



Jacqui Sinnott-Lacey  
Chief Operating Officer

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West Lancashire  
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Friday, 2 September 2022

**TO: COUNCILLORS A OWENS, J FINCH, P BURNSIDE, I ECCLES, A FOWLER,  
S GREGSON, D OWEN, E POPE, I RIGBY, D WESTLEY,  
D WHITTINGTON AND K WILKIE**

Dear Councillor,

Please find attached Agenda Items 12 - HRA Revenue and Capital Quarter One (Q1) Review, Agenda Item 13 - Medium Term Financial Forecast (MTFF) 2023/24 to 2025/26, Agenda Item 17 – Community Infrastructure Levy Funding Programme 2023/24 and Agenda Item 18 – Planning Service Review – Update Report

Yours faithfully

A handwritten signature in black ink, appearing to be 'JSL' with a flourish at the end.

Jacqui Sinnott-Lacey  
Chief Operating Officer

**AGENDA**  
**(Open to the Public)**

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|------------|--|-----------|
| <b>12.</b> | <b>2022-23 QUARTER 1 REVENUE AND CAPITAL MONITORING HRA (HOUSING REVENUE ACCOUNT)</b><br>To consider the report of the Head of Finance, Procurement & Commercial Services. | 263 - 272 |
| <b>13.</b> | <b>MEDIUM TERM FINANCIAL STRATEGY UPDATE 2022/23-2024/25</b><br>To consider the report of the Head of Finance, Procurement & Commercial Services.                          | 273 - 288 |

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|------------|--|-----------|
| <b>17.</b> | <b>CIL FUNDING PROGRAMME FOR 2023/24</b><br>To consider the report of the Corporate Director of Place and Community. | 289 - 332 |
| <b>18.</b> | <b>PLANNING SERVICE REVIEW - UPDATE</b><br>To consider the report of the Corporate Director of Place and Community.  | 333 - 338 |

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**EXECUTIVE OVERVIEW & SCRUTINY  
COMMITTEE: 6 September 2022**

**CABINET: 13 September 2022**

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**Report of: Head of Finance, Procurement and Commercial Services**

**Relevant Portfolio Holder: Councillor N. Pryce-Roberts**

**Contact for further information: Peter Quick (Extn. 5203)  
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**SUBJECT: HRA REVENUE AND CAPITAL QUARTER ONE (Q1) REVIEW**

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Wards affected: Borough wide

## **1.0 PURPOSE OF THE REPORT**

1.1 To provide a summary of the Housing Revenue Account (HRA) and Housing capital programme positions for the 2022/23 financial year.

## **2.0 RECOMMENDATIONS:**

### **TO EXECUTIVE OVERVIEW & SCRUTINY:**

2.1 That the 2022/23 HRA and Housing capital programme positions and the proposed budget adjustments identified in paragraphs 4.3 and 4.4 of the report be considered and agreed comments be forwarded to Cabinet to consider.

2.2 That future HRA and Housing capital programme monitoring reports be considered by the newly established Budget/Council Plan Committee, unless there are specific recommendations for this Committee and Cabinet to consider.

### **TO CABINET**

2.3 That the minute of the Executive Overview & Scrutiny Committee 6 September 2022, attached as an appendix to the report, be considered.

2.4 That the 2022/23 HRA and Housing capital programme positions be noted.

2.5 That the proposed budget adjustments identified in paragraphs 4.3 and 4.4 be approved, namely to move £50k budget from central administration to electrical testing; and £30k from contributions to bad debt provision to central heating servicing.

2.6 That the significant budget pressures be noted.

### 3.0 BACKGROUND

- 3.1 In February 2022, Council agreed the HRA revenue and capital budgets for the 2022/23 financial year, in the context of energy and other cost pressures along with materials shortages, reported through 2021/22. Subsequently, the emerging cost of living crisis worsened. This was further exacerbated when Russia invaded Ukraine. June 2022 cpi is 9.1% and is expected to rise further.
- 3.2 The Government's current rent policy confirms annual increases of up to cpi + 1% until 2025/26. The cpi + 1% increase is applied to the cpi rate from the September before, so for 2023/24 rent setting it will be based on September 2022 cpi.
- 3.3 Government guidance is awaited as to the rent increase policy after 2025/26, in the interests of prudence the HRA business plan assumes annual increases thereafter will be cpi only.

### 4.0 HRA – 2021/22 Outturn Review and 2022/23 Budget Virements

- 4.1 HRA 2021/22 outturn highlighted some budget realignments that will be beneficial to meaningful HRA budget monitoring, in that they will ensure support to those budgets under pressure, within the existing, approved budget envelope.
- 4.2 The table below is an extract from the draft HRA **2021/22** outturn report, as context.

Budget Area	2021/22 Budget £000	Outturn Var. £000	Comment
Employee Expenses	3,617	-255	Staffing vacancies, pension fund
Void repairs and response repairs	3,504	955	Works outside the standard ppp and vpp prices were significantly more than expected.
Other premises costs	3,314	38	Planned revenue works budget not used in 2021/22. £270k electrical testing costs moved from supplies & services at year end.
Transport costs	149	-26	Car allowances
Budget contingency	482	-482	Not utilised
Supplies and Services	1,194	-487	£270k electrical testing moved to other premises costs The remainder is cumulative from a number of budgets, each modestly below budget.
Support Services and internal income (net)	2,927	-134	Primarily caretaking services delivered to other parts of the Council
Loan interest & Contribution towards Repayment	3,407	0	
Contributions to capital	7,600	0	
Dwelling rents	-23,260	-137	TVD stock increases of 44 Right to buy sales greater toward the

			end of year
Other external income	-2,934	-118	Furnished lettings service
<b>Total</b>	<b>0</b>	<b>-646</b>	Represents 2.5% of overall turnover

#### 4.3 Review of the 2021/22 HRA outturn position, above, recognised the following:

- £130k of budget relating to year end accounting for the HRA share of contributions to the Lancashire pension fund are not required. This is because the budget is a continuation of the previous contribution level, whereas the actual charge reduced at the time of the last three year actuarial settlement. Virements over £50k need full Council approval, so this will be brought to Council as part of HRA mid-year reporting, the proposal being to move £130k to budget contingency to support general HRA pressures in year.
- Response repairs and revenue voids work outturn was as had been forecast in year, around £1m over budget. This was accounted for as part of 2022/23 budget setting and is currently considered to be adequate.
- Electrical testing and central heating servicing are essential compliance activities that would benefit from some further funding to support the budgets.
- There is some budget capacity in supplies and services overall. This typically comprises numerous smaller favourable variances across different services and broadly creates a welcome operating envelope for those services to get on with delivering. However, a limited number of central administration budgets have been further reviewed with the aim of supporting electrical testing.
- The budget for annual contributions to the HRA bad debts provision is set at £160k. As collection rates are fairly consistent, the main driver for additional contributions to the provision is the write off of former tenant arrears. Tenant bad debts are sufficiently provided for, and even through the covid pandemic and lockdown the full annual contribution of £160k was not required. It is therefore proposed to vire £30k from the annual contribution to bad debts budget to support central heating servicing.

#### 4.4 The table below summarises proposed budget virements

Budget Area	2022/23 Budget £000's	Vire £000	2022/23 Revised £000's	Comments
Employee Expenses	4,059		4,059	£130k pension fund budget at mid-year Council.
Void repairs and response repairs	4,504		4,504	
Other premises costs	3,512	80	3,592	£50k from central admin costs to Electrical testing. £30k from contributions to bad debts, to central heating servicing.
Transport costs	162		162	
Budget contingency	260		260	£130k to add mid-year
Supplies and Services	1,328	-80	1,248	£50k from central admin costs to Electrical testing. £30k from contributions to

				bad debts, to central heating servicing.
Support Services and internal income (net)	2,594		2,594	
Loan interest & Contribution towards Repayment	3,419		3,419	
Contributions to capital	7,485		7,485	
Dwelling rents	-24,300		-24,300	
Other external income	-3,023		-3,023	
<b>Total</b>	<b>0</b>	<b>0</b>	<b>0</b>	

## 5.0 HRA – 2022/23 Financial Position and Q1 Projected Outturn

5.1 A summary of the projected HRA revenue outturn against the revised budget is set out in the table below. The HRA is expected to outturn in line with budget. A similar forecast outturn position for 2021/22 was reported at mid-year, after mitigating action was taken in 2021/22, outturn improved.

5.2 The 2022/23 final outturn position is likely to be affected by actions taken in regard to paragraphs 5.3 to 5.5, below.

Budget Area	2022/23 Budget £000	Outturn Var. £000	Comment
Employee Expenses	4,059	-230	£100k vacancies. £130k pension fund budget to amend mid-year Council.
Void repairs and response repairs	4,504	0	
Other premises costs	3,592	550	Gas costs - District Heating Service
Transport costs	162	0	
Budget contingency	260	-100	Some existing contingency expected to be used. £130k to add mid-year.
Supplies and Services	1,248	-100	Cumulative from various budgets, each modestly below budget.
Support Services and internal income (net)	2,594	0	
Loan interest & Contribution towards Repayment	3,419	0	
Contributions to capital	7,485	0	
Dwelling rents	-24,300	-100	TVD stock increases of 37 from mid-year. 50 rtb sales assumed in year.
Other external income	-3,023	-20	Furnished lettings service
<b>Total</b>	<b>0</b>	<b>0</b>	

- 5.3 The **district heating account** expenditure budgets will be significantly over budget by year end, current estimates are around £550k more than was expected at budget setting.
- 5.4 At budget setting for 2022/23 the increase in gas prices as expected at that time, around 50%, was contained within the heating reserve. This meant that most district heating service customers saw an increase in their heating charge of around 2% and the additional price increases were being mitigated through the reserve which is intended for this purpose. The aim was to support affected tenants.
- 5.5 Our gas provider has since submitted updated rates for 2022/23 which are considerably more than the increases that residential customers receive. This is because the price cap doesn't apply to commercial contracts. This is the same contract that provides gas for 739 HRA tenants and leaseholders in the district heating scheme. Budget setting intended to use some of the reserve whilst retaining some heating reserve for future years. Even if all the heating reserve is utilised in 2022/23 there will still be a significant shortfall that will need to be funded from a combination of increased charges to district heating customers, and/or use of other HRA reserves or budgets.
- 5.6 Budget pressure identified in paragraphs 5.3 to 5.5 are likely to be offset by the favourable variances below:
- There are a number of vacant posts pending recruitment and consequently a favourable variance is anticipated on employee costs.
  - Dwelling rents will be better than budget due to an additional 37 housing stock from TVDL being added to the HRA mid-year.
  - Cumulative savings across the HRA within supplies and services
  - £130k pension contribution budget already highlighted
- 5.7 Other possible budget pressures that have been considered and reflected in the outturn forecast are highlighted below.
- 5.8 Funding for the second half of a **stock condition survey** was approved as part of 2022/23 budget setting. Delays in procurement whilst the best procurement route was being agreed, mean that the first half planned for 2021/22 from existing budgets, has not yet taken place. The £300k for the first half now also needs to be funded in 2022/23. In addition, estimates are that the total cost of the stock condition survey is now expected to be around £790k because the survey work is now also going to provide decarbonisation retrofitting information to support the Councils carbon neutral agenda. In total this creates around £490k of stock condition survey work that needs funding in 2022/23, in addition to the £300k approved. This will be funded from 2022/23 revenue planned works budgets that will be used, plus part of the budget contingency. Reserves money for this pressure should not therefore be required and operational output from the stock condition survey is expected in Q3 of 2022/23.
- 5.9 Cost pressures are likely to continue in regard to **response repairs and voids revenue works**. The 2022/23 budget was increased by £1m to reflect the operational reality and it is considered adequate. However; the contractor continues to pursue further increases. These are being reviewed and actively

managed, so while there is no additional tangible budget pressure identified so far, the risk of budget pressure remains.

## 6.0 HRA Business Plan Pressures

- 6.1 With September 2023 cpi expected to be exceptionally high there is a risk that **rent increases in 2023/24 could be well over 10%** if the standard formula approach is taken. If rents are increased by this amount it will have significant implications for many tenants, particularly those who are self-payers as opposed to those who are on benefits with the housing element covered. This option will create no additional pressure on the HRA Business Plan however.
- 6.2 Alternatively, if rents are increased by a lesser amount, this will benefit many tenants but will have a significant detrimental effect on the HRA business plan in both the short and long term, and therefore the ability to fund revenue expenditure as well as finance borrowing costs for additional borrowing to fund capital projects.
- 6.3 Work has started on finding the best solution for this and modelling scenarios through the HRA business plan. WLBC officers have also raised the matter at national forums to help encourage a national, best-practice response.
- 6.4 One further option that is being explored is to increase rents by the usual cpi + 1% formula whilst also creating a substantial fund available to support some self-payers and others with the financial strain this represents. The advantage of this approach would be to maintain the long term rents base whilst also supporting tenants in the short term. The feasibility of this approach is being explored along with other options. **If this approach is adopted it will require substantial HRA reserve funding over the next two or three years.** Further updates on this will be advised during 2022/23
- 6.5 In addition, subsequent to budget setting work and the 2022/23 district heating cost pressure identified in paragraphs 5.3 to 5.5, Government announced the **£150 energy rebate** payable to all householders in properties of Council Tax band D or below. This included HRA tenants and leaseholders.
- 6.6 As this £150 energy benefit was not factored into the calculation for the heating charge in 2022/23, it will be accounted for through an increased weekly heating charge to the 739 tenants and leaseholders within the district heating scheme, either in-year or in 2023/24. In addition to any inflationary rise, this equates to £3.12 pw over 48 weeks in 2023/24, or £6.25 pw over 24 weeks in 2022/23, (if done at mid-year).
- 6.7 Once the data has been collated from the stock condition survey highlighted in paragraph 5.8, in addition to updating the current capital investment programme, a programme of work will be created to retrofit existing stock to meet decarbonisation requirements. No robust figures have yet been provided but it is likely that these costs will be significant and will therefore have a significant adverse effect on the HRA business plan.
- 6.8 The housing capital programme is also likely to incur additional expenditure required on compliance around fire risk assessments and smoke detection. Once

figures are available, funding options will be considered and reported to Members through 2022/23.

## 7.0 CAPITAL INVESTMENT PROGRAMME

7.1 The table below shows the 2022/23 Housing Capital budget approved in February 2022, plus the 2021/22 outturn slippage reported to Members in July 2022, to create the revised 2022/23 budget highlighted. Expenditure at the end of Q1 is then compared to the revised budget.

Scheme	2022/23 Budget £000's	2021/22 Slippage £000's	2022/23 Revised £000's	Q1 Actual £000's	% Spend
External Works	833	563	1,396	0	0%
Roofing	1,105		1,105	606	55%
Windows & Doors	448	425	873	0	0%
Heating	851		851	210	25%
Walls	844		844	0	0%
Kitchens	733	7	740	0	0%
Bathrooms	463	15	478	14	3%
Communal Services	133	192	325	0	0%
Electrics	329		329	10	3%
Fire Safety Works	101	76	177	139	79%
<b>Housing Capital Investment Plan</b>	<b>5,840</b>	<b>1,278</b>	<b>7,118</b>	<b>979</b>	<b>14%</b>
Carbon Neutral Dwellings	475	694	1,169	0	0%
Digmoor Regeneration	1,000		1,000	0	0%
Salary costs & Professional Fees	600		600	7	1%
Disabled Adaptations	502		502	59	12%
Environmental Programme	364	129	493	2	0%
Contingency	300		300	0	0%
Change in Standard for Smoke Detection	300		300	0	0%
Sheltered Housing Upgrades	140	140	280	15	5%
Lifts	35	105	140	0	0%
Solar PV Battery Storage	25	25	50	0	0%
Purchase Service Charge Software		39	39	0	0%
Abritas upgrade	36		36	36	100%
Digital Schemes Sheltered	12		12	0	0%
<b>Other Housing Schemes</b>	<b>3,789</b>	<b>1,132</b>	<b>4,921</b>	<b>119</b>	<b>2%</b>
<b>Capital Expenditure</b>	<b>9,629</b>	<b>2,410</b>	<b>12,039</b>	<b>1,098</b>	<b>9%</b>
TVDL Expenditure		9,651	9,651	29	0%
<b>Total Expenditure</b>	<b>9,629</b>	<b>12,061</b>	<b>21,690</b>	<b>1,127</b>	<b>5%</b>

Funded by	2022/23 Budget £000's	2021/22 Slippage £000's	2022/23 Revised £000's	Q1 Actual £000's	% Spend
Revenue contributions/MRR	7,434		7,434	156	2%
Borrowing	2,159	8,951	11,110	0	0%
HE Grants		3,110	3,110	971	31%
Capital receipts - 141					
<b>Total Funding</b>	<b>9,629</b>	<b>12,061</b>	<b>21,690</b>	<b>1,127</b>	<b>5%</b>

7.2 Total expenditure on the capital programme to date is £1.098m which represents 9% of the total revised budget. The Housing capital budget tends to profile with more expenditure later in the financial year. There are a number of programmes transferred from 2021/22 that are starting in Q2 of 2022/23. In addition, as is standard practice, capital budgets will be reviewed at mid year to identify any amendments requiring Council approval, for example reprofiling into different years to reflect operational decisions. Typically, capital programme outturn is between 70% and 85% of revised budget and this is expected in 2022/23 too

7.3 £0.971m of Homes England grants have been received in 2022/23 in regard to Halton Castle and Northfield.

## **8.0 SUSTAINABILITY IMPLICATIONS**

8.1 Careful monitoring the budget position helps ensure that the HRA remains able to deliver services and is financially sustainable in the medium term. This supports the aim that local people should receive good quality homes for a fair and appropriate rent

## **9.0 RISK ASSESSMENT**

9.1 The formal reporting of performance on the Housing Revenue Account is part of the overall budgetary management and control framework that is designed to minimise the financial risks facing the Council. This process is resource intensive for both Members and Officers but ensures that a robust and achievable budget is set

## **10.0 HEALTH AND WELLBEING IMPLICATIONS**

10.1 The health and wellbeing implications arising from this report will be dependent on the budget proposals put forward at the Council meeting. Details of any significant implications will be provided at the Council meeting if required.

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### **Background Documents**

There are no background documents (as defined in Section 100D(5) of the Local Government Act 1972) to this Report.

### **Equality Impact Assessment**

The decision does not have any direct impact on members of the public, employees, elected members and / or stakeholders. Therefore no Equality Impact Assessment is required.

### **Appendices**

Minute of the Executive Overview & Scrutiny Committee – 6 September 2022 (Cabinet only)



## AGENDA ITEM:

Executive Overview & Scrutiny  
Committee: 6 September 2022

CABINET: 13 September 2022



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**Report of:** Head of Finance, Procurement and Commercial Services

**Relevant Portfolio Holder:** Councillor Adam Yates

**Contact:** Simon Peet  
(E-mail: [Simon.Peet@westlancs.gov.uk](mailto:Simon.Peet@westlancs.gov.uk))

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**SUBJECT: Medium Term Financial Forecast (MTFF) 2023/24 to 2025/26**

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Wards affected: Borough Wide

## **1.0 PURPOSE OF THE REPORT**

- 1.1 To present to members the updated Medium-Term Financial Forecast (MTFF) for 2023/24 to 2025/26.
- 1.2 To present to members the latest forecast budget gap for the three years of £3.014m, comprising:
  - £0.539m in 2023/24
  - £1.474m in 2024/25
  - £1.001m in 2025/26
- 1.3 To inform members of the reserves position as at 31 March 2022.
- 1.4 To set out the annual budget setting process for 2023/24.

## **2.0 RECOMMENDATIONS**

### **TO EXECUTIVE OVERVIEW & SCRUTINY:**

- 2.1 That the report, setting out the latest Medium-Term Financial Forecast (MTFF) for 2023/24 to 2025/26 and the latest reserves position as at 31 March 2022, be considered and agreed comments be forwarded to Cabinet for consideration.

- 2.2 That the annual budget setting process for 2023/24, detailed in paragraph 9 of the report, be endorsed.

### TO CABINET

- 2.3 That subject to the consideration of the minute of the Executive Overview & Scrutiny Committee, the latest Medium-Term Financial Forecast (MTFF) for 2023/24 to 2025/26 and the latest reserves position as at 31 March 2022, be noted.
- 2.4 That the annual budget setting process for 2023/24, detailed in paragraph 9 of the report, be endorsed.

## 3.0 BACKGROUND

### 2021/22 Outturn

- 3.1 The 2021/22 GRA Mid-Year report to Council in January 2022 projected a £427k underspend outturn position, whilst the 2021/22 GRA Outturn Report to Council in July 2022 reported a balanced revenue outturn position.
- 3.2 Although there is an adverse variance of £427k between the mid-year and outturn position, this is a strong outcome for the Council, due to only £49k of a budgeted £1.239m contribution from reserves being required, as detailed below:

<u>2021/22</u>	Revised Budget £000s	Mid-Year Variance £000s	Outturn Variance £000s
Corporate and Customer Services	3,167	0	(427)
Environmental Services	7,279	(50)	(46)
Finance, Procurement and Commercial Services	59	0	(619)
Housing and Regulatory	1,864	(100)	(140)
Growth and Development	1,264	0	(39)
Wellbeing and Leisure	3,092	(385)	(481)
Central Service: Corporate Budgets	432	0	(127)
Central Service: Corporate Staff Vacancy Factor	(445)	0	445
<b>NET SERVICE BUDGET</b>	<b>16,712</b>	<b>(535)</b>	<b>(1,434)</b>
Non Service: Treasury Management	(163)	108	250
Non Service: Capital Charges	(1,413)	0	-5
Non Service: Reserves	(1,239)	0	1,189
<b>NET BUDGET</b>	<b>13,897</b>	<b>(427)</b>	<b>0</b>
Council Tax	(7,886)	0	0
Business Rates: Retained Income	(3,559)	0	0
Business Rates: S31 Grants	(3,568)	0	0
Prior Year Collection Fund (Surplus)/Deficit	2,658	0	0
New Homes Bonus	(802)	0	0
Other Government Grants	(740)	0	0
<b>FUNDING</b>	<b>(13,897)</b>	<b>0</b>	<b>0</b>

- 3.3 Details of the key variances include:

- Savings on the leisure contract, achieved by the close management of the contract which involved the release of surplus monies set aside for repairs in addition to savings flowing from management of the contract activity on a routine and regular basis;
- Agency management fee income in regard to work of Disabled Facilities grants being better than budget;
- Staff vacancies within Corporate and Customer Services and Housing and Regulatory Services;
- Accounting for pension fund contributions having a favourable effect on outturn;
- Treasury investment returns, due to delays implementing the SORP recommendation of investing in short and long-term investments, available cash balances and low interest rates continue to have a detrimental effect on investment income receivable.

### 2022/23 Budget

3.4 The budget report presented to Council on 23 February 2022 set out the Council's budget requirement for the 2022/23 financial year and provided details on the Council's reserves position. This process is in accordance with statutory requirements and proper accounting practices.

3.5 Council agreed a Net Budget of £14.953m for 2022/23 as follows:

<u>2022/23</u>	Budget £000s
Corporate and Customer Services	7,380
Environmental Services	6,168
Finance, Procurement and Commercial Services	(1,042)
Housing and Regulatory	1,878
Growth and Development	874
Wellbeing and Leisure	1,894
Central Service: Corporate Budgets	220
Central Service: Corporate Staff Vacancy Factor	(1,014)
<b>NET SERVICE BUDGET</b>	<b>16,358</b>
Non Service: Treasury Management	(122)
Non Service: Reserves	(1,283)
<b>NET BUDGET</b>	<b>14,953</b>
Council Tax	(8,227)
Business Rates: Retained Income	(2,793)
Business Rates: S31 Grants	(2,850)
Prior Year Collection Fund (Surplus)/Deficit	2,456
Use of Collection Fund Smoothing Reserve	(2,456)
New Homes Bonus	(703)
Other Government Grants	(380)
<b>FUNDING</b>	<b>(14,953)</b>

### 2022/23 Quarter 1 Forecast Outturn

- 3.6 A prudent approach has been taken for quarter 1 forecasts given the early stage in the year, the GRA forecast outturn position at quarter 1 shows a £240k overspend. The overspend relates to the under achievement of the SORP investment income target, as discussed in 3.3 above.

<u>2022/23</u>	Budget £000s	Q1 Variance £000s
Environmental Services	6,168	0
Housing and Regulatory	1,878	0
Growth and Development	874	0
Wellbeing and Leisure	1,894	0
Corporate and Customer Services	6,269	0
Legal and Democratic Services	1,111	0
Finance, Procurement and Commercial Services	(1,042)	0
Central Service: Corporate Budgets	220	0
Central Service: Corporate Staff Vacancy Factor	(1,014)	0
<b>NET SERVICE BUDGET</b>	<b>16,358</b>	<b>0</b>
Non Service: Treasury Management	(122)	240
Non Service: Reserves	(1,283)	0
<b>NET BUDGET</b>	<b>14,953</b>	<b>240</b>
Council Tax	(8,227)	0
Business Rates: Retained Income	(2,793)	0
Business Rates: S31 Grants	(2,850)	0
Prior Year Collection Fund (Surplus)/Deficit	2,456	0
Use of Collection Fund Smoothing Reserve	(2,456)	0
New Homes Bonus	(703)	0
Other Government Grants	(380)	0
<b>FUNDING</b>	<b>(14,953)</b>	<b>0</b>

- 3.7 Both the 2021/22 outturn position and 2022/23 quarter 1 forecast outturn position, assist forming the starting position for both the 2023/24 GRA revenue budget and the MTFE ending 2025/26. Though clearly the current quarter 1 forecast position can change throughout the year for emerging and recurring cost pressures and any in-year opportunities and savings that are identified.

## 4.0 FINANCIAL OVERVIEW

### 4.1 Economic update:

- GDP fell by 0.1% in the three months to June 2022 driven largely by a 0.4% fall in services, monthly GDP grew 1.9% in the 12 months to June 2022, down from 3.3% in the year to May 2022;
- A further rise in Consumer Price Index (CPI) inflation to a new 40-year high of 10.1% in the 12 months to July 2022, up from 9.4% in June, on a monthly basis CPI also rose by 0.6% in July 2022, compared with no change in July 2021, rising food prices made the largest upward contribution

- The Bank of England Monetary Policy Committee voted on 4 August 2022 to increase the Bank of England base rate to 1.75% from 1.25%, taking it to its highest level since the Global Financial Crisis.

#### 4.2 Economic outlook:

Charts 1.1 and 1.2 are taken from the *Office for Budget Responsibility: Economic and Fiscal Outlook*, published in March 2022 and chart 1.3 is from the more recent *Office for Budget Responsibility: Fiscal risks and sustainability*, published in July 2022.

Chart 1.1: CPI inflation

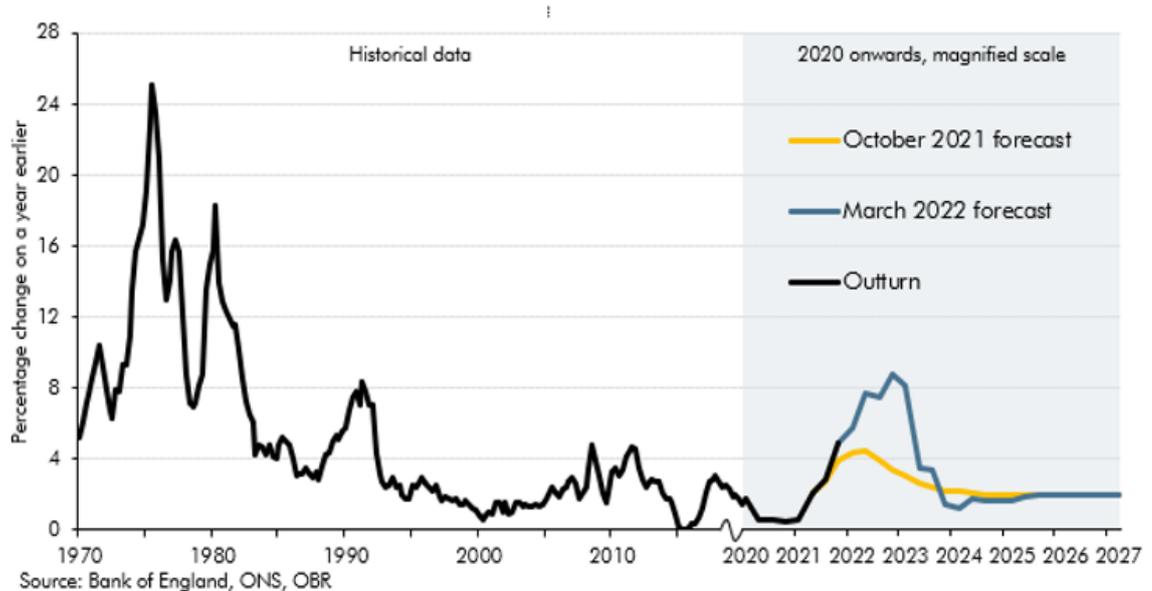
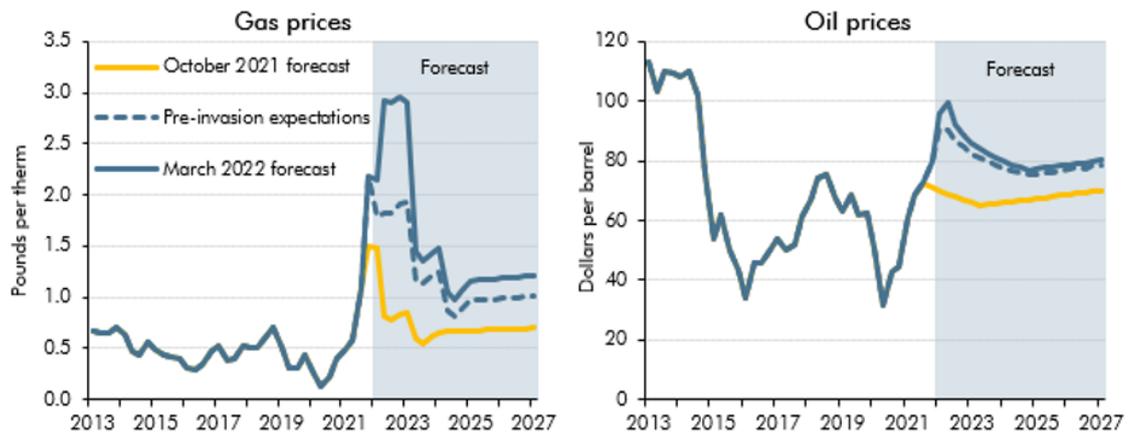
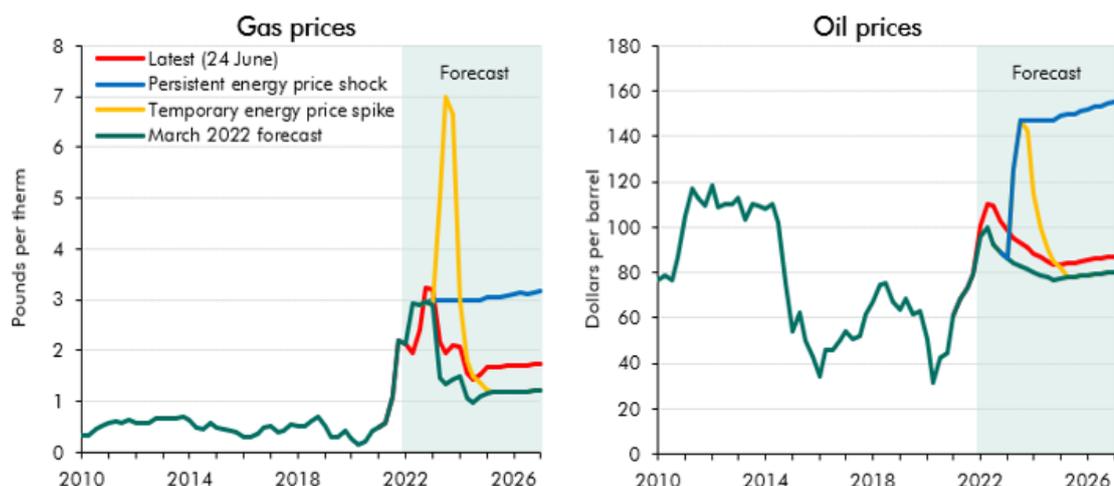


Chart 1.2: Gas and oil prices



Note: We have based our March 2022 forecast on three years (rather than our usual two years) of the futures curve. We then hold gas and oil prices flat in real terms for the remainder of the forecast.  
Source: Datastream, OBR

Chart 1.3: Energy price scenarios



#### 4.3 Local Government Finance Settlement:

To provide funding certainty and allow councils to plan ahead, in December 2015 the Government offered councils a four-year funding settlement for the period 2016/17 to 2019/20. Over the three years since of 2020/21, 2021/22 and 2022/23 the Government has limited this to one-year settlements, that makes it extremely difficult for councils to forecast with any certainty and plan ahead. Details of previous settlements are shown in the table below.

In June 2022 Government announced the intention to offer councils a two-year financial settlement for 2023/24 and 2024/25, however given the recent changes in Government and the on-going leadership contest, we await confirmation.

#### Key Information for Local Authorities (£m)

Select local authority by clicking on the box below and using the drop-down button

#### West Lancashire

	2016-17	2017-18 <sup>1</sup>	2018-19 <sup>1</sup>	2019-20 <sup>1</sup>	2020-21 <sup>1</sup>	2021-22 <sup>1</sup>	2022-23 <sup>1</sup>
Settlement Funding Assessment	£4.609	£3.966	£3.622	£3.262	£3.315	£3.315	£3.315
of which:							
Revenue Support Grant	£1.576	£0.871	£0.433	£0.000	£0.000	£0.000	£0.001
Baseline Funding Level	£3.034	£3.096	£3.189	£3.262	£3.315	£3.315	£3.315
Tariff/Top-Up <sup>2</sup>	(£9.633)	(£8.227)	(£8.367)	(£13.287)	(£8.698)	(£8.698)	(£8.698)
2017-18 Tariff and Top-up reconciliation			£0.104				
Safety Net Threshold	£2.806	£2.863	£2.949	£3.099	£3.066	£3.066	£3.066
Levy Rate	0.50	0.50	0.50	0.00	0.50	0.50	0.50

**Notes:**

<sup>1</sup> From 2017-18 onwards, figures have been adjusted to reflect authorities with increased Business Rates Retention arrangements. Please refer to the Settlement Funding Assessment Model and the explanatory note on authorities with increased Business Rates Retention arrangements.

<sup>2</sup> Tariffs and top-ups have been recalculated in 2017-18 and 2018-19 to reflect the adjustment for the 2017-18 business rates revaluation.

<sup>3</sup> For 2022-23, the Revenue Support Grant is the sum of the uprated Revenue Support Grant for the authority, and the new elements of Revenue Support Grant in accordance with the Local Government Finance Report (England) 2022/2023.

#### 4.4 Core Spending Power:

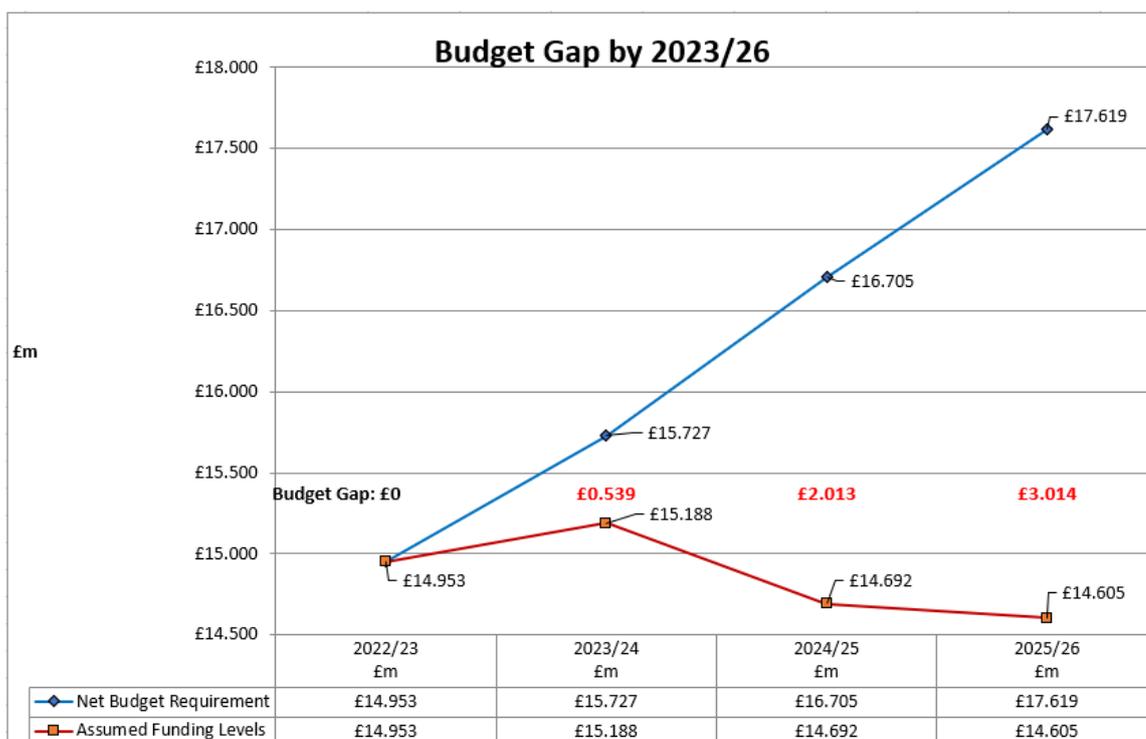
Core Spending Power is a measure of the resources available to local authorities to fund service delivery. It sets out the money that has been made available to local authorities through the Local Government Finance Settlement (LGFS).

The table below sets out the figures for local authority Core Spending Power from 2015-16 through to 2022-23. Figures for 2015-16 have been adjusted to ensure a consistent measure of local authority income over time.

CORE SPENDING POWER								
<i>Please select authority</i>								
West Lancashire								
Illustrative Core Spending Power of Local Government:								
	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23
	£ millions							
Settlement Funding Assessment	5.465	4.609	3.966	3.622	3.262	3.315	3.315	3.315
Compensation for under-indexing the business rates multiplier	0.044	0.044	0.046	0.073	0.106	0.133	0.173	0.339
Council Tax Requirement excluding parish precepts <sup>1</sup>	6.165	6.354	6.595	6.878	7.171	7.498	7.847	8.167
New Homes Bonus	1.369	1.714	1.723	1.172	0.967	0.875	0.802	0.703
New Homes Bonus returned funding	0.010	0.007	0.007	0.000	0.000	0.000	0.000	0.000
Transition Grant	0.000	0.007	0.007	0.000	0.000	0.000	0.000	0.000
Lower Tier Services Grant	0.000	0.000	0.000	0.000	0.000	0.000	0.141	0.152
2022/23 Services Grant	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.229
<b>Core Spending Power</b>	<b>13.052</b>	<b>12.735</b>	<b>12.345</b>	<b>11.745</b>	<b>11.505</b>	<b>11.821</b>	<b>12.278</b>	<b>12.904</b>
Change since 2015-16 (£ millions)								-0.1
Change since 2015-16 (% change)								-1.1%
<sup>1</sup> These calculations do not include the £20 cash precept for the Greater London Authority.								

## 5.0 BASE BUDGET MOVEMENT: BUDGET ASSUMPTIONS and UPDATES

- 5.1 As the cost-of-living crisis deepens with rising inflation and energy costs forecast to continue into 2023 as shown in both 4.1 and 4.2 and the lack of clarity from Government on the length of future Local Government Finance Settlements along with the introduction of the long-awaited funding reforms to both the funding settlement formula and the business rates system. Makes the production of the MTFF difficult to forecast with any certainty and therefore some key assumptions have been made on producing the latest three-year position.
- 5.2 The key assumptions can be split between net budget requirement and funding and are then applied the starting base position being the 2022/23 base budget of £14.953m. The graph below shows the latest forecast net budget requirement and funding levels, resulting in a budget gap of £3.014m over the three-year period 2023/24 to 2025/26.



5.3 The key assumptions included within the MTFF forecast include:

Budget Assumptions	2023/24 £000s	2024/25 £000s	2025/26 £000s
<b>Net Budget</b>			
Pay Award	3.00%	2.00%	2.00%
	523	357	363
Contractual Obligations: Inflation Energy	100.00%	50.00%	5.00%
	124	126	8
Contractual Obligations: Inflation Fuel	10.00%	5.00%	5.00%
	47	26	27
Contractual Obligations: Inflation Insurance	15.00%	5.00%	5.00%
	51	20	21
Contractual Obligations: Inflation General	3.00%	2.00%	2.00%
	122	81	83
General Inflation: Prices	3.00%	2.00%	2.00%
	0	0	0
Central Service: Vacancy Factor - Pay Award	3.00%	2.00%	2.00%
	(30)	(21)	(21)
<b>Funding</b>			
Council Tax Rate Increase (Relevant Basic Amount)	£5	£5	£5
	(191)	(194)	(198)
Council Tax Base Increase	1.60%	1.60%	1.60%
	(132)	(137)	(142)

5.4 Other notable movements to the Net Base Budget include the following item and a full detailed listing is provided in Appendix 1 of the report:

- The discontinuation of temporary or one-year approved Record of Decisions Under Delegated Authority (RODs), growth items and policy proposals approved at February Council.
- Replenish the contingency budget to £150k contained within the Central Service: Corporate Budgets line.
- Deletion of the permanent £200k increase to the TVD Dividend returns from 2023/24 onwards approved at Council in February 2022.
- Reduction of £240k to the interest received from treasury investments.
- The phasing out of the £1.3m contribution from reserves over a three-year period starting from 2024/25 at £433k per year.

5.5 Notable movements to the Funding include assumptions on the Business Rates Baseline reset and reform, that is assumed to be implemented for 2024/25.

The current modelling received suggests a reduction to the retained business rates of c.£2m due to the removal of section 31 business rates compensation grant that is being rolled into the baseline reset.

To mitigate the full impact of a £2m reduction in funding in 2024/25, it has been assumed that the council will receive government transitional relief and also the utilisation of the Business Rates Equalisation Reserve to smooth the impact.

Further analysis work and research is required to fully understand the impact of the baseline reset and this will be reported back in future MTFF updates.

5.6 The table below summarises the movements over the MTFF period:

Movements to the 2022/23 Base Budget	2023/24 £000s	2024/25 £000s	2025/26 £000s
<b>NET BASE BUDGET</b>	<b>14,953</b>	<b>15,727</b>	<b>16,705</b>
Pay & Pensions	523	357	364
Contractual Inflation	345	253	138
General Inflation	0	0	0
Recharges HRA & Capital	(1)	(1)	(1)
<b>Total Budget Assumptions</b>	<b>867</b>	<b>610</b>	<b>502</b>
RODs (Record of Decisions Under Delegated Authority)	(40)	0	0
Growth Items	(438)	(44)	0
Savings Proposals	0	0	0
Policy Proposals	(91)	0	0
<b>Total Approved Budget Proposals</b>	<b>(569)</b>	<b>(44)</b>	<b>0</b>
Central Service: Corporate Budgets	249	0	0
Central Service: Corporate Staff Vacancy Factor	(30)	(21)	(21)
<b>Total Central Service Assumptions</b>	<b>218</b>	<b>(21)</b>	<b>(21)</b>
Non Service: Treasury Management	240	0	0
Non Service: Reserves	18	433	433
<b>Total Non Service Assumptions</b>	<b>258</b>	<b>433</b>	<b>433</b>
<b>NET BUDGET</b>	<b>15,727</b>	<b>16,705</b>	<b>17,619</b>
<b>BASE FUNDING</b>	<b>(14,953)</b>	<b>(15,188)</b>	<b>(14,692)</b>
Council Tax - Base Increase	(132)	(137)	(142)
Council Tax - % General Increase	(191)	(194)	(198)
Business Rates: Retained Income	(140)	(1,100)	(73)

Business Rates: S31 Grants	(243)	3,093	0
Prior Year Collection Fund (Surplus)/Deficit	(2,249)	(207)	0
Use of the Business Rates Equalisation Reserve	2,249	(293)	500
New Homes Bonus	555	0	0
Other Government Grants	(83)	(666)	0
<b>Total Funding Assumptions</b>	<b>(235)</b>	<b>496</b>	<b>87</b>
<b>FUNDING</b>	<b>(15,188)</b>	<b>(14,692)</b>	<b>(14,605)</b>
<b>ANNUAL BUDGET (HEADROOM)/GAP</b>	<b>539</b>	<b>1,474</b>	<b>1,001</b>
<b>CUMULATIVE BUDGET (HEADROOM)/GAP</b>	<b>539</b>	<b>2,013</b>	<b>3,014</b>

## 6.0 MEDIUM TERM FINANCIAL FORECAST 2023/24 to 2025/26

- 6.1 The purpose of the Medium-Term Financial Forecast is to provide the strategic framework and a forward-looking approach to achieving long-term financial sustainability. It is central to the delivery of priority outcomes in the Council's strategy and plans in an affordable way over the next three years to 2025/26. It aids robust and methodical planning as it forecasts the Council's financial position, considering known pressures, major issues affecting the Council's finances, including national and regional influences as well as local priorities and factors.
- 6.2 Planning over the medium term helps the Council to respond in a considered manner, to pressures and changes because of many internal and external influences. This is particularly important during a period where the Council is facing unprecedented changes and challenges. The recovery from the pandemic, the cost-of-living crisis, inflationary pressures and the changes in National funding are examples of this. The MTFF recognises the key role that financial resources play in the future delivery of outcomes and in enabling the effective planning, management and delivery of services that contribute towards the delivery of the Council's Strategic Plan.
- 6.3 The MTFF model provides the framework within which decisions relating to future service provision can be made. The detailed budget, taking account of constantly changing circumstances is regularly reviewed and the Council will be provided with updated budget monitoring reports as things progress.
- 6.4 Based on the current set of key assumptions set out in section 5, the MTFF position by service is shown below:

MTFF 2023/24 to 2025/26	2022/23 £000s	2023/24 £000s	2024/25 £000s	2025/26 £000s
Corporate & Customer Services	7,388	7,328	7,424	7,560
Environmental Services	6,297	6,638	6,826	7,020
Finance, Procurement & Commercial Property	(1,025)	(783)	(752)	(713)
Housing and Regulatory	1,973	2,117	2,281	2,329
Growth and Development	898	741	790	837
Wellbeing and Leisure	1,894	1,683	1,720	1,758
Central Service: Corporate Budgets	(22)	227	227	227
Central Service: Corporate Staff Vacancy Factor	(1,014)	(1,044)	(1,065)	(1,087)

<b>NET SERVICE BUDGET</b>	<b>16,389</b>	<b>16,906</b>	<b>17,451</b>	<b>17,932</b>
Non Service: Treasury Management	(122)	118	118	118
Non Service: Reserves	(1,314)	(1,296)	(863)	(430)
<b>NET BUDGET</b>	<b>14,953</b>	<b>15,727</b>	<b>16,705</b>	<b>17,619</b>
Council Tax	(8,905)	(9,228)	(9,560)	(9,899)
Council Tax - Parish Precepts	679	679	679	679
Business Rates: Retained Income	(2,793)	(2,933)	(4,033)	(4,106)
Business Rates: S31 Grants	(2,850)	(3,093)	(666)	(666)
Prior Year Collection Fund (Surplus)/Deficit	2,456	207	0	0
Use of Collection Fund Smoothing Reserve	(2,456)	(207)	(500)	0
New Homes Bonus	(703)	(148)	(148)	(148)
Other Government Grants	(381)	(464)	(464)	(464)
<b>FUNDING</b>	<b>(14,953)</b>	<b>(15,188)</b>	<b>(14,692)</b>	<b>(14,605)</b>
<b>ANNUAL BUDGET (HEADROOM)/GAP</b>	<b>0</b>	<b>539</b>	<b>1,474</b>	<b>1,001</b>
<b>CUMULATIVE BUDGET (HEADROOM)/GAP</b>	<b>0</b>	<b>539</b>	<b>2,013</b>	<b>3,014</b>

## 7.0 RESERVES AND BALANCES

- 7.1 In accordance with statutory regulations and CIPFA guidance, the levels of balances and reserves are reviewed during the budget process to ensure that they are currently sufficient, and that they will remain adequate over the medium term.
- 7.2 The Council's medium term financial approach involves using reserves to support the budget position while savings are being realised. The assumption made at budget setting was that £1.3m of reserves would be required in 2022/23 to enable the Council to achieve a balanced budget.
- 7.3 Whilst the table below shows that Corporate Reserve balances at 31 March 2022 were £11.986m, this includes the Business Rates Equalisation Reserve balance of £6.271m, that is earmarked to fund future years losses on the Collection Fund and smooth the impact of reforms to the Business Rates System and Baseline Reset.

Classification	Sub-Classification	2020/21 Closing Balance £000s	2021/22 In-Year Movement £000s	2021/22 Closing Balance £000s
General Fund Balance	Core Balances	(£690)	£0	(£690)
General Fund Balance	Contingency Balances	(£270)	£0	(£270)
<b>CORE and CONTINGENCY BALANCES</b>		<b>(£960)</b>	<b>£0</b>	<b>(£960)</b>
Corporate Reserves	SORP / Policy Options Reserve	(£172)	£0	(£172)
Corporate Reserves	Major Projects Reserve	(£406)	£7	(£399)
Corporate Reserves	Budget And Efficiency Savings Reserve	(£837)	£0	(£837)
Corporate Reserves	Benefits Equalisation Reserve	(£847)	(£61)	(£908)

Corporate Reserves	Planning Income Equalisation Reserve	(£314)	£189	(£125)
Corporate Reserves	Business Rates Equalisation Reserve	(£6,358)	£87	(£6,271)
Corporate Reserves	Service Reserves	(£4,216)	£941	(£3,275)
<b>CORPORATE RESERVES</b>		<b>(£13,150)</b>	<b>£1,164</b>	<b>(£11,986)</b>
Insurance Reserve	Insurance Reserve	(£2,055)	£49	(£2,006)
<b>INSURANCE RESERVES</b>		<b>(£2,055)</b>	<b>£49</b>	<b>(£2,006)</b>
Repairs And Renewals	P&D Machine Replacement Fund	(£24)	(£5)	(£29)
Repairs And Renewals	Solar PV R&R Fund	(£221)	(£40)	(£261)
Repairs And Renewals	Community Related Assets - R&R Fund	(£222)	£0	(£222)
<b>REPAIRS and RENEWALS</b>		<b>(£467)</b>	<b>(£45)</b>	<b>(£512)</b>
Ring Fenced Reserves	Industrial Portfolio Fund	(£792)	(£203)	(£996)
Ring Fenced Reserves	Investment Centre Reserve	(£328)	(£61)	(£389)
<b>RING FENCED RESERVES</b>		<b>(£1,120)</b>	<b>(£264)</b>	<b>(£1,384)</b>
<b>TOTAL GRA RESERVES</b>		<b>(£17,752)</b>	<b>£904</b>	<b>(£16,849)</b>

7.4 Utilising £1.3m of reserves in both 2022/23 and 2023/24, presents an unsustainable position on the overall reserves position, therefore the phasing out of the £1.3m contribution from reserves is required over the MTFF 2023/24 to 2025/26, as detailed in 5.4 the phasing starts in 2024/25 over a 3-year period.

7.5 It is clear, that further savings, efficiencies or income generation will therefore be required over the MTFF 2023/24 to 2025/26 to reduce the drawdown on reserves and stabilise the Council's finances over the medium term.

## 8.0 MEDIUM TERM BUDGET PROSPECTS and RISKS

8.1 The Government continued with a one-year funding settlement for 2022/23, although the Government has indicated its intention to announce a two-year settlement for 2023/24 and 2024/25 in December 2022, there is now some uncertainty due to recent Government changes. We also await confirmation of the details to the long-awaited Government reforms to the funding formula together with a new business rates retention system and baseline reset.

8.2 Economic outlook, early forecasts had shown inflation, prices and interest rates once peaking, falling mid to late 2023 but more recent forecasts now show falling in early to mid-2024. Forecasting the impact of the current economic climate with any certainty on the MTFF, is therefore extremely difficult especially with growing uncertainty over the coming months ahead as the cost-of-living crisis deepens.

8.3 Consequently, the MTFF will be continually refreshed once new information becomes available to establish the Council's financial position going forward.

## 9.0 2023/24 BUDGET PROCESS and WORKPLAN

9.1 For the 2023/24 budget setting process, the Council has setup a Budget / Council Plan Committee, with the objective to consider all budget setting options, agree proposals, recommendations and reports, prior to submission / approval by Cabinet and Council in February, the first meeting of the Committee is be held on 28 September 2022.

9.2 The current timeline for the 2023/24 budget setting is shown in the table below:

Report	Meeting	Dates
MTFF Update at Q1	Executive Overview & Scrutiny Committee	6 Sept 2022
	Cabinet	13 Sept 2022
	Budget / Council Plan Committee	28 Sept 2022
MTFF Update at Q2	Budget / Council Plan Committee	18 Oct 2022
	Executive Overview & Scrutiny Committee	20 Oct 2022
	Cabinet	1 Nov 2022
	Council	14 Dec 2022
Draft GRA Budget Report & MTF	Budget / Council Plan Committee	10 Jan 2023
	Executive Overview & Scrutiny Committee	12 Jan 2023
	Cabinet	24 Jan 2023
	Group Proposals Deadline	TBC
Final GRA Budget Report & MTF	Council	22 Feb 2023

### 9.3 Workplan for the next MTF update report:

- Review of budgets, realignments, virements, identification of recurring under/overspends, pressures/savings of budget heads
- Establishment costing and pay awards
- Review contracts and Annual Price Increases (APIs) uplifts
- Refresh of the sales, fees and charges register
- Updating of funding model and Local Government Finance Settlement
- Refresh of the reserves tracker
- Sensitivity and scenarios analysis modelling

## 10.0 SUSTAINABILITY IMPLICATIONS

10.1 There are no significant sustainability impacts associated with this report and no significant impact on crime and disorder.

## 11.0 RISK ASSESSMENT

11.1 The update of the Medium-Term Financial Forecast forms an important part of the overall budgetary management and control framework that is designed to minimise the financial risks facing the Council.

11.2 The challenging financial position facing local authorities has been evaluated and assessed as being a key risk, and consequently is included on the Council's key risk register. Robust plans and targets are in place to address the budget issue and to manage performance and efficiency.

## 12.0 HEALTH AND WELLBEING IMPLICATIONS

12.1 The health and wellbeing implications arising from this report will be dependent on the budget proposals put forward at the Council meeting. Details of any significant implications will be provided at the Council meeting if required.

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## Background Documents

There are no background documents (as defined in Section 100D(5) of the Local Government Act 1972) to this report.

**Equality Impact Assessment**

The direct impact on members of the public, employees, elected members and / or stakeholders is dependent on the proposals to be put forward at the Council meeting. Therefore no Equality Impact Assessment has been produced at this time.

## APPENDIX 1: BUDGET MOVEMENTS

Movement Heading	Description	2023/24 £000s	2024/25 £000s	2025/26 £000s
<b>NET BUDGET</b>				
RODs (2021/22)	Costs re transmission of CCTV images & for the new Skelmersdale TC cameras	(10)	0	0
RODs (2021/22)	Private Sector House Condition Review - Statutory Duty	(30)	0	0
<b>RODs (Record of Decisions Under Delegated Authority)</b>		<b>(40)</b>	<b>0</b>	<b>0</b>
Proposed - Growth Bids (FEB22)	Additional EHO post - Environmental Protection (22/23 funded from Covid)	44	0	0
Proposed - Growth Bids (FEB22)	Additional post of Inward Investment Officer	(43)	0	0
Proposed - Growth Bids (FEB22)	Additional income and/or efficiencies to be generated from the Finance FBP	(60)	(10)	0
Proposed - Growth Bids (FEB22)	Supporting the business & Visitor economy & attracting inward investment	(3)	(42)	0
Proposed - Growth Bids (FEB22)	Employment Debt recovery task force for 3 months	(20)	1	0
Proposed - Growth Bids (FEB22)	Upgrade of IT equipment for Planning Services following Planning Service Review	(12)	0	0
Proposed - Growth Bids (FEB22)	Regeneration Project Development Manager plus extension of existing post to Dec 2022	(60)	0	0
Proposed - Growth Bids (FEB22)	Revenue consequences of Capital bid - C7 - Purchase Glutton Urban Vacuum Cleaner	2	0	0
Proposed - Growth Bids (FEB22)	Revenue consequences of Capital bid - C8 - Becconsall Closed Church Yard	7	2	0
Proposed - Growth Bids (FEB22)	Temporary post of Development Planning Surveyor for 12 months	(53)	0	0
Proposed - Growth Bids (FEB22)	Continued Membership of Growth Lancashire (1 year)	(15)	0	0
Proposed - Growth Bids (FEB22)	Replace WebaspX system	(80)	0	0
Proposed - Growth Bids (FEB22)	Microsoft Site Licences	140	5	0
Proposed - Growth Bids (FEB22)	Council Tax Discount/Relief Scheme (Cost of Living)	(260)	0	0
Proposed - Growth Bids (FEB22)	Dial-a-Ride Contribution	(25)	0	0
<b>Approved Growth Items</b>		<b>(438)</b>	<b>(44)</b>	<b>0</b>
Approved - Policy Proposals (FEB21)	Customer Services staff resources	(9)	0	0
Approved - Policy Proposals (FEB21)	North Meols	(40)	0	0
Proposed - Policy Proposals (FEB22)	Initial 1Yr Holiday re Reserves Contributions	239	0	0
Proposed - Policy Proposals (FEB22)	Leisure Contract - 1 year Contract Extension	(231)	0	0
Proposed - Policy Proposals (FEB22)	Free car parking promotion Ormskirk Mons and Tues from 1pm - 1 year trial	(50)	0	0
<b>Approved Policy Proposals</b>		<b>(91)</b>	<b>0</b>	<b>0</b>
Central Service: Corporate Budget	County Deal	(15)	0	0
Central Service: Corporate Budget	Replenish the Contingency Budget	264	0	0
<b>Central Service: Corporate Budgets</b>		<b>249</b>	<b>0</b>	<b>0</b>

Movement Heading	Description	2023/24 £000s	2024/25 £000s	2025/26 £000s
Non Service: Treasury Management	Returns from TVDC	(200)	0	0
Non Service: Treasury Management	Deletion of the Growth in Returns from TVDC	200	0	0
Non Service: Treasury Management	Reduction of Interest Received from Investments	240	0	0
<b>Non Service: Treasury Management</b>		<b>240</b>	<b>0</b>	<b>0</b>
Non Service: Reserves	Reversal of the use of Reserves agreed at Council Feb 2022	18	0	0
Non Service: Reserves	Phasing out of the contribution from Reserves	0	433	433
<b>Non Service: Reserves</b>		<b>18</b>	<b>433</b>	<b>433</b>
<b>FUNDING</b>				
2023/24 NNDR1 Forecast	Business Rates: Retained Income	(140)	0	0
2023/24 NNDR1 Forecast	Business Rates: S31 Grants	(243)	0	0
LG Business Rates Retention Reform	Funding Reform: Reset of Business Rates System	0	1,993	(73)
LG Business Rates Retention Reform	Funding Reform: Use of the Business Rates Equalisation Reserve	0	(500)	500
LG Business Rates Retention Reform	Funding Reform: Transitional Relief	0	(666)	0
2023/24 LG Finance Settlement	Government Funding: New Homes Bonus	555	0	0
2023/24 LG Finance Settlement	Government Funding: Lower Tier Grants	(83)	0	0
<b>Funding Assumptions</b>		<b>89</b>	<b>827</b>	<b>427</b>



**EXECUTIVE OVERVIEW &  
SCRUTINY COMMITTEE:  
6 SEPTEMBER 2022**

**CABINET: 13 SEPTEMBER 2022**

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**Report of: Corporate Director of Place & Community**

**Relevant Portfolio Holder: Councillor Anne Fennell**

**Contact for further information: Name: Christine Whittle (Extn. 3336)  
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**SUBJECT: COMMUNITY INFRASTRUCTURE LEVY FUNDING PROGRAMME  
2023/24**

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Wards affected: Borough wide

## **1.0 PURPOSE OF THE REPORT**

1.1 To inform Members and seek approval of a temporary suspension of part of the Community Infrastructure Levy (CIL) Funding Programme 2023/24.

## **2.0 RECOMMENDATIONS TO EXECUTIVE OVERVIEW & SCRUTINY COMMITTEE**

2.1 That the Committee note the content of this report regarding proposed changes to the 2023/24 CIL Funding Programme and agreed comments be passed to Cabinet for their consideration.

## **3.0 RECOMMENDATIONS TO CABINET**

3.1 That Cabinet, having regard to the content of this report and to the agreed comments of Executive Overview & Scrutiny Committee, approve the temporary suspension of part of the CIL Funding Programme 2023/24 as set out in this report:

1. That the relevant parts of the 2023/24 CIL Funding Programme detailed in this report will be suspended temporarily pending recommencement in Spring 2023 to cover two full financial years (2024/25 and 2025/26).
2. That amendment to the Governance Framework (see Appendix 1) is approved to allow the recommendation at 3.1 to take place. Thereafter the original Governance Framework Timetable will return to the original format.

3.2 That Members note the resource issues regarding CIL and the need for contingency planning in relation to staff.

**4.0 BACKGROUND**

4.1 Members will be aware that the CIL process allows the Council to raise funds from developers who are undertaking new building projects in the area. The money that is collected must be used to fund the provision, enhancement or maintenance of infrastructure to support new development. CIL only applies in areas where the Council has consulted on, and approved, a charging schedule which sets out its levy rates and has published the schedule on its website.

4.2 The Council adopted a CIL Charging Schedule in June 2014 and approved a CIL and S106 Governance and Expenditure Framework ('the Framework') in 2015 that set out the structure for the allocation and spending of developer contributions collected through CIL and Section 106 obligations. The Framework was further updated in 2020 following legislative changes and is included at Appendix 1 to this report.

4.3 In summary, the Framework explains how the Council invites stakeholders to submit schemes that they want to be funded, either in whole or part, by CIL monies collected by the Council. These schemes are then considered against set criteria, shortlisted and added to an Infrastructure Delivery Schedule. A further shortlisting exercise occurs and schemes that are deliverable over the next two years are added to a draft CIL Funding Programme. A further round of public consultation takes place before the CIL Funding Programme is finalised and approved by Cabinet. Only schemes that are included on the Infrastructure Delivery Schedule can access the Council's CIL monies.

**5.0 CURRENT POSITION**

5.1 The Regulations state the money collected in any given year must be split into three parts:

Part 1	Part 2	Part 3
Admin Fee	Neighbourhood Portion	Strategic Portion
5%	15% (or 25%)	80% (or 70%)
TOTAL = 100%		

5.2 Part 1 – Admin Fee  
5% of that year's collected money is retained by the Council as an administration fee. This will not be affected by the decision to temporarily suspend the update of the CIL Funding Programme as detailed in this report.

5.3 Part 2 – Neighbourhood Portion  
Either 15% (capped at £100 per existing dwelling) or 25% (uncapped) is passed directly to Parish or Town Councils, depending on whether they have produced a Neighbourhood Plan in their area or not (if they have, they get 25%). The

Borough Council will transfer a proportion of the collected CIL monies to the Parish or Town Councils in October 2022. Parish and Town Councils are responsible to spend their own portions of the funds on local priorities and they are responsible for producing financial reports on this expenditure. This Part 2 of the CIL allocation is outside of the scope of the CIL Funding Programme. This will not be affected by the decision to temporarily suspend the update of the CIL Funding Programme as detailed in this report.

- 5.4 Where there is no Parish or Town Council, i.e. Ormskirk and Skelmersdale, the Council retains the neighbourhood portion and, following community consultation, spends the money on their behalf. However, due to the reasons set out below it is no longer possible to deliver this element of Part 2 funding and it will be necessary to temporarily suspend the update of the CIL Funding Programme this year. The funds that would have been available in 2023/24 will be carried forward to the next financial year and be available for use subject to eligibility.
- 5.5 **Part 3 – Strategic Portion**  
The remaining 70 or 80% of that years CIL monies is retained by the Council to deliver strategic infrastructure priorities across the Borough. This is the Strategic Portion. The first step of deciding what to do with the Strategic Portion is to consult with service and infrastructure providers, Parish Councils and other stakeholders and ask them to nominate schemes for inclusion on an Infrastructure Delivery Schedule. This is effectively a wish-list of schemes that could be delivered over the next 5 years anywhere in the Borough. Council Officers shortlist the schemes on the Infrastructure Delivery Schedule for inclusion in a draft CIL Funding Programme. The CIL Funding Programme is a shorter list of specific, deliverable projects; if a scheme is not included in the final CIL Funding Programme, the Council will not spend CIL monies on it.
- 5.6 Council agreed in July 2020 that the CIL Funding Programme will focus on smaller-scale projects that require CIL funding of £100,000 or less and limit total expenditure on those projects to £200,000 each year. As a result, the majority of the Strategic Portion is saved and allocated towards larger-scale projects. It should be noted that, in practice, many of the smaller schemes submitted to the Council for consideration are not eligible for CIL funding and therefore the final list of agreed smaller schemes is usually of a limited number.
- 5.7 The funding of these larger-scale projects can continue to be agreed. The Framework states that public consultation is not considered necessary on larger, costlier schemes because such schemes will have been identified in other Council Plans and Strategies that have already undergone public consultation. Authority to allocate CIL funds on these larger, strategic schemes will be delegated to Cabinet, after first being presented to Executive Overview and Scrutiny Committee, and will not be affected by the decision to temporarily suspend the update of the CIL Funding Programme detailed in this report.
- 5.8 However, due to the reasons set out below it is no longer possible to deliver the identification of smaller-scale project element of Part 3 and it will be necessary to temporarily suspend the update of the CIL Funding Programme this year. The smaller-scale projects (maximum total of £200,000) will not be identified in the CIL Funding Programme and therefore not be eligible for CIL funding in the

2023/24 financial year. The funds that would have been available in 2023/24 will be carried forward to the next financial year and be available for use subject to eligibility.

## **6.0 ISSUES**

- 6.1 The Framework includes an indicative timescale for updating the CIL Funding Programme every year. The process involves two rounds of public consultation, the shortlisting of schemes, and two rounds of Member approval via Executive Overview and Scrutiny Committee and Cabinet. It is a complex and lengthy process which begins in April and takes 12 months from start to end. The full 12 months is required as the programme follows a linear process where each stage is required to commence and conclude before the next stage begins and to fit in with committee cycles, where key stages are approved.
- 6.2 In accordance with the Council's own CIL Governance and Expenditure Framework, the Council was due to undertake a consultation in April and May 2022 with service and infrastructure providers, Parish Councils and Members to commence the process of updating the Council's CIL Funding Programme. However, limited resources in the Planning Service at that time, which critically included the CIL Officer role (who would normally undertake the update of the CIL Funding Programme), has resulted in a delay. It was therefore not possible to commence the governance process in April and the remaining staff were focused on ensuring the day-to-day process of the CIL role took place, as well as undertaking their normal duties. A corporate risk outlining the implications of this lack of resource was duly completed.
- 6.3 Fortunately, despite the challenges in recruitment of specialist / planning professionals, the resources in the team have now improved, with a permanent CIL Officer coming into post in mid-September. Whilst there are still vacancies in the service a further recruitment exercise is underway, and temporary agency workers are currently being used to provide support to the service.
- 6.4 Whilst the new CIL Officer is due to start and this will create capacity to bring this work back into line later in 2022/23, it is recognised that it is not practical or even possible to begin and conclude the full CIL funding programme process (as outlined in 6.1) before the end of March 2023. The completion of the work is not just related to the amount of staff resource that could be dedicated to this but is affected by the need to allow for staff training and reasonable consultation and assessment periods. It is for this reason that a temporary suspension to update the CIL Funding Programme until Spring of 2023 is proposed. To continue regardless and to attempt to complete the work within 2022/23 would leave the Council open to challenge due to the unreasonable timescales for consultation and assessment that would be necessitated.
- 6.5 The proposed temporary suspension would therefore be until Spring 2023 at which time two full financial years (2024/25 and 2025/26) will be undertaken (i.e. one full exercise, but accounting for two years' worth of projects). This approach will allow the programme to be brought back into the normal regime whilst also ensuring the process remains robust. Members should note that there have

previously been a limited number of schemes which come forward through the process and, for the past five years, these have yet to amount to the maximum available. The proposal is therefore not considered to have a significant effect, particularly when considering the benefits of the temporary suspension, which include:

- Allowing more time to train new staff (including training for contingency staff who can step in when the CIL officer is unavailable).
- Continuing to improve the day-to-day process of administering CIL whilst still funding small-scale schemes and providing funds for larger strategic projects.
- Allowing Officers more time to tackle the backlog of potential CIL enforcement cases.
- Maintaining the opportunity for relevant projects to apply for funding.

6.6 In addition, Parished communities will still have access to the Part 2 Neighbourhood Portion of CIL and other projects could access any available S106 funds held by the local authority to spend on eligible schemes. The funds that would have been available in the 2023/24 year will be carried forward to the next financial year.

## **7.0 SUSTAINABILITY IMPLICATIONS**

7.1 The operation of CIL and the projects it can be used for has the potential to impact on economic prosperity of existing businesses, opportunities for local employment, the image of the Borough or regeneration. It also could affect local distinctiveness, the quality of the built environment or built heritage.

## **8.0 FINANCIAL AND RESOURCE IMPLICATIONS**

8.1 The temporary suspension of the CIL funding programme this year will not impact on the collection of CIL monies and the available funding will remain in place, ready to be consulted on next year. Existing identified and approved schemes will continue to be funded.

8.2 Importantly, in any one year where the £200,000 cap on smaller-scale projects is not reached, the remaining balance will be moved into the larger-scale (£100,000+) projects fund. This will happen by default if the Council does not update the CIL Funding Programme this year.

## **9.0 RISK ASSESSMENT**

9.1 There is some risk associated with the change to the usual programme as there may be a level of expectation that consultation will be taking place. However, as outlined above there are multiple benefits to this approach. The risks of attempting to achieve all the requirements of the CIL governance framework whilst continuing to maintain everyday CIL administration outweigh the risks of suspending a part of the programme for a limited time.

- 9.2 Risks have been substantially reduced as a result of new staff being recruited, particularly those whose sole remit is to oversee and undertake the governance and administration of CIL, and in allowing time for them to be fully trained.
- 9.3 Monies will continue to be collected and the freeing up of staff time will result in a more pro-active approach being taken. Suspending the work allows Officers to effectively plan and deliver a better service all round ensuring the money goes to the correct scheme that deliver real change in our neighbourhoods. There will be no loss of funding as this will roll over to next year's programme and committed funds will continue to be paid. Only a small number of eligible new schemes are identified each year so the temporary suspension of the consultation on these will have a limited effect.
- 9.4 Two alternative options were explored (firstly, to shorten public consultation periods and secondly to remove selected steps within the committee reporting cycle). However, neither of these two options were considered appropriate as they would still not leave enough time to undertake the necessary preparation for and assessment of consultation responses on potential schemes. Continuing the usual Governance programme at this late stage would leave the Council open to challenge as it would not involve a fair consultation process, it may run the risk of not being completed and would take focus away from essential day to day CIL administration, which is being undertaken by staff who are new to the authority.

## **10.0 HEALTH AND WELLBEING IMPLICATIONS**

- 10.1 The proposal will mean that new community projects which would benefit from CIL funding will not be identified this year. However, the number of schemes coming forward on an annual basis is limited. The ability for the Council to continue to collect monies effectively will have greater community benefits in the long run.

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### **Background Documents**

There are no background documents (as defined in Section 100D(5) of the Local Government Act 1972) to this Report.

### **Equality Impact Assessment**

The decision does not have any direct impact on members of the public, employees, elected members and / or stakeholders. Therefore no Equality Impact Assessment is required.

### **Appendices**

1. (Update to the) Governance Framework for Community Infrastructure Levy and Section 106 Expenditure, July 2020
2. Minute of the Executive Overview & Scrutiny Committee – 6 September 2022 (Cabinet only)



**West Lancashire Borough Council**

**(Update to the) Governance Framework for  
Community Infrastructure Levy and Section 106 Expenditure**

**July 2020**

**Heidi McDougall**  
**Corporate Director of Place and Community**  
West Lancashire Borough Council  
**[www.westlancs.gov.uk](http://www.westlancs.gov.uk)**

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## **1.0 INTRODUCTION**

- 1.1 In 2014, West Lancashire Borough Council introduced the Community Infrastructure Levy, which allows local authorities in England to raise funds from developers who are undertaking new building projects in their area. The money collected must be used to fund the provision, improvement, replacement, operation or maintenance of infrastructure to support new development. It cannot be used to remedy existing deficiencies unless these are exacerbated by new development.
- 1.2 The Council's adopted CIL charging schedule sets out the levy rates that apply to new developments across the Borough. The schedule was informed by local economic viability evidence and was subject to consultation and independent examination before it was adopted by the Council on 23 July 2014, with effect from 1 September 2014.
- 1.3 As the CIL charging and collecting authority, the Council must administrate CIL in direct accordance with the CIL Regulations 2010 (as amended). Those regulations state that the majority of CIL monies must be applied to fund the provision, improvement, replacement, operation or maintenance of infrastructure to support the development of the Council's area. A smaller proportion of monies, collected in an area, are passed to local councils to be spent on projects in their area, with the intent that they can directly benefit the area in which a development occurred. A much smaller proportion of monies are retained by the Borough Council for administration costs. To ensure that the whole process is transparent, the CIL Regulations stipulate that Councils must report all CIL receipts and expenditure on an annual basis.
- 1.4 The CIL Governance and Expenditure Framework was first prepared and adopted by the Council in 2015 to set out how the Council would determine and report the expenditure of CIL receipts. Since then, there have been a series of amendments to the CIL Regulations, most notably in September 2019, which have changed some of the requirements to CIL's administration. For example, the 2019 amendments made significant changes to how Councils are required to report CIL receipts and expenditure, which need to be reflected in our governance processes. The same amendments have also removed pooling restrictions on Section 106s and the requirement for a Regulation 123 list which will now be replaced by an alternative method of reporting. In addition, it is deemed good practice to regularly review operations to ensure that they remain the most appropriate and effective.
- 1.5 This document will form the revised framework relating to the governance of the CIL funding process, as well as the Council's approach to Section 106 (S106) obligations which are also used to fund new infrastructure.
- 1.6 Whilst CIL relates to the overall cumulative impact of development in general, legislation governing the use of S106 obligations means that they must be used to offset the implications of an individual development (necessary to make a development acceptable in planning terms, directly related to the development and fairly and reasonably related in scale and kind to the development). Therefore, whilst

CIL funds are held within a centralised pot, with flexibility on how to spend those receipts, S106 agreements specify a particular use for the sums received. The expenditure process for CIL and S106 therefore must differ. Nevertheless, the 2019 CIL regulation amendments have made reporting of both CIL and S106 receipts and expenditure mandatory, from December 2020, within a new 'Infrastructure Funding Statement'. The Government are keen to improve public accessibility to, and transparent reporting of, data relating to developer contributions.

1.7 CIL revenue, and decisions relating to its expenditure, must operate within a collection of multiple inter-related documents, plans and frameworks (Figure 1). Clear governance, prioritisation and effective project management are required to ensure that CIL funds, and any existing or future S106 funds, are used most effectively to deliver infrastructure across the Borough and to successfully mitigate the impacts of development. This approach will assist in securing a high quality environment and sustainable economic growth in West Lancashire.

1.8 This document will set out:

- The identification of infrastructure needs
- Overview of S106 and CIL
- Expenditure process for S106 commuted sums
- Expenditure process for CIL monies
- Monitoring and Reporting

Figure 1: Documents feeding into the CIL Funding Process



## **2.0 IDENTIFYING INFRASTRUCTURE NEEDS IN WEST LANCASHIRE**

### **Infrastructure Delivery Plan**

- 2.1 The Infrastructure Delivery Plan (IDP) provides important evidence regarding the infrastructure required to support development in the Borough, advising on both current provision and delivery, and anticipated future requirements. Infrastructure is essential to support additional (as well as existing) housing provision and economic growth, to mitigate the current and anticipated effects of climate change, and to create thriving and sustainable communities.
- 2.2 The IDP is prepared in close liaison with a range of infrastructure and service providers and is an iterative process, designed to continue to identify and respond to infrastructure opportunities and needs in close partnership with providers.
- 2.3 The first IDP was produced to inform the preparation of the Local Plan (2012-2027), and since then has been updated with each stage of the Local Plan Review process. As the Council starts to prepare a new Local Plan, the IDP will form an important part of the background evidence.

### **Infrastructure Delivery Schedule**

- 2.4 Alongside the IDP, sits an Infrastructure Delivery Schedule (IDS) which lists all the infrastructure schemes identified as being necessary to support that development proposed through the Local Plan. It is a live document, able to be updated at any time.
- 2.5 The IDS records the details for each of the individual schemes listed within it, including, where known, delivery timescales, anticipated costs and any identified funding streams which can assist delivery. This information helps to identify and evidence a funding gap i.e. those schemes where a funding deficit remains and where CIL may be considered in order to plug this gap. Not all schemes within the IDS will require CIL funding, as they may be deliverable through other sources including Government or private/developer funding. The inclusion of a project on the IDS does not guarantee that it will receive CIL funding in future; indeed CIL is not capable of funding all infrastructure. CIL can, however, be used as a mechanism to lever in additional funding and projects with match funding available may receive greater weight during assessment.
- 2.6 The purpose of the IDS is therefore, in the first instance, to record infrastructure schemes to support new development. Yet the IDS also comprises an important part of the CIL Expenditure Process, which will be explained below in Section 5.0.

### **3.0 PLANNING CONTRIBUTIONS (SECTION 106 AGREEMENTS)**

- 3.1 S106 obligations must be used to deliver benefits to local communities that can offset the negative impacts caused as result of a specific development. The CIL Regulations 2010 (amended) state that obligations may only be used where it is:
- i) necessary to make a development acceptable in planning terms;
  - ii) directly related to the development; and
  - iii) fairly and reasonably related in scale and kind to the development.
- 3.2 Historically, S106 obligations have been used by the Council to secure affordable housing, transport and highways improvements and public open space contributions or on site provision. Although S106 obligations can be used to secure other infrastructure requirements such as health and education provision, there has been limited usage of such obligations within the borough for these types of infrastructure.
- 3.3 Since the introduction of the CIL Regulations in 2010, the Government’s intent has been that the use of S106 obligations should be scaled back to site specific issues and that the focus for developer contributions should be on an up-front CIL system to help deliver infrastructure requirements that provides more certainty to all.
- 3.4 To ensure that developers were not ‘double-charged’ for developer contributions, through both CIL and S106, CIL Regulation 123 required that Councils published a list of infrastructure projects or types which it intended to fund wholly or partly through CIL. Any items not included within the Regulation 123 list were to then be secured through a S106 obligation where this requirement met the above statutory tests. It also prevented a Council pooling contributions from more than five S106 obligations, entered into after 6 April 2010, to deliver an infrastructure project or type. These measures were designed to encourage local authorities to move away from S106 obligations and to CIL.
- 3.5 The 2019 CIL amendments, introduced 1 September 2019, abolished Regulation 123 and in doing so removed pooling restrictions and the requirement for a Regulation 123 list. Instead, Councils must, from December 2020, annually produce an Infrastructure Funding Statement which includes a requirement to set out those infrastructure types or projects it intends to fund through CIL, along with estimates of anticipated future receipts, as well as revenue and expenditure to date. The Infrastructure Funding Statement will be detailed later in this document. The changes also mean that Councils are no longer restricted in terms of how many obligations they can pool together to fund a single infrastructure project.

### **Use of S106 contributions**

- 3.6 In accordance with the statutory tests governing the use of planning obligations, S106s will continue to be used to address site specific issues and to secure affordable housing, where those matters cannot be addressed through planning condition. This will be done on a site by site basis and in line with the adopted Local Plan and any relevant Supplementary Planning Documents (SPDs) in effect at the time of decision-making.

#### ***For transport and highways***

- 3.7 As the Council is a two tier authority, site-specific transport and highways contributions are formally secured through S106 obligations based on requests from the Highways Authority (LCC), who is consulted on a site by site basis.
- 3.8 LCC, as the Highways Authority and public transport executive for Lancashire, has prepared the West Lancashire Highways and Transport Masterplan. This document, and its sub-documents such as the Route Management Strategy, provides greater detail relating to strategic highways and transport improvements required across West Lancashire to deliver economic growth and support development in the Local Plan. The improvements cover all aspects including the highways network, rail network, bus services, cycling and walking.
- 3.9 In addition, LCC has produced a Local Transport Plan for Lancashire, LTP3, which sets out LCC's spending priorities in relation to transport until 2021. An LTP4 is currently being prepared by LCC to replace LTP3. The Highways & Transport Masterplan and the LTP are both key documents and have informed the Infrastructure Delivery Schedule (IDS) and will continue to be considered in determining how CIL contributions and other sources of available funding could be spent on highways and transport infrastructure in West Lancashire.
- 3.10 In relation to case by case site-specific highways improvements, LCC will still have the use of both S106 and Section 278 (S278) obligations, where localised conditions of a site require specific mitigation measures. These will continue to be communicated through individual consultation responses to development proposals. For clarity, both S106 and S278 obligations may only be used where the requirement meets the necessary statutory tests limiting the improvement to site specific measures. In addition, S106 and S278 obligations may only be used where the Council does not intend to fund such infrastructure improvements through CIL and have indicated this through the Infrastructure Funding Statement. An example could be specific junction improvements or highway widening.

#### ***For public open space***

- 3.11 The provision of site-specific open space is currently secured based on the application of the standard requirements within the Provision of Public Open Space in New Residential Development SPD (July 2014), which sets out the new requirements for

development proposals in securing adequate levels and types of public open space. Where development is of a substantial size, 40 units or more, policy requires that open space is delivered on-site and that maintenance of the open space is the responsibility of the developer. However, in exceptional circumstances, and where it can be justified, maintenance may be passed to the Council along with payment for a period of 10 years. Where this is the case, the developer will be required to enter into a Section 106 obligation with the Council to secure such funding.

- 3.12 It is currently anticipated that this practice will continue for the foreseeable future, but any update to this process will be set out in any newly adopted Local Plan or accompanying SPD.

#### ***For affordable housing***

- 3.13 The provision of affordable housing is secured through S106 obligations that are based on the Council's Affordable Housing Policy (RS2) within the West Lancashire Borough Council Local Plan (2012 – 2027) on a site by site basis and subject to viability constraints. This approach will remain unchanged and affordable housing will continue to be secured through the use of S106 obligations or planning conditions, in line with the Local Plan Affordable Housing Policy (RS2).

#### ***For education***

- 3.14 While requests are rare, in certain circumstances it may be appropriate for contributions to education provision to be sought on some developments. Such contributions will continue to be secured through S106 agreements, where there is a demonstrated need for a specific development to contribute to such an improvement to make the development acceptable in planning terms and subject to development viability. LCC, as Education authority, will advise on a case by case basis as to when contributions are necessitated, based on the LCC Methodology for Education Contributions in Lancashire (2016).

#### ***For ecology***

- 3.15 In some cases, the Council can seek to secure planning contributions to provide ecological improvements. The introduction of a requirement in the National Planning Policy Framework (NPPF) to ensure new developments deliver biodiversity net gain enables Councils to secure off-site gains, secured by way of planning obligations or guidance, where such net gain cannot be provided on site through the development. Where significant harm cannot be wholly or partially avoided, Councils can look to secure effective mitigation measures through planning obligations<sup>1</sup>. Applicants may also propose measures to achieve biodiversity net gain through a unilateral undertaking. Benefits can be achieved entirely on-site or by using off-site gains where

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<sup>1</sup> See PPG 'natural environment' - <https://www.gov.uk/guidance/natural-environment>

necessary. Off-site measures can sometimes be secured from 'habitat banks', which comprise areas of enhanced or created habitats which generate biodiversity unit 'credits'. Dependent on individual circumstances, planning conditions, obligations or even CIL (where a Council indicates it as an infrastructure item on their IFS) may all be potential mechanisms for securing and funding ecological enhancements.

### **Expenditure Process for S106 Obligations**

- 3.16 Whilst the Council will use CIL as the primary method of collecting planning contributions, historic S106 funds along with any newly secured funds on a site by site basis will continue to be spent in accordance with the related legal agreements as drafted. Therefore, a protocol to manage this process must be in place.

### **Non-specific schemes**

- 3.17 Historically, S106 agreements have been used to secure funding through the broadest definition of provision, for example 'alternative transport' or 'new or improved public open space'. The expenditure of S106 contributions must be done in line with the specific wording of the relevant S106 agreement to ensure that it is a legitimate use of the monies. The Council must ensure that proposed projects meet the stipulations of the agreements that the monies stem from.
- 3.18 The Council regularly issue notification to Parish Councils and Ward Members of available S106 receipts in each parish/ward, and invite them to suggest schemes for the use of the monies. In addition, the Council's leisure or planning services, and County Council's transport and highways services, are also able to suggest schemes. Proposals must be sent to the Council's S106/CIL Officer who will circulate proposals to the relevant officer working group.
- 3.19 The Council have two officer working groups; one for public open space, and one for transport and highways. Both groups have a mix of officers from relevant departments and include strategic planning, development management and legal. For public open space there are also representatives from leisure, estates, housing and street scene teams, and, for the transportation group, representatives from highways and development and public transport at LCC attend. The latter includes a number of LCC officers as they are the responsible Highways Authority and Public Transport for the borough and the main delivery body of such infrastructure.
- 3.20 The officer working groups assess whether or not proposals meet the stipulations of the originating S106 agreement. Where the group determine proposals do not meet the S106 requirements, officers will work with the proposer(s) to refine the project so it will accord with the requirements, or, in limited cases, will outright reject the proposal. Where the group consider proposals do meet the S106 requirements, a report will be prepared to seek Cabinet approval for the project.

## Specific schemes

- 3.21 In some cases, particularly since the introduction of CIL, the Council has stipulated that certain projects or types of infrastructure must be provided using S106 obligations, for example the funding of pupil places in schools. The ultimate use of the monies is clearly stated and so there is less of a requirement to check that the project accords with the definitions of the agreement. In these cases, the relevant departments at Borough or County Council, or other relevant infrastructure providers, are notified of the availability of monies with which to develop that project's design. Detailed information on the project, including costs and delivery, must be submitted to officers, who will check the appropriateness of the scheme. Subject to the details being acceptable, and the value of the project being under the Council protocol limit of £10,000, officers will then seek Delegated Authority from the Corporate Director of Place and Community in conjunction with the relevant portfolio holder for Planning, for authorisation to proceed with the project. Where the S106 agreement specifies a scheme, but the value exceeds the value of £10,000, the decision will be referred to Cabinet.
- 3.22 Once projects are approved, through either route, officers will liaise to ensure project delivery within the timeframes of the agreement and project.
- 3.23 Given affordable housing will continue to be secured through S106 obligations or planning conditions and will remain unaffected by CIL, this protocol remains unchanged (Appendix 3).
- 3.24 For the avoidance of doubt, the following will apply:

Specific scheme under value of £10,000	Delegated to Director of Place and Community in conjunction with the Portfolio Holder
Specific scheme equal to, or above, value of £10,000	Delegated to Cabinet
Non-specific scheme below £10,000	Delegated to Cabinet
Non-specific scheme equal to, or above value of, £10,000	Delegated to Cabinet

## 4.0 COMMUNITY INFRASTRUCTURE LEVY

### CIL funding splits and apportionment

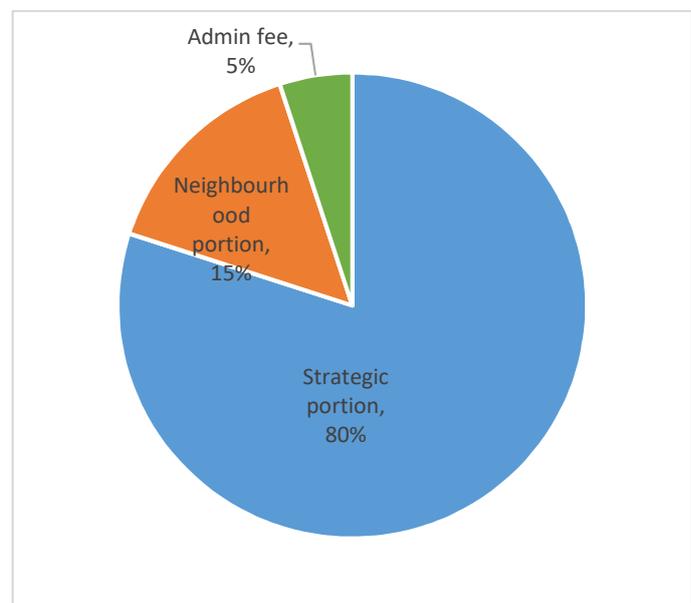
4.1 The CIL regulations specify how CIL funds should be apportioned for expenditure.

#### **Administration Fee – 5%**

4.2 Of the 100% of CIL revenue collected, the regulations permit the Council to retain 5% for the purpose of administering the CIL. This is to allow for the cost of preparing the CIL charging schedule, the additional Council resources to administer the collection, spending and monitoring of CIL funds and for the cost of IT software to help administrate the CIL process.

#### **Neighbourhood Portion - 15 or 25%**

4.3 The CIL Regulations require that 15% of the funds collected within the area where the chargeable development takes place be passed to the community through parish or town councils, capped at £100 per Council Tax dwelling plus an applied indexation figure. The figure rises to 25% for those areas with adopted neighbourhood plans in place and there is then no cap in place.



4.4 Where a neighbourhood plan is adopted, the 25% is applied to those liabilities created after the date of adoption (i.e. planning permissions granted after the date of the neighbourhood plan's adoption). It is not applied retrospectively to existing liabilities or receipts.

4.5 Where there is no parish or town council (e.g. Ormskirk and Skelmersdale), the Council will retain the neighbourhood portion and, in line with regulation 59F of the CIL Regulations 2010 (as amended), the Council must spend the funds within the "relevant area", i.e. this is ring fenced for expenditure in either Ormskirk or Skelmersdale, based upon where the development took place. CIL Planning Practice Guidance requires that the Council engages with the local community in an open and transparent way in order to prioritise how these funds should be spent.

#### **Strategic Portion – 70 or 80%**

4.6 The Borough Council is able to retain the majority of the CIL revenue collected in order to deliver strategic infrastructure priorities. Once the administration fee and the neighbourhood portion have been deducted, this will leave either 70% or 80% of the

funds depending on whether there is a Neighbourhood Plan or not. This can be spent on strategic priorities for infrastructure identified by the Borough Council, in consultation with infrastructure providers, the public and other stakeholders. This strategic portion does not have to be spent within the parish or ward in which development occurs but can be pooled and spent anywhere in the Borough, as long as it is on infrastructure that supports new development.

### ***Definition of Infrastructure***

- 4.7 In terms of what this strategic portion can be spent on, the CIL Regulations 2010 (as amended), Regulation 59(1) reads as follows:

*A charging authority must apply CIL to funding the provision, improvement, replacement, operation or maintenance of infrastructure to support the development of its area.*

- 4.8 In terms of how infrastructure is defined in the context of this regulation, [Section 216\(2\) of the Planning Act 2008](#) provides an inclusive list of infrastructure types that can fall within the definition of infrastructure for the purposes of CIL. Section 216 goes on to allow the CIL regulations to vary this list, which it does through CIL Regulation 63 (by excluding affordable housing from the definition of infrastructure). Infrastructure therefore includes:

- (a) roads and other transport facilities,*
- (b) flood defences,*
- (c) schools and other educational facilities,*
- (d) medical facilities,*
- (e) sporting and recreational facilities, and*
- (f) open spaces.*

- 4.9 The list, however, is not exhaustive and so, in line with the guidance, CIL can be used to fund a wider range of items. CIL Planning Practice Guidance<sup>2</sup> states that “the levy can be used to fund a very broad range of facilities such as play areas, open spaces, parks and green spaces, cultural and sports facilities, healthcare facilities, district heating schemes and police stations and other community safety facilities.” but emphasises, in accordance with CIL Regulation 63, the levy cannot be used to fund affordable housing.

- 4.10 The levy can be used to increase the capacity of existing infrastructure or to repair failing existing infrastructure, if that is necessary to support development.

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<sup>2</sup> Paragraph: 144 Reference ID: 25-144-20190901, Revision date: 01 09 2019

### *Suitable Alternative Natural Greenspace*

- 4.11 Charging authorities can choose to use levy income to provide new or improved areas of open space, including Suitable Alternative Natural Greenspace (SANGS) or similar approaches, which provide recreation space to deflect visitors and reduce the impacts on protected sites arising from development. SANGS are open space and are within the definition of the levy. To ensure compliance with the Conservation of Habitats and Species Regulations 2017, the local authority must be clear that it intends to prioritise the use of the levy to deliver SANGS and maintain its effectiveness in the long term. Where appropriate to do so, this should be set within the relevant development plan and within the Infrastructure Funding Statement.
- 4.12 The Council's preferred approach is to use S106s to secure SANGS (or any ecological mitigation) to ensure that the requirements accord with Biodiversity Net Gain stipulations, are site-specific and meet the tests of CIL Regulation 122.

## 5.0 THE LOCAL PORTION: APPORTIONMENT AND APPLICATION OF 'LOCAL' CIL MONIES

5.1 The CIL Regulations require that 15% of the CIL receipts collected should be passed to the local community through the parish or town council (the 'local council'). This is subject to a capping of £100 per council tax dwelling, plus the application of an indexation rate, within the local area where the development has taken place. These funds are to be spent at the discretion of the local council on local priorities and in accordance with regulation 59C of the CIL Regulations 2010 (as amended), which states:

*A local council must use CIL receipts passed to it in accordance with regulation 59A or 59B to support the development of the local council's area, or any part of that area, by funding –*

- (a) the provision, improvement, replacement, operation or maintenance of infrastructure; or*
- (b) anything else that is concerned with addressing the demands that development places on an area.*

5.2 Where a neighbourhood plan is adopted, in line with regulation 59A of the CIL Regulations 2010 (as amended), the minimum requirement to be passed to the 'local council' would rise to 25% and is not subject to capping.

5.3 Figure 2 is an extract from the Government's CIL Guidance Document (September 2019) and demonstrates the relationship between CIL receipts and the neighbourhood proportion in differing scenarios.

*Figure 2: Relationship between the levy and neighbourhood plans in England*

Parish council	Neighbourhood plan	Levy
✓	✓	25% uncapped, paid to parish each year
✓	x	15% capped at £100/dwelling (indexed for inflation), paid to parish each year
x	✓	25% uncapped, local authority consults with community about how funds can be used, including to support priorities set out in neighbourhood plans
x	x	15% capped at £100/dwelling (indexed for inflation), local authority consults with community to agree how best to spend the neighbourhood funding

Source: Gov.uk CIL Guidance, Paragraph 145, Revision date September 2019

### **Expenditure of CIL local monies in Parished areas**

- 5.4 In West Lancashire, the majority of the Borough is covered by parish councils. Therefore, the CIL Regulations require the Council to transfer the neighbourhood portion of CIL receipts generated in these areas directly to the parish council for the area twice a year.
- 5.5 Regulation 59D states that, in the absence of a timetable agreed by the Council as charging authority, relevant payments should be made by 28 October and 28 April. Payments are transferred to the parish council via payment requisition in accordance with these dates. This process is set out clearly in Appendix 1.
- 5.6 Prior to each transfer date, the Parish Council are notified of the sums to be paid to them. Should they wish to, they may confirm in writing that they wish the Borough Council to retain any or all of the neighbourhood portion due to them, in order to spend it on more strategic infrastructure priorities.
- 5.7 The Parish Council will be free to spend the funds handed over on local priorities (subject to regulation 59C referred to above) and are obliged to report annually on CIL expenditure. In line with statutory provisions, the Council has the right to recover CIL receipts that have been 'misapplied' or not spent within a 5 year period.
- 5.8 Parish Councils must publish their CIL annual reports on their website, and/or submit them to the Borough Council. The Council will use these reports to check expenditure is in accordance with the regulations. Parish Councils should ensure that they use their earliest receipts first, so to avoid having to return monies.

### **Expenditure of CIL local monies in Non-Parished areas**

- 5.9 In West Lancashire, there are some areas which are unparished, including Skelmersdale and Ormskirk. These areas are subject to regulation 59F of the CIL Regulations 2010 (as amended), which addresses the use of CIL in an area without a 'local council'.
- 5.10 For clarity, where funds are collected in an area without a parish council in place, the neighbourhood portion is not ring fenced to the ward in which development has taken place but the neighbourhood portion may be spent in the entire relevant area without a local council, e.g. the neighbourhood portion of a CIL receipt from a development in Scott ward can be spent on new infrastructure anywhere in the non-parished area covered by the three Ormskirk wards of Scott, Knowsley and Derby.
- 5.11 In areas without a parish council, the Council will retain the neighbourhood portion of the CIL receipts but must engage with the local community where development has taken place and agree with them how best to spend the neighbourhood portion.
- 5.12 The Council is required to set out clearly and transparently their approach to engagement and this is set within the Council's Statement of Community Involvement.

- 5.13 Each year, the Council will consult on the use of available CIL monies in non-Parished areas alongside the strategic consultation process. Of those schemes assessed and shortlisted for CIL expenditure in the financial year, officers will check which fall within non-Parished areas and whether relevant local monies could instead be utilised in place of strategic monies. This ensures that strategic monies are used in the most flexible of ways to ensure best value.

## **6.0 THE STRATEGIC PORTION – PROCESS FOR PRIORITISATION AND EXPENDITURE**

- 6.1 Once CIL funds are received and the Council has deducted the allocations to the administration fee and the neighbourhood portion, it is vital that there is a robust and transparent mechanism in place for prioritising how the strategic portion is spent.

### **The Infrastructure Delivery Schedule (IDS)**

- 6.2 The IDS helped to support and underpin the Local Plan and demonstrate the funding gap with which to justify the introduction of the CIL Charge. It records those infrastructure projects that have been identified as needed to support the growth and development across the Borough. The IDS records details of infrastructure schemes including information about their costs, funding gaps, other funding sources, and delivery timescales. The IDS is a “live” document, regularly updated with the latest information on infrastructure projects and improvements. The IDS, therefore, forms an appropriate base for considering how the spending of CIL funds may be prioritised.
- 6.3 In order to allow officers and elected members to think more broadly and strategically about infrastructure delivery, the IDS will continue to include schemes and projects expected to be delivered within the short term (up to 1 year), medium term (1-5 years) and long term (5 years plus). The IDS will be published annually to inform decision-making on how CIL monies should be spent.

### **Updating the IDS via engagement with Infrastructure Providers**

- 6.4 The Council will continue to liaise regularly with a range of infrastructure and service providers to update information on existing projects and to identify any new projects for inclusion on the IDS. These providers include, but are not limited to,:

- *Lancashire County Council*
- *West Lancashire Borough Council*
- *West Lancashire Clinical Commissioning Group*
- *NHS England*
- *Lancashire Wildlife Trust*
- *Environment Agency*
- *Network Rail*
- *Highways England*
- *North West Ambulance Service*
- *Lancashire Police*
- *Lancashire Fire and Rescue*
- *United Utilities*

- 6.5 Through discussions, providers are required to identify where deficiencies in infrastructure exist or will become apparent as a result of new development and growth. Where possible, they are then required to suggest schemes or projects to assist in meeting the deficiency and, if appropriate, these would then be included in

the IDS. Providers are encouraged to provide as much information as possible on delivery timescales and other sources of funding in order to enable officers and members to make informed decisions.

- 6.6 The Council will contact infrastructure and service providers, Members and Parish Councils at least once a year (usually in Spring) to invite them to submit updated information relating to existing schemes on the IDS, or to submit new schemes for inclusion on the IDS.
- 6.7 The public are also able to submit suggestions for schemes through the consultation processes (explained below).

### **Identifying and shortlisting projects**

- 6.8 Schemes within the IDS will be assessed and shortlisted as to their priority and suitability for delivery using CIL funding. This, together with the level of CIL funding available, will inform and justify which schemes are brought forward through the CIL Funding Programme ((CFP), see paragraph 6.18 onwards).
- 6.9 Schemes to be included within the CFP should meet an infrastructure need generated by new development in the current Local Plan period and be included in the Infrastructure Delivery Schedule (IDS). In addition, schemes should be shown to deliver enduring benefits and preferably be identified within a relevant strategy(s) document. Schemes may be favoured where they offer multiple and/or wider as well as local benefits and lever in other funds that wouldn't otherwise be available (match funding).
- 6.10 Therefore, if an elected representative, an infrastructure provider or any other stakeholder wishes CIL to fund, either wholly or partly, any particular infrastructure projects, the first step is to demonstrate why the given project should be included within the IDS and how it meets the infrastructure needs generated by new development. A proforma and accompanying guidance note are available to assist this process.

### ***Assessment***

- 6.11 To assess projects on the IDS for CIL funding, and to assist in prioritising those projects which are suitable, the Council uses the information submitted on each project to assess schemes against a number of key criteria.
  - 1. Are CIL monies needed to deliver the project?
  - 2. Does the project meet a local need or demand that has arisen from new development?
  - 3. When can the infrastructure be delivered?
  - 4. Are clear project costs and funding known?

5. Are there 'Neighbourhood' CIL monies available in the Parish / Non-Parished area the project is located within that could be used to wholly or partly fund the project?
  6. Does the project help meet at least one of the Council's corporate priorities?
  7. Is the project identified within a relevant local strategy, e.g. the Local Plan, the Highways and Transport Masterplan, the Leisure Strategy?
- 6.12 The first criterion ensures that all infrastructure projects on the IDS which do not require CIL monies are separated off at the outset, reducing unnecessary assessment of projects. The second is essential as CIL monies can only be spent on infrastructure that meets a local need or demand that has arisen from new development. Use of these criteria enable officers to rule out all infrastructure projects which are ineligible to receive CIL monies from further assessment, based on information existing at that time.
- 6.13 The third criterion is necessary to understand whether the project is technically deliverable within two years of receiving the funding and so might benefit from having CIL monies allocated to it for spending in the following financial years. The fourth criterion allows us to consider whether there are clear and realistic costs and firm funding proposals (other than a request for CIL monies) in place that would confirm that the project is not only technically deliverable but financially deliverable as well. Where costs are unknown, the assessment assumes the project is not financially deliverable within the next two years as the Council needs to see more robust proposals before allocating CIL monies to a project. Where a project proposes match-funding from another source, if that match-funding has not been secured, there must also be questions over the deliverability of that project, albeit those questions may not ultimately rule out a project entirely in this assessment, depending on the precise circumstances of the match-funding.
- 6.14 A further consideration within this fourth criterion, but not a definitive one in decision-making, is also whether the project will provide greater value for money by using CIL monies to lever in other funding. While leveraging in match-funding would clearly be a positive, it would not be appropriate to disadvantage a project simply because it does not have access to other funding and would rely solely on CIL monies, hence this factor is not a key criteria.
- 6.15 The fifth criterion allows the Council to consider whether a project might be more suitably funded by "Neighbourhood" CIL monies that are available in an area (the 15% or 25% of CIL income from a development which is automatically passed to the local Parish Council or, in a non-parished area, set aside by the Council to spend specifically in that area) in order to save "strategic" CIL monies for the larger projects that serve a wider area.
- 6.16 The sixth and seventh criteria are necessary to help differentiate and prioritise between projects that meet all of the first other criteria (i.e. when the assessment produces a fairly long shortlist) by considering whether the projects help meet at least

one of the Council's Corporate Priorities and/or are identified within a relevant local strategy as being of strategic importance.

### **Match Funding**

- 6.17 CIL alone will be unable to fund all required infrastructure in the Borough and is instead designed to lever-in match funding opportunities. As set out above, projects which cannot secure additional match funding will not be discounted from consideration, however, the Council will look favourably to those projects who identify and secure other funding sources.

### **Draft CIL Funding Programme (CFP)**

- 6.18 The results of the shortlisting will be reported through a draft CIL Funding Programme (CFP) report. Officers will seek Cabinet approval to go out to public consultation with the draft programme, before making their final recommendations to Cabinet, who will make the ultimate decision.

### **Shortlisting projects costing less than £100,000**

- 6.19 Whilst the Council are keen to use CIL funding to deliver infrastructure projects in the short-term, the Council also wish to ensure that CIL is allowed to accumulate so as to provide larger funds to support the delivery of larger, costlier schemes and medium to long-term projects. Therefore, Cabinet agreed, in January 2018, that annual CIL Funding Programmes will focus on smaller-scale projects (individually requiring £100,000 of CIL funding or less) and limit expenditure of CIL on those projects through the CIL Funding Programme to £100,000 each year. Following Cabinet (June 2020) and Council (July 2020) decisions, this annual cap was increased to £200,000. In this way, the vast majority of the 'strategic portion' will be saved and allocated towards larger-scale projects, individually requiring more than £100,000 of CIL funding, which will be coming forward in subsequent years, whilst still allowing smaller infrastructure projects to have CIL funding allocated to them and be taken forward in the current year through the usual decision-making process. This approach strikes an appropriate balance between delivering smaller-scale projects each year and collecting sufficient CIL funding to make a meaningful contribution to the delivery of larger infrastructure projects.
- 6.20 In any year where the £200,000 cap is not reached, the remaining balance will be moved into the 'large-scale schemes' fund.
- 6.21 In any one funding year it is likely that there will be several schemes recommended to receive CIL funding as the Council are keen to deliver as many infrastructure projects as possible with CIL monies. Typically, many of the projects that can be delivered in the short-term are of lower value than those that are planned for the long-term. As

per the original CIL Governance Framework, adopted in 2015, the decision on how to allocate this £200,000 annually will continue to be delegated to Cabinet.

### **Shortlisting projects costing more than £100,000**

- 6.22 It is likely that CIL funding for larger, costlier schemes (for example the delivery of a new leisure centre), will be in line with Council strategies and Capital programmes, whether that of the Borough and/or County Council. In these cases, public consultation is not considered necessary as such strategies and programmes will already have been consulted on. The capital strategy will ensure the effectiveness of capital resource is optimised by allocating funding to those programmes and projects that will contribute most to the achievement of the Council’s strategic objectives.
- 6.23 Schemes will be assessed and shortlisted through a similar process as above to ensure that larger strategic schemes, which are to be taken forward using CIL funding, are deliverable and have considered other sources of funding. Rather than limit authorisation of CIL expenditure on such strategic schemes to once a year, as with those projects within the £200,000 cap for the annual CIL Funding Programme, appropriate projects will be taken to Cabinet as necessary. This ensures that the Council can continue to facilitate strategic projects speedily and flexibly in line with wider strategies, implementation and capital timetables. Authority to allocate CIL funds on these larger strategic schemes will be delegated to Cabinet, irrespective of the cost of an individual scheme.

### **Timescales for the CIL Funding Programme**

- 6.24 The timescales for updating the IDS and producing the CFP should sit alongside the Council’s process for the Capital Spending Programme to ensure that the IDS reflects the Council’s corporate priorities and explores all opportunities for match funding. Below is an indicative timescale for the IDS and CFP review:

<b>Stage Date</b>	<b>Schemes costing less than £100,000</b>	<b>Schemes costing more than £100,000</b>
March / April	Close of financial year, and CIL receipts and expenditure for that period confirmed. Projected CIL income estimated for the following financial year based on committed schemes.  Infrastructure and service providers contacted to invite updates on existing schemes or submission of new schemes for inclusion on the IDS.	
May / June / July	Assessment of schemes on the IDS to prepare a shortlist of projects appropriate to receive CIL funding in following financial year.	

July / August	Members invited to comment on the shortlist and assessments.  Draft CFP finalised and presented to CMT alongside updated IDS.	Schemes can be taken forward to Cabinet at any time, as appropriate
September	Draft CFP and updated IDS presented to Cabinet for agreement for public consultation for those schemes under the financial cap of £200,000	
September / October	4 week consultation on IDS and draft CFP.  Consideration of the Council's annual capital spending programme review period to help identify cross funding opportunities.	
October / November	Consider consultation feedback and refine IDS and CFP if necessary.	
November	Final CFP and IDS presented to Cabinet for approval to spend identified CIL funds	
December	Infrastructure Funding Statement	
January / February / March	Successful projects notified and agreements prepared.	
April	Implementation and financing of approved schemes can commence	

### **Following approval of monies**

- 6.25 Where projects are being delivered by external parties, that provider will be required to sign an agreement with the Council, confirming how the CIL monies must be used, any timeframes, and agree that any unspent or unused funds will be returned to the Council.
- 6.26 Where projects are being delivered by the Borough or County Council, that provider will be required to provide full details of costs and delivery timescales, and seek approval from officers before commencing the project.

### **Publicity**

- 6.27 The Government are keen to ensure that the CIL process is transparent and that communities understand the benefits that are being delivered as a result of CIL monies. Subsequently, recipients of CIL monies will be encouraged to ensure that any project materials, for example promotional boardings erected on site as the project is delivered, make clear that the project is, at least in part, being funded by Borough Council CIL monies.

## **7.0 PAYMENTS IN KIND**

- 7.1 The CIL regulations allow, in certain circumstances, for the Council to accept land and/or infrastructure to be provided, instead of money, in order to satisfy all or part of the charge arising from the levy. This may be appropriate where the Council has already planned to invest CIL receipts in a project as there may be time, cost and efficiency benefits in accepting completed infrastructure from the party liable for payment of the levy.
- 7.2 Although payment in kind is subject to a number of conditions and is at the discretion of the Council, where these are accepted, for the purposes of the neighbourhood portion, the equivalent value must still be passed to the relevant local council in cash. Therefore, accepting payments in kind has a number of financial implications which must be considered.
- 7.3 Any Payments in Kind policy will need to consider how land and / or infrastructure which is transferred into the ownership of the Council is included on the Council's Asset Register, any land searches necessary before the Council take ownership, any necessary legal agreements relating to how the Council can dispose of it in the future and any issues over the liability for maintaining the land and / or infrastructure.
- 7.4 Ultimately, there are two types of payment in kind: a land payment or an infrastructure payment.

### **Land Payments**

- 7.5 The Council may choose to accept a land payment by entering into an agreement to accept a piece of land equivalent to the value of part or all of a party's CIL liability. The Council would also need to be satisfied that the land in question is suitable and necessary to help deliver all or part of a piece of infrastructure that is consistent with the infrastructure types and projects on the Infrastructure Funding Statement.
- 7.6 Regulations 73 and 74 govern the process of land payments and a land agreement must be entered into before development commences. Payment in kind and land payments can only be accepted where:
- the chargeable amount in respect of the chargeable development exceeds £50,000;
  - where the land is acquired by the Council or a nominee of the Council; and
  - the person from whom the land is acquired has assumed liability for the CIL payment.
- 7.7 The agreement cannot form part of a S106 planning obligation and must comply with all the relevant conditions set out in regulation 73 of the CIL Regulations 2010 (as amended) relating to the purpose of acquisition and the valuation process.

## **Infrastructure Payments**

- 7.8 Charging authorities may also enter into agreements to receive a piece of newly developed infrastructure as payment. Where a charging authority chooses to adopt a policy of accepting these infrastructure payments, they must publish a policy document which sets out the conditions attached to such payments in detail.
- 7.9 This policy document will confirm that the authority will accept infrastructure payments and set out the infrastructure projects, or types of infrastructure, they will consider accepting as payment. From 2020, the infrastructure types will be set out through Infrastructure Funding Statement. The infrastructure provided must be identified to support development within the borough.
- 7.10 As with land payments, infrastructure payments are subject to a number of conditions set out in regulations 73, 73A, 73B and 74 and the infrastructure provided must not be infrastructure that would be necessary to make the development acceptable in planning terms, i.e. the type of measures that may be site specific and would usually form part of a Section 106 obligation under the CIL regulations.

## **8.0 MONITORING & REPORTING**

### **Infrastructure Funding Statement (Borough Council)**

- 8.1 The CIL Regulations require the Council to publish annual reports (for the previous financial year) detailing received and anticipated receipts and expenditure. In accordance with the CIL Regulation amendments in September 2019, this must be reported through an Infrastructure Funding Statement (IFS), which replaces both the former Regulation 123 list and Annual Reports. The IFS must detail monies relating to both the Council's Community Infrastructure Levy and Section 106 obligations.
- 8.2 Following the removal of CIL Regulation 123, which had required Councils to set out a list of those infrastructure types or projects which they intended to fund through CIL and had imposed pooling restrictions on S106 obligations, Councils must also now use the Infrastructure Funding Statement to identify infrastructure needs, the total cost of the infrastructure, anticipate funding from developer contributions, and the choices the authority has made about how these contributions will be used. When preparing an IFS, the Council should consider known and expected infrastructure costs taking into account other possible sources of funding to meet those costs, which will help identify and evidence the infrastructure funding gap in anticipation of future reviews of both the Local Plan and the CIL Charging Schedule.
- 8.3 Authorities can also pool funding from different sources to fund the same infrastructure, providing that they set out in their IFS which infrastructure they expect to fund through the levy and which infrastructure they expect to fund through planning obligations. This enables CIL and S106 receipts to be used on the same items of infrastructure, for example a planning obligation to deliver a new school on a strategic site can be supported with additional CIL funds.
- 8.4 The Council's first IFS must be published by 31 December 2020. As it should set out the infrastructure items that the Council intend to fund in the following financial year, officers recommend that the consultation is undertaken in September/October, with responses informing the recommendations to Cabinet, for a final decision in November. This enables the IFS, each December, to report those infrastructure items to be funded through CIL in the following financial year, aiding public transparency.

### **County Councils**

- 8.5 County Councils must also publish an IFS for their receipts and expenditure. The Borough Council will need to ensure the reports align.

### **Annual reports (Parish Councils)**

- 8.6 Parish Councils are advised to work closely with the Council to agree priorities for spending their neighbourhood funding, and to enable this to be reflected in the Council's Infrastructure Funding Statement. However, it is up to Parish Councils to

decide how they spend their funds. Where a neighbourhood plan has been made, it should be used to identify infrastructure priorities.

- 8.7 Regulation 62A of the CIL regulations 2010 (as amended) requires local councils (Parish Council) to monitor and report how the neighbourhood portion of the CIL funds have been spent on an annual basis.
- 8.8 This reporting must include:
- How much CIL has been collected;
  - How much of that money has been spent;
  - The items of infrastructure on which it has been spent;
  - The amount of expenditure on each item of infrastructure;
  - The details of any CIL funds recovered by the Council; and
  - The amount of CIL retained at the end of the reported year
- 8.9 The local council is required to publish this report on its website or, where the local council does not have a website, the website of the Borough Council. A copy of the report must be sent to the Borough Council by 31<sup>st</sup> December following the reported year.
- 8.10 Where a local council does not have the capability to carry out such monitoring and reporting, the Borough Council may be able to assist subject to negotiation and an administrative charge.
- 8.11 Where there is no local council, and the Borough Council determine how the local monies should be spent, then the Borough Council will prepare the annual report and publish it on the Council website.

#### **Failure to spend receipts, or spend on appropriate infrastructure**

- 8.12 In accordance with Regulation 59E, the Council can request that local councils (i.e. parish councils) who have i) not spent CIL monies within 5 years of their receipt and/or ii) not spent them appropriately on infrastructure projects, must pay back their unspent, or misspent CIL monies so that the Council can use the funds to deliver necessary infrastructure. The Council will therefore use parish council monitoring reports to review the use of funds by local councils and determine whether any requests for the return of neighbourhood monies should be made.
- 8.13 The Council are aware that in some cases, particularly in areas that have large development sites paying CIL instalments over several years, local councils may identify costlier infrastructure projects that require the accumulation of CIL receipts extending across a period of more than five years. The Council will therefore, on a case-by-case basis, use legal agreements to enable local councils to retain monies beyond the five year period, where a clear project(s) has been identified and can be shown to be deliverable in the near future.

## 9.0 Summary of differences between the S106 and CIL processes

	S106	CIL
Collected from	Site-specific needs identified through a planning application	Developments that meet the trigger for CIL
Calculated through	Obligations guidance	CIL Regulations 2010 (as amended)
Collected for	Specific POS schemes Specific transport schemes Education Affordable housing	Public open space Sports facilities Green infrastructure Transport and highways Public realm Community facilities
Used	In relation to a specific site	Across the Borough
Payment due	Various triggers	Following commencement
Projects assessed through	Officer working groups	CIL Funding Programme
Public consultation required	No	Yes
Projects approved by	Delegated authority; or Cabinet  Dependent on use and value	Cabinet
Receipts and expenditure reported through	Infrastructure Funding Statement	Infrastructure Funding Statement

## **APPENDIX 1- NEIGHBOURHOOD PORTION PROTOCOL**

### **Process for Administrating and Spending the Neighbourhood Portion of CIL Receipts**

CIL regulations require that at least 15% of the CIL receipts collected should be passed to the local community through the Parish or Town Council, capped at £100 per council tax dwelling within the local area (usually the parish where the development has taken place) per year. This figure rises to 25%, without cap, where the CIL chargeable development is within an area covered by an adopted Neighbourhood Plan. The neighbourhood portion of CIL receipts will be passed to the Parish Councils twice a year – in April and October.

Where no Parish Council exists (Ormskirk, Skelmersdale and Bispham), receipts will be retained by the Borough Council who will undertake consultation to determine the most appropriate projects to spend the money on. The Statement of Community Involvement will set out more detailed information on how and when community consultation will occur.

In accordance with CIL Regulation 59C, CIL neighbourhood funds must be spent on:

- a) the provision, improvement, replacement, operation or maintenance of infrastructure;*
- b) anything else that is concerned with addressing the demands that development places on an area*

### **Identifying priorities**

To make clear what they expect CIL money to be spent on, Parish Councils are encouraged to publish a list of the infrastructure projects which the community sees as priorities for delivering and would like to see provided with CIL funds. This is not a legislative requirement, but consulting the community and listing priorities in this way provides clarity and reduces uncertainty as to what the neighbourhood portion of CIL receipts in any given parish will be spent on. Where possible, this list should have regard to wider priorities as set out within the Council's Infrastructure Funding Statement.

### **Reporting**

In accordance with CIL Regulation 62, Parish Councils must report annually on their CIL receipts and expenditure and make this publically available.

## **Recovery of misspent, or unspent, receipts**

The Borough Council retains the right to recover CIL receipts that have not been spent on appropriate projects, or where monies have not been spent within 5 years of receipt by the Parish Council.

Where monies are required to be paid back, the Borough Council will serve a notice on the Parish Council stating the amount of CIL receipts to be repaid, the reasons for why those monies should be repaid, and the date repayment should be made by.

A Parish Council can notify the charging authority (the Borough Council), in writing, that they do not want to receive all, or some, of the CIL receipts due to them. The Borough Council will then retain those CIL receipts and allocate them to schemes they identify.

A Parish Council may do this where community priorities for infrastructure are the same as those of the local authority (such as they are agreed a new school or road is needed) or they are unable to identify local infrastructure projects on which to spend the neighbourhood portion.

A Parish Council Guidance Note provides more detail for Parish Councils on the neighbourhood portion of CIL and is available on the Council's website.

## **Protocols for distribution of the Neighbourhood portion**

The following protocols apply for receipt and expenditure of CIL monies in relation to the neighbourhood proportion.

### **In Parish Council areas:**

Stage	Action
1	CIL Receipts collected by Borough Council.
2	In April and October of each year, the Borough Council will write to each Parish Council confirming the portion due to them (from receipts over the previous six-month period). Parish Councils will also be invited to confirm whether they would prefer the Borough Council to retain all or part of the neighbourhood portion to be spent on strategic infrastructure projects.
3	Relevant amounts will be passed to Parish Councils in April and October.
4	Parish Council should identify the most appropriate ways of using the neighbourhood portion on local infrastructure, ideally through engagement with the local community.

5	Parish Councils are responsible for the identification and delivery of schemes in their area.
6	<p>Parish Council produce an annual report detailing CIL receipts. Report must include:</p> <ul style="list-style-type: none"> <li>• Total receipts for reported year</li> <li>• Total expenditure for reported year</li> <li>• Summary of CIL expenditure including projects and amounts spent</li> <li>• Details of any notices received (requesting return of monies)</li> <li>• Total receipts retained at end of reported year (i.e. unspent) by returned year, and previous years</li> </ul> <p>The Parish Council must publish the report on its website or provide a copy to the Borough Council to publish on the Council website. It must also send a hard copy of the report to the charging authority (Borough Council). Reports must be received no later than 31 December following the reporting year.</p>
7	The Borough Council will use the Parish Council reports to monitor i) that CIL monies are being spent on appropriate infrastructure items and ii) that CIL monies are being spent within appropriate time periods. Where monies are incorrectly spent, or not spent, the Borough Council may ask for CIL monies to be returned to allow the Council to spend them on behalf of the Parish Council.

**In non-Parish Council areas:**

Only Skelmersdale and Ormskirk are unparished and Bispham does not have a Parish Council. In these locations the Council will retain the neighbourhood portion of the CIL receipts and will engage with the local community as to how the neighbourhood funding should be spent. The Borough Council will then be responsible for reporting CIL receipts and expenditure on an annual basis.

Working with infrastructure delivery partners, the Council will set out those schemes which it considers to be appropriate and deliverable, and establish the priorities. These schemes will then be put to the community for consultation through the annual CIL Funding Programme. Proportionate consultation and publicity will be undertaken through a range of methods as detailed in the Council’s Statement of Community Involvement. People will be able to state whether they agree, or disagree, with the schemes and priorities and are welcome to suggest alternative projects. The results of consultation will then be fed into final officer recommendations and put before Cabinet for a final decision on the most appropriate schemes to implement. The amount of available CIL receipts must be considered when determining the most appropriate projects.

## Non-Parished areas

Stage	Action
1	CIL Receipts collected by Borough Council
2	15% of receipts collected in non-parished area to be retained by Borough Council
3	Schemes shortlisted for the CIL Funding Programme. Shortlisted schemes in non-parished areas, with available Neighbourhood CIL receipts, will be prioritised to use local, rather than strategic, monies.
4	Cabinet approval to publically consult on any shortlisted schemes as part of the wider annual CIL Funding Programme consultation. Comments will only be considered by those people who are Ormskirk residents or businesses, due to the nature of the funding. Comments received will be considered and used to prepare final recommendations for the Funding Programme. Members will have the final decision in November Cabinet.
5	Borough Council will produce an annual report detailing CIL receipts and publish the report on its website.

## APPENDIX 2 – STRATEGIC CIL FUNDING PROTOCOL

As Table on p.21

Stage Date	Schemes costing less than £100,000	Schemes costing more than £100,000
March / April	<p>Close of financial year, and CIL receipts and expenditure for that period confirmed. Projected CIL income estimated for the following financial year based on committed schemes.</p> <p>Infrastructure and service providers contacted to invite updates on existing schemes or submission of new schemes for inclusion on the IDS.</p>	
May / June / July	Assessment of schemes on the IDS to prepare a shortlist of projects appropriate to receive CIL funding in following financial year.	
July / August	<p>Members invited to comment on the shortlist and assessments.</p> <p>Draft CFP finalised and presented to CMT alongside updated IDS.</p>	Schemes can be taken forward to Cabinet at any time, as appropriate
September	Draft CFP and updated IDS presented to Cabinet for agreement for public consultation for those schemes under the financial cap of £200,000	
September / October	<p>4 week consultation on IDS and draft CFP.</p> <p>Consideration of the Council's annual capital spending programme review period to help identify cross funding opportunities.</p>	
October / November	Consider consultation feedback and refine IDS and CFP if necessary.	
November	Final CFP and IDS presented to Cabinet for approval to spend identified CIL funds	
December	Infrastructure Funding Statement	
January / February / March	Successful projects notified and agreements prepared.	
April	Implementation and financing of approved schemes can commence	

### APPENDIX 3 – PLANNING CONTRIBUTIONS PROTOCOL

Set out below are three protocols for engagement between Infrastructure Providers (for example Lancashire County Council (LCC)) and West Lancashire Borough Council (WLBC) to manage the use of Community Infrastructure Levy (CIL) contributions and historic and new Section 106 (S106) obligations.

#### Process for agreeing the expenditure of new S106 Obligations to be agreed alongside CIL regime

Stage	Action
1	Pre-application - Discussion with applicant to establish likely S106 contributions in line with Planning Policy requirements and CIL Regulations. Engage relevant Infrastructure Provider.
2	Planning Application – Negotiation with the applicant for any S106 obligations required for infrastructure improvement, that are outside the responsibilities of CIL.
3	Planning Decision - Planning Committee consider key issues and grant consent subject to signing of S106 obligation. Legal costs will be payable by the applicant before completion of the S106 obligation.
4	Obligation Completed – Subject to further negotiation, the obligation is signed by the applicant and planning permission granted by the Director of Place and Community in consultation with the relevant Portfolio Holder for Planning.
5	Funds collected – following commencement of development or any other trigger such as completion of a given percentage of the development.
6	Correspondence sent, 1-2 times a year, to all Borough Councillors and Parish Councils reminding them of available receipts and inviting them to identify projects for the use of S106 receipts, (having regard to the restrictions on the use of S106 monies).
	Formal submission of schemes/bid proposals by Parish Council or Ward members to the Borough Council OR schemes developed by Borough or County Council officers where no proposal has been submitted. Schemes circulated to the Officer working group.
7	Officer Working Group – Officers from WLBC and/or LCC Transport and Highways meet to discuss bids received and update on the progress of previously approved projects. Group consider proposals in line with the scope of the legal obligation, and opportunities for match or alternative funding.

8	<p>Schemes approved by the officer working group are referred for authorisation as follows:</p> <ul style="list-style-type: none"> <li>• Specific scheme under value of £10,000: Delegated to Director of Place and Community in conjunction with the Portfolio Holder</li> <li>• Specific scheme equal to, or above value of, £10,000: Delegated to Cabinet</li> <li>• Non-specific scheme below £10,000: Delegated to Cabinet</li> <li>• Non-specific scheme equal to, or above value of, £10,000: Delegated to Cabinet</li> </ul>
9	<p>Scheme Design - Infrastructure Providers and WLBC officers work up scheme and establish costs and schedule for works.</p>
10	<p>Schemes approved, purchase orders raised and invoices issued. Payment regime agreed with Infrastructure Provider or contract signed for Infrastructure Provider to deliver scheme.</p>

## **APPENDIX 4 - AFFORDABLE HOUSING SECTION 106 PROTOCOL**

Set out below is a high level Protocol for how the Borough Council will manage the Section 106 process (S106) in respect of Affordable Housing, from the initial discussions with developers, through to the delivery of the housing. This will make it clear where officers and Members will be involved in the process.

### **Affordable Housing**

1. Pre-application – Discussion with applicant to establish likely S106 requirements.
2. Planning Application – Affordable housing requirement established in line with the Planning Policy requirements.
3. Negotiation – Planning Case Officer negotiates with developer on the need for affordable housing including matters relating to property type and number, tenure type, phasing and location requirements for its delivery, delivery mechanisms, and relevant affordable housing conditions with advise from the Housing Strategy & Development Programme Manager. Liaison will also take place with Planning in respect of viability issues that may affect the amount/mix based on agreed Council policy. In the case of an outline application negotiations will only normally take place in relation to the percentage and tenure mix of units to be affordable, with further discussions on other matters at the reserved matters stage. The outline and reserved matters S106 obligations will both be dealt with in the same way as set out in this Protocol.
4. Planning Decision – In the event that Planning Committee support the proposed development then the grant of permission will be subject to the signing of a S106 obligation. Legal costs will be payable by the applicant before completion of the S106 obligation.
5. Obligation Completed – Subject to further negotiation, the obligation is signed by the applicant and planning permission granted by the Director of Place and Community in consultation with Chairman or Vice Chairman of Planning Committee.
6. Member Briefing – Update Report to inform the Affordable Housing Cabinet Panel, which includes the Housing Portfolio Holder, regarding affordable housing contribution agreed.



## EXECUTIVE OVERVIEW AND SCRUTINY COMMITTEE: 6 SEPTEMBER 2022

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**Report of: Corporate Director of Place & Community**

**Relevant Portfolio Holder: Cllr Anne Fennell**

**Contact for further information: Paul Charlson (Extn. 5246)  
([paul.charlson@westlancs.gov.uk](mailto:paul.charlson@westlancs.gov.uk))**

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### **SUBJECT: PLANNING SERVICES REVIEW UPDATE REPORT**

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Wards Affected: Borough wide

#### **1.0 PURPOSE OF THE REPORT**

1.1 To update Members on progress with implementing the recommendations of the Planning Services review.

#### **2.0 RECOMMENDATIONS**

2.1 That the Update on progress with implementing the recommendations of the Planning Services review be noted.

2.2 That future progress reports be reported via the Overview and Scrutiny Committee Members Update, unless there are specific recommendations that need consideration by this Committee and Cabinet.

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#### **3.0 BACKGROUND**

3.1 Cabinet agreed the implementation of the recommendations from the Planning Services Review Report in June 2021. A working group was then established to drive forward the implementation of the recommendations at that time supported by Red Quadrant, which aimed to create capacity and drive forward implementation. The detail of this has been previously shared with Members which focused on each of the recommendations that addressed:

- Enforcement

- Pre-application Process
  - Interface with Business Support
  - Complaint Handling
  - Customer Self-Service
  - Workforce Planning
- 3.2 At the heart of each theme is the use of existing and new technology to both make processes more efficient and enable customers to self-serve, improving communication and engagement and delivering a range of training for Officers and Members.
- 3.3 The Planning Review Implementation Project officially commenced in October 2021, with an expected completion date of November 2022. However, a great deal has changed within the service since the last update was provided to Members which has had a significant impact on delivery of the project plan and relevant timescales.
- 3.4 It was agreed at Executive Overview and Scrutiny Committee in January 2022 that a further update would be provided in early Autumn.

#### **4.0 CURRENT POSITION**

- 4.1 The service has implemented the new corporate staff structure, which has resulted in a new management team, all of which are new to the service and have only been in post since no earlier than April 2022. This period has also seen significant changes to staffing levels, which has resulted in difficulties in maintaining the previous performance of both development control and planning policy functions. However, the amount of work undertaken by all staff in the service (and those that support the service) cannot be underestimated during this time and must be acknowledged. The new management have also had to quickly familiarise themselves with the review and address the staffing challenges.
- 4.2 Despite these challenges, the team has made great strides to improve collaborative working, performance practices and embed a one council approach to service delivery. This has been completed in a very short time, underpins a great deal of the work contained in the project plan and is reflected in those actions marked as 'in progress' or 'completed', which demonstrates progress since the last report.
- 4.3 It has therefore been necessary to review the project plan, including all 56 main actions that were originally further sub-divided into 210 individual tasks with approximate completion dates. This has been a significant task, however one that has been necessary to ensure our new management team understand what is expected from the review and can own and drive forward delivery of the action plan. The service risks outlined below have also necessitated a focus away from certain aspects of the project plan (i.e., pre application advice and legal service level agreement) to the more critical service and corporate risks that have become apparent. This has resulted in

some tasks being reprioritised in favour of others that will address these service risks. Accordingly, every action, and the corresponding target date, has been reviewed to ensure this is realistic and achievable within available resource. Members can be assured that managers and the team are motivated and very determined to realise the project plan, but it is critical that the timescales remain reasonable so that the required change can be managed effectively.

#### 4.4 Key tasks undertaken to date include:

- Use of shared knowledge and support from neighbouring authorities in application and validation processes.
- Change of relevant processes within the IDOX software to improve the efficient handling of documents resulting in more capacity for business support staff. Officers have also been given the functionality and required permissions to carry out their own indexing enabling them to upload documentation directly into IDOX reducing the need for double handling / hand offs to other service areas.
- Creation of new and regular management links between the Planning service and the managers of relevant Council services – tree management, GIS services, business support.
- Measures are robustly in place to ensure that officers feel supported in their work, that their case loads are being managed and opportunities are available to share good practice and positive feedback. This is done through individual Application Case Reviews held with all operational staff to allocate applications fairly and to monitor performance. These also serve to provide staff with support with their workload.
- A review of home working has been completed that links in with the Council's health and wellbeing agenda and a standard approach has been agreed ensuring that there is regular connectivity between officers and their line managers. Further work linked to lone working is also scheduled to take place shortly.
- Planning lists display Ward information to enable Councillors to readily become aware of planning applications.
- Officers are being supported to expand their knowledge and improve their experience through access to online events, webcasts and undertaking further CPD activities underpinned by robust case load reviews.
- A Technical Officer has now been recruited who will be supporting staff, processes and systems. This role will also be able to undertake some of the key tasks within the project plan freeing up officer time and reinforcing knowledge sharing and business continuity.
- The Officer Working Group for the review project has been revitalised, meeting on a regular basis to monitor the delivery of the action plan.
- Additional resource secured in February 2022 to increase officer capacity within the team.
- Delivered Member training to the new Planning Committee.
- Introduced appointment system for Members to be kept informed of planning matters in their wards.
- Revised fees and charges for planning service.

- Recruited new the management structure.

4.5 Throughout this, recruitment and retention remain the single greatest risk to the service and the review project. Without available resource, the service will continue to struggle to progress the implementation of the review recommendations and meet service delivery. Concerns around capacity have previously been shared with Members and the lack of available Planning Officers, both locally and nationally, remains a key concern and significant challenge for the service. Officers have therefore implemented several measures to ensure key aspects of the service have been maintained to minimise service risks. These include:

- Use of agency workers to bolster staff resources to determine applications.
- Approaches made to authorities in Merseyside and Lancashire to seek any spare capacity to assist, but those approached were unable to help.
- Job descriptions have been revised to attract new graduates and aid staff development and retention.
- Increase in the hours of those officers working part time or on reduced hours.
- At time of writing, a further recruitment exercise is underway for all vacant posts, but it should be noted [and whilst not directly relevant to the review project] recruitment to several key posts within the Planning Policy team has been achieved.

4.6 The full amended project plan is provided at Appendix 1 to this report, and if agreed by Members will be used to track future progress and provide updates. Of the 55 main actions derived from the original Red Quadrant recommendations:

- 20% are 'Completed'
- 25% are 'In Progress'
- 55% are 'On Target'; some of these actions have yet to be started, but all are scheduled in the project plan.

4.7 Those actions marked as 'in progress' above have varied completion dates due to their nature, with the latest to be completed by May 2023. Other actions will be addressed as detailed in the plan. Completion of the overall action plan is anticipated by 31 March 2024. However, the substantive amount of work would be completed before this date. These timeframes will be kept under constant review and amended accordingly to reflect the resources available.

## **5.0 NEXT STEPS**

5.1 The Officer Working Group has been revitalised and will continue to meet on a regular basis and monitor the delivery of the actions. Progress will continue to be reported into the Our Future; Our People Transformation Programme Board and it is proposed that future progress reports will be reported via the

Overview & Scrutiny Members Update, unless there are specific recommendations that need consideration by this Committee and Cabinet.

5.2 Attention will continue to be given to those aspects of the service that generate the greatest operational risk and these will be reflected in the project plan that will be presented to Members. The focus over the next three months will be on reviewing the relevant actions in the plan, which will include a revised and updated Enforcement Charter. Specific attention will also be given to:

- Ensuring customers who wish to access information linked to the planning service can do so through the website and planning portal and that existing links work as expected.
- Review the lone working policy linked to home working.
- Review and support the requirement for Member Training, ensuring that options are available to improve and embed knowledge to support their planning obligations.

## **6.0 SUSTAINABILITY IMPLICATIONS**

6.1 The recommendations look to modernise and make the service more efficient whilst maximising income opportunities and providing a clear offer for customers making the service more sustainable and improving customer satisfaction.

6.2 This report has no significant impacts upon crime and disorder.

## **7.0 FINANCIAL AND RESOURCE IMPLICATIONS**

7.1 The additional costs associated with recruiting temporary planning staff will be met from vacant posts and the reserve, should this be necessary.

## **8.0 RISK ASSESSMENT**

8.1 A corporate risk is currently in place in relation to staff recruitment and the corresponding impacts on the service. This in turn impacts on the ability of the service to deliver against the action plan. In mitigation, Officers are currently trying all available options to secure resource, which will also include a continual review of the action plan itself. The risk of not taking forward the recommendations will continue to impact on service delivery. Regular monitoring will enable progress to be mapped and resources reviewed.

## **9.0 HEALTH AND WELLBEING IMPLICATIONS**

9.1 If additional staff resources are not provided to manage the current vacancies, daily workloads, backlog of cases and the recommendations of the review, the quantity of work has and could continue to have a direct impact on the health and wellbeing of the current staff. Management is closely linked to Human

Resources colleagues to ensure continued engagement and support for staff. The addition of extra resources into the team will help to create some capacity to manage this work moving forward, subject to successful recruitment.

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### **Background Documents**

There are no background documents (as defined in Section 100D(5) of the Local Government Act 1972) to this Report.

### **Equality Impact Assessment**

There is no direct impact on members of the public, employees, elected members and / or stakeholders by virtue of this report. Therefore an Equality Impact Assessment is not required.

### **Appendices**

Appendix 1 – Planning Service Review Summary Level Project Plan