LANCASTER CITY COUNCIL

Promoting City, Coast & Countryside

Committee: **CABINET**

Date: **TUESDAY, 1 MARCH 2022**

Venue: **LANCASTER TOWN HALL**

Time: **6.00 P.M.**

A G E N D A

1. Apologies

2. Minutes

   To receive as a correct record the minutes of Cabinet held on Tuesday, 8 February 2022 (previously circulated).

3. Items of Urgent Business Authorised by the Leader

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

4. Declarations of Interest

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

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

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

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

5. Public Speaking

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

   Reports from Overview and Scrutiny

   None

   Reports

6. Viability Protocol Supplementary Planning Document (Pages 4 - 65)

(Cabinet Member with Special Responsibility Councillor Dowding)

Report of Director for Economic Growth & Regeneration

7. Covid 19 - Additional Relief Fund (CARF) (Pages 66 - 71)

(Cabinet Member with Special Responsibility Councillor Whitehead)

Report of Head of Shared Service

8. Covid-19 Lancaster District Hardship Fund (Use of Residual Funds) (Pages 72 - 77)

(Cabinet Member with Special Responsibility Councillor Whitehead)

Report of Head of Shared Service

9. Delivering Our Priorities: Q3 2021/22 (Pages 78 - 99)

(Cabinet Member with Special Responsibility Councillor Whitehead)

Report of Director of Corporate Services (report published on 28 February 2022)

10. VCSE Advisory Group (Pages 100 - 103)

(Cabinet Member with Special Responsibility Councillor Caroline Jackson)

Report of Chief Executive (report published on 28 February 2022)

11. Exclusion of the Press and Public

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

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

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

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

12. Lancaster City Council Corporate Branding (Pages 104 - 153)

(Cabinet Member with Special Responsibility Councillor Caroline Jackson)

Report of Chief Executive

13. Land forming part of Lancaster Leisure Park, off Wyresdale Road, Lancaster (Pages 154 - 161)

(Cabinet Member with Special Responsibility Councillor Hamilton-Cox)

Report of Director for Economic Growth & Regeneration (report published on 23 February 2022)

ADMINISTRATIVE ARRANGEMENTS

(i) Membership

Councillors Caroline Jackson (Chair), Kevin Frea (Vice-Chair), Dave Brookes, Gina Dowding, Tim Hamilton-Cox, Tricia Heath, Erica Lewis, Cary Matthews, Sandra Thornberry 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,
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Published on Friday 18 February , 2022.

Lancaster City Council | Report Cover Sheet

Meeting	Cabinet	**Date**	1 March 2022
Title	Viability Protocol Supplementary Planning Document		
Report of	Director for Economic Growth and Regeneration		

Purpose of Report

The purpose of the report is for Members to consider the amendments made to the draft Viability Protocol Supplementary Planning Document (draft SPD) to address representations made during the consultation and seek authorisation for the Service Manager – Planning and Housing Strategy to proceed with formal adoption.

Key Decision (Y/N)	**N**	**Date of Notice**		**Exempt (Y/N)**	**N**

Report Summary

The SPD sets out overarching principles for how the council will approach development viability, where this is a consideration as part of the planning process. It provides guidance on the information which will be expected when an applicant seeks to reduce affordable housing and contributions required by adopted planning policies or those necessary to make a development acceptable in planning terms.

Members considered a draft SPD on 19th January 2021. Members delegated authority to the Service Manager – Planning and Housing Strategy to advance the draft SPD through informal and statutory defined consultation processes and then proceed with adoption unless the consultation resulted in any significant changes to the SPD, in which case it would be reported back to Cabinet for final endorsement.

The Consultations resulted in objections from the development industry about the Councils approach, the requirements for the submission of information and the use of specified inputs for viability assessments. Amendments have been made to the final SPD to respond to some of the comments received, in particular the setting of specific inputs for viability assessments and the requirement for a warrantee from the applicant have been removed. It was not considered necessary to make amendments in response to all the comments received. The amendments considered to be significant are outlined in the body of this report. A summary of the representations received, and responses made to them is included in the attached Consultation Statement.

The attached SPD incorporates the changes necessary to ensure that it provides a robust and defendable approach to viability assessments. The report therefore recommends that it is adopted for use as a material consideration in planning decisions.

Recommendations of Councillors

(1) It is recommended that Cabinet delegate authority to the Service Manager – Planning and Housing Strategy to proceed with the statutory process to adopt the SPD.

Relationship to Policy Framework

The Corporate Plan 2018-2022 (July 2018) includes ambitions to improve access to quality housing. The Corporate Priorities (updated January 2021) set out the Council's priorities to reach net zero by 2030; transitioning to low carbon and active transport system; increasing biodiversity and reaching net zero carbon by 2030; supporting new enterprises; securing investment in regeneration; develop housing to ensure people of all incomes are comfortable, warm and able to maintain their independence.

The Lancaster Local Plan includes policies which seek to ensure that the new housing developments include a proportion of affordable housing, provide the necessary infrastructure contributions and support sustainable development, biodiversity, active travel.

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

Conclusion of Impact Assessment(s) where applicable

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

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

Details of Consultation

The draft SPD and amendments made following the pre-Regulation 12 Consultation were reported to reported to the Local Plan Review Group. The amendments made following the Regulation 12 Consultation and final SPD will be reported prior to the Cabinet meeting.

The SPD has been subject to two consultations in accordance with the statutory consultation processes with stakeholders, each running for a 6-week period. The Pre-Regulation 12 consultation was held between 5th February and 9th March 2021 and the Regulation 12 consultation between 25th October and 6th December 2021.
Legal Implications
The statutory consultation has been carried out in accordance with the process set out in the Town and Country Planning (Local Planning) (England) Regulations 2012. The decision to adopt an SPD is a decision that is subject to public law considerations and accordingly could be subject to judicial review challenge (if sufficient grounds for such a claim are made out). Once adopted the SPD will form a material consideration in the determination of planning applications.
Financial Implications
The SPD is intended to provide guidance on the implementation of Local Plan policy. There are no additional financial implications arising from its progression through the statutory consultation process.
Other Resource or Risk Implications
The main resource implication will be the staff required to support the adoption of the SPD. This support will be minimal.
Section 151 Officer's Comments
The 151 Officer has been consulted and has no further comments.
Monitoring Officer's Comments
The Monitoring Officer has been consulted and has no further comments.

Contact Officer	Fiona Clark
Tel	01524 582222
Email	fjclark@lancaster.gov.uk

Links to Background Papers
The Viability Protocol SPD and Consultation Statement are attached to this report.

1.0 Introduction

1.1 The Planning Practice Guidance states that SPDs, *'should build upon and provide more detailed advice or guidance on policies in an adopted local plan. As they do not form part of the development plan, they cannot introduce new planning policies into the development plan. They are however a material*

consideration in decision-making. They should not add unnecessarily to the financial burdens on development.'[1]

1.2 The aim of this SPD is to provide guidance for prospective applicants when they are seeking to reduce affordable housing or other infrastructure contributions due to the impact they have upon the viability of a scheme. It sets out overarching principles for how the council will approach development viability. It provides guidance the information which will be expected when an applicant and the process the Council will follow when seeking independent assessment of viability assessments.

1.2 Members may recall considering the initial draft SPD in January 2021 when the Cabinet delegated authority to Service Manager – Planning and Housing Strategy to advance the draft SPD through informal and statutory defined consultation processes. It was also resolved that the SPD would then be adopted unless the consultation resulted in any significant changes in which case the SPD would be reported back to Cabinet for final endorsement.

1.3 Since the Cabinet meeting in January 2021, the SPD has undergone two consultation periods. In responding to the comments received, significant changes have been made to the SPD. These changes are considered necessary to provide a robust and defensible position when assessing viability assessments.

2.0 The Content of the SPD

2.1 The purpose and format of the SPD remains the same as the draft considered in January 2021. It explains how viability matters will be considered as part of the planning application process and the information required to be submitted when an applicant seeks a reduction in affordable housing provision or contributions. The paragraphs below outline where significant amendments have been made to the SPD to address comments received during the consultations. A summary of the comments received, reponses to each issue including an outline of the amendments made can be found in the Consultation Statement that accompanies this report.

2.2 Section 2: Viability Assessment sets out when viability assessments are required, how they will be treated to ensure transparency in decision making and the process the Council will take when securing independent review of an applicant's viability assessment. Minor amendments have been made to section 2.

2.3 Section 3: Viability Inputs, explains the elements that should be included within a viability assessment. It outlines the evidence required to support the financial information included in a viability assessment and provides advice on

[1] Planning Practice Guidance - Paragraph: 008 Reference ID: 61-008-20190315 https://www.gov.uk/guidance/plan-making

expectations when determining development values, land value, development costs, affordable housing and profit.

2.4 There have been a number of minor changes to this section to address consultation responses. The use of market data for determining land values has been clarified to ensure it accords with the PPG. Market data may only be used where it reflects a policy compliant scheme, or it has been adjusted for a policy compliant scheme. It has also been clarified that the benchmark land value does need to reflect a minimum value which will result in the land being released for development.

2.5 The SPD considered in January 2021 placed the emphasis on the submission of site-specific build costs. Respondents to the consultation highlighted the PPGs emphasis on the use of standardised build costs. The emphasis in the SPD has been amended. It still does, however, allow for site specific costs where a developer wishes to use these but they should be supported by evidence.

2.6 Section 4: Revising Affordable Housing Provision and Contributions sets out the ways in which the Council will consider flexible arrangements where a reduction in affordable housing provision and/or contributions is justified. Minor amendments have been made to section 3.

2.7 Section 5: Viability Assessment Requirements sets out the information required to be included in a viability assessment. Minor amendments have been made to section 5.

2.8 Appendix A sets out an agreement for the payment by the applicant, for the independent review of the submitted viability assessment. The January 2021 version of the SPD included a warrantee to be signed by the applicant which required then to warrant:

a. That the information provided in its viability assessment (along with all supporting evidence and documentation) is true and accurate;
b. That the information referred to in clause (a) is consistent with the information that has informed its own commercial decisions in relation to the Development;
c. That it has not instructed any agent/professional to formulate the viability assessment under any arrangement whereby that agent/professional receives any kind of inducement or benefit (financial or otherwise) should the Applicant be successful in reducing its planning contributions or the extent of the planning obligations linked to the Development.

The warrantee also included legal clauses with regard to fraud.

2.9 The warrantee generated considerable objection from the development industry. They consider that the requirement was unlawful and goes beyond the requirements of the NPPG, PPG or RICS guidance and referring to the references in these documents to the use of standardised inputs. While the warrantee is not considered to be unlawful, it appears that applicants are unlikely to sign and submit it with an application. If an application is made

invalid or not determined due to the lack of a signed warrantee, the applicant can submit an appeal. It is unlikely that the Inspectorate would decline to determine or dismiss an appeal due to the lack of a signed warrantee. The time and resource needed to argue the point on each application would be better spent dealing with the detail of the proposals. Without the submission of information specific to the applicant, which would usually remain confidential, point b would be difficult to determine. The warrantee together with the legal ramifications have therefore been removed and replace with a simple declaration from the applicant with regard to points a and c.

2.10 Appendix B sets out the method for appointing independent assessors. The original SPD did not include details of the costs but noted that they would be included at a later date. The Council has procured the services of an independent RICS qualified assessor to carry out the assessment of financial data submitted with an application. When a Quantity Surveyor or Engineer is required to assess specific costs, they will be procured on an application basis with the agreement of the applicant. The scale of charges and details associated with the appointed viability assessor are now included on the website - https://www.lancaster.gov.uk/planning/planning-advice/viability-assessment

2.11 Appendix C provides an Example Table for Viability Assessments. It provides an example of how the minimum requirements can be presented. The draft SPD considered in January 2021, specified specific inputs, for example use of the lower quartile BCIS, agent fees at 1% of site value, professional fees at 5% and a maximum profit level of 15%. Respondents objected to the inclusion of specified inputs. It is acknowledged that inputs may differ depending upon the scale and quality of the scheme, the scale of the developer and the risks associated with a development. The Planning Practice Guidance refers to a profit of between 15-20% for plan making purposes. Specific inputs have therefore been removed. In many cases, the independent assessor and the applicant will agree the use of some standardised inputs. Where there is a significant divergence the SPD seeks the submission of evidence to support inputs to ensure that these may be fully assessed.

3.0 Consultation

3.1 The SPD has been subject to the formal process for preparing and adopting SPDs is set out in the Town and Country Planning (Local Planning) (England) Regulations 2012.

4.0 Options and Options Analysis (including risk assessment)

Option 1: Adopt the SPD as a material consideration when determining planning applications.
Advantages: The SPD will provide guidance to applicants about the Council's approach to viability assessments and information required. It will help applicants ensure they provide appropriate information and set a formal agreement for the payment of costs by the applicant. If the guidance is followed it should help minimise delays arising from viability matters.
Disadvantages: No disadvantages.
Risks: The SPD may be subject to a judicial review.
Option 2: Do not adopt the SPD as a material consideration when determining planning applications.
Advantages: No advantages.
Disadvantages: The Council will not have guidance available.
Risks: None.

4. Officer Preferred Option (and comments)

4.1 The officer preferred option is Option 1 – adopt the SPD.

A Local Plan for

Lancaster District

2020 – 2031

Plan period 2011 - 2031

Viability Protocol Supplementary Planning Document CONSULTATION STATEMENT

[February 2022]

Shaping a better future

LANCASTER CITY COUNCIL
Promoting City, Coast & Countryside

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1. Introduction

1.1 The Consultation Statement has been prepared in accordance with Regulation 12 of the Town and Country Planning (Local Development) (England) (Amendment) Regulations 2012. The 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 Viability Protocol Supplementary Planning Document (SPD).

1.2 Supplementary Planning Documents (SPDs) relate to specific sites or specific planning issues. Unlike Development Plan Documents, they are not subject to Independent Examination and do not have Development Plan status. However, SPDs are given due consideration within the decision-making process and provide more detailed advice and guidance on policies in the adopted local plan.

1.3 The SPD sets out overarching principles for how the Council will approach development viability, where this is a consideration as part of the planning process. It provides guidance on the details that should be included in Viability Assessments and the Council's approach to considering viability matters. The guidance and the approach are consistent with the National Planning Policy Framework (NPPF), national Planning Practice Guidance (PPG) and the RICS - Assessing viability in planning under the National Planning Policy Framework 2019 for England 1st edition, March 2021

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 to inform the preparation of the SPD.

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 pre-Regulation 12 consultation stage and how the issues have been 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 content of the SPD and make clear:

- The purpose of the SPD, the process of preparing it and how and when they may be affected.
- 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
- The remaining stages in preparing of the SPD 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 consulted 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	
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 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 3rd Sector Advocate groups Educational establishments Government organisations (NHS) Lancaster University Homes

4. What we consulted on

Pre-Regulation 12 Consultation

4.1 For a six-week period between 5th February and 9th March 2021 the Council carried out public consultation on the draft SPD.

4.2 The aim was to carry out consultation with stakeholders and provide an opportunity for comments on the draft SPD. The aim was to gather feedback on the content of the SPD and how this may be amended to better address the way in which viability assessments in respect of planning applications can be dealt with.

Regulation 12 Consultation

4.3 The consultation took place for a six-week period between 25th October and 6th December 2021. The aim was to gather feedback on the content of the SPD and the ways it had been revised to address representations previously received.

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	Consultation Database www.lancaster.gov.uk/ppcl) consultees were notified on the opportunities to participate in preparation of the SPD. 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.
How those bodies and persons were invited to make representations. Pre-Reg 12 Consultation – February 2021 Reg 12 Consultation – October 2021	The Pre-Regulation 12 consultation ran for 6 weeks, between 5th February and 9th March 2021. The Regulation 12 Consultation ran for 6 weeks, between 25th October and 6th December 2021. Emails were sent to over 2,200 consultees on the planning policy consultation database. An Climate Emergency Local Plan Review viability event was held for Developers and Agents on 4th March 2021. Attendees were given the opportunity to ask questions about the SPD. (This event was run during the Pre-Reg 12 Consultation only). Information on the consultation was published on the Council webpages and copies of the consultation documents were made available at the 'Principal Offices' on request.

Requirements of Regulation	How the Council satisfied the requirement
	Further details on the publicity methods are set out in more detail within Appendix A
Pre-Reg 12 Consultation A summary of the main issues raised by the representations made How the Council has responded	The main issues raised in the representations during the Pre-Regulation 12 Consultation and the Council's responses are summarised in Section 6 of this document. Section 6 also outlines how the issues raised were addressed in the Regulation 12 version of the SPD.
Reg 12 Consultation A summary of the main issues raised by the representations made How the Council has responded	The main issues raised in the representations during the Regulation 12 Consultation and the Council's responses are summarised in Section 7 of this document. Section 7 also outlines how the issues raised were addressed in the Regulation 12 version of the SPD.

6. What issues were raised at in the Pre-Regulation 12 Consultation Stage and how have they been addressed?

6.1 The consultation on the draft SPD provided the first opportunity for interested parties to comment on the content of the document. Ten separate responses were received. Eight of these responses were received on behalf of developers or agents. These responses include a legal opinion and two responses from consortium of developers. A total of fourteen developers and agents have been represented. Responses have also been received from Lancashire County Council and the House Builders Federation.

6.2 The issues raised are summarised below and a response has been given to each issue. Where necessary the SPD has been amended to address the issues raised. However, in some cases, the Council is of the opinion that the content of the SPD is appropriate. In these cases, an explanation why the SPD has not been altered has been given.

1. Legality of the Document as an SPD

Representation	SPD sets out new requirements not found in the local plan or national policy and falls outside the boundaries of SPD.
Council Response	Section 19 of the of the Planning and Compensatory Purchase Act 2004 provides the basis for the provision of SPDs. Regulation 2 of the Town and Country Planning (Local Development) (England) Regulations 2012 Regulations set out SPDs as, *'supplementary planning document" means any document of a description referred to in regulation 5*

	(except an adopted policies map or a statement of community involvement) which is not a local plan'. The 2012 Regs lay down the procedure for adoption and regulation 5(1)a provides criteria for local plan documents. SPDs fall within regulation 5(1)(a)(iii) where the document contains statements regarding: *'(a)(iii) any environmental, social, design and economic objectives which are relevant to the attainment of the development and use of land mentioned in paragraph (i);'* Reg 8 of the 2012 Regs states, *'Any policies contained in a supplementary planning document must not conflict with the adopted development plan'.* The NPPF defines SPDs as: *'Documents which add further detail to the policies in the development plan. They can be used to provide further guidance for development on specific sites, or on particular issues, such as design. Supplementary planning documents are capable of being a material consideration in planning decisions but are not 73 part of the development plan'.* The SPD includes statements with regard to ensuring social and economic objectives within policies in the development plan are achieved, in particular the affordable housing and infrastructure requirements. It does not add new policies or additional policy requirements but adds further detail and guidance about policies in the local plan which require viability assessments. It provides advice for applicants about how the local authority will consider viability assessments and the information it requires to be able to do this. Specifically, it provides guidance on the viability assessments referred to in policies DM3: Affordable Housing and DM58: Infrastructure Delivery and Funding. Policy DM3 specifically refers to the provision of a Viability Protocol SPD stating, *'Such evidence must include an open book financial viability appraisal which will need to accord with guidance in the emerging Viability Protocol SPD'.* Policy DM58 states, *'Once the Viability Protocol SPD has been adopted FVAs submitted alongside planning applications will need to accord with the principles of this SPD'.* (Also read the Legal Opinion at Appendix B)

2. <u>When Viability Assessments are Justified</u>

Representation	Paragraph 1.6 implies that the majority of sites should be viable 'by default' and that only in exceptional circumstances related to abnormal costs can a viability assessment be justified. The SPD refers to viability assessments being submitted in 'exceptional cases' but does not explain what these are.
Council Response	The PPG states, *'Where up-to-date policies have set out the contributions expected from development, planning applications that fully comply with them should be assumed to be viable.'*(Paragraph: 007 Reference ID: 10-007-20190509).

	As the contributions are set out in an up-to-date Local Plan, they are assumed to be viable. The phrasing in paragraph 1.6 is therefore in accordance with the PPG. The paragraph has been amended to clarify that that the reference to abnormal costs is an example of when a viability assessment may be justified, rather than the only circumstance. A footnote has also been added to draw attention to the section of the PPG which identifies potential exceptions.

3. Independent Review

Representation	Reviews should be carried out within 10-15 working days of instruction with no unreasonable delays.
Council Response	The commission with the consultant agrees that the independent viability assessment will be provided within 12 working days of instruction. However, this will depend upon the quality of the information and supporting evidence submitted by the applicant. Where engineer and QS reviews are also required, the assessment may take longer. The timing of the instruction will also depend on the information and evidence submitted with the application and negotiations with regard to the scheme.

Representation	Schemes should be reviewed by a RICS qualified viability consultant and build costs should be appraised by an engineer or quantity surveyor.
Council Response	Appraisal by an engineer and/or quantity surveyor will not be required in every case. The consultant engaged to carry out the independent viability assessments has the expertise and experience to make a high-level judgement on whether costs are reasonable and the impact they should have upon benchmark land values and EUV+. An engineer or QS will be engaged to review costs and associated evidence where necessary.

Representation	It is commonplace for Council's to commissions independent reviews and for an applicant to pay for this. There has however been no scope to agree costs in this consultation. An arrangement should be made to agree upon a consultant and fee taking capacity into account.
Council Response	The costs associated with the independent review were not available at the Regulation 12 consultation. The Council has carried out a tender exercise and has now commissioned a consultant to carry out the independent reviews. The cost incurred for viability assessments are be published on the Council website a link to which is included in Appendix B of the SPD. The tender process included consideration of the fees proposed by the consultants. The fees included reflect best value and the cost is reasonable and similar to those other authorities charge.

	The Council has not engaged an engineer or quantity surveyor though the tender process. Each assessment will therefore need to be procured on an application basis. The Council has previously agreed independent assessments on a case-by-case basis. It has found that this adds delay and an inconsistent approach. The engagement of a single consultant with agreed fees and timescale will create a degree of certainty for developers and the Council with regard to the approach, timescales and fees. This approach has been undertaken by other Council's and has been found to be effective.

Representation	As pre-application can take several months, agreeing the scope of the viability assessment at this stage is not a viable option.
Council Response	Applicants are encouraged to undertake pre-application discussions, however, there is no requirement for them to do so. Where an applicant carries out pre-application discussions, the scope of the viability assessment information can be determined at that stage if adequate information is available to do so. Where they do not it will be determined during the application.

4. <u>Transparency</u>

Representation	It is unreasonable to require that agent's fees are not increased where they are successful in reducing planning contributions and affordable housing provision. A viability assessment would always seek to reduce such contributions.
Council Response	It is agreed that the point of a viability assessment is to reduce planning contributions and affordable housing provision for viability reasons. This does not necessitate and increased reward for an agent where contributions are reduced. The costs associated with the production of a viability assessment will not differ depending upon the outcome. It is therefore reasonable to ensure that agents are not put under pressure to reduce contributions where this may not be justified. The approach is similar to that of other Councils.

5. <u>Restriction of inputs to accord with the Council's own expectations</u>

Representation	The restriction of inputs differ from the existing evidence base (the Local Plan Viability Assessment 2019) and there is a lack of evidence to support the inputs.
Council Response	The assumptions have been omitted from the SPD, apart from reference the affordable housing discount. The affordable housing discount has been informed by recent feedback from Registered Providers. While the percentages for each tenure may differ from the Local Plan Viability Assessment (2019), the overall blended percentage

	discount remains the same. The SPD does however refer to alternative discounts where evidence is supplied to support this.

6. Land Value

Representation	The SPD includes contradictions with regard to the use of market value. Clarification is required to support cross checking of appropriately adjusted market value against benchmark land vale. Paragraph 2.25 (now 3.10) states that a market-based approach to value is not an acceptable, however, policy compliant market transactions should analysed as part of the BLV approach and consistent with the PPG. Market evidence is an important component in establishing minimum premiums.
Council Response	The SPD has been amended to provide clarification with regard to cross checking between appropriately adjusted market values and benchmark land value. A purely market-based approach to land valuation is not acceptable and the comment made at paragraph 3.10 (formally 2.25) is in line with the PPG and RICS guidance. Clarification has been added to paragraphs 3.8 and 3.9 to highlight this and that market evidence, where adjusted to reflect policy requirements can be used as a cross check when determining land value. The EUV+ and BLV approach accords with the PPG and RICS guidance.

Representation	The SPD misrepresents the guidance and implies that landowners would receive what is left once policy requirements have been met. It fails to recognise the incentive required for landowners to release land for development. The SPD implies that the BLV and landowner premiums could be reduced so that the residual land value is based on a default position of policy compliance. This may reduce the landowner premium to such a level that it reduces land value below the minimum required to incentives a land sale. The approach does not follow the requirements of the PPG. True BLDs in the Lancaster area are likely to significantly exceed the figures generated by the EUV+ approach. Land values are increasing locally through the lack of suitable allocated sites to meet demand.
Council Response	The PPG, RICs guidance and recent appeals are clear that the premium should reflect the minimum required to incentivise a landowner and that *'policy commitments are central to establishing a reasonable price'*[1]. The PPG states, *'The premium should provide a reasonable incentive for a landowner to bring forward land for development while allowing a sufficient contribution to fully comply with policy requirements.'* (Paragraph: 016 Reference ID: 10-016-20190509). The Inspector in the Trafford appeal acknowledged that in the past benchmark land value and premiums have been inflated by non-policy compliant developments and that when using these, they should be adjusted to

[1] Appeal Ref: APP/Q4245/W/19/3243720 Land at Warburton Road, Trafford, para 115

	reflect a policy complaint scheme and costs. *'A landowner should not expect to receive the same price for a site where the development costs are high to one where they are much lower'.* Deducting abnormal and policy costs should be the starting point when determining a policy complaint scheme. It is acknowledged that in some cases, policy requirements and site-specific costs could result in a negative value or a value which would be insufficient to incentivise release of land for development. In these cases, the costs cannot be fully deducted from the land value. Paragraphs 3.6 and 3.8 (formally 2.21 and 2.23) has been amended to better reflect the PPG and now refer to the minimum incentive for landowners to bring forward land and provide a policy compliant scheme. It is however important that the SPD emphasises the need to reflect costs and policy requirements when determining benchmark land value and the premium to ensure that previous open market values do not continue to undermine policy requirements.

Representation	A 10-15% multiplier for land value is not regarded as sufficient incentivisation for landowners.
Council Response	Reference to a specific multiplier for the premium or 'plus' has been removed.

Representation	The LPVA suggest a minimum BLV across Lancaster. The land purchase price may have been agreed based upon the land value within the Local Plan Viability Assessment. Using BLV rather than the price paid for land on an allocated site would conflict with the LPVA and scheme viability.
Council Response	The PPG and RICS guidance are clear that an EUV+ approach should be used for site specific viability assessments and that this should take into account all costs including those required by policy and abnormal costs. The Local Plan Viability Assessment (2019) was produced prior to the 2019 NPPF, the PPG and the most recent RICS guidance. The land values used only reflect basic costs, they do not reflect specific infrastructure contributions required by policies in the Local Plan or evolving national policy requirements such as biodiversity net gain or abnormal costs and are based on a range of typologies in accordance with guidance. The LPVA also states at paragraph 4.20, *'the approach advocated in the Harmon Report risks ignoring the workings of the property market, where almost all willing landowners are driven by achieving the best return for land sales. Judgements on the potential return will in the vast majority of cases be based upon market evidence of what has been achieved in other recent sales'*. This approach is not consistent with the most recent PPG and RICS guidance. It should also be noted that the LPVA does not suggest a minimum land value but uses a land value which, in the majority of cases, based on costs and values available at the time, and without abnormal costs, produces a viable development in the majority of typologies assessed. The LPVA does not set out

	minimum values or assumptions which must be used for all site-specific viability assessments. The PPG states, *'The price paid for land is not relevant justification for failing to accord with relevant policies in the plan'*. (Paragrpah:002 Reference ID: 10-002-20190509). The RICS Guidance states, *'This means that the actual price paid for a site cannot be used to reduce developer contributions'*.[2]

Representation	The SPD does not include reference to overage clauses which will affect the price to be paid for land.
Council Response	Any overage clause should take into account the purchase price the buyer is willing to pay for the land based upon the costs and policy requirements associated with the development.

7. Impact on Deliverability

Representation	The SPD will adversely impact the delivery of housing in Lancaster.
Council Response	Viability assessments and supporting evidence are already required where affordable housing and contributions are proposed to be reduced. Additional information and evidence frequently need to be requested causing delays in the processing of viability assessments. The Council already requires applicants to confirm that they will pay for the independent assessment prior to commissioning the assessment. The SPD provides guidance upon the information and processes associated with viability assessments. It will not increase the amount of evidence or information required. The SPD therefore will therefore provide applicants with an upfront and clear approach. The SPD should therefore support applicants to provide the necessary information and limit delays during the application. The requirements in the SPD will therefore not affect housing delivery.

8. Build Costs

Representation	No evidence has been provided to justify a requirement for the use of the Lower Quartile build costs.
Council Response	BCIS data is derived from samples provided by the development industry. However, between 2015 and 2020, nearly 70% of schemes which contributed comprised 20 houses or less and less than 10% comprised of 50 dwellings or more. It is understood that volume house builders do not contribute to the database. The data on which BCIS is based therefore does not tend to reflect the economies of scale derived by larger house builders. Use of the Lower Quartile build costs are therefore justified as a

[2] Assessing viability in planning under the National Planning Policy Framework 2019 for England 1st edition, March 2021

	base point. It is acknowledged that the use of the Lower Quartile will not be appropriate in all cases and this requirement has been removed from the SPD, however justification for the BCIS used by a developer will be required.

Representation	Provision of evidence to use higher costs would be overly onerous. Costs for small house builders and those in high value areas will be higher due to specifications.
Council Response	The RICS guidance (para 4.2.15) provides a list of evidence required to support assumptions. These include, *'expected build cost (a full quantity surveyor's cost report showing how costs have been estimated should be made available for site-specific information)*'. This should be the starting point for the submission of evidence. It is not unreasonable to require developers to provide evidence to support the costs used in their viability assessments. The SPD provides greater flexibility than the RICS guidance and acknowledges that in some circumstances, a Quantity Surveyors Cost Report may not be available. It is only in these circumstances, where costs are not evidenced by a developer, that the SPD advocates the use of the Lower Quartile BCIS. The SPD also provides for cases, where a developer may wish to use a higher BCIS figure. The use of such costs cannot be accepted without evidence to support them and in line with the RICS guidance. It may be that there are specific parts of a development, such as the use of natural stone or bespoke design features to reflect a sensitive location which will increase costs. In these cases, the cost evidence can be contained to those areas.

Representation	A third-party Quantity Surveyor Cost Report is not always necessary, many developers have in house expertise and the requirements goes beyond the PPG and NPPF.
Council Response	Paragraph 4.2.15 of the RICS guidance outlines the evidence which should be used to support assumptions. This includes a full quantity surveyors cost report for site specific information. It is however acknowledged that developers may have inhouse expertise. Paragraph 3.16 (formally 2.31) has been amended to refer to provision of a costs report in a QS format rather than necessarily by a QS.

Representation	The SPD makes no reference to the increased costs associated which will arise from the changes to the Building Regulations.
Council Response	The costs associated with the changes in the Building Regulations will be included within a quantity surveyors cost report or similar. If a developer

	seeks to use BCIS, any additional costs can be quantified within the submission.

Representation	There is no reference to plot connection costs.
Council Response	Plot connections should be included as an external cost.

Representation	Paragraph 2.32 fails to recognise that abnormal costs can include aspects other than those associated with brownfield land and contamination, it must be recognised that greenfield sites also incur abnormal costs.
Council Response	The list of abnormal costs at paragraph 3.17 (formally 2.32) is simply a list of examples. The list has been expanded and reference to the list not being exhaustive has been added.

Representation	Build costs should include a contingency allowance.
Council Response	The inputs referred to at section 3 outline some of the basic requirements, providing additional guidance. Further detail including reference to contingency on build costs is included with the example Viability Assessment Template at Appendix C.

9. Other Costs

Representation	Allowances are also required for professional fees, disposal costs and finance.
Council Response	The detail within Section 3 is not exhaustive. Allowances for professional fees, disposal costs and finance costs are included at Section 5 and within the example Viability Assessment Table at Appendix C.

Representation	The SPD does not take into account additional costs associated due to the delays in processing pre-application requests and planning applications. Delays have recently coincided with significant increases in build costs which are ignored by the SPD.
Council Response	Viability assessments include an allowance for contingency to address changes in costs and delays. The independent viability assessments is not usually commissioned at the time of submission but once a design and layout have reached a point where they are likely to proceed to a decision and once infrastructure requirements and contributions have been established. If the assumptions in the viability assessment have altered

	since submission, the applicant will have the opportunity to update these if necessary prior to the independent assessment being commissioned.

10. Affordable Housing Discounts

Representation	It is not feasible to provide a transfer agreement with the application. Transfer agreements are usually not reached at such an early stage. A more appropriate requirements would be for evidence of an informal offer or indicative values from RPs.
Council Response	The requirement for a transfer agreement has been expanded to include informal offers from Registered Providers.

Representation	It is not clear whether the affordable values are given as a percentage of open market value.
Council Response	Paragraph 3.20 (formally 2.34) has been amended to clarify that the affordable housing values given are as a percentage of open market value.

Representation	Indicative ranges, 40-50% for affordable rented and 60-70% for shared ownership should be used.
Council Response	Whilst the specific discounts differ from the LPVA, the overall blended discount remains the same. The discounts used also reflect the responses from Registered Providers. The SPD does however acknowledge that these values may not be achieved in every case. In such cases, evidence will be required to ensure that a developer does not propose a lower figure and later sell at a higher rate.

11. Climate Emergency Review of the Local Plan

Representation	No reference is made to the Climate Emergency Review of the Local Plan and the additional costs that may be generated by requirements for higher standards.
Council Response	Reference to planning policy costs, including carbon reduction costs has been added into Section 3, the table of requirements at paragraph 5.1 of the SPD and within the example Viability Assessment Table at Appendix C.

12. Negotiations to Improve Viability

Representation	Paragraph 2.5 assumes viability can be improved but provides no guidance on how this can be achieved.
Council Response	Guidance has been added to paragraph 2.5 to explain how the viability on sites may be improved. The circumstances described may not be applicable in all cases but such options may be explored.

13. Phased Approach to Viability Assessments

Representation	A phased approach adds uncertainty for developers. If such an approach is included, it should be ensured that it is not an upward review only.
Council Response	A phased approach is likely to be used for large scaled phased developments. These will be determined on an application basis.

14. Information Requirements

Representation	The information required should not represent an exhaustive list.
Council Response	The information requirements highlighted within the SPD provide examples only they are not exhaustive.

Representation	It is inappropriate to require information such as details of company overheads, financier's offer letter, board report and auditor land values. This information goes beyond the provision of industry benchmarks referred to in the RICs guidance. Neither national or local polies or guidance require the submission of confidential information.
Council Response	The additional information which may be requested to support a viability assessment included within paragraph 5.3, would not be required as a matter of course. It is anticipated that such information would usually only be requested where there was a significant divergence between the figures proposed by the applicant and evidence of costs available to the Council's independent consultant. The submission of such information may help support the assumptions submitted by an applicant where these differ from the evidence used by the independent consultant in assessment of viability. Any confidential information would not be required to be provided on an open book basis. (Please also read the Legal Opinion at Appendix B)

Representation	The SPD should confirm that commercially sensitive information will not be published.
Council Response	Paragraph 5.3 confirms that commercially sensitive information will not be published.

Representation	Paragraph 2.11 states that the information provided should reflect the information used by the applicant whether to proceed with the development. This conflicts with the approach to land value advocated within the SPD.
Council Response	It is important that the information submitted is consistent with the information used by the applicant whether to proceed. It is reasonable for example that where BCIS are used, the range is consistent with actual costs and the costs used by a developer to determine whether to go ahead with a development. Reference to this consistency has been added at section 3.0. The SPD has been amended to refer to information supplied being consistent with that used to make decisions. When agreeing the purchase price for land applicants should ensure that all costs are taken into account. Where they have failed to take these costs into account, land values will need to be renegotiated to ensure that they are consistent with the land value approach in the NPPF and PPG. This will ensure land value information can be consistent with agreements. Both the agreed value and the EUV+ should be provided as part of the information submitted. (Also read the Legal Opinion at Appendix B)

15. Template Format

Representation	The template is not a recognised industry template and has not been tested.
Council Response	The SPD has been amended to clarify that the table at Appendix C provides a preferred rather than required template. The template is an example only and includes the information that the Council requires as a minimum to assess viability. Whilst it is recognised that there are industry models such as the 'Argus Developer' software and that these provide a suitable template, not all applicants use such software.

16. Formula

Representation	The formula should be – net development value, less costs, less planning contributions, less profit/risk equals residual value compared to benchmark land value.
Council Response	The formula includes the above, it is simplified within the table to include all costs. Gross has been amended to Net.

17. Warranties in Relation to the Information Submitted

Representation	The clauses at 2.11 and in the warranty are excessive and should be removed from the SPD. RICS already provides guidance on professional standards.
Council Response	Not all viability assessments are submitted with RICS professionals, in many cases the applicant will submit the information directly and will not be bound by the RICS professional standards. Where a viability assessment is provided by a RICS professional this will be based upon the information supplied by the applicant. The warranty seeks to ensure that the applicant provides accurate information. (Also read the Legal Opinion at Appendix B)

Representation	There is a conflict between the acknowledgement that commercially sensitive information will not be made publicly available and the requirement for information to be the same as that used to make commercial decisions.
Council Response	Information should be consistent with that used to make commercial decisions to ensure viability assessments are accurate. Where detailed information is commercially sensitive it will not be published however, the use of BCIS figures for example which are consistent with actual build figures will not be commercially sensitive as they rely on standard inputs. (Also read the Legal Opinion at Appendix B)

18. Drafting

Representation	It is inappropriate to state at 2.2 that applicants may 'not wish' to meet affordable housing and contributions requirements. An applicant may wish to meet the requirements but is unable to do so due to viability.
Council Response	Reference to applicants 'not wishing' to meet affordable housing and contribution requirements has been removed.

19. References to RIS Research

Representation	Reference is made at paragraph 2.25 to RICS research, but the referencing provided is insufficient to trace the document.
Council Response	The full reference to the RICs research referred to at paragraph 3.10 (formally 2.25) has been added to the footnote.

7. What issues were raised at in the Regulation 12 Consultation Stage and how have they been addressed?

7.1 The consultation was the second opportunity for interested parties to comment on the content of the document. The consultation sought the opinions on the content of the revised SPD and how the issues raised at the Pre-Regulation 12 stage had been addressed.

7.2 Nine separate responses were received. Six of these responses were received on behalf of developers or agents. These responses include a response from a consortium of nine developers which incorporates a legal opinion, which argues that the content of the SPD is not lawful. A total of fourteen developers and agents have been represented. Responses have also been received from Homes England, Natural England and the Coal Authority.

7.3 Issues raised have been summarised below and a responses have been provided. Where comments have previously been made and have been responded to above, they have not been reiterated in each case.

1. Justification for Viability Assessments

Representation	The nature of local plan viability testing is high level and over a 15 year period. It is inherent there will be tension between market realities and government aspirations for viability testing at plan making stage.
Council Response	The PPG is clear that where there are up to date policies a site should be assumed to be viable. This is currently the case in Lancaster District. There are provisions within the SPG for applicants to justify circumstances where a viability appraisal is needed. There is therefore no further to the SPD is amendment required.

Representation	It is not reasonable to require viability assessments where the Council's evidence demonstrates obligations would render a development unviable. To oblige developers to commit resources to and justify obligations need to be reduced is an antithetical to the advice of the NPPF paragraph 34 and renders the approach unsound.
Council Response	The Local Plan was found sound and adopted in 2020, it therefore provides up to date policies. The requirement for viability assessments where these policies will not be met accords with the PPG. The CELPR will be subject to further consultation and examination. Should the proposed policies be found sound and the plan adopted, a requirement for viability assessments where policies will not be met will accord with the PPG.

Representation	Clarification is needed that viability assessment justification is not restricted to abnormal costs.

Council Response	Paragraph 1.6 refers abnormal costs as one such case, it also refers to the circumstances within the PPG. No further clarification is therefore required.

2. Fees for Independent Assessment

Representation	There has been no scope to agree and appropriate fee and capacity for the independent assessment.
Council Response	The Council has appointed an independent viability assessor through a competitive tender process. The fees, capacity and timescale for assessment were considered as part of that process and the most appropriate assessor appointed.

Representation	CP Viability Ltd's fees for the reviews have been formulated based on the assumption that they will be carrying out the cost review in many instances. There should be a commensurate reduction in CP Viability Ltd's fees when a quantity surveyor is appointed.
Council Response	The high-level assessment forms an overview of abnormal costs in relation to the type and scale of development and the impact this may have upon land values. This will be carried out in all cases and incurs a fixed price fee.

3. Inputs

Representation	The SPD is largely silent on the inputs which makes the scope of the consultation limited and raises concerns with regard to process.
Council Response	Specified inputs were included within the first draft of the SPD and resulted in significant objections (see responses to the Pre-Reg 12 consultation). Specified quantities for the inputs were therefore removed.

4. Inconsistency between Requirements and Use of Standarised Inputs

Representation	There is inconsistency between the requirement to use of standardised inputs and paragraph 3.1 which states 'assumptions used … should be sourced from evidence from an independent expert or publicly accessible source'. Developer specific information used to inform commercial decisions would not be available to an independent expert – commercially sensitive information conflicts with warrantee.
Council Response	There is no inconsistency as publicly accessible source includes standarised inputs such as BCIS.

Representation	Paragraph 5.4 states, 'The approach is supported by RICS guidance which states, 'The applicant could be required to provide detailed evidence of actual income and expenditure to support the review'. This is misleading as taken from RICs guidance on S106 agreements where inputs are known.
Council Response	The paragraph has been removed from the SPD.

Representation	The SPD is not requiring an independent FVA prepared in line with the NPPF and NPPG but rather each applicant's (commercially sensitive) internal appraisal. A RICs member would not be acting appropriately if they were to use none standardised inputs.
Council Response	The SPD refers to the submission of standarised inputs or actual costs. There are applicants who prefer to submit actual inputs and the SPD provides the opportunity for them to do this. The RICS document at para 4.2.15 states that "expected build costs" can be used in the form of a QS report, with site specific information.

Representation	The requirements at paragraph 5.3 and any similar requirements throughout the SPD should be removed as they require a developer to provide confidential information.
Council Response	Reference to financiers offer letter, board report on scheme and letter/report from auditor re land values has been removed. A developer's market analysis report may be requested to support submission details as this should align with the assessment of the scheme made by the developer. Sensitivity analysis is a requirement in the RICs guidance and non-residential uses would always be required where such uses are required within a scheme.

5. Assessment of Abnormal Costs

Representation	It is crucial that both the submitted FVA and the abnormal cost assumptions are reviewed by suitably qualified professionals. The Council's appointed viability consultant, CP Viability Ltd, are not qualified quantity surveyors and, therefore, would not meet the definition of "suitably qualified professional" to assess the abnormal costs. It is not possible to provide a "high level" view on the reasonableness of complex site-specific abnormal costings.
Council Response	Additional independent assessment of the abnormal costs assumptions may not always be necessary. A high-level assessment may conclude that the abnormal costs are considered reasonable and/or are not complex in which case, requiring assessment and additional expense to the applicant would be unreasonable. CP Viability will determine whether sites have complex or

	unreasonable abnormal requirements, and, in these cases, a separate independent assessment of these costs will be required.

6. Land Value

Representation	Whilst the drafting with regard to landowner premium has been amended there is still ambiguity which could imply that the Council may adjust/reduce the premium value to reflect full policy requirements. Transparency and clarity is needed to ensure a sufficient premium is available to landowners to bring forward land rather than reducing BLV to ensure policy compliance in every instance.
Council Response	This is sufficiently referred to in paragraphs 3.6 and 3.8.

Representation	Further amendment is required at 3.10 to allow a market-based approach based on policy compliant land transactions or adjusted transactions where no policy compliant evidence exists.
Council Response	The adjustment of market transactions is referred to within paragraph 3.9.

Representation	A market approach is not un-acceptable, it is the foundation for establishing market value as per the RICS guidelines.
Council Response	Paragraph 3.10 specifies that a market-based approach based on non-policy compliant schemes is not acceptable. Paragraph 3.9 refers to how market evidence may be used. This accords with the RICs guidance.

7. Build Costs

Representation	The drafting confusing (3.16 conflicts with 5.1). The SPD requires actual build costs to be based on evidence. However, the BCIS are based on actual build cost therefore confirmation is required that the use of BCIS will suffice.
Council Response	The SPD provides the opportunity for the submission of either BCIS or actual build costs based on QS evidence. BCIS may be based on actual build costs but to not provide those for a specific development. There is therefore not conflict between the paragraphs. The bullet points within paragraph 3.16 have been amended to refer to BCIS first.

Representation	The expanded list of potential build costs is acknowledged but it should be made clear that this list is not exhaustive.
Council Response	Paragraph 3.3 makes it clear the list is not exhaustive.

8. External Costs and Evidence

Representation	Paragraph 3.19 requires abnormal and external costs to be supported by evidence. It is agreed this should be the case for abnormal costs but external costs are usually a % allowance. Evidence should therefore not be required to support such costs.
Council Response	The percentage approach can only be a high-level indication. If a cost plan is being used this should include all the construction costs for the development, including externals.

Representation	The requirement for the provision of evidence to support assumptions should be clarified to ensure that this is where appropriate rather than for all information.
Council Response	The SPD highlights circumstances where evidence would be required to support assumptions.

9. Contingency

Representation	Contingency should be applied to base build costs, external works, plot service connection, garages and abnormal costs as there is risk and potential for unforeseen costs and inflationary pressures.
Council Response	Appendix C is an example table only, providing the minimum information required. For clarity the table at Appendix C has been amended to refer to contingency for base build costs, external works and garages. If contingency is applied to abnormals, this must be included as a separate figure.

10. Affordable Housing Transfer Values

Representation	There is no evidence to support the affordable housing transfer value of 70% at 3.5. Values of less than 50% OMV are frequently seen. Provision of a fixed % in the SPD is inflexible and does not reflect market evidence.
Council Response	The information was collected in consultation with Registered Providers during the preparation of the Local Plan and the CELPR. This commercial information was provided in confidence and is therefore not published.

	The SPD sets out the percentages in accordance with the information provided to the Council. It does however, provide the opportunity for the percentages to be altered where evidence and justification for a lower figure is provided.

Representation	A requirement for submission of price paid is not feasible as the sale will not be agreed with RP before planning permission is granted.
Council Response	The SPD provides for the submission of the price paid or informal offers. While it is appreciated developers may not have agreed a sale of affordable homes at submission, they should have discussed the proposals with RPs to inform the type and mix of affordable housing to the provided and potential transfer values to inform their own commercial decisions.

11. Developers Profit

Representation	Paragraph 5.1 requires profit to be supported by an explanation of what it is made up of. Profit should reflect the standardised principles in the NPPG and RICS guidance, this is therefore unnecessary.
Council Response	While standarised profit can be used, an explanation of what the profit is made up of is necessary to ensure that the standarised input is the same as the requirements of the PPG / RICS guidance.

Representation	The SPD cannot be used to lower developer profit to 15%. This has not been tested and would impact on delivery.
Council Response	Reference to a specified % for profit was removed from the draft SPD prior to the Reg 12 consultation.

12. Viability Phasing

Representation	The SPD should make it clear that there will be an opportunity to revisit viability at reserved matters on large schemes.
Council Response	Paragraph 4.3 refers to the potential for revisiting viability.

13. Viability Assessment Template

Representation	The requested information is appropriate and the removal of specific inputs is welcomed. However, the template is not the industry standard. Clarification is required that the template at Appendix C is an example and not mandatory.

Council Response	Appendix C is clearly labelled as an example, no amendment is therefore necessary.

14. Warrantee

Representation	Warrantee that the information submitted is true to the best of the applicant's knowledge should be sufficient. The requirement for the warrantee should be removed, in particular point b) which requires confirmation that the information submitted is consistent with the information that has informed its own commercial decisions. This inconsistent with the use of standarised inputs within the NPPG and RICS guidance.
Council Response	It is understood that applicants would be unwilling to sign the warrantee as drafted. Requiring the warrantee could result in excessive time being spent on this matter rather than the detail of the application. The requirement for a warrantee has therefore been amended to a requirement for a declaration and point b with regard to commercial decision has been removed.

15. Area Covered by the SPD

Representation	It is not clear whether the SPD relates to South Lancaster.
Council Response	Unless otherwise stated SPDs relate to the district. The process required for viability assessments does not alter depending upon location. It is therefore not necessary to refer to specific areas within the SPD.

16. Planning Balance

Representation	The plan recognises that some development is unviable. The SPD should acknowledge this and undertake a planning balance exercise to reconcile which of the competing objectives is given principal weight.
Council Response	Each application should be determined on its own merits. Where proposals are demonstrated to be unviable, this be weighed in the planning balance together with the policies within the local plan to ensure that development is sustainable. The SPD provides guidance on the process for the submission of viability assessments. Consideration of the planning balance comes after the submission of a viability assessment, it is therefore not necessary to expand of the balance and priorities within the SPD.

17. Non-Standard House Types

Representation	As the local plan viability assessment does not examine non-standard house types, a section should be included within the SPD which references the NPPG section on this matter.
Council Response	The approach to viability and specialist housing is addressed in the NPPG. The SPD provides guidance on the approach to site specific viability assessments. The principles and requirements will remain the same, it will be the specific inputs which may differ and consideration of planning balance. There is no need to address this matter specifically in the SPD.

18. Emerging Policy

Representation	Query how emerging policy can be considered when the principles of valuation are, 'as at that point in time', therefore not generally allowing for events that are uncertain. (para 3.12)
Council Response	Where emerging policies are a material consideration and have weight, they should be taken into account when determining an application. It may also be the case, that a decision on an application submitted prior to the adoption of the plan will be determined after adoption. The emerging policy context should therefore be taken into account when determining viability and the planning balance. Emerging policies are publicly available and can be taken into account when producing the viability appraisals. Appraisals should be carried out on the basis of existing and emerging policy to ensure that where the policies are a material consideration or are adopted by the point of decision, the consideration of viability is made and balanced against a policy compliant assessment.

7.4 The comments with regard to the legality of the SPD have previously been addressed. Together with the additional amendments made, the SPD provides guidance on the approach to viability assessments, a requirement for proportionate information and neither adds to of amends policy.

7.5 Further amendments made to the SPD include:

- Amendments to ensure that the requirements for the Viability Assessment Executive Summary are consistent within the SPD Executive Summary and paragraphs 2.4 and 5.2.
- Paragraph 3.2 has been amended to explain how the use of standarised inputs can be consistent with the information used to decide whether to proceed with development – i.e. BCIS figures used should reflect the expect build cost.

Appendix A: 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 Councils 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 B: Legal Opinion on the Validity of the SPD

RE: LANCASTER DRAFT VIABILITY PROTOCOL SPD

OPINION

Introduction

1. We are asked to advise Lancaster City Council ("the Council") in relation to the proposed adoption of a draft viability protocol supplementary planning document ("the SPD"). The SPD is intended to set out the Council's expectations for viability assessments which are submitted to it as part of the planning process. In particular, it is intended to guide the contents of assessments which are frequently submitted by developers seeking to demonstrate that provision of a policy-compliant level of affordable housing (of itself or together with other obligations) would render a particular scheme unviable.

2. A draft version of the SPD was published for consultation on 5 February 2021 and the consultation ran until 9 March 2021. The Council received a number of responses to the consultation and has considered such responses within the Viability Protocol Supplementary Planning Consultation Statement dated September 2021.

3. As part of the consultation, the Council received a joint objection from a consortium of housebuilders operating in the local area. The objection included the submission of a legal opinion from Christopher Katkowski QC and Piers Riley-Smith dated 17 March 2021 ("the Opinion"). The Opinion concludes that the SPD is "unlawful because it does not meet the legal definition of an SPD".

4. We are asked to consider the conclusions reached within the Opinion and set out whether, and to what extent any changes might be required to be made to the SPD to address the concerns raised within it.

Relevant Law

5. Section 38 of the Planning and Compulsory Purchase Act 2004 ("PCPA 2004") defines a development plan is as consisting of:

> i) The regional strategy (if any), and
>
> ii) The development plan documents ("DPD"s) (taken as a whole) which have been adopted or approved.

6. A DPD is defined in s.37 of the PCPA 2004 as:

> "*a local development document which is specified as a development plan document in the local development scheme."*

7. Section 17(7) of the PCPA 2004 states that regulations may prescribe which descriptions of documents are to be prepared as local development documents. A document can only be a local development document if adopted as such by the local planning authority, or approved by the Secretary of State under sections 21 or 22.

8. The Regulations made under s.17 are the Town and Country Planning (Local Planning) (England) Regulations 2012 ("the 2012 Regulations"). Regulation 5 provides, in so far as is relevant:

> *"(1) For the purposes of section 17(7)(za)1 of the Act the documents which are to be prepared as local development documents are—*
>
> *(a) any document prepared by a local planning authority individually or in cooperation with one or more other local planning authorities, which contains statements regarding one or more of the following—*
>
> *(i) the development and use of land which the local planning authority wish to encourage during any specified period;*
> *(ii) the allocation of sites for a particular type of development or use;*
> *(iii) any environmental, social, design and economic objectives which are relevant to the attainment of the development and use of land mentioned in paragraph (i); and*
> *(iv) development management and site allocation policies, which are intended to guide the determination of applications for planning permission*;
> …"

9. Regulation 6 provides that:

"Any document of the description referred to in regulation 5(1)(a)(i), (ii) or (iv) or 5(2)(a) or (b) is a local plan."

10. Regulation 2 defines "supplementary planning document" as:

"… any document of a description referred to in regulation 5 (except an adopted policies map or a statement of community involvement) which is not a local plan"

11. The requirements for the preparation, publication and adoption of local plans are materially different to the requirements for the adoption of an SPD.

Discussion

12. The Opinion argues that the SPD somehow manages to be both a DPD by including "development management policies" (para 21) and fall outside the scope of an SPD by falling outside Regulation 5(1)(a)(iii). The Opinion states at paragraph 20 that *"in every instance where the Purported SPD sets out requirements of its own making which are not found in local or national planning policies…[the SPD falls outside Regulation 5(1)(a)(iii) and is not an SPD]."* We do not agree.

13. First, simply including additional detail as to what the Council will require in order for a policy within the Local Plan to be met cannot, without more, be a criticism of and SPD. By their nature, they are intended to supplement, not merely repeat.

14. Specifically, the Opinion criticises requests in the SPD for certification that an applicant has provided the same information used by them to decide whether to proceed with the development, and the suggestion in paragraph 5.3 that further information may include board reports, financiers' offer letters and other information specific to the scheme. This is criticised for being contrary to paragraph 10-021 of the PPG which states that *"information used in viability assessment is not usually specific to that developer and thereby need not contain commercially sensitive data."* We do not consider that there is in fact any conflict with the PPG in this regard. Paragraph 10-021 concerns the publication of the viability assessment itself whereas paragraph 5.3 of the SPD addresses what additional evidence may be supplied to the Council in order to support the inputs used in a given viability assessment. Paragraph 5.3 is clear that this will not be in all cases. Even if paragraph 10-021 of the PPG was said to be engaged; the PPG itself notes that inputs are not "usually" site specific. As such, there is clear

scope within the guidance for a different approach to be taken only where it can be justified in a given case and not as a matter of course.

15. Second, the SPD is truly supplementary in our view; it is plainly additional detail tied to the assessment of compliance with DM3 of the Development Management DPD and other local plan policies governing infrastructure contributions such as DM27 and DM58. In relation to affordable housing, for example, it is policy DM3 which sets out the Council's "*statements regarding… the development and use of land which the local planning authority wish to encourage during any specified period*" in relation to the encouraging the delivery of affordable dwellings. The SPD adds detail as to how DM3 is to be applied in practice when a derogation from its terms is sought. Further, DM3 on its own terms provides that evidence will need to be submitted in order to justify an exemption based on viability and that *"such evidence must include an open book financial viability appraisal which will need to accord with guidance in the emerging Viability Protocol SPD.*" The examining Inspector was therefore well aware that further detail would be set out within an accompanying SPD. Accordingly, the SPD cannot sensibly be said to fall within Regulation 5(1)(a)(i).

16. To the contrary, we consider that the SPD falls squarely within Regulation 5(1)(a)(iii) in that it contains further statements in relation to "*… social…and economic objectives which are relevant to the attainment of the development and use of land mentioned in paragraph (i)"* i.e. the provision of affordable dwellings in line with DM3. The SPD is in line with the type of document envisaged by the court in R(Skipton Properties) v Craven District Council [2017] EWHC 534 Admin at paragraph 90:

> *"The purpose of regulation 5(1)(a)(iii) is to make clear that a local planning authority may introduce policies which are supplementary to a DPD subject only to these policies fulfilling the regulatory criteria. The Defendant has made clear that it may introduce an SPD, supplementary to its new local plan, which sets out* ***additional guidance*** *in relation to affordable housing."* (emphasis added)

This is precisely what the Council has done.

17. Third, it cannot sensibly be said that the SPD falls within Regulation 5(1)(a)(ii) since it does not contain site allocations.

18. Fourth, in our view the SPD does not contain statements falling within Regulation 5(1)(a)(iv) as none of the statements are in the nature of development management policies or site allocation policies. At paragraph 37 of R (Miller Homes) v Leeds City Council [2014] EWHC

82 Admin), Mr Justice Stewart held that the development management policies are intended to regulate the development or use of land generally and the material word was "regulate". Here, the SPD is exclusively associated with providing the promised additional information to supplement DM3 and does not itself directly regulate the development or use of land.

Conclusions

19. In our view, the SPD does not contain any statements falling within Regulation 5(1)(a)(i), (ii) or (iv) and does fall within Regulation 5(1)(a)(iii). Therefore, we disagree with the conclusions of the Opinion and consider that the SPD falls within the definition of an SPD for the purposes of the 2012 Regulations.

Kings Chambers — ***Paul G Tucker QC***

Birmingham, Leeds, Manchester — ***Stephanie Hall***

11th October 2021

A Local Plan for

Lancaster District

2020 – 2031

Plan period 2011 - 2031

Viability Protocol Supplementary Planning Document

[February 2022]

Shaping a better future

LANCASTER CITY COUNCIL
Promoting City, Coast & Countryside

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Executive Summary

This Viability Protocol Supplementary Planning Document (SPD) sets out overarching principles for how the Council will approach development viability, where this is a consideration as part of the planning process. It provides guidance on the details that should be included in Viability Assessments and the Council's approach to considering viability matters. The guidance and the approach are consistent with the National Planning Policy Framework (NPPF), national Planning Practice Guidance (PPG) and the RICS - Assessing viability in planning under the National Planning Policy Framework 2019 for England 1st edition, March 2021.

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

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

- Gross development value (i.e. the scheme revenue)
- Benchmark land value including landowner premium (the Planning Practice Guidance: Viability, available online, sets out the required approach to establishing the Benchmark Land Value)[1]
- Costs:
  - Plot construction costs (i.e. foundations to roof)
  - Standard external costs (i.e. plot externals, roads, paving, landscaping, drainage, service connections)
  - Abnormal costs
  - Site Specific infrastructure
  - Policy requirements (Section 106/Community Infrastructure Levy)
  - Financing (e.g. loans)
  - Professional fees (e.g. marketing, legal, architects, overheads)
  - Contingency
  - Other (Please Detail)
- Developer return (the Planning Practice Guidance: Viability provides guidance on suitable developer profit levels)[2]
- An explanation of how the values and costs have been arrived at including supporting evidence
- How the viability assessment has informed the planning application
- Developer contributions compared to policy requirements
- An explanation of the exceptional circumstances why the proposal would be unviable if a policy compliant scheme was to be provided

Further detail is provided within the body of this document.

[1] Planning Practice Guidance Paragraph: 014 Reference ID: 10-014-20190509, Paragraph: 015 Reference ID: 10-015-20190509, Paragraph: 016 Reference ID: 10-016-20190509, Paragraph: 017 Reference ID: 10-017-20190509
[2] Planning Practice Guidance Paragraph: 018 Reference ID: 10-018-20190509

1.0 Introduction

1.1 The Lancaster Local Plan (the Local Plan), consists of the following documents:

- Strategic Policies and Land Allocations Development Plan Document (DPD) (2020)
- Development Management DPD (2020)
- Arnside and Silverdale Area of Outstanding Natural Beauty DPD
- Morecambe Area Action Plan DPD

Once adopted the Climate Emergency Review of Strategic Policies and Land Allocations Development Plan Document and the Climate Emergency Review of Development Management Development Plan Document will supersede the currently adopted. The Council is also drafting a Lancaster South Area Action Plan which on adoption will form part of the Local Plan.

1.2 There are also a series of Neighbourhood Plans which contain policies for development management purposes.

1.3 The Local Plan can be viewed on the Council website: http://www.lancaster.gov.uk/planning/planning-policy/about-local-plan

1.4 The policies in the Local Plan seek to ensure that development is sustainable. It does this by focusing development in locations which reduce the reliance on the private car and ensuring that new development provides the infrastructure it needs, such as education places and schools, sustainable travel (including cycleways, footpaths, public transport) and outdoor recreation space. Policies also seek to ensure development meets environmental criteria, provides for affordable housing and contributes to or provides for the delivery of other strategic infrastructure where appropriate. Policies DM3 and DM58 address the provision of affordable housing and infrastructure. They refer to cases where there may be viability issues and state that in these cases an open book Viability Assessment will be required. Both policies refer to this Viability Protocol and the need to accord with the guidance and principles within it.

1.5 The Local Plan is supported by an evidence base, including the Local Plan Viability Assessment (Stage One and Stage Two) and the Arnside and Silverdale AONB DPD Viability Assessment. These documents considered the combined effect of the policy requirements in the Local Plan to ensure that their impact does not threaten the delivery of housing and employment growth together with the associated infrastructure envisaged in the Local Plan. As part of the Climate Emergency Local Plan Review (CELPR), a new Local Plan Viability Assessment has been produced to consider the impact of enhanced policies to address climate change on viability and the margin available for the introduction of a Community Infrastructure Levy. This Viability Assessment will be subject to consultation and examination as part of the CELPR process.

1.6 There may be exceptional circumstances[3], such as when the abnormal costs associated with a scheme, result in a policy compliant development not being considered viable by the developer. In such cases, the developer may ask for policy requirements to be relaxed to enable a development to go ahead. It is up to the developer to provide robust viability evidence to support their case. The PPG places the onus on an applicant to justify these circumstances stating, '*It is up to the applicant to demonstrate whether particular circumstances justify the need for a viability assessment at the planning application stage'*[4].

[3] Planning Practice Guidance Paragraph: 007 Reference ID: 10-007-20190509 identifies example circumstances
[4] Planning Practice Guidance Paragraph: 007 Reference ID: 10-007-20190509

1.7 This Viability Protocol Supplementary Planning Document (SPD) sets out the overarching principles for how the Council will approach development viability, where this is a consideration as part of the planning process. The protocol does not alter planning policy but provides guidance on the details that should be included in Viability Assessments and the Council's approach to considering viability at the planning application stage. Using this SPD should help minimise delays in determining a planning application. The guidance and the approach are consistent with the National Planning Policy Framework (NPPF) and national Planning Practice Guidance (PPG).

1.8 This SPD is being producing in accordance with the Town and Country Planning (Local Planning) (England) Regulations 2012. Once adopted, this SPD will be afforded appropriate weight in decision making.

2.0 Viability Assessment

When Is A Viability Assessment Required?

2.1 The Local Plan includes a range of policies to ensure that development is sustainable, makes appropriate arrangements for the provision of strategic and local infrastructure and affordable housing and does not adversely affect existing services and infrastructure. The PPG is clear that the onus is upon the applicant to justify why they seek to reduce affordable housing and/or other S106 contributions. It states, "*It is up to the applicant to demonstrate whether particular circumstances justify the need for a viability assessment at the application stage*."[5]

2.2 Where an applicant seeks to reduce policy requirements and infrastructure contributions (such as those set out in policy DM3: Affordable Housing, DM27: Open Space and Recreational Facilities and DM58: Infrastructure Delivery and Funding) for potential viability reasons, the Council will require applicants to submit an open book viability assessment in line with government guidance as part of the planning application submission. This will allow the Council to determine whether the proposed departure from policy is justified. Where financial contributions, onsite infrastructure or off-site works (such as flood mitigation measures or highway safety and transport capacity measures and other strategic infrastructure) are necessary to ensure that a proposal is sustainable, applications will normally be refused, unless alternative appropriate arrangements can be made to secure the mitigation necessary to make the development acceptable in planning terms.

2.3 The applicant should discuss the scope of the Viability Assessment as part of the pre-application advice process. The requirements outlined in sections 3.0 and 5.0 of the SPD reflect those necessary for major development schemes. A pared down version may be appropriate for minor development where affordable housing is required in the district's two Areas of Outstanding Natural Beauty.

[5] Planning Practice Guidance – Paragraph:007 Reference ID: 10-007-20190509

2.4 A Viability Assessment should include:

- An executive summary, including the information outlined at paragraph 5.2.
- A detailed financial viability assessment in accordance with the RICS guidance[6] containing as a minimum the information set out in Section 5 and Appendix C of this SPD.
- Supporting evidence and an explanation which demonstrates how the assumptions have been determined to inform the viability assessment together with supporting evidence.

Further detail is provided in Section 5.

2.5 Where the viability case is supported by an independent review, the Council will expect the developer to explore and present to the Council possible changes to the scheme to improve viability. The Council will consider a range of options to ensure that the development provides the highest level of affordable housing and infrastructure provision (including, where appropriate, strategic infrastructure) viably possible. Amendments could include changing the tenure of the affordable housing, the phasing of affordable housing delivery, the house types, layouts and materials to reduce costs and/or increase revenue. The Council will consider the application in the context of proposed mitigation, any justifiable circumstances which result in affordable housing and infrastructure contributions required by planning policies not being viable, benefits arising from the scheme and the Local Plan and national planning policies as a whole.

Transparency

2.6 The NPPF states, '*All viability assessments, including any undertaken at the plan-making stage, should reflect the recommended approach in national planning guidance, including standardised inputs, and should be made publicly available.'*[7]

2.7 The Planning Practice Guidance (PPG) states that viability assessments should be *'transparent and publicly available'*[8] and the RICS guidance states, *'All FVAs should be prepared on the basis that they will be made publicly available'*.[9] The Environmental Information Regulations (2004) recognise the benefits of public participation and include a presumption in favour of disclosure. This approach has been upheld in the High Court.[10]

2.8 It is important to note that this information will be made available in the public domain. In submitting development viability information, applicants do so in the knowledge that this will be made publicly available. A planning application will not be made valid where it is indicated the applicant is seeking to reduce affordable housing provision or S106 contributions, unless it is accompanied by an 'open book' viability assessment.

2.9 As viability assessments usually contain standardised inputs in line with the PPG, data will not usually be specific to a developer and they will not contain commercially sensitive information. Even if some elements are commercially sensitive, they can be aggregated and published to avoid disclosure of sensitive material. In exceptional cases, where the disclosure of commercially sensitive data is necessary and an applicant requests that a redacted version is made public, clear

[6] [6] Assessing viability in planning under the National Planning Policy Framework 2019 for England 1st edition, March 2021

[7] National Planning Policy Framework (Feb 2019) – Paragraph 57

[8] Planning Practice Guidance - Paragraph: 010 Reference ID: 10-010-20180724

[9] Assessing viability in planning under the National Planning Policy Framework 2019 for England 1st edition, March 2021

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

justification showing the adverse effect publication of the sections to be omitted would have, must be given. The Council will consider the justification in the context of the 'adverse effect' and 'public interest' tests within the Environmental Information Regulations.

2.10 As land value should be reached in accordance with the guidance in the PPG and not on the price agreed between the applicant and landowner, this information will not be considered commercially sensitive.

2.11 The Council will require a declaration to minimise the submission of inaccurate or misleading information (see Appendix A). The statement should confirm that:

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

2.12 An executive summary, as outlined at paragraph 5.2 should be included which explains the costs and gross development value in layman's terms to ensure that the financial data is accessible to members of the public without a financial or development background.

2.13 The transparency of the applicant's approach may have a bearing on the weight to be attached to a Viability Assessment in decision making.

Independent Review

2.14 Where an applicant seeks to reduce the policy compliance of the proposed development including affordable housing obligations and section 106 contributions they must be prepared for the financial data and supporting evidence to be independently reviewed, the cost of which must be met by the applicant. The applicant must enter into an agreement to reimburse the cost to the Council when the application is submitted. If material changes are made to an application after submission that could affect scheme viability, a revised viability assessment may be required and subsequent costs will be incurred.

2.15 The Council will commission an independent review which will appraise the assumptions made in the financial data, the proposed construction work costs and supporting documents supplied by the applicant. The assessment will review the sales prices, all development costs including site specific abnormal/infrastructure costs, engineering proposals, developer profit, finance and site value to determine whether the assumptions and proposals are acceptable or whether revisions are required in order to make the development more policy compliant and which may result in an increased amount of affordable housing and/or S106 contributions.

2.16 The independent review will require one or all of the following:

a) Assessment of the viability assessment/financial data submitted by the applicant, by the Councils appointed RICs qualified viability consultant.
b) Assessment of the build costs, abnormal and external costs by an Engineer and/or Quantity Surveyor appointed by the Council.
c) Assessment of the proposed abnormal works to determine if they are the most appropriate and cost-effective method to address on site issues by appropriate qualified consultants appointed by the Council.

2.17 It is expected that the viability assessment of financial data and the assessment of costs by a Quantity Surveyor will be required in all cases. The scope of the independent review can be determined as part of the pre-application advice service.

2.18 An agreement for cost reimbursement and declaration with regard to the accuracy of information submitted is attached at Appendix A. The fees for independent viability assessments are published on the Council website together with information with regard to the costs associated with Quantity Surveyor and engineer assessments. Additional information can be found at Appendix B and on our website.

2.19 The independent viability assessment, Quantity Surveyors and engineers' assessments will usually be commissioned once the layout, design and engineering works have been agreed and information is available with regard to the infrastructure contributions required. This will ensure that the viability assessment is carried out using the scheme which is likely to proceed to a decision. The assessments can be commissioned earlier to avoid delays. For this to be effective an application will need to be submitted with comprehensive financial and costs information. If further amendments or revisions to the applicant's viability appraisal are submitted following the independent assessment, a further fee for an update will be required.

3.0 Viability Assessment Inputs

General Requirements

3.1 The assumptions used in a viability assessment should usually be sourced from evidence from an independent expert or publicly accessible resource.

3.2 The information submitted should be consistent with the information the applicant has used to decide whether to proceed with the development. For example, where BCIS is used, the quartile etc. used should reflect the expected build cost.

3.3 The inputs referred to below are not an exhaustive list of requirements. This section aims to add guidance and detail about some of the inputs required.

Development Values

3.4 Assumptions should be justified with references to up-to-date transactions and market evidence comparable to new builds within a reasonable distance of the site. Where directly comparable information is not available, transactions should be adjusted to ensure it reflects site circumstances.

3.5 Applicants should engage with Registered Providers (RPs) early on in the process to ensure that the type, size, tenure and specification of new the homes are appropriate for transfer. Affordable housing values should reflect discussions with and offers made by RPs. RPs generally pay 70% of open market value for shared ownership properties and 50% for affordable rented properties and these figures should be used in viability assessments unless evidence and justification for a lower figure is provided.

Land Value

3.6 Benchmark Land Value (BLV) should be determined in accordance with the PPG and RICS guidance primarily using the 'existing use value plus' (EUV+) approach. The plus or premium, should be adjusted to provide a minimum incentive to landowners to bring forward land while providing policy compliant contributions and also appropriately reflecting the abnormals/site

specific infrastructure costs associated with the site.

3.7 The existing use value must reflect the existing use of the land/property (for example agricultural use) and must exclude any 'hope value' for future development. The value should be assessed with all the policy requirements, including the full infrastructure and affordable housing requirements, and take account that previous land sales would not necessarily reflect the policy requirements in the adopted Local Plan.

3.8 Development costs, including abnormal costs and site-specific infrastructure costs should be taken into account when defining BLV. Where this results in a BLV below the minimum required to bring a site forward for development, a balance must be struck between the value required to bring a site forward for development and providing a policy compliant scheme.

3.9 The guidance suggests that benchmark land values agreed on other schemes can provide a useful source of evidence. It also states that land transactional evidence can be used as a general 'sense check', however the guidance does suggest that benchmark land values can vary significantly from prices paid, which reduces the weight that should be applied to land transactions when assessing benchmark land values. Market evidence must be adjusted to take account of planning policy requirements to comply with paragraph 16 of PPG which states, '*any data used should reasonably identify any adjustments necessary to reflect the cost of policy compliance (including for affordable housing*)[11] This approach has been supported in the High Court[12].

3.10 Research published by RICS found that the 'market value' approach is not being applied correctly and "*if market value is based on comparable evidence without proper adjustment to reflect policy compliant planning obligations, this introduces a circularity, which encourages developers to overpay for site and try to recover some or all of this overpayment via reductions in planning obligations*"[13] Use of a market-based approach based upon previous non-policy compliant sales, for determining land value is therefore not acceptable.

3.11 In summary, in accordance with the RICs guidance, when presenting land value, the following should be considered:

- Current Use Value or Existing Use Value.
- The Premium.
- Total Benchmark Land Value.
- Market Evidence adjusted for policy compliance.
- Policy compliant value assessed by the residual method.
- Alternative Use Value (where appropriate).

3.12 '*A statement must be included in the FVA[14] or review of the applicant's FVA or area-wide FVA that explains how market evidence and other supporting information has been analysed and, as appropriate, adjusted to reflect existing or emerging planning policy and other relevant considerations*.'

3.13 '*Under no circumstances will the price paid for the specific site be a relevant justification for failing*

[11] Planning Practice Guidance - Paragraph: 016 Reference ID: 10-016-20190509 Revision date: 09 05 2019
[12] Parkhurst Road ltd v Secretary of State for Communities and Local Government and London Borough of Islington – [2018] EWHC 991 (Admin)
[13] RICS Financial Viability Appraisal in Planning Decisions: Theory and Practice (April 2015)
[14] Financial Viability Appraisal

to comply with relevant policies in the plan'. 'This means that the actual price paid for a site cannot be used to reduce developer contributions'.'[15]

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

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

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

Development Costs

3.16 The NPPF[16] and PPG[17] recommends the use of standardised inputs into a viability assessment. Build costs should be provided as follows:

- BCIS figures. Justification for the rate used should be provided. These should be quoted per internal square metre and for each house type. It should be stated when the BCIS figures were dated, what they were rebased to and whether this was based on the default or 5 year figure. or
- Actual build cost data, provided per square metre and for each house type. The build costs should be supported by evidence in the format of a Quantity Surveyor Cost Report.

3.17 Where a developer wishes to use BCIS figures, there may be specific parts of a development, such as the use of natural stone or bespoke design features to reflect a sensitive location which will increase costs above BCIS. In these cases, the cost evidence can be contained to those areas. The costs should be provided for each item per square metre (or equivalent), the amount of each item to be used and the overall cost of each item.

Abnormal and External Costs

3.18 Abnormal costs should be taken into account when agreeing the value of the land. Abnormal costs include those relating to the treatment of contaminated sites, listed buildings, abnormal foundations, cut and fill abnormal drainage works, demolition etc. (this list is not exhaustive).

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

Policy and S106 Costs

3.20 Costs associated with planning policies such as open space contributions, education

[15] Assessing viability in planning under the National Planning Policy Framework 2019 for England 1st edition, March 2021

[16] National Planning Policy Framework (Feb 2019) - Paragraph 57

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

contributions, costs which may arise from carbon reduction requirements in the Climate Emergency Local Plan Review and S106/S278 infrastructure costs.

Affordable Housing

3.21 Affordable housing values should be based upon 70% of open market value or shared ownership and 50% of open market value for affordable rented. Where proposed values fall below these figures, confirmation from the Registered Provider will be required in the form of a transfer agreement or informal offers from Registered Providers. Developers usually approach more than one Registered Provider. Where details of informal offers are provided to support a lower value for affordable housing, a developer will be expected to provide details of all informal offers or responses received.

Profit

3.22 All profit should be applied to the net sales revenue and be in keeping with the requirements of the viability guidance.

3.23 Profit levels for affordable housing should reflect significantly lower risk levels. Lower levels of return would also be expected for commercial and private rented accommodation.

4.0 Revising Affordable Housing Provision and Contributions

4.1 Where it is agreed that a reduction in the affordable housing provision is justified, the Council will first consider amendments to the tenures, size and type of housing or amended phasing triggers to determine if an alternative mix or delivery structure would improve viability and provide the affordable housing to meet local needs.

4.2 In some cases, flexible arrangements relating to the timing and level of planning obligations (including nature of provision – financial or 'in kind') may be considered if the scheme would otherwise not be able to proceed.

4.3 On large sites that are expected to be built out over a period of time or in phases, viability may need to be re-assessed at different points (such as prior to the commencement of each phase). The Council will consider whether viability needs to be assessed at various stages throughout the development and may include requirements for a review of the assessment prior to the commencement of each stage. This kind of review mechanism would normally be included in a S106 agreement. A viability review mechanism may also be required to be incorporated within S106 agreements for larger sites that do not provide a policy compliant level of planning obligations at the outset, due to viability. This will be triggered by specified development milestones, with a view to reassessing whether the Council can secure policy compliant developer contributions later in the development.

4.4 Where a developer seeks an extension to a site they are developing, or have recently developed, and they seek to reduce affordable housing or infrastructure contributions, a new viability assessment will be required. The viability assessment must re-assess the whole site. Actual build and sales costs arising from the original site can be used and should be supported by evidence.

4.5 The Council will carefully consider the range of developer contributions to ensure any reductions justified by viability are made with reference to the specific policy priorities for the area.

5.0 Viability Assessment Requirements

5.1 Viability Assessments submitted in support of a reduction in affordable housing or other infrastructure contributions should be in accordance with the RICS guidance, the PPG and contain the following information, all of which should be supported by evidence:

Land values – for the existing use, the benchmark land value and residualised land value (per acre/hectare and for the site as a whole), the premium applied and market evidence where this has been used. Where a value has been agreed with a land owner the agreed price may also be provided but this will not form the basis of the viability assessment.
Gross and net area of development (in hectares and acres)
Number of and floor area of each unit type (in metric) The split between market and affordable homes GIA for residential, GIA for industrial, both for offices and retail
Build costs based BCIS per square metre together with justification for the rate used or actual build costs where they are supported by evidence, such as a Quantity Survey Cost Report, and compared with published BCIS costs
Abnormal, external and infrastructure costs should be supported by robust and costed specialist reports, including a Quantity Survey Cost Report and full technical data to support the costs, all inputs should be provided in metric
Planning policy costs such as carbon reduction uplift and biodiversity net gain supported by evidence, education and health contributions
Contingency costs
Costs such as design, legal, consultants, planning, marketing and legal etc
Build programme and phasing
Finance rates and fees
Developers profit and an explanation of what it is made up of – company or financiers' requirements
Anticipated sales and/or rental price for each unit type – supported by evidence of market sales prices for similar products and locations
Assessment showing the development finances with the affordable housing requirements within the Local Plan and any associated infrastructure contributions
Evidence of engagement with RPs
The RP price agreed for purchase or if not agreed, the assumed price in accordance with this SPD

Confirmation that the applicant will pay the cost of the independent review prior to it being commissioned and confirmation that the information submitted is accurate (see template in Appendix A)

5.2 An Executive Summary, which explains the costs and net development value in layman's terms, to ensure that the financial data is accessible to members of the public without a financial or development background will be required. The Executive Summary should also set out the required and proposed affordable housing and other S106 contributions and an explanation of the exceptional circumstances why the proposal would be unviable if a policy compliant scheme was to be provided. The Executive Summary must also include the following information:

- Gross development value (i.e. the scheme revenue)
- Benchmark land value including landowner premium (the Planning Practice Guidance: Viability, available online, sets out the required approach to establishing the Benchmark Land Value)[18]
- Costs:
  - Plot construction costs (i.e. foundations to roof)
  - Standard external costs (i.e. plot externals, roads, paving, landscaping, drainage, service connections)
  - Abnormal costs
  - Site Specific infrastructure
  - Policy requirements (Section 106/Community Infrastructure Levy)
  - Financing (e.g. loans)
  - Professional fees (e.g. marketing, legal, architects, overheads)
  - Contingency
  - Other (Please Detail)
- Developer return (the Planning Practice Guidance: Viability provides guidance on suitable developer profit levels)[19]
- An explanation of how the values and costs have been arrived at including supporting evidence
- How the viability assessment has informed the planning application
- Developer contributions compared to policy requirements
- An explanation of the exceptional circumstances why the proposal would be unviable if a policy compliant scheme was to be provided

5.3 In some cases, the following information may also be requested to support an applicant's assumptions:

- Developers market analysis report
- Sensitivity analysis showing different assumptions/options
- Information about the costs of non-residential uses (to be provided in the same format as residential data)

Where this additional information is agreed to be commercially confidential/sensitive, the documentation will not be published, or appropriate redactions will be made prior to publication.

[18] Planning Practice Guidance Paragraph: 014 Reference ID: 10-014-20190509, Paragraph: 015 Reference ID: 10-015-20190509, Paragraph: 016 Reference ID: 10-016-20190509, Paragraph: 017 Reference ID: 10-017-20190509
[19] Planning Practice Guidance Paragraph: 018 Reference ID: 10-018-20190509

Appendix A –Agreement to Pay for Independent Review and Declaration in Relation to the Information Submitted

An undertaking will be expected as part of a viability submission to ensure that the developer agrees to pay for the independent review and confirms that the information submitted is accurate. The Council will expect undertaking to be in the form and of the substance of the template below.

Agreement to pay the Council's Costs of Independent Review [and to provide a declaration in relation to the viability assessment]

Date:

Parties:

1) **[Name]** of [registered office address] and registered in England and Wales with company number [number] (**'the Applicant'**)

2) **Lancaster City Council** of Town Hall, Dalton Square, Lancaster LA1 1PJ (**'the Council'**)

Definitions:

Development: means [INSERT DESCRIPTION OF DEVELOPMENT] on the land know as [INSERT SITE ADDRESS]

Planning Application: means the planning application known to the Council by reference number [INSERT REFERENCE] relating to the Development

SPD: means the Council's Viability Protocol Supplementary Planning Document 2011 – 2031 (January 2021) as amended from time to time.

The Review: an assessment of the Applicant's data and information for the purpose of viability assessment following application for planning permission by Independent professionals appointed by the Council.

Background:

A. The Council is to appoint a suitably qualified and skilled professionals to make an independent review ('**the Review'**) of the data and information provided by the Applicant in its Planning Application and viability assessment, in accordance with the terms of its SPD.
B. The Review will be carried out prior to the determination of the Planning Application.
C. The costs of the Review shall be in accordance with the Schedule on the Council Website and in accordance with Appendix C of the SPD.
D. In most cases, the Applicant will be required to pay the costs of the Review in advance of its commissioning.

E. Where in the Council's reasonable opinion the scope of the Review requires it, the Applicant may be called upon to reimburse the Council for additional fees incurred in consequence of any revision of the scope of the Review and the further work need to complete the Review.
F. The Council has requested a declaration from the Applicant in the form given at clause 5.

The Review:

1. The Council will use reasonable endeavours to inform the Applicant about:
    a. The scope and indicative costs prior to the Review; and/or
    b. Any additional costs incurred throughout

    as soon as reasonably practicable.

2. The Applicant agrees to pay the reasonable costs incurred by the Council of the Review in full (and inclusive of any VAT charged to the Council, where applicable) within 30 days upon written request by the Council.

3. The Applicant agrees that if it fails to pay the Council's costs after 28 days of the written request, the Council may charge interest on top of the costs of the Review at 4% above the Barclays Bank's base rate.

4. The Applicant acknowledges that this agreement forms a legally binding commitment to pay the Council's costs in order to enable the Council to commission and obtain the Review.

Declaration by the Applicant in relation to the information provided in its viability statement:

5. The Applicant confirms that the following is true to the best of its knowledge:

    a. That the information provided in its viability assessment (along with all supporting evidence and documentation) is true and accurate;

    b. That it has not instructed any agent/professional to formulate the viability assessment under any arrangement whereby that agent/professional receives any kind of inducement or benefit (financial or otherwise) should the Applicant be successful in reducing its planning contributions or the extent of the planning obligations linked to the Development.

I confirm that I am authorised by the Applicant to sign this agreement on its behalf.

Signed on behalf of the Applicant:
Name and position:
Date:
Signed on behalf of the Council:
Name and position:
Date:

Appendix B – Independent Review

In submitting a Viability Assessment with a view to reducing the provision of affordable housing and/or S106 contributions, the applicant agrees to pay the reasonable costs for independent assessment.

The Council has contracted an independent Viability Consultant to carry out the assessment of the financial information submitted with an application. The fees for the independent viability assessment are published on the Council website.

The costs are fixed and under them the viability consultant will:

- Carry out a detailed review of the planning file and all background information (including the feasibility report, cost consultant reports and viability assessments);
- Prepare a viability appraisal;
- Prepare a draft report, detailing their review of the applicant's assessment, identified evidence, appraisal and conclusions/recommendations. The draft report will be issued to the applicant for their review and rebuttal but not made public.
- Respond via email to any reasonable post-report queries/challenges raised by the applicant.
- At the discretion of the Council, 1 post report Teams meeting with the Council and applicant to discuss any queries to challenges.
- Issue the final report and appraisal which will be made public in accordance with Planning Practice Guidance, RICS Guidance and the Environmental Information Regulations 2004.

In most cases, an independent Quantity Surveyor's assessment of costs will also be required to support the viability assessment and in some cases an engineer's assessment may also be necessary to consider whether the extent and costs associated with engineering operations proposed are appropriate. The costs associated with these pieces of work will be agreed with the applicant on a case by case basis prior to the assessments being commissioned. The commissioning of a Quantity Surveyor/Engineer will take additional time as quotes will be obtained and an agreement sought with the applicant. Submission of appropriate information with the application will help speed up the process.

Appendix C – Example Table for Viability Assessment

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

Gross Development Value											
Unit Type				Floor Area (m2) (per unit)	No of Units	Total Floor Area (m2)	Sales Value (per m2)	OM Sales Value (per unit)	Sales Value for Affordables	Total Sales Value for Unit Type	Clarification of Details
House Type Name	Semi, Flat etc	Bed No.	OM /AR /SO								
Totals											Gross Sales/Development Value (GDV)

Gross Development Costs				Clarification of Details
Acquisition Costs	£/Hectare	Area in Hectare	Totals	
Existing Use Value				
Benchmark Land Value				Site value to be based upon EUV+ to take full account of all costs, inclu planning policy requirements and contributions
Proposed Premium (£ per acre & %)				
Residualised Value				
Stamp Duty				Actual based on HMRC current rate
Agent Fees				
Legal Fees				
Total Acquisition Cost				

Construction Cost				
Build Cost Per Unit Types	Total Floor Area (m2)	£ Per m2	Totals	Basic build costs to be supported by the evidence outlined at 5.1. Wher not available, the BCIS figure should be used with supporting justificati used.
Garages				
Build Cost Total				
Contingency on Build Cost				
Total Build Cost				

External Works		
Description of Item	Totals	Detailed costs supported by the evidence outlined at 5.1.
Contingency		
Total External Costs		

Abnormal Costs

Description of Item	Totals	Abnormal costs to be supported by the evidence outlined at 5.1.
Total Abnormal Costs		

Policy/S106 Costs		
Description of Item		For example carbon reduction costs, open space contributions and education contributions, S106/S278 contributions
Total Policy Costs		

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

Other Costs				
Description of Item				The preference is for incentives to be taken off the sales values
Professional and Regulatory fees				
Legal Fees (Open Market)				
Legal Fees (Affordbale)				
Marketing and Sales (Open Market)				
Arrangement Fee				
Total Other Costs				

Finance			
Timescale	Duration (months)	Commencement Date	
Pre-Construction			
Construction			
Sale			

Total Duration			
Debit Rate and Credit Rate % Nominal		Totals	
Land			
Construction			
Other			Define other
Total Finance Costs			

Totals – GDV / GDC / Profit / Residual		
Net Development Value (after incentives)		Total Sales
Gross Development Cost		Total of all costs
Developer Profit		As a % of net sales value
Residual		GDV – GDC – Developer Profit
Benchmark Land Value		
Development Viability	Viable/Unviable	

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

Lancaster City Council | Report Cover Sheet

Meeting	Cabinet	**Date**	01.03.2022
Title	Covid-19 Additional Relief Fund (CARF)		
Report of	Head of Shared Service		

Purpose of the Report

This report seeks approval to implement a Covid-19 Additional Relief Fund to cover a new business rate relief scheme introduced by Government in response to the Covid-19 pandemic. The fund will be used to support those businesses affected by the pandemic but that are ineligible for existing support linked to business rates (such as previous Covid related reliefs).

Details of the scheme can be found under ***Appendix A.***

Key Decision (Y/N)	**N**	**Date of Notice**		**Exempt (Y/N)**	**N**

Report Summary

On 25 March 2021 the Government announced a new COVID-19 Additional Relief Fund (CARF) of £1.5 billion to support those businesses affected by the pandemic but that are ineligible for existing support linked to business rates (such as previous Covid related reliefs). The relief is available to reduce chargeable amounts in respect of the 2021/22 financial year and must be directed towards ratepayers who have been adversely affected by the pandemic and have been unable to adequately adapt to that impact.

As the measures are temporary, local authorities are expected to use their existing discretionary relief powers to deliver the scheme. Lancaster has been allocated £2,621,666 and the Government will fully re-imburse local authorities for the local share of the discretionary relief, using a grant under Section 31 of the Local Government Act 2003.

The application process is expected to close on 31 March 2022 and the scheme principles will help determine eligibility at that time, using Local Authority discretionary relief powers under section 47 of the Local Government Finance Act 1988 (as amended) to grant relief.

Recommendations of Councillor Whitehead (Cabinet Member for Finance and Resources)

(1) That Cabinet approve the use of the proposed COVID-19 Additional Relief Fund (CARF) as detailed in the report, in line with government guidance and available funding; and

(2) That Cabinet delegate the final allocation of the funding support to businesses to the S151 Officer and Head of Shared Service, in consultation with the Cabinet Member for Finance and Resources.

(3) That Cabinet authorise the S151 Officer to make final amendments to the policy to accommodate evolving guidance and any technical issues in relation to the scheme and to make all other necessary arrangements for its implementation with immediate effect.

Relationship to Policy Framework

Scheme principles are in line with Council priorities, with the fund:

- supporting existing enterprises at a difficult time in their business journey
- used to benefit local communities
- helping to build a sustainable and just local economy for people and organisations

Conclusion of Impact Assessment(s), where applicable

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

In line with Government guidance and its policy document the Council will provide support in the form of additional rate relief to those ratepayers that have suffered during the pandemic but missed out on other business support.

The policy once approved, will provide guidance in determining eligibility and will be incorporated into the Discretionary Rate Relief Policy, which applies equally across the authority.

Details of Consultation

No formal consultation with the public has taken place but officers have consulted with other Lancashire authorities to understand government intentions and share good practice in developing a scheme.

Legal Implications

It is important that the administration of the Scheme by the Authority complies with the requirements within the Government Guidance, and the policy ***(Appendix 1)*** clarifies how this will be achieved. The proposals also comply with the requirements of s.47 Local Government Finance Act 1988.

Financial Implications

The awarding of this relief will reduce the gross liability and thus the collection fund's income for 2021/22. However, the government will fully reimburse local authorities for their share of the discretionary relief through section 31 grant up to the maximum funding allocation for each billing area. The maximum funding allocation for the Council area is £2,621,666.

The Department for Levelling Up, Housing and Communities has confirmed that it will provide new burdens funding to cover matters such as IT costs, additional staff costs and rebilling. The relief scheme should therefore have an overall neutral financial impact on the Council as long as the total relief awarded does not exceed £2,621,666.

Other Resource or Risk Implications

There are no major resource implications for the Council arising from this report and the risk of any challenge in relation to use of the fund is considered small and manageable.

Section 151 Officer's Comments

The S151 Officer has contributed to this report.

Monitoring Officer's Comments

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

Contact Officer	Adrian Robinson
Tel	01772 906023
Email	a.robinson@preston.gov.uk
Links to Background Papers	
Business Rate Information Letter (8/2021) – Covid-19 Additional Relief Fund (CARF) BRIL 8-2021 (publishing.service.gov.uk) CARF Guidance Note (15 December 2021): CARF Guidance.docx (publishing.service.gov.uk)	

1.0 Background

1.1 Liability for Business Rates is based upon the rateable value of the property. Rateable Values are set by the Valuation Office Agency (VOA) and appear in the Business Rates Rating List and form the basis of the business rate charge. The rateable values are updated at revaluations – the most recent being 2017 when they were based on the rental market on 1 April 2015. The next revaluation is planned for 1 April 2023 with a valuation date of 1 April 2021.

1.2 The revaluations ensure that rateable values reflect changes in economic factors, market conditions or changes in the general level of rents. Between revaluations, rateable values can only be changed to reflect 'material changes of circumstances' including, for example, physical changes to the property or locality.

1.3 Since the start of the pandemic the VOA have received many checks arguing that interventions concerning the use of property (such as requirements to close businesses or maintain social distancing to comply with health and safety legislation) are a material change of circumstances. If successful, there would be a major impact on the level of rateable values across a wide range of properties.

1.4 The Government did not believe that the challenges to rateable values and the removal of properties from the rating list was the right mechanism to help businesses that needed support in the pandemic and announced on 25 March 2021 that they would introduce primary legislation with retrospective effect to clarify that Coronavirus and the Government's response to it are not an appropriate use of the material change of circumstances provision.

1.5 On 15 December 2021 the Government introduced the Rating (Coronavirus) and Directors Disqualification (Dissolved Companies) Bill confirming that measures brought in because of coronavirus will not be considered as a Material Change of Circumstances (MCC). At the same time the Department for Levelling Up, Housing & Communities released guidance to Local Authorities in administering a new scheme, COVID-19 Additional Relief Fund (CARF) with allocated funding of £1.5 billion.

1.6 The fund is made available to support those businesses affected by the pandemic but ineligible for existing support linked to business rates (i.e. Extended Retail Discount and Nursery Discount. Lancaster City Council's allocation totals ££2,621,666.

1.7 It is proposed that the Council issues an invitation to apply for relief to those businesses that they believe may be eligible to apply for CARF. The amount of relief to be awarded should then be determined once all applications and supporting evidence has been received and the scheme has closed, scheduled to be 31 March 2022. Supporting documentary evidence should be submitted as required within one calendar month of it being requested.

1.8 It is proposed that the S151 Officer and Head of Shared Service, in consultation with the Cabinet Member for Finance and Resources make an informed decision about the distribution parameters. This will reduce the risk of overspending on the fund and ensure a fair and equitable approach to a maximum allocation at the earliest opportunity.

1.9 In awarding CARF for 2021/22, for those most impacted and unable to adapt to that impact, it is hoped to replicate awards provided under the Retail Relief Scheme (100% rate relief for 3 months, 66% rate relief for 9 months) with a cap considered on larger CARF awards, should the need arise. Other eligible businesses that have been impacted, but not to the same degree may receive a % of their rate liability based upon local demand. The guidance note is provided on the following link:
CARF Guidance.docx (publishing.service.gov.uk)

1.10 In exceptional circumstances at the discretion of the Council a payment of up to £20,000 may be made towards rate liability.

1.11 The Council will hold recovery of 2021/22 arrears to those businesses who have been impacted and are waiting on their CARF application outcome.

2.0 Options and Options Analysis (including risk assessment)

2.1 In response to the Covid-19 pandemic the Government allocated funds to local Councils to support businesses financially in the form of business grants and also awarded rating relief for certain business types. e.g. extended retail relief. The aim of CARF is to assist those businesses that do not qualify for assistance but have been affected by the pandemic.

2.2 **Option 1 – Agree to the proposal as recommended**

The scheme sets out a formal approach to awarding relief and follows government guidance to determine eligibility. The approach adopted seeks to maximise use of funds in an open and equitable way, after the scheme has closed in order to limit the risk of the Council being liable for a large overspend on the fund. The Section 151 Officer, Head of Shared Service will consult with Cabinet Member for Resources to determine a fair and equitable distribution of funds.

2.3 **Option 2 – Refuse to access government funds on behalf of affected businesses**

The Council would not access CARF funds and no relief would be awarded. Subsequently local businesses that have not previously received help would need to pay more in business rates.

3 OFFICER PREFERRED OPTION AND COMMENTS

3.1 It is recommended that Option 1 be approved. The scheme enables a formal approach to eligibility, with criteria in line with Council priorities, offering financial support in the form of rate relief to those businesses that have previously been impacted by Covid-19 but received no financial assistance.

4 CONCLUSION

4.1 The proposals as set out are considered a good use of fund to limit the risk of overspend and to achieve the greatest benefit for a range of businesses that have suffered financial hardship during the pandemic.

APPENDIX A

LANCASTER CITY COUNCIL

COVID-19 ADDITIONAL RELIEF FUND (CARF)

This scheme forms part of the Local Discretionary Rate Relief Scheme, providing the principles upon which the Council will deal with applications for awards against the 2021/22 business rate account, from the Covid -19 Additional Relief Fund. Support will be directed towards ratepayers not in receipt of other reliefs, who have been adversely affected by the pandemic and have been unable to adequately adapt to that impact.

This document sets out the broad framework of principles to be used in decision making for this new scheme covering the financial year 1 April 2021 to 31 March 2022.

SCHEME PRINCIPLES:

The scheme principles provide a framework for eligibility when considering the application, thus providing clarification and guidance to officers. To be eligible for CARF, it is proposed the business must fulfil the following criteria:

- must be registered for Business Rates with Lancaster City Council
- must **not** be eligible for Extended Retail Discount, or Nursery Discount
- the property must have been occupied for the qualifying period (other than if the property was closed temporarily due to Covid-19 restrictions)
- must be able to demonstrate and evidence that the business has been adversely affected by the pandemic and they have been unable to adequately adapt to that impact;
- must **not** be in administration, insolvent or been struck off the Companies House register
- must **not** have exceeded the permitted subsidy control limits

The Scheme will be launched upon approval and the Council will contact all identified ratepayers in scope, to apply for the Covid-19 Additional Relief. Applications to be submitted, with supporting evidence no later than close of business on 31 March 2022.

It is proposed that the amount of relief to be awarded should be determined once all applications and supporting evidence has been received and the scheme has closed, to reduce the risk of overspend. Subject to the number of applications and financial impact of any decision a cap may be considered to limit the amount of relief provided on each individual property.

The relief will be granted using discretionary relief powers under section 47 of the Local Government Finance Act 1988 and successful applicants will be awarded relief as a percentage of the business rates liability for 2021/22, after other discretionary and mandatory reliefs have been granted. Following the allocation of the relief, any credit in the 2021/22 year will either be used to offset outstanding liability from previous years or will be carried forward and offset against the liability for 2022/23.

In exceptional circumstances at the discretion of the Council a payment of up to £20,000 may be made towards rate liability. However, if the relief fund is oversubscribed the Council reserves the right to amend relief levels on a pro-rata basis, based on the applications received and approved as a way of dealing with the situation.

The Council will hold recovery of 2021/22 arrears to those businesses who have been impacted and are waiting on their CARF application outcome.

Where a qualifying ratepayer's 2021/22 rates bill is adjusted for any of the following reasons, the amount of their relief will be adjusted or removed accordingly:

- an amended rateable value in the 2017 rating lists
- the provision of a certificated value for the 2017 rating list or historical change
- the application of any additional rate relief or exemption
- vacation and re-occupation of the property

Applications will not be considered where it is the Councils view that the award of any relief is not in the best interest of the taxpayers of Lancaster City Council, or where businesses are having a detrimental impact on the City, residents, or neighbourhoods, such as where the Council is taking enforcement action against a business for a serious offence.

Ratepayers operating an intermittent occupation tax mitigation / avoidance scheme will not be eligible for relief. Also, telephone masts and advertising rights will be ineligible for this relief.

It is noted that the billing authority cannot grant the relief to itself in line with the legal restrictions in section 47 (8A) of the Local Government Finance Act 1988.

Right of Appeal

In all cases where an organisation disagrees with the Council's decision, an appeal may be made in writing to the Head of Shared Service within one calendar month from the date of the decision

Fraud

The government and Lancaster City Council will not tolerate any business falsifying their records or providing false evidence to gain this % reduction/ including claiming support above the subsidy control limits. A ratepayer who falsely applies for any relief, or provides false information or makes false representation in order to gain relief may be guilty of fraud under the Fraud Act 2006.

Lancaster City Council | Report Cover Sheet

Meeting	Cabinet	**Date**	01.03.2022
Title	Covid-19 Lancaster District Hardship Fund (Use of Residual Funds)		
Report of	Head of Shared Service		

Purpose of the Report

This report seeks Cabinet approval to spend residual funds (£347k) from the Council Tax Hardship Fund in line with the recommendations, setting up a new "Lancaster District Hardship Fund" to financially support residents who have found themselves vulnerable and in financial hardship during the pandemic.

Details of the scheme can be found under ***Appendix A.***

Key Decision (Y/N)	**N**	**Date of Notice**		**Exempt (Y/N)**	**N**

Report Summary

At the start of 2020/21 Lancaster City Council received £1.425m in hardship funding from Government with guidance on how it should be spent. As a result, for the financial year 2020/21 the Council provided a reduction in council tax bills of a maximum £300, aimed specifically for working age people, alongside the Localised Council Tax Support ("LCTS") scheme.

Government made clear that Councils may wish to consider using any remaining grant allocation as part of wider local support mechanisms and as such the Leader of the Council took an executive decision in June 2020 that any residual funds be placed in a reserve for future consideration by Cabinet.

Recommendations of Councillor Whitehead (Cabinet Member for Finance and Resources)

(1) That the residual balance of £347k from the Covid-19 Council Tax Hardship Reserve Fund be committed to assist residents in the district who have suffered hardship during the COVID-19 Pandemic and continue to struggle financially;

(2) the Lancaster District Hardship Fund principles, as set out under ***Appendix A*** to the report be approved; and

(3) spending to be in line with the Lancaster District Hardship Fund, with cost to be met from the Covid-19 Council Tax Hardship Reserve Fund, up to the value of £347k.

Relationship to Policy Framework

Scheme principles are in line with Council priorities, with the fund:

- helping to address health and income inequalities, food and fuel poverty, mental health and loneliness.

- focusing on early intervention (as it is proactive rather than reactive)
- assisting partnership working with residents and local organisations
- used innovatively to deal with the issues some of our residents are experiencing
- also providing good value for money through the buying power of the food poverty alliance

Conclusion of Impact Assessment(s), where applicable

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

In setting up a "Lancaster District Hardship Fund" with residual funds, the Council will be in a position to make informed decisions and offer financial support to those vulnerable residents who have found themselves in a difficult position during the Covid-19 pandemic.

The proposals for additional support apply equally across the authority, to all sections of the community.

Details of Consultation

No formal consultation with the public has taken place, but informal discussions with partner organisations (e.g. CAB) and ongoing experience has helped shape the scheme.

Legal Implications

The Council Tax COVID-19 Hardship Fund 2020-21 – Local Authority Guidance issued by the Government in March 2020 states "Having allocated grant to reduce the council tax bill of working age LCTS recipients by a further £150, billing authorities should establish their own local approach to using any remaining grant to assist those in need.

In determining any broader approach to delivering support, authorities are best placed to reflect on the financial needs of their most vulnerable residents. In doing so, they may wish to consider using their remaining grant allocate as part of wider local support mechanisms".

Financial Implications

Funding has been allocated to billing authorities on the basis of their share of the national caseload of working age LCTS recipients, using the most recently published data. The Council's allocation for this hardship fund stands at £1,424,987 and has been received, paid through a grant under Section 31 of the Local Government Act 2003.

The original payment scheme (£300 for working age CTS recipients during 2020/21) has naturally drawn to a close and spend to date amounts to of £1,028,000 which together with the £50k transfer to DHP funds, leaves a residual balance of £347k, to be diverted to the Lancaster District Hardship Fund.

This scheme will allow the Council to support vulnerable residents in various forms, at a time when they need it the most. There is no time limit on the spend and once the £347k funding has been utilised the scheme will close.

Other Resource or Risk Implications

There are no major resource implications for the Council arising from this report and the risk of any challenge in relation to the policy is considered small and manageable.

Section 151 Officer's Comments

The S151 Officer has contributed to this report.

Monitoring Officer's Comments	
The Monitoring Officer has been consulted and has no further comments.	
Contact Officer	Adrian Robinson
Tel	01772 906023
Email	a.robinson@preston.gov.uk
Links to Background Papers	
n/a	

1.0 Background

1.1 At an early stage the Government recognised that COVID-19 was likely to cause fluctuations in household income and recognised that, as a result, some individuals would struggle to meet their council tax payments.

1.2 Lancaster remains one of the few billing authorities to offer 100% support to working age residents and therefore expenditure in meeting this Government priority was reduced, leaving greater spending power for the Council to deliver increased financial assistance.

1.3 In excess of Government direction the Council used its grant allocation to reduce the council tax liability of working age individuals in the area who received LCTS during 2020/21 by a maximum £300, using discretionary powers under s13A(1)(c) of the Local Government Finance Act 1992. If the bill payer was due to pay less than £300 the remaining balance was reduced to zero.

1.4 Having met this Government priority, the Council used £50k to top up the Discretionary Housing Pot to assist families with large rent arrears, rather than them be evicted and placed in board and lodgings (hotel) with extortionate charges.

1.5 With remaining funds the Council now has an opportunity to deliver increased financial assistance to vulnerable residents as part of wider support mechanisms. This additional support is not restricted to those working age council tax payers receiving assistance through LCTS.

1.6 It is proposed that the Council introduces a "Lancaster District Hardship Fund" administered by the Customer Service's Team, to provide short term financial assistance for those suffering hardship and at the same time to address some of the reasons why people find themselves in financial hardship by way of preventative measures.

1.7 Whilst not an exhaustive list, funds will be used in the following ways:

- to address council tax arrears, encouraging debtors to get back on track with payment towards current year liability
- to provide assistance with debt resolution fees working in partnership with our local Citizens Advice.
- to assist in the direct provision of food by providing financial support to those food banks and clubs that work closely with the Council
- to provide essential Gas/Electricity/Utility assistance
- to provide clothing allowance payments and other essential supplies as required
- to provide essential household/white goods as required

1.8 As part of the scheme, funding can be passed onto others to support existing schemes that deliver the fund objectives. The Council will look to passport some funds to the Citizens Advice to recruit 2 full time debt workers for a 12-month period (estimated spend £80k) as well as passporting funds to the Food Poverty Alliance to support the food network in our area (estimated spend in excess of £100k). This will include extending the initiative of being able to offer 8-week free memberships.

1.9 Further details of the scheme are provided under ***Appendix A*** to this report.

2.0 Options and Options Analysis (including risk assessment)

2.1 In response to the Covid-19 pandemic the Government allocated funds to local Councils to support residents financially, initially with the primary aim of helping working age residents in receipt of LCTS pay their Council Tax. The Council has distributed funds in excess of Government expectations and is now free to support other projects with residual funds

2.2 **Option 1 – Agree to the proposal as recommended**

The scheme sets out a formal approach to distributing residual funds and follows a tried and tested path similar to arrangements put in place by Government in the form of its Household Support Fund this last financial year. The approach adopted seeks to maximise use of funds in an open and equitable way across a number of service areas, and therefore risks associated with any challenge are considered small and manageable.

2.3 **Option 2 – Suggested amendments to scheme principles**

Any amendments would need to have regard to Council priorities and government guidance, allowing extra time for re-consideration of an amended policy. The Household Support fund comes to an end on 31 March 2022 and it would be good to have a local scheme in place at the earliest opportunity to continue to offer support to those most in need.

2.4 **Option 3 – Do nothing and return residual funds to the Government**.

A blanket policy of returning funds to Government is not an option when residents in the district continue to struggle to pay their bills and finance household necessities.

3 OFFICER PREFERRED OPTION AND COMMENTS

3.1 The pandemic has refocussed the Council's attention on the needs of the community and the way those needs, however simple, are serviced. It is recommended that Option 1 be approved. The scheme enables a formal approach to decision making, with criteria in line with Council priorities, offering financial support to those most in need of help.

4 CONCLUSION

4.1 The proposals as set out are considered a good use of remaining funds, to achieve the greatest benefit for those suffering financial hardship.

APPENDIX A

LANCASTER CITY COUNCIL

LANCASTER DISTRICT HARDSHIP FUND

The scheme will be administered independently by the Customer Services Team and their newly set up team. Awards will be made on a discretionary basis. The intended focus of the scheme is both to provide short term financial assistance for those in hardship and also address some of the reasons why people find themselves in acute financial hardship and provide support to prevent this.

This list is not exhaustive but will be used in the following ways:

- address council tax arrears, encouraging debtors to get back on track with payment towards current year liability
- provide assistance with debt resolution fees working in partnership with our local Citizens Advice.
- assist in the direct provision of food by providing financial support to those food banks and clubs that work closely with the Council
- provide essential Gas/Electricity/Utility assistance
- provide clothing allowance payments and other essential supplies as required
- provide essential household/white goods as required

As part of the scheme, funding can be passed onto others to support existing schemes that deliver the fund objectives. Lancaster City Council will look to passport some funds to the Citizens Advice to recruit 2 full time debt workers for a 12-month period as well as passporting some funds to the Food Poverty Alliance to support the food network in our area. This will include extending the initiative of being able to offer 8-week free memberships.

SCHEME PRINCIPLES:

This scheme will be set up with the intention of addressing the underlying reasons why people are struggling financially, whether that be due to them not being on the correct benefits or having large overpayment recovery; to issues around other debts, addiction or needing general support to be able to budget effectively.

Citizens Advice will work with the resident to address these issues so that going forward they are in a better position to manage. Once they are engaging with the Citizens Advice they will refer the case back to the council for support around food, fuel, household appliances and other essentials.

The aim being that the Council will be able to support in the short term whilst the applicant is working with Citizens Advice to address the underlying issues, (within their control), to enable them to maintain a stable financial position.

How the scheme will work:

- Applicants can apply to the Lancaster District Hardship fund for additional support and awards will be determined on the individual merits of each case.

- Applications will be made online or over the phone. The Council will take the phone calls.
- The initial application will be dealt with by the Citizens Advice
- Once the applicant is engaging with the Citizens Advice, they will refer the case back to the council and we will support with food, fuel and other household essentials.
- The Customer Service Team may also visit the resident to confirm what support is needed.
- There will be no appeal rights against the Council's decision.
- The scheme will not be limited to those liable persons in receipt of Council Tax Support.
- Gas/Electricity/Utility assistance and clothing allowance payments would be made either via the Post Office pay out scheme or via bank transfer.
- Any support with food will be dealt with via the Food Poverty Alliance network.
- Any Council Tax awards to the liable person will be posted against council tax arrears, rather than be distributed as a cash alternative.
- Debt Relief Order payments and bankruptcy fees would be considered for customers who cannot afford this form of debt resolution.
- Clothing for babies and children to include school uniforms.
- Essential equipment/clothing needed for children to partake in activities that they would otherwise be excluded from due to cost. e.g. sports kits
- Essential furniture or household appliances will be provided through Curry's who will order, deliver and install new goods and specifically remove and dispose of old/faulty items. Any furniture or household appliances will become the property of the applicant.

Rent arrears / rent in advance and deposits for housing matters will only be considered if they fall outside the remit of the Discretionary Hardship Payment Scheme.

Records will be collated on a spreadsheet within Microsoft Teams – this will hold applicant details and also a cumulative total of spend. The scheme will end when the residual funds have been used.

Website information will be provided, and the scheme will be advertised. A new email address will be set up for application forms to be submitted.

Data will be collated periodically throughout the scheme to detail how many people have been supported.

Lancaster City Council | Report Cover Sheet

Meeting	Cabinet	**Date**	1 March 2022
Report	Delivering Our Priorities: Q3 2021/22		
Report of	Director of Corporate Services		

Purpose of Report

To provide members with an update on performance, projects, and resources during the first three quarters of 2021/22 (April – December 2021).

Key Decision (Y/N)	**N**	**Date of Notice**	**N/A**	**Exempt (Y/N)**	**N**

Report Summary

The appendices to this report provide information on performance, projects, and resources.

Recommendations of Councillor Anne Whitehead

That Cabinet

(1) Consider the update on performance, projects, and resources for Quarter 3 2021/22.

Relationship to Policy Framework

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

Conclusion of Impact Assessment(s) where applicable

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

The content of this report has no impact in itself.

Details of Consultation

No specific consultation around this report.

Legal Implications

No legal implications directly arising from this report.

Financial Implications

No financial implications directly arising from this report.

Other Resource or Risk Implications

No other implications directly arising from this report.

Section 151 Officer's Comments

The Section 151 Officer contributed to this report in his role as Chief Finance Officer.	
Monitoring Officer's Comments	
The Monitoring Officer has been consulted and has no further comments.	
Contact Officer	**Contact Officer**
Tel	**Tel**
Email	**Email**
Links to Background Papers	
Appendix A: Highlight Report	

1.0 Introduction

1.1 The primary purpose of this report is to present information relating to the council's projects, performance and resources for the period April-December 2021, which can found within the appendices.

2.0 Performance Reporting

2.1 The Highlight Report at Appendix A shows a strong level of performance, with services largely now pursuing their substantive activities rather than Covid-19 response requirements. This trend is likely to continue through 2021-22 and into 2022-23, with goals and reporting increasingly aligned to Plan 2030 Priorities and Outcomes.

3.0 Project Reporting

3.1 The Highlight Report at Appendix A shows that the vast majority of the council's strategic projects were running to plan at the end of quarter 3. Action is being taken by the projects which are reporting as amber to rectify the issues they are having and get them back on track.

4.0 Financial Monitoring

4.1 The 2021/22 Budget and MTFS 2021-2024 approved by Council in February 2021 set a balanced budget for the year based on the assumptions made at that time. The COVID - 19 pandemic continues to create a significant shock to the economy and result in unplanned expenditure and income losses for the Council.

4.2 All portfolios are required to examine their revenue budgets regularly and reports are submitted to Cabinet and Budget & Performance Panel for review. To enable Portfolio Holders to meet this requirement Financial Services continually reviews and refreshes how it presents the Council's Corporate Monitoring information.

4.3 In an attempt to aid understanding Members should note that where **projected variances** values are presented with brackets ( ) this reflects a negative, or adverse movement from the budgeted position. Conversely, projected variances accompanied with a + sign represents a positive, or favourable movement from the budgeted position.

The following financial appendices accompany the financial monitoring section of this report
Appendix B: General Fund Service Analysis
Appendix C: General Fund Subjective Analysis

Appendix D: HRA Service Analysis
Appendix E: General Fund Capital Projects
Appendix F: HRA Capital Projects
Appendix G: Reserves Projected Outturn
Appendix H: Approved Savings Monitoring

5.0 COVID - 19

5.1 As stated above, the COVID - 19 pandemic has resulted in significant unplanned expenditure and income losses, which are being monitored by each directorate. The Government's Sales, Fees and Charges support scheme finished at the end of June 2021 and all subsequent losses will need to be covered by Council resources.

5.1 With regard to economic activity and the potential ongoing impact, the government's own data indicates activity is not expected to return to pre-Covid-19 levels until 2023. The impact of the pandemic led to a 10% fall in economic output over 2020 which is only expected to recover by 4% this year and 7% in 2022/23.

6.0 General Fund Summary Position

6.1 Quarter 3 (Q3) monitoring covers the period for April – December 2021. At the end of Q3 (December 2021) we are currently projecting a year end underspend against budget of **£0.073M**. This amount equates to approximately **0.41%** of the Council's approved Net Revenue Budget of **£17.774M**. Members will recall that as part of the 2021/22 budget cycle that Council approved a draw on reserves of **£2.267M** in order to balance the budget. The forecast underspend will reduce this draw to approximately **£2.194M**. In addition this position is at the three-quarter point of the financial year and officers work will continue over the coming months to monitor and forecast the costs and savings associated with both the pandemic and any other emerging budget pressures. In the meantime, arrangements are in place to scrutinise all existing expenditure plans. However, should an underspent position remain at the year-end the call on the Council's unallocated reserves will be reduced.

6.2 A summary of the Q3 revenue position for the main service accounts of the Council is set out in table 1 below with commentary on significant variances provided on the following paragraphs.

Table 1 Quarter 3 Financial Monitoring – Service Analysis

	Original Budget 2021/22 £'000	Working Budget 2021/22 £'000	Q3 Actual 2021/22 £'000	Projected Outturn 2021/22 £'000	Projected Variance 2021/22 £'000
Communities and Environment	6,882	6,882	2,543	7,006	(124)
Economic Growth and Regeneration	4,329	4,329	3,217	4,566	(237)
Corporate Services	6,762	6,762	(170)	7,385	(623)
Central Services	1,059	1,059	774	1,031	+28
Other Items	(104)	(104)	(649)	(1,133)	+1,029
Sub Total	**18,928**	**18,928**	**5,715**	**18,855**	**+73**
Net Recharges to Housing Revenue Account	(1,015)	(1,015)	0	(1,015)	0
RMS Capital Charges (now Housing Revenue Account)	(139)	(139)	1,516	(139)	0
Revenue Reserve funded items included in above analysis	2,362	5,298	225	3,985	+1,313
Revenue Reserve funded items included in above analysis	(2,362)	(5,298)	0	(3,985)	(1,313)
Sub Total	**(1,154)**	**(1,154)**	**1,741**	**(1,154)**	**0**
General Fund Revenue Budget	**17,774**	**17,774**	**7,456**	**17,701**	**+73**
Revenue Support Grant	(204)	(204)	(155)	(204)	0
Net Business Rates Income	(7,737)	(7,737)	(5,617)	(7,737)	0
Council Tax Requirement	**9,833**	**9,833**	**1,684**	**9,760**	**+73**

Communities and Environment (£0.124M Adverse)

6.3 Significant budget variances including :-

- Termination costs for the Combined Heating and Power unit maintenance contract (-£0.032M) and the non-realisation of feed in tariff credits (-£0.130M).
- Increased transport costs (-£0.285M) due to vehicle R&M and associated hire costs arising from delayed delivery of new fleet plus increased fuel costs (delays to electric-RCV's and roll-out of route optimisation plus unforseen inflationary increases).
- Net Income losses as a result of the continued closure of nursery shop (-£0.038M).
- Service restructure delayed by continuing pandemic response (-£0.042M), roles transferred from other Directorates (-£0.059M), additional cost of staff to cover continued increase in tonnage, long term absence and temporary shortage of HGV drivers and loaders - household waste collection (-£0.060M), trade waste (-£0.022M), street cleaning (-£0.043M)
- Car parking income net of increased transaction costs (+£0.666M) has far exceeded the pre-pandemic expectancy level of 65%. Further income of (+£0.100M) has been projected for the Castle car park lease surrender which is offset by the loss of management fee and additional costs running costs (-£0.140M)
- A budgeted sales, fees and charges compensation figure of (-£0.379M) is included within the service variance, however the collection is included in Other Items, as detailed below.

Economic Growth and Regeneration (£0.237M Adverse)

6.4 Significant predicted year end variances including:-

- the continuation of the Capita Building Control contract (-£0.116M)
- Business Rates payable (-£0.041M) for former Frankie & Benny's site due to vacated tenant
- Additional planning fee income due to continued high volume of applications received (+£0.220M) offset by additional support for temporary planning officer posts (-£0.119M)
- The use of agency staff to cover the vacant Head of Property Investment and Regeneration (PIR) post (-£0.110M) have created budgetary pressure however, there are a number of areas where salary savings have been identified including the delayed reopening of the VIC's, The Platform and Museums (£+0.034M).
- Further vacancies include Future High Streets vacant post (+£0.033M) and other growth posts not yet recruited to (+£0.062M).
- These pressures have been offset by further staff turnover savings (+£0.354M) however when considered in context the service is predicting an overall salary related overspend

(-£0.046M) which also accounts for the impact of the proposed pay award.

- Further Income losses at The Platform (-£0.217M) and Printrooms (-£0.068M) are estimated.
- A budgeted sales, fees and charges compensation figure of (-£0.074M) is included within the service variance, however the collection is included in Other Items, as detailed below.

Corporate Services (£0.623M Adverse)

6.5 Significant predicted year end variances including:-

- Slippage on the capital programme has reduced forecast interest payments for the year by (+£0.403M)
- A top up payment required to the pension fund (-£0.780M) which will be paid within quarter 4
- The provision for staff turnover target (-£0.481M) is held within Corporate Service whilst the additional costs/savings generated are attributed to the individual services. When taking this into account the whole council salary related position (including agency and consultancy costs as appropriate) is expected to be overspent by (-£0.205M) which can largely be attributable to the impact of the proposed pay award
- An increase in the Council's insurance renewal premium (-£0.160M) has been offset by a corresponding reduced contribution to the insurance provision as the balance is deemed to be at a satisfactory level
- With regard to ICT, the need for additional Microsoft user licences (-£0.013M) and additional mobile phone costs (-£0.044M) resulting from increased agile/ homeworking provide the most significant forecast budget pressures
- Other significant variances relate to vacant posts with Finance (+£0.073M), Human Resources (+£0.072M), Democratic Services (+£0.015M) and Internal Audit (+£0.074M)

Central Services (£0.028M Favourable)

6.6 This variance is attributable to the vacant 'Head of Policy' position offset by the impact of the proposed pay award.

Other Items (£1.029M Favourable)

6.7 Sales, Fees & Charges Compensation (£0.732M credit) As part of the pandemic the government introduced a scheme within 2020/21 which allowed Councils to reclaim a portion of their in-year income losses relating to sales fees and charges. This scheme was extended to 30th June 2021 and as part of the 2021/22 budget setting process, budgets were included as appropriate within the relevant service area and whilst not always detailed in full within the above sections, collectively they amount to £0.455M. During the first quarter, the Council incurred eligible irrecoverable losses of £0.977M (against a predicted irrecoverable loss of £0.722M) for which we are to receive compensation of £0.732M. In addition the Council share of the flood recovery grant regarding Storms Desmond & Eva has been finalised resulting in a credit of +£0.343M.

6.8 Appendix B: General Fund Service Analysis (Q3) covers this information in more detail and provides summary percentage variations for variances +/- £30K.

6.9 The revenue position provided within table 1 above is analysed across the Councils subjective headings is set out in table 2 below.

Table 2 Quarter 3 Financial Monitoring – Subjective Analysis

	Original Budget 2021/22 £'000	Working Budget 2021/22 £'000	Q3 Actual 2021/22 £'000	Projected Outturn 2021/22 £'000	Projected Variance 2021/22 £'000
Employees	24,831	24,856	15,911	25,567	(711)
Premises Related Exp	5,729	5,728	5,098	5,941	(213)
Transport Related Exp	1,175	1,176	962	1,417	(241)
Supplies and Services	10,418	10,540	8,248	11,855	(1,315)
Transfer Payments	22,027	22,027	13,865	22,027	0
Support Services	130	139	41	111	+28
Capital Charges	17	17	0	17	0
Capital Financing Costs	1,797	1,797	1,445	1,394	+403
Appropriations	532	532	0	508	+24
Income	(47,428)	(47,584)	(39,855)	(49,682)	+2,098
Capital Financing Inc	(300)	(300)	0	(300)	0
Sub Total	**18,928**	**18,928**	**5,715**	**18,855**	**+73**
Net Recharges to Housing Revenue Account	(1,015)	(1,015)	0	(1,015)	0
RMS Capital Charges (now Housing Revenue Account)	(139)	(139)	1,516	(139)	0
Revenue Reserve funded items included in above analysis	2,362	5,298	225	3,985	+1,313
Revenue Reserve funded items included in above analysis	(2,362)	(5,298)	0	(3,985)	(1,313)
Sub Total	**(1,154)**	**(1,154)**	**1,741**	**(1,154)**	**0**
General Fund Revenue Budget	**17,774**	**17,774**	**7,456**	**17,701**	**+73**

6.10 Appendix C: General Fund Subjective Analysis covers this information in more detail

7.0 Housing Revenue Account Summary Position

7.1 As at the end of Q3 we are currently projecting a year end overspend against budget of **£0.266M**. A summary of the Q3 revenue position for the HRA is set out in table 3 below.

Table 3 Quarter 2 Financial Monitoring – HRA Service Analysis

	Original Budget 2021/22 £'000	Working Budget 2021/22 £'000	Q3 Actual 2021/22 £'000	Projected Outturn 2021/22 £'000	Projected Variance 2021/22 £'000
Policy & Management	1,718	2,017	1,151	2,013	+4
Repairs & Maintenance	5,790	5,865	1,709	5,951	(86)
Welfare Services	(157)	(157)	(263)	(181)	+24
Special Services	172	172	190	186	(14)
Miscellaneous Expenses	680	680	440	767	(87)
Income Account	(14,672)	(14,672)	(10,544)	(14,572)	(100)
Capital Charges	5,532	5,532	0	5,532	0
Appropriations	417	43	13	50	(7)
Sub Total	**(520)**	**(520)**	**(7,304)**	**(254)**	**(266)**
Net Recharges to General Fund	520	520	0	520	0
Housing Revenue Account Budget	**0**	**0**	**(7,304)**	**266**	**(266)**

7.2 Significant predicted year end variances including:-

- An anticipated reduction in income (-£0.100M) due to longer re-let times in independent living schemes following knock-in impact from the pandemic
- An increase in council tax payable on void properties due to longer re-let times following knock-on impact from the pandemic (-£0.049M)
- An increase on property insurance premiums (-£0.037M)
- A forecast increase in expenditure on Repairs & Maintenance (-£0.086M) mainly relating to compliancy consultancy

7.3 Appendix D: Housing Revenue Account Service Analysis covers this information in more detail and provides summary percentage variations for variances +/- £30K.

8.0 Capital Projects (General Fund & HRA)

8.1 At Q3 we are currently projecting a year end variance against budget of **£36.138M** (General Fund £35.530M HRA £0.608M) (Q2 General Fund £32.862M and HRA (£047M)). Summary details for both the General Fund and HRA are set out in table 4 below.

Table 4 Quarter 1 Financial Monitoring – Capital Projects

	Original Budget 2021/22 £'000	Working Budget 2021/22 £000	Q3 Actual 2021/22 £'000	Projected Outturn 2021/22 £'000	Projected Variance 2021/22 £'000
Communities and Environment					
Business Support	3,084	2,939	46	1,022	1,917
Customer Involvement & Leisure	2,057	1,614	98	1,436	178
Public Protection	0	0	0	0	0
Housing Services	480	1,230	0	105	1,125
Public Realm	17,424	15,388	(3,031)	230	15,158
Total	**23,045**	**21,171**	**(2,887)**	**2,793**	**18,378**
Economic Growth and Regeneration					
Planning & Place	777	871	0	110	761
Economic Development	0	0	0	0	0
Property Investment & Regeneration	17,710	18,217	3,714	3,583	14,634
Total	**18,487**	**19,088**	**3,714**	**3,693**	**15,395**
Corporate Services					
HR	0	0	(40)	0	0
ICT	135	235	85	149	86
Corporate Services Development Pool	1,671	1,671	0	0	1,671
Total	**1,806**	**1,906**	**45**	**149**	**1,757**
Central Services					
Chief Executive	0	0	0	0	0
Total	**0**	**0**	**0**	**0**	**0**
GENERAL FUND - TOTAL	**43,338**	**42,165**	**872**	**6,635**	**35,530**
Housing Revenue Account					
Adaptations	300	360	216	360	0
Energy Efficiency / Boiler Replacement	959	969	372	969	0
Kitchen / Bathroom Refurbishment	888	888	0	138	750
External Refurbishment	192	235	43	235	0
Environmental Improvements	360	405	418	1,127	(722)
Re-roofing / Window Renewals	1,093	1,185	341	940	245
Rewiring	54	84	14	84	0
Lift Replacement	0	0	0	0	0
Fire Precaution Works	150	150	22	150	0
Housing Renewal & Renovation	1,217	1,350	833	1,015	335
HOUSING REVENUE ACCOUNT - TOTAL	**5,213**	**5,626**	**2,259**	**5,018**	**608**
GRAND TOTAL	**48,551**	**47,791**	**3,131**	**11,653**	**36,138**

8.2 The following significant budget adjustments have been made up to Q3 to reflect slippage from 2020/21 and subsequent changes approved by Cabinet particularly those in respect of the De-carbonisation project as Salt Ayre Leisure Centre.
GF: (£1.173)M
HRA: £0.413M

8.3 The significant underspending against budget relates principally to General Fund. Of this £5.191M relates to forecast slippage of works into 2022/23. The remainder relates to schemes currently within the Council's Development Pool which have not been progressed. A full review of the Capital Programme has been undertaken as part of the 2022/23 budget process and such schemes have been removed achieving considerable revenue budget savings.

8.4 Appendix F General Fund Capital Projects and Appendix G HRA Capital Projects provide further information and summary commentary.

9.0 Reserves

9.1 The Council's projected reserve position has been updated to reflect the provisional outturn and has seen the Council's opening level of unallocated balances increase to **£7.808M** with the combined level of reserves currently **£33.446M**.

9.2 We are currently projecting the Council's unallocated balances to increase to **£5.614M** from the original budgeted position of **£4.529M**. Overall the combined level of usable reserves is forecast to increase to **£20.360M** against the original budgeted balance of **£15.639M**. Table 5 Quarter 3 Financial Monitoring – Reserves provides summary details for both Unallocated and Earmarked Reserves. Appendix H: Reserves Projected Outturn provides further detailed analysis.

Table 5 Quarter 1 Financial Monitoring – Reserves

	<----- ORIGINAL BUDGET ----->					<----- PROJECTED OUTTURN ----->				
	31 March 2021	From Revenue	To / (From) Capital	To Revenue	**31 March 2022**	**31 March 2021**	From Revenue	To / (From) Capital	To Revenue	**31 March 2022**
	£	£	£	£	**£**	**£**	£	£	£	**£**
Unallocated Balances	(6,796,000)			2,267,000	(4,529,000)	(7,808,400)			2,194,000	(5,614,400)
Total Earmarked Reserves	(12,885,100)	(1,807,986)	1,113,000	2,470,000	(11,110,086)	(25,637,200)	(2,061,386)	1,104,000	11,848,649	(14,745,937)
Total Combined Reserves	(19,681,100)	(1,807,986)	1,113,000	4,737,000	(15,639,086)	(33,445,600)	(2,061,386)	1,104,000	14,042,649	(20,360,337)

9.3 The increase is a result of a number of factors such as the impact of the backed dated Green Energy Disregard on the 2019/20 balance, inclusion of the 2020/21 surplus and growth in the Business Rates Retention Reserve to reflect current government guidance for the treatment of Collection Fund deficits on the Council's finances. Table 6 Reserves Movement reconciles the movement between the budgeted and forecast closing position.

Table 6 Reserves Movement

		£M
Budgeted Combined Level		**15.639**
Reserve		
General Fund Unallocated	2021/22 Forecast Underspend	0.073
	2020/21 Actual Surplus	0.695
	2019/20 Impact of backdated Green Energy Disregard	0.317
Business Rates Retention	First year exception Collection Fund deficit	1.180
	Contribution to 2021/22 Collection Fund Deficit	0.558
s106 Commuted Sums	Increase in s106 monies during 2020/21	0.153
	s106 monies received during 2021/22	0.256
Various	Projected use of reserves to finance revenue expenditure during 2021/22 lower than originally forecast due to slippage in project delivery and delays in usage of regeneration feasibility monies set aside	1.489
Projected Combined Level		**20.360**

9.4 The use of the Council's reserves to manage fluctuations in expenditure and income will be key to the delivery of the Council's stated priorities and outcomes over the next 4 years and will be kept under review by Officers and Members. The current forecast includes £2.194M to balance the 2021/22 budget with current projections requiring further calls to balance future budgets 2023/24 (£2.165M), 2024/25 (£3.211M) and 2025/26 (£3.997M).

10.0 Collection Fund

Business Rates

10.1 Similarly to 2020/21, Central Government has introduced a scheme of enhanced rates reliefs applying to occupied retail, leisure, and hospitality properties. The discounts are 100% for the period April to June reducing to 66% from July. Funds to fully reimburse local authorities for the local share of these enhanced reliefs have been paid on account using a grant under section 31 of the Local Government Act 2003, with a full reconciliation to be carried out at year-end. The Council expects to use £3.424M in respect of 2021/22 which will be credited to the Council's General Fund and held in the Revenue Grants Unapplied reserve to offset any business rates deficit carried forward. An amount of £6.914M is already held in the Revenue Grants Unapplied reserve to offset against the prior year deficit.

10.2 The collection rate for Business Rates is currently 76%, which is slightly behind the Q2 profiled position of 78.3%. Based on this level of performance collection would be slightly below the annual target 98.0%.

Council Tax

10.3 The number of Local Council Tax Support claimants appear to have stabilised at around 1,300, although this is considerably higher than the position in March 2020. The current collection rate for Council Tax is Q2 82% which is slightly behind the profiled position at 83.8% with current forecasts expected to exceed the annual target of 95.%.

11.0 WRITE OFFS

11.1 Table 7 below provides details of the debts have been written off by the Council's Revenues and Benefits service in relation to Council Tax, Business Rates and Housing Benefits Overpayments

Table 7: Write Off's

	Q1	Q2	Q3	Total
Council Tax	39,876	15,565	TBC	55,441
Business Rates	16,117	33,521	TBC	49,638
Housing Benefit Overpayments	61,404	16,565	28,851	106,820
				211,899

11.2 Debts are deemed non recoverable after all reasonable recovery steps have been taken and can be written off in accordance with the Council's Debt Management Policy in a number of circumstances such as unable to trace, uneconomical to pursue, insolvency as well as imprisonment and death

LANCASTER CITY COUNCIL

Promoting City, Coast & Countryside

Corporate programmes, projects and performance update – 31st Dec 2021 (Q3)

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)

Status Key

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 / data not requested due to stage	* Projects in the Concept stage will not usually have updates	

All projects, programmes and performance figures on this list are reporting quarterly

An Inclusive and Prosperous Local Economy (Economy)

Projects

Priority	Project Name	Update	Stage	Updated	Status
I	Heritage Action Project	Programme is making further progress in terms of grant commitments and towards new projects, however, spend to date is still much lower than projected or hoped. Progress with public realm proposals is very challenging due to ongoing uncertainty with regard the wider city centre highway network as a result of advancing the Housing Infrastructure Fund (HIF) programme. As such, there is impending risk of funding loss which officers are seeking to mitigate so far as is possible.	Delivery	18/01/22	A
I S	Lune Flood Protection, Caton Road	The original phase 3 fluvial flood relief scheme is now complete with all outputs now being met. The project team continues with planning and delivery of the follow up phase 3a project to mitigate the wider residual surface water flooding issues including installation of a community pump and water attenuation and storage upstream in the catchment.	Delivery	18/01/22	G
I	Bailrigg Garden Village Masterplanning (part of South Lancaster Growth Catalyst programme)	Consultancy JTP prepared a Vision Masterplan for the Bailrigg Garden Village in two stages of work to Spring last year. Work continued as part of a third stage to further refine the Masterplan informed as appropriate by further engagement and to finalise a Design Code for the main village spine (road) in conjunction with the county council. Officers are preparing reporting to Cabinet on the Vision Masterplan recommending that it should significantly inform work to prepare the Lancaster South Area Action Plan. Work on the spine Design Code should complete in the next few weeks.	Detailed design stage	18/01/22	G
I	Heysham Gateway	A tender process via an approved consultant Framework has been concluded with the firm WSP UK Limited providing the winning bid on balance of price/quality/social value factors. Notifications, including anonymised feedback on scoring / price, were issued to successful and unsuccessful firms initiating a standstill period. Following end of standstill period officers are now seeking: • Confirmation of delayed formal grant aid offer from Lancashire County Council • Formal approval of tender to move on formal contract following provisional award. Initial without prejudice discussions are being undertaken with the consultant team to formalise programme and output plan.	Detailed design stage	18/01/22	G
I H	Palatine Recreation Ground Pavilion	The surveyor has reviewed the site and schedule of works to ensure they are up to date and submitted planning. The contractor has been selected via a partnership framework with Lancashire County Council. An initial site visit has taken place to discuss materials and potential programme of works. This will now be formalised by the contractor for review.	Detailed design stage	13/01/22	G
I H	Lancaster City Museum Boiler	The authorisation to utilise the budget set aside in the capital programme has been sought and approved. This was following extensive research around alternative fuel options. This is a joint project between City and County Councils as the plant serves both the museum and library. Therefore, we are communicating and working with County to ensure there is full understanding. Lancashire County Council are a partner in this project and are undertaking the procurement exercise and surveyor/CDM role. A contractor has been selected and appointed with all contracts signed and orders raised. Work will commence in January.	Detailed design stage	13/01/22	G
S	Canal Quarter	No update is due for this project as it has not yet reached the detailed design stage.	Detailed business case	N/A	X
I	1 Lodge Street Urgent Structural Repairs	No update is due for this project as it has not yet reached the detailed design stage.	Feasibility	N/A	X
I	Dalton Square	No update is due for this project as it has not yet reached the detailed design stage.	Feasibility	N/A	X
I H	Eden Project North	Planning permission for the proposed scheme was approved on 31 January, which represents the council's full support for the scheme in its pre-construction stage. The council continues to work with partners and central government in securing support for the delivery of the project.	Feasibility	N/A	X

I			R	Council Assets Programme (Palatine Hall, Old Fire Station Development Works)		Concept*		
I		H		Morecambe Co-op Building Renovation		Concept*		
I		H		Museums Redevelopment		Concept*		
I		H		Ryelands Park – Ryelands House		Concept*		

Performance

				Measure	Q1	Q2	Q3	Q4	Comments
I				% of minor planning applications determined within 8 weeks or agreed time	80.77	67.41	77.64%		The figures for the October to December quarter will include some of the previous backlog of planning applications that were 'out of time'. It includes a significant increase in the volume of determined applications. As a result of the measures put in place following the DM Review, figures for 2022/23 quarters will begin to show an upturn in performance data.
I				% of other planning applications determined within 8 weeks or agreed time	81.43	73.75	82.75%		
I				% of major planning applications determined within 13 weeks or agreed time	81.82	66.67	81.81%		
I				Proportion of total procurement expenditure with local suppliers (quarter behind)	30%	21%	26%		The percentage figure represents a total local expenditure of £1,710,040 during Q3.

A Sustainable District (Environmental)

Projects

Priority				Project Name	Update	Stage	Updated	Status
	S			Electric Car Club (part of Carbon Neutral Programme)	This project is now complete. A project review report is in the process of being composed.	Completion		C
	S			Local Authority Delivery for Green Homes Grant (part of Council Housing Thermal Energy Efficiency)	The Lancaster Project Team as invested significant time and resource to LAD1b and we continue to meet input objectives, promotion, qualifying households, & authorisation of measures, etc. Notwithstanding, outputs – numbers of delivered energy saving measures are below expectations. The consortium delivery measured nationally is good. However, in Lancaster district delivery is slow. Availability of Trustmark is a factor and but also the performance and co-ordination of the principal contractor. Corrective action has been taken and we are promised full delivery within the extended Lad1b duration, March22. We are learning and upgrading hard to treat occupied schemes, successes that will contribute to the delivery at scale in future projects.	Delivery	18/01/22	A
	S			Salt Ayre Leisure Centre Decarbonisation (part of Carbon Neutral Programme)	The vast majority of work at the leisure centre reached practical completion on 17th December 2021, with only the final energisation of the primary sub and completion of the solar array required. The full project is on track to be fully completed prior to the delivery deadline of 31st March 2022, however Salix / BEIS have announced additional extensions up to the end of June 2022 for LA's that require it.	Delivery	18/01/22	G
	S			Electric Vehicle Charge Points (part of Carbon Neutral Programme)	No update is due for this project as it has not yet reached the detailed design stage.	Feasibility	N/A	X
	S			Roof Mounted Solar Array – Gateway, White Lund (part of Carbon Neutral Programme)	No update is due for this project as it has not yet reached the detailed design stage.	Feasibility	N/A	X
	S			Travel Plan (part of Carbon Neutral Programme)	Several large employers already have organisational travel plans in place. The Portfolio holder is chairing a working group consisting of the big employers in the District to look at best practice and consider how by working more closely we can share best practice and have a more strategic approach.	Feasibility	01/02/22	X
	S			1 Million Trees	2021/22 funding has supported the recruitment of a project lead at the Lunes Rivers Trusts as part of the wider Lancashire Woodland Connect programme. In conjunction with the Ribble Rivers Trust, computer modelling for riparian woodland prioritisation of the Lune catchment is taking place. 6 planting sites have been located and outreach has started with private land owners. Hedgerow planting with Lancaster University will lead to planting in March 2022. The funding committed by Lancaster City Council has secured additional resourcing and funding from Green Recovery Challenge Fund and the Health and Environmental Action Lancashire (HEAL) project.	Concept	18/01/22	X

Performance								
				Measure	Q1	Q2	Q3	Q4	Comments
	S			% of household waste recycled (quarter behind)	34.3%	40.5%	39.2%		This is a quarter behind due to the reporting mechanism from Lancashire County Council. This figure is within a similar range in comparison with the same quarter from the previous year (35.9%).
	S			Kg of residual waste per household (quarter behind)	84.0kg	91.8kg	90.1kg		This is a quarter behind due to the reporting mechanism from Lancashire County Council. This figure is within a similar range in comparison with the same quarter from the previous year (84.4kg).
	S			Diesel consumption of council vehicle fleet	115,733 ltrs	119,277 ltrs	107,342 ltrs		Litres used decreased compared to both Q1 & Q2, and also represents a significant decrease on the same quarter from the previous year (121,230 ltrs).
	S			Cost/m2 energy across corporate buildings (quarter behind)	£2.37	£1.76	£1.78		These figures are a quarter behind so represents the period July-September rather than October-December, and are sensitive to both fluctuating energy costs and seasonal conditions. Q3 in the previous year saw costs of £1.14/m2, 776,000 KWH gas usage, and 546,000 KWH electricity usage. A substantial decrease in gas usage is anticipated following the completion of the Salt Ayre Decarbonisation project. Whilst usage of council assets has changed during 2020 and 2021, assets such as Lancaster Town Hall have not necessarily experienced lower usage throughout. Further decarbonisation proposals for all assets will be progressed subsequently.
	S			Gas KWH usage in council buildings (quarter behind)	2,280,000	1,014,000	358,238		
	S			Electricity KWH usage in council buildings (quarter behind)	593,000	551,000	760,759		

Healthy & Happy Communities (Social)

Projects

Priority				Project Name	Update	Stage	Updated	Status
		H		LATCo - Housing Companies (part of Funding the Future)	Since Q2 reporting, whilst the Business Plan for the LATCo was approved by the Board it has not yet been approved by the Shareholder Committee/Cabinet. Further work is currently being undertaken to revise the Business Plan and address the scope of the LATCo activity which could significantly change depending on the council's preferred option for the delivery of the regeneration of Mainway estate. As part of the budget process, a growth item has been requested to create a new Development Manager post which for the time being will be directly employed by the council. This will alleviate some of the earlier concerns about officer resource capacity assuming a suitable appointment can be made. This post has been approved in the budget process with recruitment expected to take place later this year. The next board meeting is scheduled for Tuesday 25th January.	Delivery	18/01/22	G
		H	R	Mellishaw Park (part of Homes Programme)	An Expression of Interest (EOI) for an architect to take forward designs to planning stage was released with two shortlisted companies taken forward to the full tender stage. Responses were received in November with a further follow up presentation arranged in November – residents from the site were invited to take part. Whilst both bidders came in above price, a preferred provider was selected, and a meeting is arranged for early January to agree a final schedule for inclusion to ensure the works remain on budget. On-going work continues to understand electricity capacity on the current site, assess upgrading of the current septic tank and liaison with County Council re: an additional parcel of land which could support with recreational space for the residents.	Detailed design stage	21/12/21	G
	S	H		My Mainway (part of Homes Programme)	The Mainway Project Team continue to work with its consultants Anderton Gables on developing a viable Mainway project. In the last quarter, an in-principle decision was given by cabinet to continue working with County Council colleagues to purchase the former Skerton High School site with discussions continuing into the new year. Presentations have taken place with members in the last couple of months about the project which will help shape the report around the way forward for the Mainway project in the new year.	Feasibility	21/12/21	G
	S	H		Extra Care Scheme (part of Homes Programme)		Concept*		
I				LATCo - Commercial Trading Services (part of Funding the Future)		Concept*		
			R	Outcomes Based Resourcing (OBR) (part of Funding the Future)		Concept*		

Performance									
				Measure	Q1	Q2	Q3	Q4	Comments
		H		Number of people statutorily homeless	12	7	10		Due to issues in securing private rented accommodation there has been an increase in the number of households not housed within 56 days of a relief case being opened.
		H		Number of Disabled Facilities Grants completed	76	76	101		Total number of completed grants at end of Q3 = 253. On target to generate forecasted £300k in fee income. Total number of completed grants in 20/21 was only 225. Service won national Healthy Homes, DFG adaptation service of the year award in December 21.

		H		Number of properties improved	59	59	63		This figure includes 36 where energy improvements were achieved. We have found that cases are becoming more complex as we move towards recovery from the pandemic. This seems to be due to a combination of factors, including: repairs being neglected over the past two years, a shortage of building contractors, tenants not having reported issues as promptly as usual, landlords not making routine inspections, financial difficulties of both landlords and tenants and a shortage of housing in the private rented sector.
I		H		% of premises scoring 4 or higher on the food hygiene rating scheme	90.5%	96.96%	90.5%		There are around 1185 registered food business, but only 1078 have a food hygiene rating due to change of ownership or a new business awaiting inspection. 97.4% of all rated businesses are rated as broadly compliant with a rating of 3 or above.
		H		Number of admissions to Salt Ayre Leisure Centre	118,854	164,301	179,275		Whilst some of the classes are still running at reduced capacity, Q3 shows another quarterly increase in admissions at the leisure centre. This indicates that footfall is going in the right direction as we start to work on returning admission levels to how they were pre-pandemic. The figures for Q1 and Q2 in this report have been adjusted upward to take account of the latest available information.
		H		Average time taken to re-let Council houses (days)	51.80	53.89	59.08		Standard relet time has remained high despite best efforts, and is still recovering from the impacts of the Covid-19 pandemic. Many properties that became void during the pandemic were not able to be let/viewed due to restrictions. The subsequent letting of these properties has caused a large spike in relet time due to their long void periods. We continue to lessen the backlog of void properties, which have accrued a large amount of void time.

A Co-operative, Kind and Responsible Council (Governance)						
Projects						
Priority				**Project Name**	**Update**	**Stage**	**Updated**	**Status**
			R	Customer Contact System	The initial build has now taken place for the missed bins process and is now under test before it is launched. The build for the One Stop Bin Shop is in the build process and will now include the green waste subscription. The design and configuration of the Self Service Portal has been completed and is under the first test phase. The process flow diagram for complaints/comment/compliments has been passed to ICT for building.	Delivery	05/01/22	G
			R	High-Capacity Fibre Cable Network Provision (part of Digital Programme)	Reprofiling work has taken place on this project to accommodate personnel changes, with a paper in development to set out the proposed approach and financial implications, with a view to commencing installation of the fibre spine which will deliver the highest possible connectivity for the district.	Delivery	14/02/22	G
			R	~~Digital Market Place (part of Digital Programme)~~		Delivery	N/A	X
			R	5G Strategy (part of Digital Programme)	This project has been placed on hold until the Full Fibre project has progressed further.	Delivery	14/02/22	H
I			R	Working Well Project	The project is now in the delivery stage. The new desk and room booking software Smartway2 was implemented on schedule and changes have been made to the layout of Palatine Hall to accommodate more desks and accommodate corporate hybrid working.	Delivery	14/01/22	G

Performance								
				Measure	**Q1**	**Q2**	**Q3**	**Q4**	**Comments**
			R	Average social media engagement rate	0.72	0.67	0.65		
			R	Total digital audience	388,690	424,508	472,483		
			R	Average number of days' sickness per full-time employee	1.85	1.7	1.86		Number of full-time employees 604, Number of days sickness taken by full time employees in Q3 1,126 days. Whilst absence overall has increased slightly during 2020 and 2021, the impact of employee Covid-19 cases has been largely mitigated across the council's services.
			R	Occupancy rates for commercial properties	96.65%	97.02%	97.08%		Once again occupancy rates have slightly increased mainly due changes in occupation at CityLab and The Storey. The occupation of our commercial properties continues at a very high level.
		H	R	Average time taken to process new Housing Benefit claims	20.41 days	19.91 days	24.13 days		Performance in processing new HB claims is slightly behind the target (23 days) in Q3, given new claims and other priorities involving self-isolation payments. However, the service strives to meet its annual performance target.

APPENDIX B

QUARTER 3 FINANCIAL REVENUE MONITORING - GENERAL FUND SERVICE ANALYSIS 2021/22

		Original Budget 2021/22 £'000	Budget Amendments 2021/22 £'000	Working Budget 2021/22 £'000	Q3 Actual 2021/22 £'000	Projected Outturn 2021/22 £'000	Projected Variance 2021/22 £'000	*Variance +/- £30K %*
	Communities and Environment							
Business Support	White Lund Depot	(14)	0	(14)	0	1	(15)	
	Vehicle Maintenance	(6)	0	(6)	147	1	(7)	
Customer Involvement & Leisure	Customer Services	719	0	719	577	714	5	
	Leisure	33	0	33	(44)	31	2	
	Salt Ayre	1,344	0	1,344	887	1,306	38	*+3%*
Public Protection	Environmental Health	1,193	0	1,193	522	1,084	109	*+9%*
	Emergency Planning	62	0	62	43	61	1	
	Housing Standards	62	0	62	(71)	87	(25)	
	Licensing	(91)	0	(91)	(65)	(68)	(23)	
	Safety	154	0	154	71	136	18	
Housing Services	GF Housing	31	0	31	(20)	(3)	34	*+110%*
	Home Improvement Agency	(146)	0	(146)	(314)	(117)	(29)	
	Housing Options	286	0	286	(1,178)	182	104	*+36%*
	Strategic Housing	202	0	202	83	205	(3)	
Public Realm	Cemeteries	184	0	184	97	188	(4)	
	Grounds Maintenance	(179)	0	(179)	92	(127)	(52)	*(29%)*
	Household Waste Collection	1,983	0	1,983	1,445	2,331	(348)	*(18%)*
	Markets	(110)	0	(110)	(40)	(30)	(80)	*(73%)*
	Parking	(1,115)	0	(1,115)	(1,123)	(1,591)	476	*+43%*
	Parks	924	0	924	490	879	45	*+5%*
	Public Conveniences	178	0	178	102	141	37	*+21%*
	Public Realm Highways	74	0	74	47	74	0	
	Service Support	354	0	354	438	547	(193)	*(55%)*
	Street Cleaning	1,140	0	1,140	845	1,220	(80)	*(7%)*
	Trade Waste	(623)	0	(623)	(796)	(612)	(11)	
	Williamson Park	243	0	243	308	366	(123)	*(51%)*
		6,882	**0**	**6,882**	**2,543**	**7,006**	**(124)**	*(2%)*
	Economic Growth and Regeneration							
Planning & Place	Building Control	93	0	93	100	209	(116)	*(125%)*
	Conservation & Environment	50	0	50	44	70	(20)	
	Development Control	684	0	684	361	671	13	
	Local Plan	772	0	772	520	743	29	
Economic Development	AONB	44	0	44	(43)	42	2	
	Economic Development	387	0	387	243	365	22	
	Marketing & Comms	282	0	282	200	290	(8)	
	Grants	220	0	220	139	220	0	
	The Platform	43	0	43	60	134	(91)	*(212%)*
	Tourism & Events	502	0	502	311	475	27	
	Museums	577	0	577	393	579	(2)	
Property, Investment and Regener	Highways	0	0	0	0	0	0	
	Regeneration	434	0	434	190	368	66	*+15%*
	Sea Defence & Land Drainage	416	0	416	238	398	18	
	Property	(175)	0	(175)	231	10	(185)	*(106%)*
	Building Cleaning	0	0	0	230	(8)	8	
		4,329	**0**	**4,329**	**3,217**	**4,566**	**(237)**	*(5%)*
	Corporate Services							
Corporate Accounts	Central Expenses	431	0	431	(1,745)	1,196	(765)	*(177%)*
Democratic	Democratic Services	939	0	939	665	886	53	*+6%*
Finance	Finance	1,271	0	1,271	1,763	1,170	101	*+8%*
HR	HR	1,176	0	1,176	694	1,086	90	*+8%*
ICT	ICT	1,504	0	1,504	1,090	1,556	(52)	*(3%)*
Internal Audit	Internal Audit	194	0	194	23	120	74	*+38%*
Legal	Legal Services	297	0	297	169	336	(39)	*(13%)*
Revenues & Benefits	Revenues & Benefits	950	0	950	(2,829)	1,035	(85)	*(9%)*
		6,762	**0**	**6,762**	**(170)**	**7,385**	**(623)**	*(9%)*
	Central Services							
Chief Executive	Executive Team	777	0	777	548	749	28	
	Grants to other bodies	282	0	282	226	282	0	
		1,059	**0**	**1,059**	**774**	**1,031**	**28**	
	Other Items							
Other Items	New Homes Bonus	(1,966)	0	(1,966)	(2,084)	(3,041)	1,075	*+55%*
	Revenue Funding of Capital	1,113	(9)	1,104	0	1,104	0	
	Minimum Revenue Provision	2,175	0	2,175	0	2,158	17	
	Interest Payable	1,393	0	1,393	1,445	1,393	0	
	Interest Receivable	(63)	0	(63)	(10)	7	(70)	*(111%)*
	Notional Charges	0	0	0	0	0	0	
	Contributions to Reserve	732	0	732	0	725	7	
	Contributions from Reserve	(2,375)	0	(2,375)	0	(2,375)	0	
	Capital Contributions from Reserve	(1,113)	9	(1,104)	0	(1,104)	0	
		(104)	**0**	**(104)**	**(649)**	**(1,133)**	**1,029**	*+989%*
Net Recharges to Housing Revenue Account		(1,015)	0	(1,015)	0	(1,015)	0	
RMS Capital Charges (now Housing Revenue Account)		(139)	0	(139)	1,516	(139)	0	
Revenue Reserve funded items included in above analysis (Revenue)		2,362	2,936	5,298	225	3,985	1,313	*+25%*
Revenue Reserve funded items included in above analysis (Appropriati		(2,362)	(2,936)	(5,298)	0	(3,985)	(1,313)	*(25%)*
General Fund Revenue Budget		**17,774**	**0**	**17,774**	**7,456**	**17,701**	**73**	*+0%*
Core Funding :	Revenue Support Grant	(204)	0	(204)	(155)	(204)	0	
	Net Business Rates Income	(7,737)	0	(7,737)	(5,617)	(7,737)	0	
Council Tax Requirement		**9,833**	**0**	**9,833**	**1,684**	**9,760**	**73**	*+1%*

Notes:
1. Income is expressed as a negative figure in brackets
2. Expenditure is expressed as a positive figure
3. Projected Variances are expressed as negative ( ) for adverse and positive + for favourable

APPENDIX C

QUARTER 3 FINANCIAL REVENUE MONITORING - GENERAL FUND SUBJECTIVE ANALYSIS 2021/22

		Original Budget 2021/22 £'000	Budget Amendments 2021/22 £'000	Working Budget 2021/22 £'000	Q3 Actual 2021/22 £'000	Projected Outturn 2021/22 £'000	Projected Variance 2021/22 £'000	*Variance +/- £30K %*
Employees	Direct Employee Expenses	23,995	25	24,020	14,998	24,278	(258)	*(1%)*
	Indirect Employee Expenses	836	0	836	913	1,289	(453)	*(54%)*
Premises Related Exp	Cleaning and Domestic Supplies	402	0	402	102	402	0	
	Energy Costs	713	0	713	540	757	(44)	*(6%)*
	Fixtures and Fittings	1	0	1	0	1	0	
	Grounds Maintenance Costs	1,471	1	1,472	892	1,474	(2)	
	Operational Bldgs Allocation	92	0	92	69	92	0	
	Other Premises Costs	0	0	0	0	0	0	
	Premises Insurance	219	0	219	1,151	252	(33)	*(15%)*
	Rates	1,333	(1)	1,332	1,369	1,402	(70)	*(5%)*
	Rents	85	(1)	84	74	88	(4)	
	Repair and Maintenance	1,085	0	1,085	662	1,111	(26)	
	Water Services	328	0	328	239	362	(34)	*(10%)*
Transport Related Exp	Car Allowances	1	1	2	10	10	(8)	
	Contract Hire Operating Leases	55	0	55	111	146	(91)	*(165%)*
	Direct Transport Costs	1,020	0	1,020	762	1,171	(151)	*(15%)*
	Other Transport Costs	0	0	0	0	0	0	
	Public Transport	20	0	20	3	19	1	
	Transport Insurance	79	0	79	76	71	8	
Supplies and Services	Catering	43	0	43	19	32	11	
	Clothing Uniform and Laundry	84	0	84	92	96	(12)	
	Communications and Computing	1,398	1	1,399	1,330	1,520	(121)	*(9%)*
	Contribution to Provisions	250	0	250	0	250	0	
	Equip Furniture and Materials	1,348	3	1,351	1,088	1,458	(107)	*(8%)*
	Expenses	519	2	521	330	452	69	*+13%*
	General Office Supplies	188	0	188	283	224	(36)	*(19%)*
	Grants and Subscriptions	1,139	116	1,255	815	1,382	(127)	*(10%)*
	Miscellaneous Expenses	557	0	557	380	1,077	(520)	*(93%)*
	Services	4,892	0	4,892	3,911	5,364	(472)	*(10%)*
Transfer Payments	Housing Benefit	22,027	0	22,027	13,865	22,027	0	
Support Services	Recharges Exp	130	9	139	41	111	28	
Capital Charges	Amortisation of Def Chgs	0	0	0	0	0	0	
	Depreciation	17	0	17	0	17	0	
Capital Financing Costs	Interest Payments	1,797	0	1,797	1,445	1,394	403	*+22%*
Appropriations	Appropriations	532	0	532	0	508	24	
Income	Customer Fees and Charges	(14,565)	0	(14,565)	(11,515)	(14,973)	408	*+3%*
	Government Grants	(24,870)	(110)	(24,980)	(23,403)	(26,069)	1,089	*+4%*
	Interest	(104)	0	(104)	(10)	(33)	(71)	*(68%)*
	Other Grants and Contributions	(1,644)	(46)	(1,690)	(1,256)	(2,430)	740	*+44%*
	Recharges Inc	(6,245)	0	(6,245)	(3,671)	(6,177)	(68)	*(1%)*
Capital Financing Inc	Capital Related Income	(300)	0	(300)	0	(300)	0	
Net Recharges to Housing Revenue Account		(1,015)	0	(1,015)	0	(1,015)	0	
RMS Capital Charges (now Housing Revenue Account)		(139)	0	(139)	1,516	(139)	0	
Revenue Reserve funded items included in above analysis (Revenue)		2,362	2,936	5,298	225	3,985	1,313	*+25%*
Revenue Reserve funded items included in above analysis (Appropriat		(2,362)	(2,936)	(5,298)	0	(3,985)	(1,313)	*(25%)*
GRAND TOTAL		**17,774**	**0**	**17,774**	**7,456**	**17,701**	**73**	*+0%*

Notes:
1. Income is expressed as a negative figure in brackets
2. Expenditure is expressed as a positive figure
3. Projected Variances are expressed as negative ( ) for adverse and positive + for favourable

APPENDIX D

QUARTER 3 FINANCIAL REVENUE MONITORING - HRA SERVICE ANALYSIS 2021/22

		Original Budget 2021/22 £'000	Budget Amendments 2021/22 £'000	Working Budget 2021/22 £'000	Q3 Actual 2021/22 £'000	Projected Outturn 2021/22 £'000	Projected Variance 2021/22 £'000	*Variance +/- £30K %*
	Communities and Environment							
Housing Revenue Account	Policy & Management	1,718	299	2,017	1,151	2,013	4	
	Repairs & Maintenance	5,790	75	5,865	1,709	5,951	(86)	*(1%)*
	Welfare Services	(157)	0	(157)	(263)	(181)	24	
	Special Services	172	0	172	190	186	(14)	
	Miscellaneous Expenses	680	0	680	440	767	(87)	*(13%)*
	Income Account	(14,672)	0	(14,672)	(10,544)	(14,572)	(100)	*(1%)*
	Capital Charges	5,532	0	5,532	0	5,532	0	
	Appropriations	417	(374)	43	13	50	(7)	
	Gain/Loss on Asset Sales	0	0	0	0	0	0	
	Gain/Loss on Asset Sales(Move)	0	0	0	0	0	0	
		(520)	**0**	**(520)**	**(7,304)**	**(254)**	**(266)**	*(51%)*
Net Recharges to General Fund		520	0	520	0	520	0	
Housing Revenue Account Budget		**0**	**0**	**0**	**(7,304)**	**266**	**(266)**	

Notes:
1. Income is expressed as a negative figure in brackets
2. Expenditure is expressed as a positive figure
3. Projected Variances are expressed as negative ( ) for adverse and positive + for favourable

QUARTER 3 FINANCIAL CAPITAL MONITORING - SERVICE ANALYSIS 2021/22

		Original Budget 2021/22 £'000	Budget Amendments 2021/22 £000	Working Budget 2021/22 £000	Q3 Actual 2021/22 £'000	Projected Outturn 2021/22 £'000	Projected Variance 2021/22 £'000
	Communities and Environment						
Business Support	Purchase Of Vehicles	2,684	(181)	2,503	11	586	1,917
	VMU Brake Rollers	0	36	36	35	36	0
	2 x Electric RCVs	400	0	400	0	400	0
Customer Involvement & Leisure	Salt Ayre Boiler	300	(300)	0	0	0	0
	Salt Ayre Equipment Programme	1,757	(143)	1,614	127	1,436	178
	SASC Developer Partnership	0	0	0	(29)	0	0
Public Protection		0	0	0	0	0	0
Housing Services	Disabled Facilities Grants	0	0	0	(2,036)	0	0
	Next Steps Accommodation Programme	0	750	750	0	105	645
	Mellishaw Park	480	0	480	0	0	480
Public Realm	Happy Mount Park Footpaths	0	13	13	5	13	0
	Far Moor Playing Fields Scheme	0	35	35	56	35	0
	Williamson Park Development	1,000	0	1,000	0	0	1,000
	Electronic Vehicle Charging Points - Phase 2	0	28	28	25	28	0
	Half Moon Bay Car Park Extension	60	0	60	0	30	30
	Solar Installation Phase 1 SALC	1,350	(1,350)	0	0	0	0
	One Million Trees	25	8	33	17	33	0
	Customer Contact System	85	6	91	43	91	0
	SALC Salix Funded Optimised Solar Farm	0	0	0	(3,177)	0	0
	Roof Mounted Solar Array - Citylab	0	33	33	0	0	33
	Communities & Environment Devpt Pool	14,904	(809)	14,095	0	0	14,095
		23,045	**(1,874)**	**21,171**	**(4,923)**	**2,793**	**18,378**
	Economic Growth and Regeneration						
Planning & Place	Cable Street Christmas Lights	0	24	24	0	0	24
	S106 payments to Lancs County Council	0	70	70	0	0	70
	Tank demolition & removal - Heysham Gate	487	0	487	0	0	487
	Canal Quarter	290	0	290	0	110	180
Economic Development	Palatine Recreation Ground - Veterans Club	116	22	138	0	138	0
	Palatine Hall	150	0	150	0	0	150
	Edward Street Dance Studio	84	0	84	0	0	84
	1 Lodge Street Urgent Structural Repairs	490	0	490	0	150	340
	Queen Victoria Memorial	169	(7)	162	5	5	157
	Lancaster City Museum	127	(48)	79	1	0	79
	Strategic Monitoring Baywide	0	0	0	0	0	0
	Artle Beck Improvements	0	0	0	0	0	0
	Slynedale Culvert	0	0	0	(6)	0	0
	Lancaster Square Routes Project	0	5	5	(18)	0	5
Property, Regeneration & Investment	Lancaster HS Heritage Action Zone	556	69	625	50	(137)	762
	Lancaster District Empty Homes Partnersh	69	4	73	0	0	73
	Canterbury Avenue Flood Relief	0	0	0	(1)	0	0
	Caton Road Flood Relief Scheme	0	188	188	519	188	0
	Engineers Electric Vehicle	0	15	15	0	15	0
	Economic Growth & Regen Devpt Pool	13,024	(406)	12,618	0	0	12,618
	Units 1,2,3,4&5 White Lund Industrial Estate	0	0	0	0	0	0
	Frontierland	2,500	665	3,165	3,174	3,174	(9)
	Morecambe Co-op Renovation	425	0	425	0	50	375
	Coastal Revival Fund - Morecambe Co-op	0	0	0	(10)	0	0
		18,487	**601**	**19,088**	**3,714**	**3,693**	**15,395**
	Corporate Services						
Corporate Accounts		0	0	0	0	0	0
Democratic		0	0	0	0	0	0
Finance		0	0	0	0	0	0
HR	PRG Grant	0	0	0	(40)	0	0
ICT	I.T.Strategy	45	0	45	8	45	0
	Application System Renewal	0	0	0	0	0	0
	I.S. Desktop Equipment	60	0	60	64	64	(4)
	ICT Telephony	0	40	40	13	40	0
	ICT Laptop Replacement & E-campus screens	30	60	90	0	0	90
	Corporate Services Development Pool	1,671	0	1,671	0	0	1,671
Internal Audit		0	0	0	0	0	0
Legal		0	0	0	0	0	0
Revenues & Benefits		0	0	0	0	0	0
		1,806	**100**	**1,906**	**45**	**149**	**1,757**
	Central Services						
Chief Executive		0	0	0	0	0	0
		0	**0**	**0**	**0**	**0**	**0**
GRAND TOTAL		**43,338**	**(1,173)**	**42,165**	**(1,164)**	**6,635**	**35,530**

Notes:
1. Income is expressed as a negative figure in brackets
2. Expenditure is expressed as a positive figure
3. Projected Variances are expressed as negative ( ) for adverse and positive + for favourable

Council Housing Capital Programme 2021/22

	2021/22 Original Budget	2021/22 Working Budget	2021/22 P9 Actual	2021/22 Projected Outturn	2021/22 Variance (Working v Projected)	Comments (Original Budget to Projected Outturn)
	£	£	£	£	£	
EXPENDITURE						
Adaptations	300,000	360,000	216,024	360,000	0	
Energy Efficiency / Boiler Replacement	959,000	969,000	372,268	969,000	0	
Kitchen / Bathroom Refurbishment	888,000	888,000	483	138,000	750,000	No activity expected for the majority of this financial year, budget to be re-directed to Environmental Improvements to fund removal of composite (plastic) fencing panels and replace with close boarded timber panels to the rear of all properties
External Refurbishment	192,000	235,000	42,532	235,000	0	
Environmental Improvements	360,000	405,000	418,188	1,127,000	(722,000)	Budget to be re-directed from Kitchen / Bathroom Refurbishment to fund removal of composite (plastic) fencing panels and replace with close boarded timber panels to the rear of all properties, to utilise operatives released from kitchens programme
Re-roofing / Window Renewals	1,093,000	1,185,000	341,413	940,000	245,000	Works slipped to 2022/23
Rewiring	54,000	84,000	13,657	84,000	0	
Lift Replacement	0	0	0	0	0	
Fire Precaution Works	150,000	150,000	21,549	150,000	0	
Housing Renewal & Renovation	1,217,000	1,350,000	833,120	1,015,000	335,000	Works slipped to 2022/23
TOTAL EXPENDITURE	**5,213,000**	**5,626,000**	**2,259,234**	**5,018,000**	**608,000**	

Reserves Statement (Including Unallocated Balances)

	<----- ORIGINAL BUDGET ----->				<----- PROJECTED OUTTURN ----->			
	31 March 2021	From Revenue	To / (From) Capital	To Revenue	**31 March 2022**	**31 March 2021**	From Revenue	To / (From) Capital	To Revenue	**31 March 2022**
	£	£	£	£	**£**	**£**	£	£	£	**£**
Unallocated Balances	**(6,796,000)**			**2,267,000**	**(4,529,000)**	**(7,808,400)**			**2,194,000**	**(5,614,400)**
Earmarked Reserves:										
Amenity Improvements						**(29,000)**				**(29,000)**
Business Rates Retention	**(6,562,400)**	(886,386)		96,500	**(7,352,286)**	**(8,300,700)**	(886,386)		96,500	**(9,090,586)**
Canal Quarter	**(42,900)**				**(42,900)**					
Capital Support	**(69,000)**		69,000			**(73,000)**		73,000		
Corporate Priorities	**(1,929,900)**		684,000	867,600	**(378,300)**	**(2,478,200)**		684,000	1,070,500	**(723,700)**
Corporate Property	**(338,500)**			25,000	**(313,500)**	**(338,500)**			25,000	**(313,500)**
Covid 19 Support	**(225,000)**			225,000		**(1,813,000)**			**1,808,900**	**(4,100)**
Economic Growth	**(207,600)**	(96,500)		166,500	**(137,600)**	**(188,500)**	(96,500)		40,500	**(244,500)**
Elections	**(40,000)**	(40,000)			**(80,000)**	**(40,000)**	(40,000)			**(80,000)**
Homelessness Support	**(133,800)**	(6,600)			**(140,400)**	**(110,800)**				**(110,800)**
Invest to Save	**(584,100)**	(92,200)		624,500	**(51,800)**	**(1,233,500)**	(92,200)		664,549	**(661,151)**
Investment Property Maint & Voids						**(9,400)**				**(9,400)**
Local Plan										
Morecambe Area Action Plan						**(27,300)**				**(27,300)**
Museums Acquisitions	**(24,300)**	(4,500)			**(28,800)**	**(24,300)**	(4,500)			**(28,800)**
Planning Fee Income	**(74,600)**				**(74,600)**	**(39,400)**				**(39,400)**
Renewals Reserves	**(558,200)**	(481,800)	360,000	102,100	**(577,900)**	**(602,200)**	(491,800)	242,000	118,900	**(733,100)**
Restructure	**(450,700)**			262,500	**(188,200)**	**(451,100)**			20,000	**(431,100)**
Revenue Grants Unapplied	**(416,400)**			82,800	**(333,600)**	**(8,497,600)**			7,989,000	**(508,600)**
S106 Commuted Sums - Open Spaces	**(16,600)**			11,800	**(4,800)**	**(16,600)**			11,800	**(4,800)**
S106 Commuted Sums - Affordable Housing	**(189,800)**				**(189,800)**	**(192,800)**				**(192,800)**
S106 Commuted Sums - Highways, Cycle Paths etc.	**(626,500)**	(200,000)		5,700	**(820,800)**	**(776,500)**	(450,000)	105,000	3,000	**(1,118,500)**
Welfare Reforms	**(324,900)**				**(324,900)**	**(324,900)**				**(324,900)**
Reserves Held in Perpetuity:										
Graves Maintenance	**(22,200)**				**(22,200)**	**(22,200)**				**(22,200)**
Marsh Capital	**(47,700)**				**(47,700)**	**(47,700)**				**(47,700)**
Total Earmarked Reserves	**(12,885,100)**	**(1,807,986)**	**1,113,000**	**2,470,000**	**(11,110,086)**	**(25,637,200)**	**(2,061,386)**	**1,104,000**	**11,848,649**	**(14,745,937)**
Total Combined Reserves	**(19,681,100)**	**(1,807,986)**	**1,113,000**	**4,737,000**	**(15,639,086)**	**(33,445,600)**	**(2,061,386)**	**1,104,000**	**14,042,649**	**(20,360,337)**

GENERAL FUND - 2021/22 SAVINGS AND BUDGET PROPOSALS MONITORING (QUARTER 3)

Initiative	Reserves Funding	Budget	Profiled Budget	Actual to Date	Variance	RAG	Progress
2021/22 APPROVED SAVINGS	£'000	£'000	£'000	£'000	£'000		
Communities & the Environment							
Public Protection							
Savings from combined post and reduction in hours		(16)	(12)	(12)	0	→	As budgeted. Post hours lowered as agreed and working to savings plan
Selective Licensing part Savings part Growth but will net nil over 5 years		(35)	(26)	0	26	↓	Consultation and implementation delayed due to pandemic. Discussion are ongoing about the future plan.
Public Realm & Business Support							
Service restructure Phase 2		(10)	(7)	0	7	↓	Delayed by continuing pandemic response.
Deletion of vacant posts		(29)	(22)	(22)	0	→	Savings built into current and future years budgets.
Increase trade waste capacity, via route optimisation		(50)	(37)	(37)	0	→	Anticipate increase in income will be attained.
Drainage / pressure jetting service		(4)	(4)	0	4	↓	Equipment not purchased as yet. Delayed due to continuing pandemic response, now hoped to commence 1st April 2022.
Customer Involvement & Leisure							
Salt Ayre Vacant Post		(44)	(33)	(33)	0	→	Savings built into current and future years budgets
Customer Services Restructure		(40)	(30)	(30)	0	→	Savings built into current and future years budgets
Economic Growth & Regeneration							
Planning & Place							
DM- Planning pre-application fee review		(10)	(8)	0	8	↓	On-going resource implications/DM application backlog mean income target unlikely to be achieved in current financial year. £25K uderachievement of full budget est for 21/22
Building Control - Fee Review		(10)	(8)	0	8	↓	Mainly due to covid, but also an absence of BC Officers. To be explored further in 21/22
Property, Investment & Regen							
Reduced staff activity and increased community use (LTH/MTH)		(111)	(85)	(85)	0	→	Savings being achieved by a mixture of reduced utility costs and additional rental income from NHS
Relocate ICT		21	21	0	(21)	↑	scheme not started due to resource issues in both ICT and Facilities Management unlikely to spend relocation money in 2021/22 but no savings until 2022/23 so actual costs will need to be carried forward to next year.
Printing & Postage		(30)	(22)	(22)	0	→	Reduced postage being acheived due to remote working.
Centralisation of budgets		(5)	(4)	(4)	0	→	Printing & Stationery budgets not centralised but savings achieved across the Council.
Corporate Services							
Legal Services							
Legal Fee Increases		(40)	(30)	(20)	10	↓	Slow start but expected to hit the target income by the end of the year.
ICT							
ICT Mobile Telephone / Fixed Lines Review		(11)	(11)	0	11	↓	Review currently being undertaken but no savings in current year and mobile costs increased considerably in first 6 months due to remote working - going forward we expect these savings to be met.
ICT Review and Consolidation of Printers		(5)	(5)	(5)	0	→	Reviewed and savings acheived.
ICT Recharging for Street Naming/Numbering		(15)	(11)	0	11	↓	Currently not in place - Service to look at.
2021/22 APPROVED REDIRECTION							
Redirection							
Salt Ayre Restructure		(87)	(87)	0	87	↓	Transfer of staff not yet taken place as it it is still awaiting service review (as below)
Property Services Restructure		87	87	0	(87)	↑	Transfer of staff not yet taken place as it it is still awaiting service review (as above)
2021/22 APPROVED GROWTH							
Communities & the Environment							
Economic Growth & Regeneration							
Planning & Place							
DM Planning Enforcement - Team Restructure		4	2	2	0	→	Restructure changes now taken place
DM Planning applications - Service continunity and restructure		230	162	68	(95)	↑	8 posts from July 2021, 3 recruited to in July remainder vacant (1 filled October)
Planning and Housing Strategy - Conservation Graduate		26	20	13	(7)	↑	Post made permanent already budgeted to July 2021 - budget too high
Economic Development							
Business Support & Skills expand Local wealth Building Officer post		5	4	4	0	→	Regrading of post now taken place
Property, Investment & Regen							
Strategic Project Management		55	41	41	0	→	Postholder in place
Corporate Services							
Financial Services							
HR/Payroll Software move to Cloud		23	17	17	0	→	Work complete awaiting final invoicing
Financial Services Staffing		60	45	0	(45)	↑	Awaiting service review
Human Resources							
HR & OD Project Teams		40	30	0	(30)	↑	Awaiting service review
Democratic Services							
Democratic Services (re-establisment)		26	20	12	(8)	↑	Delay in appointing to new post
Office of the Chief Executive							
Head of Policy		68	51	0	(51)	↑	Position not recruited to and suggested to be offered up as a saving as part of the 22/23 revenue budget process - may require some resource at a lower level.
Wellbeing		12	9	0	(9)	↑	To be allocated to actions associated with the working well project - all work to date has been in-house during Covid.Likely to be some underspend in current year.
TOTAL	**0**	**105**	**68**	**(114)**	**(182)**		

Lancaster City Council | Report Cover Sheet

Meeting	Cabinet	**Date**	1 March 2022
Report	Voluntary, Community & Social Enterprise Advisory Group		
Report of	Chief Executive		

Purpose of Report

To propose that Cabinet form an Advisory Group to consider how the council can play its most effective role, alongside other local partners, in supporting the work of local Voluntary, Community & Social Enterprise organisations.

Key Decision (Y/N)	**N**	**Date of Notice**	**N/A**	**Exempt (Y/N)**	**N**

This report is public.

Report Summary

The council's provision of 'core' funding to local Voluntary, Community & Social Enterprise organisations was established in 2013. The council is also engaged in various other financial and non-financial relationships, such as joint projects and initiatives, with organisations across the sector.

It is recognised that local groups across these sectors contribute significantly to the council's 2030 Priorities around environment, economy, community and services.

This report proposes that an Advisory Group be established, in order to take a democratic leadership role and an engaging, deliberative approach to considering how the council and local partners can support the work of local VCSE organisations.

Draft Terms of Reference are appended to this report, although the Advisory Group itself will have a role in defining its activities. Membership of the group is at the discretion of the Chair and will be established as part of the group's formation; it is envisaged that membership will include a mix of elected members, officers, VCSE partners and other cross-sector partners.

Recommendations of Councillor Caroline Jackson

(1) That Cabinet establish a Voluntary, Community & Social Enterprise Advisory Group.

(2) That the Advisory Group be established based on the Terms of Reference proposed at Appendix A, recognising that the Advisory Group itself will have a role in shaping its specific activities.

Relationship to Policy Framework

The work of partners across the Voluntary, Community & Social Enterprise sector contributes substantially to each of the council's 2030 Priorities:

- A Sustainable District
- An Inclusive & Prosperous Local Economy
- Healthy & Happy Communities

- A Co-operative, Kind & Responsible Council

Support for partners therefore makes an indirect contribution to the achievement of each of the Priorities. The Advisory Group will consider the most effective ways to collectively achieve this impact.

Conclusion of Impact Assessment(s) where applicable

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

No direct impact arising from the Advisory Group itself; the Advisory Group may make recommendations to Cabinet, within which any impact will be considered.

Details of Consultation

The Terms of Reference for the Advisory Group are founded on a comprehensive programme of engagement and consultation with local partners.

Legal Implications

No direct implications; the Advisory Group may make recommendations to Cabinet, which would be subject to consideration in their own right.

Financial Implications

No direct implications; the Advisory Group may make recommendations to Cabinet, which would be subject to consideration in their own right.

Other Resource or Risk Implications

Officer resource will be required to establish and support the Advisory Group, as set out in the proposed Terms of Reference. The specific requirements will be considered as the group is established, however no direct resource allocations are proposed at this time.

Section 151 Officer's Comments

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

Monitoring Officer's Comments

The Cabinet Procedure Rules provide as follows:-

Rule 21 - Advisory Groups

(a) Advisory Groups are informal bodies that may be created by Cabinet. They are purely consultative and not decision-making. They will be chaired by a member of Cabinet, and may be co-chaired between cabinet members, or a cabinet member and a member of the group and there is no restriction on size although the group must be limited to what is manageable and effective for their purpose. They may be time limited or of longer standing, again depending on their purpose.

(b) The participants in the Group will be by invitation of the Chair and can be made up from any or all of the following:

• Other members of Cabinet

• Others from outside the Council

• Other members of Council not on Cabinet

• Council officers

(c) Terms of Reference: Their Terms of Reference are to facilitate meaningful engagement and discussion with communities and stakeholders, with each group reflecting on focus areas role in:

• Responding to the climate emergency;

• Contributing to community wealth-building;

• Taking an approach of asset-based community development; and

• Strengthening community engagement.

Further terms of reference may be agreed upon by each Advisory Group, within the terms of the broad topic area, and observing the focus areas above.

(d) Specific outcomes from their meetings may generate requests for pieces of work to be undertaken by Officers or partner bodies, or Overview and Scrutiny committee to set up a Task Group to undertake a specific piece of work, or a specific report to Cabinet, Committees of Cabinet, individual Cabinet members, or other Committees of Council recommending action for determination.

Contact Officer	Kieran Keane, Chief Executive
Tel	01524 582501
Email	chiefexecutive@lancaster.gov.uk
Links to Background Papers	

Voluntary, Community & Social Enterprise (VCSE) Advisory Group | *Draft Terms of Reference*
February 2022

LANCASTER CITY COUNCIL
Promoting City, Coast & Countryside
www.lancaster.gov.uk

City | Coast | Countryside

Chair

The Leader of the Council

Membership

Membership will be confirmed as the group is established; to include

- Elected members
- Officers
- VCSE partners
- Other partners across sectors

Officer Support

- Democratic Support
- Community Connectors
- Economic Development
- Office of the Chief Executive
- Other relevant services as required

Terms of Reference

The overall goal of this Advisory Group is to consider how the council can play its most effective role, alongside other local partners, in supporting the work of local Voluntary, Community & Social Enterprise organisations.

The group will be responsible for determining its own approach and activities, but it is envisaged that these will include:

1) Participation in an engagement process alongside both council-supported and other organisations within the Voluntary Community & Social Enterprise sector.
2) Deliberation on how the council can support local organisations toward achieving their maximum impact around shared objectives, aligned to the council's 2030 Priorities.
3) Consideration of how the council's financial and non-financial resources can be used to enable point 2) above.
4) Engagement with other local 'anchor' organisations across public, private and community sectors to consider how a partnership approach could increase the level of support available locally.
5) Formulation of principles for the design of a long-term scheme to support partner organisations in a coordinated, consistent way.

Lancaster City Council | Report Cover Sheet

Meeting	**Cabinet**	**Date**	**1st March 2022**
Title	**Lancaster City Council Corporate Branding**		
Report of	**Chief Executive**		**Kieran Keane**

Purpose of Report:

To seek Cabinet approval for the newly designed version of the Lancaster City Council logo as part of a wider corporate branding development project.

To seek Cabinet approval to develop a brand implementation programme that will build a consistent identity across the district and council services which incorporate the principles of the new logo design.

Key Decision (Y/N)	**Y**	**Date of Notice**	**13 January 2021**	**Exempt(Y/N)**	**Y - Appendix 1 & 2**

Report Summary

The council has, over time, evolved and changed dramatically, both in terms of the services it delivers and how it engages with its communities. The existing logo does not represent the inclusive, forward-thinking and innovative council that we now are, and so the council wants to refresh its brand image to reflect its new focus and encompass the whole district.

As part of brand development work, a change in the current council logo would help transform public perception of the council, allowing it to be seen as friendly and outward-focused, while also inspiring staff internally as they recognise the council as an employer of opportunity and innovation.

Based on research and consultation, the images chosen in the proposed new logo are designed to help unite the district, incorporating city, coast, and countryside. The new design symbolises community and captures the true characteristics of our brand.

This proposal is to decommission the existing Lancaster City Council logo and replace it with a new version, alongside a brand implementation programme. This programme would look to incorporate all the different and diverse geographical locations within the district, with interpretations of the logo to reflect their individuality.

Implementation costs for the new logo and brand roll out will be kept to a minimum, through a phased rollout programme over a 24-month period, utilising existing budgets. This is a straightforward and very deliverable programme.

The development of a brand implementation programme will incur design and marketing costs. These are currently estimated to be in the region of £20,000 and would be incurred over a period of time. It would be funded from within the existing service marketing budgets.

Recommendations of
It is recommended that: 1) Cabinet approves the decommissioning of the current Lancaster City Council logo and the implementation of the newly designed logo. 2) Cabinet approves the development of a phased brand implementation programme that will build a consistent brand identity across the district and council services.

Relationship to Policy Framework
The proposal is entirely consistent with and supports Lancaster City Council's policy framework by increasing public awareness of the council and its overall brand characteristics as highlighted in the research.

Conclusion of Impact Assessment(s) where applicable	
Climate	**Wellbeing & Social Value**
Digital	**Health & Safety**
Equality	**Community Safety**
The new logo and brand implementation programme has no direct impact in relation to the above assessments but will directly raise awareness of the council and its operations.	

Details of Consultation
The new logo design project has been developed following research and ongoing engagement with external partners, the senior management team, heads of service, Leaders from different political groups, Cabinet, and selected councillors.

Legal Implications
Legal Service can advise on any Intellectual Property issues. Projects and activities within the corporate rebrand will be subject to the council's normal governance and decision-making processes where any direct legal implications will be considered.

Financial Implications
Current estimated design and marketing costs for the above programme are £20K to be funded from within existing service marketing budgets. Projects and activities developed in the brand implementation programme will be subject to the council's normal governance and decision-making processes where any direct financial implications will be considered

Other Resource or Risk Implications
Resource implications and risks will be considered as the new logo and brand implementation programme phased rollout are developed.

Section 151 Officer's Comments
The future costs of rebranding could be significant as the new brand would be expected to be delivered across the whole Council including its property estate, vehicle fleet, public realm assets as well as other areas such as uniforms and clothing. As has been documented on several occasions the Council is facing significant short-, medium-, and long-term financial challenges and so consideration of the recommendations of this report should be made against that backdrop. If not be approved consideration should be given to repurposing the funding identified to assist in addressing those challenges

Monitoring Officer's Comments	
The Monitoring Officer has been consulted and has no comments to add.	
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Links to Background Papers	
N/A	

1.0 Introduction

1.1 The council has evolved dramatically in recent years, with a renewed focus on climate awareness and community engagement. The existing logo and brand image are no longer representative of the whole district or of the approachable and innovative council that we are. While the updated Council Plan sets out the council's priorities and objectives, we need a modern and welcoming logo and identity to help portray that.

1.2 A dramatic change to the council's logo and broader identity will help to transform the perception of the council and its work, both internally and to the wider public. We need to embrace and unite the varied communities and diverse geographical locations across our district – city, coast, and countryside – and show off the transformation the city council has undergone. It is also vital to bring together the individual services of the council, in recognition of our work as one organisation.

1.3 This will be achieved through the eventual decommissioning of the existing Lancaster City Council logo and replacing it with a bold new version.

1.4 To ensure that our new logo and message is properly relayed to internal and external stakeholders, it must be accompanied by the development of a brand implementation programme, incorporating design and marketing elements such as brand guidelines, toolkit, and design assets. This strategy will ensure that the new branding can be implemented both internally and externally and achieve consistency across the organisation.

2.0 Background

2.1 The current logo appears outdated and is not largely representative of current council operations and the local community it represents. Alongside this, some services within the council have established their own identity and are no longer easily recognised as part of the council. This can be damaging to the council, as it may be overlooked for the important work it is doing in the community. This strategy will help align those individual aspects to reflect the parent brand.

2.2 As the council's proactive recovery work from the pandemic continues and the council develops improved services – including business support, mobile customer services and hubs, climate action measures and community engagement initiatives – the timing is now right for a fresh and exciting new corporate image to realign the council's brand and how it is characterised within the local community.

2.3 Using in-house skills and resources, high-level research was conducted involving external partners, senior management team, heads of service, leaders from different political groups, Cabinet, and selected councillors to explore the characteristics of the existing logo and how the council brand may be developed to reflect our forward-thinking approach. **(See research summary - Appendix 1)**

2.4 Using the results of this research, a member and senior officer-led group were consulted. It concluded that a change to the existing logo and brand image was necessary. It was decided the council needed a look that was more modern, brighter, more welcoming and a reflection of the united district it serves. A number of design options were considered for the replacement of the current logo. The final option for consideration was strongly supported and felt it symbolised and captured the true characteristics of the council. **(See Design & Visual Concepts - Appendix 2)**

3.0 Proposal

3.1 The proposal is straightforward and very deliverable and implementation costs can be kept to a minimum using the existing service budgets, which will avoid many of the costs usually associated with a full rebranding exercise.

3.2 For the vast majority of council assets, costs will be covered within existing service budgets as replacement branding will happen gradually as-and-when assets are updated – either as part of scheduled works or when they are replaced due to reaching the end of their functional life. While some applications of the logo are yet to be identified as part of a brand audit, this will be further explored when developing the brand implementation programme.

3.3 The 24-month phased brand rollout will be project-managed in-house using the existing skills and professional services of the corporate communications and marketing team, supported by an external design agency. Estimated unavoidable costs associated with the design and marketing elements of the programme will be in the region of £20,000, incurred over a period of time, which is within the existing service marketing budgets.

3.4 Sub brand* development for services (*using certain elements of the main brand) will involve Heads of Service consultation and engagement. This will be part of the brand implementation programme and look to re-establish brand consistency throughout the organisation.

3.5 The programme would also involve the brand imagery being designed and adapted to reflect the individual geographical locations within the district (such as Morecambe, Carnforth, Heysham and rural areas), and their unique characteristics and offerings. This will be done using colours that reflect city, coast and countryside, and tag lines to promote and refresh existing projects and work, as well as for the promotion of future initiatives.

3.6 Although not developed yet, the brand implementation programme will consist of elements including full brand audit; decommissioning the existing logo; design work; phased implementation plan; and a multimedia campaign. The campaign will be implemented both internally and externally to raise awareness of the changes.

4.0 Options and Options Analysis (including risk assessment)

Option 1: Approve the newly designed version of the Lancaster City Council logo and develop a brand implementation programme

Advantages: • Opportunity to refresh the city council logo and re-establish its brand, reflecting the current community focus and engagement work • A logo that is more representative of the district and a brand that recognises the different geographical locations and their characteristics • The change addresses key research results from members and senior stakeholder groups • Opportunity to realign services to the parent brand and establish brand consistency • Raise awareness of the city council and its renewed focus • Improve current perceptions of the city council to both staff and external audiences • Strengthen partnership working across the district and the subregion • Provide an engaged approach that takes account of business needs • Potential to drive commercial revenues • Opportunity for national and local PR
Disadvantages: None
Risks: Brand imagery is subjective and can illicit different responses. For this reason, the brand development work was researched and consulted with key stakeholders and senior staff with a high level of support – therefore mitigating risk.
Option 2: Do not approve the newly designed version of the Lancaster City Council logo nor develop a brand implementation programme
Advantages: None
Disadvantages: • Current logo and brand of the city council may remain outdated in the eyes of key stakeholders • Council and services will remain fragmented and lack brand consistency • Public perception of the council could remain detached from the progressive and positive changes the council is implementing • Opportunities to build on the current very high levels of public and business engagement will be undermined • Limiting commercial opportunities • Lack of unity or recognition across district
Risks: Potential to attract staff could have consequences on service delivery

5. Officer Preferred Option (and comments)

5.1 The Officer preferred option is Option 1, which is to approve the newly designed version of the Lancaster City Council logo and develop a brand implementation programme. This will improve current perceptions of the city council to its multiple stakeholders, while firmly positioning the council as an innovative and forward-thinking organisation which is open to change. The programme would involve the brand imagery being designed and adapted to reflect the individual geographical locations and their characteristics within the district.

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