



Committee: CABINET

Date: TUESDAY, 2 MARCH 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, 9 February 2021 (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. Confirmation of Article 4 Direction - Houses in Multiple Occupation (Pages 3 - 63)

(Cabinet Member with Special Responsibility Councillor Hanson)

Report of Director for Economic Growth & Regeneration

7. Update on the Housing LATCo (Pages 64 - 122)

(Cabinet Member with Special Responsibility Councillor Jackson)

Report of Director for Communities and the Environment (report published on 23 February 2021)

8. Delivering Our Priorities: Q1-Q3 2020-21 (Pages 123 - 130)

(Cabinet Member with Special Responsibility Councillor Whitehead)

Report of Director of Corporate Services (report published on 23 February 2021)

9. Appointment to Outside Bodies (Pages 131 - 132)

Report of Chief Executive

(Cabinet Member with Special Responsibility Councillor Lewis)

ADMINISTRATIVE ARRANGEMENTS

(i) Membership

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

(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 democracy@lancaster.gov.uk.

KIERAN KEANE,
CHIEF EXECUTIVE,
TOWN HALL,
DALTON SQUARE,
LANCASTER, LA1 1PJ

Published on Monday 22 February 2021.

Lancaster City Council | Report Cover Sheet

Meeting	Cabinet	Date	2 March 2021
Title	Confirmation of the Houses in Multiple Occupation Article 4 Direction		
Report of	Director for Economic Growth and Regeneration		
Purpose of Report			
The purpose of this report is to seek authority to confirm the Houses in Multiple Occupation Article 4(1) Direction made under the Town and Country Planning (General Permitted Development) Order 2015 (as amended) on 10 th November 2020.			
Key Decision (Y/N)	N	Date of Notice	Exempt (Y/N) N

Report Summary

On the 27th October 2020, the Cabinet authorised the Director of Economic Growth and Regeneration to ‘make’ a non-immediate Article 4(1) Direction under the Town and Country Planning (General Permitted Development) Order 2015 (as amended) to remove the permitted development rights for development consisting of a change of use from a Class C3 (dwellinghouse) to a use falling within Class C4 (houses in multiple occupation), contained in Class L(b) of Part 3 Schedule 2 of the Town and Country Planning (General Permitted Development) Order 2015 (as amended).

The Article 4 Direction applies to the wards of Bulk, Castle, John O’Gaunt, Marsh, Scotforth East, Scotforth West, Skerton East, Skerton West and the village of Galgate.

The Article 4 was ‘made’ on the 10th November 2020 and the statutory consultation in accordance with Schedule 3 of the Town and Country Planning (General Permitted Development) Order 2015 (as amended), was carried out between 11th November and 23rd December 2020.

The consultation process and responses are outlined in the attached Background paper - *Consultation Statement*. The responses have been outlined and responded to in the *Consultation Statement* and in this report for Members consideration. Authorisation is now sought to confirm the Article 4 and bring the controls into force on 10th November 2021. Once the Article 4 comes into force, planning permission will be required for the change of use from Class C3 to Class C4.

Recommendations of Councillors

- (1) It is recommended that Cabinet confirms the Direction under Article 4(1) of the Town and Country Planning (General Permitted Development) Order 2015 (as amended) to remove the permitted development rights for development consisting of a change of use from a Class C3 (dwellinghouse) of the Schedule of the Town and Country Planning (Use Classes) Order 1987 (as amended), to a use falling within Class C4 (houses in multiple occupation) of that Schedule, contained in Class L(b) of Part 3 Schedule 2 of the Town

and Country Planning (General Permitted Development) Order 2015 (as amended), in the Lancaster wards of Bulk, Castle, John O’Gaunt, Marsh, Scotforth East, Scotforth West, Skerton East and Skerton West, plus the village of Galgate.

- (2) That the Cabinet authorise the Director of Economic Growth and Regeneration to effect the confirmation of the Article 4 to come into force on 10th November 2021 and to carry out the necessary steps as required by Schedule 3 of the Town and Country Planning (General Permitted Development) Order 2015 (as amended).

Relationship to Policy Framework

The Corporate Plan includes ambitions to enhance community cohesion.

The Lancaster District Local Plan includes policies which seek to improve the amenity of residents in Lancaster.

Policies in the Strategic Policies and Land Allocations Development Plan Document (DPD) aim to ensure that development, including uses of buildings, create strong and vibrant communities (SP9).

Policy DM1 of the Development Management DPD seeks to ensure mixed communities. Policy DM13 aims to manage the concentration of HMOs.

The proposals seek to address the detrimental impacts of concentration of HMOs in accordance with the ambitions of the Corporate Plan and the Local Plan.

Conclusion of Impact Assessment(s) where applicable

Climate N/A

Wellbeing & Social Value

The proposals will manage the concentration of HMOs to protect the amenity of residents and minimise the adverse impacts of high numbers of HMOs in Lancaster.

Digital N/A

Health & Safety N/A

Equality

The proposals support community cohesion. Maintaining an appropriate proportion of HMOs in an area will provide mixed communities and provide a greater choice of accommodation for residents. The impacts of HMOs will become more manageable through the application of an Article 4 and the policy approach within DM13.

Community Safety N/A

Details of Consultation

Informal consultation with stakeholders was carried out between 21st February and 3rd April 2020. A virtual presentation and question/answer session to student landlords was hosted by Lancaster University on 12 August.

Statutory consultation in accordance with Schedule 3 of the under the Town and Country Planning (General Permitted Development Order) 2015 (as amended) took place between 11th November and 23rd December 2020.

Please see the Background Paper - *Consultation Statement* for further details.

Legal Implications

The designation of an Article 4 is required to be implemented through statutory processes within the Town and Country Planning (General Permitted Development) Order 2015 (as amended). Failure to do so could result in legal challenges.

Financial Implications

The designation of an Article 4 is required to be implemented through statutory processes within the Town and Country Planning (General Permitted Development) Order 2015 (as amended). Adequate notification also needs to be given to property owners. Failure to do so could result in compensation claims.

The process will involve modest cost implications for the Council in terms of staffing costs as well as advertisement costs arising from the publicity requirements. Any additional staff resources/advertising required will be covered, in the interim, within existing staffing levels. The resources necessary to deal with the potential increase in applications for Certificates of Lawful Development, prior to the Article 4 coming into force and planning applications once it is in force, has been considered as part of the Development Management Review process. This Review considered staff resources as well as internal and external processes, legislative changes and the impact that the proposed White Paper (and other regulatory changes) will have upon the Team's workloads, the level of service offered to applicants and agents, and fee income.

There is potential for applicants to claim compensation from local planning authorities if they have planning permission refused for a development scheme that they would normally be able to carry out under permitted development rights. A lead-in time of 12 months between the Article 4 being made and it coming into force (in line with good practice) has been included in the Article 4 Notice. This timescale is to limit the prospect of compensation claims. It is anticipated that any remaining compensation claims arising after this time will be limited and met from within existing budgets or from additional planning income generated as a result of the Direction.

Other Resource or Risk Implications

There will be staff implications due to an increase in the number of HMOs which would require planning permission (therefore an increase in applications) and for the enforcement of the policies. The resources necessary to deal with the potential increase in applications for Certificates of Lawful Development, prior to the Article 4 coming into force and planning applications once it is in force, has been considered as part of the Development Management Review process. This Review considered staff resources as well as internal and external processes, legislative changes and the impact that the proposed White Paper (and other regulatory changes) will have upon the Team's workloads, the level of service offered to applicants and agents, and fee income.

Section 151 Officer's Comments

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

Monitoring Officer's Comments	
The Monitoring Officer has no further comments to add.	
Contact Officer	Fiona Clark
Tel	01524 582222
Email	fjclark@lancaster.gov.uk
Links to Background Papers	
<ul style="list-style-type: none"> • Background Paper on the Designation of Article 4 Areas to Control Houses in Multiple Occupation (updated January 2021) • Consultation Statement (updated January 2021) • The 'made' Article 4 Direction • The Notice of the Making of a Direction Under Article 4 (1) of the Town and Country Planning (General Permitted Development) (England) Order 2015 (as amended) 	

1.0 Introduction

1.1 On the 27th October 2020, the Cabinet authorised the Director of Economic Growth and Regeneration to 'make' a non-immediate Article 4(1) Direction under the Town and Country Planning (General Permitted Development) Order 2015 (as amended) to remove the permitted development rights for development consisting of a change of use from a Class C3 (dwellinghouse) of the Schedule in the Town and Country Planning (Use Classes) Order 1987 (as amended) to a use falling within Class C4 (houses in multiple occupation) of that Schedule, contained in Class L(b) of Part 3 Schedule 2 of the Town and Country Planning (General Permitted Development Order). The Article 4 Direction applies to the wards of Bulk, Castle, John O'Gaunt, Marsh, Scotforth East, Scotforth West, Skerton East, Skerton West and the village of Galgate.

1.2 The Article 4 was 'made' on the 10th November 2020 and the statutory consultation in accordance with Schedule 3 of the Town and Country Planning (General Permitted Development) Order 2015 (as amended), was carried out between 11th November and 23rd December 2020. The consultation sought views on whether the Article 4 should be confirmed, and the controls brought into force.

1.3 The next step is for Members to consider the responses before deciding whether to confirm the Article 4 and bring the associated controls into force. If Members decide that the Article 4 should be confirmed, the Article 4 will come into force on 10th November 2021 and it is from that point onwards that planning permission will be required for the change of use from Class C3 to Class C4.

2.0 Background

2.1 Article 4 of the Town and Country Planning (General Permitted Development) Order 2015 (as amended) allows local planning authorities to make Directions withdrawing permitted development rights where the authority considers it

expedient that development should not be carried out unless express planning permission has been obtained. Government Guidance contained in the National Planning Policy Framework and the Planning Practice Guidance advises that Article 4 Directions to remove national permitted development rights should be limited to situations where this is necessary to protect local amenity or the wellbeing of the area. The potential harm that the direction is intended to address should be clearly identified. There should be a particularly strong justification for the withdrawal of permitted development rights relating to a wide area.

- 2.2 There are wards and streets in Lancaster where the concentration of HMOs is at such a degree, they create an imbalance in the community and affect the character of the neighbourhood. Issues arise from noise and disturbance, pressure on refuse storage, car parking and services, depopulation over the summer period, as well as the detrimental visual impact caused by the display of a significant number of To Let boards. Policy DM13 of the Development Management DPD seeks to control the increase in concentration. However, because the conversion of a dwellinghouse (Use Class C3) to a small HMO (Use Class C4, 3 to 6 occupants) does not require planning permission, this policy will only control the growth of large HMOs (over 6 occupants). An Article 4 Direction would mean that planning permission is required for any such changes of use. The concentration of HMOs and other issues such as noise and parking can then be assessed in accordance with policy DM13.
- 2.3 Further detail with regard to the justification for the Article 4 is provided within the Background Paper - *Designation of Article 4 Area to Control Housing in Multiple Occupation*.

3.0 Article 4 Process

- 3.1 The process for making an Article 4 Direction is set out within Schedule 3 of the Town and Country Planning (General Permitted Development) (England) Order 2015. This requires local authorities to publicise the proposed direction as soon as practicable after it is 'made' for a period of at least 28 days, via the following means;
- Local advertisements of the Article 4 (a press notice);
 - Display a minimum of two notices in different locations for a minimum period of six weeks;
 - Notifying owners and occupiers within the affected area (these regulations can be relaxed where this would be impractical, for example across a very large area such as the entire city);
 - Sending the above documentation to the Secretary of State for review.
- 3.2 The Article 4 was made on the 10th November 2020. A six-week consultation period was carried out between 11th November and 23rd December 2020. The consultation included a press notice in the Lancaster Guardian, the display of 38 site notices in the wards covered by the Article 4, notices to the statutory consultees, notification to those registered with the planning policy consultation database and emails to letting agents. Details were also published on the

Council website. Further detail can be found in the Background Paper - *Consultation Statement*.

- 3.3 Schedule 3 requires that the consultation responses must now be considered prior to Members deciding whether to confirm the Article 4 and bring it into force. If Members decide to confirm the Article 4 it will come into force on the 10th November 2021. It will be from that point onwards that planning permission will be required for the change of use from Class C3 (dwellinghouse) to Class C4 (small HMO).
- 3.4 The Article 4 made on the 10th November 2020 has been made under the procedures for an Article 4(1) without immediate effect. The delay is to avoid and minimise the potential for compensation claims. With an immediate Article 4 there is potential for applicants to claim compensation from local planning authorities if they have had planning permission refused for a development that they would normally be able to carry out under permitted development rights. Any such compensation claims can be made against abortive expenditure or losses and damages directly related to the withdrawal of permitted development rights. Such claims could be significant. To avoid the risk of such compensation claims being made against the Council a non-immediate Article 4 was applied. This provides a lead-in time of 12 months from when the Article 4 was made (the process described in paragraph 3.1) and the Article 4 coming into force. This accords with best practice and is the process followed by other Councils when designating Article 4 areas in respect of HMOs.
- 3.4 Once the Article 4 Direction has been confirmed, the local planning authority must as soon as practicable:
- Give notice of the confirmation and date the Article 4 comes into force to affected owners and occupiers in the same way as required for the notification of the making of the direction (see paragraph 3.1 above)
 - Send a copy of the Article 4 to the Secretary of State.

4.0 Consultation Responses

- 4.1 Despite the extensive publicity only 11 responses were received to the statutory consultation between 11th November and 23rd December 2020. The response rate may have been affected by the Covid restrictions in place at the time. The consultation undertaken did however make use of virtual methods of communication using email and the council website. The restrictions allowed residents to exercise close to where they live and the numerous site notices displayed would have been visible to people passing by.
- 4.2 Of the 11 responses received, 9 supported the proposals and 1 objected with the other making a comment. The issues raised by those in support of the Article 4 predominantly relate to the adverse impacts arising from HMO occupation, including car parking congestion, noise, litter, transient nature of occupation and the associated lack of contribution to the long term community and an adverse impact on the affordability and availability of family homes. The objection stated

such issues are the exception and that the University and student accommodation is in the economic interests of the city.

- 4.3 The informal consultation carried out in February 2020 generated a significant response with 72 respondents in support of the proposals. Support came predominantly from residents and from 4 Councillors, the MP for Lancaster and Fleetwood, Lancaster Civic Society, Lancaster City Centre Residents Association, Lancaster Vision and Lancaster Labour Party. 8 respondents objected to the proposals, including 4 residents, 1 agent, Lancaster University, Lancaster Students Union and the Welfare and Community - Lancaster University's Student Union. Support for the Article 4 was also highlighted in response to the consultations in respect of the Residential Conversions Supplementary Planning Document held over the summer.
- 4.4 Further detail, including a summary of all the representations received and officer responses, can be found in the Background Paper – *Consultation Statement*. Before Members decide whether to confirm the Article 4, it is important that the representations made are carefully considered.

5.0 Justification for Confirmation of the Article 4

- 5.1 The justification for the Article 4 is outlined in the *Background Paper on the Designation of Article 4 Areas to control Houses in Multiple Occupation (Updated January 2020)*. The database is currently being updated with the student council tax exemptions December 2020 and the HMO Register from January 2021. The amount and distribution of HMOs across Lancaster and Galgate is however broadly unchanged.
- 5.2 Policy DM13 of the DM DPD seeks to limit HMOs to 10% in any 100m radius. As can be seen from the data in the Background Paper, in some wards and streets the percentage is far higher. In Castle ward approximately 19% of residential properties are in HMO use and in John O'Gaunt it is approximately 13%. On some streets the percentage is higher, for example Blades Street (26%), Dallas Road (22%) and Golgotha Road (46%).
- 5.3 In the wards of Bulk and Scotforth West the density is close to the 10% threshold at approximately 7% and 9% respectively. Whilst the overall percentage may be slightly lower, there are areas such as around Ridge Street and Vine Street (33%) where the percentages are significantly higher. While the percentages within the other wards in Lancaster city and in Galgate may be lower, there are concentrations on particular streets.
- 5.4 The impact of these concentrations has been identified as follows and these issues have been highlighted by respondents to both consultations:
- Divisions between social groups;
 - Lack of interaction;
 - Turnover of occupants;
 - Seasonal depopulation (where areas are occupied predominantly by students);

- Poor upkeep of houses and gardens;
- Adverse impact on the affordability of rents;
- Noise and disturbance;
- Issues with parking provision and traffic congestion;
- Difficulties for the owners of remaining C3 dwellings selling their properties.

5.5 The control of HMOs by an Article 4 and the implementation of policy DM13 has the potential to disperse HMOs to other parts of the city. Respondents to the consultations highlighted increasing numbers of HMOs in new developments at Luneside and in Galgate. These areas are outside those which currently have the highest density of HMOs. It is therefore important to ensure that the Article 4 places controls on surrounding wards, to ensure a balance is retained in these areas and the density does not rise to such an extent that the issues already experienced in some parts of the city occur.

5.7 The case for an Article 4 Direction to remove permitted development rights for the conversion of dwellinghouses to HMOs is considered to be justified for the following reasons:

- Areas identified have significant concentrations of HMOs due to the nature of the housing stock and the proximity to the Universities in Lancaster.
- Where, areas do not presently have significant concentrations, the introduction of an Article 4 is likely to increase pressure for HMOs. These areas are to be included within the Article 4 area, to ensure that concentrations are managed to remain at an appropriate level.
- It is considered necessary to regulate the concentration of HMOs to manage the impacts from further increases in HMO properties in residential areas.
- Policy DM13 of the Development Management Development Plan Document seeks to manage the concentration of HMOs to protect amenity. At present this management will only affect large HMOs (over 6 occupiers). To be effective in protecting the amenity of areas, the concentration of small HMOs (Class C4) also needs to be managed.

4.0 Options and Options Analysis (including risk assessment)

Option 1: Confirm the non-immediate Houses In Multiple Occupation Direction Under Article 4(1) of the Town and Country Planning (General Permitted Development) Order 2015 (as amended) and carryout the necessary steps as required by Schedule 3 of the Order.

Advantages:

The confirmation of the Article 4 will ensure that the controls come into force on 10th November 2021 and from that date the change of use from Class C3 (dwellinghouses) to Class C4 (small HMOs) will require planning permission thereby enabling policy DM13 of the DMDPD to be implemented effectively.

Disadvantages:

Greater demands on resources to process planning applications and enforce the policy and Article 4.

<p>Risks: Compensation claims may be made but the use of a non-immediate Article 4 will minimise the risk.</p>
<p>Option 2: Do not confirm the non-immediate Houses In Multiple Occupation Direction Under Article 4(1) of the Town and Country Planning (General Permitted Development) Order 2015 (as amended).</p>
<p>Advantages: No further resources will be required to apply the Article 4 or deal with the increase in applications and enforcement issues arising.</p>
<p>Disadvantages: This option would see a continuation of increases in small HMOs, contrary to the aims of policy DM13 and policies SP9 and DM1 which seek to ensure balanced communities.</p>
<p>Risks: None</p>

4. Officer Preferred Option (and comments)

4.1 The officer preferred option is Option 1: Confirm the non-immediate Houses In Multiple Occupation Direction Under Article 4(1) of the Town and Country Planning (General Permitted Development) Order 2015 (as amended) and carryout the necessary steps as required by Schedule 3 of the Order.

A Local Plan for Lancaster District

2011-2031

**Background Paper on the Designation of Article 4 Areas to
Control Houses in Multiple Occupation**

Updated January 2021



LANCASTER
CITY COUNCIL

Contents

1.0	Introduction	3
2.0	Background	3
3.0	The Concentration of HMOs in the District.....	5
4.0	The Impact of Concentrations of HMOs.....	10
5.0	The Means of Controlling HMOs.....	11
6.0	Consultation	12
7.0	Conclusion.....	13
	Appendix 1 – HMO Density by Postcode Map	14

1.0 Introduction

- 1.1 This background paper arises out of concerns regarding the concentration of Houses of Multiple Occupation (HMOs) in certain parts of the district, in particular the impact that HMOs can have upon the amenity of an area. This paper seeks to review the quantity and spatial distribution of HMOs, consider the impact that concentrations of HMOs have upon the amenity of an area and identify where the control of the concentration of HMOs will protect the amenity in communities.
- 1.2 The paper focuses upon Lancaster. Consideration of the concentration and impacts of HMOs in other parts of the district, particularly Morecambe will be undertaken separately.
- 1.3 The paper provides evidence in support of the designation of an Article 4 Direction for Houses in Multiple Occupation. An Article 4 Direction is made under the Town and Country Planning General Permitted Development Order 1995 (as amended) and will remove Permitted Development Rights which allow the use of houses as small HMOs (Use Class C4) without the need for a planning application. The Article 4 Direction will not stop changes of use but will provide a means of managing the concentration of HMOs and to protect and enhance balanced communities.

2.0 Background

HMOs

- 2.1 A house in multiple occupation is a property occupied by at least three people which are not from one 'household' (e.g. a family) but share facilities like the bathroom and kitchen.
- 2.2 HMOs can make a valuable contribution to the private rented housing stock. They provide an affordable type of accommodation and contribute to the mix of housing types and tenures available in Lancaster district. They are often suited to young people and single people, including students, and those on low incomes. However, HMOs can have a detrimental impact on residential character and community cohesion and high concentrations within neighbourhoods can result imbalanced and unsustainable communities.

What are HMOs

- 2.3 HMOs can consist of a variety of property types including, bedsits, shared houses, households with a lodger, purpose-built HMOs, hostels, guesthouses, bed and breakfast establishments and self-contained flats. Not all of these accommodation types will fall under the planning definition of an HMO or the housing definition of an HMO under the 2004 Housing Act. The determining factor is how a property is occupied. In general terms if a property is not occupied by a single family but by three or more unrelated people, the property will form an HMO.

2.4 In planning terms there are two types of HMO:

- Small HMO - shared dwellinghouses (houses/flats) occupied by between three and six unrelated individuals, as their only or main residence, which share one or more basic amenities such as a kitchen or toilet. These HMO's fall within Use Class C4 of the Town and Country Planning (Use Classes Order). They have the same meaning as in section 254 of the Housing Act 2004, with the exception of section 257 which applies to converted blocks flats (and those buildings listed in schedule 14 of the Act)
- Larger HMO - shared dwellinghouses (houses/flats) with more than six occupants. These HMO's do not fall within any specific planning use class, therefore fall within the Sui Generis category.

2.5 A single household is where the occupants are members of the same family, for example a couple (whether married or not), their children or stepchildren (or equivalent), close relatives.

2.6 In Housing terms, the definition of a HMOs is contained within the Housing Act 2004 and can be summarised as, a building or part of a building that:

- Consists of one or more units of accommodation not consisting of a self-contained flat or flats;
- The living accommodation is occupied by persons who do not form a single household;
- The living accommodation is occupied by those persons as their only or main residence;
- Rents are payable or other consideration is to be provided either by the occupier, employer or other means;
- Two or more households shared one or more basic amenities.

2.7 A Licence is required for HMOs in Lancaster district for properties that meet all the following criteria:

- Has 5 or more unrelated people living in it
- Has 2 or more separate households living there

2.8 Licensing also applies to blocks of purpose-built flats where there are up to two flats in the block and one or both are occupied as an HMO.

Planning Policy

2.9 Paragraph 127 of the National Planning Policy Framework (NPPF) states that:

“Planning policies and decisions should ensure that developments:

f) create places that are safe, inclusive and accessible and which promote health and well-being, with a high standard of amenity for existing and future users⁴⁶; and where crime and disorder, and the fear of crime, do not undermine the quality of life or community cohesion and resilience.”

2.10 Paragraph 53 of the NPPF states:

“The use of Article 4 directions to remove national permitted development rights should be limited to situations where this is necessary to protect local amenity or the well-being of the area (this could include the use of Article 4 directions to require planning permission for the demolition of local facilities). Similarly, planning conditions should not be used to restrict national permitted development rights unless there is clear justification to do so.”

- 2.11 Policy DM13: Residential Conversions sets out the criteria against which applications will be assessed to ensure that conversions do not result in imbalances in the housing market or have a detrimental impact on the amenity of residents. It sets a threshold for the concentration HMOs of 10% of residential properties within a 100m radius of an application site. The policy states:

Houses of Multiple Occupation (HMOs)

The Council considers the importance of maintaining an appropriate housing mix and safeguarding the character of residential areas to be important priorities. In doing so, the Council have adopted an approach of a general presumption against new housing in multiple occupation within the district. 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.

The Council are considering the merits of bringing forward Article 4 directions to manage the amount of small HMOs being developed (i.e. those where 3 to 6 people live separately within the same dwelling house).

Proposals may on exception be considered acceptable where:

- V. Effective measures are proposed to minimise noise and other forms of disturbance to neighbouring residential properties;
- VI. Suitable means of storage including refuse, recycling and bicycle storage is provided;
- VII. The proposal would not harm the character of the building or surrounding area;
- VIII. The proposal would not result in unacceptable impact on parking including unacceptable levels of on-street parking;
- IX. The proposal would not result in the creation of sub-standard living conditions.

- 2.12 As the change from a dwelling house to a small HMO (up to six unrelated people living in the house) does not require planning permission, the impact of these HMOs upon the concentrations cannot be currently fully assessed.

3.0 The Concentration of HMOs in the District

- 3.1 Table 3.6 of the Strategic Housing Market Assessment (2018) shows the profile of the private rented sector in the district including the number of student houses in each sub-area. Students occupy 4.6% of the private rented stock in Lancaster. As students occupy the majority of HMOs in Lancaster, their occupation is important indicator of the concentration of HMOs.
- 3.2 HMOs have been mapped to determine the quantity and spatial distribution. The following data sources have been used to collate the HMOs:
- Council Tax data;
 - The HMO Register;
 - Lancaster University Accredited properties;
 - Data from letting and managing agent websites.

- 3.3 The accurate identification of the quantity and spatial distribution of HMOs has been problematic due to:
- Permitted development rights which allow the conversion of dwellinghouses (Class C3) to houses of small HMOs (Class C4);
 - Unauthorised changes of use;
 - Licencing only covers HMOs of over 5 persons;
 - Council tax records with student exemptions can be used as an indicative guide only. This information cannot be disclosed to members of the public.
 - Electoral register showing three or more apparently unrelated individuals. It is recognised that will not provide a conclusive evidence that a property is an HMO.
- 3.4 For the purposes of this topic paper, the information will only be made available on a ward and in some cases a street basis.
- 3.5 For data protection reasons, the information will only be made public by the council on request; in connection with the determination of a current application or appeal and in relation to the 100m radius from the application property. The means of identification will not be made public.
- 3.6 The sources listed above are not conclusive or an exhaustive record of all HMOs in the relevant areas. There may be existing HMOs which are occupied but unknown to the Council. For example, on 6th April 2010 the Uses Classes Order introduced a class for HMOs to reclassify C3 dwellings to either the new C3 or C4 Classes. The reclassification of existing dwellings to C4 use did not require planning permission and therefore will not be registered on the council's register of planning applications. Planning permission is not currently required to convert from C3 to C4 under permitted development rights. If an Article 4 direction restricting these rights is introduced a more accurate picture of new HMOs will be achievable.
- 3.7 The sources do however provide a reasonable indication of the numbers and location of HMOs. The data base is currently being updated with information from the December 2020 Council Tax Exemptions and the January 2021 HMO Register.

HMO Register

- 3.8 The HMO Register data provides all the registered HMOs with 5 or more occupants.

Ward	No. of Licences (Aug 2020)
Bulk	57
Castle	138
Galgate	3
John O Gaunt	134
Marsh	46
Scotforth East	16
Scotforth West	40
Skerton East	17

Table 1: HMO Licenced Properties (including 6 pending) (August 2020)

- 3.9 The Register shows a concentration of large HMOs in the Lancaster wards of Castle and John O Gaunt and to a lesser degree in Bulk, Marsh and Scotforth West.

3.10 Large HMOs are particularly prevalent in:

- Blades Street (14), Dallas Street (15), Regent Street (12) and Villas Court (6 HMOs out of 16 residential properties) in Castle ward.
- Dale Street (30), St Oswald Street (20 HMOs out of 38 residential properties), Golgotha Road (12) in John O’Gaunt ward.
- Hubert Place (12 HMOs out of 17 residential properties in a single terrace) and Westbourne Road (7) in Marsh ward.
- South Road (9) in Scotforth West ward.
- Lune Street in Skerton East (10 HMOs out of 33 residential properties in a terrace).

These figures relate to Licenced HMOs with 5 or more occupants only.

Council Tax Data

3.11 Students can apply for a reduction in Council Tax and where all the occupants of a property are students, the property can be registered for a full Council Tax exemption. This data indicates the number of houses with council tax exemptions. HMOs occupied by students are the primary source of HMOs in the district.

Ward	Number of Student Exemptions
Bulk	295
Castle	539
Ellel	21
John O’Gaunt	392
Marsh	72
Scotforth East	39
Scotforth West	239
Skerton East	40
Skerton West	4
University & Scotforth Rural	79

Table 2: Properties with student council tax exemptions (November 2019)

3.12 Council tax records show that there are 1,720 properties in Lancaster that are have student exemptions (Council Tax records November 2019). The data highlights that the concentrations are in similar locations to those identified in the HMO register, with addition of a significant number within Scotforth West ward. The wards of Bulk, Castle, John O’Gaunt and Scotforth West are particularly high.

Combined Data Sets

- 3.13 The HMOs identified from all these sources have been plotted and placed into a single data base to avoid double counting. The combined data indicates that there are approximately 1,886 HMOs of all sizes in Lancaster.

Ward	Estimated No. of HMOs	Approx total residential units	Approx % of stock in HMO use
Bulk	322	4,456	7.23%
Castle	567	3,049	18.6%
Galgate (Ellel)	23	1,000	2.3%
John O'Gaunt	424	3,188	13.3%
Marsh	79	2,616	3.02%
Scotforth East	50	2,038	2.45%
Scotforth West	290	3,343	8.67%
Skerton East	48	3,312	1.45%
Skerton West	4	3266	0.12%
University & Scotforth Rural	79	2,334	3.38%

Table 3: Combined data sets of HMOs (November 2019)

- 3.14 When the data sources are combined, the concentrations of HMOs reflect those identified through the exempt data. The numbers within Castle ward are particularly high with approximately 18.6% of the dwellings being identified as HMOs and in John O'Gaunt where 13.3% of residential properties are in HMO use. Bulk and Scotforth West wards also have high levels in the region of 7.23% and 8.67% respectively.
- 3.15 The numbers and percentages of identified properties illustrate the high levels of HMOs within the city of Lancaster. These properties are concentrated in particular areas and along terraced streets. The impact of HMOs in these streets is exacerbated due to the density of these areas, the position of the terraced properties either abutting the pavement or with short front gardens and the lack of off-street parking.
- 3.16 In Bulk ward, there is a high concentration of HMOs on the terraced streets of Albion, Green, Hinde and Ridge Street and Gladstone Terrace (approx. 53 of residential properties). These properties are within an area of 1.7 hectares. There are also a significant number of purpose-built student flats on Bulk Road, Cable Street, Kingsway, North Road and St Leonards Gate.
- 3.17 There are streets which have high concentrations of HMOs in Castle ward. 15 have been identified along the northern 300m of Dallas Road (22% of residential properties). Along Blades Street 19 have been identified (approx. 26%). Dallas Road and Blades Street run parallel to each other, creating a high concentration in this small area. There are 19 HMOs in Regent Street, 11 on Portland Street, 9 in Lindow Square and Street and a further 16 on Queen Street and 9 on Brock Street. These latter streets are located to the southeast of Dallas Road and Queen Street is located slightly further to the east. Other notable concentrations in this ward are King Street and Sibsey Street. There are significant numbers of flats on Damside Street, China Street, Aalborg Street, Queen Street and Penny Street. They are all within a confined area, creating a concentration in this part of Castle ward.

- 3.18 Areas of terraces within John O’Gaunt ward have high concentrations of HMOs. There are two particular areas of concentration, the area to the north of Aberdeen Road and the area to the east of Dale Street. There are 96 HMOs between Balmoral/Kirkes Roads, Dundee Street, Dumbarton Street and Aberdeen Road (approx. 4.9 hectares). There are 39 along Dale Street, all these are within a 200m part of the street. St Oswald Street is located to the south east and includes 20 HMOs. Prospect Street adjacent to Dale Street has 36 HMOs (approx. 35% of properties). There are also high concentrations around Golgotha and Coulston Roads. There are 25 HMOs on Golgotha Road (approx. 46%). There are 34 (approx. 31%) HMOs on Coulston Road. There are approx. 84 HMOs within an area of approximately 4 hectares.
- 3.19 In Marsh ward, there is a concentration in the Hubert Place area with 12 HMOs within a terrace of 18 houses. There are also 9 in a length of 165m on West Street.
- 3.20 In Scotforth East, there are 9 HMOs within 260m length at the northern end of Claughton Drive, Sandforth and Melling View. Slaidburn also has a high concentration of 9 HMOs within a 300m length of street, 14.5% of residential properties within the street.
- 3.21 There are clusters of HMOs within terraces in Scotforth West ward. There are high concentrations in Vine Street where 8 (approx. 33%) out of 24 residential properties are HMOs in a 50m length of street. Graham Street where 9 of the properties are HMOs. South Road where there are 26, Avondale Road where 17 (approx. 22.5%) out of 75 residential properties are HMOs.
- 3.22 There is one area with a high concentration in Skerton East ward. Along Lune Street there are 13 HMOs in a single terrace of 150m in length. 40% of the residential properties along this part of the street are HMOs.
- 3.23 It should be noted that University and Scotforth Rural ward includes Lancaster University campus and HMOs in the residential areas and on campus have not been accurately disseminated.
- 3.24 A map showing the concentrations of HMOs by postcode can be viewed using the following link:
<https://lancaster.maps.arcgis.com/apps/webappviewer/index.html?id=c415f7faa93244f3aa3df2c1dc458488>
- 3.25 The above information indicates that there is a trend for HMOs to be concentrated in particular streets. Such concentrations can be beneficial for the landlord or agent but not for other residents in the street.
- 3.26 There are a number of reasons which may explain this trend:
- The availability of cheaper terraced housing capable of extension and alteration to form HMOs;
 - Accessible location for the city centre and universities;
 - The clustering of HMOs for management and maintenance reasons.

4.0 The Impact of Concentrations of HMOs

4.1 HMOs can have a detrimental impact on residential character and community cohesion. Residents raised a number of issues during the consultation in February to April. Please see the Consultation Statement for further details. High concentrations within a neighbourhood can result in harmful impacts including:

- Divisions between social groups;
- Lack of interaction;
- Turnover of occupants;
- Seasonal depopulation (where areas are occupied predominantly by students);
- Poor upkeep of houses and gardens;
- Adverse impact on the affordability of rents;
- Noise and disturbance;
- Issues with parking provision and traffic congestion;
- Difficulties for the owners of remaining C3 dwellings selling their properties.

4.2 The increasing demand for student accommodation, has led to an increase in the conversion of family homes to student occupied HMOs. The uneven distribution and concentration puts pressure on housing stock and has resulted in a more intensive use of properties. The transient nature of students has also changed the character of neighbourhoods.

Complaints

4.3 The Council's Environmental Health team reported that 148 complaints were received between August 2014 and November 2019 with regard HMOs. 54 of these were made in respect of properties in Lancaster. Within the same period 43 Community Protection Notices with regard to anti-social behaviour community protection notices were served on HMOs in the district. As a result of these amenity impacts, it will be less attractive for more permanent residents to live in a community affected by a high concentration of HMOs.

4.4 During the five years between August 2015 and mid-January 2021, approximately 40 applications for HMOs were submitted. These applications relate to either large HMOs or changes of use of buildings other than dwellinghouses (Class C3). This does not include changes of use of dwellinghouses to small HMOs or all the large-scale purpose-built student accommodation.

4.5 Since August 2015, approximately 16 applications for Certificates of Lawful Use to change the use of a dwellinghouse(C3) to a small HMO (Use Class C4) have been received. 13 of these were submitted in 2020 since the proposed Article 4 was first publicised. It is unlikely that the number of changes of uses in any one year has increased significantly. The proposed Article 4 will have encouraged owners to ensure they had written confirmation of the lawfulness of the use prior to commencing development to ensure that they were not affected by the proposals.

4.6 Over the same period, approximately 17 planning enforcement complaints in respect of HMOs were received. This number may not capture all complaints in respect of HMOs as they initial complaint may not refer specifically to a HMO use. Some of the complaints related to the change of use to small HMOs which did not require planning permission.

Strategic Housing Market Assessment (SHMA)

4.7 The SHMA at page 141 states:

‘The Strategic Housing Market Assessment Lancaster’s student population was just over 13,000 in 2015/16. For 6,700 of these students, accommodation is a part of the offer of a place. Just over 1,000 students (8%) live at home. The remainder of the students find accommodation on Lancaster’s market rented sector.’

4.8 Data on the Lancaster University website gives the total student population as 13,332 in 2015/16 and 15,725 in 2019/20. This is a significant increase in student numbers at just one institution in Lancaster. The number of students at the University of Cumbria in Lancaster has fallen during this time period. Lancaster University is anticipating further growth in the future. It is unclear what impact the pandemic will have upon student numbers.

4.9 Respondents to the 2017 Household Survey commented that student lettings have increased the typical rental charge in South Lancaster. As a result, respondents are of the opinion that South Lancaster is no longer affordable for renting on Housing Benefit (the Local Housing Allowance rates are the same across the whole area).

4.10 The Estate Agent review states:

‘The preferred property of choice for students in the market rented sector tends to be larger shared houses near to campus or the centre. Unfortunately, there are few such properties in Lancaster and fewer that are available in these locations. The city’s terraced housing has long been a replacement vehicle for Lancaster’s student population especially in their second year and those choosing to remain in the city post-studies.’

‘Private landlords also report reduced demand for accommodation which they attribute to declining student population and an increase in the number of private landlords operating in Lancaster’s student market.’

4.11 A significant number of new purpose-built student accommodation has been or is being built. These increase the concentrations of students in some areas in addition to the shared house type HMOs. They also should relieve the pressure for accommodation and new shared house type HMO’s. It is acknowledged that purpose-built accommodation may not suit all students and tends to be more expensive.

5.0 The Means of Controlling HMOs

5.1 To more fully regulate the conversion of dwellinghouses to HMOs and the effects that an over-concentration of HMOs has upon the local character of neighbourhoods, the Council has introduced policy DM13 in the Development Management DPD. The scope of this policy is however limited as only HMOs with 6 more residents require planning permission.

5.2 An Article 4 Direction removes the permitted development contained in Schedule 2, Part 3, Class L(b) of the Town and Country Planning (General Permitted Development Order) which allows the change of use of a building from a use falling within Class C3 (dwellinghouses) to a use falling within Class C4 (houses in multiple occupation). When an Article 4 comes into force, planning permission is required for the conversion of dwellinghouses to small HMOs

(Use Class C4). Once these small HMOs require planning permission, the policy can be used when assessing changes of use and will manage the concentration of all new HMOs. An Article 4 is not retrospective, and the controls will not affect properties which are in a lawful HMO use when it comes into force.

- 5.3 An Article 4 Direction will not stop changes of use but will provide a means to control the concentration of HMOs. Article 4 Directions have no control over how an HMO is managed.
- 5.4 The concentration of HMOs is mainly focused on the wards of Bulk, Castle, John O’Gaunt, Marsh and Scotforth West. However, by restricting the number of additional HMOs in these wards, it is likely that the demand would dissipate outwards. The Council is aware that new housing developments at Luneside and in Galgate have become attractive to HMO landlords. It is therefore important to ensure that new HMOs do not become concentrated in other parts of the district. As University and Rural ward includes the University Campus and policies in the Local Plan seek to focus accommodation in campus, it is not considered justified to include this ward.
- 5.5 It is therefore proposed to include the Lancaster wards of Bulk, Castle, John O’Gaunt, Marsh, Scotforth East, Scotforth West, Skerton East, Skerton West and the village of Galgate.

6.0 Consultation

- 6.1 The Council undertook informal consultation between 21 February and 3 April. The consultation sought views on the proposed designation and the extent of the areas to be included. Further details of the consultation and the responses can be found in the Consultation Statement.
- 6.2 Following the Article 4 being made on the 10th November 2020, consultation took place in accordance with Schedule 3 of the Town and Country Planning (General Permitted Development) Order 2015, as amended.
- 6.3 The Council will now consider the responses and decide whether to confirm the Article 4. If the decision is made to confirm the Article 4 it will come into force on 10th November 2021. Further details about the process can be found in the Consultation Statement January 2021.

7.0 Conclusion

7.1 The case for an Article 4 Direction to remove permitted development rights for the conversion of dwellinghouses to HMOs is considered to be justified for the following reasons:

- Areas identified have significant concentrations of HMOs due to the nature of the housing stock and the proximity to the Universities in Lancaster.
- Where, areas do not presently have significant concentrations, the introduction of an Article 4 is likely to increase pressure for HMOs. These areas are to be included within the Article 4 area, to ensure that concentrations are managed to remain at an appropriate level.
- It considered necessary to regulate the concentration of HMOs to manage the impacts from further increases in HMO properties in residential areas.
- Policy DM13 of the Development Management Development Plan Document seeks to manage the concentration of HMOs to protect amenity. At present this management will only affect large HMOs (Sui generis – over 6 occupiers). To be effective in protecting the amenity of areas, the concentration of small HMOs (Class C4) also needs to be managed.

Appendix 1 – HMO Density by Postcode Map

<https://lancaster.maps.arcgis.com/apps/webappviewer/index.html?id=c415f7faa93244f3aa3df2c1dc458488>

**Houses in Multiple Occupation
Direction under Article 4 of the
Town and Country Planning
(General Permitted Development)
(England) Order 2015, as amended**

Consultation Statement

Updated January 2021



Contents

1. Introduction	3
2. Purpose of this document	3
3. Who we consulted	3
4. What we consulted on	6
5. How we have engaged	6
6. What issues were raised at in the Informal Consultation Stage?	8
7. What issues were raised at in the Statutory Consultation Stage?	10
8. How these issues can be addressed	10
Appendix A: Summary of Consultee Responses 21st February 2020 to 3rd April 2020	14
Appendix B: Summary of Consultee Responses 11th November 2020 to 23rd December 2020	28
Appendix C: Publicity Methods	31
Appendix D: Location of Site Notices	33

1. Introduction

- 1.1 This Consultation Statement sets out how the Council considers it has fulfilled its duty to consult and engage with the stakeholders in the preparation of a Direction under Article 4 of the Town and Country Planning (General Permitted Development) (England) Order 2015, as amended.
- 1.2 A Direction under Article 4 removes permitted development rights, in this instance it is proposed to remove the right to convert a dwellinghouse (Use Class C3) into a House in Multiple Occupation (Use Class C4) within the wards which form Lancaster city plus the village of Galgate. The Background Paper on the Designation of Article 4 Areas to Control Houses in Multiple Occupation provides the justification for the proposals.
- 1.3 The Houses in Multiple Occupation Article 4(1) Direction 2020 was made on the 10th November 2020. Formal consultation then took place as required by Schedule 3 of the Town and Country Planning (General Permitted Development) (England) Order 2015, as amended. The outcome of this consultation and the previous informal consultation will be considered when determining whether to bring the proposed Article 4 into force.

2. Purpose of this document

- 2.1 This Consultation Statement provides a summary of the stages of engagement and consultation which the Council has undertaken in order to inform the preparation of the proposed Article 4.
- 2.2 The Consultation Statement outlines:
 - Section 3: Who we consulted
 - Section 4: What we consulted on
 - Section 5: How we have engaged
 - Section 6: What issues were raised at the informal consultation stage
 - Section 7: What issues were raised at the statutory consultation stage
 - Section 8: How the issues were addressed

3. Who we consulted

- 3.1 The Council has sought to engage with the widest range of individuals, communities, organisations and stakeholders who may hold an interest in, or may be affected by the proposed Article 4:
 - The purpose of the Article 4, how and when they may be affected and whether the Article 4 should be brought into force.
 - How and when they can comment on and get involved and what they can and can't influence.
 - How and when their comments will be taken into account by the Council and when they can expect feedback; and
 - The remaining stages in preparing of the Article 4 and further opportunities to comment.
- 3.2 The Statement of Community Involvement (SCI) was reviewed and adopted in January 2019 and reflects the 2012 Regulations. Temporary COVID-19 and social distancing related updates were made in June 2020. The SCI sets out the Council's approach to engaging in preparing planning document and in considering planning applications. It identifies who we engage with. The table below is not exhaustive and is amended or added to as required.

- 3.3 In addition to the organisations set out in the table below, the Council also consult with the general public, all Council Members, agents, developers, education establishments, 3rd sector and local businesses who sign up to the Council's Planning Consultation Database.

Who we consulted	
Specific Bodies	
The Coal Authority	
The Environment Agency	
Historic England (Historic Buildings and Monuments Commission for England)	
Marine Management Organisation	
Natural England	
Office of Rail and Road (now called Office of Rail Regulation)	
Highways England	
Homes England	
Post Office	
Secretary of State for Housing, Communities and Local Government	
Adjoining Local Planning Authorities	Barrow Council Craven District Council Lake District National Park Authority Ribble Valley Borough Council South Lakeland District Council Wyre Borough Council Yorkshire Dales National Park Authority
Area of Outstanding Beauty	Arnside and Silverdale AONB Forest of Bowland AONB
County Council	Cumbria County Council (+ libraries in the Lancaster District) Lancashire County Council
Parish Councils	
Lancaster City Councillors	
Local policing body	Lancashire Police and Crime Commissioner Lancashire Constabulary
Relevant telecommunications companies	PO Broadband, BT Openreach, Vodafone, O2, EE
Primary Care Trust or successor body	Clinical Commissioning Group
Relevant electricity and gas companies	National Grid (Electricity) National Grid (Gas) Electricity North West e.on British Gas
Relevant water and sewerage companies	United Utilities
Others	Members of public Developer / Agents Landowners Businesses 3 rd Sector Advocate groups Educational establishments Government organisations (NHS) Lancaster University Homes

4. What we consulted on

Consultation - February 2020

- 4.1 For a six-week period between 21st February and 3rd April 2020 the Council carried out public consultation on:
- The introduction of an Article 4 to remove permitted development for the conversion of a dwellinghouse (Class C3) to a House in Multiple Occupation (Class C4) in the wards within the city of Lancaster and the village of Galgate;
 - A Draft Residential Conversions and Houses in Multiple Occupation Supplementary Planning Document (SPD);
 - The introduction of a Regulation 7 Direction to control the display of To Let Boards.
- 4.2 The aim was to carry out early consultation with stakeholders and provide an informal opportunity for comments on the proposed Article 4 in addition to the formal consultation following an Article 4 being 'made'. The aim was also to gather feed-back on the draft SPD and the possible introduction of a Regulation 7 Direction to manage the concentration of To Let signs within the city of Lancaster.

Consultation – November 2020

- 4.3 For a six-week period between 11th November and 23rd December 2020 the Council carried out public consultation in accordance with Schedule 3 of the Town and Country Planning (General Permitted Development) (England) Order 2015, as amended.
- 4.4 The consultation sought views on whether the proposed Article 4 should be brought into force.

5. How we have engaged

- 5.1 Table 5.1 below outlines the consultation methods adopted for consultation.

Requirements of Regulation	How the Council satisfied the requirement
Which bodies and persons the local planning authority invited to make representations	<p>Consultation Database (www.lancaster.gov.uk/ppcl) consultees were notified on the opportunities to participate in preparation of the Article 4.</p> <p>The database consisted of residents and organisations who had been consulted on previous policy matters, those that had requested for inclusion and statutory bodies for which the Council must satisfy commitments to engage in ongoing duty to co-operate obligations.</p> <p>Presentation and Q&A via the Lancaster University Homes Webinar for landlords of student accommodation 12th August 2020.</p>
How those bodies and persons were invited to make representations.	<p>Informal consultation ran for 6 weeks, between 21st February and 3rd April 2020 and statutory consultation for 6 weeks between, 11th November to 23rd December 2020</p>

Requirements of Regulation	How the Council satisfied the requirement
<p>Informal Consultation – February 2020</p> <p>There is no requirement to carry out this stage of consultation</p>	<p>This included a period of publicity across the Lancaster District, with a Consultation Flyer and a public notice placed in Lancaster Guardian (a local newspaper) following the start of the consultation in February 2020.</p> <p>Emails were sent to over 2,200 consultees on the planning policy consultation database.</p> <p>Posters were placed in 20 locations around Lancaster City and in Galgate, and over 80 posters were sent to venues in the area to ask them to display on notice boards.</p> <p>An email (bcc) was sent to known letting agents advising of the consultation on 2 March. It is acknowledged that not all agents may have been captured and this was sent part way into the consultation. The notification was however, in addition to the Council's agreed publicity procedure.</p> <p>Information on the consultation was published on the Council webpages and copies of the consultation documents were made available at the 'Principal Offices'.</p> <p>Further details on the publicity methods are set out in more detail within Appendix C</p>
<p>Statutory consultation 11th November to 23rd December 2020 (6 weeks)</p> <p>The requirements are set out in Schedule 3 of the Town and Country Planning (General Permitted development) Order (England) 2015 as amended include:</p> <ul style="list-style-type: none"> • Local advertisement • At least 2 site notices • Notice to the Secretary of State • Notice to the County Council • Statutory consultees 	<p>This included a period of publicity across the Lancaster District, with a public notice placed in Lancaster Guardian (a local newspaper) on 12th November 2020.</p> <p>Emails were sent to over 2,200 consultees on the planning policy consultation database, statutory consultees and the Secretary of State for Housing, Communities and Local Government.</p> <p>Posters were placed in 38 locations around Lancaster City and in Galgate. A list of the locations is provided at Appendix D</p> <p>An email (bcc) was sent to known letting agents advising of the consultation. It is acknowledged that not all agents may have been captured. The notification was however, in addition to the Council's agreed publicity procedure and the statutory requirements.</p> <p>Information on the consultation was published on the Council webpages, social media and copies of the consultation documents were made available at the 'Principal Offices' on an appointment basis.</p> <p>Further details on the publicity methods are set out in more detail within Appendix C</p>

Requirements of Regulation	How the Council satisfied the requirement
A summary of the main issues raised by the representations made	<p>The main issues raised in the representations are summarised in Section 6 and Section 7 of this document.</p> <p>Full details on the main issues raised are set out in Appendix A: Summary of Consultation Responses 21st February 2020 to 3rd April 2020 and Appendix B: Summary of Consultation Responses 11th November 2020 to 23rd December 2020</p>
How the Council has responded	<p>The Council has responded to comments submitted to the Council following the periods of consultation. Replies also outline how the comments have informed the proposed Article 4.</p> <p>Section 8 outlines how these issues have been addressed.</p>

6. What issues were raised at in the Informal Consultation Stage?

- 6.1 The informal consultation on the proposed Article 4 provided the first opportunity for members of the public and interested parties to comment on the proposals. As the consultation related to the proposed Article 4, SPD and Regulation 7 Direction the range of responses received were varied and the level of detail provided extensive. There were 99 separate consultee responses to the three proposals and 84 in respect of the proposed Article 4.
- 72 respondents were in support of the proposals. Support came predominantly from residents and also from 4 Councillors, the MP for Lancaster and Fleetwood, Lancaster Civic Society, Lancaster City Centre Residents Association, Lancaster Vision and Lancaster Labour Party.
 - 8 respondents objected to the proposals, including 4 residents, 1 agent, Lancaster University, Lancaster Students Union and the Welfare and Community - Lancaster University's Student Union.
 - 4 respondents made comments, but it was unclear whether these were in support of or objecting to the proposal.
- 6.2 A number of trends and patterns in respect of the impact of HMOs and the proposed Article 4 can be seen.

Adverse Impact of HMOs

- There has been a significant increase in the number of HMOs;
- The high concentrations of HMOs have resulted in there no longer being a balanced mix of households and community spirit has suffered;
- Waste, noise and parking issues;
- Anti-social behaviour;
- Areas with high concentrations of HMOs have service and amenity issues;
- Some landlords do not maintain properties, properties are untidy;
- HMOs affect the ability of residents to sell their homes;
- HMOs command high rents which can exclude those on low incomes.

Support for Article 4

- Restricting the number of HMOs would help to retain family housing;
- It is important to keep a balance of households;
- There is plenty of student accommodation, there shouldn't be a need for more in residential areas;
- An Article 4 should not be delayed to avoid a rush of conversions;
- The Article 4 should be district wide, the area should be extended as students could transfer out to other areas;
- There should be a halt on new HMOs and a policy of reversal to bring HMOs back into houses for local residents.

Objections

- Students provide vital support for the housing market;
- Students aid and improve a vibrant economy;
- HMOs provide an affordable option for many students;
- Much of the new student accommodation is too expensive;
- Purpose built student accommodation is the problem not HMOs;
- The proposals will increase rents and reduce supply;
- Students do not contribute to the issues raised;
- Families also have multiple car and parking problems caused by hospital;
- Concerned the proposals will put off landlords applying for University accreditation scheme;
- HMOs are also used by young professions and graduates are unlikely to stay in Lancaster if accommodation not available;
- The concentration of students should be regulated not HMOs;
- The city centre includes many commercial buildings in where families would not wish to live, conversions should be supported to bring empty properties back into use and for regeneration;
- It will be harder for long term residents to sell.

Comments on the Background Paper, Extent of the proposed Article 4 and the Process

- The evidence base is inadequate and incomplete;
- The density has been underestimated;
- The effect of DM13 should be reviewed in 12 months before Article 4 is considered;
- Anti-social behaviour of students should be dealt with by the university it should not be a problem for the local authority to deal with alone;
- Home-owners should be given 2/5 years to sell;
- The area of the Article 4 should be district wide/it should not include the city centre.

6.3 The responses specifically in respect of the proposed SPD and the Regulation 7 Direction have been omitted from the consultation summary. These issues have been addressed separately as those proposals have progressed.

7. What issues were raised at in the Statutory Consultation Stage?

- 7.1 The Houses in Multiple Occupation Article 4 (1) Direction 2020 was made on the 10th November 2020. The statutory consultation was carried out as soon as practicable after the Article 4 was made and in accordance with the Town and Country Planning (General Permitted Development) Order (England) 2015, as amended. This consultation sought views on whether the Article 4 should be confirmed and brought into force on the 10th November 2021.
- 7.2 Despite the extensive publicity only 11 responses were received to the statutory consultation between 11th November and 23rd December 2020. The response rate may have been affected by the Covid restrictions in place at the time. The consultation undertaken did however make use of virtual methods of communication using email and the council website. The restrictions allowed residents to exercise close to where they live and the numerous the site notices displayed would have been visible to people passing by. The Government has advised that local planning authorities should continue with day to day activities to support the economy and their communities during the pandemic.
- 7.3 9 of the responses supported the introduction of the Article 4 to control HMOs, 1 objected to the proposal and the other commented it was pointless. The comments raised predominantly related to the impact that HMOs have upon the amenity of permanent residents, communities, affordability and availability of family homes.

8. How these issues can be addressed

1. The differing opinions with regard to the impact of HMOs;
 2. The evidence base;
 3. Delay in bringing an Article 4 into force;
 4. Extending the proposed Article 4 to district wide;
 5. Regeneration opportunities in the City Centre;
 6. Ability of residents to sell;
 7. The impact on supply and cost of student accommodation;
 8. Adverse impact of HMOs.
- 8.1 As highlighted in Sections 6 and 7 of this statement, the Council received a range of responses to the proposed Article 4. The following paragraphs explain how these issues have been addressed.
1. The differing opinions with regard to the impact of HMOs
There are understandably differences in opinion between the student community, represented by Lancaster University and the Students Union and long-term residents. The issues have been raised over a period of many years by long-terms residents and Councillors and formed the basis for introducing policy DM13 within the adopted Local Plan. The policy, and its reference to the proposed Article 4, has been through several consultation processes and an examination in public. The difference in opinion cannot be reconciled and it is considered that there is sufficient evidence with regard to the densities of HMOs in the city to proceed with making an Article 4.
 2. The evidence base
It is acknowledged that the evidence base is not 100% accurate and that student council tax exemptions will only provide part of the overall picture. The evidence base is however as comprehensive as the Council can provide based upon the data available. Agents will be

asked to register HMOs before an Article 4 comes into force, this will improve the evidence base and provide a reference point for enforcement should future complaints with regard to lawful HMOs be made. Once an Article 4 is in force, the evidence base will be updated as new small HMOs are permitted, improving its accuracy.

3. Delay in bringing an Article 4 into force

Contradictory comments were received stating that the delay is too long and that not enough notice will be provided. The consultations in February 2020 and the period between an Article 4 being made and coming into force, will have provided approximately 20 months between the proposals being made public and an Article 4 coming into force. The proposed non-immediate Article 4 will provide a year between the Article 4 being made and it coming into force. A year between an Article 4 being made and coming into force appears to be best practice followed by many authorities when introducing an Article 4. This will ensure that owners have enough time to be made aware of the restrictions, make provisions if they wish to do so and to limit potential compensation claims.

It was also commented that the effect of policy DM13 should be assessed prior to considering the introduction of an Article 4. As DM13 will only influence the HMOs which require planning permission, its impact will be limited. As can be seen from the data in section 3 of the 'Background Paper on the Designation of Article 4 Areas to Control Houses in Multiple Occupation', there is a wide disparity between the numbers of HMOs which require licensing and the number of potential HMOs with council tax exemptions. As only the HMOs with more than 6 occupants would have required planning permission, the disparity between those that would have required planning permission and those that did not, would be even greater. Delaying the introduction of an Article 4 further will allow concentrations of small HMOs to continue to increase, contrary to the aims of policy DM13.

4. Extending the proposed Article 4 to district wide

HMOs are not concentrated in other parts of the district in the way that they are in Lancaster, there is therefore not the evidence, as required by the NPPF, to justify inclusion of additional areas. Issues arise in Morecambe with many small HMOs providing poor quality accommodation. The issues differ from those in Lancaster and will be considered separately.

5. Regeneration opportunities in the City Centre

The potential for HMOs providing regeneration opportunities and the re-use of vacant properties in the City Centre is recognised. The Council wish to encourage a variety of uses, re-use of premises above shops and businesses and student accommodation into the city centre to enhance vitality and viability. However, the proposed Article 4 would have little effect upon such opportunities. Class L(b) of the Town and Country Planning (General Permitted Development) Order 1995, permits the conversion of dwellinghouses (Class C3) into HMO's (Class C4). The Order states that a 'dwellinghouse does not include a building containing one or more flats, or a flat contained within such a building'. The conversion of a flat above a shop or business, or in a block of flats would therefore require planning permission regardless of an Article 4. Planning permission is also required for the conversion of commercial premises to HMOs.

There are some houses within the more residential parts of the city centre, which warrant the same consideration as residential areas elsewhere.

An Article 4 does not mean that planning permission will not be granted for the conversion of a property into an HMO. Policy DM13 provides a threshold of 10% but the policy allows for exceptions. Exceptions may include where proposals are within the city centre, where they may be high numbers of HMOs mixed with commercial property, and where the proposal would not adversely affect amenity, the policy. An Article 4 would not alter this consideration.

It is therefore not considered appropriate to exclude the city centre from the proposed Article 4.

6. Ability of residents to sell

The time period between the first consultation in February 2020, the date on which an Article 4 is made and it come into force, will provide homeowners with an opportunity to sell without restriction.

Once an Article 4 has come into force, it could have differing impacts on saleability depending upon the location and number of HMOs in the immediate area. In some cases, properties may sell more easily, as potential residents will have confidence about the density of HMOs which may or may not be permitted. In other places, such as where a home is in a street with a very high density of HMOs and a house is sandwich between several HMOs it may become more difficult to sell for a C3 use. Policy DM13 includes criteria for such cases and the draft Residential Conversions and Houses in Multiple Occupation Supplementary Planning Guidance expands on this, stating that where a property has been marketed at a reasonable Class C3 value, an exception to the 10% may be made (subject to other criteria).

The aim of policy DM13 and the Article 4 is however, to balance communities and it is important to ensure that properties remain in a C3 use, unless the criteria within policy DM13 are met.

7. The impact on supply and cost of student accommodation

The proposed Article 4 will not reduce the number of HMOs available within the city, nor will it prevent any new HMOs. Together with policy DM13 it will allow a means to control the distribution. It should also be noted, that in recent years, while Lancaster University has expanded, the number of students attending Cumbria University in Lancaster has reduced. It is therefore not considered that the proposed Article 4 will reduce the availability and affordable housing in the city or student HMOs.

8. Adverse impact of HMOs

An Article 4 cannot itself address some of the issues raised such as those concerning noise, anti-social behaviour, waste and parking. It can however provide the Council with the means to properly consider the implications of new HMOs, avoid excessive concentration and monitor distribution and the effects they have.

Appendix A: Summary of Consultee Responses 21st February 2020 to 3rd April 2020

Resident/Agent/Landlord	Support/Object/Comment	Summary of Comment
Resident	Support	Houses should be subject to planning consent processes to maintain character. Ideally residents would be long term. House purchasers should have to inform the council if planning to convert to HMOs, residents could then help to inform the planning process. Restrictions should be put in place to cap the number of HMOs vs long term residents. There is plenty of student accommodation so there shouldn't be a need to use residential areas.
Resident	Support	Huge increase in HMO's in the area, therefore there is no longer a balanced mix of households and as a result community spirit has suffered. Landlords are often not from the area and HMOs provide high rent, which can exclude those on low incomes. HMOs also reduce the number of first time buyer homes on the market. Residential areas were not designed for HMOs and consequently this causes problems e.g. waste issues. Planning permission should be required for the conversion of properties to HMOs. There should be halt on HMOs and a policy of reversal should be implemented to put housing back in to local residences and reduce the number of HMOs to 10% in any street. There should be a requirement that a HMO can easily be reverted to its original state. Planning permission should also be required for letting boards. The conversion of properties also has an impact on the local environment e.g. materials being ripped out and replaced, gardens being paved over increasing the flood risk and impact on 'natural urban corridors'.
Resident	Support	HMOs should require planning permission as there should be adequate student accommodation. Housing should be affordable for families.
Resident	Support	Has been suggesting regulation for a long time. The density has been underestimated on Golgotha Road and probably others. It is not possible to limit numbers on a street by street basis. The proposed standards are not enough and a policy of reversal should be put in place. Planning permission should be required. Original property features have been removed/destroyed. HMOs create pressure on local services i.e. waste. Parking restrictions could help improve the issues caused by cars from HMOs, other residents and the University.

Resident	Object	Student accommodation provides vital support to the local housing market. Competition helps to maintain high standards. Much of the new student accommodation is very expensive, therefore does not replace the cheaper HMOs. Cable Street, North Road, Kingsway, North Street, St Leonards Gate and Brock Street are commercial streets and not where families want to live. Many conversions are the upper floors or commercial property and the conversion of redundant and underused property is a good thing.
Resident	Support	John O'Gaunt ward includes a mix of permanent and long-term residences and HMOs (primarily students). HMOs present many problems to the permanent and long-term residents e.g. waste, noise, parking, anti-social behaviour. The number of HMOs do not seem to be reducing, even though purpose built student accommodation has been made available. 'To let' and 'now let' banners are an issue. Support proposals to limit the number of HMOs.
	Support	The proposals will greatly improve community cohesion.
Resident	Support	Support all three proposals. As a former student, now resident, who has lived in a number of HMOs, I think this is deeply in the interests of both HMO and non-HMO residents. Areas with high concentrations of HMOs have service and amenity issues. Purpose built student accommodation reduces the need for traditional housing to be converted to HMOs. The proposal to require planning permission would help to reduce the number of bedrooms being crammed into HMOs. Restricting the number of HMOs would help to retain family housing. It is important to hold landlords to account and keep the right balance of housing provision.
City Councillor	Support	Support all proposals including restriction on numbers of HMOs, requiring planning permission for HMOs.
	Support	Support all three proposals and they need to be introduced asap.

Resident	Support	Proposals are well thought through and suggest considered responses to some increasing problems. Parking is an issue that is not only caused students but other residents too. Anti-social behaviour issues need to be looked at. Community cohesion is also a concern. Covid 19 has brought the community together and would like this to continue e.g. shared street cleaning responsibilities, community led public events, community allotments. Environmental impacts of cars and use of bollards needs to be reviewed. Fines need to be put in place to support non-compliance. The proposals could contribute to positive social change.
Resident	Support	High numbers of HMOs have caused waste, noise and parking issues. HMOs also have an impact on the value of and selling homes.
Resident	Support	Support all three proposals. The issues of most immediate impact are the proposals on noise and car parking. Suggest that insulation is included in the permissions and a maximum number of cars per household. Refuse storage and intensity impact on character. HMOs often remove the gardens which help to provide character. Support the application of Article 4 in the areas designated in Appendix 2. The council could look at ways to attract the current HMO owners to invest in the student apartment blocks. Support proposal to require planning permission for HMO conversions, although would suggest a date to review this policy.
Resident	Support	Castle ward has a high number of HMOs which have increased over several years. HMOs do not meet student needs and change the character of an area, they also cause many issues e.g. waste, noise, no maintenance. The requirement of planning permission will help to provide an appropriate housing mix and protect the character of areas. Controlling the concentration of HMOs is vital and the proposed changes will support a more robust and sustainable approach locally.
Resident	Support	Support proposals to limit the proportion of HMOs and restrictions on 'to let' boards'. Regent Street is made up of 30% of HMOs. Have had no problems with students in the street but would like to ensure a mix of housing.

Resident	Support	Support Article 4 directive. Increase in HMOs has negatively impacted local area. Appreciate the value of students in Lancaster but it is unfair to take up streets. Create various issues e.g. waste, noise. Original features have often been replaced, sometimes in conservation areas which needs to be addressed. Majority of students are polite and friendly, but landlords do not maintain their properties.
City Councillor	Support	Support all three proposals. Scotforth west ward councillor so listened to lots of residents views on the high density of HMOs and issues caused by these e.g. noise, waste and parking.
Resident	Support	High density of HMOs without planning permission, stopping families buying properties and causing issues e.g. waste and parking. Letting boards devalue houses and discourage other families living in the areas.
Resident	Support	Support proposal to restrict density of HMOs.
Resident	Support	I support the proposals that HMOs of whatever size should require planning permission. The requirements should however extend across the whole district and disagree with the 10% in 100m limit. Student accommodation blocks are not the best solution.
Resident	Support	Support the proposal to require planning permission. Live in John O'Gaunt ward and there seems to be an increasing high density of HMOs in Perth Street. Would want to move if there were more HMOs on street. Waste issues have increased. Support control of the character of the ward.
Resident	Support	Support proposal to require planning permission, including 4 bed HMOs which has not been included in the proposed policy. Student renting is profitable and reduces the availability on non student renting. Support the proposal to strengthen regulations on the conversion of houses to some sizes of HMOs and would urge the council to go further in future.
Resident	Support	Support all three proposals. Section 8 - visual impact of 'to let' signs and refuse bins in Primrose area and along South Road is poor. The need to provide a license would help to control properties.

Resident	Support	Concerned about impact of HMOs in Allandale Gardens. Landlord for long term let in this area. Support the proposals but they don't go far enough. Suggest below is also required: DM13 should also apply to small HMOs and require a license. An Article 4 should not be delayed to avoid a rush of conversions, this consultation should suffice in terms of notice.
Resident	Support	Support proposal to limit the density of HMOs and restriction of 'to let' signs. Live in Scotforth West which has a high number of HMOs. Support landlords having more responsibility for the external maintenance and cleanliness of their properties. Students do not pay tax for local services so landlords should be charged. Students do not get involved in local issues or the look of a street. Danger of creating 'student ghettos'.
Resident	Support	Support all three proposals. County Councillor for Lancaster East which includes most of the areas affected by the changes. Resident feedback suggests that the high density of HMOs changes the character of an area and impacts on community cohesion. HMOs also cause issues e.g. waste, noise and lack of maintenance. Supported purpose-built accommodation to help with these issues. HMOs also impact on resident's ability to rent and sell their properties. Hope proposals will help to meet the needs of families and young workers. 'To let' boards are a common complaint from residents. Pleased that the council is taking action in response to resident concerns.
Resident	Support	Support all three proposals. Hope that this will release affordable family homes and help with the sale of properties.
Resident	Support	Support all three proposals. Student accommodation in residential areas has reached a situation point and is negatively impacting local areas.
Resident	Support	Support all three proposals but would like to see retrospective enforcement against existing HMOs who do not meet the standards.
Resident	Support	Live in freehold district of Lancaster. Students have never caused any problems but the lack of maintenance and emptiness for part of the year is an issue.
Resident	Support	Welcome the proposal. Have no problem with students but the 'to let' signs, lack of maintenance, loss of original features and waste are an issue.
Resident	Support	Support proposals.

Resident	Support	Support proposals. Enjoy having student neighbours but HMOs cause various issues e.g. waste and parking.
Resident	Object	Strongly disagree with proposals. This would mean that if someone is finding it hard to live in a student area and were struggling to sell, they would no longer have the option to convert their house into a HMO. It would be fairer if 'new owners' could not convert houses into HMOs, but owners for at least 5 years could have the option to do so if they chose or current owners should be given 2 years notice.
Resident	Support	John O'Gaunt Councillor - These issues are regularly raised by residents. The high density and the use of 'to let' boards are an issue. Need to work towards a mix of housing within our communities.
Resident	Support	The proposals are well thought through to protect and enhance the range and level of accommodation for all those who live, work and study in Lancaster.
Member of Parliament, Lancaster and Fleetwood	Support	Support the proposals which positively respond to the issues being raised by residents.
Resident	Support	Support proposal on HMO restrictions. Purpose built student accommodation not resulting in HMOs returning to original state.
Resident	Support	The number of HMOs has increased in South Road. Noise issues tend to be at the start of the academic year and after exams finish.
Resident	Support	Students help to support local businesses and the general economy, however, HMOs have led to artificially high house prices. Purpose built student accommodation should mean that houses can be made available for other residents to choose to live in the city.
Resident	Support	High density of HMOs has led to low availability of affordable homes for people on low incomes.
Resident	Support	Mixing students and residents has led to anti-social behaviour and parking issues.
Resident	Support	HMOs can cause waste, noise, parking and no maintenance issues.
Resident	Support	Support all three proposals. More control and scrutiny will deter sub-standard landlords.

Resident	Support	No comment.
Resident	Support	HMOs can cause waste, noise and parking issues. 'To let' boards can impact the character of roads. The purpose-built student accommodation should mean that affordable houses become more available for families. Properties stand empty for weeks and attract vandals.
Resident	Support	Agree the number of HMOs should be regulated. Young people struggle to find cheap affordable housing.
Resident	Support	Agree with the proposals. Too many houses have been taken over by students making it difficult for local residents to get on the property ladder.
Resident	Support	HMOs should require planning permission in order to protect areas.
Resident	Comment	An Article 4 should be carefully considered. There is a benefit in limiting HMOs but a better approach would be to fine landlords for not providing adequate accommodation or maintaining their properties. Disappointed at the focus on students, large families can cause similar problems.
Resident	Comment	The integration of students with local residential community is important, however, it should be managed by Universities not private landlords. Universities should encourage students not to use cars. Planning permission should only be given if there is co-operation between the University and Local Authority. Anti-social behaviour from students should be reported to the Universities, this should not be a problem for the Local Authorities to deal with alone. Other city universities seem to be more involved in supporting students to find suitable accommodation.
Resident	Support	Well done Lancaster City Council for finally addressing this problem. HMOs can impact on community cohesion and the high numbers of 'to let' boards look terrible. The council should make the universities know that they must take joint responsibility for the situation and be expected to help to fund the initiative.
Resident	Object	Object to the proposed restrictions on HMOs. Purpose built student accommodation is the problem, social housing should be being built instead.

Resident	Support	Concerned about HMOs, particularly when there is a shortage of housing for families. It is a good time to place restrictions on HMOs now purpose-built student accommodation is in place. Regulations would discourage HMO conversions which take up family homes.
Resident	Support	Support the requirement of planning permission and think this should apply to all house sizes. Car parking, rubbish and general untidiness are problems.
Resident	Support	Long overdue.
Resident	Support	Long overdue. There is always worry and uncertainty at the beginning of a new term. Landlords have no concern over external appearance and tidiness of properties. Difficult for families when it is noisy at night.
Resident	Support	HMOs impact on community cohesion and can cause parking issues. The purpose-built student accommodation should mean that houses are freed up for families but allowing them to be turned into HMOs means that this is not happening. An increasing number of properties are being converted into HMOs.
Freelance Planner	Support	Action should have been taken earlier, however this is an opportunity to address issues to the benefit of the wider community. The proposals will help to address socio-economic concerns and environment/amenity issues via more effective regulation and strong enforcement measures. Fully support designation of Article 4 areas. Enforcement resources will be key to the success of DM13.
Resident	Support	The policy should have been developed and enforced several years ago. Certain parts of the city are now significantly "student" areas and this has been to the detriment of the local population and housing stock. I recall the Lancaster University claiming that student accommodation was now at "saturation point" in response to the application for Student Halls and the former Scotforth water works site.

	Support	Welcome proposals to limit HMOs. HMOs and student accommodation have crushed any sense of community within the area. Lancaster City Centre has been over run by student accommodation and HMOs. Many landlords do not maintain properties which has a negative impact. Would appreciate if the council could put something in place to encourage/enforce landlords to maintain their properties. Need to protect Lancaster's heritage.
Resident	Support	Huge growth in HMOs has had a profound and largely negative impact on demographics and community cohesion. Anti-social behaviour, waste, parking, lack of maintenance issues create community tension. My concern is about the unfettered growth and concentration of HMOs in residential areas without any consideration of their deep impact on the quality of life, nature and future of these neighbourhoods. HMO areas are driving down the availability and desirability of city centre family homes.
	Support	University success has led to more students than available campus accommodation, as a result there has been an increase in HMOs and rents have become unaffordable for many families in need. The Council must do as is proposed and introduce much tighter planning regulations to restrict the creation of more HMOs especially (but not only) in areas already overloaded with such student-let properties. They are damaging the amenities and almost certainly the market value of privately-owned family homes in those neighbourhoods. Purpose built student accommodation rents need to be lower to encourage HMO owners to reduce rents or return homes to original state. Councils will need to regularly inspect homes to maintain the proposed 10%. What action has been taken/will be taken to tackle the antisocial behaviour issues?
Owner/Agent	Object	The issues identified are more to do with the high concentration of young people, it should be the number of undergraduates in the residential streets that are regulated, rather than the housing. HMOs offer housing for lots of other people e.g. some people want to downsize and HMOs offer this, affordable rent and company.

	Support	Fully support all three proposals. The high density has led to low sense of community, lack of maintenance, noise, waste and parking issues. Other residents have difficulty in selling properties. HMOs mean less housing for families and young people.
Resident	Support	Positive about young people but need a balance to help to build a diverse and vibrant community. The Moorlands Community Group would like to revive community spirit. The area can support a proportion of students, but we need children and families.
Lancaster City Centre Residents Association	Support	Lancaster City Centre Residents Association broadly support the proposal on restricting HMOs in and close to the city centre. Need to maintain a housing mix and ensure sufficient availability of affordable family homes. The increases in rental properties particularly for student housing are adversely changing the character of the city. There is need to ensure sufficient availability of affordable family homes which are at risk of being lost to the uncontrolled expansion of student accommodation. We recognise the immense contribution the Universities and the student population play in the economy and culture of the Borough and beyond. We support proposals to provide purpose-built or purpose-converted student accommodation in appropriate locations. Minimum standards should be set for HMOs and regulated through council licensing. A detailed housing needs assessment on the type and sustainability of existing and future student accommodation needs and competency of providers is required. Strongly recommend the examination of the use of council housing and other powers to tackle poor landlord management and the resulting environmental and antisocial behaviour problems.

Lancaster University Students Union	Object	Lancaster University Students Union objects to the proposed introduction of Article 4 - suggest evidence is inadequate or incomplete. HMOs are an important affordable source of accommodation. Students contribute to the economy. Restrictions in the number of HMOs would lead to increased rents and reduced supply. Policy DM13 in the Local Plan already provides a way to control the number of HMOs. This policy should be reviewed in 12 months before Article 4 is considered. Granting flexible Class C3/C4 planning permissions in should be considered as an alternative.
Lancaster University	Object	Student numbers in Lancaster have shown an increase over recent years, especially international students, with an anticipated increase of up to 4,000 new students by 2025 from the UK and abroad. Some students will always prefer to live in HMOs, therefore demand is likely to remain high, especially as this is affordable. A reduction in HMOs could cause rents to rise, which could impact on other student rents. Concerned that proposals will put off landlords applying for the accreditation scheme. If restrictions are put in place, HMOs may be created in other neighbourhoods. Students support and boost the local economy. HMOs are also used by young professionals. If graduates can't find accommodation, it is unlikely they will stay post-university. City Centre student accommodation prevents decline and maintains vibrancy in key areas of Lancaster City Centre
Resident	Object	Oppose purpose built student accommodation blocks and in favour of students living in residential areas support the local economy.

Lancaster Civic Society	Support	Lancaster Civic Society support the proposal to restrict the number of HMOs. Recognise that HMOs are cheaper than purpose-built accommodation and students will wish to live in residential streets. There are also social benefits to shared accommodation such as support networks and there are benefits to the local community in having students in the local housing mix. There are however so many HMOs there are probably sufficient. The Council should monitor and register the HMOs to provide exact figures. Should be creating 'good healthy communities', including students and academics. Should consider need for including family accommodation, student accommodation, rehabilitation accommodation for the homeless, single, retirement and downsize accommodation. Commend the use of proposed local legislation to achieve these ends but expect such legislative policy to be informed by such statements of responsibility.
	Support	Support proposals to limit the numbers will hopefully have some impact but fails to address issue of letting agencies buying up everything. Have experience of living next to and near student HMOs, as a result have moved out of the city centre. Lots of issues, original features lost, parking, noise, litter, 'to let' signs.
	Support	The proposals but not sure they go far enough. Concerned about HMOs in Allandale Gardens (landlord with long term tenants). DM13 should also apply to small HMOs and they should require a license. Article 4 should not be delayed, too much notice will mean C3 to C4 conversions will be created before planning permission is required. Hope something can be done about work in progress too.
Lancaster Vision	Support	Lancaster Vision strongly support the proposals to restrict concentration of HMOs and the Article 4.
Resident	Support	No comment.
Resident	Support	Too much saturation of housing and dodgy landlords/letting agencies.
Resident	Support	Too many HMOs in Bowerham/Scotforth, causing waste issues. Purpose built accommodation should release houses for first time buyers.

Resident	Support	Appreciate benefits that student bring but now purpose built accommodation is available, houses should be released for others.
Resident	Support	Should keep houses for residents and young people starting out.
Resident	Support	Support all three proposals. No need for student HMOs now purpose-built accommodation is available.
Welfare and Community - Lancaster University's Students Union	Object	The response is informed by various surveys. Student HMOs do not contribute to 'seasonal depopulation'. Unsure that the proposals would help with 'poor condition accommodation' and current accreditation and licensing can help with this. Students add to and improve our vibrant community. The majority of students live in small HMOs and choose these for various reasons. HMOs provide an affordable option for students, many cannot afford the purpose built accommodation. It is important that proposals do not increase rent or reduce choice for students as this can affect grades, wellbeing and experience. Need to be clear why 10% HMO is an imbalance in communities. Noise - the majority of students have not been involved in a complaint related to the council's environmental health team. Refuse, recycling and bicycle storage - the majority of students did not have issues accessing these. Car parking - students did not have an opinion on this or said adequate parking was available. Families can also have multiple cars and parking issues are also caused by hospital users. HMOs have different impacts on the community depending in their size and tenants. Poor upkeep - students expect a high standard of maintenance, although the turnover of occupants impacts on this. The condition of housing will be more influenced by the Homes Act 2018 and licensing or accreditation schemes than planning permission. Evidence shows that the quality of accommodation affects grades Rents - Do not believe HMOs are the cause of rent increases. Do not support how 'students HMOs' are referred to in documents. We must do all that we can to resist harmful student stereotypes that envision an 'us vs them' mentality. This includes not pushing students in to PBSA if they prefer to live within the community. HMOs allow students to experience independent living without living alone. Students are a valued part of Lancaster City. Not confident that proposals will tackle issues raised or that there is justification for an Article 4 as required by the NPPF.
Kendal Resident	Comment	Concerned that if owners cannot convert to HMOs they will revert to Air B & B.

	Support	Essential to maintain a housing mix. HMOs are changing the character of the city and need to ensure affordable family homes are available. Council needs to explore powers to tackle poor landlord management and environmental problems. A detailed housing needs assessment on the type and sustainability of the existing and future student accommodation needs and, on the quality, and competencies of landlord providers is a prerequisite in fulfilling the housing needs projections of the Council's Local Plan.
City Councillor	Comment	Highlighting a residents concern re saleability.

Where a respondent type has not been noted, the respondent did not provide details.

Appendix B: Summary of Consultee Responses 11th November 2020 to 23rd December 2020

Support/Object/Comment	Summary of Comment
Support	HMOs are de facto businesses with the potential to impact greatly on neighbours. Therefore they should be subject to this additional regulation.
Support	I am in full support. We have recently moved onto a new development and eight of the adjacent houses have been turned into HMOs and are occupied by students. We have had endless problems associated with noise, drugs, waste/recycling and car parking as a result. An abundance of HMO properties, mostly aimed at students, means less family homes are available on the rental market and when they go up for sale, they are snapped up by those with property portfolios for use as HMOs. We used to be students in Lancaster and have decided to remain here for the past 6 years and would like to purchase our own home in Lancaster - we consider it as our home and recognise the contribution students make to the economy and culture in Lancaster but now there are several purpose-built developments there is no need for the use of ordinary housing to be occupied by them. Unfortunately, we may be forced to move elsewhere to be able to afford to buy a family home and because we do not wish to be surrounded by students when bringing up a young family. In my experience, landlords of student properties do not follow up on complaints about their tenants and see their anti-social and often illegal behaviour 'as part of university life' but this does not create a community feel amongst residents.
Supporting	The number of HMOs on the street, and the Moorlands area in general has increased considerably. The increase in HMOs has also had a substantial effect on the number of cars parked in the local area on streets. Many occupants have their own cars so the narrow streets have become crowded.
Comment	There is little point in any HMO regulation scheme when the council works hand in glove with letting agents. I have experienced a significant failure in this way. This is bad for Lancaster and depreciates the value of properties in the town.
Support	I agree that the multiple occupant housing which is spread across the city can be a problem. While not all students are bad neighbours, there are quite a few who cause problems for permanent residents. Both noise and littering can be an issue in some residential areas.

Object	I'm rather alarmed by the notion of restricting HMOs in the city. Largely because I think the council's argument is very poorly substantiated. I have lived in Lancaster for 2 years for University and would choose to remain here if a job came up locally. The University is the 2nd largest employer in Lancaster. I accept issues inevitably exist but I would wager that such issues are the exception not the rule. I have not experienced social polarisation to a significant degree I feel like many students in that we have become adopted Lancastrians. It's our city as well and it is highly problematic to see our council (which many of us vote for, some pay council tax) engagement in studentphobia is counterintuitive. Surely the best solution is to better protect the existing relationship between different stakeholders to prevent issues? It's in the economic interests of the city.
Support	As a homeowner living in Moorlands I would very much support council control of student and multiple occupation houses in my street and surrounding streets. Whilst many students are considerate neighbours, they are inevitably short-term occupants, and so cannot contribute to creating a community in this area, as opposed to other resident owners and those renting houses long term. Their lifestyles are inevitably different from those of us who are retired or busy working too. Many residents in this area start work early, and work long hours, whereas students have busy, and often noisy evening lives, and many like partying and coming home in the early hours. They are not invested in supporting the community, and houses are often empty outside term times. I would prefer to see these houses being lived in and maintained by families and other residents, especially those who cannot afford to buy their own houses.
Support/Comment	The coronavirus crisis has highlighted the vast number of student multiple occupancy houses in the Bowerham area as indicated by the huge number of student let boards currently on display. Whilst I have no problem with students themselves, I believe that multiple occupancy student housing is damaging to neighbourhoods. Student houses by their very nature will have a high turnover of occupants and are unoccupied for around three months of the year. This means that whole neighbourhoods have been destroyed. If we moved students into the many newly erected purpose build developments, these houses could be converted back into great family homes and could in turn restore communities within the city of Lancaster.
Support	This is essential to allow the Council to take control of HMOs and build back real community in residential areas and in the city centre.

Support	<p>When I first visited Lancaster I noticed was the huge amount of To let signs all over town. I am a student but have moved in with a friend long term now so will be here for the considerable future. As a student I can say I was never enticed by to let signs on houses and always looked online when looking for houses. I also lived in a house that was not full, meaning there probably isn't a demand for new properties. I think limiting the number of new small HMOs you are freeing up the market for more first-time buyers as smaller houses become available to buy or as people move up the property ladder. It would also allow for more private rent properties to be available for locals.</p>
Support	<p>I support the Council's proposals for restricting the expansion of houses in multiple occupation and student housing in Lancaster. It is essential to maintain an appropriate housing mix and the overall character of the Borough's residential areas to bolster their image the security of both existing residents and future incomers wishing to move into the district. There is need to ensure sufficient availability of attractive affordable family and mixed homes which now are at risk of being lost to the uncontrolled expansion of student accommodation. In terms of protecting and enhancing the quality of life and character of existing neighbourhoods I strongly commend the City Council for adopting these measures to tackle poor landlord management, inappropriate behaviour by tenants, environmental problems and help build stable and resilient housing neighbourhoods in the urban area of the city.</p>

Appendix C: Publicity Methods

Methods	Main consideration
Documents made available for inspection	This is a minimum requirement as set out in the Regulations. Relevant documents will be made available for inspection during consultation period at the Council's offices in the Lancaster and Morecambe Town Hall and libraries in the Lancaster District. Public access to these documents is available via PCs in the reception areas
Website	Each consultation stage will feature prominently on the homepage of the council's consultation ¹ and planning policy webpages. This will link directly to information on document production, providing access to the consultation material and advice on how and when comments can be made. Articles providing updates on plan production, which may include consultation and engagement opportunities, may be published in the Council's online news section periodically but it will not be solely relied upon as a means of communication.
Adverts/public notices	Notices will be placed in a local newspaper advertising consultation and engagement opportunities, where appropriate. Statutory requirements to publish notices advertising certain planning applications
Mailing List – Email / Letter	The Council operates a database of individuals and organisations that have expressed an interest in the plan-making process, have previously been actively involved in policy development or are statutory consultees. Those who wish to be involved will be directly notified at each stage either through email or letter of opportunities to comment. Those who are interested in planning policy development and wish to be notified can be included on the Council's mailing list at any time ²
Press release	To be undertaken in accordance with the Council's media team, Media briefings/press releases will be issued to local media. Although items may only be reported if they are considered newsworthy by the newspaper editors, therefore publication is not guaranteed.
Parish and Town Council and Community Group publications	These types of publications are distributed to local residents at least quarterly. The Council will work with relevant organisations to utilise these publications to notify residents of consultation and engagement opportunities, where possible. Consideration will need to be given to the timing of the consultation, and the timing and circulation of any publications outside the Council's control.
Posters	Posters may be sent to relevant Parish and Town Councils and libraries to be displayed on notice boards to raise awareness of any public consultation and engagement opportunities. Posters may also be displayed in other appropriate locations across the District.
Leaflets	Leaflets may be used to gain wider public awareness of a consultation or engagement opportunity, for example leaflets may be distributed at key attractors/destinations such as train stations and local schools.
Social Media	Media such as Twitter and Facebook will be used to highlight public consultations on planning policy documents with direct links to the Council's website and information on how to comment, and any engagement events. Such

Methods	Main consideration
	messages may be retweeted periodically throughout the consultation period ³ . However, comments will not be accepted via social media.
Events	Such events may include drop-in sessions, public exhibitions and/or targeted workshops. Parish and Town Council meetings will be utilised where possible. The type of event undertaken will be dependent on a number of factors, including the consultation stage, and time and resource constraints. Careful consideration will be given to the timing, venue and format of events to ensure accessibility and inclusivity.
Key stakeholder Groups	We will liaise with key stakeholder groups at key stages in the plan making process, to discuss issues and keep them informed of progress.
Questionnaires / surveys	Questionnaires / surveys may be used to focus comments and to help ensure that feedback relates to issues that are within the scope of the document being consulted upon.

Appendix D: Location of Site Notices

Site Notices Displayed 11th November 2020

Bulk Ward

Patterdale Road – lamppost adjacent bus stop near shops
Gladstone Terrace – centre end
Ulswater Road – outside Luckeysz Food Store
Moor Gate/Ulswater Road – outside The Britannia
Traffic sign adj pedestrian access to Sainburys, cable Street
Langdale Road. Opposite Newton Stores, Langdale Place

Castle Ward

Lancaster Boys & Girls Club, Dallas Road
Dallas Road Primary, High Street
Dallas Road/Meeting House Lane
Lamp post at entrance to Aldi on Aldcliffe Road
Lamp post outside Palatine Hall, adj pedestrian crossing (town centre)
Post outside Lush, Penny Street (town centre)

John O Gaunt Ward

Balmoral Road – bus stop outside Cathedral Primary School
Quarry Road – adj Moorlands Hotel sub station
Junction of Bowerham Road/Prospect Street/St. Oswald Street, outside the Park public house
Bowerham Road/Coulston Road – near Spar

Marsh Ward

Lancaster City Football Club
Willow Lane Primary
Westbourne Road/Sibsey Street
New Quay Road, outside marketing suite

Scotforth East Ward

Bowerham Road – outside Moorside Primary School
Bowerham Primary School
Scotforth Road – lamppost on corner adj Booths
Hala Aqure, outside shops

Scotforth West Ward

Scotforth Road – outside Greaves Pharmacy
Greaves Road, Spar
Springfield Street/South Road
Pointer Roundabout, Ashton Road corner

Skerton East Ward

Lune Street
Sylne Road – lamp post outside Spar adj pedestrian crossing
Aldrens Lane, no stopping sign outside St. Joesphs School
Slyne Road – no stopping sign outside St Lukes Primary

Skerton West Ward

Ryland Primary School, Torrisholme Road, no stopping sign
Torrisholme Road, bus stop adj Ingleborough Road
Morecambe Road/Penryn Road
Scale Hall Lane, lamp post outside Spar adj bus stop

Galgate Ward

Outside the Spar
End of Chapel Lane – give way sign

Article 4 Direction

Lancaster City Council

Town and Country Planning (General Permitted Development) (England) Order 2015 (as amended)

Direction made under Article 4 (1) to which Article 5 applies

Whereas Lancaster City Council being the appropriate Local Planning Authority within the meaning of article 4(5) of the Town and Country Planning (General Permitted Development) Order 2015 (as amended), is satisfied that it is expedient that development of the description set out in the First Schedule below should not be carried within the areas described in the Second Schedule and shown edged red on the attached plans, unless permission is granted on an application made under Part III of the Town and Country Planning Act 1990 (as amended).

Now therefore the said Council in pursuance of the power conferred on them by article 4(1) of the Town and Country Planning (General Permitted Development) Order 2015 (as amended), hereby direct that the permission granted by Article 3 of the said Order shall not apply to development of the description set out in the First Schedule below, on land within the area described in the Second Schedule and shown on the attached maps.

First Schedule

Development consisting of a change of use of a building from a use falling within Class C3 (dwellinghouses) of the Schedule of the Town and Country Planning (Use Classes) Order 1987 (as amended), to a use falling within Class C4 (houses in multiple occupation) of that Schedule being development comprised within Class L(b) of Part 3 of the Schedule 2 of the Town and Country Planning (General Permitted development) Order 2015 (as amended) and not being development comprised within any other Class.

Second Schedule

The land edged in red shown on the attached plans (being the land comprised within the Lancaster electoral wards of Bulk and Castle, John O'Gaunt, Marsh, Scotforth East, Scotforth West, Skerton East, Skerton West and the village of Galgate in Ellel ward), on the date this Direction was made

Made under the Common Seal of Lancaster City Council on this 10 day of November 2020

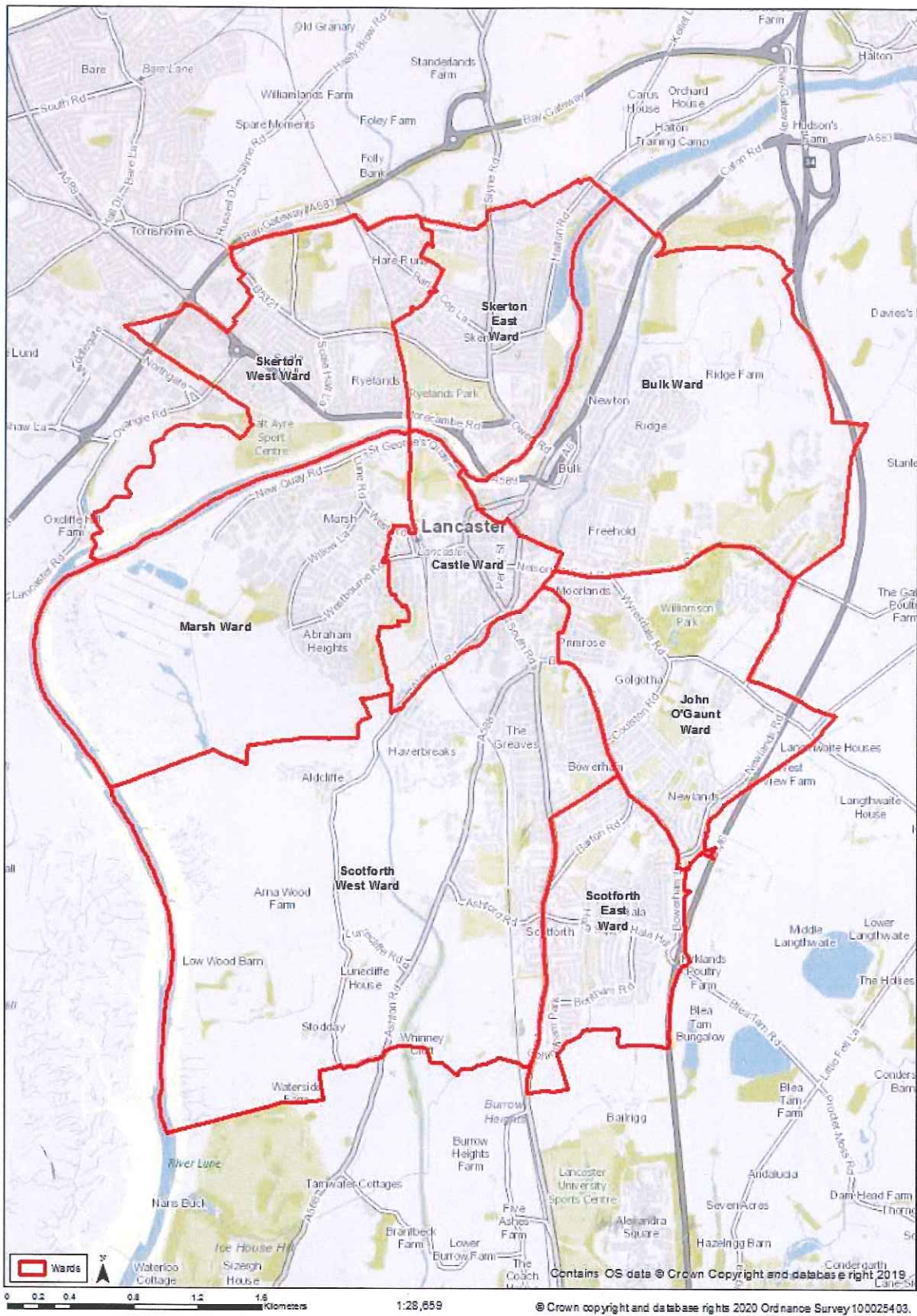


Authorised Signatory



A large, stylized handwritten signature in black ink.

Article 4 Direction – Houses in Multiple Occupation (Class C4)



The area edged red defines the extent of the attached Article 4 Direction – Lancaster Wards

Article 4 Direction – Houses in Multiple Occupation (Class C4)



The area edged red defines the extent of the attached Article 4 Direction – Galgate

Town and Country Planning Act 1990

Town and Country Planning (General Permitted Development) (England) Order 2015 (as amended)

Notice of the Making of a Direction Under Article 4 (1) of the Town and Country Planning (General Permitted Development) (England) Order 2015 (as amended)

Houses in Multiple Occupation Article 4 (1) Direction 2020

Notice is given that Lancaster City Council ("the Council") has made a Direction under Article 4 (1) of the Town and Country Planning (General Permitted Development) (England) Order 2015 (as amended) ("the Direction").

The Direction was made on 10th November 2020

The Direction applies to development described in the following class of the Town and Country Planning (General Permitted Development) (England) Order 2015 (as amended):-

Development consisting of a change of use of a building from a use falling within Class C3 (dwellinghouses) of the Schedule of the Town and Country Planning (Use Classes) Order 1987 (as amended), to a use falling within Class C4 (houses in multiple occupation) of that Schedule being development comprised within Class L(b) of Part 3 of the Schedule 2 of the Town and Country Planning (General Permitted development) Order 2015 (as amended) and not being development comprised within any other Class.

The Article 4 Direction applies to the following ward areas: Bulk, Castle, John O'Gaunt, Marsh, Scotforth East, Scotforth West, Skerton East, Skerton West and the village of Galgate.

The effect of the Direction is that development comprising a change of use from a dwelling falling within Class C3 (dwelling houses) of the Town and Country Planning (Use Classes) Order 1987 (as amended) to a use falling within Class C4 (houses in multiple occupation) of that Order, and removes permitted development rights for this type of development from the date when the Direction comes into force. A change of use from Class C3 dwelling to Class C4 shall not be carried out unless planning permission is granted by the Council on an application made to the Council once the Article 4 Direction is in force.

A copy of the Direction and a map defining the areas to which it relates, can be viewed on the Council's website www.lancaster.gov.uk/planning-consultation or at Morecambe Town Hall, Marine Road East, Morecambe, LA4 5AF on request. Please email planningpolicy@lancaster.gov.uk or call 01524 582383 to make an appointment to view the documents.

Representations may be made concerning the Article 4 Direction between Wednesday 11th November and Wednesday 23rd December 2020. If you wish to make any representations about the making of this Direction your comments can be sent by email to planningpolicy@lancaster.gov.uk or by post to Planning Policy Team, Planning and Place Service, Directorate for Economic Growth and Regeneration, Lancaster City Council, PO Box 4, Town Hall, Dalton Square, Lancaster, LA1 1PJ to arrive no later than Wednesday 23rd December 2020

The Article 4 Direction will come into force, subject to confirmation by the Council, on 10th November 2021. In considering whether or not to confirm the Direction, the Council will take account of any representations received.

Representations must be made by 5pm on Wednesday 23rd December 2020

Lancaster City Council | Report Cover Sheet

Meeting	Cabinet	Date	2 March 2021		
Title	Update on the Housing LATCo				
Report of	Director for Communities and the Environment & Director for Economic Growth and Regeneration				
Purpose of Report					
<p>The report asks Cabinet to note the progress in setting up the new Housing LATCo and to approve the new Housing LATCo structure, the arrangements that Cabinet members shall become the sole members of the Shareholder Committee, approve the Shareholder Agreement and make budget provision through a loan facility from the Council to the LATCo once incorporated.</p>					
Key Decision (Y)	Y	Date of Notice		Exempt (Y/N)	N

Report Summary

At its October 2020 meeting, Cabinet approved the establishment of a wholly owned Housing Company which will create the necessary vehicle to maximise the Council's borrowing options and capital finance to fund the schemes identified as set out in the Homes Strategy for Lancaster district 2020-2025. The report delegated authority to the Chief Executive in consultation with the Leader and Portfolio Holder for Housing to agree the composition of the Board of Directors and the arrangements for the Council to discharge its role as shareholder of the Housing LATCo. This report is to update members on the progress in setting up the proposed LATCo ahead of formally presenting the draft Business Plan for approval.

Trowers and Hamlins LLP provided a recommended structure for the Housing LATCo which was set out in the October 2020 report. This report sets out the detail of the actual structure proposed and reasons for this. Draft Articles of Association and a draft Shareholder Agreement have also been prepared. Cabinet is requested to approve the Housing LATCo structure, become the sole members of the Shareholder Committee, approve the draft documents and authorise the Chief Financial Officer to negotiate and make arrangements for a loan of up to £100K from the Council to cover the initial operating costs of the LATCo.

Recommendations of Councillor Caroline Jackson

- (1) Cabinet note that the two distinct Housing Companies have been named Morehomes for the Bay (Investments) Limited and Morehomes for the Bay (Developments) Limited.
- (2) That the Board of Directors for both Companies will, subject to appointment by the Shareholder Committee, comprise Executive Team officers.
- (3) Cabinet approve the amended structure of the Housing LATCo.

- (4) That Cabinet agree to become the sole members of the Shareholder Committee for both Companies.
- (5) That Cabinet approve the Shareholders Agreement (and any minor modifications needed hereafter) for signing, upon agreement of the document with the Board of Directors.
- (6) Cabinet agrees to delegate to the Chief Finance Officer the negotiation of and arrangements for a loan up to a maximum value of less than £100,000 in order to cover the initial operating costs of the Company. The Loan will be established in a way that is compliant with both Council and Company financial policies and relevant legislation for a LATCo.

Relationship to Policy Framework

Council Priorities – Happy and Healthy Communities, a Sustainable District, an Inclusive and Prosperous Local Economy
 Local Plan – contributes towards the provision of housing to meet a locally identified need and opportunities to increase the choice and supply of good quality housing.
 Housing Strategy – directly aligns to the key actions identified in the Homes Strategy for Lancaster district 2020-2025.

Conclusion of Impact Assessment(s) where applicable

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

The proposals set out in the report should not have any adverse impacts and should have some positive impacts particularly on climate change, equality and wellbeing/social value once the LATCo becomes operational.

Details of Consultation

The creation of the Housing LATCo forms part of the key actions identified in the Homes Strategy 2020-2025. The Homes Strategy consultation period has recently ended. It is envisaged that further consultation will take place with communities, stakeholders and other public sector organisations as part of developing and bringing forward the delivery of the housing and regeneration priorities identified on a project by project basis.

Legal Implications

The legal implications of setting up and running the LATCo have been addressed via previous Cabinets reports concerning the LATCo. This report deals with the practical steps needed to establish the LATCo and the governance arrangements, by the Shareholder Committee and board of directors, needed to protect the Council and ensure the smooth administration of the LATCo.

The Shareholder Agreement has been drafted by Trowers. It provides the Council with safeguards in terms of the scope of the Companies’ activities and reserves

significant matters to either Cabinet or the Shareholders Committee for determination.

The Shareholder Agreement also provides the Companies with sufficient flexibility to carry out their objectives in accordance an approved Business Plan – which is ultimately determined by Cabinet following a procedure of scrutiny and review by the Shareholders Committee.

The Shareholder Agreement provides the Council with sufficient control and oversight to ensure that the Companies' activities are appropriate and based on sound financial analysis and reasoning. In particular, the Agreement provides the Council, for accountability purposes, with the right to view relevant documentation/information held by the Company. The Shareholder Committee also has the power to direct the Companies by special resolution to take or not to take a particular step or action.

The Council will need to ensure that the Companies take our relevant policies of insurance to protect any staff undertaking work on behalf of the Companies and a Service Level Agreement will need to be agreed with the Companies in respect of Council officer time and recharge for the same. Further and ongoing advice and assistance in respect of the agreements and funding arrangements between the Council and the Companies will be needed from Legal Services and external solicitors.

Financial Implications

The financial cost of registering the two Companies is minimal and can be managed from within the £50K approved by Cabinet in October 2020 for professional fees relating to the formation of the LATCo, to be funded from the General Fund Corporate Priorities Reserve. Any officer time incurred to date has been managed from within existing budgets.

Further work is required surrounding a multitude of areas including borrowing rates, service level agreements and exit strategies. This work which will then influence the financial model as it moves forward and allows for a full financial appraisal of purchasing identified properties. These will be considered further in the next series of reports.

Once the Companies have been incorporated, there will be a requirement for the Council to produce group financial statements. This will need to be absorbed into the existing closedown timetable, so that the Council meets statutory deadlines. Consolidation adjustments will be required for each Company. This may require specialist knowledge, delivered through staff training and additional resources, or external expertise in the early phases.

External audit of the Companies' accounts will need to be completed within an agreed period, to allow the Council's external auditors to place reliance on them. While the Companies remain dormant (no financial activity), a disclosure note will be the only requirement in the Council's financial statements.

Other Resource or Risk Implications	
None with this report. These will be considered further in the next series of reports which relate to each of the identified priorities.	
Section 151 Officer's Comments	
The financing arrangements put forward within the report will allow the Company to quickly establish itself and operate independently of the Council, whilst not breaching the regulations surrounding Teckal Companies. Although no formal arrangement has been discussed there are options available to balance risk and reward and these will be explored over the coming weeks.	
Monitoring Officer's Comments	
The Monitoring Officer has been consulted when drafting this report and his suggestions added.	
Contact Officer	Kathy Beaton
Tel	Tel: 01524 582724
Email	KBeaton@lancaster.gov.uk
Links to Background Papers	

1.0 Introduction

- 1.1 In October 2020, Cabinet approved the draft Homes Strategy for Lancaster district 2020-2025 and the establishment of a wholly owned Company (Housing LATCo) which is a critical component of establishing a delivery model that maximises the Council's borrowing opportunities allowing capital finance to be generated through prudential borrowing through the General Fund and Housing Revenue Account. The report approved in October 2020 allowed officers to appoint Trowers & Hamblins LLP to take all necessary steps to create the new Housing LATCo and consider the most appropriate governance arrangements.
- 1.2 The initial advice provided by Trowers suggested that in order to streamline the governance arrangements for the LATCo, the suggested group structure would be composed of a holding Company (HoldCo) and two subsidiary Companies which would be a Development Company and an Investment Company as set out in the October 2020 report. However, Trowers further advised that if the proposed LATCo structure was to include the same Board of Directors and concentrated decision making in the proposed Shareholder Committee, the benefits of having a holding Company were not substantial enough to warrant the additional administration of operating through a holding Company.

- 1.3 As a result of this, the Housing LATCo comprises two distinct Companies. These are being incorporated under the names Morehomes for the Bay (Investments) Limited and Morehomes for the Bay (Developments) Limited. Members are reminded that two Companies are required to take account of the scope of housing projects previously described. Schemes such as the Canal Quarter will consist of the development and construction of new homes which would be delivered through Morehomes for the Bay (Developments) Limited, with a strong expectation that this would include market sale units. Morehomes for the Bay (Investments) Limited will hold completed residential assets as landlord, either through direct acquisition by the InvestCo or which would be transferred from the DevCo, to be let as rented accommodation.
- 1.4 The Board of Directors being appointed initially are the four existing Executive Team officers. It is envisaged that additional Directors may be identified from external sources so that this achieves the optimum level of knowledge and expertise in terms of development and financial competencies.
- 1.5 It is proposed that a Shareholder Committee will be established whose membership will solely comprise of Cabinet members. The role of the Shareholder Committee is pursuant to the delegations set out in the Shareholder Agreement (attached at **Appendix 1**).
- 1.6 The Articles of Association for the LATCo will set out the regulations for its operational activities, the purpose and scope of activities of the Companies, decision making and voting rights, the appointment of and role of the Directors and operational matters such as frequency of meetings (attached at **Appendix 2**).

2.0 The Shareholder Agreement

- 2.1 This is an agreement between the Council and its Companies which reserves matters (known as Council consent) to the Shareholder Committee which is to conduct its business in accordance with its terms of business which are to be reviewed annually and be approved by Cabinet.
- 2.2 Officers, in consultation with Trowers solicitors, have given consideration to the distinct functions that fall to the Shareholder Committee. These are set out in Schedule 1 of the Shareholder Agreement but are broadly described below:-
- Alter its name or registered office.
 - Change its statutory auditors.
 - Make or permit any material change in the accounting policies or principles adopted by the subsidiaries in the preparation of its accounts.
 - Appoint, remove or dismiss any Director.
 - Employ or dismiss the Managing Director.
 - Acquire any land or assets or enter into any lease provisions providing it does not exceed 10% of value set out in the Business Plan.

- Approve or amend the policies to be applied by the Companies.
- 2.3 Matters relating to borrowing from the Council to the Companies or any other loan provision and financial modelling, increasing the amount of share capital, approval of the Business Plan, changes to the structure of the LATCo and salaries and benefits of staff directly employed will all require approval by Cabinet.
- 2.4 While this report primarily addresses the governance arrangements of the proposed LATCo structure, should it be incorporated, it will need to be able to pay for its own operating costs in order to comply with Teckal and related requirements for a LATCo of this nature. As such, it is proposed that a loan facility of up to £100,000 is offered to the LATCo subject to suitable governance, regulatory and due diligence checks, in order to ensure that it is not reliant on Council support for matters such as insurance, capacity etc and to enable it to bring forward proposals. The type of costs the loan would cover have already been identified in the Business Case and Financial Appraisals, with the repayments being reprofiled into the Financial case. The loan arrangements would seek to ensure that we have a legally appropriate and Teckal compliant mechanism in place to place initial funds into the Companies.
- 2.5 The proposed Governance arrangements detailed elsewhere in this report demonstrate that there is significant control in place regarding the protection of Council interests regarding an inception loan. The repayment term and schedule would seek to balance the financial risk and return for the Council with the inception phase of the LATCo.

3.0 Next steps

- 3.1 Work is currently underway to prepare a Business Plan for the Housing LATCo. This will be presented to Cabinet for approval in due course.
- 3.2 The Business Plan for the Companies will set out the aims and objectives of the Housing LATCo and expected operational activities linking directly to the key housing and regeneration priorities set out in the Council's Homes Strategy 2020-2025 approved by Cabinet in October 2020. In broad terms, this will include the acquisition and retrofitting of properties, purchase of land, development of mixed tenure housing on Council owned land and the management arrangements of homes in exercising a landlord function and fulfilling regulatory requirements.
- 3.3 The Housing LATCo when incorporated will not directly employ its own staff, although this will need to be reviewed periodically. Service Level Agreements will need to be entered into between the Council and the LATCo which will set out the functions and recharges proposed. These are envisaged to include legal and financial support, housing management service, repairs and maintenance and project support.

- 3.4 Policies for the operational management of the LATCo, such as allocations and lettings, debt recovery, rent setting, equality and diversity etc are still be drafted and will be presented to the Shareholder Committee in due course.
- 3.5 The borrowing and on-lending arrangements between the Council and the LATCo for both the working capital and project capital are still to be considered and these will be presented to Cabinet along with the Business Plan in due course.

4.0 Options and Options Analysis (including risk assessment)

<p>Option 1: Approve the report and proposed governance arrangements with Cabinet agreeing to become members of the Shareholder Committee and approve the loan provision to the LATCo.</p>
<p>Advantages: It allows the timely creation of the governance arrangements and scrutiny function that the Council is seeking to provide for the Housing LATCo. It streamlines the decision making process and administrative arrangements. The loan provision will allow the LATCo to become operational and be TECKAL compliant.</p>
<p>Disadvantages: Does create additional responsibilities for Cabinet members and additional administration and support from officers.</p>
<p>Risks: Could give rise to confusion about the role of Cabinet members and the Shareholder Committee.</p>
<p>Option 2: Do not approve the report and consider alternative arrangements.</p>
<p>Advantages: Could remove any confusion/overlap around distinct roles of Cabinet and the Shareholder Committee.</p>
<p>Disadvantages: It will create further delays in getting the Housing LATCo established and fully operational.</p>
<p>Risks: Loss of opportunity/reputational damage if delays are incurred.</p>

4. Officer Preferred Option (and comments)

- 4.1 The officer preferred option is Option 1. If the report is approved, it will allow the LATCo to be set up with appropriate governance arrangements in place. Thus, the Housing LATCo can become fully functional allowing the key housing and regeneration priorities already endorsed by Cabinet to be brought into fruition.



dated

2020

Lancaster City Council

and

Morehomes for the Bay (Investments) Limited

and

Morehomes for the Bay (Developments) Limited

Shareholder Agreement

in respect of Lancaster City Council's companies

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Contents

1	Definitions and Interpretation	1
2	Business	4
3	Conduct of the Company's Affairs	6
4	Covenants	7
6	Termination	7
8	Confidentiality	8
9	Shareholder Committee	10
10	No Partnership	10
11	Contracts (Rights of Third Parties) Act 1999	10
12	Waiver	10
13	Variation	11
14	Invalidity	11
15	Entire Agreement	11
16	Status of this Agreement	11
17	Consents	11
18	Communications	12
19	Counterparts	13
20	Governing Law and Jurisdiction	13
	Schedule 1 – Council Consent Matters	16
	Schedule 2 - First Business Plan	19
	Schedule 3 - Company Covenants	20
	Schedule 4 - Shareholder Committee Terms of Reference	21
	Schedule 5 - Deed of Accession	25

Shareholder Agreement

dated 2021

Parties

- (1) **Lancaster City Council** of Town Hall, Dalton Square, Lancaster, LA1 1PJ (the **Council**);
- (2) **Morehomes for the Bay (Developments) Limited** (company no [REDACTED]) whose registered office is at Town Hall, Dalton Square, Lancaster, LA1 1PJ (the **Development Company**); and
- (3) **Morehomes for the Bay (Investments) Limited** (company no [REDACTED]) whose registered office is at Town Hall, Dalton Square, Lancaster, LA1 1PJ (the **Investment Company**)

Introduction

- (A) The Initial Companies were incorporated in England under the Companies Act 2006 on [REDACTED] and, at the date of this Agreement, 1 Share is in issue of each of the Initial Subsidiaries and both are registered in the name of and is beneficially owned by the Council as their sole shareholder.
- (B) The Initial Companies have been incorporated by the Council pursuant to the general power of competence in the Localism Act 2011 and all other powers thereto enabling.
- (C) This Agreement sets out the terms upon which the Council will participate in the Initial Companies as their sole shareholder.
- (D) Further companies or subsidiaries may execute a Deed of Accession and become parties to this Agreement from time to time.

Agreed Terms

1 Definitions and Interpretation

1.1 In this Agreement:

Articles means the articles of association of the Company;

Business means the business of the Company as set out in clause 2;

Business Day means a day (other than a Saturday or Sunday) on which the banks in the City of London are open for retail business;

Business Plan means the Company's plan for delivery of the Business as set out in Schedule 2 as updated or amended in accordance with this Agreement;

Company means separately each of the Initial Companies and any other corporate body which is wholly owned by (i) the Council or (ii) the Initial Companies and accedes to this Agreement as a Subsidiary in accordance with clause 5;

Council Consent means consent of the Council which shall be granted by (in the case of Council Consent Matters listed in Schedule 1 Part 1) the Cabinet or (in the case of Council Consent Matters listed in Schedule 1 Part 2) the Shareholder Committee in accordance with clause 3.7;

Council Consent Matters means those matters listed in Schedule 1;

Council Representative has the meaning set out in clause 3.8;

Debt Recovery Policy means the policy of the Company in relation to the recovery of debt owed to it by a tenant of a Dwelling as adopted by the Company (and amended from time to time with Council Consent);

Deed of Accession means the deed of accession in substantially the same form as set out at Schedule 5 of this Agreement;

Delegations has the meaning given to it in clause 9.1;

Director means a director of the Company;

Dwelling means any dwelling owned by the Company from time to time;

Environmental Information Regulations means the Environmental Information Regulations 2004;

Finance Documents means the facility, equity subscription and/or other documents and agreements providing funding and/or equity and/or security between the Council and the Investment Company and/or Development Company which have been or are to be entered between the Council and the Investment Company and/or Development Company;

Financial Model means the financial model set out in the Business Plan and initialled by way of identification by the signatories to this Agreement, as amended from time to time with Council Consent;

FOIA means the Freedom of Information Act 2000;

Information has the meaning given to it under section 84 of the FOIA;

Initial Companies means together the Development Company and the Investment Company;

Policies mean the Rent, Allocations and Lettings Policy, Debt Recovery Policy, Remuneration and Expenses Policy and the Property Policies;

Property Policies means the Rent and Lettings Policy, Shared Ownership Policy and the Sales Policy;

Remuneration and Expenses Policy means a policy adopted by the Company (following receipt of Council Consent) and amended from time to time in relation to the remuneration (including salary, bonus, the provision of benefits-in-kind, reimbursement of expenses or otherwise) of employees (if any), officers and consultants;

Rent, Allocations and Lettings Policy means the policy of the Company under which it will allocate, set the rents of and let Dwellings, as adopted by the Company (and amended from time to time in accordance with Council Consent);

Request for Information has the meaning set out in the FOIA or any apparent request for information made under the FOIA or the Environmental Information Regulations;

Sales Policy means the policy of the Company under which it will sell Dwellings, as adopted by the Company (and amended from time to time in accordance with Council Consent);

Shared Ownership Policy means the policy of the Company under which it will grant shared ownership of Dwellings, as adopted by the Company (and amended from time to time in accordance with Council Consent);

Shareholder Committee means the group of Cabinet members of the Council with responsibility for (i) overseeing Company activity, (ii) providing strategic guidance to the Council, and (iii) advising the Council in its capacity as shareholder pursuant to the Delegations;

Shareholder Committee Terms of Reference means the terms of reference set out in Schedule 4;

Shares means the ordinary shares of £1 each in the issued share capital of the Company;

United Kingdom means the geographical area of the United Kingdom of Great Britain and Northern Ireland as at the date of this Agreement.

1.2 A reference to a statutory provision includes a reference to:

1.2.1 a statutory amendment, consolidation or re-enactment (whether before or after the date of this Agreement);

1.2.2 statutory instruments or subordinate legislation (as defined in section 21(1) of the Interpretation Act 1978) or orders made under the statutory provision (whether made before or after the date of this Agreement); and

1.2.3 statutory provisions of which the statutory provision is an amendment, consolidation or re-enactment.

1.3 Reference to:

1.3.1 a person includes a legal or natural person, partnership, trust, company, government or local authority department or other body (whether corporate or unincorporate);

1.3.2 a statutory or regulatory body shall include its successors and any substituted body;

1.3.3 an individual includes, where appropriate, his personal representatives;

1.3.4 the singular includes the plural and vice versa; and

- 1.3.5 one gender includes all genders.
- 1.4 Unless otherwise stated, a reference to a clause or schedule is a reference to a clause or schedule to this Agreement and a reference to this Agreement includes its schedules.
- 1.5 Clause headings in this Agreement are for ease of reference only and do not affect its construction.
- 1.6 In construing this Agreement the so-called ejusdem generis rule does not apply and accordingly the interpretation of general words shall not be restricted by words indicating a particular class or particular examples.
- 1.7 Where a provision of this Agreement imposes an obligation, cost or liability on the Parties, that obligation, cost or liability shall be construed as being against those Parties jointly and severally, and where a provision of this Agreement gives a claim, benefit or right to the Parties, that claim, benefit or right attaches to those Parties jointly.
- 1.8 Where a consent and/or permission is required under this Agreement from one party to the other that consent and/or permission shall not be unreasonably withheld or delayed.
- 1.9 Provisions referring to the "Company" shall apply separately to each of the Development Company, the Investment Company and any other companies that accede to this Agreement by virtue of a Deed of Accession and shall be enforceable by and against each of those entities.

2 **Business**

- 2.1 The Business of the Development Company is:
 - 2.1.1 to purchase land and property predominantly within the Council's administrative area either from the Council or on the open market;
 - 2.1.2 to acquire, develop, construct and/or refurbish residential and other property predominantly within the Council's administrative area which is in accordance with the Property Policies;
 - 2.1.3 securing value through planning permissions and larger scale master planning and design briefs to support site development;
 - 2.1.4 developing the market conditions, procurement and contracting models to drive value and support delivery;
 - 2.1.5 delivering of business and industrial developments
 - 2.1.6 engaging with partners and acting as a member of joint ventures or LLPs;
 - 2.1.7 exploring and securing grants, resources and wider opportunities to increase delivery of housing in the Council's administrative area; and
 - 2.1.8 to operate as a commercial company (for trading or other purposes) and deliver a financial return for the benefit of the Council and/or to fund the Company's future Business activities;

together with any activities reasonably incidental to the above or approved in the Business Plan.

2.2 The Business of the Investment Company is:

2.2.1 to purchase land and property predominantly within the Council's administrative area either from the Council or the Development Company or on the open market;

2.2.2 to carry out refurbishment works on properties;

2.2.3 acting as the holding vehicle for a range of assets, including, without limitation, assets of the Council and its Companies;

2.2.4 management of these assets (either directly or through entering into contracts with others, including the Council) including the delivery of the housing management, landlord responsibilities and fulfilling regulatory requirements;

2.2.5 delivering, owning and/or managing a mix of private residential tenure, including (without limitation):-

(a) private rented;

(b) section 106 affordable housing in line with the planning requirements set out in the Local Plan of the Council;

(c) shared ownership housing in line with the planning requirements set out in the Local Plan and subject to schemes being mortgageable;

2.2.6 to operate as a commercial company (for trading or other purposes) and deliver a financial return for the benefit of the Council and/or to fund the Company's future Business activities;

2.2.7 exploring and securing grants, resources and wider opportunities to increase delivery of housing in the Council's administrative area;

together with any activities reasonably incidental to the above or approved in the Business Plan.

2.3 The draft first Business Plan for each of the Development Company and Investment Company is set out in Schedule 2 to this Agreement. Subject to Council Consent, that first Business Plan along with any subsequent agreed amendments will be adopted for the period stated within it. Before the end of each accounting period (beginning accounting year 2021/2022), the Directors shall (in accordance with this Agreement) consider and, if appropriate, adopt an updated and revised Business Plan in accordance with paragraph 8 of the Shareholder Committee Terms of Reference.

2.4 No adoption, variation or replacement of any Business Plan shall take effect unless such adoption, variation or replacement has been undertaken in accordance with the Shareholder Committee Terms of Reference.

2.5 Upon the Council's request, the Company will provide copies of the Policies to the Council.

2.6 The Company shall not acquire any property or otherwise trade outside of the Council's administrative area without Council Consent.

3 **Conduct of the Company's Affairs**

3.1 Meetings of the Directors shall be held no fewer than four times in every year and at not longer than three monthly intervals.

3.2 With the exception of those matters requiring Council Consent pursuant to clause 3.7, the management of the Company shall be vested in the Directors.

3.3 On the receipt of Council Consent, the Directors may appoint a managing director on such terms as they may think fit, who shall be responsible for the day to day management of the Business within the terms of the Business Plan and this Agreement and perform such duties as may be delegated to them by the Directors. The Directors may only remove such managing director with Council Consent, and appoint a replacement on such terms as they may think fit providing that no such appointment shall be made without Council Consent.

3.4 Without prejudice to the generality of the foregoing, the Directors will determine the general policies of the Company and the manner in which the Business is to be carried out, subject to (a) the Business Plan, (b) those matters requiring Council Consent pursuant to clause 3.7 and (c) any other provisions of this Agreement or any other agreement entered into between the Council and the Company. In particular, the Directors shall exercise all voting rights and other powers of control available to them in relation to the Company so as to procure (in so far as they are able in the exercise of such rights and powers) that, at all times during the term of this Agreement, the Company shall:

3.4.1 carry on and conduct its business and affairs in a proper and efficient manner, for its own benefit and in accordance with both the Business Plan and good business practices; and

3.4.2 transact all its business on arm's length terms, save where the Council has consented to the Company acting otherwise.

3.5 The Company shall not carry out any activity which would render the holding of Shares by the Council unlawful, provided that where a proposed change of law would render such shareholding unlawful the Council will use its reasonable endeavours to take such steps as are necessary to allow it to continue lawfully to hold its Shares.

3.6 If the Company requires any approval, consent or licence for the carrying on of its Business in the manner in which it is from time to time carried on or proposed to be carried on, the Company will obtain and maintain the same in full force and effect.

3.7 The Company shall ensure that none of the Council Consent Matters shall be carried out without the prior consent in writing of the Council.

3.8 The Council shall authorise a Council officer (the **Council Representative**) to notify the Company of the Council's decision on any Council Consent Matter. Notification in writing by the Council Representative to the Company shall be conclusive of a decision of the Council on a Council Consent Matter.

- 3.9 The Company shall permit any Director to discuss the affairs, finances and accounts of the Company with any designated officers of the Council at any time. All books, records, accounts and documents relating to the business and the affairs of the Company shall be open to the inspection of any such person, who shall be entitled to make any copies thereof as he deems appropriate to keep the Council properly informed about the business and affairs of the Company or to protect its interests as shareholder. Any information secured as a consequence of such discussions and examinations shall be kept confidential by the Council in accordance with the terms of clause 8.
- 3.10 The Company agrees with the Council that it will:
- 3.10.1 maintain effective and appropriate control systems in relation to the financial, accounting and record-keeping functions of the Company;
 - 3.10.2 report to the Council's Cabinet via the Shareholder Committee at quarterly intervals (or such periods as the Council may direct) regarding:
 - (a) the Company's progress on the objectives contained in the Business Plan; and
 - (b) any matters which may adversely impact on the Company's performance against the same; and
 - 3.10.3 otherwise keep the Council informed of the progress of the Company's business and affairs and in particular will procure that the Council is given such information and such access to the officers, employees and premises of the Company as it may reasonably require, in accordance with the provisions of clause 7.
- 3.11 The Company shall not breach nor cause the Council to be in breach of the Local Authorities (Companies) Order 1995.

4 **Covenants**

The Company covenants to the Council in as set out in Schedule 3.

5 **Subsidiaries Acceding to this Deed**

Each Subsidiary of the Company (save for the Initial Subsidiaries) will enter into a Deed of Accession and shall have all the rights and obligations as if it were an original party to this Agreement.

6 **Termination**

6.1 This Agreement shall terminate upon:

- 6.1.1 the written agreement of the Council and the Company; or
- 6.1.2 when a resolution is passed by the Council or creditors of the Company, or any order made by a court or other competent body or person instituting a process that shall lead to the Company being wound up and its assets being distributed among the creditors and the Council; or

- 6.1.3 the Company ceasing to carry on its business; or
- 6.1.4 the Company being convicted of a criminal offence and the Council notifying the Company that this Agreement shall be terminated; or
- 6.1.5 the Council as sole shareholder giving not less than ninety (90) days written notice to the Company of the date on which all or part of this Agreement will terminate,

but shall cease and determine in respect of a Company (without prejudice to the Council's accrued rights, obligations or liabilities) upon the Council ceasing to hold Shares in the Company.

7 **Monitoring and Reporting**

- 7.1 The Company shall (so far as practicable and subject always to meeting any obligations under company law) align its accounting practices with the Council.
- 7.2 The Company shall, within 5 Business Days of a written request by the Council to do so, provide the Council and/or the Shareholder Committee with some or all of the following information:
 - 7.2.1 monthly financial reports including management accounts, profit and loss, balance sheet, cash flow and forecast;
 - 7.2.2 unaudited accounts within one month of the end of the Financial Year;
 - 7.2.3 annual audited accounts three months after the end of that Financial Year;
 - 7.2.4 copies of Board meeting minutes;
 - 7.2.5 explanations and data (in the format specified by the Council) needed for its own accounting purposes and to enable production of group accounts; and
 - 7.2.6 any other information reasonably required by the Council.
- 7.3 The Company shall notify the Council and the Shareholder Committee immediately of any matters which may significantly adversely impact on the Company's performance.
- 7.4 The Company must maintain complete and accurate accounting and other financial records giving a true and fair view of the business and affairs of the Company.
- 7.5 The Council and its authorised representative(s) shall have the right, on giving to the Company reasonable notice, and during normal business hours, to inspect the accounts, books and all financial and all other records of the Company.
- 7.6 The accounting reference date for the Company shall be aligned with the Council's accounting reference date in each year.

8 **Confidentiality**

- 8.1 The Council and the Company mutually undertake that they shall not at any time during this agreement disclose to any person any confidential information concerning (as

appropriate) the business, affairs, customers, clients or suppliers of the other party except as permitted by clause 8.2.

8.2 The Council and the Company may disclose each other's confidential information:

8.2.1 to their employees, officers, representatives or advisers who need to know such information for the purposes of exercising the party's rights or carrying out its obligations under or in connection with this agreement. The Council and the Company shall ensure that their employees, officers, representatives or advisers to whom they disclose the other party's confidential information comply with this clause 8; and

8.2.2 as may be required by law, a court of competent jurisdiction or any governmental or regulatory authority.

8.3 The Council and the Company acknowledge that each is subject to the requirements of the FOIA and the Environmental Information Regulations, and shall each facilitate the other's compliance with its Information disclosure requirements pursuant to and in the manner provided for in clauses 8.4 and 8.7.

8.4 If either the Council or the Company (each a **Recipient**, as the case may be) receives a Request for Information in relation to Information that the other is holding and which the Recipient does not hold itself, the Recipient shall refer to the other party such Request for Information as soon as practicable and in any event within five Business Days of receiving a Request for Information, and the other party shall:

8.4.1 provide the Recipient with a copy of all such Information in the form that the Recipient requires as soon as practicable and in any event within ten Business Days (or such other period as the Recipient acting reasonably may specify) of the Recipient's request; and

8.4.2 provide all necessary assistance as reasonably requested by the Recipient to enable the Recipient to respond to a Request for Information within the time for compliance set out in Section 10 of the FOIA or Regulation 5 of the Environmental Information Regulations.

8.5 Following notification under clause 8.4, and up until such time as the other party has provided the Recipient with all the Information specified in clause 8.4, the other party may make representations to the Recipient as to whether or not or on what basis Information requested should be disclosed, and whether further information should reasonably be provided in order to identify and locate the information requested, provided always that the Recipient shall be responsible for determining, at its absolute discretion:

8.5.1 whether Information is exempt from disclosure under the FOIA and the Environmental Information Regulations; and

8.5.2 whether Information is to be disclosed in response to a Request for Information; and

8.5.3 in no event shall the other party respond directly to a Request for Information unless the Request for Information is addressed to it.

8.6 The Council and the Company acknowledge that (notwithstanding the provisions of clause 8.1) the Recipient may, acting in accordance with the Cabinet Office Freedom of Information Code of Practice under part I of the Freedom of Information Act 2000, be obliged under the FOIA or the Environmental Information Regulations to disclose Information concerning the other party:

8.6.1 in certain circumstances without consulting with the other party; or

8.6.2 following consultation with the other party and having taken their views into account.

8.7 The Council and the Company shall each transfer to the other any Request for Information which it receives but is addressed to the other as soon as practicable and in any event within three Business Days of receiving it.

8.8 The Council and the Company acknowledge that any lists provided which list or outline Confidential Information are of indicative value only and that a Recipient may nevertheless be obliged to disclose Confidential Information in accordance with clause 8.6.

9 **Shareholder Committee**

9.1 The Council has, at the date of this Agreement, delegated authority to the Shareholder Committee those matters identified in paragraphs 1.4 and 7 of Schedule 4 (the **Delegations**).

9.2 If and to the extent that the Delegations are withdrawn from the Shareholder Committee then the Council shall notify the Company of any alternative arrangements.

9.3 The Company and the Council shall comply and (the Council shall procure that the Shareholder Committee shall comply) with the Shareholder Committee Terms of Reference.

10 **No Partnership**

Nothing in this Agreement gives rise to a partnership between the Council and the Company or constitutes one as the agent of the other.

11 **Contracts (Rights of Third Parties) Act 1999**

11.1 Unless the right of enforcement is expressly granted, it is not intended that a third party, other than a lawful successor in title or a lawful assignee, should have the right to enforce a provision of this Agreement pursuant to the Contracts (Rights of Third Parties) Act 1999.

11.2 The Council and the Company may rescind or vary this Agreement without the consent of a third party to whom an express right to enforce any of its terms has been provided.

12 **Waiver**

12.1 The rights of each of the Council and the Company in respect of a breach of this Agreement shall not be affected by completing, by rescinding, or failing to rescind, this Agreement, or by failing to exercise, or delaying in exercising, a right or remedy, or by anything else, except a specific authorised written waiver or release. A single or partial

exercise of a right or remedy provided by this Agreement or by law does not prevent its further exercise or the exercise of another right or remedy.

12.2 Waiver of a breach of a term of this Agreement, or of a default under it, does not constitute a waiver of another breach or default nor affect the other terms of this Agreement.

12.3 The rights and remedies provided in this Agreement are cumulative and not exclusive of any other rights or remedies.

13 **Variation**

A purported variation of this Agreement is not effective unless in writing and signed by or on behalf of each of the Council and the Company.

14 **Invalidity**

If a provision of this Agreement is held to be illegal or unenforceable, in whole or in part, under an enactment or rule of law, it shall to that extent be deemed not to form part of this Agreement and the enforceability of the remainder of this Agreement shall not be affected. The Council and the Company agree to negotiate in good faith to agree the terms of a mutually satisfactory provision to be substituted for the provision found to be illegal or unenforceable.

15 **Entire Agreement**

15.1 This Agreement (together with any documents entered into under it or at the same time as it) supersedes all prior understandings and agreements between the Council and the Company (whether written or oral) relating to its subject matter and contains the entire agreement between the Council and the Company relating to its subject matter.

15.2 The Council and the Company each acknowledge that they do not enter into this Agreement on the basis of, and do not rely on, warranties or representations made, or agreed to, by any person (whether a party to this Agreement or not).

15.3 The Council and the Company waive their rights against each other in respect of warranties and representations (whether written or oral) not expressly set out or referred to in this Agreement.

15.4 Nothing in this clause 15 limits or excludes liability for fraud.

16 **Status of this Agreement**

In the event of any ambiguity or discrepancy between the provisions of this Agreement and the Articles, then it is the intention of the Council that the provisions of this Agreement shall prevail. Accordingly, the Company shall take all available steps and do all practicable acts and things as may be necessary or desirable, so as to give effect to the provisions of this Agreement and shall further if necessary procure (insofar as it is able to do so by the exercise of those rights and powers) any required amendment to the Articles.

17 **Consents**

17.1 Consents, notices, approvals or agreements to be given by the Council under this Agreement shall be given in writing.

17.2 Where this Agreement provides that a matter is subject to the consent, approval or Agreement of any party then (except as expressly provided otherwise), it shall be in the absolute discretion of the party concerned as to whether (and if so, on what terms and conditions) the consent, approval or agreement is made.

18 **Communications**

18.1 Any notice or other communication under or in connection with this Agreement shall be in writing and shall be delivered personally or sent by first-class post (and by air mail if overseas) or by facsimile or by email as follows:

18.1.1 if to the Council, to:

Address: Town Hall, Dalton Square, Lancaster, LA1 1PJ

Email: chiefexecutive@lancaster.gov.uk

marked for the attention of: Office of the Chief Executive

18.1.2 if to Morehomes for the Bay (Developments) Limited to:

Address: Town Hall, Dalton Square, Lancaster, LA1 1PJ

Email: jowilkinson@lancaster.gov.uk

marked for the attention of: Head of Housing

18.1.3 if to Morehomes for the Bay (Investments) Limited to:

Address: Town Hall, Dalton Square, Lancaster, LA1 1PJ

Email: jowilkinson@lancaster.gov.uk

marked for the attention of: Head of Housing

or to such other person, address, or fax number or email as the Company or the Council may specify by notice in writing to the other.

18.2 In the absence of evidence of earlier receipt, any notice or other communication shall be deemed to have been duly given:

18.2.1 if delivered personally, when left at the address referred to in clause 18.1;

18.2.2 if sent by mail, other than airmail, two Business Days after posting it;

18.2.3 if sent by email, when sent provided there has been no communication by the recipient to the senders that the email has not been received,

18.2.4 provided always that a notice given in accordance with the above but received on a day which is not a Business Day or after business hours on a Business Day will only be deemed to be given on the next Business Day.

18.3 The original of any notice or other communication by fax shall be forwarded to the recipient(s) but the non-arrival of that original shall not affect the validity of the notice or other communication by fax.

19 **Counterparts**

19.1 This Agreement may be executed in a number of counterparts and by the Council and the Company on different counterparts, but shall not be effective until each party has executed at least one counterpart.

19.2 Each counterpart, when executed, shall be an original, but all the counterparts together constitute the same document.

20 **Governing Law and Jurisdiction**

20.1 This Agreement and the rights and obligations of the Council and the Company shall be governed by and construed in accordance with the laws of England.

20.2 The Council and the Company irrevocably submit to the exclusive jurisdiction of the courts of England in respect of any dispute or claim arising out of or in connection with this Agreement or any of the documents to be executed pursuant to this Agreement or their subject matter or formation (including non-contractual disputes or claims).

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In witness whereof the parties have executed this Agreement as a deed.

The **Common Seal** of)
Lancaster City Council)
was hereunto)
affixed in the presence of:)

.....
Authorised Signatory

executed as a deed by)
Morehomes for the Bay (Developments) Limited)

acting by:)

a director in the presence of:

.....

Director

Witness signature

Name

Address

executed as a deed by)

Morehomes for the Bay (Investments) Limited)

)

acting by:)

a director in the presence of:

Director

Witness signature

Name

Address

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Schedule 1

Council Consent Matters

Part 1 – Cabinet Council Consent matters

- 1 Adopt or amend its Business Plan;
- 2 adopt or amend the Financial Model;
- 3 vary in any respect its articles of association or the rights attaching to any of its shares;
- 4 permit the registration (upon subscription or transfer) of any person as a member of the Company other than the Council in accordance with the terms of this Agreement and/or any permitted transferees;
- 5 increase the amount of its issued share capital except as provided in this Agreement, grant any option or other interest (in the form of convertible securities or in any other form) over or in its share capital, redeem or purchase any of its own shares or effect any other reorganisation of its share capital;
- 6 issue any loan capital or enter into any commitment with any person with respect to the issue of any loan capital;
- 7 make any borrowing other than under the Finance Documents;
- 8 apply for the listing or trading of any shares or debt securities on any stock exchange or market;
- 9 pass any resolution for its winding up or present any petition for its administration (unless it has become insolvent);
- 10 engage in any business other than as contemplated by the Business Plan or defray any monies other than in good faith for the purposes of or in connection with the carrying on of such business;
- 11 form any subsidiary or acquire shares in any other company or participate in any partnership or joint venture (incorporated or not);
- 12 close down any business operation, or dispose of or dilute its interest in any of its subsidiaries for the time being, or dispose of any material asset unless in each case such closure or disposal is expressly contemplated by the Business Plan;
- 13 amalgamate or merge with any other company or business undertaking;
- 14 enter into any transaction or arrangement of any nature whatsoever (including, for the avoidance of doubt, a service contract) with any of its directors or any person who is connected (within the meaning of sections 1122 and 1123 of the Corporation Tax Act 2010) to any of its directors whether or not any other person shall be party to such transaction or arrangement;
- 15 enter into any arrangement, contract or transaction outside the normal course of its business or otherwise than on arm's length terms;

- 16 create or permit to be created any mortgage, charge, encumbrance or other security interest whatsoever on any material asset or its business in whole or in part or any of its shares other than:
 - 16.1 pursuant to the Finance Documents;
 - 16.2 liens arising in the ordinary course of business;
 - 16.3 any charge arising by the operation or purported operation of title retention clauses and in the ordinary course of business;
- 17 change its financial year end
- 18 make any loan (otherwise than by way of deposit with a bank or other institution the normal business of which includes the acceptance of deposits) or grant any credit (other than in the normal course of trading) or give any guarantee (other than in the normal course of trading) or indemnity (other than in the normal course of trading);
- 19 give any guarantee, suretyship or indemnity to secure the liability of any person or assume the obligations of any person outside the scope of its Business Plan;
- 20 factor or assign any of its book debts;
- 21 establish or amend any profit-sharing, share option, bonus or other incentive scheme of any nature for directors, officers or employees;
- 22 agree to remunerate (by payment of salary, bonus, the provision of benefits-in-kind or otherwise) or to increase the remuneration of any employee, officer of or consultant to the Company unless the annual aggregate amount of such remuneration (by payment of salary, bonus, the provision of benefits-in-kind or otherwise) is in accordance with the Company's current Remuneration or Expenses Policy or Business Plan;
- 23 institute, settle or compromise any material legal proceedings (other than debt recovery proceedings in the ordinary course of business, in accordance with the Debt Recovery Policy, or where the value of such claim is reasonably believed by the Company to be less than £50,000 instituted or threatened against it or submit to arbitration or alternative dispute resolution any dispute if the effect of this is that its solvency may be imperilled, or it may require additional funding in order to undertake its Business Plan;
- 24 make any agreement with any revenue or tax authorities or make any claim, disclaimer, election or consent for tax purposes if the effect of this is that its solvency may be imperilled, or it may require additional funding in order to undertake its Business Plan.

Part 2 – Shareholder Committee Council Consent matters

The Company shall not, unless it has Council Consent do some or all of the following:

- 1 Adopt or amend the Policies;
- 2 alter its name or registered office;
- 3 Change its statutory auditors;
- 4 make or permit to be made any material change in the accounting policies and principles adopted by the Company in the preparation of its accounts except as may be required to ensure compliance with relevant accounting standards under the Companies Act 2006 or any other generally accepted accounting principles in the United Kingdom;
- 5 establish or amend any pension scheme or grant any pension rights to any director, officer, employee, former director, officer or employee, or any member of any such person's family;
- 6 appoint (including setting terms of appointment), remove or dismiss any Director;
- 7 employ (including setting terms of employment) or dismiss the managing director;
- 8 acquire any land or assets with a value which would mean that the aggregate value of the land and assets held by it exceeds by 10% of the value set out in the current Business Plan; and
- 9 enter into, as lessor or as lessee, any finance lease which would mean that the aggregate value of such arrangements entered into exceeds by 10% of the value set out in the current Business Plan.

Schedule 2

First Business Plan

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**Schedule 3
Company Covenants**

The Company covenants with the Council as follows:

- 1 Only to acquire land or assets if any such acquisition is in accordance with both the Financial Model and the Business Plan.
- 2 To comply with the Policies.
- 3 To appoint the Council's auditors as its statutory auditors and maintain the Council's financial year end as the Company's financial year end.
- 4 To comply with the terms of this Agreement.

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Schedule 4

Shareholder Committee Terms of Reference

Lancaster City Council - subsidiary group

Shareholder Committee – Terms of Reference

1 Introduction

- 1.1 Morehomes for the Bay (Developments) Limited (**Development Company**) and Morehomes for the Bay (Investments) Limited (**Investment Company**) and any other companies which, by virtue of a Deed of Accession, are party to the Shareholder Agreement (together, the **Companies**) are companies limited by shares which are wholly owned by Lancaster City Council (the **Council**).
- 1.2 The Companies have been established with general commercial objects but shall only carry out the activities in accordance with clause 2 of the Shareholder Agreement.
- 1.3 The Council has reserved certain functions to itself, as shareholder, in the articles of association (the **Articles**) and the shareholder agreement in place between the Council and the Company (the **Shareholder Agreement**). The purpose of these terms of reference, which sit alongside the Articles and the Shareholder Agreement, is to set out the functions which are delegated by the Cabinet of the Council to the Shareholder Committee (the **Committee**) and the terms on which the Committee will operate.

2 Membership

- 2.1 Members of the Committee shall be the then current Council Cabinet members from time to time.
- 2.2 Members of the Committee shall be appointed for a term equal to that member's term appointed as a Cabinet member of the Council. Members of the Committee shall cease to be a member of the Committee at the end of their term as Cabinet member of the Council.
- 2.3 The Chair of the Committee shall be appointed by the Council.

3 Meetings

- 3.1 Meetings of the Committee shall be held at least quarterly, and as frequently as is necessary for it to exercise its delegated functions.
- 3.2 The quorum for Committee meetings shall be 3.
- 3.3 Decisions at meetings shall be made by a majority vote. The Chair of the Committee shall have a casting vote. Decisions may be taken electronically between meetings.
- 3.4 There shall be a representative of the Committee, who is nominated by the Committee to be responsible for notifying the Company of any decisions made by the Committee in relation to the Company. The Committee may nominate the "Council Representative" as such position is appointed under clause 3.8 of the Shareholder Agreement.

- 3.5 The Committee may invite any person (including Council officers, Directors of the Company and third party advisors) to attend meetings of the Committee in an advisory capacity, as the Committee deems appropriate.

4 **Sub-Groups**

4.1 To assist in its functions the Committee may:

4.1.1 establish and consult standing sub-groups, such as might be required in respect of:

- (a) audit and risk;
- (b) ethical practices; and
- (c) nominations and remuneration, and

4.1.2 may establish and consult ad-hoc or task and finish sub-groups in respect of any matter;

4.1.3 may establish and consult stakeholder groups on any particular aspect or the generality of the objects of the trading companies; and

4.1.4 sub-group or stakeholder group may contain such co-opted members, advisors or observers as the Committee sees fit.

5 **Relationship**

The Committee as it considers appropriate in accordance with its responsibilities and functions described above, may report and make formal recommendations to the Leader, directly or to the Cabinet of the Council.

6 **Minutes and reporting**

6.1 Draft minutes of meetings shall be circulated to the Chair of the Committee for approval within ten (10) working days of the meeting.

6.2 Minutes of meetings will be presented to the next Committee meeting and will also be made available to the Council.

6.3 There will be annual reporting to the Council on the activities of the Committee and operation of the Company, in accordance with the responsibilities set out in these Terms of Reference and the Shareholder Agreement.

7 **Responsibilities**

7.1 The Committee shall be responsible for:

7.1.1 the giving of consent in relation to the Council Consent Matters set out in Part 2 of Schedule 1 of the Shareholder Agreement from time to time. For ease of reference, these Council Consent Matters are set out at Appendix 1 to these terms of reference;

- 7.1.2 scrutinising and reviewing the Business Plan prior to the Cabinet's approval of it;
- 7.1.3 monitoring the operations and performance of the Company through the receipt and analysis of reports prepared and presented by officers of the Company in accordance with clause 7 of the Shareholder Agreement;
- 7.1.4 ensuring compliance with the Council's corporate objectives as set out in the Council's corporate plan;
- 7.1.5 receiving internal audit reports from directors and officers of the Company;
- 7.1.6 receiving quarterly borrowing reports for any lending of the Company; and
- 7.1.7 such other matters as decided by the Council from time to time.

8 Business Plan protocol

- 8.1 The Company shall send a revised version of the then current Business Plan to the Committee three (3) months prior to the expiry of the then current Business Plan and invite the Committee to provide comments on the proposed Business Plan.
- 8.2 Each Business Plan shall be substantially in the format of the previous Business Plan (unless otherwise stipulated by the Council).
- 8.3 The Committee shall consider the revised Business Plan at its next scheduled meeting (provided the Committee receives the revised Business Plan with sufficient time to consider the same).
- 8.4 Following the Committee's consideration of the revised Business Plan, the Committee shall respond to the Company with proposed revisions and/or comments and questions to the revised Business Plan.
- 8.5 The Company shall promptly consider the Committee's amendments, questions and/or comments and confirm their acceptance to the same to the Committee as soon as reasonably practicable.
- 8.6 Following such confirmation by the Company, the Committee shall refer the agreed Business Plan to the Council Cabinet for approval. The Company shall promptly respond to any requests, questions and/or comments from the Committee and/or Cabinet throughout the Business Plan approval process set out in this paragraph 8.
- 8.7 Subject to the receipt of Council Consent, before the end of each accounting period, the Directors shall (in accordance with this Agreement and this paragraph 8) consider and, if appropriate, adopt an updated and revised Business Plan for the relevant accounting period. No adoption, variation or replacement of any Business Plan shall take effect unless such adoption, variation or replacement has received Council Consent.
- 8.8 All Parties shall use reasonable endeavours to enable the Company adopt an updated Business Plan by the expiry of each accounting period of the Company, however this shall not fetter the Committee's or the Cabinet's discretion in reviewing the proposed Business Plan. .

8.9 For any period when a proposed Business Plan sent by the Company to the Committee under paragraph 8.1 has not been approved by Council Consent and/or adopted by the Directors in accordance with this paragraph 8:

8.9.1 the relevant existing Business Plan shall continue to be the Business Plan of the Company; and

8.9.2 the Company shall be permitted to re-submit a revised Business Plan in accordance with the provisions of paragraph 8, but always complying with any direction, comment or request raised by the Committee.

9 **Review**

These terms of reference shall be reviewed at least annually, and any amendments shall be approved by the Council Cabinet.

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Schedule 5

Deed of Accession

Deed of Accession

dated [] 20[]

By [Limited] a company incorporated in England and Wales (registered number []) whose registered office is at [] (the **New Subsidiary**) in favour of the persons whose names and addresses are set out in the Schedule to this Deed (the **Continuing Parties**).

Introduction

- (A) This Deed is supplemental to a Shareholders' Agreement dated 20[] between [insert details] (the **Shareholders' Agreement**) and to [insert details of any subsequent Deeds of Accession or Amendment].
- (B) Provision is made in the Shareholder's Agreement for the New Subsidiary to accede as a party thereto as a further Subsidiary and it has agreed to do so.

Agreed terms

- 1 The New Subsidiary confirms that it has been given a copy of the Shareholders' Agreement and covenants with the Continuing Parties to observe, perform and be bound by every provision of the Shareholders' Agreement in the capacity of a Subsidiary with effect from the date of this Deed.
- 2 Unless the context requires otherwise, words and expressions defined in the Shareholders' Agreement shall have the same meanings when used in this Deed.
- 3 This Deed shall be governed by and construed in accordance with English law.
- 4 For the purpose of clause [18] of the Shareholder Agreement all notices served on the New Subsidiary shall be served to:
 - Address: []
 - Email: []
 - marked for the attention of []

This Deed of Accession has been executed as a deed and is delivered and takes effect on the date stated at the beginning of it.

Schedule

- 1 **Lancaster City Council** of Town Hall, Dalton Square, Lancaster, LA1 1PJ;
- 2 **[Morehomes for the Bay (Developments) Limited]** (company no [redacted]) whose registered office is at Town Hall, Dalton Square, Lancaster, LA1 1PJ (the **Development Company**);
- 3 **[Morehomes for the Bay (Investments) Limited]** . (company no [redacted]) whose registered office is at Town Hall, Dalton Square, Lancaster, LA1 1PJ(the **Investment Company**);

[Insert names and addresses of Continuing Parties]

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Articles of association

of

Morehomes for the Bay (Developments) Limited

Morehomes for the Bay (Investments) Limited

Trowers & Hamlins LLP
3 Bunhill Row
London
EC1Y 8YZ
t +44 (0)20 7423 8000
f +44 (0)20 7423 8001
www.trowers.com

trowers & hamlins

[Type here]

Company number: [REDACTED]

Private company limited by shares

Articles of association

of

Morehomes for the Bay (Developments) Limited

Morehomes for the Bay (Investments) Limited

1 **Model articles not to apply**

The model articles of association for private companies limited by shares contained in Schedule 1 to the Companies (Model Articles) Regulations 2008, as amended prior to the date of adoption of these Articles shall not apply to the company. References to **the articles** shall be to the following articles of association as amended from time.

2 **Defined terms**

In the articles, unless the context requires otherwise:

bankruptcy includes individual insolvency proceedings in a jurisdiction other than England and Wales or Northern Ireland which have an effect similar to that of bankruptcy;

board means the board of directors of the company from time to time;

chairman has the meaning given in article 14;

chairman of the meeting has the meaning given in article 46;

Companies Acts means the Companies Acts (as defined in section 2 of the Companies Act 2006), in so far as they apply to the company;

director means a director of the company, and includes any person occupying the position of director, by whatever name called;

distribution recipient has the meaning given in article 38;

document includes, unless otherwise specified, any document sent or supplied in electronic form;

electronic form has the meaning given in section 1168 of the Companies Act 2006;

[Type here]

fully paid in relation to a share, means that the nominal value and any premium to be paid to the company in respect of that share have been paid to the company;

hard copy form has the meaning given in section 1168 of the Companies Act 2006;

holder in relation to shares means the person whose name is entered in the register of members as the holder of the shares;

instrument means a document in hard copy form;

ordinary resolution has the meaning given in section 282 of the Companies Act 2006;

paid means paid or credited as paid;

Parent means Lancaster City Council or any successor body thereto;

participate, in relation to a directors' meeting, has the meaning given in article 12;

proxy notice has the meaning given in article 52;

shareholder means a person who is the holder of a share;

shares means shares in the company;

special resolution has the meaning given in section 283 of the Companies Act 2006;

subsidiary has the meaning given in section 1159 of the Companies Act 2006;

transmittee means a person entitled to a share by reason of the death or bankruptcy of a shareholder or otherwise by operation of law; and

writing means the representation or reproduction of words, symbols or other information in a visible form by any method or combination of methods, whether sent or supplied in electronic form or otherwise.

Unless the context otherwise requires, other words or expressions contained in these articles bear the same meaning as in the Companies Act 2006 as in force on the date when these articles become binding on the company.

3 **Liability of members**

The liability of the members is limited to the amount, if any, unpaid on the shares held by them.

4 **Objects clause**

The company's objects are unrestricted.

5 **Directors' general authority**

Subject to the articles, the directors are responsible for the management of the company's business, for which purpose they may exercise all the powers of the company.

[Type here]

6 Shareholder's reserve power

6.1 The shareholder may, by special resolution, direct the directors to take, or refrain from taking, specified action.

6.2 No such special resolution invalidates anything which the directors have done before the passing of the resolution.

7 Directors may delegate

7.1 Subject to the articles, the directors may delegate any of the powers which are conferred on them under the articles:

7.1.1 to such person or committee;

7.1.2 by such means (including by power of attorney);

7.1.3 to such an extent;

7.1.4 in relation to such matters or territories; and

7.1.5 on such terms and conditions;

as they think fit.

7.2 If the directors so specify, any such delegation may authorise further delegation of the directors' powers by any person to whom they are delegated.

7.3 The directors may revoke any delegation in whole or part, or alter its terms and conditions.

8 Committees

8.1 Committees to which the directors delegate any of their powers must follow procedures which are based as far as they are applicable on those provisions of the articles which govern the taking of decisions by directors.

8.2 The directors may make rules of procedure for all or any committees, which prevail over rules derived from the articles if they are not consistent with them.

9 Directors to take decisions collectively

9.1 The general rule about decision-making by directors is that any decision of the directors must be either a majority decision at a meeting or a decision taken in accordance with article 10.

9.2 If:

9.2.1 the company only has one director; and

9.2.2 no provision of the articles requires it to have more than one director,

the general rule does not apply, and the director may take decisions without regard to any of the provisions of the articles relating to directors' decision-making.

[Type here]

10 Unanimous decisions

10.1 A decision of the directors is taken in accordance with this article when all eligible directors indicate to each other by any means that they share a common view on a matter.

10.2 Such a decision may take the form of a resolution in writing, which may consist of several copies each signed by one or more eligible directors or to which the eligible directors have otherwise indicated agreement in writing.

10.3 References in this article to eligible directors are to directors who would have been entitled to vote on the matter had it been proposed as a resolution at a directors' meeting.

10.4 A decision may not be taken in accordance with this article if the eligible directors would not have formed a quorum at such a meeting.

11 Calling a directors' meeting

11.1 Any director may call a directors' meeting by giving notice of the meeting to the directors or by authorising the company secretary (if any) to give such notice.

11.2 Notice of any directors' meeting must indicate:

11.2.1 its proposed date and time;

11.2.2 where it is to take place; and

11.2.3 if it is anticipated that directors participating in the meeting will not be in the same place, how it is proposed that they should communicate with each other during the meeting.

11.3 Notice of a directors' meeting must be given to each director, but need not be in writing.

11.4 Notice of a directors' meeting need not be given to directors who waive their entitlement to notice of that meeting. A director may waive the requirement that notice of a meeting of the directors or of a committee of the directors be given to him at any time before or after the date on which the meeting is held by notifying the company to that effect. Where a director gives such notice after the meeting has been held, that does not affect the validity of the meeting, or of any business conducted at it.

12 Participation in directors' meetings

12.1 Subject to the articles, directors participate in a directors' meeting, or part of a directors' meeting, when:

12.1.1 the meeting has been called and takes place in accordance with the articles, and

12.1.2 they can each communicate to the others any information or opinions they have on any particular item of the business of the meeting.

12.2 In determining whether directors are participating in a directors' meeting, it is irrelevant where any director is or how they communicate with each other.

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12.3 If all the directors participating in a meeting are not in the same place, the meeting shall be deemed to take place where the largest group of those participating is assembled or, if there is no such group, where the chairman of the meeting is.

13 Quorum for directors' meetings

13.1 At a directors' meeting, unless a quorum is participating, no proposal is to be voted on, except a proposal to call another meeting.

13.2 The quorum for the transaction of business of the directors shall be three (3) unless the number of directors is fewer than three in which case the quorum shall be all directors of the company.

13.3 If the total number of directors for the time being is less than the quorum required, the directors must not take any decision other than a decision to request that the Parent appoints such number of further directors as are required to make up the board under article 21.

14 Chairing of directors' meetings

14.1 The board shall appoint a director to chair the directors' meetings.

14.2 The person so appointed for the time being is known as the chairman.

14.3 The Parent may require the directors to terminate the chairman's appointment at any time upon giving written notice to the company.

14.4 If the chairman is not participating in a directors' meeting within ten minutes of the time at which it was to start, the participating directors must appoint one of themselves to chair it.

15 Casting vote

15.1 If the numbers of votes for and against a proposal are equal, the chairman or other director chairing the meeting has a casting vote.

15.2 But this does not apply if, in accordance with the articles, the chairman or other director is not to be counted as participating in the decision-making process for quorum or voting purposes.

16 Conflicts of interest

16.1 If a proposed decision of the directors is concerned with an actual or proposed transaction or arrangement with the company in which a director is interested, then provided that the director has disclosed his interest in such actual or proposed transaction or arrangement with the company in accordance with the Companies Acts or the provisions of these articles and received authorisation in accordance with articles 17.1 and 17.4, he may be counted as participating in the decision-making process for quorum and voting purposes in respect of any such matter in which the director is in any way interested, and shall not, save as otherwise agreed, be accountable to the company for any benefit which he derives under or in consequence of any such transaction or arrangement.

16.2 For the purposes of this article, references to proposed decisions and decision-making processes include any directors' meeting or part of a directors' meeting.

[Type here]

16.3 Subject to article 16.4, if a question arises at a meeting of directors or of a committee of directors as to the right of a director to participate in the meeting (or part of the meeting) for voting or quorum purposes, the question may, before the conclusion of the meeting, be referred to the chairman whose ruling in relation to any director other than the chairman is to be final and conclusive.

16.4 If any question as to the right to participate in the meeting (or part of the meeting) should arise in respect of the chairman, the question is to be decided by a decision of the directors at that meeting, for which purpose the chairman is not to be counted as participating in the meeting (or that part of the meeting) for voting or quorum purposes.

17 **Authorisation of directors' conflicts of interest**

17.1 For the purposes of section 175 of the Companies Act 2006, as amended, consolidated or re-enacted from time to time, the directors shall have the power to authorise any relationship, situation or other matter which would or might otherwise constitute or give rise to a breach by a director of the duty to avoid conflicts of interest set out in that section of the Companies Act 2006 (a **Conflict Situation**). Any reference in these articles to a conflict of interest includes a conflict of interest and duty and a conflict of duties.

17.2 For the purposes of sections 175 and 180(4) of the Companies Act 2006 and for all other purposes, it is acknowledged that a director may be or become subject to a Conflict Situation or Conflict Situations as a result of his also being or having been (or being party to an agreement or arrangement or understanding or circumstances under which he may become) an employee, director, trustee, member, partner, officer or representative of, or a consultant to, or a direct or indirect investor in and/or otherwise involved with or interested in, any of the Parent, the company, its subsidiaries, any of its holding companies or any subsidiary of any of its holding companies (as such terms are defined in section 1159 of the Companies Act 2006) or any of its shareholders.

17.3 No director shall be in breach of the duty to avoid conflicts of interest in section 175 of the Companies Act 2006 as a result of, and no authorisation is required in respect of, any Conflict Situation envisaged by article 17.2 having arisen or existing in relation to him.

17.4 Authorisation of a matter under this article 17 shall be effective only if:

17.4.1 the matter in question shall have been proposed in writing for consideration by the directors, or in such other manner as the directors may determine;

17.4.2 any requirement as to the quorum at the meeting of the directors at which the matter is considered is met without counting the director in question and any other interested director (together, the **interested directors**); and

17.4.3 the matter was agreed to without the interested directors voting or would have been agreed to if the votes of the interested directors had not been counted.

17.5 Unless otherwise determined by the directors (excluding the interested directors), any authorisation of a matter under this article 17 shall extend to any actual or potential conflict of interest which may reasonably be expected to arise out of the matter so authorised.

17.6 Any authorisation of a matter under this article 17 shall be on such terms and/or conditions as the directors (excluding the interested directors) may determine, whether at the time

[Type here]

such authorisation is given or subsequently and may be varied or terminated by the directors (excluding the interested directors) at any time. Such terms or conditions may include (without limitation) terms and conditions as to the duration, renewal and/or revocation of the authorisation, and/or the exclusion of the interested directors from all information and discussion of the matter in question. A director shall comply with any obligations imposed on him by the directors (excluding the interested directors) pursuant to any such authorisation.

17.7 If a director receives or has received any information otherwise than by virtue of his position as a director of the company and in respect of which he owes a duty of confidentiality to another person, the director is under no obligation to:

17.7.1 disclose any such information to the company, the directors or any other director or employee of the company; or

17.7.2 use or apply any such information in connection with the performance of his duties as a director;

provided that to the extent that such duty of confidentiality arises out of a situation or relationship which would or might otherwise constitute or give rise to a breach by the director of the duty to avoid conflicts of interest set out in section 175 of the Companies Act 2006, this article 17.7 shall apply only if such situation or relationship has been authorised by the directors under this article 17.

17.8 A director shall not, save as otherwise agreed by him, be accountable to the company for any benefit which he (or a person connected with him) derives from any matter authorised by the directors under this article and any contract, transaction or arrangement relating thereto shall not be liable to be avoided on the grounds of any such benefit.

18 **Records of decisions to be kept**

18.1 The directors must ensure that the company keeps a record, in writing, for at least 10 years from the date of the meeting, appointment and/or decision recorded (as applicable), of:

18.1.1 all proceedings at meetings of the directors and of committees of the board including the names of the directors present at each such meeting;

18.1.2 all appointments of officers made by the board; and

18.1.3 every unanimous or majority decision taken by the directors.

19 **Directors' discretion to make further rules**

Subject to the articles, the directors may make any rule which they think fit about how they take decisions, and about how such rules are to be recorded or communicated to directors.

20 **The board**

Unless otherwise determined by ordinary resolution, the number of directors is not subject to any maximum and the minimum number is one.

[Type here]

21 Appointment and removal of directors

21.1 Notwithstanding any other provision of these articles, the Parent may at any time and from time to time:

21.1.1 appoint any person to be a director (provided that any such appointment does not cause the number of directors to exceed a number fixed by or in accordance with these articles as the maximum number of directors); and/or

21.1.2 remove any director from office.

21.2 Every such appointment or removal shall be effected by notice in writing to the company and shall take effect immediately (or on such later date, if any, specified in the notice). Any such notice of appointment or removal may consist of several documents in similar form, each signed by or on behalf of one or more holders.

21.3 In any case where, as a result of bankruptcy, the company has no shareholders and no directors, the trustee in bankruptcy or other transmittee(s) of the last shareholder to have a bankruptcy order made against him has the right, by notice in writing, to appoint a natural person (including himself) who is willing to act and is permitted to do so to be a director.

22 Termination of director's appointment

A person shall be ineligible for appointment to the board and if already appointed ceases to be a director as soon as:

22.1 that person ceases to be a director by virtue of any provision of the Companies Act 2006 or is prohibited from being a director by law;

22.2 that person has for more than six consecutive months been absent without permission of the directors from meetings of directors held during that period and the directors resolve that person's office be vacated;

22.3 a bankruptcy order is made against that person;

22.4 a composition is made with that person's creditors generally in satisfaction of that person's debts;

22.5 a registered medical practitioner who is treating that person gives a written opinion to the company stating that that person has become physically or mentally incapable of acting as a director and may remain so for more than three months;

22.6 notification is received by the company from the director that the director is resigning from office, and such resignation has taken effect in accordance with its terms;

22.7 that person is an employee of any shareholder in the company and ceases to be employed as such for any reason;

22.8 that person is removed by the Parent by a notice in writing to the company; or

22.9 that person is or becomes a person disqualified from elected membership of a local authority.

[Type here]

23 **Directors' remuneration**

Directors may undertake any services for the company that the directors decide and be remunerated in accordance with the company's policy thereby **provided that** no sum shall be paid to a director who is an elected member of the Parent.

24 **Directors' expenses**

The company may pay any reasonable expenses which the directors properly incur in connection with their attendance at:

24.1 meetings of directors or committees of directors;

24.2 general meetings; or

24.3 separate meetings of the holders of any class of shares or of debentures of the company, or otherwise in connection with the exercise of their powers and the discharge of their responsibilities in relation to the company **provided that** no sum shall be paid to a director who is an elected member of the Council.

25 **Company secretary**

The directors may appoint a company secretary for such term, at such remuneration and upon such conditions as they think fit. Any company secretary may be removed or replaced by the directors.

26 **Nil- or partly-paid shares permitted**

If the company at any time has nil or partly-paid shares in issue, articles 52 to 62 (inclusive) of the model articles of association for public companies contained in Schedule 3 to the Companies (Model Articles) Regulations 2008, as amended prior to the date of adoption of these articles, shall apply to the company and form part of these articles as if the text of such provisions was set out in full in these articles.

27 **Allotment of shares**

27.1 Save as authorised from time to time by an ordinary resolution of the shareholders, the directors shall not exercise any power to allot shares or to grant rights to subscribe for, or to convert any security into, any shares in the company.

27.2 Sections 561 and 562 of the Companies Act 2006 shall not apply to any allotment of equity securities (as defined in section 560 of the Companies Act 2006) by the company.

28 **Powers to issue different classes of share**

28.1 Subject to the articles, but without prejudice to the rights attached to any existing share, the company may issue shares with such rights or restrictions as may be determined by ordinary resolution.

28.2 The company may issue shares which are to be redeemed, or are liable to be redeemed at the option of the company or the holder, and the directors may determine the terms, conditions and manner of redemption of any such shares.

[Type here]

29 **Company not bound by less than absolute interests**

Except as required by law, no person is to be recognised by the company as holding any share upon any trust, and except as otherwise required by law or the articles, the company is not in any way to be bound by or recognise any interest in a share other than the holder's absolute ownership of it and all the rights attaching to it.

30 **Share certificates**

30.1 The company must issue each shareholder, free of charge, with one or more certificates in respect of the shares which that shareholder holds.

30.2 Every certificate must specify:

30.2.1 in respect of how many shares, of what class, it is issued;

30.2.2 the nominal value of those shares;

30.2.3 the amount paid up on the shares to which it relates; and

30.2.4 any distinguishing numbers assigned to them.

30.3 No certificate may be issued in respect of shares of more than one class.

30.4 If more than one person holds a share, only one certificate may be issued in respect of it.

30.5 Certificates must:

30.5.1 have affixed to them the company's common seal, or

30.5.2 be otherwise executed in accordance with the Companies Acts.

31 **Replacement share certificates**

31.1 If a certificate issued in respect of a shareholder's shares is:

31.1.1 damaged or defaced; or

31.1.2 said to be lost, stolen or destroyed,

that shareholder is entitled to be issued with a replacement certificate in respect of the same shares.

31.2 A shareholder exercising the right to be issued with such a replacement certificate:

31.2.1 may at the same time exercise the right to be issued with a single certificate or separate certificates;

31.2.2 must return the certificate which is to be replaced to the company if it is damaged or defaced; and

31.2.3 must comply with such conditions as to evidence, indemnity and the payment of a reasonable fee as the directors decide.

[Type here]

32 Share transfers

32.1 Shares may be transferred by means of an instrument of transfer in any usual form or any other form approved by the directors, which is executed by or on behalf of the transferor.

32.2 The instrument of transfer of any share taken on formation of the company by a subscriber to the company's memorandum of association need not be executed by or on behalf of the transferee even where the share is not fully paid.

32.3 No fee may be charged for registering any instrument of transfer or other document relating to or affecting the title to any share.

32.4 The company may retain any instrument of transfer which is registered.

32.5 The transferor remains the holder of a share until the transferee's name is entered in the register of members as holder of it.

32.6 The directors may refuse to register the transfer of a share, and if they do so, the instrument of transfer must be returned to the transferee with the notice of refusal unless they suspect that the proposed transfer may be fraudulent.

33 Transmission of shares

33.1 If title to a share passes to a transferee, the company may only recognise the transferee as having any title to that share.

33.2 A transferee who produces such evidence of entitlement to shares as the directors may properly require:

33.2.1 may, subject to the articles, choose either to become the holder of those shares or to have them transferred to another person; and

33.2.2 subject to the articles, and pending any transfer of the shares to another person, has the same rights as the holder had.

33.3 But transferees do not have the right to attend or vote at a general meeting, or agree to a proposed written resolution, in respect of shares to which they are entitled, by reason of the holder's death or bankruptcy or otherwise, unless they become the holders of those shares.

34 Exercise of transferees' rights

34.1 Transferees who wish to become the holders of shares to which they have become entitled must notify the company in writing of that wish.

34.2 If the transferee wishes to have a share transferred to another person, the transferee must execute an instrument of transfer in respect of it.

34.3 Any transfer made or executed under this article is to be treated as if it were made or executed by the person from whom the transferee has derived rights in respect of the share, and as if the event which gave rise to the transmission had not occurred.

[Type here]

35 Transmittees bound by prior notices

If a notice is given to a shareholder in respect of shares and a transmittee is entitled to those shares, the transmittee is bound by the notice if it was given to the shareholder before the transmittee's name has been entered in the register of members.

36 Procedure for declaring dividends

36.1 The company may by ordinary resolution declare dividends, and the directors may decide to pay interim dividends.

36.2 A dividend must not be declared unless the directors have made a recommendation as to its amount. Such a dividend must not exceed the amount recommended by the directors.

36.3 No dividend may be declared or paid unless it is in accordance with shareholders' respective rights.

36.4 Unless the shareholders' resolution to declare or directors' decision to pay a dividend, or the terms on which shares are issued, specify otherwise, it must be paid by reference to each shareholder's holding of shares on the date of the resolution or decision to declare or pay it.

36.5 If the company's share capital is divided into different classes, no interim dividend may be paid on shares carrying deferred or non-preferred rights if, at the time of payment, any preferential dividend is in arrears.

36.6 The directors may pay at intervals any dividend payable at a fixed rate if it appears to them that the profits available for distribution justify the payment.

36.7 If the directors act in good faith, they do not incur any liability to the holders of shares conferring preferred rights for any loss they may suffer by the lawful payment of an interim dividend on shares with deferred or non-preferred rights.

37 Calculation of dividends

Except as otherwise provided by these articles or the rights attached to shares, all dividends must be:

37.1 declared and paid according to the amounts paid up on the shares on which the dividend is paid; and

37.2 apportioned and paid proportionately to the amounts paid up on the shares during any portion or portions of the period in respect of which the dividend is paid.

If any share is issued on terms providing that it ranks for dividend as from a particular date, that share ranks for dividend accordingly. For the purposes of calculating dividends, no account is to be taken of any amount which has been paid up on a share in advance of the due date for payment of that amount.

38 Payment of dividends and other distributions

38.1 Where a dividend or other sum which is a distribution is payable in respect of a share, it must be paid by one or more of the following means:

[Type here]

- 38.1.1 transfer to a bank or building society account specified by the distribution recipient either in writing or as the directors may otherwise decide;
- 38.1.2 sending a cheque made payable to the distribution recipient by post to the distribution recipient at the distribution recipient's registered address (if the distribution recipient is a holder of the share), or (in any other case) to an address specified by the distribution recipient either in writing or as the directors may otherwise decide;
- 38.1.3 sending a cheque made payable to such person by post to such person at such address as the distribution recipient has specified either in writing or as the directors may otherwise decide; or
- 38.1.4 any other means of payment as the directors agree with the distribution recipient either in writing or by such other means as the directors decide.

38.2 In these articles, the **distribution recipient** means, in respect of a share in respect of which a dividend or other sum is payable:

- 38.2.1 the holder of the share; or
- 38.2.2 if the share has two or more joint holders, whichever of them is named first in the register of members; or
- 38.2.3 if the holder is no longer entitled to the share by reason of death or bankruptcy, or otherwise by operation of law, the transmittee.

39 **No interest on distributions**

The company may not pay interest on any dividend or other sum payable in respect of a share unless otherwise provided by:

- 39.1 the terms on which the share was issued, or
- 39.2 the provisions of another agreement between the holder of that share and the company.

40 **Unclaimed distributions**

40.1 All dividends or other sums which are:

- 40.1.1 payable in respect of shares; and
- 40.1.2 unclaimed after having been declared or become payable,

may be invested or otherwise made use of by the directors for the benefit of the company until claimed.

40.2 The payment of any such dividend or other sum into a separate account does not make the company a trustee in respect of it.

40.3 If:

[Type here]

40.3.1 twelve years have passed from the date on which a dividend or other sum became due for payment; and

40.3.2 the distribution recipient has not claimed it,

the distribution recipient is no longer entitled to that dividend or other sum and it ceases to remain owing by the company.

41 **Non-cash distributions**

41.1 Subject to the terms of issue of the share in question, the company may, by ordinary resolution on the recommendation of the directors, decide to pay all or part of a dividend or other distribution payable in respect of a share by transferring non-cash assets of equivalent value (including, without limitation, shares or other securities in any company).

41.2 For the purposes of paying a non-cash distribution, the directors may make whatever arrangements they think fit, including, where any difficulty arises regarding the distribution:

41.2.1 fixing the value of any assets;

41.2.2 paying cash to any distribution recipient on the basis of that value in order to adjust the rights of recipients; and

41.2.3 vesting any assets in trustees.

42 **Waiver of distributions**

Distribution recipients may waive their entitlement to a dividend or other distribution payable in respect of a share by giving the company notice in writing to that effect, but if:

42.1 the share has more than one holder; or

42.2 more than one person is entitled to the share, whether by reason of the death or bankruptcy of one or more joint holders, or otherwise,

the notice is not effective unless it is expressed to be given, and signed, by all the holders or persons otherwise entitled to the share.

43 **Authority to capitalise and appropriation of capitalised sums**

43.1 Subject to the articles, the directors may, if they are so authorised by an ordinary resolution:

43.1.1 decide to capitalise any profits of the company (whether or not they are available for distribution) which are not required for paying a preferential dividend, or any sum standing to the credit of the company's share premium account or capital redemption reserve; and

43.1.2 appropriate any sum which they so decide to capitalise (a capitalised sum) to the persons who would have been entitled to it if it were distributed by way of dividend (the persons entitled) and in the same proportions.

43.2 Capitalised sums must be applied:

[Type here]

43.2.1 on behalf of the persons entitled; and

43.2.2 in the same proportions as a dividend would have been distributed to them.

43.3 Any capitalised sum may be applied in paying up new shares of a nominal amount equal to the capitalised sum which are then allotted credited as fully paid to the persons entitled or as they may direct.

43.4 A capitalised sum which was appropriated from profits available for distribution may be applied in or towards:

43.4.1 paying up new debentures of the company which are then allotted credited as fully paid to the persons entitled or as they may direct;

43.4.2 paying up any amounts unpaid on existing shares held by the persons entitled.

43.5 Subject to the articles the directors may:

43.5.1 apply capitalised sums in accordance with articles 43.3 and 43.4 partly in one way and partly in another;

43.5.2 make such arrangements as they think fit to deal with shares or debentures becoming distributable in fractions under this article (including the issuing of fractional certificates or the making of cash payments); and

43.5.3 authorise any person to enter into an agreement with the company on behalf of all the persons entitled which is binding on them in respect of the allotment of shares and debentures to them under this article.

44 **Attendance and speaking at general meetings**

44.1 A person is able to exercise the right to speak at a general meeting when that person is in a position to communicate to all those attending the meeting, during the meeting, any information or opinions which that person has on the business of the meeting.

44.2 A person is able to exercise the right to vote at a general meeting when:

44.2.1 that person is able to vote, during the meeting, on resolutions put to the vote at the meeting, and

44.2.2 that person's vote can be taken into account in determining whether or not such resolutions are passed at the same time as the votes of all the other persons attending the meeting.

44.3 The directors may make whatever arrangements they consider appropriate to enable those attending a general meeting to exercise their rights to speak or vote at it.

44.4 In determining attendance at a general meeting, it is immaterial whether any two or more members attending it are in the same place as each other.

44.5 Two or more persons who are not in the same place as each other attend a general meeting if their circumstances are such that if they have (or were to have) rights to speak and vote at that meeting, they are (or would be) able to exercise them.

[Type here]

45 **Quorum for general meetings**

No business other than the appointment of the chairman of the meeting is to be transacted at a general meeting if the persons attending it do not constitute a quorum. A duly appointed representative of the Parent shall constitute a quorum.

46 **Chairing general meetings**

46.1 If the directors have appointed a chairman, the chairman shall chair general meetings if present and willing to do so.

46.2 If the directors have not appointed a chairman, or if the chairman is unwilling to chair the meeting or is not present within ten minutes of the time at which a meeting was due to start:

46.2.1 the directors present; or

46.2.2 (if no directors are present), the meeting,

must appoint a director or shareholder to chair the meeting, and the appointment of the chairman of the meeting must be the first business of the meeting.

46.3 The person chairing a meeting in accordance with this article is referred to as **the chairman of the meeting**.

47 **Attendance and speaking by directors and non-shareholders**

47.1 Directors may attend and speak at general meetings, whether or not they are shareholders.

47.2 The chairman of the meeting may permit other persons who are not:

47.2.1 shareholders of the company; or

47.2.2 otherwise entitled to exercise the rights of shareholders in relation to general meetings,

to attend and speak at a general meeting.

48 **Adjournment**

48.1 If the persons attending a general meeting within half an hour of the time at which the meeting was due to start do not constitute a quorum, or if during a meeting a quorum ceases to be present, the chairman of the meeting must adjourn it.

48.2 The chairman of the meeting may adjourn a general meeting at which a quorum is present if:

48.2.1 the meeting consents to an adjournment; or

48.2.2 it appears to the chairman of the meeting that an adjournment is necessary to protect the safety of any person attending the meeting or ensure that the business of the meeting is conducted in an orderly manner.

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48.3 The chairman of the meeting must adjourn a general meeting if directed to do so by the meeting.

48.4 When adjourning a general meeting, the chairman of the meeting must:

48.4.1 either specify the time and place to which it is adjourned or state that it is to continue at a time and place to be fixed by the directors; and

48.4.2 have regard to any directions as to the time and place of any adjournment which have been given by the meeting.

48.5 If a general meeting is adjourned, then notice of the time and place to which it is adjourned shall be given:

48.5.1 to the same persons to whom notice of the company's general meetings is required to be given; and

48.5.2 containing the same information which such notice is required to contain.

48.6 No business may be transacted at an adjourned general meeting which could not properly have been transacted at the meeting if the adjournment had not taken place.

49 **Voting: general**

A resolution put to the vote of a general meeting must be decided on a show of hands unless a poll is duly demanded in accordance with the articles.

50 **Errors and disputes**

50.1 No objection may be raised to the qualification of any person voting at a general meeting except at the meeting or adjourned meeting at which the vote objected to is tendered, and every vote not disallowed at the meeting is valid.

50.2 Any such objection must be referred to the chairman of the meeting, whose decision is final.

51 **Poll votes**

51.1 A poll on a resolution may be demanded:

51.1.1 in advance of the general meeting where it is to be put to the vote, or

51.1.2 at a general meeting, either before a show of hands on that resolution or immediately after the result of a show of hands on that resolution is declared.

51.2 A poll may be demanded by:

51.2.1 the chairman of the meeting;

51.2.2 the directors;

51.2.3 any member (present in person or by proxy) having the right to attend and vote at the meeting or by a duly authorised representative of a corporation.

[Type here]

51.2.4 A demand for a poll may, before the poll is taken, be withdrawn. A demand so withdrawn shall not invalidate the result of a vote on a show of hands declared before the demand was made.

51.3 Polls must be taken immediately and in such manner as the chairman of the meeting directs.

52 **Content of proxy notices**

52.1 Proxies may only validly be appointed by a notice in writing (a **proxy notice**) which:

52.1.1 states the name and address of the shareholder appointing the proxy;

52.1.2 identifies the person appointed to be that shareholder's proxy and the general meeting in relation to which that person is appointed;

52.1.3 is signed by or on behalf of the shareholder appointing the proxy, or is authenticated in such manner as the directors may determine; and

52.1.4 is delivered to the company in accordance with the articles and any instructions contained in the notice of the general meeting to which they relate.

52.2 The company may require proxy notices to be delivered in a particular form, and may specify different forms for different purposes.

52.3 Proxy notices may specify how the proxy appointed under them is to vote (or that the proxy is to abstain from voting) on one or more resolutions.

52.4 Unless a proxy notice indicates otherwise, it must be treated as:

52.4.1 allowing the person appointed under it as a proxy discretion as to how to vote on any ancillary or procedural resolutions put to the meeting; and

52.4.2 appointing that person as a proxy in relation to any adjournment of the general meeting to which it relates as well as the meeting itself.

53 **Delivery of proxy notices**

53.1 A person who is entitled to attend, speak or vote (either on a show of hands or on a poll) at a general meeting remains so entitled in respect of that meeting or any adjournment of it, even though a valid proxy notice has been delivered to the company by or on behalf of that person.

53.2 An appointment under a proxy notice may be revoked by delivering to the company a notice in writing given by or on behalf of the person by whom or on whose behalf the proxy notice was given.

53.3 A notice revoking a proxy appointment only takes effect if it is delivered before the start of the meeting or adjourned meeting to which it relates.

53.4 If a proxy notice is not executed by the person appointing the proxy, it must be accompanied by written evidence of the authority of the person who executed it to execute it on the appointor's behalf.

[Type here]

54 **Proxies and corporate representatives**

The failure of any proxy or corporate representative to vote in accordance with any instructions given by the member by whom such proxy or corporate representative is appointed shall not invalidate the result of any vote in which the proxy or corporate representative has participated and the company and the directors shall be under no duty to enquire as to the instructions given to any such proxy or corporate representative.

55 **Amendments to resolutions**

55.1 An ordinary resolution to be proposed at a general meeting may be amended by ordinary resolution if:

55.1.1 notice of the proposed amendment is given to the company in writing by a person entitled to vote at the general meeting at which it is to be proposed not less than 48 hours before the meeting is to take place (or such later time as the chairman of the meeting may determine); and

55.1.2 the proposed amendment does not, in the reasonable opinion of the chairman of the meeting, materially alter the scope of the resolution.

55.2 A special resolution to be proposed at a general meeting may be amended by ordinary resolution, if:

55.2.1 the chairman of the meeting proposes the amendment at the general meeting at which the resolution is to be proposed; and

55.2.2 the amendment does not go beyond what is necessary to correct a grammatical or other non-substantive error in the resolution.

55.3 If the chairman of the meeting, acting in good faith, wrongly decides that an amendment to a resolution is out of order, the chairman's error does not invalidate the vote on that resolution.

56 **Written resolutions and decisions of the Parent**

56.1 A proposed written resolution of the members of the company (or of a class of members) shall lapse if it is not passed before the end of the period of six months beginning with the circulation date of such resolution (as defined in section 290 of the Companies Act 2006).

56.2 If the Parent makes a decision which is required to be taken in a general meeting or by means of a written resolution, that decision shall be valid and effectual as if agreed by the Company in general meeting. Any decision taken by the Parent pursuant to this article 56 shall be recorded in writing and delivered by the Parent to the Company for entry in the Company's minute book.

57 **Means of communication to be used**

57.1 Subject to the articles, anything sent or supplied by or to the company under the articles may be sent or supplied in any way in which the Companies Act 2006 provides for documents or information which are authorised or required by any provision of that Act to be sent or supplied by or to the company.

[Type here]

57.2 Subject to the articles, any notice or document to be sent or supplied to a director in connection with the taking of decisions by directors may also be sent or supplied by the means by which that director has asked to be sent or supplied with such notices or documents for the time being.

57.3 A director may agree with the company that notices or documents sent to that director in a particular way are to be deemed to have been received within a specified time of their being sent, and for the specified time to be less than 48 hours.

57.4 Any notice, document or other information shall be deemed served on or delivered to the intended recipient:

57.4.1 if properly addressed and sent by prepaid United Kingdom first class post to an address in the United Kingdom, 48 hours after it was posted (or five working days after posting either to an address outside the United Kingdom or from outside the United Kingdom to an address within the United Kingdom, if (in each case) sent by reputable international overnight courier addressed to the intended recipient, provided that delivery in at least five working days was guaranteed at the time of sending and the sending party receives a confirmation of delivery from the courier service provider);

57.4.2 if properly addressed and delivered by hand, when it was given or left at the appropriate address;

57.4.3 if properly addressed and sent or supplied by electronic means, one hour after the document or information was sent or supplied; and

57.4.4 if sent or supplied by means of a website, when the material is first made available on the website or (if later) when the recipient receives (or is deemed to have received) notice of the fact that the material is available on the website.

57.5 For the purposes of this article, no account shall be taken of any part of a day that is not a working day.

57.6 In proving that any notice, document or other information was properly addressed, it shall be sufficient to show that the notice, document or other information was delivered to an address permitted for the purpose by the Companies Act 2006.

58 **Company seals**

58.1 Any common seal may only be used by the authority of the directors.

58.2 The directors may decide by what means and in what form any common seal is to be used.

58.3 Unless otherwise decided by the directors, if the company has a common seal and it is affixed to a document, the document must also be signed by at least one authorised person in the presence of a witness who attests the signature.

58.4 For the purposes of this article, an authorised person is:

58.4.1 any director of the company;

[Type here]

58.4.2 the company secretary (if any); or

58.4.3 any person authorised by the directors for the purpose of signing documents to which the common seal is applied.

59 No right to inspect accounts and other records

Except as provided by law or authorised by the directors or an ordinary resolution of the company, no person is entitled to inspect any of the company's accounting or other records or documents merely by virtue of being a shareholder.

60 Provision for employees on cessation of business

The directors may decide to make provision for the benefit of persons employed or formerly employed by the company or any of its subsidiaries (other than a director or former director or shadow director) in connection with the cessation or transfer to any person of the whole or part of the undertaking of the company or that subsidiary.

61 Indemnity

61.1 The company may indemnify any relevant officer out of the assets of the company from and against any loss, liability or expense incurred by him or them in relation to the company (including any liability incurred in connection with the activities of the company or an associated company in its capacity as a trustee of an occupational pension scheme (as defined in section 235(6) of the Companies Act 2006)) provided that this article shall have effect, and any indemnity provided by or pursuant to it shall apply, only to the extent permitted by, and subject to the restrictions of, the Companies Act 2006. This article does not allow for or provide (to any extent) an indemnity which is more extensive than as permitted by the Companies Act 2006 and any such indemnity is limited accordingly. This article is also without prejudice to any indemnity to which any person may otherwise be entitled.

61.2 To the extent permitted by, and subject to the restrictions in, the Companies Act 2006 and without prejudice to any indemnity to which he may otherwise be entitled, the board shall have the power to provide funds to meet any expenditure incurred or to be incurred by any relevant officer in defending any criminal or civil (including regulatory) proceedings, or in connection with an application under the Companies Act 2006, or to enable him to avoid incurring such expenditure.

61.3 Without prejudice to the provisions of article 62, the directors may exercise all the powers of the company to purchase and maintain insurance for the benefit of any person who is a relevant officer or an employee or former employee of the company or any associated company or who is or was a trustee of a retirement benefits scheme or another trust in which a relevant officer or an employee or former employee is or has been interested, indemnifying him against liability for negligence, default, breach of duty or breach of trust or any other liability which may lawfully be insured against by the company.

61.4 In these articles:

61.4.1 companies are associated if one is a subsidiary of the other or both are subsidiaries of the same body corporate;

[Type here]

61.4.2 relevant officer means any current or former director, secretary or other officer of the company or an associated company (including any company which is a trustee of an occupational pension scheme (as defined in section 235(6) of the Companies Act 2006)), other than any person (whether an officer or not) engaged by the company (or associated company) as an auditor, to the extent he acts as an auditor.

62 **Insurance**

62.1 The directors may decide to purchase and maintain insurance, at the expense of the company, for the benefit of any relevant director in respect of any relevant loss.

62.2 In this article:

62.2.1 a relevant director means any director or former director of the company or an associated company;

62.2.2 a relevant loss means any loss or liability which has been or may be incurred by a relevant director in connection with that director's duties or powers in relation to the company, any associated company or any pension fund or employees' share scheme of the company or associated company; and

62.2.3 companies are associated if one is a subsidiary of the other or both are subsidiaries of the same body corporate.

Lancaster City Council | Report Cover Sheet

Meeting	Cabinet	Date	9 March 2021
Report	Delivering Our Priorities: Q1-Q3 2020-21		
Report of	Director of Corporate Services		
Purpose of Report			
To provide an update the status of corporate projects and performance indicators; and to set out plans for the future development of monitoring and reporting these.			
Key Decision (Y/N)	N	Date of Notice	Exempt (Y/N) N

Report Summary

This report, and its Appendix, provides an update on the progress of key corporate projects and performance measures for the period March-December 2020 (Q1-Q3 2020-21).

During this time, much of the council's activity has been re-focused to support residents and communities during the Covid-19 pandemic; this report provides some information on the impact of this re-alignment on projects and services.

The report also sets out future plans for the development of project, measure and resource monitoring and reporting, including a review of corporate measures, and the establishment of online dashboards containing information relating to each of the council's priorities.

Recommendations of Councillor Anne Whitehead

- (1) That Cabinet consider the updates on projects and performance measures from March-December 2020 (Q1-Q3 2020-21) at Appendix A.
- (2) That Cabinet approve in principle the approach to developing project, measure and resource monitoring and reporting set out in this report.

Relationship to Policy Framework

Establishing and developing processes for the monitoring of projects and performance measures will support the council's whole range of activity to deliver its priorities and policies.

Conclusion of Impact Assessment(s) where applicable

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

No direct impact arising from this report.

Details of Consultation

No direct consultation relating to this report, however the future development of this work will include substantial engagement with stakeholders and residents.

Legal Implications

No direct implications arising from this report.	
Financial Implications	
No direct implications arising from this report.	
Other Resource or Risk Implications	
No direct implications arising from this report. The proposed activities will be part of the work plans and priorities for existing capacity and resources across the Policy, Projects and Delivery Teams.	
Section 151 Officer's Comments	
The report has been considered and there are no further comments	
Monitoring Officer's Comments	
The report has been considered and there are no further comments	
Contact Officer	Sarah Davies, Director of Corporate Services
Tel	01524 582501
Email	sdavies@lancaster.gov.uk
Links to Background Papers	

1.0 Introduction

- 1.1 In March 2020 the council temporarily shifted its focus in order to support residents and businesses during the Covid-19 pandemic, whilst maintaining the delivery of core services.
- 1.2 Quarterly updates on corporate projects and performance measures were suspended from March 2020, due to the limited relevance of this information in the context of the council's wider pandemic response.
- 1.3 This report provides a summarised update on corporate projects and performance measures from March-December 2020 (at Appendix A), whilst also setting out the future vision for monitoring and reporting of this information.

2.0 Updates Q1-Q3 2020-21

- 2.1 Appendix A provides an integrated Highlight Report, incorporating project and performance measure information categorised against each of the council's four priorities.
- 2.2 From March 2020, a number of projects and measures were either no longer possible to deliver in the same way, or no longer prioritised in comparison with supporting residents and businesses.

2.3 The wider narrative of the council's overall pandemic response will be reported elsewhere; however, the updates and comments in the Highlight Report provide some insight into the effect on corporate projects and performance measures.

2.4 Project Reporting

The projects shown on the attached Highlight Report were agreed as Corporate Projects in early March 2020. They have not been revised due to the pandemic, and are comparable to reports for previous quarters.

Each project (and performance measure) is mapped to the council priorities it seeks to fulfil. The projects are organised by programme where appropriate, and give a short text update on each project. They clearly show the date at which the update was provided and the status of the project. A key to understanding the project status is included in the top right-hand corner of the report.

3.0 **Future Plans for Monitoring and Reporting**

3.1 Overall Vision

Moving forward, the council's focus on delivering its four priorities will be well supported by accessible, timely and meaningful information across the whole range of its activities. Regular reporting and monitoring will focus on three key interlinked areas:

- 1) Progress of key corporate *projects*, through which the council and its partners will deliver transformational change in our district
- 2) Tracking of priority *measures*, to provide a long-term perspective on the real-life impact of all the council's activities
- 3) Management of the council's *resources*, to ensure resources are allocated in order to achieve the maximum positive impact

3.1 Alignment with Priorities

Cabinet members participated in a series of discussions in autumn 2020 to begin developing a framework of corporate measures linked to both the council's priorities, and the United Nations Sustainable Development Goals (SDGs).

Building on this work, the existing priority measures will be reviewed to create a new set of measures which reflect the council's priorities and link to operational delivery of projects and services.

3.2 Structure

Setting out information in a clear and consistent structure is essential to providing meaningful insights for members, officers, partners and residents.

It is proposed that information on projects, measures and resources follow the below structure:

- *Priority*: the overall strategic aims of the council adopted in January 2020
e.g. *A Sustainable District*
- *Outcome*: high-level statements describing the desired impact of the council's activity
e.g. *Reduce Waste*
- *Measure*: indicators of success covering a specific aspect of the Priorities and Outcomes
e.g. *KG of Residual Waste Collected per Household*

3.3 Performance Measures

As well as aligning to the Priorities and Outcomes, the measures will provide a view of '*what does success look like?*' in each priority area. Each measure will be accompanied by a relevant comparator - such as the direction of travel over time, performance against a SMART target or best-practice figures from other authorities or other relevant organisations - to give a contextual view alongside the measure itself.

Measures will also be derived from existing sources where possible, to provide like-for-like comparison; sources are likely to include the SDG measures, Global Reporting Initiative (GRI) standards, and Local Government Association (LGA) benchmarking resources. However, there remains scope to reflect unique or specific local priorities and matters of community interest in these too.

3.3 Access & Format

The current schedule of quarterly reporting provides Cabinet and Budget & Performance Panel with a regular update and opportunity to discuss the information, and it is envisaged that this approach will continue.

However, it is also proposed that an accessible source of information on projects and performance measures be developed, via online dashboards relating to each of the Priorities. The dashboards would be updated in real time as the latest information becomes available, and would be accessible at any time to support discussions and decision-making.

Where appropriate, dashboard information could also be made available publicly via the council's website.

3.5 Accountability

Project, performance and resource reporting provides a consolidated view of the council's priority activity, but the overall accountability for successful delivery of projects and services is distributed across the organisation.

The Corporate Services team responsible for collating the information will provide a point of liaison between Heads of Service, the Executive Team and

Cabinet and Budget & Performance Panel members. Specific queries regarding the progress of projects or performance measures can be raised with the relevant Director.

3.6 Collaboration

As the council seeks to embrace and develop its role as part of a network of partners pursuing similar priorities for our district, opportunities will be sought to integrate information, projects and resources with our partners for maximum impact.

An example of this is an emerging project with Lancaster University to collate a wide range of datasets from across sectors and partners into an accessible platform, including maps and other visualisations to support meaningful insight. The ambition is for this platform to be made publicly available, and used as the basis for further successful collaboration between partners. We are exploring a new Office of National Statistics Local Portal as a means of sharing data with our stakeholders and communities.

3.7 Future Project Reporting

The projects which are included in the quarterly report will be reviewed so capital plan projects all feature within the report, unless the capital spend is for maintenance work, rather than a project of strategic importance to the Council. We are also considering how best to present on revenue projects of particular interest to the Council.


Where appropriate the projects will be organised into programmes, to aid the readability of the report. Short updates, which include progress against the dates agreed on the project plan will be included, as will an indicator stating whether the project is currently on-track, over or underspent. Each project will be given a status in accordance with the key in the top right corner.

The project reports will be closely aligned with the Project Appraisal Framework, so that the performance of a project and its expected impact on the four dimensions of the SDGs should be clearly visible, enabling Portfolio holders to use the same report in order to see the likely impact of all projects on their interest area.

Hyperlinks will be included which point to the council's Intranet pages, accessible to members and officers who may wish to seek further information on a specific project. In the longer term, additional information on project timescales, outcomes and benefits will be available to members by request.

3.8 Next Steps

Officers will work with the Cabinet sub groups, advisory groups and external stakeholders during Q1 and Q2 2021/22 to put in place the new reporting framework and report back on progress each quarter. The changes will be iterative, and existing reporting will be improved to accommodate the new priorities, outcomes and measures.

 <p>LANCASTER CITY COUNCIL Promoting City, Coast & Countryside</p>	<h2>Corporate programmes and projects update – 31st December 2020</h2>	Status Key															
		<table border="1"> <tr> <td>R</td> <td>Red – The project is unlikely to meet its agreed plan, costs or benefits unless immediate remedial action is taken</td> <td>C</td> <td>Complete or Closed</td> </tr> <tr> <td>A</td> <td>Amber – The project is at risk of failing to meet its agreed plan, timescales, costs or benefits unless action is taken</td> <td>N</td> <td>Not Started</td> </tr> <tr> <td>G</td> <td>Green – The project is on track to meet its agreed plan, timescales, costs and benefits</td> <td>H</td> <td>On hold</td> </tr> <tr> <td>X</td> <td>No data available</td> <td></td> <td></td> </tr> </table>	R	Red – The project is unlikely to meet its agreed plan, costs or benefits unless immediate remedial action is taken	C	Complete or Closed	A	Amber – The project is at risk of failing to meet its agreed plan, timescales, costs or benefits unless action is taken	N	Not Started	G	Green – The project is on track to meet its agreed plan, timescales, costs and benefits	H	On hold	X	No data available	
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X	No data available																
Priorities Key																	
I	An Inclusive and Prosperous Local Economy (Economy)																
S	A Sustainable District (Environmental)																
H	Healthy and Happy Communities (Social)																
R	A Co-operative, Kind and Responsible Council (Governance)																

Healthy & Happy Communities (Social)

Projects¹

Priority	Programme & Project Name	Update	Date of Update	Status
	Homes Programme	See below	-	-
S	My Mainway	Progressing well with some delays due to a longer tenant engagement	18/1/21	A
S	Extra Care Scheme	On hold until the site identified is in the possession of the Council	15/1/21	H
	Housing Acquisitions	Commenced in October 2020, following cabinet approval of the Homes Strategy. A lot of work needs to be done between now and April 2021 so the LATCo can be set up before we can partner with the Calico Housing Group for this work.	15/1/21	A
I	Funding the future	See below	-	-
	LATCo - Salt Ayre Leisure Centre	The study revealed there were no clear financial advantages to changing SALC from in house to a LATCo. The project has now been closed.	11/1/21	C
	LATCo - Housing Company	In October 2020 Cabinet approved the setting up of the Housing LATCo and the Homes Strategy for Lancaster district. Arrangements for the borrowing from the Council to the LATCo need to be signed off before it can be formally set up.	15/1/21	A
I	LATCo - Commercial Waste	On hold due to the pandemic. Background research is being undertaken.	11/1/21	H
	Outcomes Based Resourcing	Significant delays due to pandemic priorities. Light touch OBR applied to priorities and budget setting process during Q2/3. The project now aims to increase its activity during the 2021/22 financial year.	7/1/21	A

Performance²

	Measure	Q1	Q2	Q3	Comments
H	Number of people statutorily homeless		4		
H	Number of Disabled Facilities Grants completed	17	44	96	The number of completions in Q1 and Q2 was significantly lower than normal levels. This was as a result of the initial lockdown with secondment of staff, furloughing of contractors, lack of materials and shielding of clients affecting our ability to complete adaptations within the homes of residents. The number of completions in Q3 has returned to normal levels. However, we may experience a further drop in completions in Q4 following the re-introduction of shielding and lockdown restrictions.
H	Number of properties improved		79		Many Housing Standards staff have been redeployed to other roles across the council's pandemic response. In addition to 79 properties improved, 48 Category 1 hazards have been resolved, and 87 HMOs have been licensed or relicensed.
I	% of premises scoring 4 or higher on the food hygiene rating scheme	TBC	TBC	TBC	The nature of inspections and activity with food premises has been fundamentally altered by the pandemic.
I	% of high-risk food hygiene inspections completed	TBC	TBC	TBC	The nature of inspections and activity with food premises has been fundamentally altered by the pandemic.
H	Number of admissions to Salt Ayre Leisure Centre	0	35,803	27,830	Admission numbers have been affected by mandatory closures and restricted opening arising from the pandemic.
H	Average time taken to re-let Council houses (days)	28	49.24	49.85	Standard re-let time has been impacted by the pandemic, including: empty property repairs, new tenant lettings and changeovers requiring covid-safe approaches. However, based on recent benchmarking activities, Lancaster City Council remain in the top 50% of landlords in their comparator group.
	Exposure to air pollution away from roads		13.2		This figure covers April 2019 to March 2020, and represents a further decrease from the previous year's figure of 13.9. We anticipate significant impact from the pandemic on the 20/21 data set.

A Sustainable District (Environmental)

Projects¹

Priority	Programme & Project Name	Update	Date of Update	Status
S	Carbon Neutral Programme	See below	-	-
S	SALC Solar Farm	The scope of the project has increased in response to the findings of the survey and the need to replace the boiler at SALC.	15/1/21	A
S	Electric Cars	Electric pool cars have now been launched for staff and members of the public under the car club scheme.	15/1/21	G
S	Travel Plan	Work scheduled to establish if there is potential to develop a travel plan that aligns with the other big employers in the District (County, Universities and NHS).	15/1/21	H

¹ The projects reporting does not currently encompass all projects taking place across the capital and revenue programmes. Work is being conducted to ensure that future reports include all priority projects that meet relevant thresholds.

² Data availability including specific Council data sets and external referencing and benchmarking data sets has been adversely affected by the pandemic. We anticipate more complete information including normalised and benchmarked performance indicators better aligned with our work on SDGs to be in place ready for the 22/23 reporting cycle.

			The implications of future homeworking also need to be understood.		
S			Council Housing Thermal Energy Efficiency	Initial high-level work complete and being used to inform decision making within the housing service.	15/1/21 G
S			Carbon Dashboard	The dashboard is complete with further work required on CO2 trajectory until 2030.	15/1/21 C
S			1 Million Trees	Due to pandemic work has mainly focussed on the contribution to the Ribble Rivers Trust tree planning project that we are supporting.	11/1/21 H

Performance ²						
		Measure	Q1	Q2	Q3	Comments
S		Number of fly-tipping reports actioned within 5 days	284 out of 709 40.05%	295 out of 795 37.10%	403 out of 531 59.69%	There has been a national increase in fly-tipping and other forms of littering during the pandemic. Responsive planning to deal with this has been undertaken by the pandemic team and implemented by waste management.
S		% of household waste recycled (quarter behind)	42.6	39.4	-	Fluctuation in figures over the first two quarters are attributed to the impact of the pandemic. The first lockdown and fine weather resulted in kerbside tonnages/volume and recycling increasing. The picture is still volatile as we move through further restrictions.
S		Kg of residual waste per household (quarter behind)	93.6	97.4	-	
S		Diesel consumption of council vehicle fleet	119785	128269	121230	Fuel usage for Q1-Q3 2021, compared to the Q1-Q3 2020, has increased overall by 17,489 litres. This is down to the increase in hire vehicles we currently have on the fleet for social distancing, foodbank etc, which is 24,337 litres. If we didn't have these additional hire vehicles, our fuel usage would have reduced by 6,848 litres for Q1-Q3 2021.
S		Cost/m2 energy across corporate buildings (quarter behind)	£2.43	£1.20	£1.14	Corporate buildings are: - Lancaster Town Hall - Morecambe Town Hall - Palatine Hall - Old Fire Station Q2 and Q3 figures are significantly lower due to pandemic, working from home, and buildings less utilised.
S		Gas KWH usage in council buildings (quarter behind)	2,760,000	782,000	776,000	All Council buildings included. Significant drop due to pandemic and change in use of a number of sites.
S		Electricity KWH usage in council buildings (quarter behind)	736,000	388,000	546,000	All Council buildings included. Significant drop due to pandemic and change in use of a number of sites.

A Co-operative, Kind and Responsible Council (Governance)

Projects ¹					
Priority		Programme & Project Name	Update	Date of Update	Status
I	S	R	Agile Programme	The programme is being re-scoped due to the changing needs of the Council	14/1/21 A
		R	Agile Pilot	Completed in January 2020	14/1/21 C
		R	ICT and Telephony	Continuing	14/1/21 A
		R	HR Agile Policy and Working Practices	Continuing, intranet pages being pulled together to aid staff find information relating to agile working	14/1/21 A
I	S	R	LTH Renovations	On hold pending the project re-scope and the result of the Councils application to become a unitary authority with two neighbouring councils.	14/1/21 H
		R	LTH Energy Efficiency	On hold as per the above	14/1/21 H
		R	Hybrid Mail	On hold until more officer time is available	14/1/21 H
		R	White Lund Depot Move	On hold until more is known about alternative locations and space requirements	14/1/21 H
		R	Move EG&R to Palatine Hall	On hold until more is known about future space requirements and future homeworking.	14/1/21 H
		R	Space allocation	Continuing, results planned for Q1 21-22	14/1/21 A
		R	Document Workflow	On hold during the pandemic due to officer time commitments	14/1/21 H
		R	Digital Programme	See below	13/1/21 A
		R	High Capacity Fibre Cable Network Provision	Delayed due to the pandemic but continuing. Report to Capital Strategy Group due in February.	13/1/21 A
		R	Collaboration Space (Mill 2)	Closed – No longer taking this forward due to the pandemic	13/1/21 C
		R	Digital Market Place	Delayed due to the pandemic. Go-live planned for February	13/1/21 A
		R	5G Strategy	Delayed due to the pandemic. Strategy now completed. Decision due on how to implement it.	13/1/21 A
		R	Dalton Square Connectivity	Delayed due to the pandemic but continuing. Awaiting a budget decision for taking this forward.	13/1/21 A
I	S	R	Community Wealth Building Programme	See below	-
I	S	R	Procurement Strategy	This is now complete and was signed off at Full Council on 16/12. Implementation arrangements are now being made.	6/1/21 C
		R	Business Pathway	It has been questioned whether this is a project or business as usual.	N/A X

Performance ²							
		Measure	Q1	Q2	Q3	Comments	
		R	Average social media engagement rate	82.13%	61.01%	54.44%	
		R	Total digital audience	750,347	879,820	846,213	
		R	Average number of days' sickness per full-time employee	1.78	1.58	1.62	Agile working appears to have made it easier for employees to remain productive resulting in a lower requirement for formal sickness absence.
		R	Occupancy rates for commercial properties	-	-	89.51%	Spot checks on occupancy rates were suspended in the early stages of the pandemic but have now resumed.
	H	R	Average time taken to process new Housing Benefit claims	19.27	14.87	14.84	Performance in processing new HB claims is ahead of the target of 23 days, despite increasing caseload throughout the year as a result of Covid-19.

An Inclusive and Prosperous Local Economy (Economy)

Projects¹

Priority	Programme & Project Name	Update	Date of Update	Status
S	Canal Quarter	Key elements of phase 1 approach are being defined.	14/1/21	G
I	Bailrigg Garden Village Masterplanning	Revised project milestones were agreed in Autumn 2020 for stage 2 of the work, with the master planning launch being 18 th January 2021.	18/1/21	G
I	Heysham Gateway - Site Improvement Works	Progress made since cabinet approval given for funding feasibility work. Commitment across the joint land ownerships (City and County Council) needs to be finalised.	15/1/21	A
I	H Eden Project North	Progress made throughout the pandemic. Outline business case submitted to government. Funding decision due in Spring.	15/1/21	G
I	Future High Street Funding	The bid was unsuccessful. Detailed feedback awaited from the Ministry.	8/1/21	C
I	S Lune Flood Protection, Caton Road	The original project works have met all objectives within the assigned tolerances but phase 3a, surface water project, will be delayed in order to meet stakeholder/landowner constraints.	18/1/21	A
I	Heritage Action Project	Initially delayed until August due to the pandemic but expected to catch-up over the four-year duration. A number of grants are likely to commence in Spring.	18/1/21	A

Performance²

	Measure	Q1	Q2	Q3	Comments
I	% of minor planning applications determined within 8 weeks or agreed time	91.5%	76%	64%	Plans are in place to implement service review findings which will address the existing backlog and determination rate for planning applications.
I	% of other planning applications determined within 8 weeks or agreed time	95%	88%	85%	Performance on 'Others' – which traditionally includes householder type applications, has fallen too, but remains relatively high.
I	% of major planning applications determined within 13 weeks or agreed time	100%	75%	78%	Plans are in place to implement service review findings which will address the existing backlog and determination rate for planning applications.
I	H Number of empty properties brought back into use	-	-	44	No site visits were carried out in the first two quarters, so all properties brought back into use were reported in the third quarter.

Lancaster City Council | Report Cover Sheet

Meeting	Cabinet	Date	2 March 2021
Title	Appointment to Outside Bodies		
Report of	Chief Executive		
Purpose of Report			
Cabinet are requested to appoint to the vacancies on three 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 appoint to the vacancies on the following outside bodies following the resignation from Cabinet of Councillor Parr:

- Community Safety Partnership
- Health and Wellbeing Partnership
- Morecambe Bay Partnership

-

Recommendations

(1) That Cabinet appoint to the three outside bodies where the appointee was formerly Councillor Parr and consider whether the appropriate appointment is Councillor Hartley, as the Member who now has responsibility for Councillor Parr's portfolio, or a different portfolio holder.

(2) That the relevant 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 Section 151 Officer has no further comments.	
Monitoring Officer's Comments	
The Monitoring Officer has no further comments	
Contact Officer	Liz Bateson
Tel	Tel: 01524 582047
Email	ebateson@lancaster.gov.uk
Links to Background Papers	

1.0 Introduction

At its meeting on 19 January 2021 Cabinet appointed Councillor Parr to the vacancies on two outside bodies: Health and Wellbeing Partnership and the Community Safety Partnership as these aligned closely with her portfolio which had been expanded following on from the resignation of Councillor Sinclair from Cabinet.

Councillor Parr had been appointed to the Morecambe Bay Partnership on 6 August 2019 and this appointment had been subsequently confirmed at Annual Council on 18 May 2020 in accordance with the constitution (Council Minute 11 refers.)

Following the recent resignation from Cabinet of Councillor Parr Cabinet is requested to appoint to the three vacancies that have arisen as a result of her resignation, as these appointments were made by virtue of her 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.