and the applicant the Council requires the monies to be paid on commencement of the development. The Council's Planning and Regeneration Service will issue an invoice to the applicant.

7.14 Following receipt of the financial contribution, the monies will be held in the Affordable Housing Commuted Sums Fund, a ring fenced account that supports the development of affordable housing in the district. For more information on this please refer to Appendix 2 of this SPD.

7.15 In scenarios where the applicant has gained planning permission but just intends to sell the site with the permission, rather than develop it, then the affordable housing requirement will be registered as a land charge.

Table 12: What happens if the intention is to sell the site with planning permission.

Scenario	What happens?
A financial contribution has been agreed between the Council and the applicant.	Planning permission will result in a Unilateral Undertaking which will automatically register as a charge against the land when a search is carried out. A future purchaser will take the charge into consideration when considering what they are prepared to pay for the site.
On site affordable housing has been	The requirement will be set out in the Section 106 Agreement, and the planning permission will result in an automatic charge against the land . A

Scenario	What happens?
agreed between the Council and the applicant.	future purchaser will take the charge into consideration when considering what they are prepared to pay for the site.

Monitoring

Chapter 8: Monitoring

Annual Monitoring Report

8.1 The Council includes information about its performance on meeting housing needs as part of its Annual Monitoring Report (AMR) which is required of local planning authorities as part of the Local Development Framework (LDF) system. The AMR reports **on the preparation of LDF documents and monitors the effects of implementing planning policy.**

8.2 The AMR will be used to monitor the effectiveness of the SPD on an annual basis. If through this process it is clear that there is a need to review the SPD or other aspects of the Council's strategic housing approach so as to improve the way housing needs are being met, this will be done.

Link to the Core Strategy and Local Plan

8.3 The SPD provides guidance relating to Core Strategy policies and forthcoming development management policies contained within the emerging Local Plan. Therefore reviews of the SPD will link to the monitoring and review of both documents.

Appendices

Appendix 1: Application of Affordable Housing Requirements

1.1 This Appendix should be used by developers as a quick reference guide on how affordable housing provision relates to various development scenarios.

1.2 The following table provides a range of market housing development scenarios, up to 15 dwellings (net). It does not include larger schemes however the affordable housing provision would still apply beyond 15 dwellings (net).

Example Scenario	Requirement	Legal Agreement
1 to 4 new build dwellings.	A commuted sum broadly equivalent to the value of providing up to 10% affordable housing on site.	S106 Unilateral Undertaking.
Conversion of a single dwelling to create 2 to 5 dwellings.	A commuted sum broadly equivalent to the value of providing up to 10% affordable housing on site.	S106 Unilateral Undertaking.
Change of use to residential creating up to 4 dwellings.	A commuted sum broadly equivalent to the value of providing up to 10% affordable housing on site. [case by case basis]	S106 Unilateral Undertaking.
Variation or removal of a restrictive occupancy condition on up to 4 dwellings to allow unfettered residential use.	A commuted sum broadly equivalent to the value of providing up to 10% affordable housing on site.	S106 Unilateral Undertaking.
5 to 9 new build dwellings in a rural location.	Up to 20% affordable housing on site.	S106 agreement.
5 to 14 new build dwellings in an urban location.	Up to 20% affordable housing on site.	S106 agreement.
10 or more new build dwellings in a rural location.	Up to 30% affordable housing on site.	S106 agreement.
15 or more new build dwellings in an urban location.	Up to 30% affordable housing on site.	S106 agreement.

Appendix 2: Affordable Housing Commuted Sums Fund

Introduction

2.1 Financial contributions paid in lieu of on site affordable housing from smaller market housing developments is paid into the Council's Affordable Housing Commuted Sums Fund. This is a ring fenced fund that provides financial support to affordable housing schemes in the District.

Funding criteria

Requests for funding must meet at least one of the following criteria:

1. The funding will unlock the delivery of affordable housing on a stalled site, or where there is a shortfall in funding that makes the scheme unviable;
2. The funding will enable the delivery of affordable housing on land owned by the Council;
3. The request will contribute towards bringing long term empty properties back into use for affordable housing;
4. The request will enable the delivery of affordable housing in a rural location where there is an identified need for affordable housing.

In order to meet future affordable housing needs, the Council may consider requests for funding that do not meet the above criteria.

2.2 Requests for funding will not be eligible where the scheme does not provide any affordable housing; is not eligible for funding under the HCA Affordable Homes Programme (2011-15); or where the affordable housing does not meet the local affordable housing need.

Process for requesting funding

2.3 If an affordable housing scheme is eligible for funding then the registered provider should email the Strategic Housing Officer and provide the following information:

1. A summary of how the scheme meets the criteria;
2. A summary of the scheme, including the total number of units, affordable tenure mix, dwelling sizes and types, and details of other funding (these should enable comparison between what has been secured and what is applied for); and
3. An estimate of the amount of funding required.

2.4 Following receipt of this information the Strategic Housing Officer will confirm whether the Council can give "in principle" support to the scheme, and will request the following information:

1. A full financial viability appraisal and supporting information to enable the scheme to be evaluated by the Council;
2. Evidence the registered provider has unsuccessfully pursued other funding before making the request for funding; and
3. Evidence that the funding request will not jeopardise the availability and / or amount of funding from other sources.

2.5 Applications for funding are assessed on an “open book” basis. Where requests for funding are considered too great on a per unit basis or where there is inadequate funding available the Strategic Housing Officer will contact the registered provider to discuss a more realistic funding request.

2.6 Should there be a number of applications meeting the criteria, priority will be given to the application providing best value and bringing the highest benefit to the District.

2.7 The above information will inform an Individual Cabinet Member report which will incorporate a recommendation from the Housing Strategy Officer on whether to provide funding.

Conditions of funding

1. The scheme will be delivered within a reasonable time scale;
2. The scheme to be subject to a local lettings plan;
3. All units will be affordable in perpetuity;
4. All affordable units will meet the NPPF definition of affordable housing; and
5. All units will be allocated via the Ideal Homes choice based letting system;

Monitoring and Evaluation

2.8 The Affordable Housing Commuted Sums Fund is included in the Council's Capital Programme. When funding is allocated the Council's Head of Finance will be notified so that the Capital Programme reflects this expenditure.

2.9 Financial management of the funding programme will be supported via regular reporting by the Head of Regeneration and Planning.

2.10 The process for allocating monies will be conducted with reference to the Council's corporate appraisal arrangements and will address identified corporate targets and be subject to regular corporate reporting arrangements.

Appendix 3: Affordable Housing Tenures & Products

Introduction

3.1 This Appendix should be used by developers and registered providers as a quick reference guide to the various affordable housing products available. Affordable housing can come in various products depending on the nature of housing need it is designed to meet.

National Planning Policy Framework definition of affordable housing:

"Affordable housing: Social rented, affordable rented and intermediate housing, provided to eligible households whose needs are not met by the market. Eligibility is determined with regard to local incomes and local house prices. Affordable housing should include provisions to remain at an affordable price for future eligible households or for the subsidy to be recycled for alternative affordable housing provision."

"Homes that do not meet the above definition of affordable housing, such as "low cost market" housing, may not be considered as affordable housing for planning purposes."

Social rented housing for general needs

3.2 Social rented housing is owned by local authorities and private registered providers (as defined in section 80 of the Housing and Regeneration Act 2008), for which guideline target rents are determined through the national rent regime. It may also be owned by other persons and provided under equivalent rental arrangements to the above, as agreed with the local authority or with the Homes and Communities Agency.

3.3 Due to the mismatch between incomes and average house prices in the District, there is a strong need for social rented housing.

Affordable Rent

3.4 Affordable rented housing is let by local authorities or registered providers to households who are eligible for social rented housing. Affordable Rent is subject to rent controls that require a rent of no more than 80% of the local market rent (including service charges, where applicable).

Intermediate

Intermediate housing means homes for sale and rent provided at a cost above social rent, but below market levels. This does not include affordable rented housing.

Shared Ownership

3.5 Shared ownership is a form of low cost home ownership that enables people to buy a percentage of the property for sale with a mortgage and they pay rent to a registered provider on the remaining share (which is owned by the registered provider). The value of the property sold to the purchaser is based on an independent open market valuation.

HomeBuy Direct

3.6 This product allows purchasers to buy a selected newly built property with the assistance of an equity loan.

Rent to HomeBuy

3.7 This is an option being considered by registered providers within the current economic climate. This products means that individuals pay a reduced rent on a new build home for up to five years, to help them save for a deposit and purchase the property.

FirstBuy

3.8 This product allows the applicant to access an equity loan of up to 20% of the purchase price which is split equally between the HCA and the developer. Purchasers are required to raise funding (a mortgage plus deposit) of at least 80% of the purchase price.

Equity Loans

3.9 Some registered providers will offer homes for sale where the purchaser can buy with the assistance of an equity loan, to top up what they can afford on their own.

Appendix 4: Affordable Housing Statement Templates

Affordable Housing Statement template 1

Scenario: A full planning application for a new build development in Lancaster North.

Summary of proposal

The proposed development will provide 10 new dwellings, which is a net increase of 10 dwellings.

Scheme description

The proposed breakdown of units is as follows:

Unit	Type	Tenure	No. bedrooms	GIA (sq. m)
1	House	Market	3	85
2	House	Market	3	85
3	House	Market	3	85
4	House	Affordable	3	85
5	Flat	Affordable	2	67
6	Flat	Market	2	67
7	Flat	Market	2	67
8	Flat	Market	2	67
9	Flat	Market	2	67
10	Flat	Market	2	67

Affordable housing provision

It is fully understood that the proposed scheme is required to provide 20% affordable housing which will mean a total of 2 affordable dwellings will be delivered on site.

The proposed dwellings will address housing needs because there is evidence of an under supply of 3 bed market houses and 2 bed market flats in Lancaster North. The provision of 2 affordable homes (1 x 3 bed house and 1 x 2 bed flat) will contribute towards addressing the under supply of all dwelling types, particularly 3 bed houses in this location.

We have contacted 3 registered providers (include names) to discuss the potential purchase of the affordable units. An "in-principle" agreement has been reached with XX. Full details of this are attached to this Affordable Housing Statement.

Affordable Housing Statement template 2

Scenario: A full planning application for a conversion in Carnforth.

Summary of proposal

The proposed development will convert a four bed terraced house to provide two new dwellings (1 x 2 bed flat on the ground floor and 1 x 2 bed flat on the first floor). This is a net increase of 1 dwelling.

Open Market Valuation

A comparative dwelling (two bed flat in Carnforth) is valued at £130,000. Full details in support of this are attached to this Affordable Housing Statement.

Affordable housing provision

It is fully understood that the proposed scheme is required to provide a financial contribution to the value of providing 10% affordable housing on site.

The commuted sum has been calculated according to the Council's methodology as follows:

Step 1: The open market value of is £130,000

Step 2: 18.5% of £130,000 = £24,050

Step 3: 15% of £24,050 = £3,075, added to £24,050 = £27,658

Step 4: £27,658 x 0.1 dwellings (10% of 1 dwelling) = £2,766

It is understood that the monies will be secured via a S106 Unilateral Undertaking, and £2,766 will be paid on commencement of development.

Affordable Housing Statement template 3

Scenario: An outline planning application for house in Halton.

Summary of proposal

The proposed development will provide 1 dwelling (a net increase of 1 unit).

Affordable housing provision

It is fully understood that the proposed scheme is required to provide a financial contribution equivalent to the value of providing 10% affordable housing on site.

It is fully understood that prior to outline consent being granted (if the proposal is acceptable) I (the applicant) shall enter into a Unilateral Undertaking which will require the payment of a commuted sum towards affordable housing provision in the District. The sum will be based on the valuation of the detailed dwelling(s) (to be calculated at the time of the Reserved Matters application based on evidence of comparable dwelling(s)) calculated according to the adopted approach. At the Reserved Matters stage a letter will need to be appended to the Unilateral Undertaking setting out the actual amount to be paid prior to commencement of the development.

Appendix 5: General Guidance for Financial Viability Appraisals

Background

5.1 The Council expects developers to provide detailed and compelling evidence as part of their Affordable Housing Statement where they express the view that affordable housing provision will have a negative impact on scheme viability. A Financial Viability Appraisal (FVA) is key to this process.

FVA checklist

The FVA should include/state all items on the following checklist:

1. The methodology used in the FVA;
2. Land values (residual land value (RLV) and gross development value (GDV), build costs (per sq m), land purchase price/costs and anticipated profit / profit margins (also as a % of GDV) and minimum profit level assumptions;
3. Details of the costs for the provision of local infrastructure / services, and other planning obligations /agreements;
4. The interest rate / lending costs plus programme and cash flow;
5. Costs for marketing and sales (including legal fees) as a % of the GDV;
6. Costs for other professional fees;
7. If the land is owned by the applicant or whether it is subject of an option or other arrangement;
8. The proposed tenure and size mix of affordable dwellings;
9. The expected sales price for each dwelling proposed on the site;
10. Expected phasing of sales;
11. References to the sources of data used, including those used for evidence of local property market values. To include market evidence for both market and affordable housing and benchmark or refer to BCIS rates for build costs;
12. Whether any grant / other source of income will be available to augment the finance needed for the affordable units;
13. Anticipated price paid for the affordable dwellings by the registered provider;

14. Ground rents and service charges for flats if relevant;
15. Whether there are considered to be abnormal development costs and independent reports which justify them.

Financial Viability Appraisal template for a new build development

Planning Application No.				
Scheme				
Location				
Gross Development Value				
Open Market Units				
Unit type	Floor Area (sq m)	Number of Units	Actual / anticipated Sales Values	
Affordable Units				
Unit type	Tenure	Floor Area (sq m)	Number of Units	Actual / anticipated Sales Values
Total Gross Development Value (GDV)				
Total Development Costs				
Cost Centre		Rate	Total	
A	Build Costs	£	Per sq m	
B	Externals (i.e. roads, sewers, landscaping)	£	sum	
C	Abnormal costs (specify)	£	sum	
D	Other (specify)	£	sum	
E	A to D sub total			£
F	Construction Contingency	%	of E	
G	Total Construction Costs			£
Fees		Rate	Total	
J	Professional fees	%	of G	
K	Marketing & Advertising	£	sum	
L	Legal fees on sales / lettings	%	of GDV	
M	Agents fees on sales / lettings	%	of GDV	
N	Section 106	£	sum	
O	Community Infrastructure Levy	£	Per sq m	
Total Development Costs £				
Finance and Acquisition Cost				
Interest Rate	%	Actual likely to be paid now		
Development Period		Years		
Total Development Costs				
Legal fees land acquisition		£		
Stamp Duty		£		
Total Interest (cash flow or multiplier)		£		
Other bank fees (e.g. arrangement fee)		£		
Total Finance Costs		£		
Profit on Costs				
Profit on Market Housing	%			
Profit on Affordable Housing	%			
Total Profit		£		

Appendix 6: S106 Unilateral Undertaking Template

S106 Unilateral Undertaking Template.

Dated: _____ 2011

OWNERS

And

MORTGAGEES

TO

LANCASTER CITY COUNCIL

**PLANNING OBLIGATION
(IN THE FORM OF A UNILATERAL UNDERTAKING)**

Pursuant to Section 106 Town & Country Planning Act 1990

Relating to land at _____, Lancashire

Lancaster City Council
Town Hall
Dalton Square
Lancaster LA1 1PJ

Ref: AMP/130/1/

THIS PLANNING OBLIGATION is made the day of 2011

BY:

OWNER of (Name and address and company registration if appropriate)
("the Owner")

AND

MORTGAGEES of (Names and registered office of Mortgagee)
("the Mortgagee")

IN FAVOUR OF

LANCASTER CITY COUNCIL of Town Hall Dalton Square Lancaster LA1 1PJ (the
"Council")

WHEREAS:

- (1) The Council is the local planning authority for the purposes of the Act for the area within which the land described in the First Schedule ("the Land") is situated and by whom the obligations in this Deed are enforceable;
- (2) The Owner is the owner of the freehold interest in the Land which is registered at H M Land Registry under Title Numberwith Title Absolute;
- (3) The Mortgagee is mortgagee of the Land under a legal charge dated
and made between and
- (4) The Owner has applied to the Council for permission to develop the Land for the purposes and in the manner described in the Planning Application;

- (5) The Owner is willing to give this Unilateral Undertaking to the Council which is a planning obligation under S106 of the Act;
- (6) The Council has resolved that it is minded to approve the Application subject to the creation of Planning Obligations by this Deed.

NOW THIS DEED is made in pursuance of Sections 106 of the Town and Country Planning Act 1990 (as amended) and all other enabling powers and is a planning obligation for the purposes of the said Section 106 and **WITNESSES** as follows:-

DEFINITIONS

In this Deed unless otherwise expressed the following words and expressions shall have the following meanings:

- 'Act' means the Town and Country Planning Act 1990;
- 'Application' means the application for OUTLINE/FULL Planning Permission submitted to the Council for the Development and allocated reference number
- 'the Planning Permission' means Planning Permission granted pursuant to the Planning Application in the terms of the draft Planning Permission at Annex 1 of this Undertaking;
- 'commencement of Development' means the date of implementation of the Development by the carrying out of a material operation as identified in Section 56(4) of the Act other than any work of site or soil investigation, archaeological works, erection of hoardings or fences and the words "Commencement" "Commence" and "Commencement Date" shall be construed accordingly;
- 'the Development' means the Development described in the Second Schedule

hereto;

‘the Plan’	means the Plan at Annex 2 of this Undertaking;
‘Unilateral Undertaking’	means the Deed entered into by the Owner pursuant to Section 106 of the Act;
‘Affordable Housing’	means subsidised housing that will be available to persons who cannot afford to rent or buy housing generally available on the open market
Affordable Housing Contribution’	means the financial contribution of to be paid to the Council towards the provision of affordable housing in the District of Lancaster

1. The Owner gives this Undertaking pursuant to Section 106 of the Act with the intention that the Planning Obligations contained herein are Planning Obligations which may be enforced by the Council against the Owner or any person deriving title from the Owner. The Planning Obligations created by this Deed are planning obligations for the purposes of Section 106 of the Act and shall be binding and enforceable by the Council.
2. The Owner covenants with the Council as set out in the Third Schedule hereto.
3. The Mortgagee hereby consents to the execution of this Deed and acknowledges that subject as herein provided the Land shall be bound by the obligation contained in the Third Schedule hereto

IT IS HEREBY AGREED AND DECLARED AS FOLLOWS:

1. This Undertaking is enforceable by way of injunction;
2. The expressions "the Council" "the Owner" and "the Mortgagee" shall include their successors in title and assigns;
3. No person shall be liable for breach of a covenant contained in this Undertaking after he/she/they shall have parted with all interest in the Land or the part in respect of which such breach occurs but without prejudice to liability for any subsisting breach of covenant prior to parting with such interest;
4. The covenants contained in this Undertaking shall take effect only upon the date specified by the Owner in a written Notice served upon the Council as the date upon which the Development is to be commenced or if no such Notice is served the actual date on which the Development was begun within the meaning of Section 56 of the Act and this Undertaking is conditional upon the grant of the Planning Permission in the Second Schedule hereto;
5. If the permission granted pursuant to the Planning Application shall expire before the Development is begun as defined above or shall at any time be revoked this Undertaking shall forthwith determine and cease to have effect
6. Any notice decision direction approval authority permission or consent required to be given or served hereunder shall be sufficiently served on any of the parties hereto if forwarded by registered or recorded delivery post to it at (if a company or corporation) its registered or principal office or (if an individual) at his or her last known place or abode of business of one of them and a notice so sent by post shall be deemed to be given at the time when it ought in due course of post to be delivered at the address to which it is sent;

7. the Owner agrees to pay prior to completion of this Undertaking a contribution towards the Council's legal and administrative costs incurred in processing and monitoring this Undertaking in the sum of £150 (one hundred and fifty pounds);
8. This Undertaking is a Local Land Charge and shall be registered as such.

IN WITNESS whereof the Owner and Mortgagee have caused this Deed to be executed the day and year first before written.

THE FIRST SCHEDULE

(the Land)

THE SECOND SCHEDULE

(the Development)

THE THIRD SCHEDULE

Owners Obligations

The Owner undertakes as follows:

- 3.1 Not to Commence Development or cause or permit the Commencement of Development until the Affordable Housing Contribution has been paid to the Council;

SIGNED AS A DEED BY)
..... In the)
presence of)

SIGNED AS A DEED BY)
..... In the)
presence of)

Appendix 7: Sample Restricted Occupancy Condition

Introduction

7.1 This Appendix provides a sample Restricted Occupancy condition that would be included as part of the planning permission. This sample relates to accommodation for a rural enterprise worker in an isolated part of the District, and should therefore be treated as an indication. The precise details will differ from scheme to scheme.

Sample Condition

"The occupation of the dwelling hereby approved, and the existing farmhouse known as [insert name]; shall be limited to a person solely or mainly working, or last working in the locality in [insert relevant rural enterprise], or a widow or widower of such a person, and to any resident dependants.

Reason: The site is within an area where residential development for purposes other than the essential requirements of a rural enterprise, are not normally permitted."

Appendix 8: Sample Nominations Agreement & Local Connection Criteria

Introduction

8.1 This Appendix provides a sample Nominations Agreement and Local Connection Criteria that would may be included as part of a Section 106 agreement.

THIRD SCHEDULE Form of Nomination Agreement

NOMINATIONS AGREEMENT AND OCCUPANCY CRITERIA

Between Lancaster City Council and.....Registered Provider of Social Housing

1. It is the intention of this agreement to establish a framework by which [name of registered provider] will assess all applicants who apply for an affordable unit and apply the following criteria:-
2. Local need:- Priority will be given to applicants who have a "local connection" to [name of parish], where one of the following criteria applies:-
3. "Local connection is deemed to be current residence or previous residence (6 out of the last 12 months, or 3 out of the last 5 years), immediate family members living within the specified area (parents / grandparents / siblings / children) or employment in the specified area. Military personnel are also to be treated as a priority within this definition.
4. Applicants who may not fall into the above local connection categories but can demonstrate an overriding or justifiable need to live in [name of location] (each case to be determined by the Registered Provider and the Council).
5. In the event that properties cannot be let to those meeting the above local connection criteria, priority will then be given to applicants who have a connection to the [names of appropriate parishes], then any other rural parish within the Lancaster City Council local authority area, then applicants who reside anywhere within the Lancaster City Council local authority area, then any other person.
6. The Registered Provider will agree a specified time with the Council in which the properties will be held available for the specified groups before the cascading system will apply. This agreed time will be no shorter than 2 months for residents of [name of parish] and one month for each of the subsequent selection criteria.
7. *[If shared ownership units are included]* [name of registered provider] will provide the Council with details of when and how they intend to market the shared ownership properties for first occupation.
8. *[If shared ownership units are included]* [name of registered provider] will refer all applicants to Plumlife, the Homebuy Agent appointed by the Homes and Communities Agency (or any subsequent organisation appointed in the future). Upon commencement of the development and upon re-sales, the Registered Provider will ensure that vacancies are well publicised within [name of parish] and [name of parish council], and details included on the Council's Choice Based Lettings Scheme, where required to do so by the Council. The Council will not expect to provide formal nominations for each of the shared ownership units, but will provide relevant information relating to the scheme (which will include type and size of units, eligibility criteria, timescales for applications and estimated practical completion of units) on the Ideal Choice Homes website, and can provide details of any interested parties onto [name of registered provider].

- 9. The Choice Based Lettings Team and the nominee will be kept informed of any delays regarding the availability of property, for example due to extensive repairs, alterations and revised termination dates so that information on the Ideal Choice Homes website can be updated accordingly.
- 10. The Developer will provide Lancaster City Council with regular updates in relation to identifying suitable applicants for the shared ownership units, until all units have been occupied.
- 11. For subsequent vacancies, the same process above will apply.
- 12. The Developer and the Council will maintain and review such records as is necessary to ensure there are no criteria relating to re-housing and nomination process which directly or indirectly discriminate against any applicant on the ground of race, religion, sex, sexuality or disability.
- 13. The Developer and the Council will at all times work in ways which are mutually advantageous. For example, they will advise each other of any internal restructure which may affect the letting of the shared ownership units.
- 14. The Developer and the Council agree to sharing information regarding Homechoice applicants & nominees for monitoring purposes.
- 15. In the event that the Council allows [name of registered provider] to change the tenure to either social or affordable rented units, as set out in Schedule 1 Paragraph 1.7, Adactus agree to let the rented units in accordance with the existing nomination agreement for rented accommodation, whereby 100% nomination rights to the Council applies.

This process has been agreed between:

SIGNATURE

NAME (PRINTED)

DESIGNATION

ON BEHALF OF LANCASTER CITY COUNCIL

And

SIGNATURE

NAME (PRINTED)

DESIGNATION

ON BEHALF OFREGISTERED PROVIDER

Appendix 9: Key Contacts

Introduction

9.1 This appendix provides contact details for key Council officers and representatives of registered providers active in Lancaster District.

Key officers at LancasterCity Council

Area	Name	Position	Telephone	Email
SPD content	David Hayward	Planning Officer - Housing & Communities	01524 582723	dhayward@lancaster.gov.uk
Strategic housing	Kathy Sinclair	Strategic Housing Officer	01524 582724	ksinclair@lancaster.gov.uk
Development management	Andrew Drummond	Development Manager (planning applications)	01524 582351	adrummond@lancaster.gov.uk

Contact details for registered providers active in Lancaster District

Registered provider	Name	Telephone	Email
Adactus	Richard Ingram	01942 267752	richard.ingram@adactushousing.co.uk
Great Places Housing	David Pomfret	01942 267752	david.pomfret@greatplaces.org.uk
Guinness Northern Counties	Ian Kershaw	0161 219 7026	ikershaw@ncha.co.uk
Impact	Anne-Marie Willmott	01900 842151	anne-mariew@impacthousing.org.uk
Places for People	John Wright	01772 897571	john.wright@placesforpeople.co.uk

CABINET**Future Housing Regeneration Funding Options and
Medium Term Council Housing Rent Policy****04 September 2012****Report of Head of Resources and Head of Health and
Housing Services****PURPOSE OF REPORT**

To consider options for adopting a medium term council housing rent policy and wider medium term financial strategy for council housing, in context of housing regeneration priorities and potential future funding options. Members have reaffirmed that the strategic housing regeneration priorities for the foreseeable future are:

- (a) To increase the supply and delivery of affordable housing schemes.
- (b) To complete existing unfinished schemes in the West End (the completion of outstanding housing regeneration projects at Chatsworth Gardens and Marlborough Road/Bold Street).
- (c) To bring empty properties back into use.

Key Decision	X	Non-Key Decision		Referral from Cabinet Member	
Date Included in Forward Plan		July 2012			
This report is public					

RECOMMENDATIONS OF COUNCILLOR KAREN LEYTHAM

- (1) That Cabinet adopts in principle a HRA medium term financial strategy and sets a rent policy that supports the future investment needs of the HRA housing stock, and enables the council to consider using HRA funding in a wider regeneration context.
- (2) That Cabinet confirms that it does not intend to meet the rent convergence requirement as recommended by Government.
- (3) That Cabinet approves a medium term rent setting policy with rent increases being capped at no more than 3% per annum.

1 Introduction

- 1.1 The financing of council housing has been centrally directed for many years, through legislation and complex regulations. From 01 April this year council housing became “self-funded” and local authorities are no longer subject to the complexities of the housing subsidy system. Whilst a Housing Revenue Account (HRA) must still be maintained, there is now greater autonomy in setting council housing financial strategy although the Council must still have due regard to various legal requirements - not least the Prudential Code for capital investment.
- 1.2 Prior to self-financing being introduced, local authority rents were predominantly driven by a formula set by the Government, which in turn set a longer term target for rents to reach, although there were limits to the increases allowed in any one year. The council set its rents in line with Government policy to ensure that it could maintain its “Decent Homes” programme and meet its regulatory requirements as a registered provider of social housing, as well as dealing with the annual vagaries of the subsidy system.
- 1.3 Addressing future investment needs and supporting service development within the HRA are inextricably linked to reviewing and establishing its medium term financial strategy, including the rent setting policy. Self-financing has reinforced the need to adopt such a framework, to ensure that the HRA remains financially sustainable in progressing its priorities and objectives.

2 Current Approved Investment Needs

- 2.1 Council housing operates under a statutory regulatory framework. The regulations require that tenants’ homes meet the standard set out in the Government’s Decent Homes Guidance and that the council continues to maintain its homes to at least this standard, or meet the standards of design and quality that applied when the home was built if those standards are higher than the Decent Homes Standard.
- 2.2 The regulations also require the council to meet all applicable statutory requirements that provide for the health and safety of the occupants in their homes.
- 2.3 The first call on council housing finance (HRA) is to meet these requirements and this is reflected in the council’s 30 year HRA Business Plan. Any funding generated is ring-fenced to the HRA and can only be used to invest in or in the creation of HRA assets.
- 2.4 Cabinet set the current budget and capital programme to meet these needs at its 17 January 2012 meeting, and the council has a 5 year approved capital programme to 2016/17 as follows:

Council Housing Capital Expenditure				
2012/13	2013/14	2014/15	2015/16	2016/17
Estimate	Forecast	Forecast	Forecast	Forecast
£3,916,000	£3,616,000	£3,616,000	£3,650,000	£3,960,000

- 2.5 The capital programme is funded from a number of sources: the Major Repairs Reserve, other earmarked reserves, direct revenue financing and capital receipts. The reserve funds are now funded through HRA income, primarily through the rent income from council housing.

3 Future Investment Needs and Opportunities

- 3.1 Self-financing gives the council and its tenants the ability to look at longer term options and opportunities for further investment and growth in its services and stock, which would not have been practical under the previous financial arrangements.

- 3.2 Firstly, a review of the capital programme needs to be undertaken driven by the investment needs of existing housing stock, and evidenced through an updated stock condition survey. The Head of Environmental Services will be undertaking this review.

- 3.3 However, new investment requirements have already been identified in advance of a detailed update of the stock condition:

- Provision for additional fire precaution works £300,000 for first 5 years
- Provision for remodelling of sheltered schemes £100,000 for first 10 years
- Provision for improvements to communal areas to flats £50,000 for first 5 years.
- Increase the boiler replacements from £400,000 per annum to £500,000 per annum.
- Renewable technologies £100,000 for first 5 years.
- Increase the environmental budget from £360,000 per annum to £750,000 per annum.

- 3.4 The above represents a potential increase in the existing capital programme of over £1m per year. These figures still need validating with detailed proposals to be developed.

- 3.5 Secondly, other new investment needs or opportunities should be considered. In the past the council has not been in a position to consider acquisition or new build but the examples given below illustrate the costs of two schemes recently built by housing associations within this district:

Flat development

Total scheme cost £3,367,515 including cost of site 30 units (1 and 2 bedroom flats) so comes in at an average cost of £112,250.50.

General Needs Housing

Total scheme cost £3,533,682 including cost of privately owned site 27 units (7 x 2 bed houses and 20 x 3 bedroom houses) so comes in at an average cost of £130,877.11.

- 3.6 Any increase in the housing stock would not only bring with it additional income but also additional management and maintenance requirements, and these would also need to be factored in to the decision-making.

- 3.7 The use of the council's HRA to facilitate housing regeneration through acquisition or new build will require the setting of a sustainable medium term council housing rent policy to provide the funding. As with the General Fund, any capital expenditure would need to satisfy the requirements of the Prudential Code.
- 3.8 Essentially the council needs to balance its investment needs, opportunities and priorities (be they existing stock improvements or any other potential investment opportunities for increased refurbishment, service investment, regeneration, acquisition and new build), ensuring appropriate tenant/resident input whilst taking a proper long term asset management stance.

4 Current Rent Setting Policy

- 4.1 For local authorities, the Government's current social rent policy provides guidelines for local authority rent increases according to a formula linked to properties. The Government's aim is to ensure that similar properties in the same area will have a similar rent regardless of whether the dwelling is owned by a local authority or a housing association, and that they remain affordable in the future.
- 4.2 Local authorities have existing statutory powers, under section 24 of the Housing Act 1985, to charge reasonable rents.
- 4.3 The Government is still seeking to influence local rent policy and is still proposing to issue annual guidance.
- 4.4 Cabinet of 17 January 2012 resolved that future year budget projections be set in line with the national social rent restructuring policy with average rent increases of 4.64% for 2013/14 and 4.61% for 2014/15.
- 4.5 It was also reported then, however, that rent increase assumptions for 2013/14 onwards would be reviewed again in future years' budget processes. Following the implementation of the self-financing regime, there is now better scope to consider amending the HRA rent setting policy for future years.

5 Future Rent Setting and Investment Capacity

- 5.1 In considering options the council is required to ensure the longer term financial viability of the HRA and delivery of its 30 year business plan, together with the service outcomes required by the regulatory framework that the service operates within. The financing of council housing is now driven by the rental income stream, and the rents set by the council.
- 5.2 In terms of the key financial issues stemming from self-financing, the message given by the council's independent financial advisors was that:
- Early years (1-5)
Debt repayment can be covered.
 - Medium term (years 5-7)
Increased programme required and able to be funded but is

6.2 The following two tables show alternative rent increases and their resulting annual increase or decrease in available reserves.

Alternative rent increases:

		2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20
Annual Percentage Increase	1%	£69.91	£70.61	£71.32	£72.03	£72.75	£73.48	£74.21
	2%	£70.60	£72.01	£73.45	£74.92	£76.42	£77.95	£79.51
	3%	£71.30	£73.44	£75.64	£77.91	£80.25	£82.66	£85.14
	4%	£71.99	£74.87	£77.86	£80.98	£84.22	£87.59	£91.09
	5%	£72.68	£76.31	£80.13	£84.14	£88.34	£92.76	£97.40
	6%	£73.37	£77.77	£82.44	£87.38	£92.63	£98.19	£104.08

Shaded Areas Exceed Formula Rent

6.3 The available balances resulting from alternative rent increases are shown below and are compared to the balances available from the current Business Plan assumptions. It is important to note at this point that the current level of available reserves as at 01 April 2012 stands at £7.856M in the Major Repairs Reserve and Unallocated HRA Balance – the minimum level of unallocated balances is currently set at £350K.

		Cumulative Reserve Balances							Cumulative Balance as at Year 30 2041/42	
		2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	
		£000	£000	£000	£000	£000	£000	£000	£000	£000
Current Projections		9,661	10,128	11,135	12,467	13,744	13,101	13,125	15,699	111,319
Annual Percentage Increase	0%	9,661	9,507	9,248	8,668	7,593	4,137	863	(346)	(147,258)
	1%	9,661	9,642	9,653	9,473	8,930	6,139	3,664	3,388	(86,842)
	2%	9,661	9,777	10,061	10,290	10,296	8,197	6,561	7,276	(13,826)
	3%	9,661	9,912	10,471	11,118	11,690	10,312	9,559	11,326	79,153
	4%	9,661	10,047	10,885	11,957	13,111	12,476	12,542	15,211	138,696
	5%	9,661	10,182	11,302	12,703	14,145	13,776	14,174	17,246	186,751
6%	9,661	10,317	11,620	13,169	14,815	14,719	15,461	18,957	244,601	

Shaded Areas Exceed Formula Rent

6.4 The above provides a very simplistic view on how reserves change with different rent increases. This shows that if an annual rent increase of less than 3% was applied then there would be insufficient reserves to finance the overall 30 year business plan as reserves would be negative, as set out in the final column. In addition annual increases above 3% would eventually exceed the formula rent and may well have implications for housing benefit subsidy limitation.

6.5 However, in all likelihood circumstances will change year on year and the

following table shows how different annual increases can still generate sufficient reserves to maintain the business plan.

	Cumulative Reserve Balances								Cumulative Balance as at Year 30 2041/42
	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	£000
	£000	£000	£000	£000	£000	£000	£000	£000	£000
Current Projections	9,661	10,128	11,135	12,467	13,744	13,101	13,125	15,699	111,319
0%,1%,2%,3% thereafter	9,661	9,506	9,381	9,195	8,909	6,649	4,988	5,822	41,369
1%,2%,3% thereafter	9,661	9,641	9,788	10,010	10,145	8,317	7,102	8,394	59,559
2%,3% thereafter	9,661	9,776	10,197	10,701	11,126	9,597	8,689	10,296	72,485
3%	9,661	9,912	10,471	11,118	11,690	10,312	9,559	11,326	79,153

6.6 As previously mentioned, the above projections are based on the latest 30 year business plan, which in turn is based on the previous stock condition survey. Undoubtedly the projections will change again when the stock condition survey is updated following the review by the Head of Environmental Services. That being said, the items referred to in paragraph 3.3 have already been incorporated as well as indicative estimates for the impact of the welfare reforms. The projections are therefore considered to be a reasonable basis on which to consider future rent policy, subject to regular review.

7 Options: Future Rent Setting Policy

7.1 The council needs to decide whether it wishes to achieve rent convergence, as assumed by the Government, or whether it wishes to set alternative rent objectives.

7.2 If the council chose to move away from the Government's social rent policy of convergence, the amount of future funding available within reserves would decrease as illustrated above.

7.3 In addition, as highlighted, there may be new or greater risks to the income available particularly through the impact of future welfare reforms, and this will affect financial and investment planning. In particular there may be a need to increase the minimum level of HRA balances held.

7.4 It is recommended, therefore, that the council establishes a stable method of determining the annual review of rent.

7.5 Possible options:

- **Option 1:**

To continue to follow the Government's social rent policy including convergence factors (Actual rents are increased by RPI +0.5% plus (an amount equal to the difference between the guideline rent and the actual rent) divided by the number of years remaining to convergence. This was subject to a maximum capped increase of RPI+ 0.5% + £2 in order that

rents are not subject to extremely high rent increases)

- **Option 2:**
To continue to follow the Government's social rent policy excluding convergence factors (Actual rents are increased by RPI +0.5%)
- **Option 3:**
To establish a local social rent setting policy that supports the future investment needs of the Housing Revenue Account, drawing on the annual rent increase scenarios outlined earlier.

	Option 1: To continue to follow the Government's social rent policy including convergence	Option 2: To continue to follow the Government's social rent policy excluding convergence factors	Option 3: To establish a local social rent setting policy adopting the medium term financial strategy and principles set out in the report
Advantages	<ul style="list-style-type: none"> • The Government's objectives of convergence are met. • Maximises the amount of money available to invest in new services and assets • Rents remain affordable and the housing benefit cost are met by Government 	<ul style="list-style-type: none"> • Rent increases are still linked to RPI • Money available to invest in new services and assets • Rents remain affordable and the housing benefit cost are met by Government • Reduced pressure on individual tenants' budgets 	<ul style="list-style-type: none"> • The council establishes a stable and sustainable budget capable of withstanding financial pressures • Rent is set in the local context to provide the financial resources needed to deliver the council's HRA priority outcomes • Money available to invest in new services and assets • Rents remain affordable and the housing benefit cost are met by Government • Reduced pressure on individual tenants' budgets

	Option 1: To continue to follow the Government's social rent policy including convergence	Option 2: To continue to follow the Government's social rent policy excluding convergence factors	Option 3: To establish a local social rent setting policy adopting the medium term financial strategy and principles set out in the report
Disadvantages	<ul style="list-style-type: none"> • Rent levels not locally set in response to the financial resources needed to deliver the council's HRA priority outcomes • Increase pressure on tenants' individual budgets 	<ul style="list-style-type: none"> • The Government's policy on rent convergence is not delivered. • Rents are not increased above RPI by the Government formula to achieve convergence with Private registered Provider Social rents • The rent levels between comparable properties will remain different across social housing landlords within the district • Lower amount of money available to meet existing or future needs 	<ul style="list-style-type: none"> • The Government's policy on rent convergence is not delivered • Rents are not increased by the Government formula to achieve convergence with Private registered Provider Social rents • The rent levels between comparable properties will remain different across social housing landlords within the district

	Option 1: To continue to follow the Government's social rent policy including convergence	Option 2: To continue to follow the Government's social rent policy excluding convergence factors	Option 3: To establish a local social rent setting policy adopting the medium term financial strategy and principles set out in the report
Risks	Future rent levels may not fit with local spending and investment needs.	Future rent levels may not fit with local spending and investment needs.	<ul style="list-style-type: none"> • Insufficient funding generated to meet the investment needs of the HRA if rent levels set too low. • If rent level set too high formula rent and limit rent may be exceeded with implications for housing benefit subsidy limitation (until universal credit is implemented, which could raise other issues for any option).

8 Adopting a Medium Term Financial Strategy for the HRA

8.1 The main objectives of any HRA Medium Term Financial Strategy would be to:

- Explain the financial context within which the council's HRA is set to work over the medium term.
- Provide a medium term forecast of resources and expenditure.
- Identify the financial resources and target rent levels needed to deliver the council's HRA priority outcomes and its rent setting policy.
- Identify any budgetary savings / efficiency targets.
- Provide a framework for due consideration, comparison and prioritisation of competing spending and investment needs.
- Achieve a stable, affordable and sustainable budget capable of withstanding financial pressures.
- Keep the above updated, setting out a clear process for regular monitoring and review.

- 8.2 Given the challenges and risks, the following principles should underpin any medium term financial strategy adopted:
- Continue to ensure that the Decent Homes standard and local standards are maintained.
 - Support any other specific HRA priority outcomes as adopted.
 - Inform and support the adopted rent setting policy.
 - Maintain balances, earmarked reserves and provisions at prudent levels.
 - Continue to strive for greater efficiencies from within the HRA.
- 8.3 In essence, the HRA MTFFS would draw together all the key strategic financial aspects for the council housing service, to help inform its future direction.
- 8.4 It is proposed that the council adopts in principle a HRA medium term financial strategy, to provide a stronger financial planning framework in support of the Council's legal and regulatory requirements as a registered provider of social housing. If Cabinet approves this approach, the detailed content of the draft HRA MTFFS would be brought back for Member approval.
- 8.5 The development of such a strategy would incorporate sufficient flexibility to enable the council to look beyond the needs of the existing stock, facilitating the consideration of stock replacement through acquisition or new build as well as the HRA's contribution in a wider housing regeneration context. This would involve measures such as establishing an Investment Reserve Fund separate to the existing Major Repairs Reserve. The extent of the funds available in reserves would be very much dependent on the rent setting strategy adopted.
- 8.6 To support the development of any medium term financial strategy, therefore, firstly the council would need to establish its rent setting policy and associated targets.
- 8.7 **Possible Options:**

HRA Medium Term Financial Strategy Options Summary

	Option 1: To adopt a HRA medium term financial strategy underpinned by the principles set out in the report	Option 2: Do not to adopt a HRA medium term financial strategy
Advantages	<ul style="list-style-type: none"> • The council has a financial context within which the council' HRA is set to work over the medium term • The council identifies the financial resources needed to deliver the council's HRA priority outcomes • The council has a medium term forecast of resources and expenditure • The council establishes a stable and sustainable budget capable of withstanding financial pressures 	None

Disadvantages	None	<ul style="list-style-type: none"> • The council will not have a framework on which to base its financial decisions relating to the HRA • A short term approach to budgeting and rent setting would continue.
Risks	Financial and other forecasts underpinning any MTFs prove unsound – this risk would be managed through monitoring and review processes.	Financial risks are not managed nor controlled in a strategic context - the council may not have sufficient funds to meet the revenue or capital needs of the HRA, surpluses could arise for which there is no clear purpose, or rent increases could fluctuate unnecessarily.

9 Details of Consultation

Discussions have taken place within the Housing and Regeneration Cabinet Liaison Group and with the District-wide Tenants Forum about the need to establish a HRA the medium term financial strategy and rent setting policy and there was a general consensus around the approach and principles as set out in this report.

10 Officer Preferred Option (and comments)

10.1 Rent Setting Policy

10.1.1 The options analysis shows that all options provide for a sustainable HRA and provide headroom for investment in service improvements and increasing the housing stock. All the options ensure that the currently identified service and investment needs are met, subject to the principles underpinning any medium term financial strategy being adhered to and no major unforeseen matters arising.

10.1.2 Option 1 of continuing to follow the Government's social rent policy would ensure that social rent levels between comparable properties across social housing landlords within the district become the same. The greatest amount of investment headroom is expected. Rents would still remain comparatively affordable.

10.1.3 Option 2 would result in rent levels between comparable properties remaining different across social housing landlords within the district but would produce a lower rent increase for tenants. The amount available for additional investment would be less than under Option 1.

10.1.4 Option 3 would ensure that the council sets its rents to provide the financial resources needed to deliver the council's HRA priority outcomes. Again it would result in rent levels between comparable properties remaining different

across social housing landlords within the district, but is expected to produce a lower rent increase for tenants. The amount available of additional investment is also expected to be lower than under Options 1 and 2, depending on what level of increase is actually set.

10.1.5 The requirement on the council is to ensure that the HRA remains viable and sustainable, and provides the financial resources needed to deliver the council's HRA priority outcomes. Ultimately, if Council wishes to provide for the widest investment opportunities, then Option 1 is considered most appropriate. If a lower level of investment is acceptable, however, Option 3 may be more appropriate and if so, Cabinet is requested to indicate its preferred annual percentage increase. Whatever rent setting policy route is chosen, it will be subject to regular review, thereby giving the opportunity to respond to changing circumstances.

11 HRA Medium Term Financial Strategy

11.1 With Option 1 the council could ensure that it has a financial context within which the HRA could work over the medium term, identifying the financial resources needed to deliver the council's HRA priority outcomes and providing a medium term forecast of resources and expenditure.

12 Conclusion

12.1 Should Members choose to adopt a HRA medium term financial strategy and rent policy underpinned by the principles set out in the report, it would help ensure that sufficient funding is available to meet the present and future needs of the HRA housing stock. In addition the council would be able to look beyond the needs of the existing stock and consider stock replacement through acquisition or new build, and to also consider its housing contribution in a wider housing regeneration context.

RELATIONSHIP TO POLICY FRAMEWORK

The proposals support the objectives and resource management framework set out in the Corporate Plan.

CONCLUSION OF IMPACT ASSESSMENT

(including Diversity, Human Rights, Community Safety, Sustainability and Rural Proofing)

No significant implications directly arising.

LEGAL IMPLICATIONS

Local authorities have existing statutory powers, under section 24 of the Housing Act 1985, to charge reasonable rents. The Government has recently confirmed that the rental policy statements issues, normally in late December, have the status of non-statutory guidance. Authorities have the flexibility to set rents at another level, or using another basis, if that appears to them more appropriate to local circumstances.

FINANCIAL IMPLICATIONS

These are contained within the body of the report.

SECTION 151 OFFICER'S COMMENTS

The adoption of a MTFS / rent policy for council housing would promote sounder financial planning for the HRA, particularly now that self-financing has been implemented. In due course the exact narrative for this element of the MTFS would also be presented to Members – the specific decision-making arrangements would also need setting out at that time too (the Council's existing MTFS is part of the policy framework and is therefore a matter for Council, whilst rent setting is an executive function and still rests with Cabinet.)

MONITORING OFFICER'S COMMENTS

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

BACKGROUND PAPERS

Policy Framework for Setting Social Rents and Service Charges (Lancaster City Council)

Contact Officer: Chris Hanna / Andrew Clarke

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E-mail: channa@lancaster.gov.uk

Ref: C105

CABINET

**Local Government Finance Bill –
New Discretionary Powers in relation to Council Tax**

04 September 2012

Report of Head of Resources

PURPOSE OF REPORT			
To inform Members of various council tax changes being proposed by Government, particularly in light of future potential developments regarding empty homes strategy, and to endorse the outline approach regarding future consultation and decision-making.			
Key Decision	<input type="checkbox"/>	Non-Key Decision	<input type="checkbox"/>
		Referral from Officer	X
Date Included in Forward Plan	Not Applicable		
This report is public.			

RECOMMENDATIONS OF COUNCILLOR BRYNING:

- (1) That the report be noted and the plans regarding future consultation and decision-making for any new discretionary powers be endorsed.

1 INTRODUCTION

- 1.1 The Local Government Finance Bill (“the Bill”) is currently progressing through Parliament and expected to receive Royal Assent in the autumn. The Bill introduces a number of policies designed to increase revenue from empty and second homes, whilst also providing incentives to bring more empty homes back into use.
- 1.2 As part of this policy commitment, the Bill makes provision to give local authorities discretion to reduce some of the council tax exemptions currently prescribed, as well as powers to charge premiums in certain circumstances.
- 1.3 The effective date for the introduction of these discretionary powers is 1 April 2013 and more details are set out below.

2 SPECIFIC PROPOSALS CONTAINED IN THE BILL

2.1 Empty and Exempt Dwellings

- 2.1.1 The new discretionary powers contained in the Bill focus on the following exemption categories in relation to empty properties:

- **Class A** – vacant dwellings where major repair works or structural alterations are required, under way or recently completed. (This exemption applies for a maximum period of twelve months.)
- **Class C** – an empty property that is substantially unfurnished. (This exemption applies for a maximum period of six months.)

2.1.2 The Bill provides the discretion to remove the statutorily prescribed time periods and 100% exemption for these categories, and gives billing authorities the power to charge between 0% and 100% from the date the property becomes empty.

2.1.3 Proposals to implement discretionary powers to remove the exemption for Class L (in relation to properties repossessed by the mortgagee) have been postponed at this stage, pending further consultation with mortgage lenders.

2.1.4 **Appendix A** contains a table detailing:

- the numbers of properties in Class A, Class C and classed as Second Homes and Long Term Empties in the Lancaster area as at April 2012.
- the approximate amount of overall council tax foregone in 2012/13 for this number, based on the total charge for a Band D property of £1514.13, and
- the amount foregone by Lancaster City Council based on its own charge for a Band D property of £192.25.

2.2 Second Homes

2.2.1 A property is classed as a second home if it is furnished but no-one lives there as their sole or main residence. Council tax legislation currently allows the billing authority to award a discount on these properties of between 10% and 50%. Currently the City Council awards a discount of 10% only in these cases, with the bulk of the income from the 40% discretionary charge being allocated under the protocol agreed with the County Council – although it is uncertain whether this will continue next year. The current statutory 50% charge forms part of each authority's precept, or general funding from council tax.

2.2.2 The Bill provides the power for billing authorities to charge 100% on second homes in future, should they choose to do so. The number of second homes and the financial details are also contained in **Appendix A**.

2.3 Empty Homes Premium

2.3.1 Billing authorities currently have discretion to provide a discount of up to 50% on empty properties that are not exempt. These are classed as long-term empty properties.

2.3.2 The Finance Bill introduces the power for billing authorities to charge an additional premium, above the 100% charge, for properties that have been empty for a long time (for example two years).

2.3.3 The underlying policy of the new measures aims to encourage owners to bring empty properties back into use more quickly. As has been outlined previously to Cabinet, it remains the case that a number of dwellings are left empty, at a time when there is an overall housing shortage. As well as being an unused resource, long-term empty properties can attract squatters, vandalism and anti-social behaviour, and can be a blight on the local community.

2.3.4 The Council has always allowed a 50% discount on such properties, although the Finance Bill now provides a good opportunity to review the position. **Appendix A** assumes an additional

levy of 50% as an “Empty Homes Premium” for those properties considered to be long term empty in excess of two years, and details numbers and financial details.

3 DETAILS OF CONSULTATION

- 3.1 A consultation exercise with relevant stakeholders is planned over the next few months in readiness for decision-making later this calendar year. Timescales and resources will be tight, particularly given the legislative position and other workloads, including welfare reforms. It is intended that the form of consultation will be discussed and agreed with the Cabinet Portfolio holder.
- 3.2 Generally council tax related decisions are a matter for full Council, following recommendations from Cabinet. The budget timetable is now scheduled for October Cabinet and this will factor in the consultation and decision-making arrangements in respect of council tax discretionary powers. In summary, however, the final decision will need to be made no later than at December Council, to feed into council tax base setting for 2013/14.

4 OPTIONS AND OPTIONS ANALYSIS (including risk assessment)

- 4.1 As this report is presented primarily for information, no options are presented, although Cabinet is asked to endorse the outline plans regarding consultation in particular and so it may have specific ideas for consideration.

5 CONCLUSION

- 5.1 There is the potential for the Council to raise extra revenue from the proposals included in the Finance Bill. However, it should be noted with caution that income relating to empty properties generally proves difficult to collect and bad debt provisions will need to be reviewed, should the Council choose to adopt any proposals in future.
- 5.2 Any “Empty Homes Premium” must be seen to operate fairly, and must make sense in the context of the broader local strategy for dealing with empty homes. Issues of collection and avoidance would need to be carefully considered as part of any adoption plan.

RELATIONSHIP TO POLICY FRAMEWORK

The proposals will be developed in support of the Council's Medium Term Financial Strategy, whilst also supporting corporate aims regarding health and wellbeing.

CONCLUSION OF IMPACT ASSESSMENT

(including Diversity, Human Rights, Community Safety, Sustainability and Rural Proofing)

Not yet undertaken. In general terms however, positive impacts will need to be balanced carefully against the negatives (e.g. additional revenue and potential for bringing empty homes back in to use balanced against potential disincentives for house-moving / improving empty property and difficulties in collection.)

FINANCIAL IMPLICATIONS

The Government wishes to allow Councils to retain locally any additional council tax resulting from removing the exemption for these classes.

Any changes would feed into the tax base mechanism and therefore the financial benefits would be shared with the Council's major preceptors – i.e. County, Fire and Police Authorities.

Appendix A indicates the revenue impact for a number of assumed proposals, generating an estimated additional £886K in total for district and precepting authorities in the Lancaster area. This equates to an estimated £112K for the City Council. However, the empty homes income (£753k of the total £886k forecast) brings with it a potentially high level of risk, as it may prove difficult and costly to collect.

The calculations as attached are based upon an estimated collection rate of 75% for all categories, as an indication at this stage. This judgement is considered reserved in comparison to other authorities and will be assessed in more detail in due course. Ultimately actual collection performance will be influenced by many factors. Any impact on New Homes Bonus would also need to be considered.

SECTION 151 OFFICER'S COMMENTS

The Section 151 Officer has been consulted and has no further comments.

LEGAL IMPLICATIONS

Legal Services have been consulted and have no further comments.

MONITORING OFFICER'S COMMENTS

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

BACKGROUND PAPERS

Local Government Finance Bill:
<http://www.publications.parliament.uk/pa/bills/cbill/2010-2012/0265/en/2012265en.htm>

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TECHNICAL CHANGES TO COUNCIL TAX

Exemption class	Number of Properties	Forecast Collection Rate	New Discount	2012/13 CTAX income (Total) (Estimated)	2012/13 CTAX income (Lancaster element) (Estimated)
Exempt Class A (Major repairs)	118	75%	50%	£55,700 (additional 50% income)	£7,100
Exempt Class C (Standard empty)	964	75%	0%	£420,200 (additional 50% income)	£53,400
Second Homes	771	75%	0%	£77,700 (additional 10% income)	£9,900
Long Term Empties	840*	65%	0%	£332,500 (additional 50% income)	£42,200
TOTALS	2,693			£886,100	£112,600
Additional option:					
Empty Homes Premium					
Long Term Empties (over 2 years)	495* (included in above statistics)	50%		£150,700 (based on an additional premium of 50%)	£19,100 (based on an additional premium of 50%)

CABINET

**Welfare Reforms –
Localisation of Council Tax Support**

04 September 2012

Report of Head of Resources

PURPOSE OF REPORT			
To inform Members of the changes being proposed from April 2013 in respect of council tax benefit, and to endorse the approach regarding consultation on the new localised scheme.			
Key Decision	<input type="checkbox"/>	Non-Key Decision	<input type="checkbox"/>
		Referral from Officer	X
Date Included in Forward Plan	N/A		
This report is public.			

RECOMMENDATIONS OF COUNCILLOR BRYNING:

- (1) That the report be noted and the plans regarding consultation for a local council tax support scheme be endorsed.

1 BACKGROUND

- 1.1 The Welfare Reform Act 2012 contains provisions for the abolition of Council Tax Benefit (CTB), paving the way for new localised schemes to be implemented. This follows on from the Government’s 2010 Spending Review.
- 1.2 The Local Government Finance Bill (“the Bill”) is currently progressing through Parliament and is expected to receive Royal Assent in the autumn. The Bill imposes a duty on billing authorities to make a localised Council Tax Support (CTS) scheme by 31 January 2013. Assuming that the Bill is enacted, the commencement date for the new scheme will be 01 April 2013.
- 1.3 The amount of Government funding provided to local authorities annually for their new localised systems will be approximately 10% less than current spending on CTB. The expected reduction for the Lancaster district is £1.112M.
- 1.4 The new arrangements should align support more closely with the existing system of council tax discounts and exemptions by reducing the amount of council tax payable – sometimes down to zero.
- 1.5 There are three principles that all local Council Tax Support schemes should follow:
 - Pensioners will be fully protected.

- Vulnerable groups should be protected as far as possible, as determined locally.
- Local schemes should support the positive work incentives that will be introduced through universal credit for working age people.

1.6 The protection of any group means that in order to reduce cost of the scheme by 10%, the percentage reduction on support for other groups must be greater than 10%.

1.7 The key milestones for the Council are detailed in the table below:

Task	Deadline
Design of Local Scheme (proposals)	July / August 2012
Consultation with major precepting authorities and public on the proposed scheme	Summer 2012
Bill receives Royal Assent	Expected September 2012
Issue of secondary legislation	Expected September 2012 onwards
Publish draft scheme and consult other interested parties	Autumn 2012
IT suppliers develop software changes for local scheme	Autumn 2012
Consider and respond to consultation	Late Autumn 2012
Final approval of new scheme by Members	Council meeting 12 December
Statutory deadline for agreement of new Scheme	31 January 2013
Scheme commencement	01 April 2013

2 OPTIONS FOR CONSULTATION ON THE NEW SCHEME

2.1 Should the Council fail to introduce a Council Tax Support scheme within the statutory timescale, effectively the Bill dictates that the existing scheme must be introduced as the default scheme.

2.2 Given the financial pressures that would result, maintaining the existing arrangements is not considered financially viable.

2.3 An operational working group of Revenues and Benefit Managers across the county have been considering the possible options for a new scheme, taking into account the constraint of major changes to software systems in the limited timescales available, and with the aim of reducing the total amount of council tax support provided to manage the reduction in Government funding. Three options have been identified and these are outlined below. Key advantages and disadvantages are also set out but these are by no means exhaustive.

2.4 For all options, pensioners would not be affected by the proposals and therefore any reference to 'claimants' excludes this particular group.

2.5 Option A: Apply a Flat Rate Minimum Charge for Council Tax to Claimants

2.5.1 Applying a 'flat rate' minimum charge for council tax to claimants would mean that:

- those claimants in receipt of 100% support would still need to pay this minimum charge;
- for those in receipt of a lower percentage of support, the amount they pay would increase by this minimum charge; and

- any claimants that would have been due to receive support of less than the minimum charge would lose their entitlement altogether.

2.5.2 As an indication and in order for the costs of the scheme to match expected Government funding, the standard flat rate additional charge payable by working age claimants may average at a minimum of £157 per year (or £3 per week). This calculation does not take account of the impact of those losing their entitlement; the actual reduction would require further modelling.

Advantages:

- It appears that the software suppliers are likely to make this option available and it should therefore be practical to administer.
- Easy to explain to customers and front line services
- It would also be relatively easy to communicate to customers and stakeholders as additional £3 per week or so for claimants to pay.

Disadvantages:

- A flat rate charge may be subject to challenge on the basis that it fails to differentiate between affected groups:
- Imposition of a minimum charge would remove all entitlement to support from those currently receiving CTB at a rate equivalent to less than the proposed minimum charge. This might be construed as disproportionately affecting these customers.
- An across the board cut takes no account of those most vulnerable.
- Debt management would be difficult for those with existing debts.
- A separate risk with any approach based on achieving the minimum levels of expenditure reduction is that it does not provide contingency for economic changes, other than to increase the flat rate charge.

2.6 **Option B: Apply a Percentage Reduction to the Support Award based on the Current CTB Scheme – eg. Reduce Current Entitlement by around 18%**

2.6.1 This is based upon a fairly straightforward amendment to the current scheme whereby support is calculated in accordance with current CTB rules but a percentage reduction is applied at the end of the calculation. As an indication, the minimum percentage reduction required may be approx 18% in order to deliver the required savings across working age claimants.

2.6.2 It would be possible to increase the percentage reduction in benefit and this might allow some funds to be treated as available for contingency, and / or special cases of hardship.

Advantages:

- Simple and easy to explain to claimants and front line services
- Easy to administer – no retraining of assessment staff
- Fair scheme for Equality Impact Assessment purposes
- Software suppliers will make this option available as it requires minor changes to existing parameters
- Aligns with other needs assessments e.g. care
- Aligns with the basic principle for any new scheme to create work incentives

Disadvantages:

- No additional recognition of special groups although protection is built into the existing rules
- Creates difficulties in collecting small amounts of council tax

2.7 Option C: Limit the Amount of Council Tax Eligible for Support – eg. Setting around 80% as the Maximum Allowable

2.7.1 The principle of limiting the amount of tax eligible for benefit would deliver the required savings whilst retaining the core calculation associated with Council Tax Benefit. It would restrict the amount of council tax eligible for benefit to a given percentage. This is very similar to applying a percentage reduction in support. However, due to the effect of the ‘taper’ within the CTB calculation this method of approach would reduce benefit slightly more steeply for those customers above minimum income levels (‘non-passported cases’).

Advantages:

- Simple and easy to explain to claimants and front line services
- Easy to administer – no retraining of assessment staff
- Forecasting for future years is a simpler process
- Software suppliers will make this option available as minor changes to existing parameters

Disadvantages

- Less incentives to work
- No additional recognition of special groups although protection is built into the existing rules
- Creates difficulties in collecting small amounts of council tax
- This reduces the number of claimants qualifying for benefit

3 SUMMARY APPRAISAL

3.6.1 The option of a ‘flat rate’ charge (Option A), whilst initially appearing fair, would have the consequence of removing all entitlement from those who would otherwise be due support at less than the flat rate figure. This would have a disproportionate effect on claimants with an income above minimum ‘living allowances’, including those in work. Given that this option raises significant concerns regarding the principle of fairness, it is not recommended to be taken forward as a feasible option, unless consultation or further modelling suggests otherwise.

3.6.2 The remaining two options (Option B & C) are to restrict support, either by (B) using the existing benefit calculations, and applying a percentage reduction to the award at the end of the calculation; or by (C) applying a ceiling to the maximum rebate.

3.6.3 Whilst these two options are similar, initial analysis suggests that the effect of a ceiling approach (Option C) would reduce the number of claimants that qualify for support under the new scheme.

3.6.4 A scheme designed under Option B would help protect those customers whose income is slightly above minimum ‘living allowances’, providing greater work incentives in line with the basic principles required of any new scheme.

3.6.5 The preferred option is Option B, matching recommendations recently presented to the Lancashire Leaders Group. This would be one of the simpler schemes to administer.

3.6.6 A modelling tool will be used to assess the impact of these options on existing claimants within the authority, alongside the consultation process.

4 VULNERABLE PERSONS

4.1 The existing CTB scheme already provides protection for certain groups within the underlying rules, providing for:

- disability premiums;
- benefit disregards for child benefit, attendance allowance and disability living allowance;
- additional personal allowances for children and for a small amount of earned income to be ignored in the calculation of benefit, dependant on household circumstances.

4.2 It is also intended that any new scheme will retain a local arrangement for war pensions to be disregarded in full. By keeping existing income disregards/premiums and allowances, the local authority would be protecting vulnerable people, as the support calculations would reflect their specific needs.

5 CONSULTATION REQUIREMENTS

5.1 The Bill sets out the preparatory measures that must be carried out by a billing authority, prior to the making of a localised Council Tax Support Scheme. Those provisions provide that a billing authority must, in the following order:

- consult any major precepting authority that has power to issue a precept
- publish a draft scheme in such a manner as it thinks fit, and
- consult such other persons as it considers are likely to have an interest in the operation of the scheme.

5.2 The rationale for consulting with major precepting authorities first is to ensure that they have been involved in shaping the initial proposals within the draft scheme that will be put out to the public for consultation. Consultation letters have been issued to all three major precepting authorities and their responses are attached to this report at **Appendix A**.

5.3 Given the Bill has not yet received Royal Assent, provision is made within the new Schedule 1A to provide that the consultation requirements will not be rendered invalid simply because the relevant provision has not yet been enacted. Failure to conduct meaningful consultation may leave the Council open to judicial review.

5.4 Arrangements are currently being developed for undertaking a public consultation, which will cover both working age benefit recipients and existing council tax payers as well as other stakeholders. The timescales are tight, given that a scheme must be made by 31 January 2013. In recognition of this, arrangements are in hand for the Leader and Cabinet Portfolio Holder to sign off the consultation documents; this is due to be completed prior to the Cabinet meeting. The consultation will include all three options set out in this report, although Option B will be identified as the preferred option at this stage.

5.5 It is important that the proposals are simple and can be understood by consultees, to enable them to give an informed response. The Council must ensure it allows adequate time for conscientious consideration of the consultation responses in order that these may inform the final proposals.

6 OPTIONS AND OPTIONS ANALYSIS (including risk assessment)

6.1 As this report is presented primarily for information no options for decision are presented at this stage, although Cabinet is asked to endorse the plans regarding consultation. Member decisions on the scheme will be sought later this year, when the outcome of the consultation is known.

7 CONCLUSION

- 7.1 The development and implementation of localised council tax support is challenging in many ways. The consultation process is an essential part of managing this challenge, helping to inform people of the planned changes as well as seeking their views on options for the new scheme. The consultation documentation will indicate that Option B is preferred at this stage, although Options A and C will also form part of the consultation programme. Modelling work will continue to develop a more detailed understanding of the wider impacts of all three schemes during the consultation process.
- 7.2 The countywide Officer Working Group concluded that vulnerable groups should continue to receive protection within the underlying rules of the existing scheme, but that no additional protection was necessary as this would merely reduce the available benefit for other claimants still further. It is planned that this too will be covered in the consultation.
- 7.3 The Council must ensure that it has due regard to equality in making its local scheme, including how it will remove or minimise any disadvantage suffered by people with a protected characteristic (by way of age, disability, gender, race, religion etc). A comprehensive equality impact assessment will be carried out as part of the consultation process.
- 7.4 Ultimately it will fall to full Council to make final decisions on the new scheme, having due regard to the outcome of consultation.

RELATIONSHIP TO POLICY FRAMEWORK

The proposals within this report link to Corporate Plan provisions regarding welfare reforms, whilst also supporting the Council’s budget and council tax targets.

CONCLUSION OF IMPACT ASSESSMENT

(including Diversity, Human Rights, Community Safety, Sustainability and Rural Proofing)

Not yet completed at this stage, although the aim is to develop a cost neutral Council Tax Support scheme, which supports the objectives of simplicity, protecting the most vulnerable people and assisting with incentives to work. It is recognised that there are many sections of the community that could suffer difficulties because of these changes and opportunities to militate against this will continue to be explored.

FINANCIAL IMPLICATIONS

As mentioned previously, it is estimated that the reduction in grant funding for the costs of Council Tax Support in this district will amount to approximately £1.112M.

The financial arrangements for the new scheme will be different to those in place now:

At present, the City Council pays all council tax benefit claims covering the full council tax bill (including County, Fire, Police, Parish) and receives all of the Government funding to meet these costs.

In future, the award of council tax support to claimants will reduce the amount of council tax income for each authority in proportion to their precepts and to compensate, each billing / major precepting authority will receive funding directly from Government – albeit at 10% less than the total currently awarded for the district as a whole. As yet, it is unclear whether any special arrangements will be provided for parishes and this will require further consideration. Other than allowing for inflation, Government funding is not expected to change should the amount of support awarded change – and therefore there will be ‘bottom-line’ implications for all councils, with by far the greatest impact being felt by the County Council.

It should be noted that once the scheme is devised for any year it cannot be amended during that year, even if there is a large increase in claims for support. The financial modelling undertaken should therefore include a financial contingency to cover increased caseload. The Council will need to closely monitor the cost of the scheme and keep other authorities updated.

Clearly there are financial implications for major precepting authorities (County, Police and Fire) and parish precepts as a result of the potential changes in funding, although Government has yet to confirm all details. Furthermore, the resourcing of administration will need reviewing.

SECTION 151 OFFICER'S COMMENTS

The Section 151 Officer has contributed to this report and has no further comments.

LEGAL IMPLICATIONS

Legal Services have been consulted and have no further comments.

MONITORING OFFICER'S COMMENTS

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

BACKGROUND PAPERS

Welfare Reform Act 2012:
<http://www.dwp.gov.uk/policy/welfare-reform/legislation-and-key-documents/welfare-reform-bill-2011/>

Local Government Finance Bill:
<http://www.publications.parliament.uk/pa/bills/cbill/2010-2012/0265/en/2012265en.htm>

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 Our ref: GD/GK/AP
 Date: 3 August 2012

Dear Nadine

Localised Council Tax Support

Thank you for your letter of 3rd August 2012 consulting the County Council on the approach that Lancaster City Council intends to adopt in establishing its scheme for Council Tax Benefit Support (CTB) from April next year. We very much welcome the opportunity to have the views of the County Council presented to the City Council's Portfolio Holder when a draft scheme for consultation is considered during August 2012.

It is our view that the City Council's proposed CTB scheme must:

- be affordable in terms of grant received, revenue loss and costs to operate;
- be as fair as possible
- be transparent, understandable to customers and practical to operate;
- be feasible to implement within the constraints of the timescales and available software;
- be simple in design, avoiding unnecessary complexity; and
- avoid the costs and risks associated with collecting additional data.

The County Council is supportive of the overall approach you have set out within your letter. Indeed, intelligence gained indicates that your proposals are very similar to those likely to be implemented across the rest of the country.

It is important to make the point very clearly that the County Council supports your view that the adoption of a scheme which entirely mirrors the existing CTB regime is not feasible, whether through the default scheme or through a decision to maintain support at current levels. This would result in significant additional financial pressure on local government budgets, requiring additional ongoing savings to be made elsewhere to fund the additional costs. This would be unacceptable because it takes no account of the likely impact on other services, particularly those to the most vulnerable members of the community.

/Contd...

County Councillor Geoff Driver
 Leader, Lancashire County Council
 PO Box 78 County Hall
 Preston PR1 8XJ



Within this context, the County Council does not support an approach which would maintain existing levels of support due to the significant financial pressure this would bring.

In terms of the specific issues you have raised I would make the following points.

The Basis of the Scheme

We note that if the City Council adopts a scheme reducing CTB across the board the preferred way of achieving this is Option B as set out in your letter. We believe that this option would offer a more equitable and proportionate impact across all claimants, and would provide additional work incentives. This is a key consideration within the scheme and the County Council supports this approach. The County Council would not support the introduction of a flat rate minimum payment, or a scheme which limits the amount of council tax eligible for benefit for the reasons set out in your letter. We do not consider that either of these options would fulfil the principle of the scheme being as fair as possible. It is also sensible for a hardship fund to be established by the City Council, however, we would support this being established outside of the council tax support scheme and funded on a discretionary basis.

Targeting of Support

As you set out in your letter, the current system of CTB provides further protection for vulnerable people and those in work. By adopting a scheme based on the current scheme, the City Council will continue to provide a level of protection to vulnerable groups. In particular, the existing CTB scheme already provides protection for certain groups within the underlying rules of the CTB scheme which provides for

- disability premiums;
- additional personal allowances for children; and
- a small amount of earned income to be ignored in the calculation of benefit.

It would appear to be the most fair and equitable approach that support is provided equally amongst vulnerable groups, with the level of support determined by the resources available.

Cost of administration

It is vitally important that in all aspects of local government we seek to minimise the cost of administration, in order that we may protect services to the most vulnerable members of our communities as far as possible. We consider it vital that the draft scheme considered by the City Council must rely on existing data, and not add to the administrative burden funded by council tax payers.

In conclusion, the County Council is supportive of the approach set out by the City Council in recommending a scheme which fits within the financial envelope determined by the Government, and is based on principles of equity. I must stress

however, the County Council would not support the adoption of a scheme that mirrors the existing CTB scheme, and passports significant financial pressures to services provide by local government, with the consequential impact on services across Lancashire.

Yours sincerely



Cty Cllr Geoff Driver
Leader of County Council



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Your ref : HFS/LW
Our ref : LK/JA
Date : 06 August 2012

Dear Nadine,

Localised Council Tax Support

Thank you for your letter of 3rd August 2012 consulting Lancashire Police Authority on the approach that Lancaster City Council intends to adopt in establishing its scheme for Council Tax Benefit Support (CTB) from April next year. We very much welcome the opportunity to have the views of Lancashire Police Authority presented to the City Council's Portfolio Holder when a draft scheme for consultation is considered during August 2012.

It is our view that the City Council's proposed CTB scheme must:

- be affordable in terms of grant received, revenue loss and costs to operate;
- be as fair as possible
- be transparent, understandable to customers and practical to operate;
- be feasible to implement within the constraints of the timescales and available software;
- be simple in design, avoiding unnecessary complexity; and
- avoid the costs and risks associated with collecting additional data.

Lancashire Police Authority is supportive of the overall approach you have set out within your letter. Indeed, intelligence gained indicates that your proposals are very similar to those likely to be implemented across the rest of the country.

It is important to make the point very clearly that Lancashire Police Authority supports your view that the adoption of a scheme which entirely mirrors the existing CTB regime is not feasible, whether through the default scheme or through a

decision to maintain support at current levels. This would result in significant additional financial pressure on local government budgets, requiring additional ongoing savings to be made elsewhere to fund the additional costs. This would be unacceptable because it takes no account of the likely impact on other services, particularly those to the most vulnerable members of the community.

Within this context, Lancashire Police Authority does not support an approach which would maintain existing levels of support due to the significant financial pressure this would bring.

In terms of the specific issues you have raised I would make the following points.

The Basis of the Scheme

We note that if the City Council adopts a scheme reducing CTB across the board the preferred way of achieving this is Option B as set out in your letter. We believe that this option would offer a more equitable and proportionate impact across all claimants, and would provide additional work incentives. This is a key consideration within the scheme and Lancashire Police Authority supports this approach.

Lancashire Police Authority would not support the introduction of a flat rate minimum payment, or a scheme which limits the amount of council tax eligible for benefit for the reasons set out in your letter. We do not consider that either of these options would fulfil the principle of the scheme being as fair as possible.

It is also sensible for a hardship fund to be established by the City Council, however, we would support this being established outside of the council tax support scheme and funded on a discretionary basis.

Targeting of Support

As you set out in your letter, the current system of CTB provides further protection for vulnerable people and those in work. By adopting a scheme based on the current scheme, the City Council will continue to provide a level of protection to vulnerable groups. In particular, the existing CTB scheme already provides protection for certain groups within the underlying rules of the CTB scheme which provides for

- disability premiums;
- additional personal allowances for children; and
- a small amount of earned income to be ignored in the calculation of benefit.

It would appear to be the most fair and equitable approach that support is provided equally amongst vulnerable groups, with the level of support determined by the resources available.

Cost of administration

It is vitally important that in all aspects of local government we seek to minimise the cost of administration, in order that we may protect services to the most vulnerable members of our communities as far as possible. We consider it vital that the draft scheme considered by the City Council must rely on existing data, and not add to the administrative burden funded by council tax payers.

In conclusion, Lancashire Police Authority is supportive of the approach set out by the City Council in recommending a scheme which fits within the financial envelope determined by the Government, and is based on principles of equity. I must stress however, Lancashire Police Authority would not support the adoption of a scheme that mirrors the existing CTB scheme, and passports significant financial pressures to services provide by local government, with the consequential impact on services across Lancashire.

Yours sincerely



Lisa Kitto
Treasurer
Lancashire Police Authority

E-mailed response from Lancashire Fire & Rescue Services – 03 August 2012

Thank you for your email dated 3 August 2012.

We are obviously concerned about the impact that the reduction in funding has on both our own funding levels and also on individual claimants.

We note that our share of the estimated reduction in government funding in respect of council tax benefit in Lancaster is £44k. However as you are aware this forms part of a county wide reduction for the Fire Authority of approx. £600k. As such we are obviously keen to ensure that any new scheme offsets the reduction in funding, thus presenting a cost neutral position for the Authority.

With this in mind we would support your design principles:-

- be affordable in terms of grant received, revenue loss and costs to operate
- be as fair as possible and a detailed 'map' of those affected is required; a detailed Equality Analysis is required
- be transparent, understandable to customers and practical to operate
- be feasible to implement within the constraints of the timescales and available software
- be simple in design avoiding unnecessary complexity
- avoid the costs and risks associated with collecting additional data
- Incorporate a contingency saving to allow for growth in the number of claims.

In terms of the options presented we would support either option B or C which should ensure a cost neutral scheme:-

B - Maintain the current council tax benefit rules but reduce the level of council tax support by a % at the end of the calculation (bottom slice)

C - Maintain the current council tax benefit rules but applying a ceiling to the maximum rebate (top slice)

We are keen to ensure that any estimate of the impact of the new regulations are robust, particularly with reference to anticipated collection rates.

We also share your concerns re the local demand for council tax discount and the potential for this to increase over the next few years, in contrast with the government's assumption that it will reduce, and believe that any scheme needs to be flexible enough to cope with changes in the future, and hence needs to have regular review periods to ensure that the scheme remains fit for purpose.

We note that you have made no reference to amending current council tax discounts or exemptions in respect of the various categories of empty properties, second homes etc. and would ask you to confirm what options relating to this you are currently exploring in order to generate sufficient additional council tax to bridge any

anticipated shortfall, and would suggest that this could also incorporate a contingency element to allow for any potential growth in the number of claims

Sent on behalf of:

Keith Mattinson

Director of Corporate Services

Lancashire Fire & Rescue Service

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of the Local Government Act 1972.

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