



Committee: CABINET

Date: TUESDAY, 19 JANUARY 2021

Venue:

THIS WILL BE A VIRTUAL MEETING

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Time: 5.00 P.M.

A G E N D A

1. **Apologies**

2. **Minutes**

To receive as a correct record the minutes of Cabinet held on Tuesday, 8 December 2020 (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 Councillors of interests in respect of items on this Agenda.

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

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

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

5. **Public Speaking**

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

Reports from Overview and Scrutiny

None

Reports

6. **Viability Protocol Supplementary Planning Document (Pages 4 - 26)**
(Cabinet Member with Special Responsibility Councillor Hanson)
Report of Director for Economic Growth & Regeneration
7. **Meeting Housing Need Supplementary Planning Document (Pages 27 - 82)**
(Cabinet Member with Special Responsibility Councillor Hanson)
Report of Director for Economic Growth & Regeneration
8. **Canal Quarter, Lancaster - Use of Reserves (Pages 83 - 95)**
(Cabinet Member with Special Responsibility Councillor Hamilton-Cox)
Report of Director for Economic Growth & Regeneration
9. **Corporate Fees & Charges Policy Review 2021/22 (Pages 96 - 117)**
(Cabinet Member with Special Responsibility Councillor Whitehead)
Report of Director of Corporate Services (report published on 14 January 2021)
10. **Budget & Policy Framework Update (Pages 118 - 132)**
(Cabinet Member with Special Responsibility Councillor Whitehead)
Report of Director of Corporate Services (report published on 14 January 2021)
11. **Appointment to Outside Bodies (Pages 133 - 134)**
(Cabinet Member with Special Responsibility Councillor Lewis)
Report of Chief Executive

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

This is to give further notice in accordance with Part 2, paragraph 5 (4) and 5 (5) of the Local Authorities (Executive Arrangements) (Meetings and Access to Information) (England) Regulations 2012 of the intention to take the following items in private.

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

“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 it 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 item has been marked as exempt, it is for Cabinet itself to decide whether or not to consider it 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 also whether the public interest in maintaining the exemption

outweighs the public interest in disclosing the information. In considering their discretion Members should also be mindful of the advice of Council Officers.

13. **Disposal of South Lodge (Pages 135 - 156)**

(Cabinet Member with Special Responsibility Councillor Jackson)

Report of Director for Communities & the Environment (report published on 12 January 2021)

ADMINISTRATIVE ARRANGEMENTS

(i) Membership

Councillors Erica Lewis (Chair), Dave Brookes, Gina Dowding, Merv Evans, Kevin Frea, Tim Hamilton-Cox, Janice Hanson, Caroline Jackson, Jean Parr, Anne Whitehead and Tablet

(ii) Queries regarding this Agenda

Please contact Liz Bateson, Democratic Services - email ebateson@lancaster.gov.uk.

(iii) Apologies

Please contact Democratic Support, telephone 582170, or alternatively email democraticsupport@lancaster.gov.uk.

KIERAN KEANE,
CHIEF EXECUTIVE,
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Published on Monday 11 January 2021

Lancaster City Council | Report Cover Sheet

Meeting	Cabinet	Date	19 January 2021
Title	Viability Protocol Supplementary Planning Document		
Report of	Director for Economic Growth and Regeneration		
Purpose of Report			
The purpose of this report is for Members to consider the draft Viability Protocol Supplementary Planning Document (draft SPD) and seek authorisation for the Service Manager – Planning and Housing Strategy to proceed with informal and statutory consultation.			
Key Decision (Y/N)	N	Date of Notice	Exempt (Y/N) N

Report Summary

The report outlines the purpose of the draft SPD. The draft SPD sets out overarching principles for how the council will approach development viability, where this is a consideration as part of the planning process. It provides guidance on the details that should be included in viability assessments, the council's approach to considering viability matters and sets out the information which will be expected when an applicant seeks to reduce affordable housing and contributions required by adopted planning policies.

The report also explains the consultation process and recommends that delegated powers be given to the Service Manager – Planning and Housing Strategy to proceed with informal and statutory consultation.

Following consultation and any necessary amendments to reflect the responses, the draft SPD will be reported back to Cabinet for authorisation to proceed with adoption.

Recommendations of Councillors

(1) It is recommended that Cabinet approve the draft SPD and delegate authority to the Service Manager – Planning and Housing Strategy to advance the draft SPD through informal and statutory defined consultation processes.

(2) The SPD will then be adopted unless the consultation results in any significant changes to the SPD which will be reported back to Cabinet for final endorsement.

Relationship to Policy Framework

The Corporate Plan 2018-2022 (July 2018) includes ambitions to improve access to quality housing. The Corporate priorities (updated January 2020) sets out a priority to develop housing to ensure people of all incomes are comfortable, warm and able to maintain their independence.

The Lancaster Local Plan includes policies which seek to ensure that the new housing developments include a proportion of affordable housing and provide the necessary infrastructure contributions.

The draft SPD will support the implementation of policies within the Local Plan.

Conclusion of Impact Assessment(s) where applicable

Climate

There are no climate change impacts arising from a commitment to progress the draft SPD through the informal and statutory consultation processes.

Wellbeing & Social Value

There are no wellbeing or social value impacts arising from a commitment to progress the draft SPD through the informal and statutory consultation processes.

Digital

There are no digital impacts arising from a commitment to progress the draft SPD through the informal and statutory consultation processes.

Health & Safety

There are no Health & Safety, Equality and Diversity, Human Rights, Community Safety, HR implications arising from a commitment to progress the draft SPD through the informal and statutory consultation processes.

Equality

There are no equality impacts arising from a commitment to progress the draft SPD through the informal and statutory consultation processes.

Community Safety

There are no community safety impacts arising from a commitment to progress the draft SPD through the informal and statutory consultation processes.

The impacts of the policies within the Local Plan have been assessed during the statutory Local Plan process. As the draft SPD provides guidance upon the implementation of policies within the Local Plan, it will not itself have an impact on these matters.

Details of Consultation

The draft SPD has been reported to the Local Plan Review Group.

The draft SPD will be subject to informal and formal statutory consultation processes with stakeholders, each running for a 6-week period.

Legal Implications

The statutory consultation will be carried out in accordance with the process set out in the Town and Country Planning (Local Planning) (England) Regulations 2012, Regulation 12 Public Participation. Once adopted the SPD will form a material consideration in the determination of planning applications.

Financial Implications

The draft SPD is intended to provide guidance on the implementation of Local Plan policy. There are no additional financial implications arising from its progression through the statutory consultation process.

Other Resource or Risk Implications

The main resource implication will be the staff required to support the progression of draft SPD through informal and statutory consultation, any necessary amendment arising from consultation responses, and then adoption and subsequent review.

Section 151 Officer's Comments

The s151 Officer has been consulted and has no comments to make

Monitoring Officer's Comments	
The Monitoring Officer has been consulted and has no comments to make	
Contact Officer	Fiona Clark
Tel	01524 582222
Email	fjclark@lancaster.gov.uk
Links to Background Papers	
The draft Viability Protocol SPD is attached to this report.	

1.0 Introduction

- 1.1 Policies DM3 and DM6 of the Development Management Development Plan Document (DMDPD) and policy AS03 of the Arnsdale & Silverdale AONB Development Plan Document (Arnsdale & Silverdale AONB DPD) set out the proportion of affordable housing required on new sites. A series of policies in the Strategic Planning and Land Allocations Document and the DMDPD require the provision of infrastructure necessary to support proposed schemes. Infrastructure can be delivered directly by a developer or in some cases financial contributions are required for bodies such as Lancaster City Council or Lancashire County Council to deliver the infrastructure, for example off-site open space/recreation improvements or education provision.
- 1.2 The National Planning Policy Framework requires that the affordable housing provision and other contributions required by planning policies do not result in development becoming unviable. Where an applicant is of the opinion that the policy requirements adversely affect viability, they may request a reduction. The onus is on the applicant to provide evidence to support the case. The draft Viability Protocol SPD sets out overarching principles for how the council will approach development viability. It provides guidance on the details that should be included in viability assessments and the councils approach to considering viability matters.
- 1.3 The aim of the draft SPD is to provide guidance for prospective applicants and as a tool in decision making. To be afforded weight the draft SPD must follow statutory consultation procedures with the responses being considered and amendments made where necessary.

2.0 The Content of the Draft SPD

- 2.1 The draft SPD explains how viability matters will be considered as part of the planning application process and the information required to be submitted when an applicant seeks a reduction in affordable housing provision or contributions.
- 2.2 Section 2: Viability Assessment sets out when viability assessments are required, how they will be treated to ensure transparency in decision making and the process the Council will take when securing independent review of an applicant's viability assessment.

- 2.3 Section 3: Viability Inputs, explains the elements that should be included within a viability assessment. It outlines the evidence required to support the financial information included in a viability assessment and provides advice on expectations when determining development values, land value, development costs, affordable housing and profit.
- 2.4 Section 4: Revising Affordable Housing Provision and Contributions sets out the ways in which the Council will consider flexible arrangements where a reduction in affordable housing provision and/or contributions is justified.
- 2.5 Section 5: Viability Assessment Requirements sets out the information required to be included in a viability assessment.

3.0 Consultation

- 3.1 The formal process for preparing and adopting SPDs is set out in the Town and Country Planning (Local Planning) (England) Regulations 2012. The National Planning Policy Framework (NPPF), as updated in February 2019 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.

- 2.2 SPDs relate to specific sites or specific planning issues. They are not subject to Independent Examination and do not have Development Plan status. However, SPDs are given due consideration within the decision-making process and must relate to a specific Development Plan policy contained within a DPD.
- 2.3 There is a three-stage process for the preparation of Supplementary Planning Documents, this includes:
- Evidence gathering
 - The preparation and consultation of a draft SPD
 - The Adoption of the SPD
- 2.4 The evidence in respect of the policies in the Local Plan was gathered in the lead up to the drafting of policies.
- 2.5 Early engagement in the preparation of SPDs is encouraged. A stage of informal consultation will allow stakeholders to comment on the content and where necessary provide evidence which may result in amendments to the draft SPD.

2.6 In order to progress as an SPD, the Council must undertake a statutorily defined consultation process set out in the Town and Country Planning (Local Planning) (England) Regulations 2012, Regulation 12 Public Participation.

2.7 The consultation responses must then be considered, and any necessary amendments made to the SDP. The final SPD and a Consultation Statement will then be reported the Cabinet with a request that the SPD is adopted.

4.0 Options and Options Analysis (including risk assessment)

<p>Option 1: Progress the draft SPD through informal and statutorily defined consultation process.</p>
<p>Advantages: The consultation process will provide engagement with stakeholders and allow them to influence the content of the draft SPD. Consultation and appropriate consideration of the responses will ensure that the SPD can be afforded weight when determining planning applications.</p>
<p>Disadvantages: No disadvantages.</p>
<p>Risks: No risks.</p>
<p>Option 2: Do not progress the draft SPD through informal and statutorily defined consultation process.</p>
<p>Advantages: No advantages.</p>
<p>Disadvantages: Additional guidance about the criteria within planning policies will not be available for prospective applicants or as a decision making tool.</p>
<p>Risks: Processing the draft SPD without the necessary consultation will reduce any weight which could be attached to it in the decision making process.</p>

4.0 Officer Preferred Option (and comments)

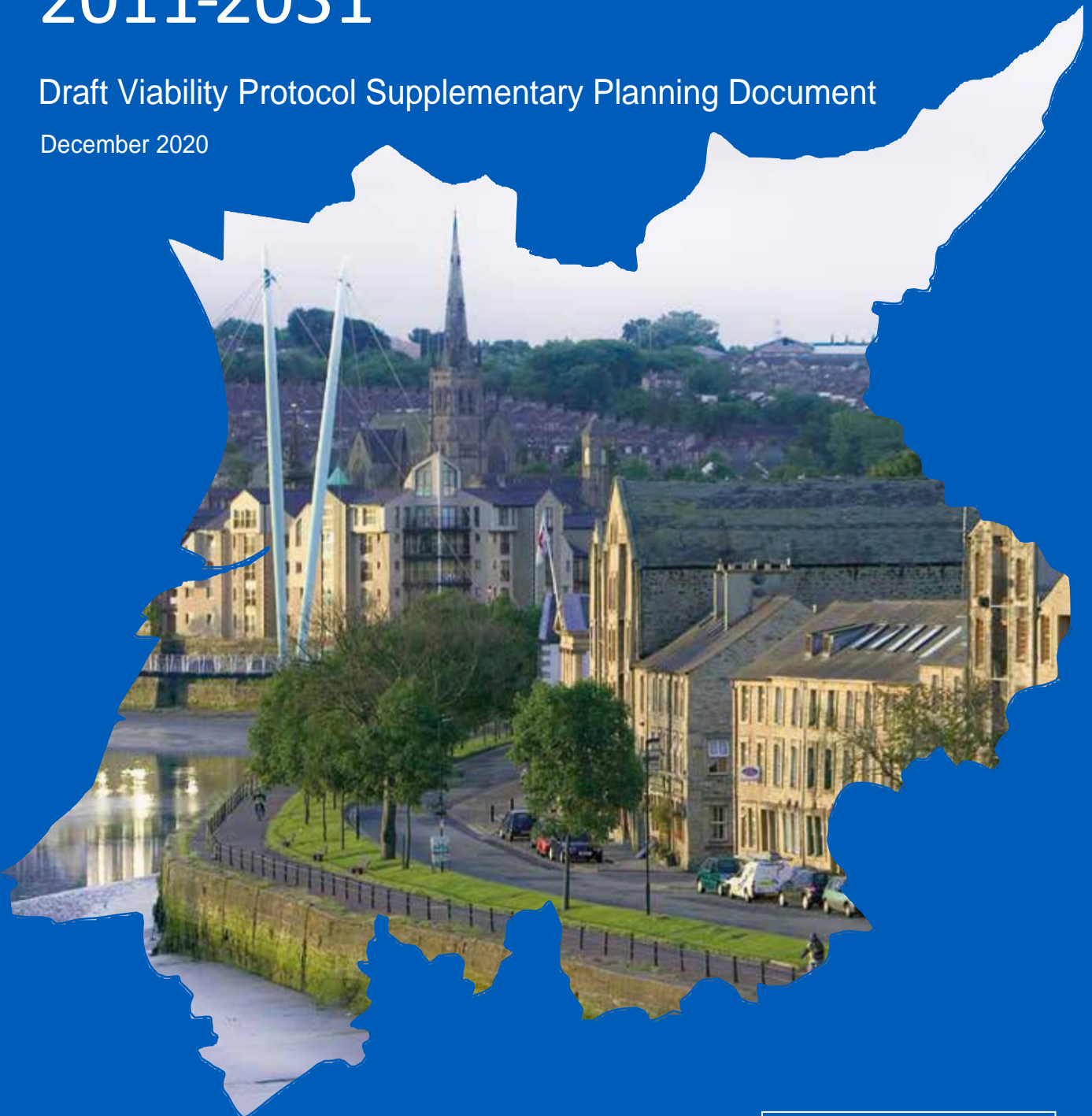
4.1 The officer preferred option is Option 1 - Progress the draft SPD through informal and statutorily defined consultation process to ensure that if adopted it can be given weight in decision making.

A Local Plan for Lancaster District

2011-2031

Draft Viability Protocol Supplementary Planning Document

December 2020



LANCASTER
CITY COUNCIL

Promoting City, Coast & Countryside

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Executive Summary

This Viability Protocol Supplementary Planning Document sets out overarching principles for how the council will approach development viability, where this is a consideration as part of the planning process. It provides guidance on the details that should be included in Viability Assessments and the councils approach to considering viability matters. The advice and the approach are consistent with the National Planning Policy Framework (NPPF) and national Planning Practice Guidance (PPG).

Where an applicant wishes to reduce the affordable housing and/or S106 contributions required by planning policies, the onus is on the applicant to provide evidence to support the case. The evidence must be made publicly available, an approach which supports accountability for communities by enabling them to understand the key inputs to and outcomes of viability assessments.

This SPD provides detailed guidance about the information and evidence which must be submitted with an application. It must be accompanied by an executive summary which should include the following information:

- Gross development value
- Benchmark land value including landowner premium
- Costs:
 - Build costs
 - Abnormals
 - Site Specific infrastructure
 - Policy requirements (Section 106/Community Infrastructure Levy)
 - Financing (e.g. loans)
 - Professional fees (e.g. marketing, legal, architects, overheads)
 - Contingency
 - Other (Please Detail)
- Developer return
- An explanation of how the values and costs have been arrived at
- How the viability assessment has informed the planning application
- Developer contributions compared to policy requirements

Further detail is provided within the body of this document.

1.0 Introduction

- 1.1 The Lancaster Local Plan (the Local Plan), consists of the following documents:
 - Strategic Policies and Land Allocations Development Plan Document (DPD)
 - Development Management DPD
 - Arnsdale and Silverdale Area of Outstanding Natural Beauty DPD
 - Morecambe Area Action Plan DPD
- 1.2 There are also a series of Neighbourhood Plans which contain policies for development management purposes.
- 1.3 The Local Plan can be viewed on the Council website:
<http://www.lancaster.gov.uk/planning/planning-policy/about-local-plan>
- 1.4 The policies in the Local Plan seek to ensure that development is sustainable. It does this by focusing development in locations which reduce the reliance on the private car and ensuring that new development provides the infrastructure it needs, such as education places and schools, sustainable travel including cycleways, footpaths and public transport and outdoor recreation space. Policies also seek to ensure development meets environmental criteria and provides for affordable housing.
- 1.5 The Local Plan is supported by an evidence base, including the Local Plan Viability Assessment (Stage One and Stage Two) and the Arnsdale and Silverdale AONB DPD Viability Assessment. These documents considered the combined effect of the policy requirements in the Local Plan to ensure that their impact does not threaten the delivery of housing and employment growth together with the associated infrastructure envisaged in the Local Plan.
- 1.6 There may be exceptional circumstances when the abnormal costs associated with a scheme, result in it not being considered viable by the developer. In such cases, the developer may ask for policy requirements to be relaxed to enable a development to go ahead. It is up to the developer to provide robust viability evidence to support their case.
- 1.7 This Viability Protocol Supplementary Planning Document (SPD) sets out the overarching principles for how the council will approach development viability, where this is a consideration as part of the planning process. The protocol does not alter planning policy but provides guidance on the details that should be included in Viability Assessments and the councils approach to considering viability. Using this SPD should help minimise delays in determining a planning application. The advice and the approach are consistent with the National Planning Policy Framework (NPPF) and national Planning Practice Guidance (PPG).
- 1.8 The SPD is being producing in accordance with the Town and Country Planning (Local Planning) (England) Regulations 2012. Once adopted, this SPD will be afforded weight in decision making.

2.0 Viability Assessment

When Is A Viability Assessment Required?

- 2.1 The Local Plan includes a range of policies to ensure that development is sustainable, makes appropriate arrangements for the provision of infrastructure and does not adversely affect existing services and infrastructure. The PPG is clear that the onus is upon the applicant to justify why they seek to reduce affordable housing and S106 contributions. It states, “It is up to the applicant to demonstrate whether particular circumstances justify the need for a viability assessment at the application stage.”¹
- 2.2 Where an applicant does not wish to meet the policy requirements for potential viability reasons (such as those set out in policy DM3: Affordable Housing), the Council will require applicants to submit an open book viability assessment in line with government guidance as part of the planning application submission. This will allow the Council to determine whether the proposed reduction in the provision of infrastructure is justified. Where contributions or off-site works are necessary to ensure that a proposal is sustainable, such as off-site works or contributions towards highway safety or flood mitigation work, applications will normally be refused, unless alternative appropriate arrangements can be made.
- 2.3 The applicant must discuss the scope of the Viability Assessment as part of the pre-application advice process. The requirements below reflect those necessary for major development schemes. A pared down version which simply includes the development value and costs (supported by evidence), may be appropriate for minor development where affordable housing is required in the districts two Areas of Outstanding Natural Beauty.
- 2.4 A Viability Assessment should include:
- An executive summary.
 - A written assessment setting out the required and proposed affordable housing and other contributions and an explanation of the reasons why the proposal would be unviable if a policy compliant scheme was to be provided.
 - A detailed financial viability appraisal in the format attached in Appendix C.
 - Supporting evidence, sources and an explanation which demonstrates how the assumptions have been determined to inform the viability appraisal.

Further detail is provided in Section 5.

- 2.5 Where the viability case is supported by an independent review, the Council will negotiate changes to the scheme to improve viability. It will consider a range of options to ensure that the development provides the highest level of affordable housing and infrastructure provision viably possible. The Council will determine the application on the basis that it is not policy compliant. It will consider this in the context of proposed mitigation, justifiable circumstances which result in a policy compliant scheme not being viable, benefits arising from the scheme and the Local Plan and national planning policies as a whole.

¹ Planning Practice Guidance – Paragraph:007 Reference ID: 10-007-20190509

Transparency

- 2.6 The NPPF states, 'All viability assessments, including any undertaken at the plan-making stage, should reflect the recommended approach in national planning guidance, including standardised inputs, and should be made publicly available.'²
- 2.7 The Planning Practice Guidance (PPG) states that viability assessments should be 'transparent and publicly available'³. The Environmental Information Regulations (2004) recognise the benefits of public participation and include a presumption in favour of disclosure. This approach has been upheld in the High Court.⁴
- 2.8 It is important to note that this information will be made available in the public domain. In submitting development viability information, applicants do so in the knowledge that this will be made publicly available. A planning application will not be made valid, unless it is accompanied by an 'open book' viability assessment.
- 2.9 As viability appraisals should contain standardised inputs in line with the PPG, data will not usually be specific to a developer and they will not contain commercially sensitive information. Even if some elements are commercially sensitive, they can be aggregated and published to avoid disclosure of sensitive material. In exceptional cases, where the disclosure of commercially sensitive data is necessary and an applicant requests that redacted version is made public, clear justification for the sections to be omitted must be given.
- 2.10 As land value should be reached in accordance with the guidance in the PPG and not on the price agreed between the applicant and landowner, this information will not be considered commercially sensitive.
- 2.11 The information provided should use the same information that the applicant has used to decide whether to proceed with the development and the information provided to funders to secure development finance. The Council will require a statutory declaration signed by a Director of the Company to minimise the submission of inaccurate or misleading information. The statement should confirm that:
- The information provided is accurate and reflects that used to make their own commercial decisions.
 - The applicant has not instructed any agent to formulate the viability assessment under an arrangement where their fee is increased if they are successful in reducing planning contributions and affordable housing provision.
- 2.12 An executive summary should be included which explains the costs and gross development value in layman's terms to ensure that the financial data is accessible to members of the public without a financial or development background.
- 2.13 The weight to be attached to a Viability Assessment will take into account the transparency of the applicant's approach.

² National Planning Policy Framework (Feb 2019) – Paragraph 57

³ Planning Practice Guidance - Paragraph: 010 Reference ID: 10-010-20180724

⁴ The Queen on the application of Holborn Studios Limited and London Borough of Hackney and GHL (Eagle Wharf Road) Limited - [2020] EWHC 1509 (Admin)

Independent Review

- 2.14 Where an applicant seeks to reduce the necessary contributions/affordable housing they must be prepared for the financial data and supporting evidence to be independently reviewed, the cost of which must be met by the applicant. The applicant must enter into an agreement to reimburse the cost to the Council when the application is submitted.
- 2.15 The Council will commission an independent review which will appraise the assumptions made in the financial data, the proposed construction work costs and supporting documents supplied by the applicant. The appraisal will review the sales prices, costs including site specific abnormal/development costs, engineering proposals and site value to determine whether the assumptions and proposals are acceptable or whether revisions are required which may result in an increased amount of contributions.
- 2.16 The independent review will require one or all of the following:
- Appraisal of the viability assessment/financial data submitted by the applicant, by a RICs qualified viability consultant.
 - Appraisal of the build costs, abnormal and external costs by an Engineer and/or Quantity Surveyor.
- 2.17 The scope of the Independent Review should be determined as part of the pre-application advice service.
- 2.18 A template agreement for cost reimbursement and statutory declaration are attached at Appendix A. Indicative costs are included at Appendix C.

3.0 Viability Assessment Inputs

Development Values

- 2.19 Assumptions should be justified with references to up-to-date transactions and market evidence comparable to new builds within a reasonable distance of the site. Where directly comparable information is not available, transactions should be adjusted to ensure it reflects site circumstances.
- 2.20 Applicants should engage with Registered Providers (RPs) early on in the process to ensure that the type, size, tenure and specification of new the homes are appropriate for transfer. Affordable housing values should reflect discussions with and offers made by RPs. RPs generally pay 70% for shared ownership properties and 50% for affordable rented properties and these figures should be used in viability assessments unless evidence and justification for a lower figure is provided.

Land Value

- 2.21 Benchmark Land Value (BLV) should be determined in accordance with the PPG using the 'existing use value plus' (EUV+) approach. The plus or premium, is generally accepted to be 10-15 times the existing use value but this may be subject to adjustment to ensure development is policy compliant.

- 2.22 BLV should take into account the existing use value of the site, for example agricultural land and the fact that any additional value on the site arises from its allocation in the Local Plan and / or from the prospect of planning permission. The value should therefore be assessed with all the policy requirements, including the full affordable housing requirement in mind and take account that previous land sales would not necessarily reflect the policy requirements in the current Local Plan.
- 2.23 Development costs, including abnormal costs, site specific infrastructure costs should be taken into account when defining BLV and deducted from the land value calculation.
- 2.24 Market evidence must be adjusted to take account of planning policy requirements to comply with paragraph 16 of PPG which states, ‘any data used should reasonably identify any adjustments necessary to reflect the cost of policy compliance (including for affordable housing)⁵ This approach has been supporting in the High Court⁶.
- 2.25 Research published by RICS⁷ found that the ‘market value’ approach is not being applied correctly and “if market value is based on comparable evidence without proper adjustment to reflect policy compliant planning obligations, this introduces a circularity, which encourages developers to overpay for site and try to recover some or all of this overpayment via reductions in planning obligations”⁷ Use of a market-based approach for determining land value is therefore not acceptable.
- 2.26 In accordance with the RICs guidance, when presenting BLV, the following should be reported:
- Current Use Value or Existing Use Value.
 - The Premium.
 - Market Evidence.
 - Alternative Use Value.
- 2.27 “A statement must be included in the FVA⁸ or review of the applicant’s FVA or area-wide FVA that explains how market evidence and other supporting information has been analysed and, as appropriate, adjusted to reflect existing or emerging planning policy and other relevant considerations.”
- 2.28 The price paid or agreed to be paid for land through an option or agreement, ‘is not allowable evidence for the assessment of BLV and cannot be used to justify failing to comply with policy.’⁹

⁵ Planning Practice Guidance - Paragraph: 016 Reference ID: 10-016-20190509 Revision date: 09 05 2019

⁶ Parkhurst Road Ltd v Secretary of State for Communities and Local Government and London Borough of Islington – [2018] EWHC 911 (Admin)

⁷ RICS 201525

⁸ Financial Viability Appraisal

⁹ Financial viability in planning: conduct and reporting 1st edition, May 2019

2.29 Alternative Use Value (AUV) can be used to determine BLV. In using AUV, the Viability Appraisal must:

- Explain how the proposed use would comply with planning policy.
- Provide evidence that there is market demand for the alternative use.
- Provide evidence that it could be implemented.
- Explain why the alternative has not been pursued.
- Take account of the development costs for the alternative use.
- Take account of cost savings arising from Vacant Building Credit.

2.30 Land value based on AUV already includes the premium for the landowner, this should not be included to prevent double counting.

Development Costs

2.31 The NPPF¹⁰ and PPG recommends the use of standardised inputs into a viability assessment.¹¹ Build costs should be provided as follows:

- Using the Lower Quartile BCIS figures and quoted per internal square metre and for each house type. It should be stated when the BCIS figures were dated, what they were rebased to and whether this was based on the default or 5year figure, or
- If a developer seeks to use a higher BCIS figure, evidence from a Quantity Surveyor should be provided to support the revised costs, or
- If a developer prefers to use actual build cost data, this should be provided per square metre and for each house type. The build costs should be supported by evidence from a Quantity Surveyor.

Abnormal and External Costs

2.32 Abnormal costs should be taken into account when agreeing the value of the land. Abnormal costs include those relating to the treatment of contaminated sites, listed buildings or brownfield site.

2.33 Abnormal and external costs must be accompanied by robust and costed specialist reports (Engineer/Quantity Surveyor reports), including full technical data and justification to support the costs. Simply including costs will not suffice. All the supporting information should be submitted at the outset with the planning application.

Affordable Housing

2.34 Affordable housing values should be based upon 70% for shared ownership and 50% affordable rented. Where proposed values fall below these figures, confirmation from the RP will be required together with details of the transfer agreement.

2.35 Details of the transfer agreement will be required to ensure that where a lower value is accepted, a developer does not then transfer the homes to an alternative RP at a higher value.

¹⁰ National Planning Policy Framework (Feb 2019) - Paragraph 57

¹¹ Planning Practice Guidance - Paragraph 010 Reference ID: 10-010-20180724 Revision date: 24 07 2018

Profit

- 2.36 Where a developer is seeking to reduce affordable housing or infrastructure requirements/contributions, the profit level used in the viability appraisal should not exceed 15%. The profit should be applied to the net sales revenue.
- 2.37 Profit levels for affordable housing should reflect significantly lower risk levels, generally accepted to be at 6%. Lower levels of return would also be expected for commercial and private rented accommodation.

4.0 Revising Affordable Housing Provision and Contributions

- 4.1 Where it is agreed that a reduction in the affordable housing provision is justified, the Council will first consider amendments to the tenures, size and type of housing to determine if an alternative mix would improve viability and provide the affordable housing to meet local needs.
- 4.2 In some cases, flexible arrangements relating to the timing and level of planning obligations may be considered if the scheme would otherwise not be able to proceed.
- 4.3 On large sites that are expected to be built out over a period of time or in phases, viability may need to be re-assessed at different points (such as prior to the commencement of each phase). The Council will consider whether viability needs to be assessed at various stages throughout the development and may include requirements for a review of the assessment prior to the commencement of each stage.
- 4.4 Where a developer seeks an extension to a site they are developing, or have recently developed, and they wish to reduce the policy compliant affordable housing or contributions, a new viability assessment will be required. The viability assessment must re-assess the whole site. Actual build and sales costs arising from the original site can be used and should be supported by evidence.

5.0 Viability Assessment Requirements

- 5.1 Viability Appraisals submitted in support of a reduction in affordable housing or other infrastructure contributions should contain the following information, all of which should be supported by evidence:

Land values – for the existing use and the benchmark land value (per acre/hectare and for the site as a whole)
Gross and net area of development (in hectares and acres)
Number of and floor area of units (in metric)
Build costs based up in lower quartile BCIS per square metre or actual build costs where supported by evidence and compared with published BCIS costs
Abnormal or external costs should be supported by robust and costed specialist reports, including full technical data to support the costs.
Costs such as design, legal, consultants, planning etc
Build programme and phasing
Interest rates, loans, cash flow
Developers profit and an explanation of what it is made up of – company or financiers' requirements
Marketing and legal costs
Anticipated sales price for each unit type – supported by evidence of market sales prices for similar products and locations
Assessment showing the development finances with the affordable housing requirements within the Local Plan and any associated infrastructure contributions
Evidence of engagement with RPs
The RP price agreed for purchase
Confirmation that the applicant will pay the cost of the independent review prior to it being commissioned
Statutory Declaration signed by a Director of the Company

5.2 An Executive Summary must also be provided. The summary will be made publicly available on the Council website. The Executive Summary must include the following:

- Gross development value
- Benchmark land value including landowner premium
- Costs:
 - Build costs
 - Abnormals
 - Site Specific infrastructure
 - Policy requirements (Section 106/Community Infrastructure Levy)
 - Financing (e.g. loans)
 - Professional fees (e.g. marketing, legal, architects, overheads)
 - Contingency
 - Other (Please Detail)
- Developer return
- An explanation of how the values and costs have been arrived at
- How the viability assessment has informed the planning application
- Developer contributions compared to policy requirements

5.3 In some cases, the following information may also be required:

- Developers market analysis report
- Details of company overheads
- Financiers offer letter
- Board report on scheme
- Letter/report from auditor re land values
- Sensitivity analysis showing different assumptions/options
- Information about the costs of non-residential uses (to be provided in the same format as residential data)

Appendix A –Agreement to pay for Independent Review and Statutory Declaration

Agreement to pay the costs of Independent Review

The Council will appoint a suitably qualified RICS surveyor and Quantity Surveyor or Engineer to review any viability information submitted by the developer and the developer will pay the reasonable costs of such an appointment.

The applicant will pay for an independent review of the viability appraisal and associated evidence prior to the instruction of the review.

Statutory Declaration

- The information provided is accurate and reflects that used to make their own commercial decisions.
- The applicant has not instructed any agent to formulate the viability assessment under an arrangement where their fee is increased if they are successful in reducing planning contributions and affordable housing provision.

The wording to be included following agreement with Legal Services

Appendix B – Independent Review Costs

The Council is seeking tenders from independent consultants to carry out the appraisal of viability assessments and associated development costs. Once available, a range of indicative costs for the use of Viability Consultants, Quantity Surveyors and Engineers will be included within this Appendix.

Appendix C – Example Table for Viability Appraisal

Viability Appraisal Spreadsheet	
Site Address	
Application Number	
Number of Units	
Number of Affordable Units	
% of Affordable Units	
Gross Site Area	
Net Site Area	

Gross Development Value										
Unit Type			Floor Area (ft2) (per unit)	No of Units	Total Floor Area (ft2)	Sales Value (per ft2)	OM Sales Value (per unit)	Sales Value for Affordables	Total Sales Value for Unit Type	Clarification of Details
Detached /flat etc	Bed No.	OM/AR/SO								Include affordable houses as separate house types Affordable unit values – 70% of OMV for shared ownership, 50% of OMV for rented – unless evidence to the contrary is provided
Totals									Gross Sales/Development Value (GDV)	

Gross Development Costs				Clarification of Details
Acquisition Costs	£/Acre	Area in Acres	Totals	
Existing Site Value				
Proposed Premium (£ per acre & %)				
Total Site Value				Site value to be based upon EUV+ to take full account of all costs, including abnormals, planning policy requirements and contributions
Residualised Price				
Stamp Duty				Actual based on HMRC current rate
Agent Fees	1% of Site Value			
Legal Fees	0.50% of Site Value			
Planning Fees				
Survey Fees				
Total Acquisition Cost				

Construction Cost				
Build Cost Per Unit Types	Total Floor Area (ft2)	£ Per ft2	Totals	
				Basic build costs to be the BCIS lower quartile figure. Additional costs may be added as abnormals if evidence is supplied to justify an alternative build cost figure.
Garages				
Total Build Cost				
Contingency on Build Cost	3% of Build of Basic Cost			
Total Build plus Contingency				

External Works		
Description of Item	Totals	
		12% of basic build costs. Alternatively provide detailed costs supported by evidence.
Total External Costs		

Abnormal Costs		
Description of Item	Totals	Abnormal costs to be supported by evidence.
Total Abnormal Costs		

Total Construction Costs		Total of Build, Abnormal, External and Contingency Costs
---------------------------------	--	---

Other Costs				
Description of Item				S106 / S278 Contributions
				Affordable housing contributions are not to be included here
Professional and Regulatory fees	5% of total construction costs			Actual fees may be included if known and supported by evidence
Sales Agent Fee	1% of GDV			
Marketing (Open Market)	0.5%			Incentives
Total Other Costs				

Finance			
Timescale	Duration (months)	Commencement Date	
Pre-Construction			
Construction			
Sale			
Total Duration			
Debit Rate 6% Credit Rate 0% Nominal		Totals	
Land			
Construction			

Total Finance Costs			
---------------------	--	--	--

Totals – GDV / GDC / Profit / Residual		
Gross Development Value		Total Sales
Gross Development Cost		Total of all costs
Developer Profit		The profit level should not exceed 15%
Residual		GDV – GDC – Developer Profit

Performance Measures		
Profit on Cost%		
Profit of GDV%		
Profit on NDV%		
IRR		
Profit Erosion (finance rate 6%)		In years / months

Lancaster City Council | Report Cover Sheet

Meeting	Cabinet	Date	19 January 2021
Title	Meeting Housing Need Supplementary Planning Document		
Report of	Director for Economic Growth and Regeneration		
Purpose of Report			
The purpose of this report is for Members to consider the draft Meeting Housing Need Supplementary Planning Document (draft SPD) and seek authorisation for the Service Manager – Planning and Housing Strategy to proceed with informal and statutory consultation.			
Key Decision (Y/N)	N	Date of Notice	Exempt (Y/N) N

Report Summary

The report outlines the purpose of the draft SDP. The draft SPD explains how the policies in the adopted Local Plan in relation to housing mix and type, affordable housing, rural housing to meet local identified needs, rural workers dwellings, older people and gypsy and traveller sites will be interpreted and provides guidance on the detail and criteria within policies. The SPD does not add new policies or requirements to the existing Local Plan.

The report also explains the consultation process and recommends that delegated powers be given to the Service Manager – Planning and Housing Strategy to proceed with informal and statutory consultation.

Following consultation and any necessary amendments to reflect the responses, the draft SPD will be reported back to Cabinet for authorisation to proceed with adoption.

Recommendations of Councillors

(1) It is recommended that Cabinet approve the draft SPD and delegate authority to the Service Manager – Planning and Housing Strategy to advance the draft SPD through informal and statutory defined consultation processes.

(2) The SPD will then be adopted unless the consultation results in any significant changes to the SPD which will be reported back to Cabinet for final endorsement.

Relationship to Policy Framework

The Corporate Plan 2018-2022 (July 2018) includes ambitions to enhance community cohesion and improve access to quality housing. The Corporate Priorities (updated January 2020) sets out a priority to develop housing to ensure people of all incomes are comfortable, warm and able to maintain their independence.

The Lancaster Local Plan includes policies which seek to ensure that the new housing developed in the district meets the identified need in terms of the size, type and location. It provides policies which seek to ensure the delivery of affordable housing, housing which meets specific rural local needs, homes for the elderly, gypsies and travellers and sets out internal size and accessibility standards.

The draft SPD will support the implementation of policies within the Local Plan.

Conclusion of Impact Assessment(s) where applicable

<p>Climate There are no climate change impacts arising from a commitment to progress the draft SPD through the informal and statutory consultation processes.</p>	<p>Wellbeing & Social Value There are no wellbeing or social value impacts arising from a commitment to progress the draft SPD through the informal and statutory consultation processes.</p>
<p>Digital There are no digital impacts arising from a commitment to progress the draft SPD through the informal and statutory consultation processes.</p>	<p>Health & Safety There are no Health & Safety, Equality and Diversity, Human Rights, Community Safety, HR implications arising from a commitment to progress the draft SPD through the informal and statutory consultation processes.</p>
<p>Equality There are no equality impacts arising from a commitment to progress the draft SPD through the informal and statutory consultation processes.</p>	<p>Community Safety There are no community safety impacts arising from a commitment to progress the draft SPD through the informal and statutory consultation processes.</p>

The impacts of the policies within the Local Plan have been assessed during the statutory Local Plan process. As the draft SPD provides guidance upon the implementation of policies within the Local Plan, it will not itself have an impact on these matters.

Details of Consultation

The draft SPD has been reported to the Local Plan Review Group.

The draft SPD will be subject to informal and formal statutory consultation processes with stakeholders, each running for a 6-week period.

Legal Implications

The statutory consultation will be carried out in accordance with the process set out in the Town and Country Planning (Local Planning) (England) Regulations 2012 (as amended), Regulation 12 Public Participation. Once adopted the SPD will form a material consideration in the determination of planning applications.

Financial Implications

The draft SPD is intended to provide guidance on the implementation of Local Plan policy. There are no additional financial implications arising from its progression through the statutory consultation process.

Other Resource or Risk Implications

The main resource implication will be the staff required to support the progression of draft SPD through informal and statutory consultation, any necessary amendment arising from consultation responses, and then adoption and subsequent review.

Section 151 Officer's Comments

The s151 Officer has been consulted and has no comments to make	
Monitoring Officer's Comments	
The Monitoring Officer has been consulted and has no comments to make	
Contact Officer	Fiona Clark
Tel	01524 582222
Email	fjclark@lancaster.gov.uk
Links to Background Papers	
The draft Meeting Housing Need SPD is attached to this report.	

1.0 Introduction

- 1.1 The Local Plan sets out policies which seek to ensure that new housing developed in the district meets the identified need in terms of the size, type and location. It provides policies which seek to ensure the delivery of affordable housing, housing which meets specific rural local needs, homes for the elderly, gypsies and travellers and sets out size and accessibility standards. The draft SPD explains how these policies will be interpreted and provides guidance on the detail and criteria within policies.
- 1.2 The aim of the draft SPD is to provide guidance for prospective applicants and as a tool in decision making. To be afforded weight the draft SPD must follow statutory consultation procedures with the responses being considered and amendments made where necessary.

2.0 The Content of the Draft SPD

- 2.1 The draft SPD does not propose new policies, it explains how the housing related policies in the Local Plan will be interpreted and provides guidance on the detail and criteria within policies. Not all housing policies are addressed in this SPD as some aspects are self-explanatory and need no further guidance. The SPD must be read in conjunction with the specific housing policies and the policies within the Local Plan as a whole.
- 2.2 Section 2: Policy Context sets out the Local Plan documents and highlights the relevant national and local planning policies which should be considered when submitting a planning application.
- 2.3 Section 3: Housing Delivery briefly explains the evidence used to understand housing need in the district, it highlights elements of the Lancaster Independent Housing Requirements Study 2015 (October 2015 and the Strategic Housing Market Assessment (Part II) 2018 (SMHA). It also identifies the delivery of housing which will be facilitated by the Local Plan.
- 2.4 Section 4: Open Market Housing highlights the need for schemes to provide mixed communities and the housing mix expected to be delivered on sites.

- 2.5 Section 5: Affordable Housing provides guidance about the provision of affordable housing. It sets out the definition of affordable housing, the amount of affordable housing to be delivered on sites as required by policies DM3 and DM6 of the Development Management Development Plan Document (DMDPD) and policy ASO3 of the Arnside & Silverdale AONB Development Plan Document and how the commuted sums in the Forest of Bowland AONB and Vacant Building Credit will be calculated. It also provides the criteria which will be used when determining whether a site qualifies for Vacant Building Credit. Viability is briefly touched upon, but this is dealt with in more detail in the draft Viability Protocol SPD.
- 2.6 Section 5 also explains the tenure mix, dwelling sizes and types required to meet the identified affordable housing need. It provides a set of principles for the delivery of affordable housing, how they should be designed and integrated or 'pepperpotted' throughout sites to ensure the provision of mixed communities. Finally, it explains the requirements for the completion of Affordable Housing Statements.
- 2.7 Section 6: Rural Housing addresses the requirements for rural housing. It explains how the requirement for rural housing to meet 'evidenced local needs only' and 'an identified and specific local housing need' (policy SP2 of the Strategic Policies and Land Allocations Development Plan Document and policy DM4 of the DMDPD respectively) is expected to be evidenced. It also explains the requirements for rural and entry level exception sites.
- 2.8 Section 7: Housing for Rural Workers provides additional guidance about the provision of housing to meet the needs of rural workers and the evidence required to support applications.
- 2.9 Section 8: Housing for Older People and Those with Specific Needs explains how proposals for housing to meet older people and those with specific housing needs will be considered. It briefly outlines the identified need for such accommodation, and the housing mix and standards required to meet that need. It also provides criteria for assessing whether accommodation falls within Class C2 (Residential Institutions) or Class C3 (Dwellinghouses) of the Town and Country (Use Classes) Order 1987 (as amended).
- 2.10 Section 9: Gypsy and Traveller Sites identifies the need for Gypsy and Traveller accommodation and how this is intended to be addressed. It also provides guidance upon the design and layout standards that new sites are expected to meet.
- 2.11 Section 10: Houses in Multiple Occupation and Section 11: Housing Standards briefly mention these subjects. Section 11 outlines the information expected to be provided with a planning application to show how the housing proposed meets the Nationally Described Space Standards and 20% meet the M4(2) Building Regulations requirement, as set out in policy DM2 of the DMDPD. Further guidance on these topics is provided in the Residential Conversions and Houses in Multiple Occupation SPD and the Housing Standards Planning Advice Note.

3.0 Consultation

- 3.1 The formal process for preparing and adopting SPDs is set out in the Town and Country Planning (Local Planning) (England) Regulations 2012. The National Planning Policy Framework (NPPF), as updated in February 2019 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.

- 3.2 SPDs relate to specific sites or specific planning issues. They are not subject to Independent Examination and do not have Development Plan status. However, SPDs are given due consideration within the decision-making process and must relate to a specific Development Plan policy contained within a DPD.
- 3.3 There is a three-stage process for the preparation of Supplementary Planning Documents, this includes:
- Evidence gathering
 - The preparation and consultation of a draft SPD
 - The Adoption of the SPD
- 3.4 The evidence in respect of the policies in the Local Plan was gathered in the lead up to the drafting of policies.
- 3.5 Early engagement in the preparation of SPDs is encouraged. A stage of informal consultation will allow stakeholders to comment on the content and where necessary provide evidence which may result in amendments to the draft SPD.
- 3.6 In order to progress as an SPD, the Council must undertake a statutorily defined consultation process set out in the Town and Country Planning (Local Planning) (England) Regulations 2012, Regulation 12 Public Participation.
- 3.7 The consultation responses must then be considered, and any necessary amendments made to the draft SPD. The final SPD and a Consultation Statement will then be reported the Cabinet with a request that the SPD is adopted.

4.0 Options and Options Analysis (including risk assessment)

<p>Option 1: Progress the draft SPD through informal and statutorily defined consultation process.</p>
<p>Advantages: The consultation process will provide engagement with stakeholders and allow them to influence the content of the draft SPD. Consultation and appropriate consideration of the responses will ensure that the SPD can be afforded weight when determining planning applications.</p>
<p>Disadvantages: No disadvantages.</p>
<p>Risks: No risks.</p>
<p>Option 2: Do not progress the draft SPD through informal and statutorily defined consultation process.</p>
<p>Advantages: No advantages.</p>
<p>Disadvantages: Additional guidance about the criteria within planning policies will not be available for prospective applicants or as a decision making tool.</p>
<p>Risks: Processing the draft SPD without the necessary consultation will reduce any weight which could be attached to it in the decision making process.</p>

4. Officer Preferred Option (and comments)

4.1 The officer preferred option is Option 1 - Progress the draft SPD through informal and statutorily defined consultation process, to ensure that if adopted it can be given weight in decision making.

A Local Plan for Lancaster District

2011-2031

Draft Meeting Housing Need Supplementary Planning Document

January 2020



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Executive Summary

Everyone living in the district should have the opportunity to live in a decent, safe and affordable home. The policies within the Local Plan seek to provide the opportunities for new housing to meet the needs of local people while balancing the physical constraints around the district such as the North Lancashire greenbelt, two AONBs, areas at risk of flooding and areas protected for biodiversity. As the number of houses which can be provided, especially affordable housing, is constrained, it is important to ensure that those which are built, are of an appropriate size, tenure and quality. By ensuring that the homes built meet the needs of people in the district, we will deliver on the Council's priority to "developing housing to ensure people of all incomes are comfortable, warm and able to maintain".¹

This Meeting Housing Need Supplementary Planning Document (SPD) does not propose new policies, it explains how the policies in the Local Plan will be interpreted and provides guidance on the detail and criteria within policies. Not all policies are addressed in this SPD, as some aspects are self-explanatory and need no further guidance. The SPD must be read in conjunction with the specific housing policies and the relevant policies within the Local Plan as a whole. The SPD provides general guidance but is no substitute for site specific advice which can be obtained through the Councils pre-application advice procedure.

The SPD is structured and provides advice as follows:

Section 2 Policy Context

Section 2 outlines the policy context. It sets out the Local Plan documents and highlights the relevant national and local planning policies which should be considered when submitting a planning application.

Section 3 Housing Delivery

Section 3 briefly explains the evidence used to understand housing need in the district, it highlights elements of the Lancaster Independent Housing Requirements Study 2015 (October 2015 and the Strategic Housing Market Assessment (Part II) 2018 (SMHA). It also identifies the delivery of housing which will be facilitated by the Local Plan.

Section 4 Open Market Housing

Section 4 addresses open market housing provision, highlighting the need for schemes to provide mixed communities and the housing mix expected to be delivered on sites.

Section 5 Affordable Housing

Section 5 provides guidance about the provision of affordable housing. It sets out the definition of affordable housing, the amount of affordable housing to be delivered on sites as required by policies DM3 and DM6 of the Development Management Development Plan Document (DMDPD) and policy ASO3 of the Arnsdale & Silverdale AONB Development Plan Document and how the commuted sums in the Forest of Bowland AONB and Vacant Building Credit are calculated. It also provides the criteria which will be used when determining whether a site qualifies for Vacant Building Credit. Viability is briefly touched upon, but this is dealt with in more detail in the Viability Protocol SPD.

¹ Lancaster City Council Priorities Update 2020

Section 5 explains the tenure mix, dwelling sizes and types required to meet the identified affordable housing need. It also provides a set of principles for the delivery of affordable housing, how they should be designed and integrated or 'peppercotted' throughout sites to ensure the provision of mixed communities. Finally, it explains the requirements for the completion of Affordable Housing Statements.

Section 6 Housing in the Arnside & Silverdale AONB

Section 6 provides guidance on the sequential approach to the location of new housing in the AONB and the requirement for housing to meet an identified local need.

Section 7 Rural Housing

Section 7 address the requirements for rural housing. It explains how the requirement for rural housing is to meet 'evidenced local needs only' and 'an identified and specific local housing need' (policy SP2 of the Strategic Policies and Land Allocations Development Plan Document and policy DM4 of the DMDPD respectively) is expected to be evidenced. It also explains the requirements for rural and entry level exception sites.

Section 8 Housing for Rural Workers

Section 8 provides additional guidance about the provision of housing to meet the needs of rural workers and the evidence required to support applications.

Section 9 Housing for Older People and Those with Specific Needs

Section 9 explains how proposals for housing to meet older people and those with specific housing needs will be considered. It briefly outlines the identified need for such accommodation, the housing mix and standards required to meet that need. It also provides criteria for assessing whether accommodation falls within Class C2 (Residential Institutions) or Class C3 (Dwellinghouses) of the Town and Country (Use Classes) Order 1987 (as amended).

Section 10 Gypsy and Traveller Sites

Section 10 identifies the need for Gypsy and Traveller accommodation and how this is intended to be addressed. It also provides guidance upon the design and layout standards that new sites are expected to meet.

Section 11 Houses in Multiple Occupation

Section 12 Housing Standards

Sections 11 and 12 briefly mention Houses in Multiple Occupation and Housing Standards respectively. Section 12 outlines the information expected to be provided with a planning application to show how the housing proposed meets the Nationally Described Space Standards and how 20% meet the M4(2) Building Regulations requirement, as set out in policy DM2 of the DMDPD. Further guidance on these topics is provided in the Residential Conversions and Houses in Multiple Occupation SPD and the Housing Standards Planning Advice Note.

1.0 Introduction

Background

- 1.1 This Supplementary Planning Document (SPD) has been prepared by Lancaster City Council to provide additional detail and guidance upon housing and affordable housing policies set out in the Local Plan for Lancaster 2011-2031. It addresses the principles and processes that will ensure the delivery of a wide range of market and affordable housing to meet local need and demand; and to ensure that future residential development contributes to mixed sustainable communities.
- 1.2 The Local Plan for Lancaster District consists of the Strategic Policies & Land Allocations Development Plan Document (SPLADPD), the Development Management Development Plan Document (DMDDPD), the Arnsdale & Silverdale Area of Outstanding Natural Beauty Development Plan Document (for the Lancaster City Council area) (Arnsdale & Silverdale AONBDPD) and the Morecambe Area Action Plan². There are also several Neighbourhood Plans which form part of the development plan. It is also intended to produce an Area Action Plan to allocate land and to provide planning policies and guidance for development within the broad location for growth at South Lancaster. Once adopted the Lancaster South Area Action Plan will form part of the Local Plan.
- 1.3 This SPD does not propose new policies, it explains how the policies in the Local Plan will be interpreted and provides guidance on the detail and criteria within policies. Not all policies are addressed in this SPD, as some aspects are self-explanatory and need no further guidance. The SPD must be read in conjunction with the specific housing policies and the policies within the Local Plan as a whole when considering the submission of a planning application.
- 1.4 The SPD has been prepared in accordance with Local Plan Regulations and will be consulted upon in accordance with the statutorily defined consultation process set out in the Town and Country Planning (Local Development) (England) Regulations 2012, Regulation 12 Public Participation. On adoption, the SPD will be a material consideration in the determination of planning applications.

Objectives of the SPD

- 1.5 The objectives of this SPD are:
 - To aid effective implementation of the housing related policies in the Lancaster Local Plan.
 - To provide a clear direction to applicants on how to interpret these policies.
 - To bring together the relevant council guidance and practice on the delivery of residential development.
 - To guide all applicants on liaising with the council and on what information is required so that planning applications are not delayed unnecessarily.

² Throughout this document the DPDs and AAP are referred to collectively as the Local Plan

2.0 Policy Context

National Policy

- 2.1 The National Planning Policy Framework (NPPF) sets out government policy on housing. Chapter 5 concerns the delivery of a sufficient supply of homes for different demographic groups and the provision of affordable housing. Paragraph 61 is particularly relevant to housing needs and states:

“... the size, type and tenure of housing needed for different groups in the community should be assessed and reflected in planning policies (including, but not limited to, those who require affordable housing, families with children, older people, students, people with disabilities, service families, travellers, people who rent their homes and people wishing to commission or build their own homes.”

- 2.2 Paragraph 62 relates to affordable housing and states:

“Where a need for affordable housing is identified, planning policies should specify the type of affordable housing required, and expect it to be met on site unless:

- a) Off-site provision or an appropriate financial contribution in lieu can be robustly justified; and*
- b) The agreed approach contributes to the objective of creating mixed and balanced communities.”*

- 2.3 In respect of housing in rural areas paragraph 77 states:

“... planning policies and decisions should be responsive to local circumstances and support housing developments that reflect local needs. Local planning authorities should support opportunities to bring forward rural exception sites that will provide affordable housing to meet identified local needs, and consider whether allowing some market housing on these sites would help to facilitate this.”

- 2.4 Additional guidance to support the NPPF is provided within the national Planning Practice Guidance (PPG). The PPG is updated whenever necessary. Guidance is provided on housing needs in relation to older people, people with disabilities, private rented sector, self-build and custom build housing, student housing and affordable needs.

Local Policy

- 2.5 The Lancaster City Council Corporate Plan identifies four key ambitions between 2018 and 2022, three of these are directly influenced by the quality of housing within the district:

- A Thriving and Prosperous Economy
- Clean, Green and Safe Neighbourhoods
- Healthy and Happy Communities

- 2.6 The policies in the Local Plan and the guidance in this SPD are based on evidence from the Lancaster Independent Housing Requirements Study 2015, the OAN Verification Study February 2018 by Turley Economics and the Strategic Housing Market Assessment (Part II) February 2018 by arc4 (SMHA). These documents provide evidence and recommendations about the amount of housing needed and the types and tenures required to meet a wide range of needs.

- 2.7 The Local Plan Viability Assessments (Stage One and Two) and the Arnsdale & Silverdale AONB Viability Assessment provide the evidence about the level of housing standards and the amount of affordable housing that can be provided on housing sites.

Strategic Policies and Land Allocation DPD

2.8 Key points within the vision for the Local Plan are:

“That the district will comprise sustainable, distinctive, healthy and cohesive communities where residents enjoy the advantages of a level of self-containment that supports growth and diversity in distinctive local businesses whilst minimising the need to commute. New development will promote positive urban design to create a distinctive sense of place.”

2.9 The vision is supplemented by a number of spatial objectives, those relevant to housing include: SO2: Provision of a sufficient supply, quality and mix of housing to meet the changing needs of the population and support growth and investment. This will be delivered by:

- Delivering housing in the district to support economic growth and meet housing needs in the most sustainable locations including Lancaster, Morecambe, Heysham, Carnforth and other identified Sustainable Settlements;
- Building a range of housing types, sizes and tenures to meet the needs of all members of the community;
- Ensuring that new development is well designed, sustainable and energy efficient;
- Developing high quality housing that is appropriate and affordable for current and future residents particularly within rural areas of the district, contributing to the creation of a balanced housing market;
- Securing the long-term sustainability of rural communities by supporting well designed and located rural housing of appropriate tenure to meet local needs;
- Seeking to bring back into use residential properties which have suffered from long-term vacancy in order to make a contribution towards meeting housing needs;
- The preparation, implementation and on-going maintenance of a Brownfield Register to ensure that there is a full understanding of available brownfield land and that where appropriate to do so development proposals for such sites can come forward in a positive and proactive manner; and
- To address the specific needs of the Gypsy, Traveller and Travelling Showpeople communities to ensure their needs can be met through the course of the plan period.

2.10 The Local Plan has several policies which concern housing needs within the SPLADPD. Policies SP2 and SP3 provide the development strategy and a settlement hierarchy which identifies the locations where new housing is appropriate. As the largest settlement with regional importance, Lancaster is the focus for housing provision. Morecambe, Heysham and Carnforth provide a supporting role to provide housing for more localised catchments.

2.11 The policy identifies sustainable rural settlements where smaller scale housing is appropriate. Outside these settlements, housing will only be permitted where it accommodates an evidenced local need.

2.12 Policies H1 and H2 identify the allocated housing sites in the urban and rural areas. These policies also identify, where appropriate, the site-specific policies for these sites. The site-specific policies include criteria to ensure the development of each site is appropriate to its location and that the necessary infrastructure is provided. These criteria will be used when determining planning applications.

Development Management DPD

2.13 The DMDPD where policies, DM1 to DM13 all concern the delivery of suitable housing in the district. These policies include:

- DM2: Housing Standards
- DM3: The Delivery of Affordable Housing
- DM4: Residential Development Outside the Main Urban Areas
- DM5: Rural Exception Sites
- DM6: Housing Provision in the Forest of Bowland
- DM7: Purpose Built Student Accommodation
- DM8: Accommodation for Older People and Vulnerable Communities
- DM9: Accommodation for Gypsy and Travellers, and Travelling Showpeople
- DM10: Accommodation for Rural workers
- DM11: Residential Moorings on Lancaster Canal
- DM12: Self Build, Custom Build and Community-Led Housing
- DM13: Residential Conversion

2.14 The DMDPD also contains a suite of policies addressing a wide range of issues which will influence the detail of a scheme and the outcome of a planning application. These include policies in respect of the design and sustainability of development (DM29 & DM30), site specific issues such as contamination (DM32), flood risk (DM33 & DM34), heritage (DM37-DM42) and the natural environment (DM43-DM46), infrastructure (DM58 & DM59), transport, accessibility and connectivity (DM60-DM64). This list is not exhaustive and further advice about the policies relevant to a specific scheme will be given through the Pre-Application Advice Procedure.

Arnside & Silverdale Area of Outstanding Natural Beauty (AONB) DPD

2.15 The Arnside & Silverdale AONB DPD provides a suite of policies specific to this part of the district. A landscape capacity-led approach will be taken in the AONB. Great weight will be given to the principle of conserving landscape and natural beauty, wildlife and cultural heritage in the AONB. Policies which relate directly to housing include:

- AS01 – Development Strategy
- AS03 – Housing Provision
- AS15 – Housing Allocations
- AS16 – Mixed –Use Allocations.
- AS21 – Land North West of Sand Lane, Warton
- AS22 – Land North of 17 Main Street, Warton
- AS24 – Railway Goods Yard, Silverdale

2.16 The Arnside & Silverdale AONB DPD also includes policies in respect of the design of new houses and their impact on the landscape.

Neighbourhood Plans

- 2.17 Neighbourhood Plans form part of the development plan and decisions will be made in accordance with these plans. These plans are processed by neighbourhood groups, in most cases, Parish Councils. There are adopted Neighbourhood Plans which contain policies which effect where new housing can be located and contain detail and requirements specific to the neighbourhood area.
- 2.18 The Local Plan documents, including the adopted Neighbourhood Plans, can be found on the Council website:
<http://www.lancaster.gov.uk/planning/planning-policy/about-local-plan>

3.0 Housing Delivery

Understanding Housing Need

- 3.1 The Lancaster Independent Housing Requirements Study 2015 (October 2015) by Turley Economic recommended an objectively assessed housing need of between 650 and 700 dwellings per annum and a total of between 13,500 and 14,000 over the plan period. This would meet demographic needs in full, represent a positive response to market signals, including a recognition of the potential impact of historic under-provision of housing in relation to plan targets, and also allows for an uplift to this implied level of need in response to employment growth opportunities whilst allowing for some flexibility regarding the role of future changes in economic participation rates amongst older people. The Verification Study (February 2018) by Turley Economics, concluded that the figure remained reasonable.
- 3.2 The Strategic Housing Market Assessment (Part II) 2018 (SMHA) methodology was carried out in accordance with the PPG in place at the time. The methodology included a Household Survey sent to 27,462 households (2017), consideration of stakeholder consultation and interviews, a review of secondary data and analysis of housing need and affordable housing requirements.
- 3.3 The SMHA identifies an affordable housing requirement and makes recommendations about the need for a mix of homes of different types, sizes and tenures across the district. Securing a mix of homes will enable the district to, “promote social interaction, including opportunities for meetings between people who might not otherwise come into contact with each other ...” (Paragraph 91a of the NPPF). Communities which contain a good mix of homes have the greater potential to support a range of local services and facilities, provide opportunities for interaction and community support for vulnerable groups, such as the elderly.
- 3.4 According to the SHMA household survey, some 6,185³ households are in housing need (10.2% of all households). Reasons for housing need are mostly overcrowding, people having special needs and properties being too difficult to maintain. The SHMA identifies an annual shortfall of 376⁴ affordable homes each year. This has risen by around 50 a year since the previous Housing Needs Survey in 2011. The delivery of affordable housing is therefore an important priority of the Council.

³ Table 5.2 of the SHMA

⁴ Table 5.5 of the SHMA

- 3.5 The Council also recognises that there may be other evidence available on housing needs. This includes local surveys carried out by Parish Councils and in connection with Neighbourhood Plans, which focus on the needs of households within a defined area, such as a rural settlement or parish. Such surveys can be a valuable source of information on local housing need providing they are carried out to a robust methodology and the results are statistically valid.

Housing Delivery Over the Plan Period

- 3.6 The Council has sought to maximise opportunities to meet the OAN. However, the physical and infrastructure constraints within the district limit the ability to meet this OAN. Physical constraints include the landscape designations of the North Lancashire Green Belt, Forest of Bowland and Arnsdale and Silverdale AONBs, protected habitats found in Morecambe Bay and along the Lune Valley and areas prone to flooding. Infrastructure constraints include the highway network. Further information can be found at the beginning of Chapter 9 of the SPLADPD and background evidence is available on the Council website:
<http://www.lancaster.gov.uk/planning/planning-policy/evidence-monitoring-information>

- 3.7 The identified constraints have resulted in the adoption, through policy SP6 of the SPLADPD, of a housing requirement of 10,440 over the plan period. This will be delivered through the following stepped approach:

- 2011/12 to 2018/19 – 400 dwellings per annum
- 2019/20 to 2023/24 – 485 dwellings per annum
- 2024/25 to 2028/29 – 685 dwellings per annum
- 2029/30 to 2030/31 – 695 dwellings per annum

- 3.8 Beyond the Plan period the annualised average rate of 522 dwellings has been rolled forward to cover a longer trajectory period of 23 years.

- 3.9 The housing supply and delivery is monitored annually, and the results are published in the Housing Land Monitoring Report which can be found on the Council website:

<http://planningdocs.lancaster.gov.uk/AniteIM.Websearch/Results.aspx>

4.0 Open Market Housing

Housing Mix

- 4.1 The NPPF requires local planning authorities to plan for a mix of housing, based upon current and future demographic trends, including identifying the size, type, tenure and range of housing needed for different groups.
- 4.2 Policy DM1 of the DMDPD reflects this and requires the provision of a broad range of homes to meet housing need. The Joseph Rowntree Foundation carried out research into, 'Mixed Communities: Success and Sustainability' in 2006 and found:
- *“mixed income communities studies were overwhelmingly successful”;*
 - *“mixed tenure and mixed income were non-issues” [and]*
 - *“developers engaged in mixing tenures had no major problems. There was no evidence that mixed communities lowered the prices of houses for sale or put off potential purchaser”.*

- 4.3 Including a mix of house sizes, types and tenures can help meet the needs of a wide range of residents over their lifetime. A mixture allows:
- Adaption to meet changing life circumstances.
 - People to adapt or move locally as needs change.
 - Families to remain close following divorce or separation.
 - Young adults to stay in the area when they wish to have a home of their own.
 - Families to support each other as needs change.
 - People to move locally as they age and their needs change.
 - Helps to minimise the impacts arising from the affordability of housing upon school place choices.
- 4.4 It is important to ensure that an appropriate mix is included from the outset to limit the need for amendments once a design and layout has been drafted. It will also limit any delays and expenditure which may arise from failing to include an appropriate mix.
- 4.5 The size, timing and mix within phases of a larger development affect how residents are distributed and how social relations develop across the whole site. A series of phases can act like a series of separate developments and create distinct group identities amongst residents and non-residents, despite the design and layout across the whole development site. Different house sizes and affordable housing should be mixed throughout each phase.
- 4.6 Evidence in the SHMA highlights that there is a demand for a mix of new homes, with a particular demand for the delivery of three-bedroom open market houses⁵. There is also a desire for bungalows. Table 5.8 of the SHMA recommends a mix for the type and size of open market and affordable housing in the district. This recommended mix is based on an analysis of existing provision and need throughout the whole district. The table at paragraph 4.12 of the DMDPD (Table 1 below) provides a guide to the house types and sizes which will be encouraged on all sites across the district. Where a development contributes to meeting the strategic need for housing on allocated sites, or in or adjacent to regional centres, key service centres, market towns or sustainable rural settlements (outside the AONBs), schemes will be expected to meet the recommended district wide mix.

Property Type	Market (%)
House (2 bedrooms)	20
House (3 bedrooms)	35
House 4+ bedrooms	25
Bungalow	10
Flat/apartment (may include 1 bedroom houses)	10

Table 1: Recommended district wide mix for open market housing

⁵ Tables 4.4 to 4.8 of the SHMA

- 4.7 There may be other factors which will affect the appropriate mix, such as area specific needs identified in a Parish or Town specific Housing Needs Assessment (based upon local needs surveys) and Neighbourhood Plan policies which may identify a specific housing mix or type for development in their area. These assessments will be particularly important when determining the appropriate housing mix for windfall sites later in the plan period, and for rural exception and community housing schemes. The table reflects a snapshot in time, as evidenced by the 2017 Household Survey. As development takes place and identified needs for a dwelling type or size are met, the mix may change. These local surveys and assessment of need will be particularly important in the AONBs and rural villages.
- 4.8 Policy DM1 sets out circumstances where it may not be appropriate to provide a mix of dwelling types to meet the full range of housing need identified in the SHMA. These include for example:
- Small schemes of fewer than 10 units where delivering a broad range of housing may be limited by physical constraints;
 - Sites in or close to town centres within the district where lower densities or larger homes may not be appropriate;
 - Sites where the need to sustain or enhance the setting of a heritage asset may be of particular importance and requires a bespoke approach to housing mix; and
 - Sites in rural locations, where there is an up-to-date village or parish housing needs assessment that is a more appropriate indication of housing need.
- 4.9 A scheme which falls into one of the examples provided will not be automatically exempt from the requirement to meet a full range of housing needs. Schemes should seek to meet the identified needs, unless evidence is provided to support an alternative mix.
- 4.10 Where a scheme deviates significantly from the indicative mix identified in the Local Plan, justification and evidence to support the alternative mix should be provided with the application. A developer's preference for a house type or size, their sales model or previous developments will not be considered enough justification. The argument that providing a limited range will address part of the identified need will also not suffice. Meeting a limited range will place greater pressure upon other developments to provide a shortfall in other housing sizes.

5.0 Affordable Housing

Definition of Affordable Housing

- 5.1 To be considered as affordable housing, the criteria within Annex 2 of the NPPF must be met. The full definition is included in the Glossary of this SPD. Homes that do not meet the definition in Annex 2, such as "low cost market" housing, will not be considered as affordable housing for planning purposes.
- 5.2 The discounted market sales housing model offers a fixed level of discount only. Local circumstances indicate that the discount would need to be significant to make homes affordable. This tenure also only caters for a limited group of people in affordable housing need. As a result of this, the Council will not accept discounted market housing.

- 5.3 The Council expects intermediate affordable housing for sale to be provided as shared ownership and managed by a Register Provider (RP). This form of home ownership allows people who are not normally able to buy a property outright, to buy a percentage share depending on what they can afford and pay rent to an RP for the remainder. Rent to Homebuy may be acceptable in some cases. There are some eligibility criteria that apply, and a financial assessment is undertaken.
- 5.4 The enactment of the Housing and Planning Act 2016 on 24 May 2016 and the revised NPPF introduce a wider definition of affordable housing to include the provision of Starter Homes. The Act legislates that Local Authorities have a duty to promote the supply of Starter Homes. Nevertheless, whilst primary legislation now exists through the Act, there remains no secondary legislation in place which provides detail on the implementation of Starter Homes.
- 5.5 The Government consulted on the First Homes Policy in February 2020 and August 2020. First Homes are similar in form to shared ownership and would have a discount of around 30%. The discount would be passed onto future purchasers. First Homes are intended to help first time buyers who have local connections to an area. However, the consultation included a range of eligibility criteria options and potential percentage discounts. No further detail has yet been provided.
- 5.6 Until such time as legislation is introduced, the Council does not intend to require or accept Starter Homes or First Homes to be delivered as part of new development proposals. This will be kept under review as legislation emerges.

Policy Requirements for Delivery of Affordable Housing

- 5.7 The amount of affordable housing required to be delivered as part of residential development is contained within policies DM3 and DM6 of the DMDPD and policy ASO3 of the Arnside & Silverdale AONB DPD. Affordable housing is usually delivered as a proportion of the number of houses on a development site. A developer builds the houses and then they are transferred to an RP which either rents the homes to tenants or sells them as shared ownership properties. RPs deliver 100% affordable housing schemes, however, in some cases RP schemes may include an element of open market housing to improve viability.
- 5.8 The proportion of affordable housing required on sites varies across the district. These variations have been determined by the Local Plan Viability Assessments⁶, the evidenced need for affordable housing and the aims of the policies in the AONBs which seek to conserve and enhance the natural beauty of the area by adopting a landscape capacity-led approach.

⁶ Local Plan Viability Assessment Stage One and Two (2018) and the Arnside & Silverdale AONB DPD Viability Assessment

- 5.9 The affordable housing requirements, within policies DM3 and DM6 of the DMDPD and AS03 of the Arnsdale & Silverdale AONB DPD are outlined in the tables below:

Lancaster, Carnforth and Rural West (Rural West includes the wards of Ellel [except any part of the Forest of Bowland AONB] and Bolton-with-Slyne)			
Land Classification	Number of Homes Proposed	Delivery Method	% of Homes Required to be Affordable
Greenfield	15 Units and Over	On Site	30%
Greenfield	10-14 Units	On Site	20%
Brownfield ⁷	10 Units and Over	On Site	20%
Morecambe, Heysham and Overton			
Land Classification	Number of homes proposed	Delivery Method	% of Homes Required to be Affordable
Greenfield	10 Units and Over	On Site	15%
Brownfield	N/A		Nil
Rural East (Halton-with-Aughton, Kellet, Lower Lune Valley and Upper Lune Valley except any part of the Forest of Bowland AONB)			
Land Classification	Number of homes proposed	Delivery Method	% of Homes Required to be Affordable
Greenfield	10 Units and Over	On Site	40%
Brownfield	10 Units and Over	On Site	30%
No affordable housing will be required for development which comprises solely apartment-led development in Lancaster, Carnforth, Rural West, Morecambe, Heysham, Overton or Rural East.			

Table 2: Provision of affordable housing as required by policy DM3

⁷ 'Brownfield Land' has the same meaning as 'Previously developed land' defined in the NPPF as, "Land which is or was occupied by a permanent structure, including the curtilage of the development land (although it should not be assumed that the whole curtilage should be developed) and any associated fixed surface infrastructure. This excludes: land that is or was last occupied by agriculture or forestry buildings; land that has been developed for minerals extraction or waste disposal by landfill, where provision for restoration has been made through development management procedures; land in built-up areas such as 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".

Forest of Bowland AONB		
Number of homes proposed	Delivery Method	Affordable Housing Contribution
2 to 5 units	Financial Contribution	Equivalent to 50% of on-site provision
6 units and Over	On Site	No less than 50% of homes to be provided as affordable

Table 3: Provision of affordable housing as required by policy DM6

Arnside & Silverdale AONB (includes the Parishes of Silverdale, Warton, Yealand Conyers & Yealand Redmayne)		
Number of homes proposed	Delivery Method	% of homes required to be affordable
2 units and over	On Site	No less than 50%

Table 4: Provision of affordable housing as required by policy AS03

- 5.10 The map at figure 4.1 of the DMDPD shows the wards included within each area. A copy of the map is attached at Appendix A.
- 5.11 Where the requirement results in an odd number, the affordable provision should be rounded up to ensure that at least the required percentage is provided on site.
- 5.12 The affordable housing requirements apply to all homes within the C3 use class. This includes conversions, sub-division, sheltered and extra care provision where each unit provides an individual home⁸. Vacant Building Credit may apply where a vacant building is converted or demolished as part of a redevelopment. See paragraphs 5.19 onwards for further guidance.
- 5.13 Where the affordable housing scheme has a negative impact upon the viability of a development, the onus is upon the developer to provide compelling evidence to support a reduction in the provision required. Further details on how to provide this evidence can be found in the Viability Protocol Supplementary Planning Document.

Commuted Sums in the Forest of Bowland AONB

- 5.14 Policy DM6 requires a financial contribution towards affordable housing for schemes of 2-5 homes in the Forest of Bowland AONB equivalent to an on-site contribution of 50%.
- 5.15 If in the AONBs, a suitable RP cannot be found to accept small numbers of affordable homes (1 or 2 homes), then this must be clearly demonstrated to the planning authority. The applicant must set out why the development cannot be amended to attract an RP. If there is no willing RP, then a commuted sum may be considered to be appropriate in lieu of on-site provision.

⁸ Rectory Homes Limited and Secretary of State for Housing and Communities and Local Government and South Oxfordshire District Council [2020] EWHC 2098 (Admin)

- 5.16 In calculating a commuted sum, the Council will apply the same mechanism that has been previously applied for financial contributions, as set out in the Meeting Housing Needs SPD (2013). This is a tried and tested mechanism which agents and developers have had the benefit of experience. The percentages used were based upon average land values as a percentage of gross development value (18.5%) and a with an allowance for fees and site preparation (15%). The calculation roughly equates to a contribution of 20% of open market value per affordable dwelling required. See Appendix B for further information about to the methodology.

<p>Step 1: Establish the open market value of the proposed development</p> <p>Step 2: Calculate 18.5% of the open market value</p> <p>Step 3: Add 15% to the result of Step 2</p> <p>Step 4: Apply the result of Step 3 to the net increase in units and the relevant affordable housing requirement.</p>
<p>Example: A scheme for 4 x three-bedroom dwellings on a greenfield site is proposed in the Forest of Bowland AONB. The following calculation would be carried out to determine the financial contribution:</p> <p>Step 1: The OMV of each unit averages £350,000. 4 units at £350,000 gives an overall Open Market Value for the scheme of £1,400,000.</p> <p>Step 2: 18.5% of £1,400,000 = £259,000</p> <p>Step 3: add 15% to Step 2 = £297, 850</p> <p>Step 4: There is a net increase of 4 units. The affordable housing contribution for schemes of 2-5 units in the Forest of Bowland is 50% Therefore 50% of £297,850 equals an affordable housing contribution of £148,925.</p>

Table 5: Affordable Housing Contribution Calculation
The figures have been used to show the process of the calculation only and do not indicate current or acceptable values. This calculation only applies to contributions in the Forest of Bowland AONB.

- 5.17 The agreed financial contribution must be paid on commencement of the development, unless evidence to support a delayed payment is submitted with the application.
- 5.18 Following receipt of the financial contribution, the monies will be held in the Affordable Housing Fund, a ring-fenced account that supports the development of affordable housing in the district. For more information on this please refer to Appendix C.

Vacant Building Credit

- 5.19 Vacant Building Credit (VBC) is an incentive for the development of brownfield sites containing vacant buildings and will be applied to schemes which reuse or redevelop a vacant building in accordance with paragraph 63 of the NPPF. It applies where a vacant building is brought back into a lawful use or is demolished to be replaced by a new building. In such cases the developer will be offered a financial credit (equivalent to the existing gross floorspace of relevant vacant buildings) which is then deducted from the affordable housing contributions required by policies within the local plan (see table 6 for details of the calculation).

5.20 There is no statutory definition of a 'vacant building'. Each case will be determined on its own merits. The Council will consider the following matters and criteria:

The length of time a building has been vacant

- To qualify for VBC a building must not have been in continuous use over the previous three years prior to the date of the decision.
- A building will not be considered vacant if it has been in in continuous use for any six-month period during the three years prior to the decision.
- The whole of building must have been vacant for the three years prior to the decision. Occupied or partly occupied buildings do not count, neither do occupied buildings that are expected to become vacant.

Whether the building has been made vacant for the sole purpose of redevelopment

VBC will not apply if a building has been made vacant for the purposes of redevelopment. The Council will consider:

- The length of time the building has not been in use,
- The reason the building became vacant and remains vacant,
- The owner's intentions.

For example, if a lease has been terminated by the owner or the building has not been adequately marketed at a reasonable value for a period of at least one year, it will be considered that the building has been made vacant for the purposes of re-development.

Whether the building has been abandoned

Factors the Council will take into account include:

- The physical condition of the building,
- The length of time that the building has not been used,
- Whether it had been used for other purposes; and
- The owner's intentions.

The planning history of a building

VBC will not be applied:

- Where the building has an extant planning permission for the same or substantially the same development.
- Where the building was in use at the time of the submission.
- To a building which has a temporary planning permission.
- To buildings that people do not normally go into or go into only intermittently to maintain or inspect machinery (e.g. an electricity sub-station).
- Temporary buildings.
- Portable buildings, portal frame buildings or those which are not fully enclosed with walls, such as open or partially open sided agricultural buildings.

To qualify for VBC:

- There must be a building in existence at the time of the decision is made on the application. Buildings already demolished do not count.
- The building must be brought back into use or demolished as part of the development. Vacant buildings on a site that do not form part of the development proposal do not count.

- 5.21 The onus is on the developer to demonstrate that the building is vacant. Evidence to support a claim that a building is vacant will be required.
- 5.22 In order to calculate the credit, the Council will need applicant to submit accurate figures and plans of existing and proposed floorspace.
- 5.23 Where there is an overall increase in floorspace in the proposed development, the affordable housing contribution will be calculated based upon the development as a whole and as set out in Tables 1-3. A credit will then be applied which is equivalent of the gross floorspace of any relevant vacant building being brought back in to use or demolished as part of the scheme and deducted from the overall affordable housing contribution. This will apply to either the number of affordable homes to be provided or a financial contribution⁹
- 5.24 If the total floorspace of existing buildings to be demolished is equal to or exceeds the total floorspace created, then no affordable housing would be provided.

<p>Example A twenty-four-dwelling scheme in Lancaster with a gross floor space of 1950sqm. The site contains a building which was formerly used a vehicle repair garage which has an existing gross floorspace of 400sqm. Policy DM3 requires 30% of the dwellings to be provided as affordable.</p>		
Step 1	Calculate the affordable housing contribution based on the total number of dwellings and the affordable housing percentage required by the Local Plan policy	Usual affordable housing contribution $24 \times 30\% = 7.2$ dwellings
Step 2	Calculate the amount of existing floorspace, as a percentage of the floorspace provided by the development. Existing floor space divided by proposed floorspace	$400\text{sqm} / 1950 \text{ sqm} = 21\%$
Step 3	Calculate the affordable houses credited (the number of affordable houses to be deducted from the requirement) Step 1 x Step 2	$7.2 \times 21\% = 1.51$ dwellings

⁹ Planning Practice Guidance - Paragraph: 027 Reference ID: 23b-027-20190315

Step 4	Deduct the affordable credit from the policy compliant affordable housing contribution Step1 – Step 3	$7.2 - 1.51 = 5.69$ dwellings
Affordable housing contribution required	6 affordable dwellings are required to be provided on site The number of affordable houses required will be rounded up to the nearest whole number	

Example	<p>A mixed-use development of 100 dwellings with a gross floor space of 8,600sqm and 5,000 sqm office space in Lancaster.</p> <p>Part of the site contains three buildings which were formerly used for a mixture of businesses, with 15,000 sqm of gross floor space.</p> <p>One of the buildings is still in use and one has recently had the tenancy revoked to allow for redevelopment. The third measuring 7,000sqm has been vacant for over three years and has been marketed.</p> <p>Policy DM3 requires 30% of the dwellings to be provided as affordable.</p>	
Step 1	Calculate the affordable housing contribution based on the total number of dwellings and the affordable housing percentage required by the Local Plan policy	Usual affordable housing contribution $100 \times 30\% = 30$ dwellings
Step 2	Calculate the amount of existing floorspace, as a percentage of the floorspace provided by the development. Existing floor space divided by proposed floorspace	Only the building third building qualifies for VBC. $7,000 \text{ sqm} / 13,600 \text{ sqm} \times 100 = 51.47\%$
Step 3	Calculate the affordable houses credited (the number of affordable houses to be deducted from the requirement) Step 1 x Step 2	$30 \times 51.47\% = 15.44$ dwellings
Step 4	Deduct the affordable credit from the policy compliant affordable housing contribution. Step1 – Step 3	$30 - 15.44 = 14.56$ dwellings
Affordable housing contribution required	15 affordable dwellings are required to be provided on site The number of affordable houses required will be rounded up to the nearest whole number	

Table 6: Vacant Building Credit Calculation

Viability

- 5.25 It is recognised that there may be exceptional circumstances where the delivery of affordable housing required by planning policies, would adversely affect viability and hinder the delivery of housing. In these exceptional circumstances, the Council will require an applicant to submit a Viability Assessment with an application. Further information about the Councils approach to viability is available in the Viability Protocol Supplementary Planning Document.

Tenure, Size and Type of Affordable Housing

- 5.26 Paragraph 5.6 of the 2018 SHMA suggests that a tenure split of around 55% rented (social or affordable) and 45% intermediate tenure (shared ownership) would be appropriate across the district. Bullet point 3 of policy DM3 requires:

“Where affordable housing is being delivered, the Council will seek to ensure an appropriate tenure mix using the following percentages as a guide (sizes and types as set out in Policy DM1 of this DPD)

- *60% affordable / social rent and 40% intermediate tenure; or*
- *50% affordable or social rent and 50% intermediate tenure.*

The exception may be 100% affordable housing schemes by RPs.”

- 5.27 Table 5.8 of the 2018 SHMA suggests a mix for the type and size of open market and affordable housing in the district. This is based on an analysis of existing provision and need within the district.
- 5.28 Table 4.1 of the DMDPD provides an indicative mixture of dwelling types and sizes considered appropriate to meet identified affordable housing need across the district (Table 4.1 of the DMDPD is copied at Table 6 below). This mix aims to meet the identified affordable housing need and create mixed and balanced communities. Schemes which contribute to meeting the strategic need for affordable housing on allocated sites, or in or adjacent to regional centres, key service centres, market towns or sustainable rural settlements (outside the AONBs), schemes will be expected to meet the recommended district wide mix.
- 5.29 There may be circumstances where the exact mix required may differ depending on the site, the location and the timing within the plan period. Table 5.5 of the SHMA provides more detail about size and types of affordable homes needed at sub-area level. Other evidence such as local surveys carried out by parish councils may also suggest alternative mixes. These documents will be particularly important when determining the appropriate mix for rural, exception and community housing schemes, and windfall sites towards the end of the plan period. Developers are encouraged to carry out early engagement with the Council Strategic Housing Scheme and RPs to determine the appropriate mix for each site.

Property Type	Affordable (%)
House (2 bedrooms)	30
House (3 bedrooms)	20
House (4+ bedrooms)	5
Bungalow	10
Flat/apartment (may include 1-bedroom houses)	35
Total	100

Table 7: Affordable housing mix by type and size as indicated at Table 4.1 of the DMDPD

5.30 Affordable homes are expected to be provided as follows:

Size	Tenure	House Type
1 bed	Shared Ownership Social/Affordable Rented	Houses or 'cottage style flats' with its own front door and access to garden space
2 bed and above	Social/Affordable Rented	Family houses with garden space
	Shared Ownership	

Table 8: Acceptable types and sizes of affordable homes

- 5.31 All shared ownership and social/affordable rented units (2 bed and above) should be provided as family houses. This is due to an over-supply of 2 bedroom plus flats for rent, the needs of occupants and benefit restrictions. Blocks of flats are also not acceptable due to the service charges associated with flatted development which often results in the units becoming less affordable. In some cases, flats/apartments may be suitable for one bedroom homes, but these should be provided as 'cottage style flats', each their own external front door and access to garden areas.
- 5.32 Applicants interested in submitting proposals for new residential development should contact the Council's Housing Strategy team to discuss the individual needs of particular sites early in the schemes development, prior to the layout being drafted.

Delivery of Affordable Housing

- 5.33 Affordable housing must be delivered by or transferred to an RP. Developers are encouraged to involve an RP at the earliest opportunity and take advantage of their experience in the delivery of housing and securing funding. There may be exceptions where development is progressed by a Community Group meeting a specific identified local need.
- 5.34 Engaging at an early stage will ensure that the design of housing will meet identified need and the requirements of RPs, in terms of house types, sizes and accommodation provision. Failing to engage at an early stage may result in housing that does not meet their requirements resulting in difficulties transferring stock and complying with a S106 agreement. In such cases, schemes must be amended to address the deficiencies and ensure that the affordable housing within a S106 agreement can be provided.
- 5.35 The Council has worked closely with the RPs that operate in Lancaster. While it will not impose the choice of RP on a developer, the Council's Housing Strategy team will be able to provide advice on which RP may be most suitable for a particular project. A list of RPs that have stock in the district and work with the Council is attached at Appendix D.
- 5.36 It is recognised that in some cases, where small numbers of affordable homes are involved, an applicant may experience difficulties in attracting an RP. The RPs which have expressed an interest in accepting small numbers, especially in the AONBs are highlighted in Appendix D. If an applicant still faces difficulties the Council will approach the RPs in order to seek a resolution.
- 5.37 The Council is considering introducing a fixed transfer value and an RP allocations process. If introduced, the process would fix a transfer value for affordable housing, blending the rates for rented and affordable sale products. An allocation process would be implemented to ensure that affordable housing is distributed between RPs. Further information will be provided on the Council's website when this is available.
- 5.38 The Council expects the delivery of affordable housing to adhere to the following principles and criteria:
- All tenures of affordable housing must be provided in partnership with an RP, unless delivered by a Community Group meeting a specific identified need.
 - RPs will be required to provide 50% of new properties and re-let vacancies to the Council for nomination.
 - Affordable housing should be reserved for households identified as being in housing need and registered on one of the Council's housing register or a register approved by them, such as the Choice Based Lettings Scheme and Help to Buy.
 - The occupation of rented units in rural areas will be subject to a cascade provision. The cascade will start with a local connection to the parish, then surrounding parishes, other rural areas and then district wide.
 - Properties will be expected to be available to those in housing need, both initially and in the long term.
 - Shared ownership receipts should be recycled for the provision of affordable homes within Lancaster District.
 - In rural areas, shared ownership properties will be subject to a maximum level of staircasing of 80%.
 - A variety of affordable dwelling types and sizes should be provided to meet the wide range of identified housing needs.

- Affordable housing should be free from service charges. Service charges can add a significant expense resulting in them not being affordable for people in housing need.
- Affordable housing will be secured through a S106 Agreement – a planning obligation.
- The Council will consider the inclusion of Mortgagee in Possession Clauses in a S106 agreement when an RP is involved with the application. The Council will be guided in its judgment on this by the needs of the RP and the practicality of securing successful delivery of the affordable housing units. The wording of any mortgagee in possession clause should ensure that if an RP is unable to repay its private loan, the Council or another RP has the opportunity to take over the affordable housing units (and financial liability) before the units could be sold on the open market.

Design and Integration of Affordable Housing

5.39 Paragraph 91 of the NPPF requires that planning policies,

“promote social interaction, including opportunities for meeting between people who might not otherwise come into contact.”

5.40 To ensure that new development achieves this, and provides mixed and balanced communities, bullet point V of policy DM3 requires that:

“Housing must be well integrated into the design of an overall scheme and be consistent with market housing in quality of materials, design and open spaces.”

5.41 While in some cases, the house sizes may differ, the design and materials used for affordable homes should be indistinguishable from those used for open market homes. Design principles include:

- The exterior should be finished using the same pallet of materials and design details as open market properties.
- Car parking should be arranged in such a way that attention is not drawn to different tenures.
- Parking, amenity space and privacy standard should be applied equally to open market and affordable homes.
- The interior should meet the Nationally Described Space Standards and at least 20% of the affordable homes on a site should be provided to meet the M4(2) of the Building Regulations (as required by Policy DM2 of the DMDPD).

5.42 Grouping affordable homes often highlights the differences due to their size and the concentration of cars within parking courts or at the front of properties. They should therefore be spread evenly or ‘pepperpotted’ throughout a development. Pairs of semi-detached houses or short terraces of 3 or 4 homes, can often be exchanged for open market homes without adversely affecting the overall layout. The inclusion of a range of open market homes, including smaller 2 and 3 bedroom semi-detached and terraced houses, can also help to ensure the affordable homes are indistinguishable. Principles for the design of layout of sites which include affordable housing are:

- Affordable housing should not be clustered in cul-de-sacs or groups opposite each other.
- Affordable housing should be ‘pepperpotted’ evenly throughout a site.
- Car parking should not dominate frontages.
- They should not be located predominantly in the less desirable parts or at the extremities of a site.

- A range of house types and tenure should be mixed together to provide a varied layout and appearance.
- Functional requirements such as the provision of communal spaces for flats and parking should be designed to integrate with the overall design of a site.

5.43 RPs with an interest in the district, have advised that affordable homes do not need to be grouped together within a development. They prefer affordable housing to be provided as semi-detached houses or small terraces of 3 or 4 and mixed evenly with open market housing throughout a site.

5.44 There is no evidence to suggest that the integration of affordable housing throughout a scheme adversely affects viability. Proposals which seek to use viability or management issues to justify the concentration of affordable housing will not be accepted.

Planning Applications

5.45 Applications must include the information outlined in the Planning Application Validation Guide. An Affordable Housing Statement must be submitted for applications where affordable housing is required by policies DM3, DM6 or AOS2. The Affordable Housing Statement should contain:

- The overall number of proposed residential units.
- The total number of affordable units in the development and/or each phase.
- The affordable housing provision as a percentage of the overall number.
- A schedule showing the plot number, house/flat type, no. of bedroom and tenure of the affordable units.
- A site layout plan showing the location of the units.
- Details of any RPs acting as development partners and evidence of these discussions and of an "in principle" agreement to purchase the affordable dwellings.
- Confirmation that the affordable rented units will be allocated in accordance with the nomination agreement 50% for the Council or through the Home Buy Agent.
- Confirmation affordable houses will not be subject to a service charge.

5.46 For full and reserved matters applications, a schedule of the affordable homes should be provided. This should identify the plot numbers and the unit type and size for each plot. An example schedule is provided at Appendix E.

6.0 Housing in the Arnside & Silverdale Area of Outstanding Natural Beauty

6.1 The policy framework within the Arnside and Silverdale AONB DPD reflects the approach set out in NPPF Paragraph 172 which states:

“Great weight should be given to conserving and enhancing landscape and scenic beauty in National Parks, the Broads and Areas of Outstanding Natural Beauty, which have the highest status of protection in relation to landscape and natural beauty...”

6.2 The approach within the plan is to address local affordable housing need by requiring a high level of affordable housing on all housing proposals, and so reduce the need to consider more sensitive sites in order to meet unmet need. Policy ASO3 requires that 50% of new dwellings on all sites for 2 or more units are provided as affordable homes.

6.3 Policy ASO1 sets out the development strategy for the Arnside & Silverdale AONB. In the first instance, new housing should be directed to allocated sites identified in the DPD. The policy allows for small scale development within the identified ‘Local Service Centres’ and for development on previously developed land¹⁰ or buildings within ‘Small Villages’. All development must reflect identified local need within the AONB and conserve or enhance local landscape and settlement character.

6.4 A sequential test will be applied to applications to ensure that they are located in the most sustainable location in accordance with the strategy in policy ASO1. Applicants must demonstrate that:

- The development cannot be located on an allocated site.
- The development cannot be located within a Local Service Centre.
- The development cannot be located on previously developed land or buildings within an identified ‘small village’.

6.5 Policy ASO1 sets out that applications on the edge of or outside settlements/hamlets will be treated as exception sites. Proposals should not have an adverse impact on the settlement or landscape character and must meet a proven and essential housing need in that location. This may include where the home will help sustain an existing business.

6.6 Further information about determining the ‘identified local need’ can be found at paragraphs 7.5 and 7.6 of this SPD and information about exception sites can be found at paragraphs 7.12 to 7.22. Section 8 provides guidance on the information required to support applications for homes to sustain existing businesses.

¹⁰ In accordance with the definition in the NPPF, ‘previously developed land’ does not include residential gardens in the built-up areas of the Local Service Centres and Villages.

7.0 Rural Housing

Planning Policy

- 7.1 Policies in the Local Plan seek to meet the strategic housing needs of the district within settlements designated in Policy SP2 of the SPLADPD. These consists of Lancaster, Morecambe and Heysham, Carnforth and the following sustainable rural settlements:

Sustainable Settlements			
Cockerham	Galgate	Overton	Sustainable Rural Settlements Outside of Areas of Outstanding Natural Beauty
Bolton-le-Sands	Halton	Over Kellet	
Nether Kellet	Hest Bank	Slyne-with-Hest	
Warton	Silverdale	Brookhouse	Sustainable Rural Settlements Within Areas of Outstanding Natural Beauty
Caton	Hornby	Wray	

Table 9: Sustainable Settlements designated by Policy SP2 of the SPLADPD

- 7.2 The strategic housing needs for the district will be met through a series of large-scale allocations at Lancaster and Carnforth and smaller sites within sustainable settlements. The sites are allocated within policies H1 to H6 of the SPLADPD.
- 7.3 Development outside Lancaster, Morecambe, Heysham, Carnforth and the sustainable settlements identified in Policy SP2 (table 8 above), is not expected to meet the strategic need but the needs of the specific village or parish in which the proposal will be located. Policy SP3 states,
- “Development in other rural villages will only be supported where it is clearly demonstrated that it is meeting proven local needs.”*

- 7.4 Policy DM4 of the DMDPD expand on this and states,

“Proposals for new housing in other settlements which have not been identified as sustainable settlements will only be supported if it can be demonstrated that the development will enhance the vitality of the local community and meet an identified and specific local housing need. Proposals lacking sufficient justification will be considered using the Rural Exceptions Sites criteria set out in Policy DM5 of this DPD.”

Identifying Local Housing Need

- 7.5 Applications for development in rural villages must demonstrate how the proposal will meet locally identified housing need (specific to the village or parish where the site is located) for market housing, affordable housing and community needs. The proposals must demonstrate how the number, type, size and tenure of housing (taking account of existing planning permissions and allocations) will:
- Meet the needs identified in a village or parish level Housing Needs Assessment (including Housing Needs Survey); or
 - Meet a proven local need, such as affordable housing or targeted market housing identified in an adopted Neighbourhood Plan.

- 7.6 Where a Housing Needs Assessment for the village or parish is not available, the supporting evidence must include:
- A village or parish housing need survey and an appraisal of the results, the scope of which must first be agreed with the Council.
 - Analysis of the of the number and type of dwellings in the village and the identification of gaps in provision.
 - An assessment of supply and need for the village/parish, the assessment must take account of:
 - allocations or permissions in the settlement, parish or nearby settlements/parishes.
 - people on the housing register in housing need.
 - The population from the latest census, mid-year ONS estimates and population growth.
 - Age and household structure.
 - A minimum of the percentage of affordable housing required by the Local Plan.
- 7.7 Villages do not exist in isolation and what is happening within other villages within the same area may also be important. The role of the villages forming a community may go beyond parish or other boundaries. It may therefore be appropriate in some cases for a Housing Needs Assessment, Housing Needs Survey or assessment referred to in paragraph 6.6, to look beyond the specific village or parish. In such cases, the assessment should clearly justify the area chosen, including the links (footpath/cycle paths) between settlements and the services which housing in each settlement may support (e.g. school, shop). The scope should be agreed as part of the pre-application process.
- 7.8 The supporting evidence will need to demonstrate that the housing cannot be delivered elsewhere in a more sustainable location, such as on an allocated site or within a sustainable settlement. It will also be required to demonstrate that the housing will be located in the most sustainable location within the parish or search area. When determining sustainability accessibility to public transport, cycle and footpath links and services will be considered.
- 7.9 Housing which seeks to meet the needs of a specific parish, village or rural community, should be located within or on the edge of a recognisable rural settlement, which has a form, shape and clearly definable boundaries, and not a low density straggle of development. Development must be well related to the built form of the settlement, generally in the form either infilling¹¹ or rounding off¹² development. The policy does not allow sporadic development outside the built form of existing settlements.
- 7.10 Open countryside is beyond the physical boundaries of existing settlements. Open countryside may include areas containing groups of dwellings which might not constitute a settlement, due to the lack of a clear form or shape. Development in these locations will be considered under policy DM5: Rural Exception Sites.
- 7.11 In all cases, new housing development, both individually and cumulatively over the plan period, must be of a scale appropriate to the settlement. Policies SP2 and DM4 do not allow for unfettered incremental development beyond the needs of the settlement. Proposals should be

¹¹ Infilling – development of land between other buildings in an already built-up area

¹² Rounding off – development which provide a symmetry or completion of a settlement. This does not include incremental growth.

of a scale and nature appropriate to the character, role and needs of the community. Larger development will be considered strategic and is expected to be plan led and allocated through the SPLADPD or a Neighborhood Plan.

Rural and Entry Level Exception Sites

- 7.12 Policy DM5 of the DMDPD concerns Rural Exception Sites. Rural Exception Sites are small sites suitable for up to 10 homes, located in places that would not normally be suitable for housing, but where exceptions may be made for affordable housing to meet identified local needs. These sites should be well related to the existing built form and proportionate to the settlement.
- 7.13 A rural exception site is land which would not usually be released for housing development but where affordable housing to meet a specific affordable housing need in an individual parish, village or the local area it serves may be acceptable. Such schemes would be expected to deliver 100% affordable housing and be delivered by the RP or a Community Group with the support of the Parish Council. To establish that such a need exists, evidence in the form of a recent Parish level housing needs survey (carried out no more than 3 years prior to submission of an application) will be required. In some cases, the survey may include adjacent parishes where communities and services coincide. The extent of the survey should be agreed with the Council prior to being carried out. The Parishes of Halton with Aughton and Caton, Slyne, Quernmore and Skerton Housing Needs Survey for the Lune Valley Community Land Trust provides a good example¹³. Speculative schemes without supporting evidence of need will not be considered acceptable.
- 7.14 The supporting evidence will need to demonstrate that the affordable housing cannot be delivered elsewhere in a more sustainable location, such as on an allocated site or within a sustainable settlement.
- 7.15 Paragraph 77 of the NPPF advises local authorities to consider whether allowing some market housing on these sites would help facilitate bringing forward exception sites for affordable housing. In exceptional circumstances a small proportion of open market housing may be acceptable where the site constraints result in significant abnormal costs and an RP or Community Group can justify that open market housing is essential to the delivery of the affordable housing. Viability evidence will be required to support the inclusion of market housing and the least amount necessary to bring forward a viable, predominantly affordable housing scheme will be permitted.
- 7.16 The value of exception sites should be significantly lower than land where open market housing is permitted. This reflects the planning policy constraints and the requirement that exception sites provide 100% affordable housing. Where the planning policy requirements have not been adequately considered resulting in the inclusion of open market homes, the applicant would be expected to renegotiate the land value to ensure policy compliance.
- 7.17 The PPG¹⁴ states that restrictions on planning contributions, which includes the provision of affordable housing will not apply to development on rural exception sites. Rural exception sites will be therefore be controlled by a S106 and are expected to meet the same affordable housing principles and criteria outlined at paragraph 5.38.

¹³ <http://lunevalleyclt.org/wp-content/uploads/2020/01/LV-HNS-Final-Report-24.11.19.pdf>

¹⁴ Planning Practice Guidance Paragraph: 024 Reference ID: 23b-024-20190315

7.18 The NPPF¹⁵ expects local authorities to support entry level exception sites for people looking to buy or rent their first home. Such sites should provide affordable housing as defined in Appendix 2 of the NPPF (a copy is included in the Glossary). As the government policy on entry level exception sites was introduced after the Local Plan was examined, it is silent on the Council's approach to their consideration. The NPPF does however give clear guidance in respect of site of such sites and where they may be acceptable:

- Entry level exception sites should not be larger than one hectare in size or exceed 5% of the size of the settlement.
- Entry level exception sites will not be acceptable in the Green Belt, the Forest of Bowland or Arnsdale and Silverdale AONBs. SSSIs, irreplaceable habitats, designated heritage assets or areas at risk of flooding or coastal change.¹⁶
- Entry level exception sites should be adjacent to existing settlements.

7.19 The Council interprets bullet point 1 as the smaller of either one hectare or 5% of the number of existing dwellings in the settlement. However, not all sites of this size will be acceptable. The appropriate size of a site will depend upon the site circumstances, including how it relates to the surrounding buildings, the landscape and constraints such as trees, hedgerows, access arrangements and biodiversity. The scale and appropriateness of such development will also depend upon the cumulative impact of extensions to the settlement. Areas at risk of flooding include all sites in Flood Zone 2 and 3 and those sites identified at risk of flooding from ground water or surface water on the Environment Agency mapping.¹⁷

7.20 The assessment process undertaken to determine an appropriate location will be the same as for rural exception sites determined under policy DM5, with the additional restrictions referred to in paragraph 71 of the NPPF (paragraph 7.18 above).

7.21 Homes provided on entry-levels exception sites must be suitable for first time buyers and applicants must demonstrate that the type and size of housing is suitable to meet those needs and that they are genuinely affordable to buy or rent for first time buyers. The Councils preferred affordable housing tenures of shared ownership and affordable rented, together with the smaller sized homes usually provided as affordable homes are considered to fulfil the criteria for entry-level exception sites.

7.22 Sites granted as entry-level exception sites will be subject to the same S106 controls as those for all other affordable housing and rural exception sites. The Council will also include a clause which limits staircasing in rural areas up to a maximum of 80%, to ensure that the new homes remain affordable in perpetuity.

¹⁵ NPPF Paragraph 71

¹⁶ The areas are defined in footnote 6 of the NPPF

¹⁷ The maps can be found here: <https://flood-warning-information.service.gov.uk/long-term-flood-risk/postcode>

8.0 Housing for Rural Workers

- 8.1 NPPF seeks to avoid new isolated homes in the countryside and policy DM4 advises that outside identified sustainable settlements or other rural villages new dwellings are unacceptable. There are exceptional circumstances, and these are detailed at paragraph 79 of the NPPF. One such exception is housing for rural workers, which is dealt with in more detail by policy DM10 and Appendix F of the DMDPD. Policy DM10 provides a set of criteria which will need to be satisfied.

What is a Rural Workers Dwelling?

- 8.2 The Town and Country Planning Act 1990, Section 336 defines agriculture as,

“horticulture, fruit growing, seed growing, dairy farming, the breeding and keeping of livestock (including any creature kept for the production of food, wool, skins or fur, or for the purpose of its use in the farming of land), the use of land as grazing land, meadow land, osier land, market gardens and nursery grounds, and the use of land for woodlands where that use is ancillary to the farming of land for other agricultural purposes, and ‘agricultural’ shall be construed accordingly”.

- 8.3 The NPPF and PPG extend the exception to other rural workers. It is, however, less likely that other rural workers would always need to reside on site. The PPG provides an example of where on-site presence may be warranted,

“for instance, where farm animals or agricultural processes require on-site attention 24-hours a day and where otherwise there would be a risk to human or animal health or from crime, or to deal quickly with emergencies that could cause serious loss of crops or products”.

- 8.4 The PPG also states,

“Employment on an assembly or food packing line, or the need to accommodate seasonal workers, will generally not be sufficient to justify building isolated rural dwellings.”¹⁸

Supporting Information Required

- 8.5 Before submitting an application for a new rural workers dwelling, the following options first need to be considered,

- Can the need be met by an existing house on or near to the rural business?
- Can the need be met by reorganizing labour, ensuring that workers already on site or nearby provide the nighttime cover?
- Can an existing house be subdivided or extended to provide the necessary accommodation?
- Can an existing underused or redundant building be converted into a dwelling? In the case of a conversion, this should not result in the requirement for other new or larger buildings.

If the need cannot be met by one of these options, evidence will be required to show how the options have been considered.

¹⁸ Planning Practice Guidance: Paragraph 010 Reference ID: 67-010-20190722

- 8.6 Where the need cannot be met by one of the options in paragraph 8.5, a planning application must be accompanied by sufficient information for the Council to determine if there is a justified functional need for the dwelling. An 'essential need' will need to be justified by a functional requirement for at least one full time worker to be readily available to attend the needs of the business and respond to emergencies for most of the year, during the day and the night. The assessment does not take into account convenience or personal preference but is based on an evaluation of risk should a worker not be available to attend to the business and emergencies. A checklist of requirements is provided at Appendix F of this SPD.
- 8.7 Financial information will also be required to show that the rural enterprise concerned is economically viable and has been established for at least three years. The financial data should be in the form of detailed and audited accounts which clearly identify the full income and expenditure associated with the business. Any additional income the prospective occupier or business earns from other sources should be identified and presented separately. It will be necessary to demonstrate that the activities on site, which give rise the functional need, provide a viable concern. Only where a functional need is proven, and the business is financially viable will a new dwelling be considered essential for the operation of the rural business.
- 8.8 The Council will not support applications where the need has arisen due to accommodation being recently sold off or due to the fragmentation of the land ownership, unless this creates a separate functional and financially viable business.

Size of Dwellings

- 8.9 The maximum gross internal floor space for the main or first dwelling for a rural business, should be no more than 100m². This should include all living accommodation such as a boot room, shower room, utility room and an office where necessary. This size allows for a generous three-bedroom house with office space or a four bed-roomed house. The restriction on floor area seeks to ensure that dwellings are generally of a scale which may remain affordable for rural workers. Where permission for a second dwelling is sought, this should be of a smaller scale to reflect the secondary nature and provision of office accommodation in the main dwelling.

Location of Dwellings

- 8.10 The proposed new home should be well-related to existing buildings, be sited to ensure that the functional need is met, reflect the character of any existing houses or traditional buildings and sit well within the surrounding landscape. The proposal will also need to comply with all other relevant policies within the Local Plan e.g. those relating to heritage, biodiversity, trees and access arrangements.
- 8.11 Appendix F of the DMDPD provides further information about how applications to remove occupancy conditions will be dealt with.

9.0 Housing for Older People and Vulnerable Communities

- 9.1 The Local Plan contains policies which seek to meet the housing needs of older people and people with specific needs, within Lancaster, specifically policies DM1, DM2 and DM8 are important. Policy DM1 requires a mix of dwelling types to meet the needs of a wide range of people, policy DM2 sets requirements for space and accessibility and adaptability in new dwellings and policy DM8 sets criteria for housing to meet the needs of older persons and vulnerable communities.

Housing Need for Older People and Adaptable Homes

- 9.2 There are a significant number of older people (over 65) within the district and the proportion is expected to 24.2% of the population by 2033¹⁹. It is therefore important that housing needs of older people are a priority in designing both proposals for specialist housing but also in the design of mainstream housing.
- 9.3 Evidence from the Strategic Housing Market Assessment (Part II) identifies that approximately a third of households have someone with a disability or illness. Findings suggest that up to 15% of households will require adaptations within the next 5 years. However, as the population ages over the lifetime of the Local Plan this is a figure that is likely to increase.

Housing Mix to Meet Older Peoples Needs

- 9.4 The accompanying text to policy DM1 includes table 4.1²⁰, which identifies an indicative housing mix to meet a variety of housing needs, including new homes for older people. The SHMA evidence supports the provision of 20% of new homes being designed as suitable for older people. Bungalows are a popular choice and, in some cases, 'cottage style' flats, where one flat is provided at ground floor level and the other at first floor each with their own private garden area, can contribute to meeting the need.

Property Type	Market Housing %	Affordable Housing %
Bungalow	10	10
Flat/apartment (ground floor or accessible by lift)	10	10
Total	20%	20%

- 9.5 The majority of older people wish to stay in their own home. It is therefore important to ensure new homes, provide accommodation which can adapt to their changing needs as they grow older. Well-designed housing which avoids the need for people to enter care has the potential to provide significant savings to the public purse. BRE states, "It is estimated that the cost to the NHS, in first year treatment costs, of the poorest housing among older households is £624m (Table 1). The total cost of remedial is around £4.3 billion, a huge sum, but one which would pay for itself in around seven years."²¹ To help people stay in their homes for longer, policy DM2 which requires at least 20% of open market and affordable new properties to be built to meet the Building Regulations Standard M4(2) (accessible and adaptable dwellings).

¹⁹ SHMA

²⁰ Table 4.1 of the Development Management DPD.

²¹ Briefing Paper, Homes and ageing in England, BRE for Public Health England

9.6 Further detail about the housing standards required by policy DM2 is available in the Housing Standards Planning Practice Note.

Purpose Built Accommodation for Older People

9.7 Policy DM8 provides criteria for residential development which to meet the needs of older people. Please consult the policy for the detailed criteria.

9.8 The planning Use Class of accommodation is often raised during discussions about providing affordable housing and meeting the housing standards in required by policy DM2.

9.9 The Town and Country (Use Classes) Order 1987 (as amended) defines Class C2 - Residential Institutions as:

- Use for the provision of residential accommodation and care to people in need of care (other than a use within class C3 (dwelling houses)).
- Use as a hospital or nursing home.
- Use as a residential school, college or training centre.

9.10 The reference to 'people in need of care' is of paramount importance when determining whether accommodation falls within Use Class C2 of C3. To be classified as C2, a range of commitments to ensure that accommodation and care is provided and required by occupants will be expected. Such commitments must include the provision of a minimum level of care as a condition of occupation and the design of the building/dwellings being suitable to meet the needs of the people who will occupy the accommodation. This approach has been supported by the courts²²

²² Rectory Homes Limited and Secretary of State for Housing and Communities and Local Government and South Oxfordshire District Council [2020] EWHC 2098 (Admin)

9.11 The Council will consider the Use Class of older persons accommodation as follows:

Type of accommodation and Use Class ²³	Description
Sheltered housing (Use Class C3)	Including some form of scheme manager (warden) service but no registered personal care. Will usually include shared facilities such as a residents' lounge, laundry and garden.
Enhanced sheltered housing (Use Class C3)	Typically include 24/7 staffing cover and there are additional shared facilities to those in sheltered housing.
Extra care housing or assisted living (Use Class C3)	Self-contained accommodation designated for older or people with specific needs, in a setting where care and support can be provided as required from a care provider.
Extra care housing or assisted living (Use Class C2)	Self-contained accommodation designated for older or people with specific needs, in a setting where a minimum level of care and support is provided on entry by an on-site care provider and the accommodation is designed to meet the needs of the occupiers.
Residential care (Use Class C2)	Rooms within a care facility. All residents will receive domestic care and some degree of personal care.
Nursing Care (Use Class C2)	All residents will receive domestic, personal and nursing care.

9.12 Where accommodation falls within Class C2, a S106 Agreement will be required to ensure that it is occupied by people in need of care, that the necessary care is made available to occupants and the facility is operated as a C2 Residential Institution.

9.13 Where accommodation falls within Use Class C3, schemes will need to meet the housing standards required by policy DM2 and the affordable housing requirements within policy DM3. Purely apartment led development is however, exempt from providing affordable housing.

9.14 Policy DM8 requires that accommodation genuinely meets the needs of older people. In order to do this the internal and external design and layout should address accessibility, reflect dementia friendly design principles, provide space for communal activities, storage and care facilities and provide external garden areas. Ensuring that all accommodation meets the Building Regulation requirement M4(2) accessible and adaptable homes, would usually address part of this requirement. Housing LIN, Housing our Ageing Population Panel for Innovation (HAPPI) guidance²⁴ provides design principles to support older people to maintain independent lives.

²³ Town and Country Planning (Use Classes) Order 1987 (as amended)

²⁴ Housing LIN Housing our Ageing Population Panel for Innovation (HAPPI) - [HAPPI - Design - Topics - Resources - Housing LIN](#)

- 9.15 Planning applications for specialist accommodation must be accompanied by written support from the relevant commissioning lead. Speculative applications for older people or vulnerable groups will not be supported.
- 9.16 Specialist housing will generally be supported as part of larger schemes that enable balanced communities. Where schemes are located on strategic sites there is an expectation that they will be located within close proximity of new local centres, in all locations they should be close to facilities and public transport links.

10.0 Gypsy and Traveller Sites

- 10.1 The Lancaster Gypsy and Traveller and Travelling Showperson Accommodation Assessment (September 2017), identifies a cultural need for 24 pitches and a PPTS need for 8 pitches over the plan period (2011/12 to 2030/31). It states,
- “It is also recommended that the Council also considers future applications for the expansion of existing sites, the sub-division of existing pitches or small sites to meet the needs of families who may emerge over the plan period.”*
- 10.2 The Council has considered bringing forward a Gypsy and Traveller Accommodation DPD to allocate sites to meet district needs. However, the ongoing call for sites process has resulted in only three sites being put forward for allocation. The location of all these sites are unsuitable for allocation, due to either being isolated and remote from services, within an industrial area or within Flood Zone 3. Alternative sites will continue to be explored. In the meantime, applications will be considered on their merits.
- 10.3 Policy DM9 sets out general principles, locational requirements and design principles for new Gypsy and Traveller sites. The ‘Designing Gypsy and Traveller Sites, Good Practice Guide’²⁵ provides additional guidance for the design of sites and the Council will consider these when determining planning applications. Sites should provide the following:
- Perimeter boundaries should be clearly demarked with fencing, walls or hedging (the boundary type should be sympathetic to the characteristics of the surroundings).
 - Communal areas and pitches should be demarked with low fencing, walls or hedging, to make clear the space available to each household (the boundary type should be sympathetic to the characteristics of the surroundings).
 - A communal play area for all ages should be provided where one is not available within walking distance. The size and equipment necessary will depend upon the overall size of the site.
 - The site layout should be arranged to ensure existing and new residents do not overlook each other’s living quarters.
 - Site layout should maximize natural surveillance enabling residents to oversee all areas of the site.

²⁵ Department for Communities and Local Government Designing Gypsy and Traveller Sites, Good Practice Guide May 2008

- A range of pitch sizes should be provided, unless the site is being designed to meet the specific needs of the applicant family or families. Account needs to be taken of a more recent tendency for members of the Gypsy and Traveller communities to favour the use of a large static caravan or mobile home in place of the traditional caravan, and some mobile homes could be up to around 25 metres in length.
- Parking should be provided on individual pitches with separate communal provision for visitors.
- Hardstanding areas must be provided in each pitch. The area must be of sufficient size to accommodate the living accommodation and parking. This must be balanced with soft landscaping area to provide attractive sites.
- Homes must be at least 6 metres apart. Only structures of non-combustible material will be allowed within the separation distance.
- Amenity buildings should be provided for permanent pitches. These should include secure storage space. Amenity buildings should also include hot and cold-water supply; electricity supply; a separate toilet and hand wash basin; a bath/ shower room.
- Where a site managers office is provided, this should be situated near the front entrance to the site.
- Where there is a need for commercial activity or grazing, these areas should be delineated and provided separately from accommodation to protect amenity for site residents.
- Access roads and the site design itself should be capable of providing sufficient space for the maneuverability of average size trailers of up to 15 meters in length, with capacity for larger mobile homes on a limited number of pitches.
- Space must be provided to allow for easy maneuvering of caravans both to the site and onto the pitch. Caravans should be no more than 50m from a road. Roads should be no less than 3.7m wide, unless they are one way and the width may be reduced to 3m.
- Lighting should be provided to ensure safe movement through the site at night. Lighting should be designed to minimize light pollution.

11.0 Residential Conversions and Houses in Multiple Occupation

- 11.1 Policy DM13: Residential conversion provides criteria for the conversion of buildings, not currently in residential use into homes and the sub-division of existing properties into flats. It also controls the concentration and distribution of Houses in Multiple Occupation (HMO) by ensuring:

“Proposals which would lead to a concentration of more than 10% of houses being classed as HMOs of the total housing stock within a 100m radius will not be considered acceptable. This includes proposals for changes of use to HMOs, or extensions to existing HMOs.”

- 11.2 Further information about to how the percentage and radius will be calculated and measured, plus standards for HMOs is available in the Residential Conversions and Houses in Multiple Occupation Supplementary Planning Document on the Council website.

- 11.3 Point IV. of Policy DM13: Residential Conversion, refers to the internal standard requirements within Appendix H of the DMDPD. However, the PPG is clear that where local authorities wish to require internal space standards,

'they should only do so by reference in their Local Plan to the nationally described space standard'.²⁶

All new dwellings, including flats and conversions must therefore accord with the Nationally Described Space Standards, not those within Appendix H of the DMDPD.

12.0 Housing Standards

- 12.1 The Council has adopted the Nationally Described Space Standards (NDSS) and the optional Building Regulation Requirement M4(2): Category 2 (Accessible and Adaptable Homes), through policy DM2 of the DMDPD. The space standards and the Building Regulations requirement came into effect on the adoption of the Local Plan on 30th July 2020.

- 12.2 Policy DM2: Housing Standards requires:

I. All new dwellings (market and affordable) meet the Nationally Described Space Standard (or any future successor)

II. At least 20% of new affordable housing and market housing on schemes of more than ten dwellings will be expected to meet Building Regulations Requirement M4(2) Category (accessible and adaptable dwellings).

Applicants must submit appropriate supporting documentation alongside the planning application to ensure that compliance with the standards can be verified, including completion of an internal space compliance statement.

- 12.3 As a minimum, planning applications for all new housing must include the overall floor space (m²), bedroom floor spaces (m²), the width of bedrooms and the height of internal areas, for each house type. For schemes containing 10 or more dwellings, confirmation that the interior and external spaces of at least 20% of the dwellings (including plot numbers of dwellings meeting the requirement) will meet the Building Regulations M4(2) requirement should also be submitted. An example Housing Standards Schedule is included at Appendix G.

- 12.4 Further information about the standards, checklists to support applicants ensure new homes meet the standards and the documentation required when submitting a planning application is available in the Housing Standards Planning Advisory Note on the Council website.

- 12.5 Point IV. of Policy DM13: Residential Conversion, refers to the internal standard requirements within Appendix H of the DMDPD. However, the PPG is clear that where local authorities wish to require internal space standards,

'they should only do so by reference in their Local Plan to the nationally described space standard'.²⁷

All new dwellings, including flats and conversions must therefore accord with the Nationally Described Space Standards, not those within Appendix H of the DMDPD.

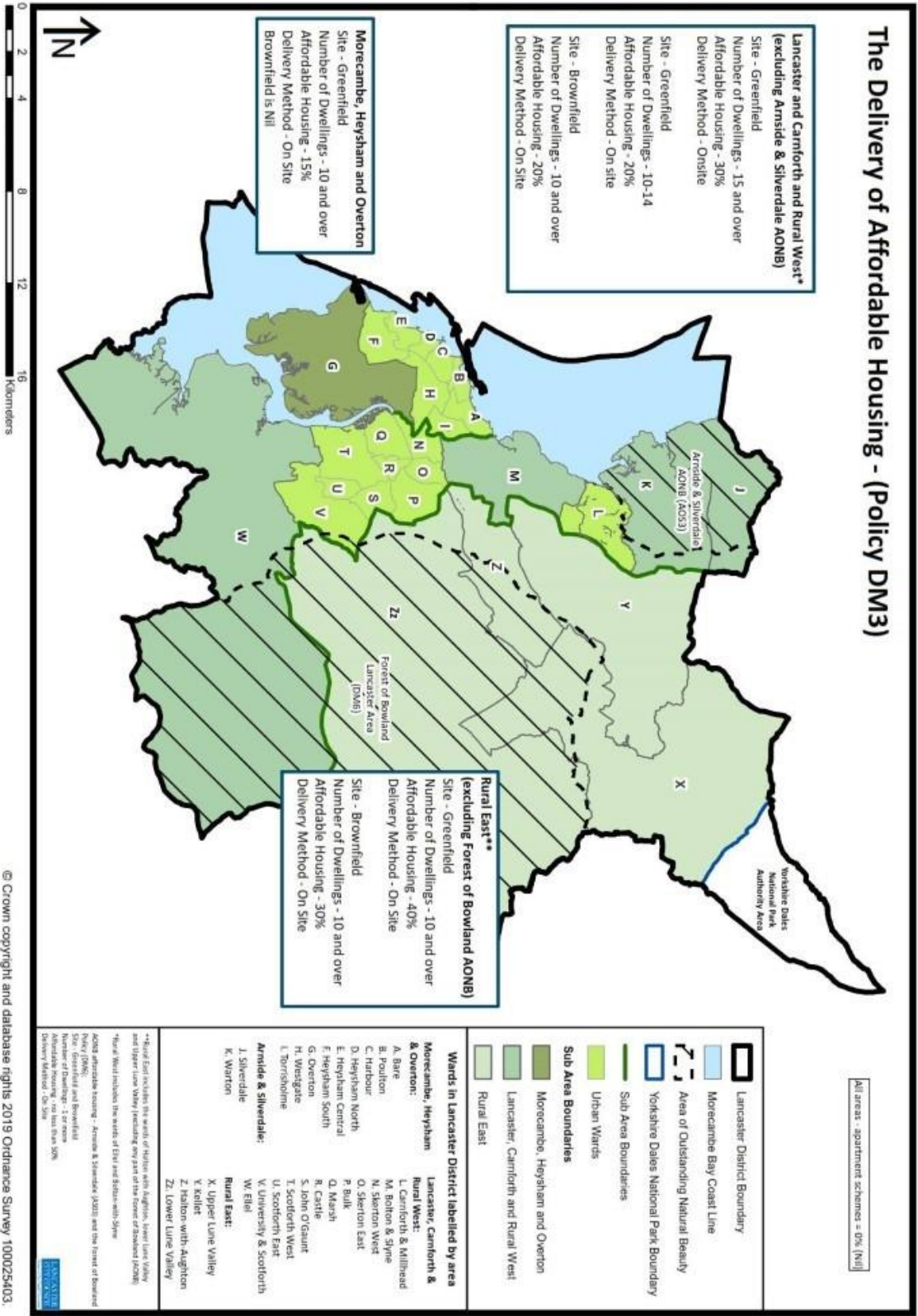
²⁶ Planning Practice Guidance Paragraph: 018 Reference ID: 56-018-20150327

²⁷ Planning Practice Guidance Paragraph: 018 Reference ID: 56-018-20150327

13.0 Monitoring and Review

- 13.1 The Council includes information about its performance on meeting housing need in the Annual Monitoring Report (AMR). The AMR will be used to monitor the effectiveness of the housing policies in the Local Plan and in this SPD on an annual basis. If through this process, the need to review the SPD is identified, this will be carried out. A review and any necessary amendment will also take place, should national planning policy significantly change.

Appendix A - Affordable Housing Area Map



Appendix B - Contribution Methodology

The council has adopted a methodology for 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.

The cost to the developer in this on-site scenario is therefore the value of the land for the on-site affordable dwellings. The methodology seeks to identify and secure an amount of money (the financial contribution) that is broadly equivalent to the market value of the land where the affordable dwellings would be built.

The methodology was formally adopted in January 2011 following recommendations arising from the 2010 Affordable Housing Viability Study. The council has also investigated alternative methodologies that could potentially be applied in conversion or change of use scenarios (as distinct from new build). However, the council is satisfied that the adopted methodology is fit for purpose 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 methodology.

Step 1: For the purposes of calculating a 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 methodology for calculating financial contribution uses an average residual land value (RLV) (18.5%) for the district because the methodology 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. 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

Appendix C - Affordable Housing Fund

Introduction

The process of allocated S106 commuted sums was approved by Cabinet in November 2009, and subsequently amended in July 2020. Financial contributions will be paid into the Lancaster City Council's Affordable Housing Fund. This is a ring-fenced fund to provide financial support to affordable housing schemes in the district. The spending of monies from this fund may be ring fenced to specific parts of the district depending individual Section 106 agreements.

Funding Criteria

Requests for funding may be submitted by Registered Providers or Community Groups and must meet at least one of the following criteria:

- 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.
- The funding will enable the delivery of affordable housing on land owned by the council.
- The request will contribute towards bringing long term empty properties back into use for affordable housing.
- 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.

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 or where the affordable housing does not meet the local affordable housing need.

Process for Requesting Funding

If an affordable housing scheme is eligible for funding then the Registered Provider (RP) or Community Group should contact the Housing Strategy team and provide the following information:

- A summary of how the scheme meets the criteria.
- 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).
- An estimate of the amount of funding required.

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

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

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 Housing Strategy team will contact the RP to discuss a more realistic funding request.

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. The Council will also consider the overall performance of RPs and the extent to which they support the Council in its enabling role and in meeting its statutory duties, i.e. through nomination arrangements and percentages.

Funding awards will be subject to Individual Cabinet Member Decision by the Cabinet Member for Housing.

Conditions of Funding

The conditions of funding are as follows:

- The scheme will be delivered within a reasonable time scale.
- The scheme to be subject to a local lettings plan.
- All units will be affordable in perpetuity (save any statutory or regulatory provisions that may apply).
- All affordable units will meet the NPPF definition of affordable housing.
- All units will be allocated via the Ideal Homes choice based letting system.

Monitoring and Evaluation

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

Financial management of the funding programme will be supported via regular reporting by the Principle Housing Strategy Officer.

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 D - Registered Provider Partners

Great Places Housing
Guinness Northern *
Home Group *
Heylo Housing
Impact Housing / Riverside Group
Jigsaw Homes
Lune Valley Rural Housing Association (Managing Agents – Jigsaw Homes) *
Places for People
Progress Group
South Lakes Housing *

The RPs marked with * have confirmed that they will consider accepting small numbers of affordable homes in the AONBs.

Please contact the Housing Strategy team for contact details.

Appendix E - Example Affordable Housing Schedule

Plot number	House/Flat Type	No. of Bedrooms	Tenure
4	Lancastrian – Cottage Style Flat	1	Affordable Rent
5	Lancastrian – Cottage Style Flat	1	Affordable Rent
6	Lancastrian – Cottage Style Flat	1	Affordable Rent
7	Lancastrian – Cottage Style Flat	1	Affordable Rent
18	Carnforth - Terrace	2	Shared Ownership
19	Morecambe - Terrace	3	Shared Ownership
20	Carnforth - Terrace	2	Shared Ownership

This table provides an example of a partial schedule only and does not suggest the appropriate mix of houses.

Appendix F - Check List for Rural Workers Housing Supporting Information

The following information will be required in support

- Evidence to show that there is no suitable alternative accommodation (see paragraph 8.5)
- Location of current accommodation of all workers in the business and whether the accommodation is within the ownership and/or occupation of the business, applicant or worker.
- Details of any dwellings or buildings owned or sold by the applicant or business within the last 5 years and within a 5 mile radius of any part of the land holding or business.
- Details of the landholding/business:
 - OS maps showing location of land/buildings utilized within the holding/business (differing tenancies highlighted and annotated)
 - Size of overall land holding in hectares
 - Break down the overall landholding into each tenure, length of tenure and how each parcel is used
 - RPA maps from current year
- A business appraisal:
 - Justification of why a full-time worker is required on site, including the explanation of the need for a worker onsite overnight (e.g. explanation of need/care for animals)
 - Justification for the location, siting, size and design of the new dwelling
 - Description of current/proposed activities carried out
 - The scale of each activity (e.g. numbers and types of livestock, crops and area used, crop rotation and number of sowing/harvest in year)
 - Details of all available buildings - their construction, their uses and an OS map showing the locations;
 - Details of investment in machinery
 - Details of the labour force and any proposed changes, including any contractors, hours worked in the business and responsibilities
 - Details of any work undertaken by the business owners/applicants outside the business
 - Business plan to show how the business is intended to develop
 - Additional background information as necessary
- Audited accounts for a least 3 years together with an explanatory letter from the chartered Accountant
 - The source of all income (from the business and alternative sources) should be identified, any income arising from activities outside the business should be presented separately
- Signed declaration to confirm the information provided is accurate and true

Appendix G - Example Housing Standards Schedule

House Type		Morecambe	
Plot Number with House Type		e.g. 7, 14, 21, 46, 57	
No. of Bed Spaces (Persons)		e.g. 3 Bedroom – 5 persons	
Area	Room Type	Floor Area (m²)	Width (m)
Gross Internal Area	-	103	-
Built in Storage	-	3	-
Bedroom 1	Two Person	15	3
Bedroom 2	Two Person	13	2.8
Bedroom 3	One Person	9	2.5
Headroom	Gross Internal Area Above 1.5m High	100	-
	Area above 2.3m High	90	-
	% Above 2.3m High	83%	-
Will the Internal Spaces meet the Building Regulations M4(2) requirements		YES/NO	-

Glossary

Affordable Housing

Annex 2 of the National Planning Policy Framework defines affordable housing as that stated below:

“Affordable housing: housing for sale or rent, for those whose needs are not met by the market (including housing that provides a subsidised route to home ownership and/or is for essential local workers); and which complies with one or more of the following definitions:

- a) Affordable housing for rent: meets all of the following conditions: (a) the rent is set in accordance with the Government’s rent policy for Social Rent or Affordable Rent, or is at least 20% below local market rents (including service charges where applicable); (b) the landlord is a registered provider, except where it is included as part of a Build to Rent scheme (in which case the landlord need not be a registered provider); and (c) it includes provisions to remain at an affordable price for future eligible households, or for the subsidy to be recycled for alternative affordable housing provision. For Build to Rent schemes affordable housing for rent is expected to be the normal form of affordable housing provision (and, in this context, is known as Affordable Private Rent).*
- b) Starter homes: is as specified in Sections 2 and 3 of the Housing and Planning Act 2016 and any secondary legislation made under these sections. The definition of a starter home should reflect the meaning set out in statute and any such secondary legislation at the time of plan-preparation or decision-making. Where secondary legislation has the effect of limiting a household’s eligibility to purchase a starter home to those with a particular maximum level of household income, those restrictions should be used.*
- c) Discounted market sales housing: is that sold at a discount of at least 20% below local market value. Eligibility is determined with regard to local incomes and local house prices. Provisions should be in place to ensure housing remains at a discount for future eligible households.*
- d) Other affordable routes to home ownership: is housing provided for sale that provides a route to ownership for those who could not achieve home ownership through the market. It includes shared ownership, relevant equity loans, other low cost homes for sale (at a price equivalent to at least 20% below local market value) and rent to buy (which includes a period of intermediate rent). Where public grant funding is provided, there should be provisions for the homes to remain at an affordable price for future eligible households, or for any receipts to be recycled for alternative affordable housing provision, or refunded to Government or the relevant authority specified in the funding agreement.”*

Building Regulations M4(2) Requirement

Optional accessibility standard that a local planning authority may adopt in their Local Plan. The Building Regulations 2010, 2015 edition incorporating 2016 amendments for use in England. Access to and use of buildings, Approved Document M.

Choice Based Lettings System

A system for advertising vacant rental properties where applicants can bid for homes they are eligible for. At the end of the advertising period, the person in the greatest housing of those who bid will be offered the property and invited to view it. Ideal Choice Homes is the choice based lettings system used in Lancaster district.

Gross Internal Area (GIA)

The whole enclosed area of a building within the external walls taking each floor into account and excluding the thickness of the external walls. GIA will include: areas occupied by internal walls (whether structural or not) and partitions; service accommodation such as WCs, showers, changing rooms and the like; columns, piers, whether free standing or projecting inwards from an external wall, chimney breasts, lift wells, stairwells etc; lift rooms, plant rooms, tank rooms, fuel stores, whether or not above roof level; open-sided covered areas.

Gypsy 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.

Housing Register

Household requiring affordable housing in the district can apply for properties by joining the council's Housing Register. Anyone aged 16 years or over may apply to join the Housing Register, and once accepted they are allocated an application number so they can start bidding for available properties on the Ideal Choice Homes system.

Houses in Multiple Occupation (HMOs)

A dwelling house is deemed an HMO if it is occupied by three and six unrelated individuals, as their only or main residence, who share basic amenities such as a kitchen and bathroom.

Nationally Described Space Standards

National internal space standards that a local planning authority may adopt in their Local Plan. Technical housing standards – nationally described space standard – March 2015 Department for Communities and Local Government

Older People

A definition of older people is provided within the Glossary at Annex 2 and for planning purposes defines this demographic as:

“People over or approaching retirement age, including the active, newly retired through to the very frail elderly; and whose housing needs can encompass accessible, adaptable general needs housing through to the full range of retirement and specialised housing for those with support or care needs.”

People with Disabilities

The Glossary at Annex 2 also provides a planning definition of people with disabilities as,

“people have a disability if they have a physical or mental impairment, and that impairment has a substantial and long-term adverse effect on their ability to carry out normal day-to-day activities. These persons include, but are not limited to, people with ambulatory difficulties, blindness, learning difficulties, autism and mental health needs.”

Planning Application Validation Guide

This document provides details on the information that must be submitted for specific planning applications.

Registered Provider

Landlords that are registered with the Regulator of Social Housing. Most are housing associations, but some are trusts, co-operatives and companies that own or manage affordable housing. An RP can now be either a non-profit organisation or a profit-making organisation.

S106 Agreement or Planning Obligation

A legally enforceable obligation entered into under Section 106 of the Town and Country Planning Act 1990 to mitigate the impacts of a development proposal in which the landowner covenants to agree to meet various obligations, such as the provision of affordable housing, education or open space contributions.

Lancaster City Council | Report Cover Sheet

Meeting	Cabinet	Date	19.01.21		
Title	Canal Quarter, Lancaster: Use of Reserves – Progression of Detailed Masterplan Phase				
Report of	Director for Economic Growth and Regeneration				
Purpose of Report					
<p>The report considers the route and approach to implement the economic regeneration of key council land interests, particularly the area known as Cooper's Fields which is dominated by the Upper and Lower St. Leonard's Gate surface car parking and bounded by Lodge Street, Alfred Street, Seymour Street / Edward Street and St Leonards Gate. Cabinet is requested to approve the use of Reserve Funds to commission a full professional services master-planning team to deliver the next key phase of the Canal Quarter project.</p>					
Key Decision (Y/N)	Y	Date of Notice	09.11.20	Exempt (Y/N)	N

Report Summary

The Lancaster Canal Quarter Strategic Regeneration Framework (SRF) is undergoing the final stages of its progression through statutory consultation. Following this period, should there be no further substantive comments received or amendments required, the document will be adopted as planning policy.

Use of the council's key assets / land in the Canal Quarter will provide critical framing and supporting context for development activity across the area. Members considered an outline of this strategic approach to implementation at the Cabinet meeting in June 2020 and in the months following via the council's Capital Strategy Group. Reports covered the route for securing a preferred design team for key elements of the council's ownership, shaping key strategic elements which impact on all Canal Quarter development activity, and providing certainty to enable private investment to be harnessed and delivered.

There is now an onus on the council to drive forward economic regeneration initiatives as part of the pandemic recovery process. The high degree of Member / public and commercial interest (including from MCHLG and Homes England) and the complexity of addressing key issues raised through SRF consultation (such as car parking, traffic movement and integrating open space provision) means the progression of a detailed development masterplan is essential to make further progress.

Recommendations of Director for Economic Growth and Regeneration

- 1. Approval of up to £120K of the council's Canal Quarter Reserve for the management and progression of site investigations, surveys, development of a detailed masterplan, phased development delivery strategy, and feasibility appraisals for key areas of the Canal Quarter as outlined in the report.**

2. Tender material is prepared by officers for issue.
3. Following completion of the procurement stage the recommended master-planning team is contracted and the work undertaken.
4. The work is supported by structured engagement with Cabinet, continued input from the existing community stakeholder group, and wider public consultation.

Relationship to Policy Framework	
The Canal Quarter site is a long-standing allocation within the Lancaster Local Plan and is identified via Policies ER4 and ER5 of the Lancaster District Core Strategy (adopted in 2008) and Policy SG5 of the Strategic Policies & Land Allocations DPD.	
Conclusion of Impact Assessment(s) where applicable	
Climate	Wellbeing & Social Value
Digital	Health & Safety
Equality	Community Safety
<p>There are no Health & Safety, Equality and Diversity, Human Rights, Community Safety, HR implications arising from approval or reserves spend and a commitment to undertake initial work on the Coopers Fields site as outlined in the report.</p> <p>In terms of the potential future development proposals the outcomes, impacts and issues will be explored and tested through the master-planning phase, adhering to the principles of the council's Local Plan and Canal Quarter SRF and taking into account any further objectives as defined by the council in its master-planning brief, particularly the need to respond to</p>	
Details of Consultation	
The CQSRF has been subject to wide stakeholder and public consultation as outlined in the report. The development of the CQSRF complied with the terms of the city council's Statement of Community Involvement and directions on public participation. Development proposals created through the master-planning process will also be subject to input, consultation, and scrutiny by the existing stakeholder group and wider public.	
Legal Implications	
<p>As a "High Value" procurement (that is over £100K across the lifetime of the project design development and implementation stages) either a formal open competitive invitation to tender, or appointment made via a pre-approved Framework is required (although the report notes that the latter is not considered to be an appropriate tender route in this instance).</p> <p>The likely final contract value (particularly if there are any extensions required or further work required in addition to the main initial contract) means there is also a need for compliance with the UK's Public Contract Regulations 2015 (PCR2015) – the UK's interpretation of the EU's Procurement Directives which have in the past set out the legal framework for public procurement that applies when public authorities and utilities seek to acquire goods, services, civil engineering or building works above certain thresholds.</p>	

Brexit has complicated the procurement position for high-value contracts post- 1st January 2021 and the rules which will govern large contract procurement for public bodies are still unclear. The Government has prepared draft Public Contract Regulations 2020, which will replace PCR2015. This is very similar to PCR2015 but with references to EU removed and UK added. The most recent tender update notes that at the end of the transition period, amendments to the Regulations in relation to the withdrawal of the UK from the EU will come into force. This means that for procurements which are launched after 11 pm on 31 December 2020, will be required to publish notices on FTS instead of OJEU/TED.

However, regardless of the specific process detail that may emerge, the procurement route will meet any defined high value procurement directive, be it within the context of a process resembling the PCR2015 or otherwise.

The key point is that the value of the services involved requires the council to consider the relevant “open” tender procedure rules, and the tendering authority cannot limit the tender to specific parties.

The tender process will include for scoring against social value criteria alongside the regular model of assessing competitive tenders on both quality and price. However, the council must first adopt a corporate policy into its wider procurement rules setting out its specific measurable criteria by which officers can develop the social value requirement of bidders. It is essential that in a high value procurement, and one likely to be subject to supra-national procurement rules and national bidding interest, that objective criteria is included in the process to ensure the final contract award can withstand any potential legal challenge/scrutiny.

Financial Implications

Authorisation levels for both revenue expenditure and use of the Council's reserves are as follows

- Up to £25K - Director/Relevant Portfolio Holder
- Over £25K - Majority of Portfolio Holder, Director, Leader, Cabinet Member for Finance, Chief Executive after consideration of advice from S151
- Over £100K – Cabinet

The value of the expenditure outlined in this report is above the Cabinet reporting threshold and the fees accrued will ultimately be of “high value” in the context of the council’s procurement rules.

On conclusion of the procurement phase the design team will be appointed and design ideas will be delivered to a point where proposals can be considered for investment through the Capital Strategy/Cabinet protocols outlined in the council’s emerging Capital Investment Strategy.

The Canal Quarter currently has budget allocation from two reserves; the first being the original allocations from 17/18 and 18/19 on the Canal Quarter reserves code that has a balance of £69K with committed expenditure in year of £54K.

The second is part of the councils Invest to Save reserve approved as part of last year’s 2020/21 budget process, and has a balance of £124K in current year plus £150K in 2021/22

It is recommended that, to simplify the monitoring of spend, the balance of the Canal Quarter reserve is utilised first and cleared to nil during current year.

The table below shows the remaining balances once recently approved, committed, expenditure is considered, showing a balance of £114K in current year. The request for £120K is not expected to be fully committed in year therefore enough funds are available to accommodate the request over this and next financial year.

Once approved, the General Fund Revenue budgets will be updated accordingly.

	2020/21	2021/22	Total
Reserves balance	£,000	£,000	£,000
Canal Qtr Reserve	69,100	0	69,100
Invest to Save	123,900	150,000	273,900
Total Reserves	193,000	150,000	343,000
Approved spend			
Project Officer Extension	53,700	0	53,700
Feasibility Heron Works	25,000	0	25,000
Total Approved Spend	78,700	0	78,700
Remaining Balance	114,300	150,000	264,300

Other Resource or Risk Implications	
Human Resources: The main staffing resource on the council side to support progression of the proposal will be officers from the Economic Growth and Regeneration service.	
Information Services: No direct Information Service implications based on approving reserves spend.	
Property: No Property Services implications based on approving reserves spend.	
Open Spaces: No Open Space implications based on approving reserves spend	
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	
Contact Officer	Paul Rogers
Tel	Tel: 01524 582334
Email	progers@lancaster.gov.uk
Links to Background Papers	
Pre-approval in Cabinet Report	

1.0 Introduction

- 1.1 At its 9 June 2020 meeting Cabinet considered a report on the Draft Lancaster Canal Quarter Strategic Regeneration Framework (SRF) statutory consultation process, and noted the amendments accepted by officers as a "final" version for adoption as a Supplementary Planning Document (SPD). At the meeting Cabinet requested a further round of Member consultation and input to be considered by officers prior to completion of the statutory consultation process. Officers are undertaking further amendments to the document in response to this input. Specific technical amendments have also been required in response to the Government's recent changes to Use Class definitions and the resolution of national legal challenges against these changes.
- 1.2 On completion of these amendments, and subject to portfolio holder agreement, this revised "final" version of the document will become the council's formal publication version and issued for a further six -week period, with comments invited. Following this period, should there be no substantive reason to return to Cabinet to discuss amendments, the document will be adopted as planning policy.

- 1.3 The document will be used to support and guide developers in addressing the council's related strategic policies contained within the adopted Lancaster District Local Plan. An SPD's role is to help applicants shape and make successful planning applications, while the overarching planning priorities for an area (infrastructure requirements, housing needs, measures for adapting to climate change and so on) are the preserve of the Local Plan.
- 1.4 The SPD does not prevent any development sponsor "going further" or exceeding the requirements of policy in pursuit of their own development objectives. An SPD is not a panacea to address all issues pertaining to the ultimate form of a development or define an individual development sponsor's final masterplan or implementation strategy for their own land interests. Individual site promoters, including the council, will develop detailed schemes to achieve a wide range of objectives and needs, informed by decisions made in many other policy or business arenas.
- 1.5 However, the SPD provides an important strategic foundation for considering the next stages of detailed development, shape, and form. The June Cabinet report outlined some tentative next steps in progressing viable regeneration development proposals and an outline phasing/delivery alongside the key approvals required to undertake the next stages of work on this important regeneration scheme.

2.0 Background

- 2.1 Significant challenges exist in the Canal Quarter area, including (but not limited to): important national and local historic buildings / heritage interest; areas of severe dereliction/contamination; high design quality demands; planning/building envelope constraints; transport, car parking and topography issues; need for extensive new infrastructure and creative solutions to the site's connectivity with the existing centre; relatively low and depressed commercial/residential property values with rising construction costs; and fragmented site ownership.
- 2.2 Individual Canal Quarter development proposals will need to be progressed, to some extent, in an iterative fashion - being both informed by (top down) and also informing (bottom up) discussions/decisions on strategic matters – particularly how individual sites and proposals respond to the implications of the county council's Movement Strategy currently under public consultation.
- 2.3 The Canal Quarter can be broken down into four main areas of proprietary land interests (land ownership plan in **Appendix 1**) which are also analogous to the character areas noted in the CQSRF (**Appendix 2**). Progress on each major area of interest is as follows:
- a) **Stonewell Courtyards (comprising the Stonewall "nose" and Brewery Complex):** The assets in this area are owned by an entity called Lanmara Developments Ltd. Originally this company vehicle was under joint control of directors associated with the Preston based Worthington Property Group and Revcap Ltd, a London based investment firm. Since the demise of Worthington Property Group in late 2019, directors of Revcap Ltd. have sole control of the entity. Revcap Ltd have appointed their partner Riverstone Developments to

progress their interests. A positive initial meeting between officers and Riverstone took place earlier last year which focussed on the emerging CQSRF, the company's aspirations and likely approach to the site. Officers are anticipating a submission of initial proposal options through the council's planning pre-application process.

There is a clear opportunity for integrating the council's key areas of interest with the developer's proposals, particularly in relation to the interface with the Dukes Theatre, and working with the developer to bring forward a proposition that meets the requirements and context set out in the CQSRF.

b) *Ropewalks (Heron Works/Edward Street car parks):* The developer Maple Grove / Eric Wright has a long-standing optioned interest in the site and has made an initial approach to work with the council jointly on a regeneration /development scheme. A sum of £25K has been agreed from the Canal Quarter Reserve to jointly fund initial site investigations and development proposals around the optioned third-party site and the council's neighbouring land interests

c) *Coopers Fields (main area of council owned surface car parking and canal interface):* Members will be aware from previous reports and discussions that the way the council's land here is used will provide critical framing and supporting context for all development activity across the Canal Quarter. The council's approach here will resolve some of the key issues raised in the Canal Quarter SRF consultation. It will:

- Help define the north-south development axis and integrate the major third-party land parcels /proposals.
- Influence the west-east development axis, particularly the canal-side development interface and the treatment of major open space opportunities.
- Set the strategic approach to car parking and traffic movement within and through the site.
- Provide an exemplar approach to meeting the demands and challenges presented in the CQSRF.

d) *Moor Lane Mills South (area of council owned mill buildings / car parks):* The area is dominated by the council owned Moor Lane Mills currently let to NHS and Oxford archaeology and a number of surface-level car parking, some of which performs well in terms of revenue generation. The CQSRF sees commercial development combined with residential uses but any detailed proposals for the area can respond flexibly to market conditions. The area is not a priority in terms of the issues needing to be addressed elsewhere across the Canal Quarter. However, there is a need for the council to consider phased development opportunities and alternative use options here.

3.0 Proposal

3.1 To ensure the opportunities for all the aforementioned land parcels / interests are optimised the council needs to retain a high degree of control and influence over the design, development and implementation of its own key land/assets and give a strategic steer. Detailed proposals will need to have regard to all aspects ordinarily

associated with a major regeneration / development proposal such as:

- The final preferred use-mix and place-making strategy.
- Viability and certainty in the delivery and investment strategy.
- The relationship to important national and local historic buildings / heritage interest such as the Grand Theatre, and ongoing user interests such as the Musicians Co-op and Dukes Theatre.
- Design quality and other policy demands of the CQSRF including resolution of the relationship of development to the canal and open space matters.
- Approach to movement, transport, car parking and other technical site matters.
- The site's connectivity with the existing centre and relationship to other development parcels within and outside the Canal Quarter boundary.

3.2 To deliver a vibrant and viable mixed-use development that meets a wide range of council objectives the following will be required

- A clear brief, setting out the council's ambitions and detailed master-planning requirements.
- The appointment of a high-quality council-led master-planning team (comprising architects/urban design), transport, structural engineering, and cost consulting expertise) to fulfil the brief, and who may be retained throughout the masterplan project/proposal period (and beyond if required).
- The development of feasible scheme options and phasing for the council's own land assets and which also provide enough detail to help officers support the emerging private sector development interest, including defining potential joint venture and partnering opportunities.
- The need and requirement for transparency in decision making and continuing stakeholder / community engagement.

3.3 The CQSRF can be regarded as providing a sound basis for informing a detailed master-planning design brief, with its content having been informed by wide and detailed community consultation. However, it is clear the council wishes to go "above and beyond" the baseline requirements for energy efficiency, sustainability and design quality currently able to be expressed in a statutory Supplementary Planning Document sitting within the constraints of the approved Local Plan policy.

3.4 The council's declaration of a Climate Emergency demands that the appointed team is at the forefront of sustainable development approaches and related place-making challenges and opportunities. Officers will ensure the brief places a high degree of emphasis on technical competencies and delivery of high quality and sustainable development, neighbourhoods, and place-making.

3.5 Recent experience on the master-planning exercise for Bailrigg Garden Village shows that an estimated cost of £120K should be enough to accommodate the council's initial requirements.

High Value Procurement

- 3.6 The potential level of fees means the contract sits within the definition of “High Value Services” which need to be tendered on open basis according to the council’s procurement rules. Depending on the outcome of the master-planning exercise the team may also be retained to undertake further work on individual sites or defined phase proposals (subject also to further agreement and funding approval). This could eventually take the contract fees into an area where compliance would ordinarily have been required with all relevant UK national and supra-national procurement rules the council, as a public purchasing authority, may be subject to post- 1st January 2021 (**refer to Legal Implications**).
- 3.7 These procurement rules can efficiently be met through conducting “mini-competitions” to pre-selected lists of suppliers under so-called “Framework Agreements”. These are arrangements where service providers have been pre-selected in accordance with national UK procurement rules by a public body such as Homes England. Framework agreements remove much of the onerous upfront work of securing high-value contracts while ensuring a high degree of baseline quality and price certainty from suppliers.
- 3.8 However, Frameworks can offer only a narrow range of suppliers – often the “usual suspects” of major national firms with bidding teams capable of meeting the onerous and lengthy staged requirements of appearing as an approved supplier on a Framework list. Using approved Frameworks can mean clients miss out on more innovative thinking from smaller and more agile and creative practices. The legal status of many Frameworks for use by public bodies post 1st January 2021 is also currently unclear.

Proposed Masterplan Team Procurement Route

- 3.9 The proposal is therefore to procure the master-planning team via an open competitive tender. The tender will proceed through the following stages:

Phase 1:

A “backward facing” phase, investigating and scoring bidders’ critical technical competencies and track record. This will involve

- Advertising an initial open expression of interest (Eoi) with a competition brief
- Evaluation of responses to the Eoi.
- Selection of a shortlist (usually requiring a minimum of 5 bidders for UK high-value threshold and/or other supra-national competitive tender purposes)

Phase 2:

The “forward” facing phase concentrating on the master-planning project to be delivered and which of the short-listed parties/proposals best meets the council’s aspirations and demands of the CQSRF.

- More detailed design brief issued to the shortlist of bidders
- Submission of tender returns
- Evaluation
- Appointment of preferred team for the agreed staged fee and ongoing work subject to future agreement and funding.

3.10 The tender process will include for scoring against the council’s social value criteria, which will be assessed alongside the regular model of scoring competitive tenders on both quality and price.

4.0 Options and Options Analysis (including risk assessment)

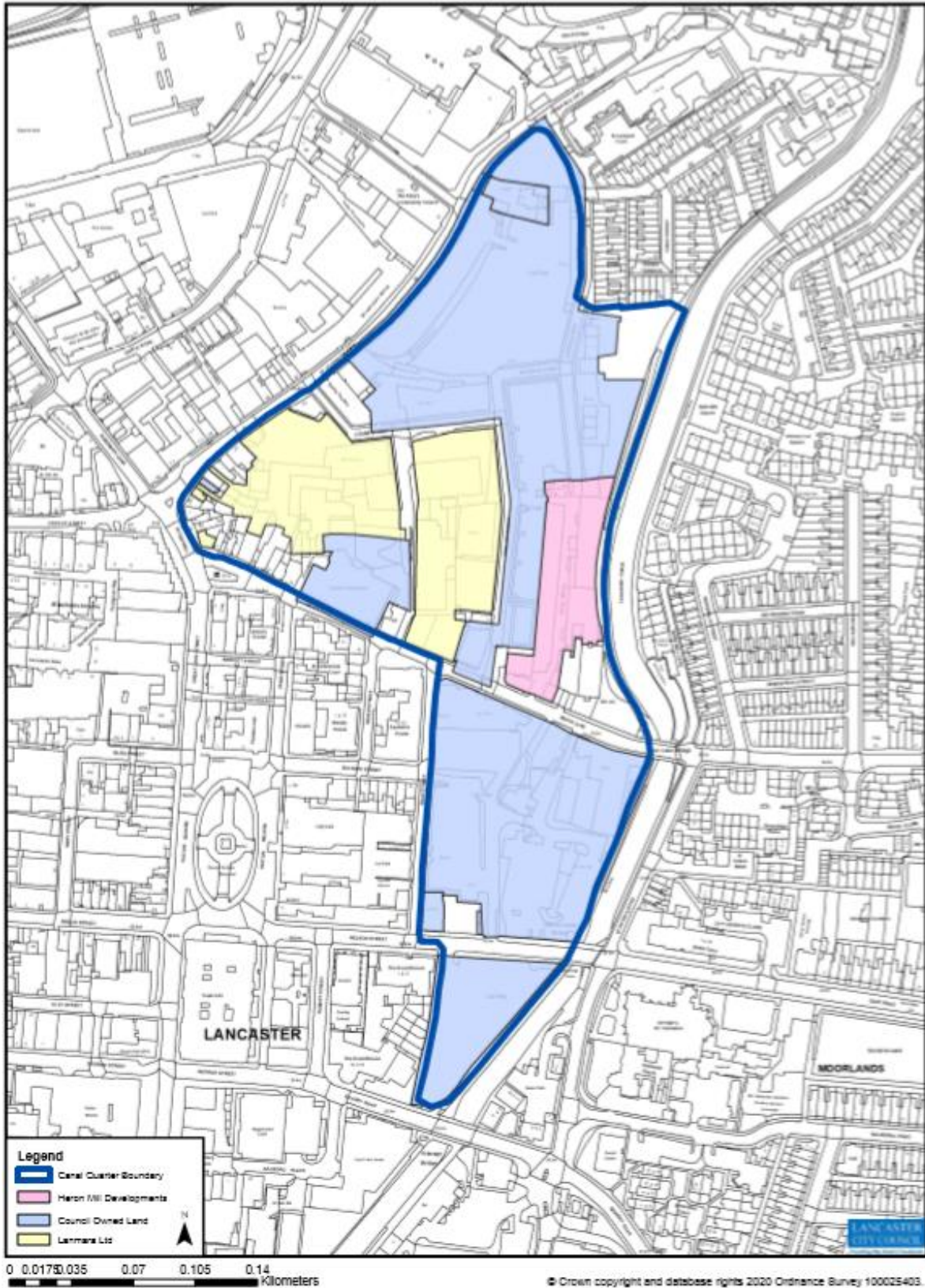
4.1 The options considered are as follows:

	Option 1: Approve £120K to procure a master-planning team through an existing Framework Agreement to progress the council’s preferred masterplan/development solution	Option 2: Approve £120K to procure a master-planning team through open competitive tender to progress the council’s preferred masterplan/development solution
Advantages	<p>Officers are experienced in progressing UK directive compliant tenders via Frameworks to appoint masterplan/design teams for projects.</p> <p>Use of a pre-approved UK directive compliant Framework will reduce the administrative burden on officers in managing a legally compliant tender process.</p>	<p>Greater likelihood of securing a high-quality team and detailed design solution for the project.</p> <p>Greater “reach” in securing interest from a range of design practices.</p> <p>Enables a wider range of national and international practices to participate.</p>
Dis-advantages	<p>“Reach” of the council’s tender may not be wide enough to secure innovative thinking or creative solutions from smaller firms if a Framework is used.</p>	<p>Officer resource commitment would be higher particularly under an open competition with an element of negotiation/dialogue.</p>
Risks / Mitigation	<p>A quality design team would be appointed who progress a feasible masterplan / design solution to meet the council’s and community’s objectives as expressed through the CQSRF.</p> <p>The risks are therefore around whether the Framework route delivers the best possible range of expertise.</p>	<p>Officers are experienced in securing design teams to the requirements of UK public procurement law.</p> <p>While the demands on officer time will be higher, a wider range of national and international practices will be able to participate.</p>

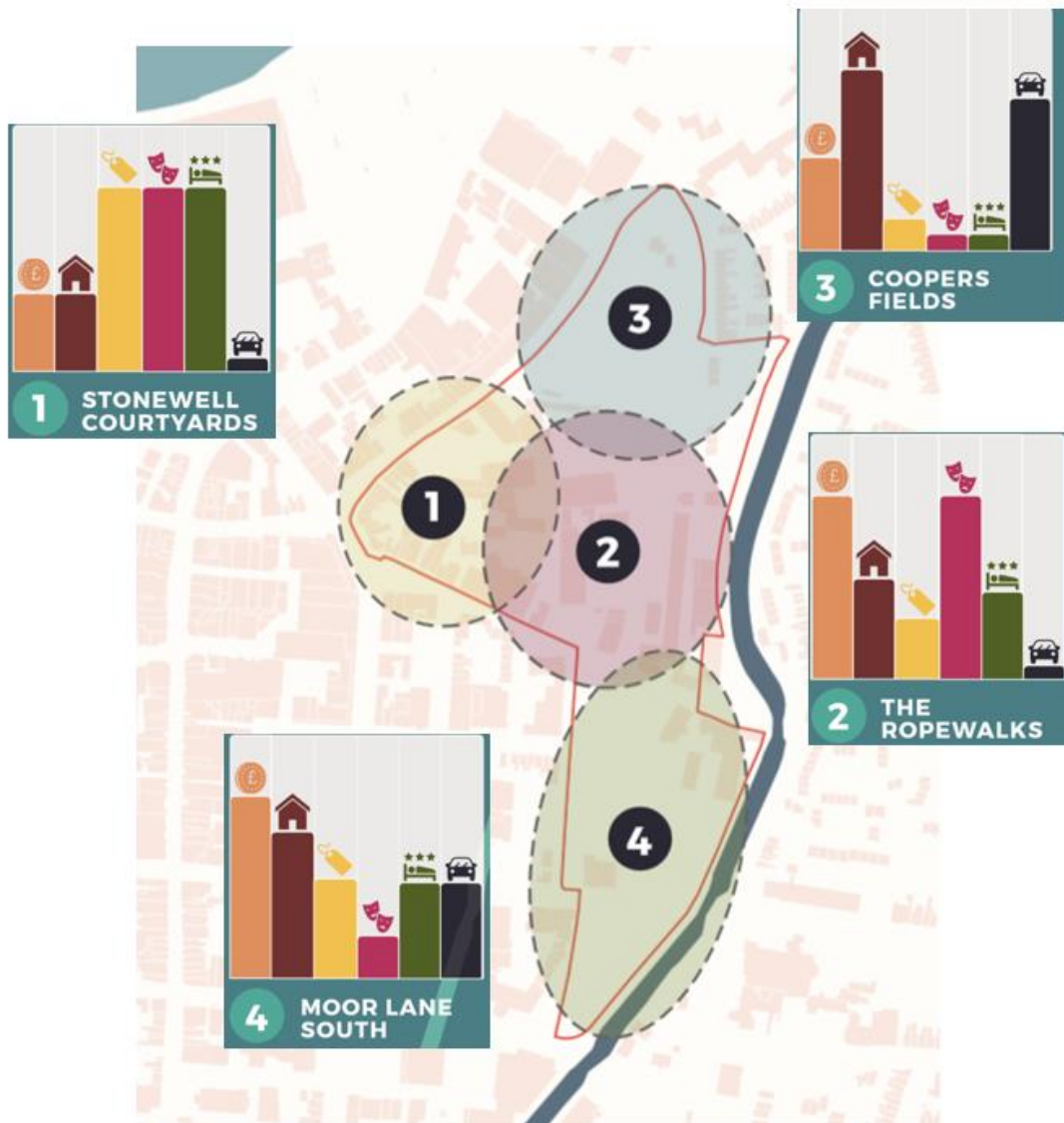
5.0 Officer Preferred Option (and comments)

- 5.1 Option 2 is the preferred option. There is an onus on the council to drive forward economic regeneration initiatives as part of the pandemic recovery process. The high degree of Member, public and commercial interest (including from MCHLG and Homes England) and the complexity of addressing key issues raised through CQSRF consultation (such as car parking, traffic movement and integrating open space provision) means the progression of a detailed development masterplan is essential to make further progress.
- 5.2 The funds for the detailed work will be sourced from the Canal Quarter Reserve (agreed under the Outcome-Based Budgeting process of as part of the Regeneration Development Reserve) and split over the current financial year and early part of next financial year (**refer to Financial Implications**).
- 5.3 Following completion of the procurement stage the recommended master-planning team will be contracted and the work undertaken. However, the work will be supported by structured engagement with Cabinet, continued input from the existing community stakeholder group, and wider public consultation.
- 5.4 On conclusion of the work a report will be made to Cabinet to consider the next stages and approval of any funding from the Canal Quarter Reserve required to progress the masterplan/design ideas to investment readiness through the protocols outlined in the council's emerging Capital Investment Strategy.

Canal Quarter Land Ownerships



Canal Quarter Character Areas (Defined in the Strategic Regeneration Framework)



Lancaster City Council | Report Cover Sheet

Meeting	Cabinet	Date	19/1/2021
Report of	Head of Financial Services		
Purpose of Report			
To consider the annual review of fees and charges for 2021/22			
Key Decision (Y/N)	Y	Date of Notice	18/12/2020
		Exempt (Y/N)	N

Report Summary

The report asks Members to endorse the Fees and Charges Policy for 2021/22 and also to consider the freezing of charges across all areas.

Recommendations of Councillors

- (1) That Cabinet endorses the Fees and Charges Policy as set out at Appendix A, and during 2021/22 as part of the mid-year budget strategy review determines whether any other areas of income generation be explored further for 2022/23 onwards.
- (2) That Cabinet endorses the freezing of charges across all areas, and notes the areas of significant reduction, as reported as part of the current 2021/22 budget setting process.
- (3) That Cabinet endorses the implementation of the new charges in respect, as reported as part of the current 2021/22 budget setting process.

Relationship to Policy Framework

Fees and charges form an integral part of the budget setting process, which in turn relates to the Council's priorities. Under the Medium Term Financial Strategy (MTFS), income generation is a specific initiative for helping to balance the budget.

Conclusion of Impact Assessment(s) where applicable

Climate	Wellbeing & Social Value
Digital	Health & Safety
Equality	Community Safety

The proposed increases are considered to be fair and reasonable; generally, equality considerations are provided for within the attached policy.

Details of Consultation

Lancaster BID, Morecambe BID, Chamber of Commerce. A summary of the proposals shall be sent to each of the above but given the positive nature of the proposals, no return comments are expected.

Legal Implications

Local authorities have a variety of powers to charge for specific statutory services.

The Local Government Act 2003 also provides a power to charge for discretionary services. Authorities are under a duty to secure that, taking one year with another the income from charges for these services do not exceed the cost of provision.

The power to charge for discretionary services is therefore on a cost recovery basis only and is not available if there is a statutory duty to provide the service or if there is a specific power to charge for it or if there is a prohibition on charging.

Additionally, the Localism Act 2011 provides local authorities with the general power of competence that confers on them the power to charge for services but again subject to conditions/limitations similar to those noted above.

Where authorities have a duty to provide a statutory service free of charge to a certain standard, no charge can be made for delivery to that standard, however delivery beyond that point may constitute a discretionary service for which a charge could be made.

Financial Implications

As set out in the report and further detailed financial implications are included in the relevant appendices. With regard to car parking and garden waste proposals, Cabinet have proposed the freezing of inflationary increases, which is still subject to agreement by Council. Any proposals to increase fees would require further consideration and would need to be fed into the budget process as appropriate.

Other Resource or Risk Implications

None specifically arising from this report.

Section 151 Officer's Comments

The s151 Officer has been consulted and has no further comments.

Monitoring Officer's Comments

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

Contact Officer	Andrew Kipling
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Email	akipling@lancaster.gov.uk

Links to Background Papers

None

1.0 GENERAL POLICY

- 1.1 This report sets out the proposed fees and charges framework for 2021/22. The current policy was last considered by Cabinet at its meeting on 11 February 2020 and a copy is attached at **Appendix A**. No substantive updates of the policy are being proposed at this stage, although it is re-iterated that linked to Cabinet's corporate planning and budget proposals, a more focused approach on commercialisation is being adopted. As the emerging strategy develops, then it is expected that there will

be a need to update the policy in due course to inform future income generation and charging.

- 1.2 In terms of fee increases, traditionally as part of the annual budget process all relevant fees and charges would be increased by inflation for the following year, in line with the annual inflationary review. However, largely due to the pandemic 2020/21 has been a totally indifferent year and key areas of income have been subject to government support equating to 75% of lost revenue, once a 5% relevant budget deduction has been applied. For information we expect to receive in the region of £3.91M of government support for the 2020/21 financial year and the draft budget revenue budget for 2021/22 has been prepared on the basis that it will end on 30th June 2021.
- 1.3 In light of the pandemic it is proposed that an inflationary freeze on fees across all areas is applied in 2021/22. This will create further strain on the revenue budget but the client base is considered to be extremely fragile at the moment. Temporary base budget reductions have prudently been included in key areas such as car parking and Salt Ayre Leisure Centre as they are not expected to return to pre-pandemic levels for budgetary purposes until 2022/23.
- 1.4 In support, **Appendix B** provides a listing of the General Fund fees and charges for 2019/20 actuals, the 2020/21 original budget and the 2021/22 latest draft budget. This shows that the total estimated base income to be generated from fees and charges (including rents) is now projected to be £14.67M next year. Of this total, around £5.9M is generally inflation-linked. The majority of the remaining income relates to statutory fees, commercial charges, general cost recovery and fixed contracts, e.g. trade refuse. As such these income areas allow for little or no discretion in setting fee increases (aside from any consideration of market share etc). Furthermore, certain fees such as various licensing fees cannot by law be set by Cabinet.
- 1.5 From Appendix B, it can be seen that between 2020/21 and 2021/22 gross income from comparative fees and charges is expected to decrease from £15.81M to £14.67M, representing an decrease of £1.87M or 7.2% in light of the freeze and temporary base reduction as discussed in section 1.3. Whilst this does not take account of any associated expenditure linked to service provision, it does highlight that income generation is a significant contributor to the Council's net position, thereby helping to reduce service subsidisation and protect other service provision.
- 1.6 Where fees and charges are to change in line with policy and/or the budget, these will be amended through existing Officer delegations and therefore no Cabinet decision is required – and so no detail is provided within this report. It should be noted that in exercising their delegated authority, Officers may well consider groupings of charges for similar or related activities and within those groupings, they may vary individual fees (or concessions) above or below inflation, for example – but as long as in totality, it is reasonable to assume that the relevant income budget will be met and the variances do not go against any other aspect of policy, then no Cabinet decision is required.
- 1.7 Cabinet is requested to indicate whether there are any other specific areas for income generation that it wishes to consider as part of its budget development, primarily for 2020/21 onwards, on top of those already included.
- 1.8 From an Officer perspective, there are three charging matters (Car Parking, Garden

Waste and Salt Ayre Leisure Centre) that require further expansion of detail, and these are set out in section 2, together with summary details of a new charge to be introduced within the Housing Improvement Agency.

2 OTHER SPECIFIC CHARGING CONSIDERATIONS

2.1 Communities and Environmental: Car Parking

Car Parking is a key area of the Council's fees and charges contributing £3.25M to the approved revenue budget for 2020/21. However, the pandemic has resulted in reduced usage and the latest projections report a projected outturn of £1.637M and the loss is offset by £1.09M of government support. It cannot be assumed that this will be continued beyond June 2021, therefore the base budget for 2021/22 has temporarily been lowered to £2.41M before returning to pre-pandemic levels with effect from 2022/23. It should be noted that the estimate for 2021/22 is purely speculative at this juncture and will be subject to additional monitoring arrangements in 2021/22, being reported as appropriate.

2.2 Communities and Environmental: Salt Ayre Leisure Centre

Income is pivotal to the net operating cost of Salt Ayre Leisure Centre and £2.63M is included in the approved revenue budget for 2020/21. However, the pandemic has resulted in reduced usage and the latest projections report a projected outturn of £342K and the loss is offset by £1.46M of government support. It cannot be assumed that this will be continued beyond June 2021, therefore the base budget for 2021/22 has temporarily been lowered to £1.91M before returning to pre-pandemic levels with effect from 2022/23. It should be noted that the estimate for 2021/22 is purely speculative at this juncture and will be subject to additional monitoring arrangements in 2021/22, being reported as appropriate.

2.3 Communities and Environmental: Garden Waste

Cabinet, 27th October 2020 (minute 71 refers) approved the freezing of inflation for the next two financial years. Following last year's decision to offer the same price for a subscription in order to retain client base levels in 2020/21, retention levels for subscriptions were 100%, and a further 6% new subscribers were gained leading to increased income of £55K against the original projection. It is viewed that this is largely due to the pandemic and the initial period of lockdown but now it is hoped that through service delivery and a freeze on the charge level, that the client base can be protected. This area will be reviewed in 2021/22 alongside the exploration of introducing automatic renewal for future years. The decision to freeze represents an estimated reduction of £19K in assumed inflation, however with subscription levels increasing, the base budget has been increased by £34K against the previously approved position for 2021/22 and therein exceeds the amount required.

2.4 Communities and Environmental: Housing Improvement Agency (HIA)

On the 31st March 2020 Lancashire County Council terminated the collaboration agreement with the city council to deliver Core HIA Services. This service had enabled the city council to provide discretionary HIA type services to vulnerable elderly and disabled residents, including a handyperson service. Most districts have handyperson

services available to residents, the majority of which are delivered through HIA's. The Handyperson service in Lancaster is free of charge for the first two hours of labour. To be eligible, services users must be over 65, or disabled, with no member of the household in any form of paid employment.

The HIA are looking to introduce charging for a limited number of new HIA type services. It is intended that the income generated through these new services will enable existing services to remain available free of charge for the most vulnerable residents. Full details of the proposed charge can be found at **Appendix C**.

3 **OPTIONS AND OPTIONS ANALYSIS**

- 3.1 The attached policy remains substantively unchanged and it is considered that it remains fit for purpose (at least in the short term) and it adequately covers Cabinet's budget proposals. As such, no options are presented and Cabinet is simply requested to endorse the policy, with a review being undertaken next year.
- 3.2 With regard to charges in general, it is proposed to freeze charges for the forthcoming financial year and the impact has been fed into the draft general fund budget for 2021/22. Should Members wish to apply inflation, further work to determine charging levels would need to take place and be fed into the budget setting process as appropriate.
- 3.3 The introduction of the new Housing Improvement Charge is subject to Member agreement and as such is included as a recommendation within this report.



LANCASTER CITY COUNCIL
Promoting City, Coast & Countryside

APPENDIX A

FEES AND CHARGES POLICY

January 2021

1 INTRODUCTION

- 1.1 The decisions made by councils about charging for local public services affect everyone. Where councils charge for services, users pay directly for some or all of the costs of the services they use. Where no charges are made, or where charges do not recover the full cost of providing a service, council taxpayers subsidise users.
- 1.2 Fees and charges represent an important source of income, providing finance to help achieve the corporate objectives of the City Council. The purpose of this policy is to set out a clear framework within which fees and charges levied by the Council are agreed and regularly reviewed.
- 1.3 The decisions on whether to make a charge (and the amount to charge) are not always within the control of the Council. Where they are controlled locally, however, it is important that the implications of the charging decisions being taken are fully understood and that the appropriate information is available to make informed decisions.
- 1.4 This policy therefore provides clear guidance to service managers on:
- the setting of new fees and the policy context within which existing charges should be reviewed;
 - how fees and charges can assist in the achievement of corporate priorities;
 - the Council's approach to cost recovery and income generation from fees and charges; and
 - eligibility for concessions.
- 1.5 The policy supports the Council in having a properly considered, consistent and informed approach to all charges it makes for its services. This will, in turn, support the delivery of corporate objectives.

2 GENERAL POLICY

- 2.1 This policy relates to fees and charges currently being levied by the Council and those which are permissible under relevant legislation, including the wider general powers to provide and charge for discretionary services included within the Local Government Act 2003.
- 2.2 Statutory charges also fall within the scope of the policy, even though their level may not be determined by the Council. This ensures clarity and consistency and allows subsequent reviews of the policy to be comprehensive. It also enables changes to the national legislative charging framework, and any other situations that may arise in the future, to be addressed.

Council policies, strategies and priorities

- 2.3 Specific decisions and charging policies should support delivery of the council's Corporate Plan and other local strategies and service objectives. Charging decisions will take account of the council's corporate priorities and have regard for the potential impact on other service areas.

Basis of Charging Decisions

- 2.4 The council will charge for all services where it is appropriate and cost-effective to do so, unless there are contrary policies, legal or contractual reasons that state otherwise.
- 2.5 When discretionary charges are set, the general aim will be to cover the cost of the service or, where legally possible, the council may charge on a commercial basis. Charges will reflect the full cost of provision, unless covered by subsidies/concessions designed to meet corporate priorities or there are contrary policies or legal reasons.

Subsidies and/or Concessions

- 2.6 Subsidies and concessions may be used to help achieve specific targets or objectives. Concessions should be awarded and reviewed in relation to each service. Where subsidies and concessions are applied, there should be a proportionate evaluation process in place to measure levels of success in meeting these objectives. Definitions and qualifying criteria for concessionary target groups should be consistent across the Council.
- 2.7 Any reference to the setting or review of fees and charges within this policy should be taken to include/cover any relevant subsidies or concessions also.

Surplus Income

- 2.8 Income derived from charging will be used to offset the costs of providing the service being charged for, including support service costs. Where a surplus, over budget, is generated in-year, its use shall be determined in accordance with the Council's Financial Regulations (in particular, the virement scheme as set out in the Medium Term Financial Strategy (MTFS)). This is on the provision that this is not prohibited by other statutory requirements or government guidance.
- 2.9 It is acknowledged that the ability to use charges to deliver the corporate priorities of the Council requires a degree of freedom; corporate controls should avoid imposing unnecessary restrictions, but also the Council's future budgetary challenges need to be addressed.
- 2.10 Any proposals for generating any additional income (over and above normal budgetary provisions) to be raised from charging in the expansion and development of a particular service will be considered as part of the budget and planning process, and in line with the approved Medium Term Financial Strategy. Each proposal will therefore be considered on its own merits and in light of financial planning processes and other pressures.

Efficient Administration

- 2.11 Arrangements for charging and collecting fees should be efficient, practical and simple to understand by users, and meet any other requirements of the Council's Financial Regulations and supporting processes. The reasons behind any significant changes to charges should be communicated to residents and service users. The impact of charging decisions on service users and local residents will need to be taken into account.

Regular Review

- 2.12 Charges, and decisions not to charge, will be reviewed annually in sufficient time for the impact of any revisions to be included in the budget setting process. This ensures that they fit within the approved budget framework, as determined by full Council.

Policy Implementation

- 2.13 This policy encompasses decisions made as part of the annual fees and charges review process, where new charges are introduced or where existing charges are removed or amended.
- 2.14 It supports the Council’s Financial Regulations, which are part of the Constitution. Under the Regulations, Directors, Chief Officers and others designated by them are responsible for collecting budgeted income, and maximising such income in accordance with this policy and any other relevant supporting policies.
- 2.15 Furthermore, under the Scheme of Delegation to Officers, which is also included in the Constitution, such Officers have authority to set fees and charges in accordance with relevant legislation and any charging policy set by Cabinet (as long as they fit with the approved budget framework).

3 DETERMINING SPECIFIC CHARGING POLICY (CASE BY CASE)

- 3.1 Each fee or charge (or group of similar charges) should be linked to one of the categories in the following table and the appropriate charging policy adopted in establishing and reviewing charging rates for that particular service or activity. Where new charges are being introduced or changes in charging policy are proposed, the charging policy should be made clear as part of the decision-making process.
- 3.2 In all cases, in determining an appropriate charging policy proper consideration should be given to the wider equality implications that could affect accessibility of council services to any groups.

CHARGING POLICY	POLICY OBJECTIVE
Full commercial	The council seeks to maximise revenue within an overall objective of generating as large a surplus (or a minimum loss) from this service.
Full commercial with discounts	As above, but with discounted concessions being given to enable disadvantaged groups to access the service.
Fair charging	The council seeks to maximise income but subject to a defined policy constraint. This could include a commitment made to potential customers on an appropriate fee structure. Alternatively, a full commercial rate may not be determinable or the council may be a monopoly supplier of services.

Cost recovery	The council wishes to make the service generally available, but does not wish to allocate its own resources to the service.
Cost recovery with discounts	As above, but the council is prepared to subsidise the service to ensure disadvantaged groups have access to the service.
Subsidised	Council policy is to make the service widely accessible, but believe users of the service should make some contribution from their own resources. Could also be due to the adverse impact a cost recovery or commercial charging policy would have on other council services.
Nominal	The council wishes the service to be fully available, but sets a charge to discourage frivolous usage.
Free	Council policy is to make the service fully available.
Statutory	Charges are set in line with legal obligations.

3.3 In applying the appropriate charging policy, as well as equality considerations typically the issues that may need to be considered in setting the level of fee and charge for any particular service include those set out below:

CHARGING POLICY	POLICY OBJECTIVE
Full commercial	<ul style="list-style-type: none"> • Are the charges high enough for the service to be profitable? If not, consider whether the service should be provided. • Are competitors charging similar prices? • Does the council offer any premium in terms of service levels that customers would be prepared to pay more for? • How would changes in pricing structures affect demand for the service and potentially its profitability? • How does the proposed fee structure fit in with the long-term business plan for the service?
Fair charging	<ul style="list-style-type: none"> • How do the charges compare to other providers of similar services? • Has the loss of income from not charging on a commercial basis been evaluated? • Is the policy constraint justifying this charging policy still valid?
Cost recovery	<ul style="list-style-type: none"> • Do charges recover the full costs, including overheads, capital charges and recharges? • Is it possible to charge on a full commercial basis and if so has the loss of income from not charging on a full commercial basis been evaluated? • Are Members aware of the effect on demand for this service from this charging policy? • What would be the effect of changing the policy to a different one e.g. subsidised?
Subsidised	<ul style="list-style-type: none"> • Has the cost of the subsidy been evaluated?
Nominal	<ul style="list-style-type: none"> • What has been the impact on demand and on service levels from adopting this approach?
Free	<ul style="list-style-type: none"> • Does this approach fit in with the requirements of other funding streams i.e. grants? • Is this approach legally required? • Is there a potential problem from frivolous use of the service?
Statutory	<ul style="list-style-type: none"> • Are charges in line with statutory requirements? • Are they set at the maximum permitted levels?

4 SUBSIDIES AND CONCESSIONS

4.1 It may be appropriate to consider subsidising some services, particularly if this helps to achieve corporate priorities and supports local strategies and policies. The main reasons for charging less than full cost are set out below:

- There is a sound financial and policy justification for the council tax payers subsidising this service.
- The desire to encourage particular sections of the community to use specific services and they could not afford, or might otherwise be deterred by, full cost charges.
- Charging full cost discourages or prevents uptake, which may have a detrimental impact on the council's finances in the long run.
- Use of the service is sensitive to a change in price – an increase in charges reduces demand and income.
- The council incurs higher costs than other providers because the service is provided in a way that is appropriate and accessible for all sectors of the community.

4.2 When considering using a subsidy, the following points should be taken into account:

- It must clearly and directly support a corporate priority, objective, or policy.
- There is evidence to suggest that the impact of the policy can be measured.
- The cost of the subsidy can be estimated and can be accommodated within the council's budget, making it affordable.
- The proposal is the most effective approach available to deliver the policy objective, and so can be judged to give value for money.

4.3 It is recognised that in some circumstances discounts may not be appropriate and that, in all cases, it will be necessary to carefully consider the impact on income before introducing discounts or concessions to service areas which do not currently offer them.

5 NEW FEES AND CHARGES

5.1 Proposals for new discretionary fees and charges must be considered within the annual budget process or alternatively, if appropriate, submitted to Cabinet initially for approval as an in-year change. Should any proposed change fall outside of the budget and policy framework, it would also require referral to Council.

5.2 Proposals for new fees and charges should be analysed using the guidance in the appendix to this policy. This effectively provides a brief rationale and business case for the proposed charge.

5.3 The effects of any new charge on service usage and income generated will be monitored regularly over the first 12 months and formally reviewed as part of the following budget process.

- 5.4 Where new statutory fees and charges are to be introduced, or when changes have been notified, ideally Cabinet and/or Council should be advised of any significant budgetary or policy implications prior to their implementation by Officers, should timescales allow; this may be done through the budget process. Alternatively, any implications should be reported retrospectively through usual quarterly monitoring arrangements.

6 REVIEWING FEES AND CHARGES

- 6.1 Directors, Chief Officers and designated staff must consider charging policies and current levels of charge each year as part of the budget and service planning process.
- 6.2 The general assumption (where the Council has control) is that the value of fees and charges will be maintained in real terms over time and increased annually in line with estimated inflation, as determined through the budget. Clearly this assumption changes, if the adopted charging policy for a particular activity determines otherwise.
- 6.3 Additionally, Cabinet may decide to set income targets for specific service areas as part of an effort to identify efficiencies and/or generate additional income.
- 6.4 Separate to the annual budgeting exercise, if there are any significant matters arising during the course of a year, such as in cost, market forces or service levels, which materially affect current service costs and revenues, then relevant fees and charges should be reviewed. If it is reasonable for them to be adjusted in year, to keep within the budget framework, then the Director or Chief Officer has delegated authority to do so, as long as any fee or charge under question was not explicitly approved by Members during the last budget process. Any such changes must be reported to Cabinet retrospectively as part of usual quarterly monitoring arrangements.
- 6.5 In all other cases (except for statutory fee change notifications covered in 5.4), any proposals to change fees, and/or any expected income budget shortfalls, must be reported initially for Cabinet's consideration. Referral to Council may also follow, depending on circumstances. Any proposal to amend significantly an existing fee or charge will require a full explanation and justification to be provided.

7 COLLECTION OF FEES AND CHARGES

- 7.1 Fees and charges income should be collected and accounted for in accordance with the Council's Financial Regulations and any supporting instructions, procedures and guidance. Wherever it is reasonable to do so, charges should be collected either in advance or at the point of service delivery. Where charges are to be collected after service delivery has commenced, invoices will be issued promptly, and appropriate collection and recovery procedures followed.

8 PUBLICATION OF FEES AND CHARGES

- 8.1 Each service should maintain a schedule of fees and charges levied. This schedule should include, but identify separately, those charges where there are national / external procedures or other specific procedures for determining and reviewing rates of charge.
- 8.2 Generally the Council's fees and charges should be set prior to the start of each financial year. They should be widely published, including through the council's website.
- 8.3 Reasonable notice should be given to service users before any decisions to amend or introduce new fees and charges are implemented, together with clear advice on VAT, and information on any discounts or concessions available. In the absence of any specific requirements, reasonable notice is defined broadly as one calendar month.

GUIDANCE FOR NEW FEES AND CHARGES

Charging Policy

The charging policy objectives must be stated here, together with why this policy (Full Commercial or Fair Charging etc.) has been adopted. The intended aims of the charges should also be clearly thought out and explained. Any legal issues should be identified.

Comparative Information

Include here details of comparative information collected from other authorities or competitors etc.

Financial

Information Required	Description
Level of charge	Recommended or proposed new level of charge.
Start date	Proposed implementation date for new level of charge, although it could be related to a future event.
Budgeted income	Level of income to be generated from the new charge.
Surplus / deficit as a percentage of cost	The total cost of supplying the service (including recharges and other overheads) should be calculated and deducted from the income generated. This surplus or deficit should then be compared to the total cost as a percentage. Calculating total cost may require the use of judgement and reasonable assumptions. This is acceptable, so long as a clear audit trail of those assumptions is maintained.
Surplus / deficit per usage	The difference between income generated and the total cost of providing that service, divided by the expected number of users of that service.

Impact Assessment

Any proposals must identify likely impact on the service's users including; who currently benefits from the service, the effects on them of any changes and who will benefit from new exemptions and discounts together with how demand and usage is expected to change. Equality issues must specifically be considered and reported.

Impact on Other Areas

The likely consequences in terms of reduced or increased demand for other council services must be identified here as well as any extra costs to other services. Equality issues must specifically be considered and reported.

Method of Collection

Proposals for new charges must identify what collection methods will be used. If this is a change in current arrangements it will need to identify the following:

- What the likely impact is on the rate and costs of collection;
- What account has been taken of how low income users can pay; and
- How cost effective will the new methods be?

Alternatives

Explain here the other measures that have been considered instead of, or as well as, the proposed charge (cost cutting, reducing charges, sponsorship etc.).

Consultation

Include here the extent of consultation conducted, which will be dependent upon the impact of fee and/or charge, and the results of that consultation.

Summary of General Fund Fees and Charges (including rents)

APPENDIX B

For Consideration by Cabinet 19 January 2021

Directorate	Service	Service Area	Detail Code	2019/20 Actual £	2020/21 Original £	2021/22 Estimate £					
Communities and Environment	Business Support	Vehicle Maintenance	General Fees & Charges	-583	-5,500	-1,000					
			MOT Income	-2,200	-7,000	-6,000					
		White Lund Depot	Feed In Tariff Credits	-16,691	-17,000	-17,000					
			Rents - General	-13,835	-13,800	-13,800					
			Sales - Goods Resold	-3,156	0	0					
			Sales - Goods Resold	-610	-700	-700					
		Customer Involvement & Leisure	Customer Services Mgmt & Admin Salt Ayre	Feed In Tariff Credits	-14,027	-16,800	-146,800				
				Fees and Charges	-2,526,598	-2,611,300	-1,758,500				
		Housing Services	Home Improvements Home Improvement Team Mellishaw Park	Administration Charges	-345,565	-288,000	-300,000				
				General (CR) - Miscellaneous	-5,000	-5,000	-5,000				
				Rent - Houses	-68,140	-63,800	-65,500				
		Public Protection	Public Protection	Dog Warden Service	Service Charges Recovered	-6,333	-7,700	-7,800			
					Collections and Kennelling	-5,347	-5,900	-5,000			
				Environmental Protection	Fines	-390	-1,500	-1,500			
					Sales - General	-44	-600	0			
					EPA Authorisation Fees	-17,795	-14,000	-17,000			
					Fines	-2,590	-4,000	-2,000			
				Food & Safety	Food & Safety	Income - Works In Default	-11,237	-2,200	-2,200		
						Water Sampling Fees	-3,624	-3,400	-3,400		
						Fines	0	-100	-100		
						General Fees & Charges	-11,392	-10,200	-8,000		
						Training Course Fees	-3,262	-2,000	-2,000		
						Gambling Act 2005	Gambling Act 2005	Amusement Machines	-1,950	-3,400	-2,900
								Licences - Betting Shops	-4,070	-11,000	-7,300
								Licences - Bingo Establishments	-4,900	-3,300	-4,000
								Licences - Gaming Machines	-3,905	-3,400	-3,500
								Licences - Lotteries	-3,048	-3,400	-3,200
				Hackney Carriage & Private Hire Licences	Hackney Carriage & Private Hire Licences			Dual Drivers Badge	-36,930	-48,600	-34,100
								H.C. Driver Licence	-2,527	-8,900	-4,700
								H.C. Inspection Fees	-11,766	-14,000	-14,000
								H.C. Taxi Plates	1,455	-2,300	-2,100
								H.C. Transfer Of Ownership	-426	0	-300
						H.C. Vehicle Licence	-26,648	-28,900	-26,400		
						P.H. Drivers Licence	-3,377	-6,200	-8,200		
						P.H. Inspection Fees	-25,652	-27,800	-27,800		
						P.H. Operators Licence	-7,821	-5,700	-8,000		
						P.H. Taxi Plates	-838	-5,500	-2,900		
				Lancaster Port Health Authority Licensing Act 2003	Lancaster Port Health Authority Licensing Act 2003	P.H. Transfer of Ownership	-118	0	-100		
						P.H. Vehicle Licence	-38,099	-45,800	-51,400		
						General Fees & Charges	-8,539	-5,200	-5,200		
						Licensing Act 2003 - Personal	-8,656	-7,100	-6,900		
						Licensing Act 2003 - Premises	-114,987	-117,400	-114,100		
						Temporary Event Notices	-5,970	-6,100	-6,000		
						Miscellaneous Licences	Miscellaneous Licences	Licences - Motor Salvage Operators	-2,718	-1,300	-100
								Licences - Second Hand Dealers	-290	-300	-400
								Licences - Sex Shops	-175	-200	-200
								Licences - Skin Piercing/Tattoos	-5,737	-3,700	-3,900
				Licences - Street Cafes	-1,896			-3,100	-3,800		
				Pest Control	Pest Control			Domestic Insects	-42,339	-32,400	-32,400
						Domestic Rodents	-36,630	-35,700	-35,700		
						Unbugged	-117,526	-112,300	-116,600		
				Private Rented Sector Activity	Private Rented Sector Activity	Admin - Works In Default	-2,961	-1,000	-1,000		
						APS Fees	0	-100	-100		
						Fines	-3,450	-2,800	-2,800		
						HMO License Fees	-44,888	-36,600	-49,800		
						Immigration Inspection Fees	-806	-300	-300		
						Public Health Services	Public Health Services	Burial Of The Dead	-20,958	-6,600	-30,000
								Licences - Animal Boarding	-11,174	-7,100	-4,600
								Licences - Dog Breeding	-2,037	-2,000	-1,400
								Licences - Pet Shops	-768	-500	-600
								Licences - Riding Estabs	-511	-500	-600
				Public Realm	Public Realm	Vets Fees Recovered	-665	-1,000	-1,000		
						Bulky Waste Collection	Domestic Collections	-82,723	-94,300	-94,300	
							Sales - Goods Resold	0	-14,700	-14,700	
						Cemeteries - General	Cemeteries - General	Sales - Scrap	-374	-1,200	-1,200
								Hire Of Chapels	-5,102	-5,200	-5,200
								Interment Fees	-140,573	-155,800	-155,800
								Memorial Fees	-25,562	-26,100	-26,100
								Rents - General	-513	-500	-500
								Rents - Grazing Rights	-330	-300	-300
								Sale Of Grave Spaces	-82,304	-81,000	-81,000
				Sale Of Memorial Benches	0			-600	-600		
				Sale Of Memorial Plaques	-19,914			-29,300	-25,000		
				Sale Of Memorial Benches	0			-600	-600		
				City Centre Markets & Traders	City Centre Markets & Traders	Administration Charges	-360	-500	-500		
						General Fees & Charges	-8,754	-9,600	-7,800		
						Market Tolls	-62,269	-67,000	-54,400		
						Rents - Market Stalls	-18,392	-19,700	-16,000		

Directorate	Service	Service Area	Detail Code	2019/20 Actual £	2020/21 Original £	2021/22 Estimate £
		Garden Waste	Service Charges Recovered	-4,435	-4,300	-3,500
			Fees - United Utilities	-1,149	-1,200	-1,200
			Garden Waste Collection	-894,240	-895,000	-947,800
			General Fees & Charges	-5,981	-9,000	-9,000
		Grounds Maintenance	General Fees & Charges	-191,841	-152,500	-163,100
		Happy Mount Park	Bowling	-157	-400	-400
			General Fees & Charges	-26,799	-30,600	-30,600
			Rents - Concessions	-3,500	-3,700	-3,700
			Rents - General	-31,520	-32,600	-23,900
			Service Charges Recovered	-1,272	-500	-500
			Tennis	-156	-400	-400
		Household Waste	Clinical Waste	-4,312	-5,000	-5,000
			Domestic Collections	-432	-1,500	-1,500
			Fees - United Utilities	-1,472	-1,600	-1,600
			General Fees & Charges	-23,859	-27,100	-27,100
		Morecambe Market	Advertising - Hoardings Etc	-261	-300	-300
			Rents - Market Stalls	-284,207	-304,600	-247,500
			Service Charges Recovered	-12,900	-12,400	-10,100
		Non-Resort Parks	Storage	-6,727	-6,600	-6,600
			Administration Charges	0	-1,500	-1,500
			Bowling	-935	-1,100	-1,100
			Receipts Non-Vatable	-10,502	-11,300	-11,300
			Rents - Concessions	-8,671	-9,900	-9,900
			Rents - General	-1,869	-10,800	-6,500
			Service Charges Recovered	-2,828	-1,700	-1,700
		Nurseries	General Fees & Charges	-35,125	-59,900	-59,900
		Off Street Car Parks	Car Parking Fees	-2,162,371	-2,418,900	-1,784,000
			Car Parking Fees - RingGo	-576,667	-437,000	-322,300
			Car Parking Permits	-202,170	-180,400	-133,100
			Fines	-136,770	-159,000	-117,200
			Rents - General	-53,085	-55,000	-55,000
		Promenade Management	Rents - Concessions	-19,975	-31,300	-31,300
			Rents - General	-17,665	-16,500	-18,800
			Sales - Promenade Passes	-437	-1,200	-700
			Service Charges Recovered	-890	-1,500	-1,500
		Public Conveniences	General Fees & Charges	-19,483	-23,100	-23,100
		Recycling	Fees - United Utilities	-1,359	-1,400	-1,400
			General Fees & Charges	-15,366	-4,100	-12,000
		Resort Parks	Rents - Concessions	-4,162	-4,300	-4,300
			Rents - General	-3,230	-3,500	-3,500
			Service Charges Recovered	-232	-100	-100
		Small Parks & Open Spaces	General Fees & Charges	-200	-400	-400
		Street Cleaning	General Fees & Charges	-19,363	-32,500	-32,500
		Trade Refuse	Trade Refuse Collections	-1,493,284	-1,520,800	-1,553,300
		Williamson Park Butterfly House	Admission Fees	-111,995	-107,300	-107,300
			Educational Usage	-11,734	-12,600	-12,600
			Family Tickets	-35,352	-33,400	-33,400
		Williamson Park Cafe	Sales - General	-324,072	-351,700	-351,700
		Williamson Park Events	Special Events	-19,419	-27,400	-17,400
			Venue Hire	-39,042	-46,600	-46,600
		Williamson Park Ice Cream Concession	Sales - General	-23,867	-25,000	-25,000
		Williamson Park Mngmt & Admin	Car Parking Fees	-40,111	-41,100	-41,100
			Sales - General	-350	-400	-400
		Williamson Park Reception & Retail	Sale of Recycling Material	-367	-1,000	-1,000
			Sales - General	-57,477	-57,400	-57,400
			Sales - Publications & Data	-121	-200	-200
Corporate Services	Democratic Finance Legal	Electoral Registration	Sales - Publications & Data	-5,948	-2,200	-2,200
		Financial Services Management & Admin	Administration Charges	-986	-2,100	-1,000
		Legal Services Mgt & Admin	General Fees & Charges	-22,100	-33,400	-33,400
			Legal Fees-County Court	-32,635	-17,200	-17,200
			Legal Fees-Magistrates Courts	-195	-3,100	-3,100
		Searches Administration	Search Fees	-176,023	-200,000	-185,000
	Revenues & Benefits	Council Tax & NNDR	Legal Costs Recovered	-289,605	-336,800	-308,000
Economic Growth and Regeneration	Economic Development	Arnsdale and Silverdale AONB	Feed In Tariff Credits	-490	-500	-500
		City Museum	Admission Fees	-526	-200	-100
			Cafe	0	-1,300	-300
			Sales - General	-15,869	-22,300	-16,700
		Cottage Museum	Admission Fees	-1,666	-1,500	-1,500
			Sales - General	-136	-100	-100
		Lancaster V.I.C.	Commission - Concerts/Discount Ticket	-4,371	-3,100	-3,100
			Commission - National Express	-331	-200	-200
			Sales - Publications & Data	-7,086	-8,400	-8,400
			Sales - Souvenirs	-16,851	-18,000	-18,000
		Maritime Museum	Admission Fees	-12,577	-12,300	-11,000
			General Fees & Charges	-669	0	-700
			Sales - General	-5,114	-4,800	-5,000
			Sales - Refreshments	-6,685	-6,200	-6,400
		Morecambe V.I.C.	Commission - Accom Bookings	-5	-100	-100
			Commission - Coach Travel Tickets	-287	-400	-400
			Commission - Concerts/Discount Ticket	-234	-300	-300
			Commission - National Express	-42	-200	-200

Directorate	Service	Service Area	Detail Code	2019/20 Actual £	2020/21 Original £	2021/22 Estimate £
			Sales - Publications & Data	-5,980	-7,400	-7,400
			Sales - Souvenirs	-13,303	-14,200	-14,200
			Travel Tickets	-1,292	-1,300	-1,300
		The Platform	Admission Fees	-261,530	-302,200	-228,500
			Bar	-99,776	-87,900	-78,700
			Cafe	-4,243	-3,400	-3,400
			Private Hire	-48,796	-55,100	-55,100
			Venue Hire	-34,085	-29,900	-22,600
		Winning Back West End Property Account	Rents - Commercial Properties	-16,120	-16,000	-16,000
	Planning & Place	Building Regulations	Bldg Regs - Application Fees	-66,161	-110,000	-82,500
		Development Control	Planning Application Fees	-752,072	-1,000,000	-850,000
			Planning Pre Application Advice Fees	-29,857	-75,000	-63,800
		Middleton Nature Reser & Pumping Station	Rents - General	-875	-900	-900
			Rents - Grazing Rights	-3,275	-900	-900
			Rents - Wayleaves & Titles	-1,102	-500	-500
	Property, Investment and Regeneration	Commercial Land & Buildings	Hire Of Premises	-7,334	-4,800	-4,800
			Rents - General	-923,145	-1,242,600	-1,959,500
			Rents - Grazing Rights	-1,980	-4,000	-4,000
			Sales - Refreshments	-27	-100	-100
			Service Charges Recovered	-391,027	-313,100	-301,500
		Municipal Land & Buildings	Hire Of Premises	-47,181	-55,600	-60,800
			Rents - General	-4,550	-4,800	-4,800
			Sales - Refreshments	-6,898	-3,100	-3,100
		Property Services Mgmt & Admin	General Fees & Charges	-4,031	-2,100	-2,100
		Storey Institute	Hire Of Premises	-71,129	-78,400	-85,200
			Rents - General	-100,430	-85,000	-93,500
			Sales - General	-195,839	-202,400	-202,400
			Service Charges Recovered	-81,256	-68,800	-71,800
			TOTAL INCOME	-14,829,381	-15,812,600	-14,671,700

APPENDIX C

Service / New Charge

Housing Services - Home Improvement Agency (HIA)

On the 31st March 2020 Lancashire County Council terminated the collaboration agreement with the city council to deliver Core HIA Services. This service had enabled the city council to provide discretionary HIA type services to vulnerable elderly and disabled residents, including a handyperson service. Most districts have handyperson services available to residents, the majority of which are delivered through HIA's. The Handyperson service in Lancaster is free of charge for the first two hours of labour. To be eligible, services users must be over 65, or disabled, with no member of the household in any form of paid employment.

In addition to the Handyperson service, the city councils HIA has an agreement in place with Lancashire County Council to install minor adaptations for residents, including rails and steps.

The HIA are looking to introduce charging for a limited number of new HIA type services. It is intended that the income generated through these new services will enable existing services to remain available free of charge for the most vulnerable residents. The proposed charged for services are as follows:

- An enhanced Handyperson Service to undertake works above the current two-hour threshold, subject to Handyperson capacity.
- Completion of Minor Adaptation work for residents that choose not to be assessed through Lancashire County Council or who have been assessed and do not qualify for assistance.
- To charge for the delivery of bolt on HIA services that help meet the needs of vulnerable residents and contribute towards the council's ambitions.

Charging Policy

The proposed charging will be on a cost recovery basis

Comparative Information

Several organisations provide HIA services within each of the Lancashire districts. Most districts have a Handyperson service with different arrangements for charging. Several of the HIA's are operated independently of the district councils and many still receive funding to enable them to continue to offer a subsidised service. The following HIA's have confirmed their charging policy:

In Hyndburn, the HIA is currently using reserves to provide a subsidised service for residents over 65 years of age. The charge for this service is £12 per hour inc vat.

For larger works or residents under 65, the charge increases to £24 per hour inc vat.

In Ribble Valley and Rossendale, the HIA charge residents £24 per hour for all handyperson work, with no free or subsidised service.

Wyre borough council provide a Handyperson service which is subsidised. Wyre receive funding from the CCG for the service. The CCG was recently approached for possible funding in Lancaster and were informed no funding was available.

Preston Care & Repair operate a HIA service in Preston, but also provide services throughout Chorley and West Lancs. The HIA receives funding from several district councils, this funding together with reserves has enabled the Handyperson to continue in these areas. For works up to two hours there is a charge of £18 per hour inc vat. For works above two hours the rate increases to £27.50 per hour plus vat.

Foundations the National Body for HIA's in England, funded by the MHCLG published a document last year titled 'Handyperson Services: Defining the added value'. The report was based on the findings from a survey sent to local authorities in England. The report highlights that 41% of councils operate a handyperson with no charge for labour and for those that do charge the hourly rate ranges from £15 to £37 per hour.

All other HIA providers in Lancashire deliver bolt on HIA services and allow residents to pay directly for the installation of minor adaptations. Lancashire County Council currently encourage residents to contact the HIA's direct to complete work privately if they do not qualify or prefer not to wait for an assessment.

Financial	
Information Required	Description
Level of charge	The charge will be based on an hourly rate cost recovery basis plus vat where applicable. The hourly charge based on 20/21 cost would be £24.95 + vat. This will be updated annually.
Start date	1 st April 2021
Budgeted income	No income from this proposal has been budgeted for within the current financial year. The current budget assumes the service is to be funded through HIA reserves.
Surplus/deficit as a percentage of cost	n/a

Surplus/deficit per usage	n/a
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Impact Assessment

The introduction of these limited charges will contribute towards ensuring existing, HIA services for our most vulnerable residents remain available. The provision of the Handyperson and Minor Adaptations service contributes to a happy and healthy communities enabling residents to stay safe and secure in their own homes.

HIA services including Handyperson and Minor Adaptation prevent accidents, admissions to hospital and can help vulnerable residents remain independent, safe and warm in their own home. The introduction of the new charging will increase this support.

The current service is available to anyone over 65 or disabled where no member of the household is in paid employment. It is intended that these criteria will remain and be extended to cover the new services across all tenures. The minor adaptations will be available to anyone with a disability or long-term health condition.

Impact on Other Areas

There will be no impact on other council services because of these proposals.

Method of Collection

Income will be collected and accounted for in accordance with the Council's Financial Regulations.

Service users will be made aware of the charging structure at the time of enquiry. At the time of the visit to the property the technician will provide the service user with an accurate cost. On completion of the work an invoice will be raised and sent to the client.

Alternatives

The removal of funding by Lancashire County Council equates to a loss in income of circa £100K per annum. The actual reduction in income to the HIA in 20/21 will depend on the level of income generated from minor adaptations and DFG work completed inhouse. Without the introduction of these proposals any shortfall in the cost of delivering the service will be met from existing ring fenced HIA reserves. The alternative to introducing these limited charges are as follows:

- Continue to offer existing handyperson services free of charge using HIA reserves and then discontinue the services once reserves have been exhausted. The time taken for this to occur will depend on the income generated from other existing income generating services, such as the

minor adapt service, completion of DFG inhouse and donations from clients.

- Introduce charging for all HIA services on a cost recovery basis, including the first two hours labour currently provided for free. This will reduce the current offer to vulnerable residents
- Top slice the councils DFG allocation to provide funding to deliver core HIA services. In August 2019, the Chair of the Health & Wellbeing Board wrote to all Chief Officers approving the use of DFG allocations to support the delivery of the HIA services in their areas. The letter advised that this offer would only apply to the 19/20 year and that future years would be considered separately. No further letter has been received to date. However, we are aware that several districts are considering this option due to large underspends on their DFG allocations. The Regulatory Reform Order gives the district council the power to use DFG monies in this way, providing a policy has been published.

In Lancaster, the 2019/20 DFG was fully committed and demand remains high for DFG assistance. Top slicing the DFG allocation will reduce the number of adaptations that can be completed for vulnerable residents. It will also reduce the fee income to the council.

Consultation

Lancashire HIA providers throughout Lancashire have been consulted on the proposals through the Lancashire Agencies Forum.

Foundations National Coordinating Body for HIA's have been consulted on the proposal.

Lancashire County Council Adult Community Services have been consulted on the proposal.

Legal and Financial Services have been consulted and have confirmed that the city council have the power to charge for such services on a cost recovery basis.

Lancaster City Council | Report Cover Sheet

Meeting	Cabinet	Date	19 January 2021		
Report of	Chief Finance Officer				
Purpose of Report					
To provide an update on the Council's budget strategy for 2021/22 and financial outlook up to 2024/25. Specifically, the report considers the budget and council tax proposals for 2021/22.					
Key Decision (Y/N)	Y	Date of Notice	18/12/2020	Exempt (Y/N)	N

Report Summary

The report summarises the budget and Council Tax proposals for 2021/22 and looks forward to the work to be undertaken in respect of the Capital Strategy and Medium Term Financial Strategy.

Recommendations of Councillor Anne Whitehead

1. That Cabinet make recommendations to Council regarding the Lancaster City Council element of the Council Tax as set out in paragraph 3.4 (option one) of this report which is a £5 increase to the Band D Council Tax (from £231.95 to £236.95).
2. That Cabinet makes recommendations regarding its initial budget proposals as set out in section 4 and appendix A of this report.
3. That the recommendations and proposals in this report be referred to Council on 27 January for initial consideration as well as being presented for scrutiny by Budget and Performance Panel on 02 February, in order that any feedback can be provided to Cabinet at its 09 February meeting.

Relationship to Policy Framework

The budget should represent, in financial terms, what the Council is seeking to achieve through its Policy Framework.

Conclusion of Impact Assessment(s) where applicable

Climate	Wellbeing & Social Value
Digital	Health & Safety
Equality	Community Safety

The budget incorporates measures to make progress in addressing the climate emergency and digital improvements as well as activities to address wellbeing, health and community safety. The budget framework in general sets out a financial

plan for achieving the Council's corporate priorities which incorporate the above cross cutting themes. Equalities impact assessments are undertaken for the relevant activities which are reflected in the budget.	
Details of Consultation	
Details of consultation are set out in sections 7 and 8 of the report.	
Legal Implications	
No legal implications directly arising from this report.	
Financial Implications	
As set out in the report.	
Other Resource or Risk Implications	
No other implications directly arising from this report.	
Section 151 Officer's Comments	
The Section 151 Officer has co-authored this report.	
Monitoring Officer's Comments	
The Monitoring Officer has been consulted and has no comments on this report.	
Contact Officer	Paul Thompson Chief Finance Officer/ s151 Officer
Tel	01524 582603
Email	pthompson@lancaster.gov.uk
Links to Background Papers	

1 INTRODUCTION

- 1.1 Under the Constitution, Cabinet has responsibility for developing corporate planning proposals and a balanced budget for Council's consideration.
- 1.2 The Cabinet meeting on 24 November considered updated estimates with respect to government funding and Council tax and the corresponding impact on the revenue budget gap. Since that report, the Government has released the Provisional Local Government Finance Settlement.
- 1.3 All services have been working with the Chief Executive and Finance Team to ensure we achieve a balanced budget aligned with our priorities. Throughout the Summer and Autumn sessions have been held with all services to identify opportunities to address the structural deficit and align expenditure with priority outcomes based on the Funding the Future Strategy.
- 1.4 Last year's budget, set before the pandemic, presented a highly ambitious programme of revenue and capital growth. The purpose of this was to support and stabilise services which had been reduced beyond their viable capacity levels in areas of Council Priority, to align service priorities with the Council's ambitions around Community Wealth, the Climate Emergency and Community Engagement, and to

significantly increase the Council's engagement in Capital Projects in order to achieve these. Many of these changes were long term in their nature, and while significant planning progress has been made, the pandemic has also caused the deferral of many of the Capital Projects to the coming year.

- 1.5 As such, the Budget presented shows relatively low levels of revenue growth, and a Capital Programme position which reflects both the deferral of projects, and the need to realign those with Council priorities and a changing investment landscape. A small range of Outcomes Based Resourcing (OBR) based-savings have been identified, and growth proposals have been limited to those which are vital to the successful operation of the council in continuing to secure income and fees, support efficient and effective service delivery and reporting, offering statutory services at viable levels, and progressing the capital programme. A more detailed explanation of these is provided below.

2 STRATEGIC CONTEXT

- 2.1 The Budget has been set at a time of unprecedented change, which puts pressure on the ability to forecast. We are seeing:
- an accelerated pace of change in the funding regimes, formula and budget and accounting requirements of central government, even pre-pandemic, and this change is continuing;
 - fewer system-wide reviews, and a much greater number of issue specific consultations, reviews and changes some of which are resulting in in-year changes, and even retrospective changes to previously agreed budgetary forecasting and funding distribution formula;
 - A wide range of single initiative funding opportunities emerging both as a result of the pandemic and more generally, which need to be established within in capacity, dispersal and income accounting, governance and delivery practices; and
 - External factors such as the pandemic and EU Exit which fundamentally alter both the priorities for and use of council resources and the context of our income from taxation, rates, fees and charges.

3 OPERATIONAL CONTEXT

- 3.1 Despite the disruption caused by COVID, and the need to redeploy and reprioritise finance and many other staff workloads to deal with it, in matters such as the dispersal of business grants and community support, OBR principles have already started to be incorporated, and the impact of this can be seen in the overview of savings and identified growth areas, as we realign activities with outcomes.
- 3.2 This year, activities around reporting and some committee activities have been scaled back to enable officers to focus on the pandemic. Similarly, the accounting and reporting practices associated with pandemic work have needed to be quickly put in place, and this has required significant capacity. This means that a more basic approach to reporting is being taken this year, which, nevertheless, due to its OBR basis and lessons learned from the more comprehensive, but aspirational activity undertaken last year, should provide greater certainty of deliverability within the context of accelerated change.

4. PRINCIPLES AND ASSUMPTIONS

4.1 The Council is, despite significant challenges due to COVID-19, aiming to deliver a balanced budget plan for 2021/22.

- There remain opportunities to address the underlying structural deficit, by:
 - o Increasing and diversifying income
 - o Improving productivity and securing efficiencies via new ways of working
 - o Developing alternative ways to achieve priority outcomes (e.g. partnership)
- While LGR presents an opportunity to think longer term about the design of services and the budget, work should continue to identify and implement transformation opportunities which place Lancaster in a position of strength irrespective of future scenarios and plans (no 'wait and see' culture).

5 FUNDING UPDATE

5.1 Government released the provisional local government finance settlement on 17 December 2020. This a one-year settlement following on from its Spending Review, 25 November 2020 abandoning its long-term review amid the economic uncertainty caused by the COVID-19 pandemic.

5.2 A summary of the provisional settlement for Lancaster City Council is provided in table one below.

Table One – Provisional Settlement allocations for Lancaster City Council

	Provisional Settlement £000	LCC Forecast £000	Difference £000
Settlement Funding Assessment			
Revenue Support Grant	204	0	204
Retained Rates	5,737	5,737	0
New Homes Bonus	867	1,333	(466)
Total SFA	6,808	7,070	(262)
Lower Tier Services Grant	244	0	244
COVID - 19 Expenditure Pressures	852	0	852
Total Government Funding	7,904	7,070	834

5.3 As table one shows, the provisional settlement allocates £834K more resources than anticipated and this effectively slightly reduces the gap for the 2021/22 revenue budget.

6 COUNCIL TAX

6.1 As part of the provisional finance settlement, the Government published its referendum criteria for Council Tax. District councils will be permitted to raise their Council Tax by 2% or £5, whichever is higher, without reference to a referendum. Table two below considers the following two options for council tax:

- Option one – an annual 2% or £5 increase in Council Tax (whichever is higher) – for Lancaster City Council, this will be £5 in each of the next four years
- Option two – no increase in Council Tax

Table Two – Impact of Council Tax options: 2021/22 to 2024/25

Year	Taxbase (% Annual Increase)	Estimated Annual Movement	Option One Annual increase of £5 in Council Tax		Option Two No annual increase in Council Tax		Additional Income from £5 increase
			%	Band D	Income	Band D	
2020/21	41,700	0.72%	231.95	9,672,315	231.95	9,672,315	0
2021/22	41,500	-0.48%	236.95	9,833,387	231.95	9,625,888	207,499
2022/23	41,707	0.50%	241.95	10,091,091	231.95	9,674,017	417,073
2023/24	42,124	1.00%	246.95	10,402,624	231.95	9,770,758	631,866
2024/25	42,546	1.00%	251.95	10,719,378	231.95	9,868,465	850,913

- 6.2 The budget proposals have assumed an increase of £5 in Council Tax. This would raise an additional £161K from 2020/21 values. If there was no increase in Council Tax, income would decrease by £45k due to the reduction in properties. Overall a £5 increase would result in a further £207k in income (shown in the final column above). The table above also shows the difference, in terms of income, between a £5 tax increase and no increase which, over four years, amounts to an additional £851k in income if option one, an annual £5 increase, is adopted.
- 6.3 The reduction in the taxbase of 0.48% is lower than the 1% growth which was originally forecast for 2021/22 in the MTFs. This has resulted in Council Tax income being lower than forecast in the MTFs.
- 6.4 **The recommendation arising from this report is that the Council on 27 January 2021 agree a £5 increase (option one) to the level of the 2021/22 Band D council tax for the Lancaster City Council element.** It is also recommended that option one is selected for the purposes of completing estimates in the Medium-Term Financial Strategy.

7 BUDGET PROPOSALS

- 7.1 The 24 November Cabinet report set the approach for considering proposals for a balanced revenue budget for 2021/22. Since the report in-year changes and ongoing changes to accounting, forecasting and funding formula for support and grant activity have caused a change in the budgetary position for this budget from that stated in November 2020. The key changes are:
- New Homes Bonus changes have caused a decrease in the forecasted funds available to spend, not wholly mitigated by the Government's revised formula for redistributing the underspend;
 - Changes to compensatory arrangements for business rates have required alterations to the basis of our forecasts;
 - Funds secured as a result of the Walney Substation Extension require significant work to identify, secure and incorporate in restated budgets. However, they provide a very important current and future diversification to the Council's income, and have substantially strengthened the Council's position;
 - The ongoing changes being introduced in reaction to the pandemic, and the extension of many schemes into next financial year have also needed to be accounted for. It is important to note that this may also increase uncertainty and the requirement for in-year adjustments due to these unprecedented times;

- Changes to PWLB require a different approach to capital investment, and while, given the social motives of the Council, the majority of the planned schemes appear eligible, further work will be needed to ensure the alignment of the programme with the new criteria, and to reflect the changes in our accounting and Treasury practices;
- A structural deficit remains for future years, and work to align strategic priorities with available resources via our OBR and related work in the coming year based on the four pillars identified in the Funding the Future strategy will be vital in securing a stable financial position for the Council. However, across the majority of benchmarks, and unusually for a lower-tier Authority of our size, we are in a relatively robust position in Local Authority benchmarks across the piece, in terms of our performance in maintaining essential services, our dispersal of grants and other community support and our relative financial security. This does not mean that we are in a position of being able to expand capacity and resources, but it does mean that the requirements for significant, immediate reductions and / or urgent risks of financial instability are less acute than for some other Authorities.

7.2 Proposals for closing the budget gap are shown in table three below and are provided in more detail in appendix A.

Table Three Cabinet's Draft Revenue Budget Proposals – 2021/22

	Sub-total £'000	Total £'000
Budget Gap for 2021/22 reported to Cabinet 24 November		793
Lower than estimated Council Taxbase	48	
Business Rates & Collection Fund Adjustments	2,258	
Accounting Adjustments	141	
Increased Government Funding inc RSG	(834)	
Effect of Public Sector Pay Freeze	(336)	
	1,277	
Savings/ Income identified by the budget process	(444)	
Additional Resource Requirements	547	
		103
Budget Gap before Application of Reserves		2,173
Funding from Reserves		(2,173)
Current Budget Gap		0

7.3 The proposals set out in the table above produce a balanced revenue budget for 2021/22, which forms part of the recommendations of this report. If Cabinet agree the proposal, then it will go forward to the Budget Scrutiny Panel on 02 February 2021 and to Council on 27 January 2021 and then form part of the Budget and MTFs report to the Budget Council Meeting on 24 February 2021.

- 7.4 A significant amount of budget asks will be funded from reserves. The Reserves Strategy requires all proposals for reserves funding to be subject to further scrutiny prior to the release of funds. This scrutiny will seek to ensure that specific effective plans are in place for the use of reserves and that clarity exists in respect of outcomes which will be achieved in respect of the proposals.

8 CAPITAL PROGRAMME

- 8.1 The capital programme has also been impacted by COVID, with the timescales for key milestones on many projects now reaching into 2021/22. An overview of the Capital programme will be presented in future by the Director of Economic Growth and Regeneration working in Partnership with the Executive Team as part of the Forward Plan.
- 8.2 Several projects are being brought forward that support the Council's Carbon Zero+ strategy; most notably works on Salt Ayre Leisure Centre which would include solar farm, air sourced heat pump and various retrofit improvements. The Council submitted a bid for £6.8M to cover the full costs of these works with an announcement shortly
- 8.3 There are currently two main types of capital project – those which relate to investment in operational assets to directly enhance council services, and those which relate to assets to achieve external socioeconomic and environmental outcomes and / or generate income. While the Investment Strategy primarily focused on the latter, we can expect to see future capital programmes taking a more integrated approach to delivering the Council's priorities while building community wealth.
- 8.4 Changes to PWLB borrowing will also have significant implications for the Capital Programme, and investment for yield may be constrained. A small task and finish team comprising representatives from Property, Investment and Finance, and led by the Director of Economic Growth and Regeneration and Corporate Services is reviewing the implications of this change on services, and will bring forward a diversified funding proposal alongside clarifying the technical implications of the PWLB change.
- 8.5 Recognising the changing investment landscape and the shift to a more integrated approach to identifying return on investment based on broader sustainable development goals, we will seek to bring forward a more comprehensive pipeline approach to projects at concept, development, delivery and impact stages, engaging members at each stage to ensure alignment with council priorities, including the appropriate governance milestones and applying an integrated appraisal to each stage. This will be reflected in our work to put in place an updated Investment Strategy and in our implementation of the Funding the Future Strategy. As part of this we aim to develop working arrangements which enable the council to cover the development costs of programme activity via capitalisation and the operating costs via management fees and other relevant charges.

9 MEDIUM TERM FINANCIAL STRATEGY

9.1 A revised Medium Term Financial Strategy will be considered at the Budget Setting Council. The revision of the MTFS will be important and timely in order to provide sound financial planning processes to underpin the new Council's ambitions. Key considerations of the MTFS include:

- Consideration of the medium term outlook, taking account of the impact of decisions made to balance the 2021/22 budget alongside forecasts for future funding. Table four shows current estimates of the budget gap following on from the proposals to balance the 2020/21 budget.

Table Four – Medium Term Budget Gaps – 2021/22 to 2024/25

	2021/22	2022/23	2023/24	2024/25
Estimated Budget Gap (£'000s)	0	1,696	3,347	3,808

The gap is structural in nature and reflects anticipated changes in Government funding and the uncertainties presented by the current pandemic.

- Taking account of the above, the MTFS will seek to balance supporting Council ambitions with the requirement to secure long term financial resilience of the organisation. Continued focus on the Funding the Future Strategy and associated plans will ensure that the Council can seek returns from capital investment and new ways of working whilst managing risk and promoting good governance.
- The Funding the Future Strategy incorporates a commitment to OBR and this has been used in this budget process and will be further considered by the Financial Resilience Group alongside ongoing work to embed the Council's new priorities and outcomes during 2021/22.
- Incorporation of recent CIPFA guidance in respect of Capital Strategies and prudential borrowing so that the Council is able to pursue ambitious projects which deliver economic prosperity, housing growth and address the Climate Emergency which also contribute to the Council's financial resilience and carbon reduction targets.
- A thorough review of the Reserves Strategy to ensure adequate level of reserves are maintained which balance longer financial sustainability with the deployment of surplus reserves towards Council ambitions.

9.2 A full update on the Housing Revenue Account budget and financial outlook will be considered alongside the revenue budget including options to ensure that the service's 30-year business plan is viable and that its ongoing budget is balanced, whilst delivering value for money to tenants. This update will be reported to the 09 February 2021 Cabinet.

10 DETAILS OF CONSULTATION

10.1 As in previous years, the usual high level consultation with relevant stakeholders on the budget will be undertaken prior to Budget Council in February. More specific consultation may be required depending on the budget savings options being considered. Consultation on council housing matters will be undertaken through the District Wide Tenants' Forum.

11 OPTIONS AND OPTIONS ANALYSIS (INCLUDING RISK ASSESSMENT)

- 11.1 Regarding the budget strategy, Cabinet may approve the proposals as set out, or require changes to be made to the suggested approach. The overriding aim of any budget setting process is to approve a balanced budget by statutory deadlines, allocating resources to help ensure delivery of the Council's corporate and service ambitions. The proposed approach is in line with that broad aim and any changes that Cabinet puts forward should also be framed in that context.
- 11.2 In term of the actual budget position, this report puts forward a balanced budget. If Cabinet agrees the budget then it will form their proposal to Budget Scrutiny Panel on 02 February 2021. The feedback from this meeting will be considered by Cabinet and incorporated into a final budget proposal which will be considered at the Cabinet meeting on 09 February 2021 and recommended to Council on 24 February 2021.

Appendix A General Fund Revenue Budget Projections 2020/21 to 2024/25

Appendix B Budget Proposals 2020/21 to 2024/25

Appendix C Budget Proposals 2020/21 to 2024/25 (Explanatory Note)

General Fund Revenue Budget Projections 2020/21 to 2024/25

For Consideration by Cabinet 19 January 2021

	2020/21	2021/22	2022/23	2023/24	2024/25
	£'000	£'000	£'000	£'000	£'000
Revenue Budget/Forecast as at 26 February 2020	17,903	18,131	18,322	18,883	19,261
Base Budget Changes					
Operational Changes @ Cabinet 24/11/20	1,494	2,538	1,205	1,891	2,289
Operational Changes					
Effect of Public Sector Pay Freeze		(336)	(340)	(333)	(342)
Removal of Commercial Income from Future Budgets		0	3	425	425
Removal of Savings Target re: Building Regulations		126	128	131	131
Other Operational Changes		66	78	115	144
Income Compensation Scheme extended to June 2021		(454)	0	0	0
Loan interest to support Capital Programme		403	637	767	823
Reduction in New Homes Bonus		466	700	701	701
Lower Tier Services Grant		(244)	0	0	0
Covid 19 Expenditure Pressures Grant		(852)	0	0	0
Latest Budgetary Position	19,397	19,844	20,733	22,580	23,432
Outcomes Based Resourcing Proposals:					
Savings Proposals	0	(444)	(730)	(546)	(556)
Redirection Proposals	0	0	0	0	0
Additional Resource Requirements	0	547	620	639	664
Revenue Implication of New Capital Schemes	-	0	0	0	0
Contribution to/(from) GF Reserves	3,751	(2,173)	0	0	0
General Fund Revenue Budget	23,148	17,774	20,623	22,674	23,540
Core Funding:					
Revenue Support Grant	(203)	(204)	-	-	-
Net Business Rates Income	(13,273)	(7,737)	(8,836)	(8,924)	(9,013)
Council Tax Requirement	9,672	9,833	11,787	13,750	14,527
Estimated Council Tax Income - (Increases based on £5 for 2021/22 then max allowable)	9,672	9,833	10,091	10,403	10,719
Resulting Base Budget (Surplus)/Deficit	0	0	1,696	3,347	3,808
<i>Original MTFS Savings Requirement</i>	<i>0</i>	<i>1,558</i>	<i>1,234</i>	<i>1,270</i>	<i>N/A</i>
<i>Change</i>	<i>+0</i>	<i>(1,558)</i>	<i>+462</i>	<i>+2,077</i>	<i>N/A</i>

BUDGET PROJECTIONS

Budget Proposals 2020/21 to 2024/25

	Reserves Funding	2020/21	2021/22	2022/23	2023/24	2024/25
		£'000	£'000	£'000	£'000	£'000
Non-Reserve Savings						
Communities & the Environment						
<u>Public Protection</u>						
Savings from combined post and reduction in hours		-	(16)	(32)	(38)	(38)
Selective Licensing part Savings part Growth but will net nil over 5 years		-	(35)	(85)	34	34
<u>Public Realm & Business Support</u>						
Service restructure Phase 2		-	(10)	(10)	(10)	(9)
Deletion of vacant posts		-	(29)	(29)	(33)	(33)
Increase trade waste capacity, via route optimisation		-	(50)	(100)	(100)	(100)
Drainage / pressure jetting service		-	(4)	(28)	(28)	(28)
<u>Customer Involvement & Leisure</u>						
Salt Ayre Vacant Post		-	(44)	(46)	(47)	(48)
Customer Services Restructure		80	(40)	(38)	(35)	(30)
Customer Services Restructure (funded by restructuring reserve)		(80)	-	-	-	-
Customer Services Vacant Post		-	-	(31)	(32)	(33)
Economic Growth & Regeneration						
<u>Planning & Place</u>						
DM- Planning pre-application fee review		-	(10)	(15)	(20)	(25)
Building Control - Fee Review		-	(10)	(20)	(30)	(40)
<u>Property, Investment & Regen</u>						
Reduced staff activity and increased community use (LTH/MTH)		-	(111)	(82)	-	-
R&M Future savings (2021/22 from Corporate Property Reserve)	(25)	-	25	(56)	(56)	(56)
Changes to Morecambe VIC Lease		-	-	(3)	0	0
Relocate ICT		-	21	(28)	-	-
Printing & Postage		-	(30)	(30)	(30)	(30)
Centralisation of budgets		-	(5)	(5)	(5)	(5)
Corporate Services						
<u>Legal Services</u>						
Legal Fee Increases		-	(40)	(40)	(40)	(40)
<u>ICT</u>						
ICT Mobile Telephone / Fixed Lines Review		-	(11)	(11)	(11)	(11)
ICT Review Length of Software Licences		-	-	(10)	(10)	(10)
ICT Structural Change / Shared Resource		-	-	(10)	(10)	(10)
ICT Review and Consolidation of Printers		-	(5)	(5)	(5)	(5)
ICT Recharging for Street Naming/Numbering		-	(15)	(15)	(15)	(15)
Sub Total	(25)	0	(419)	(730)	(521)	(531)
Funding From Reserves		0	(25)	0	0	0
Net Savings		0	(444)	(730)	(521)	(531)

	Reserves Funding	2020/21	2021/22	2022/23	2023/24	2024/25
		£'000	£'000	£'000	£'000	£'000
REDIRECTION						
Redirection						
Salt Ayre Restructure		-	(112)	(115)	(118)	(121)
Property Services Restructure		-	87	90	92	95
Chief Exec Support		-	25	25	26	26
Redirection requested to be funded from Reserves		-	-	-	-	-
Total Redirection (expected to be minimal)	£0K	0	0	0	0	0
Less Funding from Reserves		0	0	0	0	0
Add Payback to Reserves						
Net Cost of Redirection		0	0	0	0	0

	Reserves Funding	2020/21	2021/22	2022/23	2023/24	2024/25
		£'000	£'000	£'000	£'000	£'000
Non-Reserve Growth						

Communities & the EnvironmentPublic Realm

HMP Splash Park Renewal Programme	(60)	-	70	10	10	10
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Housing Services

Stock condition survey module for PRS (Corporate Priorities Reserve)	(60)	-	60	-	-	-
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Economic Growth & RegenerationPlanning & Place

DM Planning Enforcement - Team Restructure		-	4	3	2	4
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DM Planning applications - Service continuity and restructure		-	230	327	336	348
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Planning and Housing Strategy - Conservation Graduate		-	26	26	27	28
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Economic Development

Business Support & Skills expand Local wealth Building Officer post		-	5	1	1	1
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Business Engagement (COVID Recovery) - 3 temporary officers	(90)	-	90	94	0	0
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Property, Investment & Regen

Strategic Project Management		-	55	56	58	59
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Capital Programme Development	(80)	-	80	-	-	-
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Corporate ServicesFinancial Services

HR/Payroll Software move to Cloud			23	10	10	10
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Financial Services Staffing		-	60	61	65	69
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Human Resources

HR & OD Project Teams		-	40	41	42	43
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Democratic Services

Democratic Services (re-establishment)		-	26	26	27	28
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Office of the Chief Executive

Head of Policy		-	68	69	71	74
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Local Government Reorganisation	(200)	-	200			
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Approved Growth funded from Reserves

		-	-	-	-	-
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		-	-	-	-	-
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Growth funded from Reserves (Subject to Business Case Approval)

		-	-	-	-	-
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		-	-	-	-	-
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Total Growth	(490)	0	1,037	724	649	674
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Less Funding from Reserves		0	(490)	(104)	(10)	(10)
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Add Payback to Reserves						
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Net Cost of Growth		0	547	620	639	664
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Budget Proposals 2020/21 to 2024/25 (Explanatory Note)

Savings Proposals

The summary in this table reflects 2021/22 impacts, however the majority of these interventions deliver ongoing savings, as shown in Appendices A & B

Service	Impact
Public Protection	A cc £50K reduction in budget requirement has been identified in a lean service review, and by adopting a Selective Licensing approach. This is expected to better align the service with fee income and increase our active use of licensing in place-making and community wellbeing
Public Realm and Business Support	Just under £100K reduction in budget requirement has been identified via a lean service review, and removing vacant, unutilised posts. Work on route optimisation in trade waste activities will enable an increase in both efficiency and trading, and changes to drainage and jetting services will also reduce reliance on funding.
Customer Involvement and Leisure	Around £80K in savings has been identified from work to bring customer services closer to communities, and this work is already showing its worth in helping residents and businesses better engage with and access services. This work will aim to generate future efficiencies through the redirection of 'soft facilities management' from property, as well as other savings given below. Changes to staffing and arrangements at Salt Ayre will also support these savings.
Planning and Place	Around £20K will result from changes to our fees and charges, and this sum increases in future years.
Property	Around £100K net savings will result from the changed use of Lancaster and Morecambe Town Halls and the relocation of ICT. Changes to working practices have significantly reduced postage and printing costs, and further savings are expected as a result of changed and smarter working practices accelerated by the Pandemic.
Corporate Services	Around £70K will be saved by work to ensure legal fees reflect sector benchmarks and from a wide range of projects to improve the value for money of ICT contracts and recharge for fee eligible activities around street naming and numbering.

Additional Resource Requirements

The summary in this table reflects 2021/22 budget asks to enable services to address the key areas and workloads faced as the Council works towards delivering its outcomes.

Planning & Place	<p>The most significant budget increase (£260K, rising slightly in future years as capacity is established) is associated with the outcomes of a review into the Planning and Place service. This review has identified that service capacity falls far below the benchmark levels required to ensure the effective provision of planning services to the community and to meet the volume of Planning work, both statutory, in terms of ensuring we can deliver fee paid work and in support of integrated Place-Making.</p> <p>Increasing capacity is essential to maintain and secure fee income and carry out tasks to progress statutory planning applications and will, over time, provide direct returns in fee income, and substantial indirect returns on investment. Lean processing and an innovative approach to both recruitment and commissioning will ensure that the service is fit for purpose in all aspects of development master-planning, development management and enforcement and that they are aligned with the Council's values, meet our social, environmental and economic objectives including the climate emergency and are fleet of foot in supporting community wealth generation.</p>
Economic Development	<p>Economic Development's work has been substantially affected by priorities around the pandemic, particularly business grants, and by work to react to timescales for Local Government Reorganisation. Minor adjustments are proposed in Economic Development which will be implemented incrementally as the pandemic landscape changes. Growth proposals in Regeneration and Chief Executives budgets will release capacity within Economic Development enabling a greater focus on Arts Culture and Heritage. In the short term, additional support for pandemic business support and pandemic recovery will be drawn from reserves.</p>
Property Investment and Regeneration	<p>A new role is being established to reflect a transfer of capacity from Economic Development, while ensuring that Economic Development capacity remains viable. This role will support the Capital Programme, and in particular, do key work around investment and market viability. Work will be undertaken as a priority to identify the capacity required to bring forward the capital programme, and, wherever practicable, to ensure that costs are capitalised, and embedded in operating and management fees and charges. A reserves provision has been made to further support this work and develop the revised Investment Strategy.</p>
Financial Services	<p>As outlined above, the changes to local government funding and accounting and the increased ambition around capital programmes has direct implications for financial services capacity, and further funding is needed to ensure the viability and resilience of the service. Work to move HR and Payroll services to a hosted service will improve the reliability and</p>

APPENDIX C

	efficiency of this service, benefiting employees and reducing business continuity risks.
Human resources	A small increase is proposed in Human Resources (which includes HR services, Organisational development and Projects teams) to reflect the work they will be doing in supporting Future Workforce design, project and process excellence, and support enhanced policy, governance and productivity.
Democratic Services	As with Human Resources, work on governance, and ensuring we align our support with member's ambition results in a small increase in its budget. This redresses a previous capacity reduction due to reorganisation.
Chief Executive's Office	A funded post is proposed to support the development of strategic policies, plans and projects, working in a cross-cutting way across the Council, and with external stakeholders. This will also reduce pressures on services like Economic Development, reducing reliance on their capacity for cross cutting, strategic projects. A reserves provision to support commissioning and work around Local Government Reorganisation is proposed to ensure that we can play our part in shaping Lancaster City Council's place in the future of Local Government.

Lancaster City Council | Report Cover Sheet

Meeting	Cabinet	Date	19 January 2021
Title	APPOINTMENT TO OUTSIDE BODIES		
Report of	Chief Executive		
Purpose of Report			
Cabinet are requested to appoint members to various outside bodies following changes to Cabinet membership			
Key Decision (Y/N)	N	Date of Notice	N/A
		Exempt (Y/N)	N

Report Summary

Cabinet are requested to make appointments to the vacancies on 3 outside bodies following the resignation from Cabinet of Councillor Sinclair.

Recommendations

(1) That Cabinet appoints to the vacancies on the following outside bodies:

- Lancaster Community Fund Grants Panel
- Community Safety Partnership
- Health and Wellbeing Partnership

(2) That the outside bodies be notified of the revisions.

Relationship to Policy Framework

Representation on Outside Bodies is part of the City Council's community leadership role

Conclusion of Impact Assessment(s) where applicable

Climate	Wellbeing & Social Value
Digital	Health & Safety
Equality	Community Safety

The content of the report has no impact in itself.

Details of Consultation

n/a

Legal Implications

No legal implications directly arising from the report.

Financial Implications

Members of outside bodies are entitled to travel expenses. Costs resulting from any appointment should be minimal and will be met from existing democratic representation budgets.

Other Resource or Risk Implications	
No other implications arising directly from the report.	
Section 151 Officer's Comments	
The s151 Officer has been consulted and has no comments to add	
Monitoring Officer's Comments	
The Monitoring Officer has been consulted and has no comments to add	
Contact Officer	Liz Bateson
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Links to Background Papers	
n/a	

1.0 Introduction

At its meeting on 20 May 2019 Council agreed the basis for all appointments to outside bodies in line with a Member's role as ward councillor, Cabinet or Committee member or by nomination and voting at Council. Following on from this Cabinet made a number of appointments to various outside bodies on 6 August 2019 (Cabinet Minute 6 refers) and these were subsequently confirmed at Annual Council on 18 May 2020 in accordance with the constitution (Council Minute 11 refers.)

1.1 Cabinet appointed Councillor Sinclair to the Lancaster Community Fund Grants Panel, the Community Safety Partnership and to the Health and Wellbeing Partnership.

1.2 Following the resignation from Cabinet of Councillor Sinclair Cabinet is requested to appoint to the vacancies that have arisen as a result of his resignation as these appointments were made by virtue of him being on Cabinet.

2.0 Options and comments

Cabinet is requested to appoint to the vacancies on the Outside Bodies.

Members are reminded that Members nominated to outside bodies, partnerships and boards by Cabinet are representing the views of Cabinet in such positions, rather than any views they might hold as individuals.

It is recommended that appointments be aligned as closely as possible to individual Cabinet Members' portfolios.

By virtue of paragraph(s) 3 of Part 1 of Schedule 12A
of the Local Government Act 1972.

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