



Jacqui Sinnott-Lacey
Chief Operating Officer

52 Derby Street
Ormskirk
West Lancashire
L39 2DF

Tuesday, 14 July 2020

TO: THE MAYOR AND COUNCILLORS

Dear Councillor,

You are summoned to a meeting of the **COUNCIL** to be held on **SKYPE** on **WEDNESDAY, 22 JULY 2020 at 7.30 PM** at which your attendance is requested.

Yours faithfully

A handwritten signature in black ink, appearing to be 'JS', enclosed in a rectangular box.

Jacqui Sinnott-Lacey
Chief Operating Officer

AGENDA
(Open to the Public)

PAGE(S)

1. **PRAYERS**

2. **APOLOGIES**

3. **DECLARATIONS OF INTEREST**

If a member requires advice on Declarations of Interest, he/she is advised to contact the Legal and Democratic Services Manager in advance of the meeting. (For the assistance of members a checklist for use in considering their position on any particular item is included at the end of this agenda sheet.)

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4. **MINUTES**
To receive as a correct record, the minutes of the previous meeting held on:
- a) **Wednesday, 26 February 2020** 43 - 60
- b) **Wednesday, 24 June 2020 (Annual Meeting)** 61 - 66
5. **ANNOUNCEMENTS BY THE MAYOR AND/OR THE CHIEF OPERATING OFFICER**
6. **TO ANSWER ANY QUESTIONS UNDER THE PROVISIONS OF COUNCIL PROCEDURE RULE 10.2**
7. **MINUTES OF COMMITTEES**
To receive the minutes of the following meetings, to confirm, if appropriate, such of the minutes as require confirmation and to pass such resolutions as the Council may deem necessary:
- a) **Planning Committee - Minutes of the meeting held on Thursday, 19 March 2020** 67 - 70
- b) **Planning Committee - Minutes of the meeting held on Thursday, 23 April 2020** 71 - 74
- c) **Planning Committee - Minutes of the meeting held on Thursday, 21 May 2020** 75 - 78
- d) **Licensing & Appeals Committee - Minutes of the meeting held on Tuesday, 2 June 2020** 79 - 82
- e) **Planning Committee - Minutes of the meeting held on Thursday, 18 June 2020** 83 - 86
8. **UPDATE TO THE COMMUNITY INFRASTRUCTURE LEVY AND SECTION 106 GOVERNANCE AND EXPENDITURE FRAMEWORK** 87 - 132
To consider the report of the Corporate Director of Place & Communities.
9. **WEST LANCASHIRE ELECTORAL REVIEW - ELECTORAL CYCLE** 133 - 140
To consider the report of the Chief Operating Officer.
10. **FINANCE UPDATE** 141 - 152
To consider the report of the Head of Finance, Procurement and Commercial Services.
11. **REVIEW OF THE COMMERCIAL PROPERTY PORTFOLIO** 153 - 196
To consider the report of the Corporate Director of Transformation & Resources.

12. **COUNCIL PLAN ANNUAL REPORT 2019/20**
To consider the report of the Corporate Director of Transformation & Resources. 197 - 230

13. **TREASURY MANAGEMENT AND PRUDENTIAL INDICATOR PERFORMANCE 2019-20**
To consider the report of the Head of Finance, Procurement and Commercial Services. 231 - 238

14. **MOTIONS**
To consider the following Motions included on the agenda at the request of the Members indicated:

a) **Fair Funding for Lancashire Constabulary - Motion included on the agenda by Councillor Coughlan on behalf of the Labour Group**

"This council calls for fair funding for Lancashire Constabulary and the return of the numbers of police officers that Lancashire has lost since 2010.

This council notes that Lancashire Constabulary has seen amongst the highest level of cuts of any police force in the country with a reduction of 753 police officers. That cuts have consequences and this has meant that Lancashire has seen an increase in violent crime, knife crime, county lines (drug dealing) and even homicides.

By contrast, many forces in the south of England have seen no impact from austerity. Surrey, for example, has had a reduction of just 8 police officers (government figures) since 2010 and yet will receive 78 back this year. At the same time Lancashire will be allocated additional funding for just 153 police officers. This year Surrey will have 70 more police officers than in 2010 whilst in Lancashire we will still have 600 fewer. This is unfair, unjust and simply unacceptable. Lancashire is not a second class county and we should not be treated as one.

This council wholeheartedly supports the campaign of our Police & Crime Commissioner to get fair funding for Lancashire Police and our Bobbies back on the streets of Lancashire, not more in leafy Surrey!!"

b) **Apprenticeships - Motion included on the agenda by Councillor Owens on behalf of the Our West Lancashire Group**

"Council notes that this Council is increasing the number of apprenticeships offered within the organisation and that a number of apprenticeships have been started in recent months or are scheduled to start shortly and this is to be warmly welcomed.

However, council further notes with concern that the effects of the Covid-19 pandemic on the employment prospects of young people have been very negative. Youth charity, Impetus point out:

- That in June 2020 twice as many young people are now claiming unemployment benefits compared to March 2020, with 13% of the

- youth labour force now claiming benefits.
- That this summer, a further 500,000 young people will leave education and try to enter the labour market.
- Young people are 2.5 times as likely to work in shut-down sectors, accounting for 30% of all 18-24 year olds. This has meant that one-third of 18-24 year olds – excluding students – have either lost their jobs or been furloughed. That's double the rate of prime age adults.
- 9% of non-full-time students have lost their main job since COVID-19 hit – three times higher than the average figure.

Therefore, Council resolves to:

- Create additional new 2-year Level 3 apprenticeships directed at the 18-25 year old age range. These apprenticeships to be additional to those already planned by the council and agrees to provide £100,000 from GRA reserves and £100,000 from HRA reserves to fund these additional apprenticeship roles.
- Use the commitment to apprenticeships for young people that these additional apprenticeships demonstrate to engage with the wider business community in West Lancashire to encourage greater provision of apprenticeships for young people in West Lancashire during 2020/21."

15. EXCLUSION OF PRESS AND PUBLIC

It is recommended that members of the press and public be excluded from the meeting during consideration of the following item(s) of business in accordance with Section 100A(4) of the Local Government Act 1972 on the grounds that it involves the likely disclosure of exempt information as defined in Paragraphs 3 (Financial/Business Affairs) & 4 (Labour Relations) of Part 1 of Schedule 12A to the Act and as, in all the circumstances of the case the public interest in maintaining the exemption under Schedule 12A outweighs the public interest in disclosing the information.

PART 2 - NOT OPEN TO THE PUBLIC

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| 16. | LEISURE CONTRACT EXTENSION - SHORT TERM MEASURES IN RESPONSE TO COVID 19 | 239 - 252 |
| | To consider the report of the Corporate Director of Place & Communities. | |
| 17. | REVISED CHRISTMAS WORKING ARRANGEMENTS AND CHANGES TO THE HARMONISATION AND SINGLE STATUS DOCUMENT | 253 - 308 |
| | To consider the report of the Corporate Director of Transformation & Resources. | |

We can provide this document, upon request, on audiotape, in large print, in Braille and in other languages.

MOBILE PHONES: These should be switched off or to 'silent' at all meetings.

For further information, please contact:-

Jacky Denning on 01695 585384

Or email jacky.denning@westlancs.gov.uk



REMOTE MEETINGS – GUIDANCE

This guidance is designed to assist members when attending remote meetings.

The guidance should be read in conjunction with the Council's Remote Meetings Protocol and Procedures Rules

General

1. If members wish to speak on a particular item it will assist the smooth running of the remote meeting if they indicate to the Chairman their wish to speak in advance of the meeting.
2. Please join the meeting no later than 15 minutes before the start of the meeting to ensure that the technology is working correctly.
3. It is a requirement of the remote meetings regulations that any member participating in a remote meeting must be able to be heard (and if practicable also be seen) by all other members, officers and public speakers participating in the meeting and, in turn, be able to hear (and if practicable see) those persons.
4. It is also a requirement that the meeting be live broadcast and so any camera (video-feed) should show a non-descript background and members should take care to ensure that no exempt or confidential papers can be seen in the video-feed.
5. At the start of the meeting please ensure that your microphone is muted and your video feed (if available on your device) is paused. Please remember to unmute your microphone (and unpauses your video feed if available) when invited to speak by the Chairman!
6. At the start of the meeting the Member Services Officer will read out which Members and Officers are present. The attendance of members will be recorded.

7. Please remember to mute your mic/pause your video feed when you're not talking.
8. Only speak when invited to by the Chair.
9. Please state your name before you make an address.
10. If you're referring to a specific page or slide mention the page or slide number.
11. In the event of failure of the live broadcast then the Chairman will immediately adjourn the meeting until such time as the live broadcast is restored.
12. In the event that a member's individual remote connection should fail, the Chairman will call a short adjournment to determine whether the connection can be re-established (either by video technology or telephone connection). If connection cannot be restored after a reasonable period of time then the presumption is that the meeting should continue, providing the meeting remains quorate.
13. If connection to a member is lost during discussion of an item of business at a regulatory meeting (planning and licensing committees) that member will not be able to vote on that item (unless that part of the discussion during which connection was lost is, in the view of the Chairman, capable of being repeated for the benefit of the member concerned).

Public speaking

14. Any member of the public participating in a meeting remotely in exercise of their right to speak must be able to be heard (and if practicable also be seen) by members, officers and public speakers participating in the same item of business and, in turn, be able to hear (and if practicable see) those persons.
15. The Member Services Officer will mute the member of the public once they have spoken and remove them from the remote meeting on the instruction of the Chairman once the relevant item of business has been dealt with. Note: members of the public will be able to view/listen to the remainder of the meeting via the live broadcast.

Voting

16. Unless a recorded vote is called by a member, the method of voting will be, at the discretion of the Chairman, by:
 - General assent by the meeting (where there is no dissent); or
 - By the Member Services Officer calling out the name of each member present with members stating "for", "against" or "abstain" to indicate their vote when their name is called. The Member Services Officer will then clearly state the result of the vote (to be confirmed by the Chairman)
17. Details of how members voted will not be minuted, unless a recorded vote is called for prior to the vote taking place.

Declarations of Interest

18. Any member participating in a remote meeting who declares a disclosable pecuniary interest, or pecuniary interest that would normally require them to leave the room in which the meeting is taking place must leave the remote meeting. Their departure will be confirmed by the Member Services Officer who will invite the relevant member to re-join the meeting at the appropriate time.

Exclusion of the Press and Public

19. There are times when council meetings are not open to the public when confidential, or "exempt" items (as defined in Schedule 12A of the Local Government Act 1972) are under consideration. The Member Services Officer will ensure that there are no members of the public in remote attendance and the live broadcast is ended, once the exclusion has been agreed by the meeting for that item(s).
20. Every Member in remote attendance must ensure there are no other persons present in their remote location who are able to hear, see or record the proceedings (unless those such persons are also entitled to be so present). Members must declare to the meeting, if at any point during discussion of the item, this requirement is not met.

	This includes any payment or financial benefit from a trade union within the meaning of the Trade Union and Labour Relations (Consolidation) Act 1992.
Contracts	Any contract which is made between the relevant person (or a body in which the relevant person has a beneficial interest) and the relevant authority— (a) under which goods or services are to be provided or works are to be executed; and (b) which has not been fully discharged.
Land	Any beneficial interest in land which is within the area of the relevant authority.
Licences	Any licence (alone or jointly with others) to occupy land in the area of the relevant authority for a month or longer.
Corporate tenancies	Any tenancy where (to M's knowledge)— (a) the landlord is the relevant authority; and (b) the tenant is a body in which the relevant person has a beneficial interest.
Securities	Any beneficial interest in securities of a body where— (a) that body (to M's knowledge) has a place of business or land in the area of the relevant authority; and (b) either— (i) the total nominal value of the securities exceeds £25,000 or one hundredth of the total issued share capital of that body; or (ii) if the share capital of that body is of more than one class, the total nominal value of the shares of any one class in which the relevant person has a beneficial interest exceeds one hundredth of the total issued share capital of that class.

"body in which the relevant person has a beneficial interest" means a firm in which the relevant person is a partner or a body corporate of which the relevant person is a director, or in the securities of which the relevant person has a beneficial interest; "director" includes a member of the committee of management of an industrial and provident society;

"land" excludes an easement, servitude, interest or right in or over land which does not carry with it a right for the relevant person (alone or jointly with another) to occupy the land or to receive income; "M" means a member of a relevant authority;

"member" includes a co-opted member; "relevant authority" means the authority of which M is a member;

"relevant period" means the period of 12 months ending with the day on which M gives notice to the Monitoring Officer of a DPI;

"relevant person" means M or M's spouse or civil partner, a person with whom M is living as husband or wife or a person with whom M is living as if they were civil partners;

"securities" means shares, debentures, debenture stock, loan stock, bonds, units of a collective investment scheme within the meaning of the Financial Services and Markets Act 2000 and other securities of any description, other than money deposited with a building society.

'non pecuniary interest' means interests falling within the following descriptions:

- 10.1(1)(i) Any body of which you are a member or in a position of general control or management and to which you are appointed or nominated by your authority;
- (ii) Any body (a) exercising functions of a public nature; (b) directed to charitable purposes; or (c) one of whose principal purposes includes the influence of public opinion or policy (including any political party or trade union), of which you are a member or in a position of general control or management;
- (iii) Any easement, servitude, interest or right in or over land which does not carry with it a right for you (alone or jointly with another) to occupy the land or to receive income.
- 10.2(2) A decision in relation to that business might reasonably be regarded as affecting your well-being or financial position or the well-being or financial position of a connected person to a greater extent than the majority of other council tax payers, ratepayers or inhabitants of the ward, as the case may be, affected by the decision.

'a connected person' means

- (a) a member of your family or any person with whom you have a close association, or
- (b) any person or body who employs or has appointed such persons, any firm in which they are a partner, or any company of which they are directors;
- (c) any person or body in whom such persons have a beneficial interest in a class of securities exceeding the nominal value of £25,000; or
- (d) any body of a type described in sub-paragraph 10.1(1)(i) or (ii).

'body exercising functions of a public nature' means

Regional and local development agencies, other government agencies, other Councils, public health bodies, council-owned companies exercising public functions, arms length management organisations carrying out housing functions on behalf of your authority, school governing bodies.

A Member with a personal interest who has made an executive decision in relation to that matter must ensure any written statement of that decision records the existence and nature of that interest.

NB Section 21(13) of the LGA 2000 overrides any Code provisions to oblige an executive member to attend an overview and scrutiny meeting to answer questions.

Agenda Item 4a

COUNCIL

HELD: Wednesday, 26 February 2020

Start: 7.00 p.m.

Finish: 9.40 p.m.

PRESENT:

Councillor: G Owen (Mayor)
T Aldridge (Deputy Mayor)

Councillors:

I Ashcroft	Mrs P Baybutt
Mrs M Blake	A Blundell
R Cooper	C Coughlan
V Cummins	S Currie
I Davis	C Dereli
N Delaney	T Devine
G Dowling	Mrs C Evans
D Evans	S Evans
J Finch	S Gregson
N Furey	Y Gagen
J Gordon	G Johnson
K Lockie	Mrs J Marshall
J Mee	M Mills
K Mitchell	J Monaghan
I Moran	M Nixon
P O'Neill	D O'Toole
A Owens	E Pope
A Pritchard	I Rigby
N Pryce-Roberts	Mrs D Stephenson
A Sutton	J Thompson
D West	D Westley
Mrs M Westley	D Whittington
J Wilkie	K Wilkie
Mrs J Witter	K Wright
A Yates	

Officers: Jacqui Sinnott-Lacey, Chief Operating Officer
Heidi McDougall, Corporate Director of Place & Community
Chris Twomey, Corporate Director of Transformation & Resources
Marc Taylor, Head of Finance, Procurement and Commercial Services
Sue Griffiths, Principal Member Services Officer
Jill Ryan, Member Services/Civic Officer

71 **PRAYERS**

The Mayor's Chaplain for the evening, Rev Pauline Bicknell, led Members and Officers in prayer.

72 **APOLOGIES**

Apologies for absence were received on behalf of Councillors Blane, Cairns and G. Hodson.

73 **DECLARATIONS OF INTEREST**

The following declarations were received:

1. All Members present declared a pecuniary interest in item 9 'Members' Allowances Scheme 2020/21 and in relation to item 12 'Determination of Council Tax 2020/21', but were entitled to speak and vote by virtue of an exemption.
2.
 - a) Councillors Ashcroft, Mrs Blake, Blane, Blundell, Dereli, Gordon, Mrs Marshall, Mee, Moran, Owen, Pope, Ms Sutton and Whittington declared a pecuniary interest in relation to relevant lines in the budget in respect of item 11 'Budget Requirement 2020/21' and item 13 'Medium Term Capital Programme 2020-21' in relation to Parish Council matters in view of their membership of a Parish Council and indicated they would not participate in any detailed discussions which affected the finances of those bodies specifically.*
 - b) Councillors Aldridge, O'Toole and Pope declared a pecuniary interest in relation to relevant lines in the budget in respect of item 11 'Budget Requirement 2020/21' and item 13 'Medium Term Capital Programme 2020-21', as Members of Lancashire County Council (LCC) as did Councillors Coughlan and Gagen as employees of LCC, and indicated that they would not participate in any detailed discussions which affected LCC.*
 - c) Councillor Coughlan declared a disclosable pecuniary interest in relation to relevant lines in the budget in respect of item 11 'Budget Requirement 2020/21' and item 13 'Medium Term Capital Programme 2020-21' in respect of his appointment to West Lancashire Community Leisure.*
 - d) Councillor Whittington declared a pecuniary interest in relation item 11 'Budget Requirement 2020/21' in respect of the 'Community Grants' as his wife is a trustee of Citizens Advice Lancashire and this body had been recommended to receive funding for 2020/21.*
3. Councillors Ashcroft, Mrs Blake, Blane, Blundell, Dereli, Gordon, Mrs Marshall, Mee, Moran, Owen, Pope, Ms Sutton and Whittington declared a non-pecuniary interest in relation to item 12 'Determination of Council Tax 2020/21' in view of their membership of a Parish Council.

* By virtue of a dispensation granted by the Standards Committee all Councillors who have disclosable pecuniary or pecuniary interests in relation to relevant lines in the budget may participate and vote in the budget debates but not engage in detailed discussions about matters which affect those interests.

4. Councillors Aldridge, O'Toole and Pope declared a non-pecuniary interest in relation to item 12 'Determination of Council Tax 2020/21', item 24(a) 'Jacobs Report on Drainage Motion', as Members of Lancashire County Council, as did Councillors Coughlan and Gagen as an employee of Lancashire County Council.
5. Councillors Delaney, Devine, Owen, Nixon, West J Wilkie and K Wilkie (Tenant of a Council flat/house) Aldridge, Gregson (Tenants of a Council garage) declared disclosable pecuniary interests in relation to item 13 'Medium Term Capital Programme and item 14 'Housing Account – Revenue and Capital Programme' for the reasons indicated but were entitled to speak and vote by virtue of an exemption (nothing in these reports relates particularly to their respective interests arising from the tenancy or lease).
6. Councillors Aldridge, Blane, R Cooper, Gregson, Mee and Wright declared non-pecuniary interests in relation to item 13 'Medium Term Capital Programme and item 14 'Housing Account – Revenue and Capital Programme' as they have a connected person who is a tenant of rented Council accommodation. Insofar as that interest becomes a pecuniary interest (as it would affect the financial position of their relative and a member of the public with knowledge of the relevant facts would reasonably regard this as so significant that it is likely to prejudice their judgement of the public interest) they declared that interest but considered that they were entitled to speak and vote by virtue of an exemption as nothing in these reports relates particularly to the relevant tenancy or lease.
7. Councillors Pope and Moran declared a non-pecuniary interest in item 8 'Pay Policy Statement 2020/21' as members of the Lancashire County Council Pension Fund Committee.
8. Councillor O'Toole declared a non-pecuniary interest in relation to item 12 'Determination of Council Tax 2020/21' as a Member of Lancashire Combined Fire & Rescue Authority and Councillor Wilkie as an employee.
9. Councillor Wright declared a non-pecuniary interest in relation to agenda item 12 'Determination of Council Tax 2020/21' as a member appointed to the Police and Crime Panel.

74 MINUTES

RESOLVED: That the minutes of the previous meeting held on Wednesday, 11 December 2019, be approved as a correct record and signed by the Mayor.

75 ANNOUNCEMENTS BY THE MAYOR AND/OR THE CHIEF OPERATING OFFICER

The Mayor invited Councillor D Westley to lead a tribute to Alderman Vincent who had sadly passed away which was echoed by the Deputy Mayor and Councillor Pope. The Deputy Mayor also led a tribute to ex Councillor Walter Carter who had

also sadly passed away. A minute silence was observed.

The Mayor also took the opportunity to thank Councillor Nixon for baking some cakes which were being raffled in aid the Mayor's chosen charities. The Mayor also thanked all the Councillors for their continued support.

The Mayor invited Councillor A Owens to present a petition he wished to submit in relation to Ormskirk Market.

The Mayor announced the following Charity events, which were being held:

- The Mayor's Charity Ball at Holland Hall Hotel, Up Holland – Friday 27 March 2020
- The VE Day Celebration Parade on Sunday 10 May commencing at 10.00am.

76

TO ANSWER ANY QUESTIONS UNDER THE PROVISIONS OF COUNCIL PROCEDURE RULE 10.2

The following Questions were received:

1. Spencers Mews Estate – Question from Councillor Adrian Owens

"The Spencers Mews estate, off Spencers Lane in Skelmersdale, has a number of properties which, since their construction almost two years ago, have remained empty and become known as a ghost estate. Over the past couple of weeks, storm damage, as well as possible theft and vandalism to the properties has been noted by nearby local residents.

What measures will the Council adopt to:

- a. ensure the site is secured
- b. ensure the occupancy of these empty properties in the near future."

2. Councillor ICT Devices – Question from Councillor Adrian Owens

"How many of each of the following device types funded by the taxpayer are currently provided to Borough councillors?

- a. laptop computers,
- b. tablet devices,
- c. mobile phones

What is the total purchase cost of the following device types funded by the taxpayer and currently provided to Borough councillors?

- a. laptop computers,
- b. tablet devices,

c. mobile phones "

3. Deep clean of Ormskirk Town Centre – Question from Councillor Kate Mitchell

"At the Council meeting on 27th February 2019, approval was given to spend £5000 on the purchase of a pressure washer and water bowser for use in deep cleaning in the borough. By what date does the Council plan to give Ormskirk Town Centre a 'deep clean' with the pressure washer and bowser that was purchased last summer in July 2019?"

The Leader advised that the responses to the questions would be provided following the meeting and published on the Council's website.

77 **MINUTES OF COMMITTEES**

Consideration was given to the minutes of the undermentioned meetings of the Committees shown.

RESOLVED That the minutes of the undermentioned meetings and any recommendations contained in them, be approved:

- A. Licensing and Gambling Committee – Tuesday, 3 December 2019
- B. Licensing and Appeals Committee – Tuesday, 3 December 2019
- C. Chief Officers Committee – Monday, 23 December 2019
- D. Planning Committee – Thursday, 9 January 2020
- E. Audit and Governance Committee – Tuesday, 28 January 2020
- F. Licensing and Appeals Committee – Tuesday, 11 February 2020

78 **PAY POLICY STATEMENT 2020/21 AND INTRODUCTION OF HOLIDAY PAY PERCENTAGE SUPPLEMENT**

Consideration was given to the report of the Corporate Director of Transformation and Resources, as contained on pages 1117 to 1140 of the Book of Reports, which sought approval of the Pay Policy Statement for 2020/21 detailing the Authority's Policy on workforce remuneration, as required by the Localism Act 2011.

RESOLVED: A. That the Pay Policy Statement for 2020/21 attached at Appendix 1 of the report, be approved, published on the Council's website and included in the constitution.

- B. That with effect from 1 April 2020, the Council will include a percentage supplement of 7.69% on all overtime, Shift

Allowance and Shift Pay, Call Out and Standby, Extra Duty and Additional Hours. Honoraria in recompense for holiday pay as noted in the report.

79 **MEMBERS' ALLOWANCES SCHEME 2020/21 AND APPOINTMENT OF THE INDEPENDENT REMUNERATION PANEL & PARISH COUNCIL REPRESENTATIVES ON THE STANDARDS COMMITTEE**

Consideration was given to the report of the Corporate Director of Transformation and Resources, as contained on pages 1141 to 1154 of the Book of Reports, which sought approval of the Members' Allowances Scheme for 2020/21 and detailed the Membership of the Independent Remuneration Panel (IRP).

A Motion to approve the recommendation at paragraphs 2.1 to 2.5 of the report was moved and seconded.

An Amendment was moved and seconded as follows:

"2.1 That the IRP's report for 2020/21, attached at Appendix 2, be received and taken into account when considering the recommendation at 2.2 and 2.3 below.

2.2 That in accordance with paragraph 10 of the IRP's report, a Members Allowance Scheme be made, effective from 1 April 2020 incorporating a Basic Allowance of £3.092, provision for SRA payments, as detailed on the Schedule attached as Appendix 1 (no change), including an increase to the Childcare and Dependent Carer's Allowance to be set at the same level as the Living Wage (currently £9.30 per hour) and an allowance of £250 for the year for the two newly elected Parish Council representatives on the Standards Committee.

2.3 That the Corporate Director of Transformation & Resources update and publish the Members' Allowances Scheme for the period commencing 1 April 2020, such scheme to be incorporated into the Constitution and subsequently published.

2.4 That the Membership of the IRP for 2020/21 and the respective terms of office be noted and endorsed as follows:

Mrs G Stanley (Chairman) 1 May 2021

Mr J Boardman 1 May 2023

Mr I Thompson 1 May 2022

2.5 That the appointment of Parish Councillors Justin Stopford and Linda Webster on the Standards Committee for a 3 year term of office ending in May 2023 be noted and endorsed."

At the request of a Member, voting on the Amendment was recorded as follows:

COUNCIL

HELD: Wednesday, 26 February 2020

FOR: Councillors Davis, Johnson, Mitchell, Owens, Rigby and Thompson (SIX).

AGAINST: Aldridge, Ashcroft, Mrs Baybutt, Mrs Blake, Blundell, Cooper, Coughlan, Cummins, Currie, Delaney, Dereli, Devine, Dowling, Mrs C Evans, D Evans, S Evans, Finch, Furey, Gagen, Gordon, Gregson, Lockie, Mrs Marshall, Mee, Mills, Monaghan, Moran, Nixon, O'Neill, O'Toole, Owen, Pope, Pritchard, Pryce-Roberts, Mrs Stephenson, Sutton, West, D Westley, Mrs M Westley, Whittington, J Wilkie, K Wilkie, Mrs J Witter, K Wright and A Yates (FORTY FIVE).

ABSTENTIONS: NONE

The Amendment was LOST.

A vote taken on the Motion, which was CARRIED.

RESOLVED: A. That the IRP's report for 2020/21, attached at Appendix 2, be received and taken into account when considering the recommendation at A. and B. below.

B. That in accordance with paragraph 10 of the IRP's report, a Members Allowance Scheme be made, effective from 1 April 2020, incorporating a Basic Allowance of £4,842 (no increase), provision for SRA payments, as detailed on the Schedule attached as Appendix 1 to the report (no change), including an increase to the Childcare and Dependent Carer's Allowance, to be set at the same level as the Living Wage (currently £9.30 per hour) and an allowance of £250 for the year for the two newly elected Parish Council representatives on the Standards Committee.

C. That the Corporate Director of Transformation & Resources update and publish the Members' Allowances Scheme for the period commencing 1 April 2020, such scheme to be incorporated into the Constitution and subsequently published.

D. That the Membership of the IRP for 2020/21 and the respective terms of office be noted and endorsed as follows:

Mrs G Stanley (Chairman) 1 May 2021

Mr J Boardman 1 May 2023

Mr I Thompson 1 May 2022

E. That the appointment of Parish Councillors Justin Stopford and Linda Webster on the Standards Committee for a 3 year term of office ending in May 2023 be noted and endorsed.

80 **SUSPENSION OF COUNCIL PROCEDURE RULE 13.4**

RESOLVED: That Council Procedure Rule 13.4 be suspended to enable the Portfolio Holder/Shadow Portfolio Holder/Spokesperson for OWL to present their budget statements, in respect of agenda items 11 (Budget Requirement 2020/21) and 14 (Housing Account – Review and Capital Programme).

81 **BUDGET REQUIREMENT 2020/21**

Consideration was given to the report of the Head of Finance, Procurement and Commercial Property, as contained on pages 1155 to 1181 of the Book of Reports, which set out information in order for the Council to set its budget for the next financial year, including the General Revenue Account (GRA), Reserves Policy and the Draft GRA Estimates.

Councillor Yates, Portfolio Holder for Transformation & Resources, moved a Motion that provided details of the Labour Budget Proposals (as circulated at the meeting and contained in the Book of Reports), which was seconded.

Councillor Whittington, Shadow Portfolio Holder for Resources & Transformation, moved an Amendment (as circulated at the meeting and contained in the Book of Reports), which was seconded.

The meeting was adjourned whilst Members considered the Labour Budget Proposals and the Amendment from the Conservative Group.

The meeting was resumed and in accordance with Council Procedure Rule 16.5, voting on the Amendment was recorded as follows:

FOR: Councillors Ashcroft, Mrs Baybut, Mrs Blake, Blundell, Currie, Mrs C Evans, Gordon, Mrs J Marshall, Mee, O'Toole, Pope, Mrs Stephenson, Sutton, D Westley, Mrs M Westley, Whittington and Mrs Witter (SEVENTEEN)

AGAINST: Councillors Aldridge, Cooper, Coughlan, Cummins, Delaney, Dereli, Devine, Dowling, D Evans, S Evans, Finch, Furey, Gagen, Gregson, Lockie, Mills, Monaghan, Moran, Nixon, O'Neill, Owen, Pritchard, Pryce-Roberts, West, J Wilkie, K Wilkie, Wright and Yates. (TWENTY EIGHT)

ABSTENTIONS: Davis, Johnson, Mitchell, Owens, Rigby and Thompson (SIX)

The Amendment was LOST.

An Amended Labour Motion was circulated, which was accepted by the Mover and Secunder of the Motion as an alteration, with the consent of the meeting.

In accordance with Council Procedure Rule 16.5, voting on the Altered Motion was recorded as follows:

FOR: Councillors Aldridge, Cooper, Coughlan, Cummins, Delaney, Dereli, Devine, Dowling, D Evans, S Evans, Finch, Furey, Gagen, Gregson, Lockie, Mills, Monaghan, Moran, Nixon, O'Neill, Owen, Pritchard, Pryce-Roberts, West, J Wilkie, K Wilkie, Wright and Yates. (TWENTY EIGHT)

AGAINST: Councillors Ashcroft, Mrs Baybut, Mrs Blake, Blundell, Currie, Mrs C Evans, Gordon, Mrs J Marshall, Mee, O'Toole, Pope, Mrs Stephenson, Sutton, D Westley, Mrs M Westley, Whittington and Mrs Witter (SEVENTEEN)

ABSTENTIONS: Davis, Johnson, Mitchell, Owens, Rigby and Thompson (SIX)

The Altered Motion was CARRIED.

RESOLVED: A That the General Revenue Account Estimates for 2020/21 set out in Appendix B of the Council report be approved, subject to the changes set out in the Amended Labour Budget Proposals circulated at the meeting and contained in the Book of Reports.

B That the GRA Reserves Policy set out in Appendix A to the Council report be approved.

C. That delegated authority be given to the Chief Operating Officer and the Corporate Directors to take all necessary action to implement the changes resulting from the budget proposals.

D. That delegated authority be given to the Corporate Director of Transformation and Resources in consultation with the relevant Portfolio Holders to implement the new Business Rate Reliefs announced by Government in January 2020.

82 **DETERMINATION OF COUNCIL TAX 2020/21**

Consideration was given to the revised report of the Corporate Director of Transformation and Resources, as circulated at the meeting and contained in the Book of Reports, which set out the proposed Council Tax rate for each property band for the whole of the Borough Council's area, including the Council Tax rate as set by the County Council, the Police and Crime Commissioner for Lancashire, the Lancashire Combined Fire Authority, and the local Parish Council in parished areas, in order to confirm the statutory resolutions that are required in order to set the Council Tax for 2020/21.

Councillor Yates moved a Motion to approve the recommendations in the revised report, which was seconded.

In accordance with Council Procedure Rule 16.5 voting on the Motion was recorded

as follows:-

FOR: Councillors Aldridge, Ashcroft, Mrs Baybutt, Mrs Blake, Blundell, Cooper, Coughlan, Cummins, Currie, Davis, Delaney, Dereli, Devine, Dowling, Mrs C Evans, D Evans, S Evans, Finch, Furey, Gagen, Gordon, Gregson, Johnson, Lockie, Mrs Marshall, Mee, Mills, Mitchell, Monaghan, Moran, Nixon, O'Neill, O'Toole, Owen, Owens, Pope, Pritchard, Pryce-Roberts, Rigby, Mrs Stephenson, Sutton, Thompson, West, D Westley, Mrs Westley, Whittington, J Wilkie, K Wilkie, Mrs Witter, Wright and Yates (FIFTY ONE).

AGAINST: (NONE)

ABSTENTIONS: (NONE)

- RESOLVED: A. That it be noted that on the 13 January 2020, the Head of Finance, Procurement and Commercial Property declared the Council Tax Base amounts set out in Appendix A for the financial year 2020/21 in accordance with the Local Authorities (Calculation Commercial Property declared the Council Tax Base amounts set out in of Council Tax Base) (England) Regulations 2012.
- B. That the Budget for the Council's own purposes for 2020/21 (excluding parish and town council precepts) be set at £13,419,020 in accordance with the earlier Budget Requirement report.
- C. That the following amounts be now calculated by the Council for the financial year 2020/2021 in accordance with the Local Government Finance Act 1992 (the Act):
- a) £86,411,075 being the aggregate of the amounts, which the Council estimates for the items, set out in Section 31A(2) of the Act taking into account all precepts issued to it by Parish and Town Councils.
 - b) £78,289,349 being the aggregate of the amounts which the Council estimates for the items set out in Section 31A(3) of the Act.
 - c) £8,121,726 being the amount by which the aggregate at C(a) above exceeds the aggregate at C(b) above, calculated by the Council in accordance with Section 31A(4) of the Act as its Council Tax requirement for the year.
 - d) £225.74 being the amount at C(c) above divided by 35,978.93 (the Tax Base) calculated by the Council in accordance with Section 31(B) of the Act, as the basic amount of its Council Tax for 2020/2021.

e) £624,077 being the aggregate amount of all special items (i.e. Parish and Town Council Precepts) referred to in Section 34(1) of the Act.

f) £208.39 being the amount at C(d) above, less the result given by dividing the amount at C(e) above by 35,978.93 (the Tax Base), calculated by the Council in accordance with Section 34(2) of the Act, as the basic amount of its Council Tax for 2020/2021 for dwellings in those parts of its area to which no special item relates.

g) Part of the Council's area:

	£. p
Aughton	16.79
Bickerstaffe	30.88
Bispham	0.00
Burscough	36.03
Dalton	21.08
Downholland	40.55
Great Altcar	13.75
Halsall	19.62
Hesketh with Beconsall	41.69
Hilldale	55.75
Lathom	17.46
Lathom South	29.50
Newburgh	35.02
North Meols	34.91
Parbold	33.90
Rufford	39.32
Scarisbrick	17.21
Simonswood	20.32
Tarleton	31.19
Up Holland	22.11
Wrightington	15.82

being the amounts given by adding to the amount at C(f) above the amounts of the special item relating to dwellings in those parts of the Council's area mentioned above divided in each case by the relevant Tax Base for those areas, calculated by the Council, in accordance with Section 34(3) of the Act, as the basic amounts of the Council Tax for 2020/2021 for dwellings in those parts of its area to which a special item (i.e. Parish and Town Council Precepts) relate.

h) Part of the Council's area for each valuation band, being the amounts given by multiplying the amounts at C(f) and C(g) above by the number which, in the proportion set out in Section 5(1) of the Act, is applicable to dwellings listed in a

particular valuation band divided by the number which in that proportion is applicable to dwellings listed in valuation band D, calculated by the Council, in accordance with Section 36(1) of the Act, as the amounts to be taken into account for the year in respect of categories of dwellings listed in different valuation bands (See Schedule 1 circulated at the meeting).

- D. That it be noted that for the year 2020/2021 Lancashire County Council has stated the following amounts in precept issued to the Council, in accordance with Section 40 of the Act, for each of the categories of dwelling shown below:

VALUATION BANDS

A	B	C	D	E	F	G	H
£. p	£. p	£. p	£. p	£. p	£. p	£. p	£. p
933.55	1,089.14	1,244.73	1,400.32	1,711.50	2,022.68	2,333.87	2,800.64

- E. That it be noted that for the year 2020/2021 the Police and Crime Commissioner for Lancashire has stated the following amounts in precept issued to the Council in accordance with Section 40 of the Act for each of the categories of dwelling shown below:

VALUATION BANDS

A	B	C	D	E	F	G	H
£. p	£. p	£. p	£. p	£. p	£. p	£. p	£. p
140.97	164.46	187.96	211.45	258.44	305.43	325.42	422.90

- F. That it be noted that for the year 2020/2021 the Lancashire Combined Fire Authority has stated the following amounts in precept issued to the Council in accordance with Section 40 of the Act for each of the categories of dwelling shown below:

VALUATION BANDS

A	B	C	D	E	F	G	H
£. p	£. p	£. p	£. p	£. p	£. p	£. p	£. p
47.24	55.11	62.99	70.86	86.61	102.35	118.10	141.72

- G. That having calculated the aggregate in each case of the amounts at C(h), D, E and F, the Council, in accordance with Section 30(2) of the Act, hereby sets the amounts shown in Schedule 2, circulated at the meeting, as the amounts of

Council Tax for the year 2020/2021 for each of the categories of dwellings shown.

83 MEDIUM TERM GRA CAPITAL PROGRAMME 2020-21

Consideration was given to the report of the Head of Finance, Procurement and Commercial Property, as contained on pages 807 to 814 of the Book of Reports, which advised on the Council's Medium Term Capital Programme.

Councillor Yates, Portfolio Holder for Resources and Transformation, moved a Motion which set out the Labour Capital Programme proposals, as circulated at the meeting and contained within the Book of Reports, which was seconded.

An Amendment from the Conservative Group, as circulated at the meeting and contained within the Book of Reports, was moved and seconded.

A vote was taken on the Amendment which was LOST.

An Amended Labour Motion was circulated, which was accepted by the Mover and Seconder of the Motion as an alteration, with the consent of the meeting.

A vote was taken on the Altered Motion, which was CARRIED.

RESOLVED: A. That the proposed new capital schemes set out in Appendix 2 of the report be approved, with the exception of the Robert Hodge Centre re-refresh programme and with the inclusion of an additional £20,000 over 3 years for the Free Trees Scheme.

B. That delegated authority be given to the Chief Operating Officer and Corporate Directors to take all necessary action to implement the agreed capital programme.

84 HOUSING ACCOUNT - REVENUE AND CAPITAL PROGRAMME

Consideration was given to the report of the Corporate Director of Place and Community, as contained on pages 1191 – 1208 of the Book of Reports, which advised on the rent and service charges to be applied; and detailed the Public Sector Housing Capital Investment Programme and Housing Revenue Estimates for 2020/21. the purpose of which is to enable the Council to set its Housing Revenue Account (HRA) budget and capital investment programme for the next financial year.

Councillor J Wilkie, Portfolio for Housing and Landlord Services, moved a Motion, as circulated at the meeting and contained in the Book of Reports, which set out Labour proposals in relation to the Draft Housing Revenue Account Estimates for 2020/21 and Public sector Housing Capital Investment Programme for 2020/21, which was seconded.

A vote was taken on the Motion, which was CARRIED.

- RESOLVED:
- A. That the Rent and Service Charges set within delegated authority, as detailed in sections 4 and 5 of the report, be noted and endorsed.
 - B. That the comments of Tenants and Residents as set out in Appendix E to the report be noted.
 - C. That the HRA Budget and Capital Investment Plan, set out in Appendices A and B to the report be approved, subject to the changes set out in the Labour proposals circulated at the meeting and contained in the Book of Reports.
 - D. That the Housing Revenue Account Reserves Policy set out in Appendix C of the report be approved.
 - E. That delegated authority be given to the Corporate Director of Place & Community to take all necessary action to implement the decisions of Council.

85 **CAPITAL FINANCIAL AND TREASURY MANAGEMENT FRAMEWORK**

Consideration was given to the report of the Head of Finance, Procurement and Commercial Property, contained on pages 1209 – 1230 of the Book of Reports, which detailed the framework for capital financing and treasury management operations for the next financial year.

- RESOLVED:
- A. That the projected position in respect of the Prudential Indicators, as set out in Appendix 1 to the report, for 2019/20 be noted.
 - B. That the Prudential Indicators for the next three years be agreed, as set out in Appendix 2 to the report.
 - C. That the minimum revenue provision (MRP) policy as set out in Appendix 3 to the report, be approved for the next financial year.
 - D. That the Treasury Management Strategy set out in section 7 of the report be approved, including the prepayment of pension contributions.
 - E. That authority to make the Investment Decisions set out in paragraph 7.8 of the report, be delegated to the Strategic Assets Purchasing Committee.

86 **PUBLIC SPACE PROTECTION ORDER RENEWAL**

Consideration was given to the report of the Corporate Director of Place and Community, as contained on pages 1231 – 1398 of the Book of Reports, the purpose of which was to seek approval to renew the Councils' existing Public Space

Protection Order which details numerous Dog Control provisions for locations across the Borough and include five additional locations.

- RESOLVED:
- A. That due consideration be given to the results from the public consultation conducted between 4 November 2019 and 13 December 2019, and additional communication received regarding the PSPO renewal and expansion proposal.
 - B. That the Public Space Protection Order detailed at Appendix 1 to the Report, be approved for renewal for a three year period commencing 1 April 2020 with the inclusion of the five additional locations as outlined in the public consultation

87 **WEST LANCASHIRE ELECTORAL REVIEW**

Consideration was given to the report of the Chief Operating Officer, contained on pages 1399 – 1408 of the Book of Reports, the purpose of which is to enable the Council to comply with its obligations in facilitating the Local Government Boundary Commission for England's (LGBCE) Electoral Review of West Lancashire (the Review).

- RESOLVED:
- A. That the outline timetable for the Review as set by the LGBCE (Appendix 1 of the report) be noted.
 - B. That an Electoral Review Working Group of Council be established with the following Terms of Reference:
 - i) To develop proposals for submission to the Local Government Boundary Commission for England.
 - ii) To make recommendations to Council.
 - C. That the Working Group comprise of 3 Labour Members, 2 Conservative Members and 1 Our West Lancashire Member and that Councillor Moran to be Chairman of the Working Group.

88 **PUBLIC SPEAKING PROTOCOL - REVISION**

Consideration was given to the report of the Corporate Director of Transformation and Resources, as contained on pages 1409 – 1422 of the Book of Reports. The purpose of which is to review the current 'Public Speaking – Protocol' for meetings of Cabinet, Overview and Scrutiny Committee's, Audit & Governance Committee and Standards Committee (Constitution 14.1 – the 'Protocol') and consider proposals for change, recommended by the Corporate and Environmental Overview & Scrutiny Committee, at its meeting held on 10 December 2019.

- RESOLVED:
- A. That the number of requests to speak, listed in paragraph 5 of the report, under the current 'Public Speaking – Protocol' for meetings of Cabinet, Overview & Scrutiny Committees, Audit & Governance Committee and Standards Committee

(Constitution 14.1 – the "Protocol"), be noted.

B. That the following recommendations of the Corporate and Environment Overview & Scrutiny Committee, set out in paragraph 5 of the report, suggesting revisions to the 'Protocol' attached at Appendix 1 to the report, be approved:

- 1) Include reference to Parish Councils.
- 2) Provide for a resident to be represented by a Borough Councillor (without the need for that resident to attend). The Councillor should not be a member of the body considering that item.
- 3) Provide for written representations to be considered without the need for the resident to attend.

89 TIMETABLE OF MEETINGS OF COUNCIL, CABINET & COMMITTEES - 2020/21

Consideration was given to the report of the Corporate Director of Transformation and Resources, as contained on pages 1423-1426 of the Book of Reports, which sought approval of the timetable of meetings for the Municipal Year 2020/21.

RESOLVED: That the timetable for the meetings for the 20/21 Municipal Year, attached as an appendix to the report be approved.

90 MAYOR ELECT 2020/21

Consideration was given to the report of the Corporate Director of Transformation & Resources, as contained on pages 1427 – 1428 of the Book of Reports, which sought nominations for the positions of Mayor and Deputy Mayor for 2020/21.

Nominations for Mayor-elect and Deputy Mayor-elect for the Municipal Year 2020/21 were not submitted.

RESOLVED: That the report be noted.

91 EXCLUSION OF PRESS AND PUBLIC

RESOLVED: That under Section 100A(4) of the Local Government Act 1972, the public be excluded from the meeting during consideration of the following item of business on the grounds that it involves the likely disclosure of exempt information as defined in paragraph 3 of Part 1 of Schedule 12A of that Act and as, in all the circumstances of the case, the public interest in maintaining the exemption under Schedule 12A outweighs the public interest in disclosing the information.

92 **DEVELOPMENT COMPANY BUSINESS PLAN**

Consideration was given to the report of the Chief Operating Officer as contained on pages 1429-1460 of the Book of Reports, the purpose of which is to seek approval for the latest business plan of Tawd Valley Developments Limited (TVDL), which is the Council's wholly owned development company.

- RESOLVED: A. That the TVDL business plan for the next 5 years is approved.
- B. That the financial implications for the Council arising from the TVDL business plan, as set out in Section 5 of the report is approved.

(Note: The Press and Public were invited back into the meeting.)

93 **MOTIONS**

The following Motion was considered at the request of the Member indicated:

94 **JACOB'S REPORT ON DRAINAGE - MOTION INCLUDED ON THE AGENDA BY COUNCILLOR CYNTHIA DERELI ON BEHALF OF THE LABOUR GROUP**

The following Motion was moved and seconded:

"Recognising how crucial the Jacob's Report on drainage may be to the future of housing development in Burscough as well as to the future of future housing development in Burscough as well as to the future agriculture in our area, this Council expresses its concerns at the delay in publishing the Jacob's report and agrees to write to LCC urging them to put the report findings into the public domain as a matter of urgency, to enable public scrutiny and debate as new applications for housing in the area are considered".

Members were advised that the Jacob's Report had now been published.

An Amended Motion was considered, which was accepted by the Mover and Secunder of the Motion as an alteration, with the consent of the meeting.

A vote was taken on the Altered Motion, which was CARRIED.

RESOLVED: That the Chief Operating Officer write to Lancashire County Council expressing concern at the delay in publishing the Jacob's Report.

.....
Mayor

Agenda Item 4b

COUNCIL

HELD: Wednesday, 24 June 2020

Start: 7.30pm

Finish: 9.00pm

PRESENT:

Councillor: G Owen (Mayor)
T Aldridge (Deputy Mayor)

Councillors:

I Ashcroft	Mrs P Baybutt
Mrs M Blake	T Blane
A Blundell	J Cairns
R Cooper	C Coughlan
V Cummins	S Currie
I Davis	C Dereli
N Delaney	T Devine
G Dowling	Mrs C Evans
D Evans	S Evans
J Finch	S Gregson
N Furey	Y Gagen
J Gordon	G Hodson
G Johnson	Mrs J Marshall
J Mee	M Mills
K Mitchell	J Monaghan
I Moran	M Nixon
P O`Neill	D O'Toole
A Owens	E Pope
A Pritchard	I Rigby
N Pryce-Roberts	Mrs D Stephenson
A Sutton	J Thompson
D West	D Westley
Mrs M Westley	D Whittington
J Wilkie	K Wilkie
J Witter	K Wright
A Yates	

Officers:

Jacqui Sinnott-Lacey, Chief Operating Officer
Heidi McDougall, Corporate Director of Place & Community
Chris Twomey, Corporate Director of Transformation & Resources
Ian Gill, Head of Growth & Development Services
Simon Burnett, Head of Wellbeing & Leisure Services
Michelle Williams, Head of Environmental Services
Paul Knight, Interim Head of Housing and Regulatory Services
Matt Jones, Legal & Democratic Services Manager
Jacky Denning, Democratic Services Manager
Jill Ryan, Member Services/Civic Officer

1 PRAYERS

The Mayor welcomed all those in attendance to the meeting.

The Mayor's Chaplain for the evening, Rev Pauline Bicknell led Members and

Officers in Prayer.

The Mayor thanked Rev Pauline Bicknell for her support during her Mayoral year in office.

2 APOLOGIES

Apologies for absence were received on behalf of Councillor K Lockie.

3 DECLARATIONS OF INTEREST

There were no declarations of interest received.

4 A. ELECTION OF MAYOR FOR ENSUING YEAR

The retiring Mayor, Councillor Owen, thanked Council Members and staff, friends and family for their part in making her year of office so enjoyable and wished the incoming Mayor a successful year of office and invited nominations for the office of Mayor for the ensuing Municipal year 2020/21.

The following Motion, was moved and seconded:
"That Councillor Terence Aldridge be elected Mayor for the ensuing Municipal Year."

A vote was taken, the Motion was CARRIED.

RESOLVED: That Councillor Terence Aldridge be elected as Mayor for the ensuing Municipal Year.

(Note, during this item:

1. Councillor Aldridge signified his acceptance of the Office and made the statutory Declaration of Acceptance of Office, following which he assumed the Chair.
2. The New Mayor, Councillor Aldridge, expressed his thanks to the proposer and seconder, and to the Council for the honour conferred upon him, in electing him as Mayor.
3. The New Mayor, Councillor Aldridge informed Members that his Mayoress would be Margaret Ball.)

B. APPOINTMENT OF DEPUTY MAYOR FOR THE ENSUING YEAR

The Mayor invited nominations for the appointment of Deputy Mayor.

The following Motion was moved and seconded:
"That Councillor Maureen Nixon be appointed Deputy Mayor for the ensuing Municipal Year."

A vote was taken, the Motion was CARRIED.

RESOLVED: That Councillor Maureen Nixon be appointed Deputy Mayor for the ensuing Municipal Year.

(Note, during this item:

1. Councillor Nixon signified her acceptance of Office and she made the statutory Declaration of Acceptance of Office and assumed the Deputy Mayor's Chair. The Deputy Mayor then thanked the Council for the honour of allowing her to serve as Deputy Mayor.
2. The Deputy Mayor informed Members that her Consort would be Laughton Wilkinson.)

5 **ANNOUNCEMENTS BY THE MAYOR AND/OR THE CHIEF OPERATING OFFICER**

The Mayor announced:

- A. That his Chaplain for the year would be Father Michael of St. Francis of Assisi.
- B. That Civic Sunday would be arranged as soon as it was safe to do so.
- C. That fund raising activities for his year in office would be in aid of the Women's Refuge, Skelmersdale Veterans, Skelmersdale Junior Football League, the Evermoor Hub and the Birchwood Centre and he sought the support of Members at the various fund raising events to be held throughout the year.

6 **ELECTION OF THE LEADER, THE LEADER'S APPOINTMENT OF THE DEPUTY LEADER AND CABINET, AND 'PROPER OFFICER PROVISIONS AND SCHEMES OF DELEGATION'**

Consideration was given to the report of the Corporate Director of Transformation and Resources, as contained on pages 5 to 6 of the Book of Reports, which sought to elect the Leader of the Council until the Annual Meeting in 2021, receive notification of the Leader's appointment of a Deputy Leader for the same term and Cabinet for the Municipal Year 2020/21 and to confirm the 'Proper Officer Provisions and Schemes of Delegation'.

- RESOLVED: A. That Councillor Ian Moran be elected as the Leader of the Council for a term of office expiring on the date of the Annual Meeting in 2021.
- B. That the Member appointed by the Leader as Deputy Leader for the same term of office, and the Members appointed by the

Leader as Members of the Cabinet for 2020/21, with the Portfolios identified by the Leader, be noted as follows:

- Councillor Moran – Leader, Economic Regeneration
- Councillor Gagen – Deputy Leader, Leisure and Human Resources
- Councillor Cummins – Health and Wellbeing
- Councillor J Wilkie – Housing and Landlord Services
- Councillor K Wilkie - Street Scene
- Councillor Yates – Resources and Transformation
- Councillor D Evans – Planning
- Councillor Wright – Emergency Planning, Preparation and Implementation
- Councillor Dowling – Communities and Community Safety

C. That the 'Proper Officer Provisions and Scheme of Delegation to Chief Officers', insofar as they are Council functions be confirmed and insofar as they are Cabinet functions it be noted that the Leader has delegated these to the officers stated therein.

D. That the Leader's Scheme of Delegation to Cabinet members, as updated to reflect the Portfolios/Portfolio Holders now appointed, be noted.

7 TO NOTE THE APPOINTMENT OF THE LEADER AND DEPUTY LEADER OF THE OPPOSITION GROUPS AND SHADOW CABINET

The Council noted that Councillor David Westley had been appointed Leader of the Conservative Group and that Councillor Iain Ashcroft had been appointed as the Deputy Leader of the Group. Details of the Shadow Cabinet and Spokesmen had been circulated prior to the meeting.

The Council also noted that Councillor Adrian Owens had been appointed Leader of the Our West Lancs Group and that Councillor Ian Davis had been appointed as the Deputy Leader of the Group. Details of Spokesmen had been circulated prior to the meeting.

8 APPOINTMENT OF COMMITTEES ETC 2020/21

Consideration was given to the report of the Corporate Director of Transformation and Resources, as contained on pages 21 to 22 of the Book of Reports, which set out the appointment of Committees etc. and their terms of reference and allocation of seats thereon to the political groups for the Municipal Year 2020/21.

RESOLVED A. That, for the period ending with the next Annual Meeting of the Council, or such lesser period should the political balance or allocation to political groups change during the year requiring a review under the provisions of the Local Government and

Housing Act 1989, the Committees, Sub-Committees etc be appointed as detailed in Appendix 1 to the report and that the allocation of seats to the political groups be as indicated.

- B. That the representatives of the political groups on the Committees etc now appointed shall be as indicated on Appendix 1 to the report, subject to Councillor Gordon Johnson being appointed to the Electoral Review Working Group, and the appointment of the Independent Person and Reserve Independent Person and the 2 Parish Council Representatives on the Standards Committee, be as detailed in the appendix.
- C. That the terms of reference for the Committees etc now appointed be agreed as set out in the Constitution.
- D. That it be noted that the Leader has appointed Cabinet Working Groups as indicated on Appendix 1 to the report, with the terms of reference included in the Constitution.

9 APPOINTMENT OF CHAIRMEN AND VICE-CHAIRMEN OF COMMITTEES

Consideration was given to the appointment of Chairmen and Vice-Chairmen of Committees for the ensuing year.

A motion to appoint the Members detailed in Appendix 1 to the report considered at agenda item 6, was moved and seconded.

An amendment to the Motion was moved and seconded.

A vote was taken on the Amendment, which was LOST.

A vote was taken on the original Motion, which was CARRIED

RESOLVED: That Chairmen and Vice-Chairmen of Committees for 2020/21 be appointed as indicated in Appendix 1 to the report at agenda item 6.

.....
THE MAYOR

Agenda Item 7a

PLANNING COMMITTEE

HELD: Thursday, 19 March 2020

Start: 7.00 p.m.

Finish: 7.50 p.m.

PRESENT:

Councillor: G Dowling (Chairman)

Councillors: A Blundell
S Evans
D Westley
D Evans
J Thompson

Officers: Ian Gill, Head of Growth and Development Services
Catherine Thomas, Development, Heritage & Environment Manager
Matt Jones, Legal and Democratic Services Manager
Mark Loughran, Senior Planning Officer
Julia Brown, Member Services/Civic Officer

114 **APOLOGIES**

There were no apologies for absence received.

115 **MEMBERSHIP OF THE COMMITTEE**

In accordance with Council Procedure Rule 4, the Committee noted the termination of Councillor Pope and the appointment of Councillor D Westley for this meeting only, thereby giving effect to the wishes of the Political Groups.

(Note - In agreement with the Group Leaders, and due to the pandemic of COVID-19, it was agreed that only 6 members of the Planning Committee attend the meeting to ensure that the meeting was quorate and could take place).

116 **URGENT BUSINESS, IF ANY INTRODUCED BY THE CHAIRMAN**

Consideration was given to the report of the Chief Operating Officer and the Legal and Democratic Services Manager as contained on pages 969 to 987 of the Book of Reports which sought to approve an amendment to the Roles and Functions of the Planning Committee, to extend the level of delegation to officers during a pandemic, when the nation are being asked to self-isolate for medical reasons.

RESOLVED That the level of delegation to Officers not be extended at this time.

117 **DECLARATIONS OF INTEREST**

There were no Declarations of Interest received.

118 **DECLARATIONS OF PARTY WHIP**

There were no Declarations of Party Whip.

119 **MINUTES**

RESOLVED: That the minutes of the meeting held on the 20 February 2020 be approved as a correct record and signed by the Chairman.

120 **PLANNING APPLICATIONS**

The Corporate Director of Place and Community submitted a report on planning applications (all prefixed 2019 unless otherwise stated) as contained on pages 863 to 935 of the Book of Reports and on pages 965 to 968 of the Late Information Report.

(Note:

An Objector (via a transcript that had been submitted) and the Agent spoke in connection with planning application 1207/FUL relating to Chapel Court, Chapel Mews, Ormskirk.)

121 **2019/1080/FUL - 9 MERE BROW LANE, TARLETON**

RESOLVED: That planning application 1080/FUL relating to 9 Mere Brow Lane, Tarleton be approved subject to the conditions as set out on pages 870 to 874 of the Book of Reports.

122 **2019/0757/FUL - LAND OPPOSITE 16-32 BRIERFIELD, DIGMOOR, SKELMERSDALE**

RESOLVED: That planning application 0757/FUL relating to Land Opposite 16-32 Brierfield, Digmoor, Skelmersdale had been withdrawn from the agenda by Officers to allow for further consideration.

123 2019/0936/ARM - LAND TO THE REAR OF 38 NEWARTH LANE, HESKETH BANK

RESOLVED: That in respect of planning application 0936/ARM Land to the rear of 38 Newarth Lane, Hesketh Bank, Preston:

1. That the decision to grant planning permission be delegated to the Corporate Director of Place and Community in consultation with the Chairman or Vice-Chairman of the Planning Committee subject to the applicant entering into a Deed of Variation (planning obligation) under S106 of the Town and Country Planning Act 1990 to secure:-

(a) The terms and conditions of the affordable housing.

2. That any planning permission granted by the Corporate Director of Place and Community pursuant to 1 above be subject to the conditions as set out on pages 892 to 895 of the Book of Reports and with the amendment to Condition 6 as set out page 966 of the Late Information Report.

124 2019/1207/FUL - CHAPEL COURT, CHAPEL MEWS, ORMSKIRK

RESOLVED: That planning application 1207/FUL relating to Chapel Court, Chapel Mews, Ormskirk be approved subject to the conditions as set out on pages 902 to 903 of the Book of Reports.

125 2019/1093/FUL - SITE OF THE FORMER YEW TREE FARM, LIVERPOOL ROAD SOUTH, BURSCOUGH

RESOLVED: That in respect of planning application 1093/FUL relating to Site of the Former Yew Tree Farm, Burscough:-

1. That the decision to grant planning permission be delegated to the Corporate Director of Place and Community in consultation with the Chairman or Vice Chairman of the Planning Committee subject to the applicant entering into a Deed of Variation (planning obligation) under S1067 of the Town and Country Planning Act 1990 to secure:-

(a) The highway works contribution of £245,000.

2. That any planning permission granted by the Corporate Director of Place and Community pursuant to recommendation 1 above be subject to the conditions as set out on pages 915 to 923 of the Book of Reports.

126 2019/0719/FUL -LAND TO THE SOUTH OF NORTHFIELD, SKELMERSDALE

RESOLVED: That planning application 0719/FUL relating to Land to the South

of Northfield, Skelmersdale had been withdrawn from the agenda by Officers to allow for further consideration.

127 **OBJECTION TO A TREE PRESERVATION ORDER (TPO) PRIOR TO CONFIRMATION - PINE TREE AT 6 WINIFRED LANE AUGHTON**

Consideration was given to the report of the Corporate Director of Place and Community the purpose of which was to consider objections to a Tree Preservation Order (TPO) No 06, 2019 (The Order) from the owner, consultant arboriculturist and neighbouring residents.

RESOLVED: That the TPO No 6, 2019 be confirmed without modification.

128 **DATES OF FUTURE PLANNING MEETINGS**

RESOLVED: That the dates of future Planning Committees were agreed and noted as below:-

23 April 2020,	21 May 2020,	18 June 2020
23 July 2020,	10 September 2020,	15 October 2020
3 December 2020,	14 January 2021,	11 February 2021
18 March 2021,	22 April 2021,	20 May 2021

.....
Chairman

PLANNING COMMITTEE

HELD: Thursday, 23 April 2020

Start: 7.00pm

Finish: 8.40pm

PRESENT:

Councillor: G Dowling (Chairman)
A Pritchard (Vice-Chairman)

Councillors: I Ashcroft S Evans
Mrs P Baybutt J Finch
A Blundell G Hodson
C Coughlan D O'Toole
V Cummins E Pope
C Dereli J Thompson
T Devine Mrs M Westley
D Evans Mrs J Witter

In attendance: Councillor I Moran (Leader of the Council)
Councillor Y Gagen (Ashurst Ward)

Officers: Ian Gill, Head of Growth and Development
Matt Jones, Legal and Democratic Services Manager
Catherine Thomas, Development, Heritage and Environment Manager
Jacky Denning, Democratic Services Manager
Ann Veevers, Principal Planning Officer
Jill Ryan, Member Services/Civic Officer

129 APOLOGIES

There were no apologies for absence received.

130 MEMBERSHIP OF THE COMMITTEE

In accordance with Council Procedure Rule 4, the Committee noted the termination of Councillor Delaney and the appointment of Councillor Hodson for this meeting only, thereby giving effect to the wishes of the Political Groups.

131 URGENT BUSINESS, IF ANY INTRODUCED BY THE CHAIRMAN

The Chairman informed the Committee that the meeting would pause for one minute at 8.00pm to observe the "Clap for Carers" showing appreciation for all key workers.

132 DECLARATIONS OF INTEREST

There were no Declarations of Interest received.

133 DECLARATIONS OF PARTY WHIP

There were no Declarations of Party Whip.

134 **MINUTES**

RESOLVED: That the minutes of the meeting held on the 19 March 2020 be approved as a correct record and signed by the Chairman.

135 **PLANNING APPLICATIONS**

That the Corporate Director of Place and Community submitted a report on planning applications (all prefixed 2019 unless otherwise stated) as contained on pages 977 to 1009 of the Book of Reports and on pages 1011 to 1012 of the Late Information Report and on pages 1013 to 1014 of the Additional Late Information Report.

Note: Councillor Gagen spoke in connection with planning application 0719/FUL relating to Land to the South of Northfield, Skelmersdale and left the meeting at the conclusion of this application.

136 **2019/0719/FUL - LAND TO THE SOUTH OF NORTHFIELD, SKELMERSDALE**

RESOLVED: That in respect of planning application 0719/FUL relating to Land to the South of Northfield, Skelmersdale:

- (i) That the decision to grant planning permission be delegated to the Corporate Director of Place and Community in consultation with the Chairman or Vice Chairman of the Planning Committee subject to the applicant entering into a planning obligation under S106 of the Town and Country Planning Act 1990 to require:

The terms and conditions of the affordable housing.

- (ii) That any planning permission granted by the Corporate Director of Place and Community be pursuant to the conditions as set out on pages 982 to 987 of the Book of Reports.

137 **2019/0316/FUL - SITE OF FORMER YEW TREE FARM, LIVERPOOL ROAD SOUTH, BURSCOUGH**

RESOLVED: That planning application 1316/FUL relating to Site of Former Yew Tree Farm, Liverpool Road South, Burscough be approved subject to the conditions as set out on pages 996 to 1000 of the Book of Reports and subject to the amendment of Condition 4 as set out on pages 1011 to 1012 of the Late Information Report.

138 **2019/0757/FUL - LAND OPPOSITE 16 - 32 BRIERFIELD, DIGMOOR, SKELMERSDALE**

RESOLVED: That in respect of planning application 0757/FUL relating to Land opposite 16-32 Brierfield, Digmoor, Skelmersdale:

- (i) That the decision to grant planning permission be delegated to

the Corporate Director of Place and Community in consultation with the Chairman or Vice-Chairman of the Planning Committee subject to the applicant entering into a planning obligation under S106 of the Town and Country Planning Act 1990 to require:

The terms and conditions of the affordable housing

- (ii) That any planning permission granted by the Corporate Director of Place and Community be pursuant to the conditions as set out on pages 1007 to 1009 of the Book of Reports and with an additional condition as set out below:

Condition No 11

No development shall commence until the developer completes a survey of the local highway adjacent to the site (from the front of 16 Brierfield northwards to include the turning head) to establish the condition of the highway. This survey shall be submitted to, and approved in writing by the Local Planning Authority. A further survey shall be carried out within one month of the completion of the last dwelling which shall also be submitted to, and approved in writing by the Local Planning Authority and the developer shall make good any damage to the road to return it to its pre-development condition.

Reason:

To maintain the condition of the local highway network in the interest of highway safety and to ensure that the development complies with the provisions of Policy GN3 in the West Lancashire Local Plan 2012-2027 Development Plan Document.

.....
Chairman

PLANNING COMMITTEE

HELD: Thursday, 21 May 2020

Start: 7.00 p.m.

Finish: 7.30 p.m.

PRESENT:

Councillor: G Dowling (Chairman)
A Pritchard (Vice-Chairman)

Councillors: I Ashcroft
A Blundell
J Cairns
C Coughlan
V Cummins
N Delaney
C Dereli
T Devine
D Evans
S Evans
J Finch
D O'Toole
E Pope
J Thompson
D Westley
Mrs J Witter

Officers: Ian Gill, Head of Growth and Development
Catherine Thomas, Development, Heritage and Environment Manager
Jacky Denning, Democratic Services Manager
Judith Williams, Assistant Solicitor
Jill Ryan, Member Services/Civic Officer

139 APOLOGIES

There were no apologies for absence received.

140 MEMBERSHIP OF THE COMMITTEE

In accordance with Council Procedure Rule 4, the Committee noted the termination of Councillors Mrs P Baybutt and Mrs M Westley and the appointments of Councillors D Westley and J Cairns for this meeting only, thereby giving effect to the wishes of the Political Groups.

141 URGENT BUSINESS, IF ANY INTRODUCED BY THE CHAIRMAN

The Chairman informed the Committee that the meeting would pause for one minute at 8.00pm to observe the "Clap for Carers" showing appreciation for all key workers.

142 DECLARATIONS OF INTEREST

There were no Declarations of Interest received.

143 DECLARATIONS OF PARTY WHIP

There were no Declarations of Party Whip.

144 **MINUTES**

RESOLVED: That the minutes of the meeting held on the 23 April 2020 be approved as a correct record and signed by the Chairman.

145 **PLANNING APPLICATIONS**

That the Corporate Director of Place and Community submitted a report on planning applications (all prefixed 2020 unless otherwise stated) as contained on pages 1029 to 1063 of the Book of Reports and on pages 1065 to 1066 of the Late Information Report.

146 **2019/1182/ARM - SITE OF FORMER YEW TREE FARM, LIVERPOOL ROAD SOUTH, BURSCOUGH**

RESOLVED: Application number 2019/1182/ARM relating to Reserved Matters at the Site of Former Yew Tree Farm, Liverpool Road South, Burscough was withdrawn from the agenda by officers to allow for further consideration.

147 **2020/0013/WL3 - LAND TO THE EAST OF 12 ALEXANDRA ROAD, BURSCOUGH**

RESOLVED: That planning application 0013/WL3 relating to Land to the East of 12 Alexandra Road, Burscough be approved subject to the conditions as set out on page 1052 of the Book of Reports.

148 **2020/0178/FUL - 34 AINSCOUGH DRIVE, BURSCOUGH**

RESOLVED: That planning application 0178/FUL relating to 34 Ainscough Drive, Burscough be delegated to the Corporate Director of Place and Community to grant planning permission subject to appropriate conditions.

The conditions are as follows:

Condition 1:

The development must be begun not later than the expiration of three years beginning with the date of this permission.

Reason:

To comply with the requirements of Section 91 of the Town and Country Planning Act 1990 as amended by Section 51 of the Planning and Compulsory Purchase Act 2004.

Condition 2.

The development hereby approved shall be carried out in accordance with details shown on the following plans:

Plan reference OS Site Layout Plan and Drawing No:GS-P-02A Proposed Plans and Elevations received by the Local Planning

Authority on 26th February 2020.

Reason: For the avoidance of doubt and to ensure compliance with the provisions of Policy GN3 in the adopted West Lancashire Local Plan 2012-2027 Development Plan Document.

Reason for Approval:

The Local Planning Authority has considered the proposed development in the context of the Development Plan including, in particular, the following Policy/Policies in the adopted West Lancashire Local Plan 2012-2027 Development Plan Document:
SP1 - A Sustainable Development Framework for West Lancashire
GN1 - Settlement Boundaries
GN3 - Criteria for Sustainable Development
IF2 - Ensuring Sustainable Transport Choice
together with Supplementary Planning Guidance and all relevant material considerations. The Local Planning Authority considers that the proposal complies with the relevant Policy criteria and is acceptable in the context of all relevant material considerations.

149 2019/1164/WL3 - TAWD VALLEY ALLOTMENTS, MANFIELD, SKELMERSDALE

RESOLVED: That planning application 2019/1164/WL3 relating to Tawd Valley Allotments, Manfield, Skelmersdale be approved subject to the conditions as set out on pages 1062 to 1063 of the Book of Reports.

.....
Chairman

LICENSING & APPEALS COMMITTEE

HELD: Tuesday, 2 June 2020

Start: 7.30 pm

Finish: 9.50 pm

PRESENT:

Councillor: T Devine (Chairman)

Councillors: N Delaney S Currie
Mrs C Evans G Hodson
G Johnson J Mee
M Mills P O`Neill
J Witter

Officers: Paul Charlson, Environmental Health Manager
Michaela Murray, Senior Licensing Officer
Kay Lovelady, Principal Solicitor
Kirsty Breakell, Member Services / Civic Officer
Jacky Denning, Member & Executive Services Manager

57 APOLOGIES

Apologies were received from Councillor Monaghan

58 MEMBERSHIP OF THE COMMITTEE

There were no changes to the Membership of the Committee.

59 URGENT BUSINESS

There were no urgent items of business.

60 DECLARATION OF PARTY WHIP

There were no declarations of Party Whip.

61 DECLARATION OF INTEREST

There were no declarations of interest.

62 MINUTES OF SUB - COMMITTEES OR WORKING GROUPS

There were no minutes to receive.

63 MINUTES

RESOLVED: That the minutes of the meeting held on 3 February 2020 be received as a correct record and signed by the Chairman.

64 LICENSING FEES & CHARGES 2020/21

Consideration was given to the report of the Corporate Director of Place and Community contained on pages 5 to 14 of the Book of Reports which sought consideration of proposed changes in licensing fees and charges for 2020/21.

The Environmental Health Manager outlined the report and the purpose of the proposed amendments, to the Members of the Committee.

RESOLVED:

1. That the proposed changes in Hackney Carriage and Private Hire licensing fees and charges, contained in Table 1 of the report, are approved.
2. That delegated authority is granted to the Corporate Director of Place and Community to give notice under Section 70 of the Local Government (Miscellaneous provision) Act 1976, of the Authority's intention to vary the fees and charges for vehicle, driver and operator licenses.
3. That the proposed charges in table 2 of the report, are approved.

65 EXCLUSION OF PRESS AND PUBLIC

RESOLVED That under Section 100(A) of the Local Government Act 1972, the public be excluded from the meeting during consideration of the following items of business on the grounds that it involves the likely disclosure of exempt information as defined in paragraph 2 (Identity of an individual) and Paragraph 7 (Criminal Matters) part 1 of Schedule 12A outweighs the public interest in disclosing the information.

66 APPLICATION FOR DUAL LICENCE DRIVER LICENCE - WK/000257520

Members were asked to consider an application for a Dual Licence Driver Licence number WK/000257520, having regard to the content of the statutory declaration that accompanied the application form and any other relevant information.

The Applicant attended the meeting and was interviewed by the Committee, during which time she was advised of her right to appeal to the Magistrates Court if she was aggrieved by the decision.

RESOLVED: That Dual Licence Driver Licence number WK/000257520 be GRANTED.

(Note: The Officers from Place and Community services left the meeting as Members considered their decision in this case)

67 APPLICATION FOR PRIVATE HIRE DRIVER LICENCE - WK/000254079

Members were asked to consider an application for a Private Hire Driver Licence number WK/000254079, having regard to the content of the statutory declaration that accompanied the application form and any other relevant information.

The Applicant again failed to communicate with the Licensing Officers, nor attended the meeting.

RESOLVED: that the application be marked as not proceeded with.

68 **APPLICATION FOR PRIVATE HIRE DRIVER LICENCE - WK/000256421**

Members were asked to consider an application for a Private Hire Driver Licence number WK/000256421, having regard to the content of the statutory declaration that accompanied the application form and any other relevant information.

The Applicant attended the meeting and was interviewed by the Committee, during which time he was advised of his right to appeal to the Magistrates Court if he was aggrieved by the decision.

RESOLVED: That Private Hire Driver Licence number WK/000256421 be GRANTED.

(Note: The Officers from Place and Community services left the meeting as Members considered their decision in this case)

69 **APPLICATION FOR PRIVATE HIRE DRIVER LICENCE - WK/000257010**

Members were asked to consider an application for a Private Hire Driver Licence number WK/000257010, having regard to the content of the statutory declaration that accompanied the application form and any other relevant information.

The Applicant attended the meeting and was interviewed by the Committee, during which time he was advised of his right to appeal to the Magistrates Court if he was aggrieved by the decision.

RESOLVED: That Private Hire Driver Licence number WK/000257010 be REFUSED.

(Note: The Officers from Place and Community services left the meeting as Members considered their decision in this case)

.....
Chairman

PLANNING COMMITTEE

HELD: Thursday, 18 June 2020

Start: 7.00 pm

Finish: 9.10 pm

PRESENT:

Councillor: G Dowling (Chairman)
A Pritchard (Vice Chairman)

Councillors: I Ashcroft S Evans
Mrs P Baybutt J Finch
A Blundell S Gregson
C Coughlan D O'Toole
V Cummins E Pope
C Dereli J Thompson
T Devine Mrs Westley
D Evans Mrs Witter

In attendance: Councillor M Mills (Halsall Ward)

Officers: Ian Gill, Head of Growth and Development
Catherine Thomas, Development, Heritage and Environment Manager
Jacky Denning, Member and Executive Services Manager
Mark Loughran, Principal Planning Officer
Nicola Cook, Senior Planning Officer
Judith Williams, Assistant Solicitor
Jill Ryan, Member Services/Civic Officer

150 APOLOGIES

There were no apologies for absence received.

151 MEMBERSHIP OF THE COMMITTEE

In accordance with Council Procedure Rule 4, the Committee noted the termination of Councillor N Delaney and the appointment of Councillor S Gregson for this meeting only, thereby giving effect to the wishes of the Political Groups.

152 URGENT BUSINESS, IF ANY INTRODUCED BY THE CHAIRMAN

There were no items of urgent business.

153 DECLARATIONS OF INTEREST

There were no Declarations of Interest received.

154 DECLARATIONS OF PARTY WHIP

There were no Declarations of Party Whip.

155 **MINUTES**

RESOLVED: That the minutes of the meeting held on the 21 May 2020 be approved as a correct record and signed by the Chairman.

156 **PLANNING APPLICATIONS**

The Corporate Director of Place and Community submitted a report on planning applications (all prefixed 2020 unless otherwise stated) as contained on pages 1083 to 1148 of the Book of Reports and on pages 1149 to 1152 of the Late Information Report.

(Notes:

1. An Objector spoke in connection with planning application 2019/0980/FUL relating to 67 Gaw Hill Lane, Aughton.
2. Parish Councillor Assheton spoke on behalf of Halsall Parish Council in connection with planning application 2019/0991/FUL relating to Fine Jane's Farm, Moss Road, Halsall.
3. In accordance with Regulatory Procedure Rule 7(b) Councillor Mills spoke in connection with planning application 2019/0991/FUL relating to Fine Jane's Farm, Moss Road, Halsall.
4. The Agent spoke in connection with Fine Jane's Farm, Moss Road, Halsall.
5. Two Objectors and the Agent spoke in connection with 31 Beconsall Lane, Hesketh Bank.
6. 1 Objector and the Agent spoke in connection with Newlyn, Course Lane, Newburgh.)

157 **2019/0980/FUL - 67 GAW HILL LANE, AUGHTON, LANCASHIRE**

RESOLVED: That planning application 2019/0980/FUL relating to 67 Gaw Hill Lane, Aughton be approved subject to the conditions as set out on pages 1091 to 1094 of the Book of Reports.

158 **2019/0892/FUL - LAND TO THE SOUTH OF STOPGATE LANE, SIMONSWOOD, LANCASHIRE**

RESOLVED: That planning application 2019/0892/FUL relating to Land to the South of Stopgate Lane, Simonswood, Lancashire be approved subject to the conditions as set out on pages 1104 to 1109 of the Book of Reports.

159 **2019/0991/FUL - FINE JANE'S FARM, MOSS ROAD, HALSALL, SOUTHPORT, LANCASHIRE**

RESOLVED: That in respect of planning application 2019/0991/FUL relating to Fine Jane's Farm, Moss Road, Halsall, Southport:

- (i) That the decision to grant planning permission be delegated to the Corporate Director of Place and Community in consultation

with the Chairman or Vice-Chairman of the Planning Committee subject to the applicant entering into a planning obligation under S106 of the Town and Country Planning Act 1990 to secure:

The payment of £120,925.80 as a contribution towards secondary school places within Lancashire;

Maintenance and management of public open space; and

The terms and conditions of the affordable housing provision.

- (ii) That any planning permission granted by the Corporate Director of Place and Community be pursuant to the conditions as set out on pages 1119 to 1126 of the Book of Reports and with the amendment to condition no. 7 as set out on page 1150 of the Late Information Report.

160 **2019/0867/FUL - 31 BECCONSALL LANE, HESKETH BANK, PRESTON, LANCASHIRE**

RESOLVED: That in respect of planning application 2019/00867/FUL relating to 31 Becconsall Lane, Hesketh Bank, Preston:

- (i) That the decision to grant planning permission be delegated to the Corporate Director of Place and Community in consultation with the Chairman or Vice-Chairman of the Planning Committee subject to the applicant entering into a planning obligation under S106 of the Town and Country Planning Act 1990 to secure:

The terms and conditions of the affordable housing.

- (ii) That any planning permission granted by the Corporate Director of Place and Community be pursuant to the conditions as set out on pages 1135 to 1139 of the Book of Reports.

161 **2020/0214/FUL - NEWLYN, COURSE LANE, NEWBURGH, LANCASHIRE**

RESOLVED: That planning application 0214/FUL relating to Newlyn, Course Lane, Newburgh be approved subject to the conditions as set out on pages 1145 to 1147 of the Book of Reports.

162 **CHANGE OF DATE AND ADDITIONAL PLANNING COMMITTEE**

RESOLVED: That the changes to the July dates of Planning Committee be noted.

.....
Chairman



CABINET: 9 JUNE 2020

COUNCIL: 22 JULY 2020

Report of: Corporate Director of Place and Community

Relevant Portfolio Holder: Councillor David Evans

Contact for further information: Mr Peter Richards (Extn. 5046)
(E-mail: peter.richards@westlancs.gov.uk)

SUBJECT: UPDATE TO THE COMMUNITY INFRASTRUCTURE LEVY AND SECTION 106 GOVERNANCE AND EXPENDITURE FRAMEWORK

Wards affected: Borough wide

1.0 PURPOSE OF THE REPORT

- 1.1 To advise Members of an update to the Community Infrastructure Levy (CIL) and Section 106 Governance and Expenditure Framework. The update has been prepared to respond to Government amendments to the CIL Regulations (2019), to reflect Cabinet decisions made since the adoption of the original Governance Framework and as a result of a best practice review of operations designed to ensure that the framework remains the most appropriate and effective approach for CIL and S106 expenditure.
- 1.2 A report will be taken to Council to seek authority to update the Community Infrastructure Levy (CIL) and Section 106 Governance and Expenditure Framework.

2.0 RECOMMENDATIONS TO CABINET

- 2.1 That the revisions to the Community Infrastructure Levy and Section 106 Governance and Expenditure Framework, as attached at Appendix A, be endorsed for consideration by Council at the meeting on 22 July.

3.0 RECOMMENDATIONS TO COUNCIL

- 3.1 That the updated Community Infrastructure Levy and Section 106 Governance and Expenditure Framework, as attached at Appendix A, be adopted with immediate effect.
-

4.0 BACKGROUND

- 4.1 CIL enables the Council to raise funds from new developments in the Borough, with those funds then used to help deliver infrastructure required to support the new growth. The Council adopted a CIL Charging Schedule in July 2014, which took effect on certain planning approvals granted from 1 September 2014.
- 4.2 In April 2015, the Council approved the original CIL and S106 Governance and Expenditure Framework which set out the structure for the allocation and spending of developer contributions collected through CIL and Section 106 obligations, as well as a policy for CIL Payment in Kind.

5.0 PROPOSAL

- 5.1 Since the adoption of the Governance Framework in 2015, there have been a number of changes warranting a review of the framework.

Amendments to the CIL Regulations

- 5.2 In September 2019, the Government introduced a further iteration of amendments to the CIL Regulations, which have changed some of the administration requirements for the levy. This includes significant changes to how Councils are required to report CIL and S106 receipts and expenditure, which need to be reflected in our governance processes. The same amendments have also removed pooling restrictions on Section 106's and the requirement for a Regulation 123 list, which will now be replaced by an alternative method of reporting called the Infrastructure Funding Statement. From December 2020, it will be mandatory for the Council to report CIL and S106 receipts and expenditure through this new statement, to improve public accessibility to, and transparent reporting of, data relating to developer contributions. Officers are already in the process of preparing for this statement.

Infrastructure Funding Statement

- 5.3 The Council are required, through the Infrastructure Funding Statement, to set out those items of infrastructure which it intends to fund in the following financial year(s). This can be general, for example, the types of infrastructure items or projects to be funded with CIL, or indicative of future intent, for example, where the Council plan to fund an infrastructure item in the longer-term, such as a new leisure centre, but have not yet formally committed the funds. It should, however, report that funding which is committed following Cabinet decision, and so it is proposed to refer the CIL Funding Programme to Cabinet in the November (rather than the January), for a final decision on which projects should be funded in the following financial year, to enable selected projects to be included in the Infrastructure Funding Statement, which must be published in December.

Introduction of financial caps for the annual CIL Funding Programme

- 5.4 In January 2018, Cabinet agreed that annual CIL Funding Programmes will focus on smaller-scale projects, 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. In this way, the vast majority of the 'strategic portion' of CIL collected each year will be saved and allocated towards larger-scale projects,

whilst still allowing smaller infrastructure projects to receive funding and be taken forward for delivery. 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.

- 5.5 With regard the allocation of CIL funding to larger, costlier schemes, such projects will be expected to be in line with Council strategies and capital programmes which will ensure that funding is awarded to those programmes and projects that will contribute most to the achievement of the Council's strategic objectives. Appropriate projects will be taken to Cabinet as necessary, to ensure that the Council can continue to facilitate strategic projects speedily and flexibly in line with wider strategies, implementation and capital timetables, but the annual Infrastructure Funding Statement will provide an indication of what projects and / or types of infrastructure the Council intend to spend strategic CIL monies on over the subsequent few years.
- 5.6 Changes to the framework act to clarify these processes. As per the original CIL Governance Framework, the decision to allocate CIL monies to projects is delegated to Cabinet.

Expenditure of neighbourhood CIL monies in non-Parished areas

- 5.7 The CIL Regulations require that 15% of the funds collected within the area where the chargeable development takes place should be passed to the community through parish or town councils, known as the 'neighbourhood' or 'local' portion of CIL. The figure rises to 25% where a neighbourhood plan is adopted. At present, only Burscough Town Council has an adopted Neighbourhood Plan. 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'. 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.
- 5.8 Whilst the original framework outlined a process for consultation, delivery and reporting in relation to non-parished neighbourhood monies, it presented very little detail on how this would all be undertaken as, at the time, this had yet to be considered in practice. However, since the adoption of the framework, CIL monies have been collected in Ormskirk and so necessitated the refinement of an expenditure process for these local, non-parished monies. This process has been designed to fit alongside the annual consultation on the CIL Funding Programme, and the Governance and Expenditure Framework has been updated to reflect these changes.

Government planning guidance

- 5.9 The Government are keen to ensure new developments provide ecological improvements, and have introduced a requirement in the National Planning Policy Framework (NPPF) that they deliver biodiversity net gain. There are a number of ways in which biodiversity net gain can be secured, which, dependent on individual circumstances, may include use of planning conditions, obligations or CIL. The updated Governance and Expenditure Framework has been

updated to clarify that ecological contributions are an infrastructure type that can be sought through planning obligations.

5.10 Key changes which have been reflected in the proposed update to the Framework include:

- Removal of pooling restrictions relating to Section 106 planning obligations;
- Removal of the Regulation 123 list; and
- Introduction of annual Infrastructure Funding Statement (IFS);
- Amendments to the timetabling to be able to accommodate expenditure decisions in the annual IFS in December each year;
- Clarification on the criteria for assessing projects for CIL funding
- Clarification of the annual financial cap for smaller projects within the CFP
- Process for expenditure of non-Parished neighbourhood CIL monies
- Clarification that ecology contributions can be sought through S106
- Clarification of varying S106 decision routes dependent on the specific wording of agreements and proposed value of the schemes

6.0 SUSTAINABILITY IMPLICATIONS

6.1 The management of CIL, to ensure that new infrastructure is provided to support new development in West Lancashire, will have positive implications for sustainability by providing a valuable source of funding for projects that will help achieve the Council's priorities.

7.0 FINANCIAL AND RESOURCE IMPLICATIONS

7.1 It is anticipated that there will be minimal financial and/or resource implications for the Council arising from the proposed changes set out through this report. Administrative costs are covered by the 5% portion of CIL receipts and the staff resource is already in place to administrate the process.

8.0 RISK ASSESSMENT

8.1 The purpose of the CIL Governance Framework is to maximise the opportunities for allocating and spending CIL and delivering / securing new infrastructure. As such, there are limited risks with these recommendations, which seek to take advantage of the opportunities related to CIL.

9.0 HEALTH AND WELLBEING IMPLICATIONS

9.1 There are no health and wellbeing implications arising from this report, as the report is not deciding how funding is spent, only on the process for making those decisions. However, CIL monies can be used on schemes to improve health and wellbeing, including walking, cycling, recreation and outdoor spaces, as long as that new / improved infrastructure is necessary because of new development.

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

Appendix A Community Infrastructure Levy and Section 106 Governance and Expenditure Framework

Appendix B Minute of Cabinet – 9 June 2020

Appendix A

West Lancashire Borough Council

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

June 2020

Heidi McDougall
Corporate Director of Place and Community
West Lancashire Borough Council
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 obligations¹. 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 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.

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

- 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

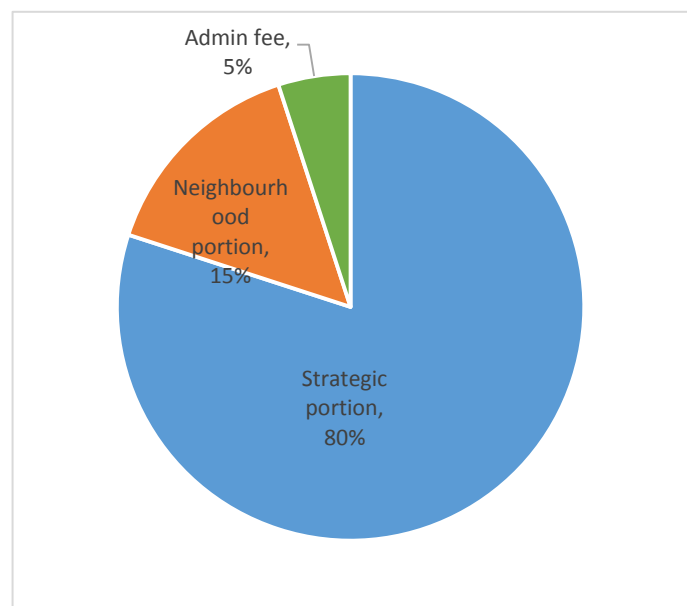
4.1 The CIL regulations specify how CIL funds should be apportioned for expenditure.

Administration Fee – 5%

4.2 Of the 100% of CIL revenue collected, the regulations permit the Council to retain 5% (annually) 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 Guidance² 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.

² 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*

- 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 CFP.
- 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 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 (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. In this way, the vast majority of the 'strategic portion' will be saved and allocated towards larger-scale projects, 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 £100,000 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 £100,000 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 £100,000 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:

Stage Date	Schemes costing less than £100,000	Schemes costing more than £100,000
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 /	Assessment of schemes on the IDS to prepare a shortlist of projects	

July	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 £100,000	
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 Regulation 123 list.
- 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. This document will refer to the Council's Regulation 123 list and 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 31st 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"> • Total receipts for reported year • Total expenditure for reported year • Summary of CIL expenditure including projects and amounts spent • Details of any notices received (requesting return of monies) • Total receipts retained at end of reported year (i.e. unspent) by returned year, and previous years <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 £100,000	
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"> • 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
9	Scheme Design - Infrastructure Providers and WLBC officers work up scheme and establish costs and schedule for works.
10	Schemes approved, purchase orders raised and invoices issued. Payment regime agreed with Infrastructure Provider or contract signed for Infrastructure Provider to deliver scheme.

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.

MINUTE OF CABINET – 9 JUNE 2020

110 UPDATE TO THE COMMUNITY INFRASTRUCTURE LEVY AND SECTION 106 GOVERNANCE AND EXPENDITURE FRAMEWORK

Councillor David Evans introduced the report of the Corporate Director of Place and Community, which provided details to Members of an update to the Community Infrastructure Levy (CIL) and Section 106 Governance and Expenditure Framework. The update had been prepared to respond to the Government amendments to the CIL Regulations (2019), and to reflect Cabinet decisions made since the adoption of the original Governance Framework and as a result of a best practice review of operations designed to ensure that the framework remains the most appropriate and effective approach for CIL and S106 expenditure.

A Motion from Councillor D Evans, circulated prior to the meeting, was moved and seconded.

A vote was taken on the Motion, which was CARRIED.

In reaching the decision below, Cabinet considered the details as set out in the report before it and the reasons contained therein.

RESOLVED: That the revisions to the Community Infrastructure Levy and Section 106 Governance and Expenditure Framework, as attached at Appendix A to the report, be endorsed for consideration by Council at the meeting on 22 July, subject to:

- A. An amendment of paragraphs 6.19 – 6.21 of the Governance and Expenditure Framework to increase the amount of strategic CIL which can be allocated to smaller-scale projects each year through the CIL Funding Programme to £200,000.
- B. The removal of the word "(annually)" from paragraph 4.2 of the Appendix '(Update to the) Governance Framework for Community Infrastructure Levy and Section 106 Expenditure – June 2020'.



COUNCIL: 22 JULY 2020

Report of: Chief Operating Officer

Contact for further information: Mr Thomas Lynan (Extn. 5013)
(E-mail: tom.lynan@westlancs.gov.uk)

SUBJECT: WEST LANCASHIRE ELECTORAL REVIEW – ELECTORAL CYCLE

Wards affected: Borough wide

1.0 PURPOSE OF THE REPORT

1.1 To advise on the recommendations of the Electoral Review Working Group in respect of its consideration of potential changes to the electoral cycle from elections by thirds to whole Council elections. This report also sets out the statutory process for making a change and the required consultation arrangements that would be required prior to any formal decision being taken by the Council to change.

2.0 RECOMMENDATIONS

2.1 That taking into account the recommendation of the Electoral Review Working Group, the Council's electoral cycle should remain as elections by thirds, rather than whole Council elections every four years.

3.0 ELECTORAL ARRANGEMENTS

3.1 The Council has undertaken elections by thirds since 1976. However, legislative change introduced under the Local Government and Public Involvement in Health Act 2007 enables the Council to resolve to change its electoral cycle and move to whole-council elections, which would take place every four years.

3.2 Arguments in favour of a change to Whole-Council Elections (All Out) include:

- A clear mandate from the electorate once every four years would provide the Council political stability, enabling a more strategic, long-term approach to policy and decision-making and focus less on yearly election campaigning;

- Voting once every 4 years could heighten the importance of voting and this may increase turn-out at local elections;
- Less confusion as electors would be voting for all councillors at the same time.
- There would be a clearer opportunity for the electorate to change the political composition of the council once every four years;
- Holding whole-Council elections once every four years rather than smaller elections every three years out of four would cost less and would be less disruptive for public buildings used as polling stations, for example, schools.

3.3 Arguments in favour of keeping elections by thirds include:

- Elections in three years out of every four provide more frequent opportunity for electors to vote and to influence the political make-up of the Council. This may, therefore, provide more immediate political accountability and provide a more up-to-date reflection of the views of local people.
- Electing by thirds ensures that experienced councillors remain on the Council without any chance of them all being replaced in a single election, which contributes to continuity.
- Voting for one councillor at a time under “elections by thirds” is well understood by voters in West Lancashire. Voting for more than one councillor at the same time under “whole council elections” could cause confusion.
- An election by thirds provides a regular influx of newly elected councillors who can bring new ideas and fresh approaches to the Council.
- In multi-member Wards, one councillor is elected at a time, allowing the electorate to focus on the aptitude of particular candidates.

3.4 If elections by Thirds was to be maintained the scheduled election calendar following the boundary review would be as such;

2023 – Local (all out on new boundaries), Parish
 2024 – Parliamentary, PCC, Local, Parish
 2025 – LCC
 2026 – Local, Parish
 2027 – Local, Parish
 2028 – PCC, Local, Parish
 2029 – Parliamentary, LCC
 2030 – Local, Parish
 2031 – Local, Parish

3.5 If elections were to be all out beginning in 2023 the scheduled election calendar would be as such;

2023 – Local (all out on new boundaries), Parish

2024 – Parliamentary, PCC

2025 – LCC

2026 – *No Scheduled Elections*

2027 – Local, Parish

2028 – PCC

2029 – Parliamentary, LCC

2030 – *No Scheduled Elections*

2031 – Local, Parish

4.0 THE ELECTORAL COMMISSION

4.1 The Electoral Commission undertook a review of electoral cycles in 2003 in a report entitled *The Cycle of Local Government Elections in England*.

4.2 The Electoral Commission, having taken into account the evidence and arguments presented during the consultation process concluded that a pattern of whole-Council elections for all local authorities in England would provide a clear, equitable and easy to understand electoral process that would best serve the interests of local government electors. The Electoral Commission, therefore, recommended that each local authority should hold whole-Council elections, with all councillors elected simultaneously, once every four years. However, this is currently a matter for local choice.

4.3 Currently only 35% of Authorities elect by Thirds, with 62% electing All Out. This is part of a trend towards all out elections, with 12 authorities moving to all out elections in the last 5 years.

4.4 In Lancashire 7 out of 12 Councils elect by Thirds with the remaining 5 electing all out.

5.0 METHODOLOGY FOR CONSULTATION

5.1 If an authority were minded to move from thirds to Whole-Council elections, it must consult. Council's undertaking such consultation must:

- Consult such persons as the Council thinks appropriate on the proposed change;
- Have regard to the outcome of the consultation before making its decision;
- Convene a special meeting of the Council;
- Pass a resolution to change by a two thirds majority of those voting;
- Publish an explanatory document on the decision and make this available for public inspection; and
- Give notice to the Electoral Commission on any changes to the electoral arrangements.

6.0 WEST LANCASHIRE ELECTORAL REVIEW

- 6.1 Maintaining Thirds or moving to Whole-Council elections has a substantial impact on the West Lancashire Electoral Review being undertaken by the Local Government Boundary Commission for England (LGBCE).
- 6.2 Keep elections by thirds and the LGBCE will expect a Council Size which is divisible by 3. Ward boundaries will also then be considered on the basis of uniform 3 member wards with minimal diversion from that – Currently only 8 of the Council's 25 Wards are 3 Member.
- 6.3 Move to Whole-Council elections and there would be greater flexibility in terms of Council Size and number of mixed member wards.
- 6.4 Regardless of which electoral cycle is taken forward, at the completion of the Electoral Review Whole-Council elections will take place to elect Members on the new ward boundaries. This is expected to be in 2023.

7.0 RECOMMENDATIONS OF THE ELECTORAL REVIEW WORKING GROUP

- 7.1 The minute of the Electoral Review Working Group reads as follows:

"Consideration was given to the report of the Chief Operating Officer which advised that the Council has the choice of moving from elections by thirds to whole Council elections and set out the statutory process for making such a change and the required consultation arrangements that should be undertaken prior to the Council deciding which option should be approved.

A Motion to remain as elections by thirds was moved and seconded, and at the request of a member was recorded as follows:

FOR: Councillors G Dowling, I Moran and A Yates (THREE)

AGAINST: Councillors I Ashcroft, G Johnson and D West (THREE)

As there was an equal number of Members voting, the Chairman, Councillor I Moran, used his casting vote 'FOR' the Motion.

The Motion was CARRIED.

AGREED: That the Working Group recommend to Council on 22 July 2020:

That the Council's electoral cycle should remain as elections by thirds, rather than whole Council elections every four years, therefore a consultation exercise is not required."

8.0 SUSTAINABILITY IMPLICATIONS

- 8.1 There are no significant sustainability impacts associated with this report and, in particular, no significant impact on crime and disorder.

9.0 FINANCIAL AND RESOURCE IMPLICATIONS

- 9.1 The financial and resource implications of undertaking a consultation would be met from existing budgets.
- 9.2 In terms of the costs of elections, these are generally met by the body or bodies whose representatives have been elected. For example, the UK Government (through the Consolidated Fund) pays for UK Parliamentary elections and PCC elections. Lancashire County Council pay for the election of their councillors, and West Lancashire Borough Council pays for the cost of local elections to the Borough Council. Where elections are combined, for example, a local election and a General Election, the costs are shared (although not equally) between central Government and the Council.
- 9.3 The current cost of West Lancashire Borough Council elections by thirds is approximately £135,000 per year (three years out of four). A move to whole Council elections would be more expensive as a standalone event (costing approximately £200,000-£220,000), but taking place only once every four years would represent a saving overall across a four year period.
- 9.4 The exact size of any saving would depend on whether any elections were combined with other polls.

10.0 RISK ASSESSMENT

- 10.1 Consultation is a statutory requirement of the process for potentially changing electoral cycle. A decision on electoral cycle must also be made in sufficient time for it to be taken into account within the Council Size Submission to the Local Government Boundary Commission for England in January 2021.

11.0 HEALTH AND WELLBEING IMPLICATIONS

- 11.1 There are no health and wellbeing implications arising from this report.

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 a direct impact on members of the public, employees, elected members and or stakeholders. Therefore an Equality Impact Assessment is required. A formal Equality Impact Assessment is attached as an Appendix to this report, the results of which have been taken into account in the Recommendations contained within this report.

Appendices

A: Equality Impact Assessment

Equality Impact Assessment Form



Directorate: Transformation & Resources	Service: Legal and Democratic Services
Completed by: Thomas Lynan	Date: 04/05/2020
Subject Title: WEST LANCASHIRE ELECTORAL REVIEW – ELECTORAL CYCLE	
1. DESCRIPTION	
Is a policy or strategy being produced or revised:	No
Is a service being designed, redesigned or cutback:	Yes
Is a commissioning plan or contract specification being developed:	No
Is a budget being set or funding allocated:	No
Is a programme or project being planned:	Yes
Are recommendations being presented to senior managers and/or Councillors:	Yes
Does the activity contribute to meeting our duties under the Equality Act 2010 and Public Sector Equality Duty (Eliminating unlawful discrimination/harassment, advancing equality of opportunity, fostering good relations):	Yes
Details of the matter under consideration:	Electoral Review of West Lancashire – Electoral Cycle
<i>If you answered Yes to any of the above go straight to Section 3</i> <i>If you answered No to all the above please complete Section 2</i>	
2. RELEVANCE	
Does the work being carried out impact on service users, staff or Councillors (stakeholders):	
If Yes , provide details of how this impacts on service users, staff or Councillors (stakeholders): <i>If you answered Yes go to Section 3</i>	
If you answered No to both Sections 1 and 2 provide details of why there is no impact on these three groups:	
3. EVIDENCE COLLECTION	
Who does the work being carried out impact on, i.e. who is/are the stakeholder(s)?	There is a direct impact on members of the public, employees, elected members and or other stakeholders.
If the work being carried out relates to a universal service, who needs or uses it most? (Is there any particular group affected more than others)?	All groups are affected.
Which of the protected characteristics are most relevant to the work being carried out?	

Age	No
Gender	No
Disability	No
Race and Culture	No
Sexual Orientation	No
Religion or Belief	No
Gender Reassignment	No
Marriage and Civil Partnership	No
Pregnancy and Maternity	No
4. DATA ANALYSIS	
In relation to the work being carried out, and the service/function in question, who is actually or currently using the service and why?	Members of the public, employees, elected members and or other stakeholders currently use the service because it is a universal service integral to the function of the Council.
What will the impact of the work being carried out be on usage/the stakeholders?	Changes to electoral arrangements.
What are people's views about the services? Are some customers more satisfied than others, and if so what are the reasons? Can these be affected by the proposals?	All relevant stakeholders will get the opportunity to express their views through consultation.
What sources of data including consultation results have you used to analyse the impact of the work being carried out on users/stakeholders with protected characteristics?	All relevant stakeholders will get the opportunity to express their views through consultation.
If any further data/consultation is needed and is to be gathered, please specify:	All relevant stakeholders will get the opportunity to express their views through consultation.
5. IMPACT OF DECISIONS	
In what way will the changes impact on people with particular protected characteristics (either positively or negatively or in terms of disproportionate impact)?	No changes are proposed at this stage.
6. CONSIDERING THE IMPACT	
If there is a negative impact what action can be taken to mitigate it? (If it is not possible or desirable to take actions to reduce the impact, explain why this is the case (e.g. legislative or financial drivers etc.).	As there are no changes at this stage, there is no impact to consider.
What actions do you plan to take to address any other issues above?	No actions
7. MONITORING AND REVIEWING	
When will this assessment be reviewed and who will review it?	This assessment will be reviewed before any further report on this issue is released.



CABINET: 22nd July 2020

COUNCIL: 22nd July 2020

Report of: Chief Operating Officer and Head of Finance, Procurement and Commercial Property

Relevant Portfolio Holder: Councillor Adam Yates

Contact: Marc Taylor (Extn. 5092)
(E-mail: Marc.Taylor@westlancs.gov.uk)

SUBJECT: FINANCE UPDATE

Wards affected: Borough wide

1.0 PURPOSE OF THE REPORT

1.1 To provide a summary of the revenue outturn position for the 2019/20 financial year, to provide an assessment of the impact of the coronavirus on the Council's finances, and to consider updates to the Housing capital programme and to the business plan for the Council's Development Company and associated actions.

2.0 RECOMMENDATIONS TO CABINET

2.1 That the revenue outturn position for 2019/20 be noted.

2.2 That the estimated financial impact of the coronavirus be noted and kept under review during the current financial year.

2.3 That the proposed amendments to the Housing Revenue Account (HRA) capital investment programme, the Tawd Valley Development Limited (TVDL) business plan, and the associated actions set out in section 10 of the report be endorsed for approval by Council.

2.4 That, subject to Council approving paragraph 3.3 below, that the acquisition and development of the Halton Castle site in Westhead on behalf of the HRA be agreed in principle and authority be given to the Chief Operating Officer to carry out all necessary due diligence and thereafter enter into all necessary

arrangements with regard to the proposed purchase and development of the site for Council housing.

- 2.5 That call in is not appropriate for this item as this matter is one where urgent action is required given the timescales for the Halton Castle site scheme.

3.0 RECOMMENDATIONS TO COUNCIL

- 3.1 That the revenue outturn position for 2019/20 be noted and the proposed budget allocations set out in paragraphs 5.5 and 6.2 be approved.
- 3.2 That the estimated financial impact of the coronavirus in 2020/21 be noted and kept under review during the current financial year.
- 3.3 That the proposed amendments to the HRA capital investment programme, the TVDL business plan, and the associated actions set out in section 10 of the report be approved.
-

4.0 BACKGROUND

- 4.1 For the last decade the GRA has been facing a challenging financial position, primarily as a result of ongoing reductions in government grant funding. To address this position a series of programmes have been agreed to deliver savings and generate additional income to enable services to be maintained and to allow targeted investment in key priority areas. A Sustainable Organisation Review process (SORP) is currently being implemented that is looking to save £1.9m per annum over a 3 year period starting in 2019-20. The effective implementation of these measures is a key factor in ensuring that the GRA maintains a healthy financial position.
- 4.2 The coronavirus has had a massive impact on life in the UK and the Council has responded proactively across a range of fronts to address the issues it has created. It was reported to the Cabinet meeting in March that the pandemic had been included on the Council's Key Risk Register in the "Very Concerned" category where urgent action is required at the highest level to manage the risk without delay. This report provides a summary of the projected financial impact of the coronavirus on the Council.
- 4.3 At its meeting in February 2020 the Council agreed the latest HRA capital investment programme and the Tawd Valley Development Limited Business Plan. This report sets out a number of proposed amendments to these documents to reflect new opportunities and recent developments.

5.0 GENERAL REVENUE ACCOUNT (GRA) REVENUE OUTTURN 2019/20

- 5.1 The Council set a GRA net budget of £12.873m for the financial year, and the final outturn shows a favourable budget variance of £78,000 (0.6%). This continues our strong track record of managing financial performance to ensure

that the outturn position is in line with the budget. Appendix 1 provides a summary of the outturn position for each GRA service area.

- 5.2 Employee costs form a significant proportion of the total budget and consequently are very important from a budget management perspective. The active management of staffing levels meant that this target was achieved for the year.
- 5.3 The external income that the GRA generates can be one of the most volatile areas of the budget, with income going up and down due to factors outside our direct control. This year income levels were generally in line or performed better than the budget targets. In particular there was a high level of Community Infrastructure Levy funding that was generated, and favourable budget variances were achieved on the Commercial Assets portfolio, HMO licencing income, treasury management investments and pay and display car parking.
- 5.4 In general good performance was also made in delivering the SORP in the year, including the implementation of a new management structure from November 2019, and preparation for the new staffing structure which was introduced in April 2020.
- 5.5 It is recommended that the favourable variance of £78,000 that has been achieved in the final outturn position is used to help meet the coronavirus spending and income pressures identified below.

6.0 HRA REVENUE OUTTURN 2019/20

- 6.1 The Council set a HRA gross budget of £25.085m for the financial year, and the final outturn shows a favourable budget variance of £0.737m (2.9%). Appendix 2 provides a breakdown of the outturn position for different budget areas.
- 6.2 It is proposed to allocate this favourable budget variance as follows:
 - That £661,000 is used to support the 2020/21 HRA budget and new revenue budget issues as previously agreed at Council in February 2020
 - That £51,000 be added to the repairs reserve to maintain the principle of the reserve balance being at least 10% of the budget for responsive repairs and void revenue repairs
 - That £25,000 of DWP grant money be carried forward into 2020/21 to ensure it can be used for its approved purpose of supporting tenants with Universal Credit and budgeting advice

7.0 CORONAVIRUS - FINANCIAL SUPPORT FOR BUSINESSES

- 7.1 The Council has currently paid out £19.695m in grant funding to 1,656 small businesses to help support them through the difficult financial climate. These payments have been made in line with a national scheme and consequently the full cost should be covered by government grant.
- 7.2 Under this scheme eligible businesses in the retail, leisure and hospitality sectors receive a grant of £10,000 if their business rateable value is below £15,000, and a grant of £25,000 if their rateable value is between £15,000 and £51,000. In addition other eligible small businesses in any sector that receive small business rate relief or rural rate relief can receive a grant of £10,000.

- 7.3 A team of officers was pulled together, working with colleagues in BTLS, to administer and manage this grant funding stream to try and ensure that payments could be made quickly but at the same time protecting taxpayers' money from the risk of fraud. Financial assistance has been provided promptly often within a few days of first contact with eligible businesses, and a post payment assurance system has been put in place in line with national guidelines to verify the validity of these grants. The majority of these grants have now been paid out but there may be further payments made as businesses that have not yet contacted the Council get in touch and as complex cases are resolved.
- 7.4 In addition to the scheme referred to above a new discretionary scheme is currently being delivered in line with national guidelines to provide funding for small and micro businesses with high on-going property costs that have suffered a significant fall in income. The businesses that are eligible under this scheme must have been trading on the 11th March 2020 and be ineligible for other grant schemes that have been announced previously.
- 7.5 This discretionary scheme is funded by a government allocation of £1.075m that has been made available to support businesses. To date 125 businesses have been paid a total of £0.476m and a process is in place to allocate the remaining funding.
- 7.6 As well as providing grant support for small businesses, a scheme for business rates relief has also been introduced for the retail, leisure and hospitality sectors, which have been severely affected by the coronavirus. Under this scheme businesses in these sectors, irrespective of their size, will not have to pay any business rates for the 2020-21 financial year. This scheme should benefit 563 business premises in the Borough and will reduce their business rates bill by a total of £9.826m.
- 7.7 A business rates relief scheme for nurseries has also been introduced. Under this scheme nursery businesses will not have to pay any business rates for the 2020-21 financial year. It is expected that 9 businesses will benefit from this relief which will save them around £65,000.
- 7.8 These schemes for business rates relief have been introduced in line with national guidelines and will be fully funded by government grant. Consequently while there will be a significant drop in business rates income this year as a result of these new reliefs, this will be fully compensated by additional government grant funding,
- 7.9 Financial advice and guidance has been offered to businesses that are encountering difficulties in paying their business rates. Where relevant and appropriate businesses have also been given the opportunity to defer making business rates payments until July to help with their cash flow, and recovery and enforcement action has also been amended to reflect the current exceptional circumstances.
- 7.10 More generally financial advice and guidance has been provided to businesses in the Borough to make them aware of the support that is available to them both from the Council and from the government. This support has included signposting

information on our website as well as dealing with a high volume of phone and email queries.

8.0 CORONAVIRUS - FINANCIAL SUPPORT FOR COUNCIL TAX PAYERS

- 8.1 The Council has been provided with a government grant of £0.995m for 2020-21 to provide council tax discounts to economically vulnerable people and households. Under this scheme the government expects all recipients of working age local council tax support (CTS) to be provided with a further reduction in their annual council tax bill of £150. At the start of April there were just over 4,600 working age CTS claimants and consequently providing a £150 reduction in their council tax bill would cost around £0.69m. It is expected that there will be an increase in the number of working age CTS claimants this year as a result of the impact of the pandemic and the economic recession and consequently it is difficult to assess the full cost of this £150 reduction. Once this position has become clearer and the amount of funds remaining can be firmed up then proposals for further support will be drawn up.
- 8.2 Financial advice and guidance has been offered to residents that are encountering difficulties in paying their council tax. Where relevant and appropriate residents have also been given the opportunity to defer making council tax payments until July to help with their financial situation, and recovery and enforcement action has also been amended to reflect the current exceptional circumstances.

9.0 ADDITIONAL SPENDING PRESSURES AND INCOME LOSSES AS A RESULT OF THE CORONAVIRUS

- 9.1 There have been a wide range of actions and initiatives that have been undertaken by the Council to address the issues and pressures created by the coronavirus. Some of these measures have created GRA additional spending pressures which have been outside the budget and policy framework, and an analysis is provided in Appendix 3.
- 9.2 GRA income performance will also be significantly below the original budget targets in a range of areas as a result of the coronavirus. This can be a result of charging having been suspended in certain areas, reductions in demand for services, and increases in non-payment and bad debts, as well as a range of other factors. An analysis of the main areas affected is shown in Appendix 3.
- 9.3 At the time of writing this report current GRA projections indicate:
- The total estimated spending pressures for the year could be in the order of £1.1m;
 - The total estimated income loss (excluding the collection fund) for the year could be in the order of £1.2m;
 - Our share of the estimated collection fund income loss could be in the order of £0.4m
 - This gives a total potential impact in the order of £2.7m

- 9.4 To date government grant funding of £1.2m has been received towards these pressures, which leaves a net impact of £1.5m. However the government has recently announced that it will provide further funding of £500m nationally to local authorities, but has not yet announced allocations for individual councils. In addition to this funding, a major new scheme has been announced that will help to reimburse lost income during the pandemic and boost cash flow. Where losses are more than 5% of a council's planned income from sales, fees and charges, the government will cover them for 75p in every pound lost. Furthermore the government is also bringing in changes to enable tax deficits to be spread over 3 years rather than the usual one. The details on this income scheme have not yet been published and so it is not possible at this stage to assess the funding it will provide.
- 9.5 While the total value of government financial support is not yet clear, any net financial impact of the coronavirus will have to be funded from GRA reserves. There is sufficient funding in reserves to cover this position but depending on the scale it could mean that some monies would need to be reallocated from existing schemes and projects to cover it. Consequently this situation will be kept under review during the year to ensure that an appropriate funding package can be put in place when the position has become clearer.
- 9.6 The impact of coronavirus on the HRA is smaller and projected to be £0.27m this year. This position reflects a projected minor reduction in income based on actual performance to date, as well as additional spending pressures such as the need for deep cleaning of void properties. These pressures represent around 1% of the overall HRA gross budget, and consequently should be able to be accommodated within the overall budget position.
- 9.7 The coronavirus and financial recession it has caused will undoubtedly have a negative impact for a considerable period of time. Consequently detailed consideration will be given to this issue in the budget setting process for 2021-22, but it is likely that the original SORP GRA savings target of £600,000 for that year will need to be increased.

10.0 UPDATES TO THE HOUSING CAPITAL INVESTMENT PROGRAMME AND TVDL BUSINESS PLAN

- 10.1 The TVDL business plan agreed at Council in February 2020 included proposals for the development of a Council owned site at Northfield in Skelmersdale for market sale. The best option for this site has now been reviewed in the light of current market conditions, planning approvals, tender prices received by TVDL following a competitive tender process through a procurement framework, and other relevant factors and it is now proposed that this site is developed for affordable housing instead in line with a development instruction issued under a Master Development Agreement entered into with TVDL. This will involve TVDL building 27 houses on this site, which would be paid for by the HRA at a cost of £4.77m. This cost would be funded primarily through HRA borrowing but also through applying for Homes England support of up to £30,000 per unit.
- 10.2 This amendment to the TVDL business plan would result in a lower profit margin being achieved than originally envisaged, but it is important to note that it is still in line with the profit margin achieved on other affordable housing developments

within stage 1 of the business plan. This change will eliminate the risk of open market sale, which is an important consideration in the current economic climate. It would also reduce the loan funding required by the company, and could bring £810,000 of Homes England funding into the Borough

- 10.3 A new opportunity has also been identified at the Halton Castle site in Westhead, where the existing site could be redeveloped and 10 new homes built for purchase by the HRA. The cost of this development would be £1.92m, which once again could be funded primarily through HRA borrowing but also through applying for Homes England support of up to £30,000 per unit, which could bring up to £300,000 of funding into the Borough. This is proposed to be a package deal with the current developer Ecogee, where TVDL would charge a development fee for its services, in line with the profit margins achieved on other phase 1 affordable sites.
- 10.4 From a Council housing perspective, officers have undertaken due diligence work and have reviewed these proposals to ensure that:
- There is demand for the this type of housing at these locations
 - The proposed specifications for the housing developments are good quality and match HRA requirements
 - There is sufficient capacity within the HRA business plan to accommodate the increase in borrowing required to finance these works
 - Financial modelling demonstrates that on a prudent basis, the rental income generated will be sufficient to meet the operating costs of this housing stock, and to repay the borrowing within a 40 year period
 - There would not be sufficient internal capacity to enable the Council to pursue these schemes directly itself
- 10.5 From a development company perspective, officers have also reviewed the proposed changes to the business plan. It is normal practice in commercial housing development that business plans are subject to change, as some schemes will prove to be unviable and new opportunities are identified. The new proposals represent relatively low risk approaches that should enable a reasonable rate of return to be achieved.

11.0 SUSTAINABILITY IMPLICATIONS

- 11.1 The creation of new Council homes will have the following positive sustainability implications:
- a) Meet the identified need for affordable rented housing within the communities of West Lancashire
 - b) Increase the sustainability of the Council's HRA Business plan through growth in units and income
 - c) Bring economic activity into the local area including employment and training opportunities.
 - d) Increase the shareholder dividend available to the Council from TVDL

12.0 RISK ASSESSMENT

- 12.1 The formal reporting of performance on the GRA and HRA is part of the overall budgetary management and control framework that is designed to minimise the financial risks facing the Council. The outturn figures contained in this report are

draft at this stage and are potentially subject to change depending on any findings from the external audit of the accounts.

- 12.2 The coronavirus spending and income figures above are for the full financial year and reflect a combination of actual expenditure / income to date and estimated projections. The projections are open to large potential fluctuations dependant upon a range of factors including government support, national economic factors, changes in rules and regulations, and Member decisions.
- 12.3 The housing development proposals for Northfield and Halton Castle both involve applying to Homes England for financial support. Whilst this is not guaranteed at this stage, the discussions that have taken place indicate that these schemes would be considered favourably and so there is a good chance that this funding would be obtained. If this funding was not secured in full then consideration could be given to replacing it with HRA revenue contributions to capital.

13.0 HEALTH & WELLBEING IMPLICATIONS

- 13.1 The measures that have been taken to address the issues created by the coronavirus will have a positive impact on health and wellbeing.

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

Appendix 1 – GRA Revenue Outturn 2019/20

Appendix 2 – HRA Revenue Outturn 2019/20

Appendix 3 – Projected Financial Impact of the Coronavirus in 2020/21

APPENDIX 1
GRA REVENUE OUTTURN 2019/20

Budget area	Net Budget £000	Variance from Budget £000	Variance %
Corporate and Customer Services	3,211	-221	-6.9%
Environmental Services	6,568	-58	-0.9%
Finance, Procurement & Comm. Property	540	-131	See note
Housing and Regulatory Services	1,749	-162	-9.3%
Growth and Development	1,947	-266	-13.7%
Wellbeing and Leisure	3,233	5	0.2%
Employee Savings target	-445	445	See note
SORP Savings target	-320	320	See note
Other Budget Items	-3,610	-10	-0.3%
TOTAL	12,873	-78	-0.6%

NOTES

The budget figures for each area have been updated to include year-end capital accounting adjustments and the allocation of central budget items to services. These are technical accounting adjustments that do not affect the bottom line resource position.

The employee savings target and SORP savings target are corporate budget headings that are held centrally. The actual savings that are made in relation to these items are contained within services. Consequently savings made elsewhere will offset the apparent variance on these budget items.

Finance, Procurement and Commercial Property has a relatively low net budget as it contains the Community Related Assets Portfolio that generates a significant surplus and which is used to help service provision in other areas.

**APPENDIX 2
HRA REVENUE OUTTURN 2019/20**

Budget Area	Revised Budget £000	Variance £000	Comment
Employee Expenses	4,561	-125	Staffing vacancies throughout the year, increased recruitment and agency costs later in the year
Void repairs and response repairs	2,879	246	Both budgets are demand-led so final outturn depends upon various factors, primarily final settlement of old repairs & voids contract.
Other premises costs	3,069	210	Electrical testing offset by reduced capital electrical expenditure, gas servicing revenue costs and increased furnishing costs offset by increased furniture income
Transport costs	187	-27	
Budget contingency	183	-183	Around £80k contingency to supplies & services to fund new repairs contract - contact centre mobilisation costs
Supplies and Services	1,244	-13	
Support Services and internal income (net)	255	-214	Primarily funding from reserves to support tenants on Universal credit in week 53 from DHP's
Loan interest	3,057	0	
Contributions to capital	9,701	-274	Contribution available to fund the capital programme and purchase of housing stock
Dwelling rents	-22,420	-125	Voids rate lower than budgeted so less income lost due to voids
Other external income	-2,716	-232	Take up of Cat 2 level support offer by CAT 1 sheltered tenants and increased furniture service income
Total	0	-737	Represents 2.9% of the overall turnover

**APPENDIX 3
PROJECTED FINANCIAL IMPACT OF THE CORONAVIRUS IN 2020-21**

ESTIMATED SPENDING PRESSURES	£'000
Additional staff costs	147
Hire of additional vehicles due to social distancing	210
Leisure Contract (predicted worst case scenario)	413
Food parcel provisions for vulnerable residents	229
Protective Clothing and Equipment for staff	83
Support for Town Centre businesses (such as street furniture)	20
Other items	43
Total spending pressures	<u>1145</u>

ESTIMATED INCOME PRESSURES	£'000
Planning fees and charges	170
Pay and Display car park income	444
Market income	77
Garden waste charging	100
Commercial rent income including temporary rent reductions and suspensions *	200
Treasury management	84
All other income	93
Total	<u>1168</u>

* Operating in line with the Government's recently published Code of Practice for commercial property relationships during the COVID-19 pandemic (June 2020)



CABINET: 22nd July 2020

COUNCIL: 22nd July 2020

Report of: Corporate Director of Transformation and Resources

Relevant Portfolio Holders: Councillor I Moran & A Yates

Contact for further information: Chris Twomey (Extn 5262)
(E-mail: chris.twomey@westlancs.gov.uk)

SUBJECT: REVIEW OF THE COMMERCIAL PROPERTY PORTFOLIO

Wards affected: Borough Wide

1.0 PURPOSE OF THE REPORT

- 1.1 To provide Members with a review of the Council's existing Commercial Property Portfolio advising on current performance and indicating future trends, demand and investment needs. To set out the further action that will be required to successfully manage the portfolio in the medium to longer term.
- 1.2 To explain the current statutory framework and background context which councils seeking to grow their commercial property portfolios need to consider, and to propose an "Investing in West Lancashire - Commercial Property Strategy".

2.0 RECOMMENDATIONS TO CABINET

- 2.1 That the contents of this report, including the future actions required, be noted.
- 2.2 That the "Investing in West Lancashire - Commercial Property Strategy" set out in Appendix 3 be endorsed for approved by Council.
- 2.3 That delegated authority be given to the Head of Finance, Procurement and Commercial Property to make investments in accordance with the Commercial Property Strategy, subject to approval of scheme funding of up to £5m by the Strategic Assets Purchasing Committee and approval by Council of schemes for over £5m.

3.0 RECOMMENDATIONS TO COUNCIL

- 3.1 That the contents of this report, including the future actions required, be noted.

- 3.2 That the “Investing in West Lancashire - Commercial Property Strategy” set out in Appendix 3 be approved.
- 3.3 That the terms of reference for the Strategic Asset Purchasing Committee be updated to include the following function:

“To approve commercial property investments with a value of up to £5m in accordance with the Investing in West Lancashire - Commercial Property Strategy”.

4.0 BACKGROUND

- 4.1 The Council has a significant portfolio of commercial properties that generate a financial return, but which also contribute to other priorities, in particular supporting the local economy. These properties are occupied by third parties and provide rental income of circa £1.7 million to the General Revenue Account (GRA) per annum. The budgeted costs associated with these properties are on average £1.1 million per annum resulting in a £600,000 surplus, over the last three years (2016/17, 2017/18, 2018/19). These surpluses are used to supplement the funding of other GRA services. The Council also operates other commercial properties in ring fenced accounts, due to the terms and conditions under which they were obtained, where any surpluses generated must be used for specific purposes rather than being available for general use.
- 4.2 As with any investment, the ownership of commercial properties carries with it various risks and obligations. Any number of factors including the economy, market demand, business failure, and stock condition will play an important role in the level of return that the Council will receive from its property assets. The Covid 19 pandemic has placed some strain on the Council’s income from its portfolio, and this reflects the risks inherent in commercial property portfolios and the need to take a long term view on the returns that are generated, which will tend to fluctuate with general economic factors.
- 4.3 The purpose of this report is twofold:
- a) To appraise Members of the current portfolio held by the Council, its performance over recent years, the anticipated future trends and an indication of where future investment will be needed.
 - b) Council agreed a Sustainable Organisation Review report at its meeting in July 2019, which included a proposal to develop an Investment Property Strategy, based on a commercial property investment pot of £30m over 3 years. This report gives Members the background context needed for them to consider growing the portfolio via the proposed Strategy. In particular, this part of the report gives an analysis of the changed legal and financial statutory framework since July 2019 which the Council will need to consider.
- 4.4 Appendix 1 to this report provides information relating to the individual property assets that make up the commercial property portfolio. A commentary is given in relation to demand, rental growth, and property condition together with any future issues that are being considered.

- 4.5 Appendix 2 provides financial information across the portfolio. Total GRA rental income is approximately £1.7 million per year which, considering the nature of the market for these properties i.e. demand is primarily from small independent companies and sole traders, represents a good level of return.
- 4.6 Appendix 3 provides the proposed “Investing in West Lancashire - Commercial Property Strategy”.
- 4.7 Appendix 4 contains an analysis of the risk involved in commercial property investment and the Council’s approach in mitigating these risks.

5.0 THE HISTORY AND BENEFITS OF PROPERTY INVESTMENT

- 5.1 The Council has, over a number of years, acquired an array of commercial premises that now forms its commercial property portfolio. The first of these holdings were the CRA portfolio – the Community Related Assets Balancing Package. These income generating assets transferred to the Council from the Commission for New Towns to balance the cost of maintaining the liabilities also transferred to the Council, as detailed further in Appendix 1. Primarily the properties are held as income generating assets and the surpluses generated are used to fund Council service areas. Local shopping centres such as those at Sandy Lane and Digmoor provide a focal point for the local community and provide a range of valuable services not only in the retail sector but voluntary agencies as well. Prudent estate management and development of services on offer have ensured that the Council has an effective mix within these well maintained centres, which contributes to the wellbeing of the local community.
- 5.2 In the case of the Langtree Portfolio and Investment Centre, external funding was secured to add these assets to the Council's Portfolio in 2003 and 2004 respectively. The surpluses are ring fenced, by the terms of the funding arrangements, so that these resources can only be used to fund specific areas of activity. However, aside from the income generation aspect of the portfolio the premises also contribute to the Council’s key priorities in terms of ambitions for our economy as we seek to retain and grow jobs, increase skill levels, and encourage business and wealth. For example, the small industrial premises are important in that they provide space for new business ventures. Flexible terms can enable business development, create new jobs, and boost the local economy.
- 5.3 In 2012 the Council commissioned an independent report by DTZ to examine how its assets were managed and their performance. This report commented on the performance and benefits of these Centres as follows: -

“At the time Council housing estates similar to those in Skelmersdale were built, local residents were far more dependent on shops within walking distance..... More recently such premises have had to adapt to serve as convenience stores and other local support services. Demand has fallen considerably in comparable centres and many are now obsolete or struggling to trade profitably.

This problem is been exacerbated in the current economic climate which has reduced consumer spending..... In this context, the vacancy rates within the

Digmoor and Sandy Lane centres are extremely low. The centres are clearly performing an important function in providing amenity to the respective local communities and the Council's continued intervention is seen as an important factor in sustaining a local retail offer in the absence of private sector interest. This is particularly relevant in areas where there are high levels of deprivation in terms of unemployment, health problems, income levels and low car ownership."

- 5.4 The economic and social benefits the portfolio of properties provide, run parallel to income generation, and officers ensure that all lettings reflect market terms and conditions and that rental income is maximised wherever possible. This does not preclude a flexible approach to lettings: rent free periods and break clauses can be agreed where premises are difficult to let or require expenditure by an incoming tenant to bring it into a lettable condition.
- 5.5 Maximising income not only increases revenue available to the Council, but also enhances the capital value of the asset. Aside from market conditions, rental and consequently capital growth will only be achieved by investing in the properties both in terms of planned maintenance and capital investment.
- 5.6 There has been a noticeable increase in the uptake of units below 2500 sq. ft which were not available in the market. The Council addressed the demand by construction of Greenwood Place which is a development of 11 units ranging from approximately 1300 to 2100 sq. ft, which was funded partly by borrowing and partly from reserves.
- 5.7 In 2016 the Council also acquired the Wheatsheaf Walks retail site in Ormskirk town centre at a cost of £3m, funded partly by borrowing and partly from reserves. This acquisition provided an opportunity to have a greater influence over development in the town centre, secure the Council's landholding position, and to generate a financial return.
- 5.8 Most recently building work has commenced on the new Skelmersdale Town Centre Redevelopment scheme. This is the largest single investment the Council has made in decades and will be financed partly from borrowing and partly from external funding from Homes England and the LEP. This scheme should provide significant regeneration and development benefits as well as providing a financial return for the Council.

6.0 ISSUES

- 6.1 A review of the portfolio has recently been undertaken and the outcomes are summarised in Appendices 1 and 2. A number of issues have been identified and these are summarised in the following paragraphs.
- 6.2 Overall, the Council's Commercial Property portfolio is currently performing steadily. DTZ reported that the portfolio was performing well compared to similar properties. Typically occupancy rates are relatively high, and a reliable income stream is generated. There will be a reduction in income levels as a result of the coronavirus and current recession, but the extent of this impact is not yet clear.

- 6.3 The review has, however shown that investment is needed to upgrade tired units in order to protect, and even enhance, rental returns and to maintain capital asset values.
- 6.4 Delf House has historically provided a significant proportion of the total income from the commercial portfolio, and a 14 year lease (to 2031) has been successfully negotiated. However this income is at risk if the current tenant (the Co-Op) do not renew their lease in the future as it is considered unlikely that another single large tenant could be found for the property.
- 6.5 The Langtree portfolio provides significant rental income of around £400k per annum which is ring fenced to spending on the redevelopment of business/employment sites. The surpluses generated have helped fund several major capital projects including the Greenshoots project and the enhanced rebuild of the fire damaged units in Gorsey Place. Use of the Langtree money in this way, to reinvest in the Council's current commercial portfolio, releases other revenue and capital streams that would otherwise be used to fund repairs and maintenance and it is recommended that this strategy should continue.
- 6.6 It is proposed that following the recent review of the portfolio a number of actions are now required as follows:
- a) The investment needs of the existing commercial property portfolio should be quantified and prioritised through an Asset Management Plan. The funding of this plan will then be considered through the medium term capital budget setting process
 - b) The use of the surplus from the Langtree portfolio to reinvest in the overall existing commercial property portfolio should also be planned over the medium term as part of the capital budget setting process.
 - c) An exit strategy for Delf House should be drawn up over the medium term so that the Council can plan and build up resources to deal with the possible situation where the current tenant does not renew in 2031.
 - d) Potential candidates for asset disposal should be identified so that the capital receipts thus generated can be used for investment elsewhere in the commercial property portfolio and/or to reduce the overall borrowing requirements of the Council arising from its capital programme.
 - e) Consideration should be given to growing the commercial property portfolio by acquiring new assets in line with the recommendations agreed through the Sustainable Organisation Review. The rest of this report (and Appendix 3) considers this particular proposal.

7.0 LOCAL GOVERNMENT INVESTMENT IN COMMERCIAL PROPERTY

- 7.1 This part of the report gives Members key information about commercial property as an investment class, the associated investment risks, a summary review of local government activity in this area, and an explanation of the statutory framework governing these investments. The section concludes with an assessment of the critical success factors required to implement the investment activity. Members will need to consider the information in this section when deciding whether to approve the proposed "Investing in West Lancashire - Commercial Property Strategy" attached as Appendix C to this report.

Commercial property as an investment class

- 7.2 **Definition of commercial property:** The commercial property market is primarily made up of three sectors (retail, office, and industrial) and these have traditionally dominated investors' portfolios. Outside the mainstream asset classes is another fast emerging sector called the "alternatives" sector (e.g. student accommodation, GP surgeries, car parks – any land or property that makes a commercial return).
- 7.3 A commercial return can also be made by buying residential property for the private rental sector (PRS). However this area has not been included in the proposed draft strategy at this time, due to potential complexities with the Housing Revenue Account, although this position could be reconsidered at a future date.
- 7.4 **Other investments available:** Commercial Property is one of several asset classes in which the Council can invest. Other assets include cash, fixed interest securities (bonds) and shares. Cash (held in savings accounts) and bonds have the lowest risk profile, followed by property and share-holdings.
- 7.5 **Approaches to Investing in Property:** There are a range of approaches to investing in property assets, from, on the one hand, investing in a commercial property fund, (or real estate investment trust etc.) and, on the other, owning the physical assets – each with its own advantages and disadvantages.

Pros and Cons of Direct Ownership & Management of Investment Property

Pros	Cons
<ul style="list-style-type: none"> • Ownership of property assets • Opportunities to use assets to promote local economy, place shaping and regeneration • Receive income directly • Control over property decisions, both strategic and tactical • No fund management costs 	<ul style="list-style-type: none"> • Reliance on own expertise • Active management required • Relative lack of liquidity • Need to invest capital over time to maintain and enhance • No sharing of risk

- 7.6 **Investment returns from commercial property:** Investment returns can arise from an increase in the asset value on sale (a capital receipt return) and the annual income generated from leasing the property to a tenant (rental income).
- 7.7 **Rental income:** The most reliable source of return is the rent paid by the tenant/s which they are legally obliged to pay under the terms of the lease until expiry. However it should be noted that landlords are usually unsecured creditors in the event of a tenant bankruptcy.
- 7.8 UK commercial property leases generally provide for rents to be reviewed every five years and set to the market level where this is above or equal to the rent being paid at the time of the review. If the market rent is below the current rent, the rent would remain unchanged for the next five years. There are other

mainstream provisions including: fixed uplift rents, index linked rents (often linked to RPI (Retail Price Index)) and turnover-related rents.

- 7.9 Some leases include a “break clause” that gives the landlord and/or tenant the option to terminate the lease prior to its expiry date. This can impact on the value of a property because the income stream is no longer certain for the full term of the lease.
- 7.10 Market forces and the imbalance between supply of property and demand from potential occupiers will affect rental income returns and the time taken for landlords to find replacement tenants. For example, in a market where there is an oversupply of commercial property, landlords may need to offer rent-free periods at the start of the lease in the way of incentivising a potential tenant to take the lease.
- 7.11 **Active Management:** Unlike treasury management investments, commercial property is a tangible asset that requires active and effective management to maintain income flow and to ensure the building remains attractive to occupiers. Although it is common for leases of commercial properties in the UK to make the tenant responsible for some or most of the costs of repair, maintenance, and the insurance of the building, the landlord must still collect rent, settle dilapidations, serve notices, and undertake rent reviews and relets.
- 7.12 It should be noted that the costs of managing multi-let assets are often considerably more than for single let assets, since the landlord will often retain responsibility for common parts paid for via a service charge recovery. In the case of having a unit void in a multi-let property the landlord would pay the service charge for that unit until a new tenant is found.
- 7.13 Property can increase its value by proactive management. This can entail such actions as refurbishment or redevelopment, the renegotiation and extension of leases, the “right-sizing” of tenants (providing them with the optimum sized unit) or acquiring property with rental reversions (where the rents received for the space are less than the rental value of that space).
- 7.14 **Liquidity:** The process of buying and selling commercial property takes a lot longer than buying treasury management investments such as government bonds. Even in a buoyant market selling takes a long time and involves lengthy marketing periods that can easily take up to a year to conclude for limited market or complex assets. Investing directly in property therefore involves more liquidity/transactional risk than treasury management assets.

Potential risks involved in commercial property investment

- 7.15 **Risk and Return:** In summary and at its simplest, a property investment is an investment in land or buildings which has the potential to give the investor a return in the form of rental income and capital growth. Risk and return in property investment come both at a market level and from individual asset choice. In practice, property investment can be structured to create a range of different risk / reward profiles from stable bond-like annuity income performance to more volatile equity-like returns. A summary of the main risks and the West Lancashire Borough Council’s approach to mitigating these is given in Appendix 4.

- 7.16 Commercial property returns tend to be linked to national economic performance and to the relative prosperity of the economy. The short term outlook is therefore likely to be turbulent given the potential impacts of Covid 19 and Brexit. How the national economy will perform over the long term cannot be guaranteed.
- 7.17 The investment portfolio does however need to be seen over the longer term, as reactions to short term market changes can distort yields which are likely to be more stable if viewed over a greater timeframe. In this context it will be important to balance a one year budget cycle and any expenditure required for this with the longer term perspective that is required for investment management of either a commercial or residential portfolio.
- 7.18 The changing nature of the economy, globalisation the growth in home-working, automation and the use of artificial intelligent (AI) may yet have unforeseen impacts on the demand for different types of buildings. As businesses strive to become more agile, many are seeking shorter lease lengths than was historically the case or regular break options so they can react quickly to change. Increasing use of artificial intelligence and automation will change the demand for industrial and warehouse space, driven to some extent by a change in consumer shopping habits. The trend for internet shopping is also impacting on demand for more traditional retail space. The outcome of such trends and the speed at which they are developing is ever-changing, so a degree of forward thinking is required in terms of the portfolio strategy.
- 7.19 The conventional wisdom of retaining a balanced portfolio (between industrial, office and retail) to mitigate risk is therefore shifting and to optimise overall returns from investment a new portfolio balance may be required.
- 7.20 In the current climate with rates of return on cash reserves very low (the base rate is currently only 0.1%) property still presents an opportunity for better returns and also has a potential for significant capital growth over the long term.

A summary review of local government investment in commercial property

- 7.21 The National Audit Office (NAO) published a report entitled “*Local Authority Investment in Commercial Property*” in February 2020. As this is the most recent review of this activity the key findings from that report are given below.

Summary of key findings from NAO report for the period 2016/17 to 2018/19

28.7% real-terms reduction in councils' spending power (2010/11 to 2019/20)	14.4 times more spend on commercial property by councils compared with preceding 3 years	105 councils spent £10m plus on commercial property during the period - district councils are key players
£14.3bn increase in external borrowing undertaken by councils	£6.6bn spent by councils on commercial property	£2.3bn spent by councils on retail property
100 basis points added to PWLB rates in October 2019	38% of councils' commercial property acquisitions (by value) were outside their boundary	17.5% of all commercial property acquisitions in South East undertaken by councils

- 7.22 The acquisition of commercial property has become a significant area of activity for some councils in recent years. The National Audit Office found that the bulk of this activity is undertaken by a relatively small, albeit growing, group of councils. 80% of the expenditure in the time period examined was undertaken by only 49 councils, with councils in South East spending 53% of total by value.
- 7.23 Whilst councils buy for a variety of reasons, the NAO comment that yield is an important factor. 38% of purchases by value were outside of the council's administrative area and therefore were (probably) undertaken predominantly for yield. The NAO also state that obtaining data on net yields is difficult to come by but that they found reported net yields no higher than 2.6%.
- 7.24 External borrowing by local government, predominantly from the Public Works Loan Board (PWLB), has increased significantly over the period. Borrowing has played an important role in funding commercial property acquisitions. It is difficult to be precise about this as under accepted treasury management practices external debt is not "hypothecated" (allocated) to an individual capital project or asset acquisition. Rather borrowing is undertaken largely when the council's overall cash position requires the borrowing.
- 7.25 The NAO also reported on the weaknesses sometimes observed including insufficient transparency and reporting to elected members or the public, limited internal challenge to decision-making, reduced governance to enable faster decision-making, and limited capacity and skills at officer level.

The Statutory Framework governing commercial property investment

- 7.26 **Legal Powers:** The purpose of acquiring a commercial property asset is important in understanding what powers the Council is using and whether these are reasonable (under Wednesbury principles).
- 7.27 If the property will make an investment return alongside or as a secondary outcome of delivering other policy objectives then it is likely that the Council can use its general land and property acquisition powers, in particular:
- Local Government Act 1972, section 120, giving councils the powers to acquire land (inside or outside of their area) for the purpose of any of their functions or the benefit/improvement/development of their area.

- Localism Act 2011, section 1, giving councils the power to do anything that individuals generally may do, subject to constraints. Amongst the latter is that charges for services provided must be limited to recovery of the costs of providing the service (section 3) and that anything done for a **purely** commercial purpose must be done through a company (section 4).
- 7.28 If the Council is acquiring an investment that happens to be a property it's likely the Council can use its investment powers under section 12 of the Local Government Act 2003 which gives a council general powers to invest for any purpose relevant to its functions and for the purposes of the prudent management of its financial affairs.
- 7.29 However it is legally less straightforward that the Council can use its borrowing powers to finance the property acquisition if using investment powers (see below): it can however use capital receipts or revenue funding.
- 7.30 **Statutory Guidance on investment:** When purchasing commercial property, local authorities must "have regard to" statutory guidance contained in:
- CIPFA's (Chartered Institute of Public Finance & Accountancy): The Prudential Code for Capital Finance in Local Authorities,
 - CIPFA's Treasury Management in the Public Services: Code of Practice and Cross-Sectoral Guidance Notes, and
 - MHCLG's (Ministry for Housing, Communities, and Local Government) Statutory Guidance on Local Authority Investment Activity.
- 7.31 CIPFA's Prudential Code states that "councils must not borrow more than or in advance of their needs purely in order to profit from the investment of the extra sums borrowed." MHCLG revised their statutory guidance in 2017 to cover property investments held "primarily or partially to generate a profit". They termed these investments "non-financial investments" (and also included in that definition local government investment in 3rd party organisations, such as shares). MHCLG's revised statutory guidance supports CIPFA's statement in the Prudential Code that councils must not borrow more than or in advance of their needs purely for yield and profit purposes.
- 7.32 The statutory guidance from CIPFA and MHCLG is not compulsory, but councils do need to state robust reasons for not following it. The guidance is directed towards curbing local authority borrowing for the purposes of investing in commercial property solely to raise revenue. The guidance makes a distinction between councils who are taking on debt for regeneration and meeting local objectives, and those who borrow purely to get a return on investment. The MHCLG and CIPFA codes would suggest that purchasing commercial property outside of the council's area is likely to be viewed as an investment (purely for profit) as the investment would not relate directly to the council's wider objectives (such as regeneration or community development). The codes suggest that such investments should not be funded from borrowing.
- 7.33 CIPFA's Treasury Management Code and MHCLG's Investment Guidance also stress the importance and long-held good practice of placing security and liquidity above yield (in that priority order) when making any investment decision. One of the aspects of commercial property investment is that it is relatively illiquid. The

Council will therefore need to accept the higher risks associated with this approach when buying commercial property.

7.34 **Statutory guidance on reporting:** MHCLG's Investment guidance requires local authorities to prepare an annual investment strategy each year to include non-financial investments to show:

- How their non-financial investments relate to their core purpose.
- Quantitative indicators showing the council's total risk exposure from non-financial investments.
- An explanation of the council's approach to risk assessment including how it has assessed the market and what use has been made of external advisers
- An explicit statement of the degree to which commercial income supports the funding of service delivery and council agreement on the annual limits for:
 - The proportion of gross debt (used to finance non-financial investments) to net service expenditure.
 - The % of net service expenditure that is funded by commercial income.

7.35 This annual statement is presented at budget setting time as part of the Capital Finance and Treasury Management Framework report to February Council.

7.36 **Consultation on proposed changes to PWLB lending:** The Government has recently taken steps to limit the ability of local authorities to use borrowing to finance investment in commercial property primarily for yield. In October 2019, the interest rate payable on PWLB loans was artificially raised by 1% in order to slow all PWLB borrowing, and in particular borrowing for commercialism. Subsequently in March 2020, the government released proposals, currently in consultation, aimed at restricting PWLB funding to council policy objectives (i.e. housing, regeneration, and front-line services) and away from funding any commercialism aspect (borrowing in advance of need and/or borrowing for yield). The consultation will close on 31 July 2020. The initial proposals are:

- In order to access future PWLB funding, Section 151 Officers will need to provide assurance that the council does not plan to buy investment assets purely for yield. The Section 151 Officer will also need to provide a high level outline of the council's capital plans as part of the loan application process.
- They propose that they will restrict PWLB lending if a local authority has commercial activity as part of its capital plans.
- The government will publish guidance defining the activities that PWLB will no longer support with clear protections for service delivery, regeneration, housing, and the refinancing of debt.

7.37 Subject to the consultation being satisfactorily concluded, the government's intention is to lower the interest rate on new PWLB loans. The MHCLG is in addition planning a review of additional data gathering needed on borrowing and investment information being undertaken by local government.

7.38 **Public Accounts Committee inquiry:** It should be noted that the Commons Public Accounts Committee has also recently launched an inquiry into local authority investment in commercial property. This inquiry will focus on certain questions:

- Is commercial property a safe investment?

- Have local authorities fully considered the potential risks involved in such acquisitions?
- Are local authorities receiving value for money? Are local authorities meeting their Best Value Duty?
- Do local authorities have the commercial skills and abilities to properly manage these investments in a way that yields a decent return?
- In the light of COVID-19, will local authorities be able to meet their borrowing obligations, or will the Government need to bail them out? In addition, will the pandemic impact on the markets they have invested in?

7.39 **Conclusions on the legal and statutory context:** The changes CIPFA and MHCLG introduced to their statutory codes in 2017 made it unclear as to whether councils could fund commercial property acquisition, undertaken purely for obtaining a yield, by borrowing. Despite that uncertainty many councils have continued to undertake this activity. It is likely that case law is required in this area to clarify the issue.

7.40 The changes currently being consulted on regarding PWLB borrowing however were unknown at the time the Council approved the Sustainable Organisation Review in July 2019 (which included the proposal to obtain new income streams from buying commercial property). The government intends that councils who undertake commercial property acquisition for yield will not get access, or will get restricted access, to cheap, easy-to-acquire, PWLB loans. There are alternative institutions and methods for obtaining loans outside of PWLB, but these can take time, expertise, and money to acquire particularly for a smaller council such as West Lancashire.

7.41 In conclusion, it is recommended that the Council's focus for investing in commercial property needs to now change from that originally envisaged in the SORP i.e. one where yield (a financial return) is the primary purpose of the activity. Instead the focus is to invest in the district as a means of stimulating and enabling the growth of the local economy whilst also requiring that this investment makes a financial return to the Council.

Critical success factors

7.42 **An understanding of West Lancashire and the ability to identify/find opportunities:**

- Local intelligence and understanding of the district's economic, place-shaping and regeneration needs.
- An understanding of the local commercial property market and its outlook over the medium term.
- Use of both internal staff and external local agents to find opportunities (including agreeing to pay "finders fees" if required (this is normal in the commercial property market).
- Proactiveness in terms of finding opportunities such as writing to current owners of suitable properties to see if they are considering selling.

- 7.43 **A project team approach to implementation:**
- A matrix project team involving estates and property, regeneration/economic development, finance, and legal.
 - Sponsorship at the corporate management level.
 - Ensuring that the project team has capacity to deliver work that can be intensive at times but also sporadic and ad-hoc (depending on when opportunities are found or present themselves on the market).
 - Ensuring that project team members have the right skill sets (or can learn them); commercial negotiation, knowledge of property law and conveyancing, financial investment appraisal and modelling, property appraisal (building management, surveying and valuation).
 - Ensuring sufficient admin is available.
- 7.44 **The ability to act fast when required:**
- Quick decision making, for investments under specified values, when the desired property is on the market and there is either little time to make a bid or when there is a need for an officer to make a bid at auction.
 - Agreed and clear decision making criteria and a pre-prepared financial model with which to assess the potential investment.
 - Prior agreement to not produce a formal consolidated Business Case report for the proposal but to instead complete separate predetermined check-lists, reports, financial models, and a scoring matrix that include all the information needed to make a robust decision.
- 7.45 **A focus on transparency and governance:**
- The keeping of records and an audit trail is particularly important as external auditors are likely to review this activity as part of their annual VFM (value for money) study.
 - Keeping members and the wider community informed will be important.
 - Compliance with the requirement to report key decisions made is needed.
- 7.46 **A need for learning, development, and training:**
- The MHCLG's Investment Code requires that all those involved in these investment decisions, both officers and Members, are to receive regular training in this area.
- 7.47 **Flexibility on spending the budget:**
- Spending the capital budget cannot be pre-planned, as is the case for other capital projects, as it is uncertain when opportunities will become available. Members should be aware therefore that the £30m funding pot will not be allocated to individual years, but will be available to be spent in any of the next 3 years.

8.0 ACTION

- 8.1 In order to continue to manage and grow the commercial property portfolio to the benefit of the Council the following actions are required:
- Action on the existing commercial property portfolio as discussed in paragraph 5.6, namely:

- a) Prioritising and quantifying the investment needs of the existing commercial property portfolio in an Asset Management Plan.
 - b) Planning the use of the surplus from the Langtree portfolio to reinvest in the overall existing commercial property.
 - c) Producing an exit strategy for Delf House to deal with the possible situation where the current tenant does not renew in 2031.
 - d) Identifying potential candidates for asset disposal so that the capital receipts thus generated can be used for investment elsewhere in the commercial property portfolio.
- Action required to set up the project team (and procure the external advice needed) to implement the “Investing in West Lancashire strategy” as discussed in the strategy document. This will be undertaken by the Head of Finance, Procurement and Commercial Property
 - Organising a training exercise for all Members that will be involved in taking commercial property investment decisions to be undertaken in the next couple of months.
- 8.2 Investment decisions can require action to be taken at short notice, for example when properties come up for auction. Given this context it is proposed that delegated authority is given to the Head of Finance, Procurement and Commercial Property to make investment decisions in accordance with the new strategy (which is similar to the existing arrangements on Treasury Management), but subject to the Strategic Asset Purchasing Committee approving funding for schemes of up to £5m, and with Council approval required for schemes over £5m. Details on all commercial property investments made will then be reported to the next available Council meeting.

9.0 SUSTAINABILITY IMPLICATIONS

- 9.1 Income received from the Council’s commercial property portfolio supports a number of areas, assisting the long term sustainability of Council services.
- 9.2 Effective management and a programme of planned maintenance and capital investment will ensure the most effective and sustainable use of the Council’s commercial property.

10.0 FINANCIAL AND RESOURCE IMPLICATIONS

- 10.1 The Council’s commercial property investments have, historically, shown steady rental levels and provide a significant contribution to the Council’s revenue streams which could not be matched in the present money markets.
- 10.2 Effective use of the Langtree reserves will continue to maintain and enhance the revenue generating potential of the portfolio. Use of these reserves will also enable Council budgets otherwise used to support the commercial property portfolio to be diverted elsewhere.
- 10.3 The SORP requires additional income and savings to be generated to enable the GRA to achieve a balanced budget position. The proposed new commercial

property strategy should contribute to the Council's corporate objectives as well as deliver a financial return that can help to achieve the SORP requirements.

- 10.4 Through the SORP process, funding of up to £30m has been agreed for investment in commercial property over the next 3 years. The budget will be financed from borrowing, although opportunities to secure other external funding wherever possible will be pursued. Actively seeking external funding will help to minimise Council borrowing, increase the financial returns generated by new schemes, and in some cases may mean the difference between whether schemes are viable or not. There is a good track record of attracting external funding, particularly in areas where there are regeneration benefits, and the strategy will seek to build on this going forward.
- 10.5 A financial appraisal and assessment will be completed for each investment decision, that will take into account the cost of borrowing in terms of interest and debt repayment, as well as other relevant costs and the rental income generated. It will normally be expected that schemes must demonstrate at least a 2% net yield, on a prudent basis, to be considered financially viable. This requirement may however be reduced if the non-financial benefits of a scheme are so significant that it can justify this approach.
- 10.6 Funding of £100k was approved through the SORP process to fund the costs of implementing this strategy.
- 10.7 The strategy will be subject to review on an annual basis. Its initial focus will be on acquiring existing non-residential premises in West Lancashire and surrounding areas. Depending on the scale and scope of the opportunities identified, this focus may be widened in subsequent versions of the strategy.
- 10.8 The anticipated net new income arising from investing £30m in line with the strategy is some £600k annually (based on a 2% net yield). Given the dependency of finding suitable investments in the market, new rental income will not be anticipated in the GRA budget until it is actually achieved.

11.0 RISK ASSESSMENT

- 11.1 The Council's commercial property portfolio is presently performing well considering the current economic climate. It is important to recognise though that there are significant risks inherent in acquiring and managing commercial property, and that while surpluses can be achieved it is also possible that significant losses can be made.
- 11.2 There has been a single incidence to date where a business operating from Council owned premises has failed this financial year, and this number is likely to increase given the economic downturn,
- 11.3 A full discussion of the potential risks in holding commercial property, and the measures the Council will use to mitigate those risks, is given in Appendix 4. This will include setting up an equalisation account under earmarked reserves, where budget surpluses will be transferred when performance is strong, and which will be used to support the GRA when financial conditions are more challenging.

12.0 CONCLUSIONS

- 12.1 The commercial property portfolio has an important role in delivering the Council's economic growth objectives by providing suitable commercial property for businesses already located or wanting to locate in the area.
- 12.2 The portfolio also continues to provide a significant source of income for the Council and offers the potential for releasing considerable capital resources should market conditions become favourable.
- 12.3 Continued effective estate management and implementation of the actions contained within this report should ensure the future effectiveness and performance of the Council's commercial property portfolio in terms of achieving corporate priorities for the area alongside those of income generation.

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

Appendix 1	Commercial Property Assets
Appendix 2	Commercial Property Portfolio Data
Appendix 3	"Investing in West Lancashire - Commercial Property Strategy"
Appendix 4	Summary of risks and measures to manage them

APPENDIX 1

COMMUNITY RELATED ASSETS (CRA)

The Community Related Assets properties comprise of a range of commercial premises in Skelmersdale which were transferred to the Borough Council from the former Commission for the New Towns in 1989.

The income received for the commercial portfolio is known as the balancing package and used to offset the costs incurred by the Council in maintaining the landscaping, community facilities and a myriad of other liabilities which were passed by Skelmersdale Development Corporation.

The CRA properties can be summarised as follows:

Sandy Lane Centre, Skelmersdale

A local shopping centre located in the Old Town area of Skelmersdale. Built in the early 1970's the partly enclosed centre provides 42 individual retail and office units over two floors. There are two adjacent surface car parks that serve the Centre.

The Centre saw a decline in the late 2010's with a high void rate leaving both ground and first floor units empty for long periods. However since earlier this year the Centre has been generally fully let and provides a good retail mix providing all the services that this size of neighbourhood would be expected to offer including a Co-op store, chemist, post office, newsagent and bookmakers. In addition there are a number of office/service occupiers. The Council's Housing Services also occupies office accommodation within the Centre which contributes greatly to the vibrancy of the area.

Rent reviews and new lettings have been steady from the Centre over the past few years, however whilst income and demand is expected to be maintained for the foreseeable future some investment is having to be made to preserve the fabric and integrity of the building and to maintain its appearance.

Digmoor Shopping Parade, Skelmersdale

Digmoor Parade is a local shopping centre located within the Digmoor area of Skelmersdale. The Centre houses 22 predominantly retail units including a post office, newsagent, chemist and general store.

Built in the late 1960's the centre is a single storey located around an open walkway /courtyard area. The premises were extensively refurbished in the early 1990's when residential premises at the first floor level were removed and a new roof provided.

Whilst demand and rental growth is anticipated to be lower than the Sandy Lane Centre, the Parade does provide valuable services for the local community. The buildings, whilst not particularly attractive, have been improved appearance wise with modest capital spend. However, it is the local environs adjacent to the parade that requires improvement and plans to enhance this area of Digmoor would undoubtedly improve the future performance of this asset.

Gorsey Place, Skelmersdale

Gorsey Place Estate was made up of 28 industrial units of 4700 sq ft located within the Gillibrands area of Skelmersdale which were developed in the late 1960's. In 2016 the Council took the decision to demolish a terrace of four units which were beyond their economic life and replace them with 11 smaller units. These units let well and have continued to be fully occupied ever since.

Officers visit the premises on a regular basis to support and liaise with the tenants to ensure that all possible support is given to assist viable companies to succeed and grow.

In October 2014 two units in a terrace of four were the subject of a fire, which completely destroyed one and severely damaged the other. The Council utilised the Langtee reserves to enhance the rebuild across all four units. Three of these four are currently let or under offer.

Apart from the rebuilt units, there is only a single unit presently vacant which is undergoing substantial refurbishment.

Delf House, Skelmersdale

Delf House is a multi storey office premises located in Skelmersdale Town Centre. The building, which offers 78,000sq ft of space, is let to Co-op bank on a 14 year lease, which expired in September 2031 at a rental level of £390,000.

The building is let on full repairing lease and inspections reveal that the Co-op have maintained the accommodation to a reasonable standard. The property alone provides a substantial proportion of the income that the Council receives from its commercial portfolio (18%).

Whilst the accommodation has been maintained and improved it does not necessarily meet the requirements of modern office occupiers in terms of energy efficiency and flexibility. There is unlikely to be demand for this accommodation from a single occupier and if the premises are left vacant for any length of time it will have a significant impact on the Council's revenue streams. However, the Co-op Bank has indicated that they retain a loyalty to the town and their employees and as part of the new lease the it was negotiated that the Co-op would carry out substantial renovation works to the property.

Whelmar Car Park, Skelmersdale

There is a surface level car park located adjacent to Whelmar House in Skelmersdale Town Centre.

As part of the Delf House lease negotiations the Co-op has agreed to take a lease of this car park at a rent of £57,337 p.a. which runs co-terminus with the lease for Delf House.

Silver Birch Public House, Skelmersdale

This site used to contain a public house, but this failed as a viable business and the lease was sold to a third party who planned to remodel the building. This failed to happen and the Council has forfeited the lease and demolished the derelict public house. Plans are being prepared for its future use.

FORMER LANGTREE INDUSTRIAL PORTFOLIO

In March 2003 the Council acquired 58 industrial premises from the Langtree Property Group with funding of £2.85m of Northwest Development Agency funding

The premises are situated at various locations within Skelmersdale and although hard-worn, produce a satisfactory level of rental income.

Under the terms of the funding agreement with the NWDA excess income generated by the Langtree portfolio, after deducting management and maintenance expenses, is ring fenced to the development and refurbishment of business /employment areas in West Lancashire.

Furthermore if the Council was to dispose of the portfolio either in part or in its entirety then it would have to pay back the relevant proportion of the grant funding.

The portfolio is made up as follows:

Grimrod Place, Skelmersdale

The Council owns four industrial units within this estate all of which are presently occupied.

Sandy Lane, Skelmersdale

This development of 11 small units is located in the Old Town area of Skelmersdale. By virtue of their size and location they attract quasi retail type uses and are fully let.

The Council has historically made significant improvements to the premises including replacement of asbestos roofing panels and environmental works and the rentals achieved reflect this.

Further works are being explored particularly on the doors to enhance the appearances and security of this estate.

Glebe Road, Skelmersdale

These two large units form 21,000 sq ft of high eaves industrial space. They were vacant for a number of years and limited yard and circulation space deterred potential occupiers. The present occupier is in the process of signing a new lease.

Pikelaw Place, Skelmersdale

The units occupy a small part of the land holding and are the only units owned by the Council in Pimbo. Generally well let, a work programme to re-roof part of the estate is being undertaken.

Greenhey Place, Skelmersdale

The largest estate within the Langtree Portfolio, Greenhey Place contains 22 units of varying sizes and produces an annual income in excess of £250,000.

This estate requires a significant amount of management time to achieve good occupancy rates, and although there is generally a relatively high turnover of tenants, voids are kept to a minimum.

Whilst these units are on full repairing leases there will be future capital investment required in the long term to replace roofing materials, cladding etc as these components reach the end of their useful life. Similar works have been undertaken on a smaller scale as described above but due to the size of Greenhey Place works can only be undertaken when the units are vacant and the timing of works needs to be considered alongside the rental income achieved and the demands such a programme would place upon the Langtree reserves.

Gladden Place, Skelmersdale

A small development of nine industrial units of 300 sq ft each. Turnover is low with just two vacancies at present. Whilst the Council has undertaken refurbishment works to these premises previously, more work is required to enhance demand and thus rental levels.

OTHER COMMERCIAL PROPERTY ASSETS

The Council holds a range of other commercial property assets in addition to the CRA and Langtree portfolios, which have been acquired over time as a result of a range of factors and where opportunities have been identified.

West Lancashire Investment Centre

The Council's flagship business premises was completed in December 2004 and provides accommodation for 33 small to medium sized businesses in a 47,000 sq ft two storey office building at Whitemoss Business Park, adjacent to junction 4 of the M58 in Skelmersdale.

The building was developed with £5m of Northwest Development Agency and European Regional Development Agency Funding and presently generates rental income of approximately (£320,000) per annum. Any surplus income generated by the Centre is ring fenced, as a condition of the funding arrangements, for social enterprise initiatives.

As with the 'Langtree' portfolio part of any capital released from the disposal of this asset would have to be repaid to Homes England (formerly the NWDA) as per the terms of the funding arrangements.

Demand for units within the Centre fell during the economic downturn with a number of tenants relocating to cheaper office accommodation. However a stable population has now been achieved with an occupation level of 93%.

Greenhey Court

Greenhey Court is a development of 5 modern industrial units within the Gillibrands area of Skelmersdale. The units were built by the Council in 2001 with the aid of £2.5 m of Single Regeneration Budget (SRB) funding. Presently generating an income in excess of £56,000 these units provide functional modern business space and have generally been fully let since completion.

Wheatsheaf Walk

The Council purchased, at auction, Wheatsheaf Walks in the summer of 2016 for £3 million. This portfolio consisted of 15 retail units, a Wetherspoons Public House and a large car park.

The retail units had not been managed intensively and there were a number of property management issues which have been addressed.

The car park was being managed by the Council on behalf of the owners and it was possible that if the Council had not secured this asset any new owner would have changed the arrangement.

The former Timpson premises is being operated as a pop up shop and welcomed its first occupier in November, and further interested parties have approached the Council.

The two vacant units facing the Wetherspoons Public House are under offer but there is the possibility that this will not now take place.

Greenwood Business Centre

This was formerly a terrace of four units, each measuring 4700 sq ft which were in very poor condition. These were demolished and replaced with two terraces with a total of 11 units. Greenwood has exceeded all expectations, being let more quickly and achieving higher rents than anticipated and confirming the demand for quality units.

Appendix 2

Commercial Property Portfolio Data

		Type	No. of units	No. Vacant	Present Rent / Income (£)
CRA					
	Sandy Lane	Retail & Offices	42	0	275,700
	Digmoor	Retail & Offices	22	0	135,353
	Gorsey Place	Industrial	22	1	£210,290
	Delf House	Office	1	0	390,000
	Whelmar Car Park	Car Parking	115	0	57,337
	Silver Birch PH	Ground Lease	0	0	0
		Total			1,081,120
Langtree					
	Grimrod Place	Industrial	3	0	26,350
	Sandy Lane	Ind.& quasi retail	11	0	25,200
	Glebe Road	Industrial	2	0	31,000
	Pikelaw Place	Industrial	9	2	23,400
	Greenhey Place	Industrial	22	3	207,725
	Gorsey Place	Industrial	2	0	24,000
	Gladden Place	Industrial	9	2	14,050
		Total			351,725
Miscellaneous					
	Wheatsheaf Walk	Retail & Leisure	15	3	229,175
	Greenwood Business Centre	Industrial	11	0	113,070
	Greenhey Court	Industrial	5	0	56,050
	42 Westgate	Industrial	14	0	31,644
	Old Stables	Workshops	9	3	11,731
	Investment Centre	Offices	45	3	320,000
	Plot N Burscough	Ground lease	1	0	42,500
	10 Grimrod Place	Industrial	1	0	11,550
	3 Mill Lane Burscough	Offices	1	0	4,160
	Dalton Beacon	TV Mast	1	0	2,000
	Inskip Mtg Rooms	Meeting rooms	1	0	12,000
	Former Police Point	Offices	1	0	2,500
	Robert Hodge Centre	Vehicle Depot	1	0	23,355
	2 Saints Place	Retail	1	0	7,875
	Blaguegate	Leisure	1	0	20,000
		Total			887,610
		Totals			2,320,455

Appendix 4

Summary of Risks and WLBC's approach to mitigation

	Risk	WLBC Approach to Mitigation
Economic Outlook	Commercial property performance is closely correlated to national GDP (Gross Domestic Product)	To diversify the portfolio in terms of sector and tenancy type as not all sectors will necessarily be affected in an economic downturn. To take a longer term view and be prudent in how much income is taken to the Council's General Revenue Account budget.
Competition	Where the local market is very strong there will be increased competitive activity for limited supply of high quality investment property. This means that the Council is likely to be one of several bidders for available assets. In this situation there is a risk that the Council may not obtain the property and/or may have to pay over the asking price, which may not represent value-for-money.	WLBC will adopt procedures which will allow them to compete in the market but with appropriate governance procedures covering the necessary delegated authority and decision making. WLBC will actively seek "off-the-market" opportunities using its own internal economic development and property intelligence as well as employing external property agents. It will assign sufficient resources to the acquisition process so that it can get a good reputation in the market as an organisation with whom one can do business. In that way unsolicited opportunities may also be presented to the Council. It will commission a preliminary RICS Red Book valuation of the property before it makes a bid/offer for the asset.
Opportunity	The availability of property stock for investment in the Council's administrative area may be limited. As the Council seeks to grow the portfolio it may at times be frustrated by a lack of opportunity.	To counter this WLBC will seek out as many appropriate opportunities as possible, build relationships and communicate to the market the Council's requirement and ability to perform. It will adopt a matrix project based approach to implementing the strategy using the internal intelligence available from officers dealing in economic development, place shaping, and regeneration as well as property estates officers. It will also engage external property agents.
Void rental periods	The portfolio may have the risk of void periods or tenants may default on rent payment. Alternatively the Council may have to offer a rent free period as an inducement for a new tenant. Voids create holding and re-letting costs if they persist. For prolonged periods, these costs can be significant.	Active portfolio management will be undertaken by WLBC during the holding period to anticipate and reduce such risks where possible. It is proposed that an earmarked reserve is established to help finance and thus mitigate this impact. Income will be set aside when budget targets are exceeded and funding from the reserve will be used when trading conditions are more difficult.
Capital devaluation of asset	The value of the asset may decrease over time resulting in a loss.	Under local government accounting any decrease in value of the property is not a cost to the Council's General Revenue Account as net gains or losses are reversed out of the GRA through capital accounting impairment entries in various statements of the accounts.

		<p>However if there is still an outstanding debt liability from the borrowing undertaken to finance the acquisition of the property, and the capital receipt obtained from the sale is not sufficient to pay off the loan debt, this would have an adverse impact on the GRA. In this scenario, the Council would still have interest and MRP costs to fund but without the benefit of the rental income to fund these costs.</p> <p>The Council's commercial property portfolio is subject to periodic valuations as part of the statement of accounts production.</p>
Capacity and Expertise	<p>Management of an investment portfolio requires specific skills, expertise and capacity. Direct ownership and direct management means this can be resource intensive. As the portfolio grows, there is a potential risk that the management burden will grow.</p>	<p>There is an experienced and well established Estates management team in place. The Council will consider as part of its evaluation of a potential investment-the amount of management time needed for a particular property.</p>
Costs	<p>Abortive costs, including legal costs, survey fees, officer time, may all be incurred for example in making a bid which is not accepted by the vendor or in undertaking initial feasibility investigations. Such costs cannot be capitalised and are there a cost to the General Fund Account.</p>	<p>WLBC will adopt a 'whole portfolio' view of costs and accept risk associated with occasional abortive costs whilst also undertaking due diligence to reduce the likelihood of these. These abortive costs can be met from the £100,000 funding pot that has been set up to fund the implementation of the strategy.</p>
Reputation	<p>How the Council acts to intervene in the market and deal with day to day management of its properties and tenants will have an impact on the Council's overall reputation.</p>	<p>WLBC will seek to adhere to 'best practice' in all its transactions and ensure effective regular liaison with tenants. Reviews of individual assets and the portfolio as a whole will identify any works required to protect or enhance the fabric of buildings which may be needed in order to re-let a void property.</p>
Changes in legislation / regulation	<p>There is a risk that government could change the statutory framework and/or lending terms for the PWLB, so as to restrict local government activity in this area.</p> <p>Changes in taxation law can impact on the value and property's relative attraction as an investment class – for example increases in stamp duty land tax or VAT.</p> <p>Changes to legislation to improve environmental sustainability can be costly to implement.</p>	<p>The Council will continue to review the statutory framework in which it undertakes its commercial property investments. It will also proactively seek alternative debt financing opportunities outside of the Public Works Loan Board (PWLB) if appropriate.</p> <p>The Council will procure specialist taxation advice where required.</p> <p>The evaluation of a particular property investment will assess the property's obsolescence and Energy Performance Certificate standards.</p>



INVESTING IN WEST LANCASHIRE:

Commercial Property Strategy

July 2020

1. INTRODUCTION

- 1.1 West Lancashire Borough Council has well established procedures in place for its existing commercial property management activities. These do not however include a specific strategy governing new investment in commercial property, albeit there are a number of policy documents governing more generic capital and treasury management investments.
- 1.2 This document set outs a new enabling strategy governing the Council's new investment in commercial property located within West Lancashire and its immediate environs.
- 1.3 The strategy takes a medium term planning horizon (of 5 years) but will be reviewed annually.
- 1.4 The strategy sets out:
 - The strategic objectives that will be delivered.
 - The investment principles that will govern this new investment.
 - The criteria that will be considered when making a decision on an individual investment opportunity.
 - How the strategy will be implemented in terms of project management, decision making process, and governance arrangements.

2. STRATEGIC OBJECTIVES

- 2.1 Our vision is to be a Council which is ambitious for West Lancashire – our economy, environment, and for health and well-being. We are ambitious for our economy, and for inclusive growth in West Lancashire, retaining and growing good quality jobs, increasing skills levels, and encouraging business and wealth generation.
- 2.2 The current Corporate Plan includes the priority of actively promoting the borough as a great place to live, work, visit, and invest.
- 2.3 We want to use some of our capital budget to invest in West Lancashire (and its immediate environs if this has beneficial outcomes for the district). This is now particularly important given the Covid 19 pandemic and the potential adverse impacts on local businesses, jobs, and the vibrancy and diversity of our town centres. The Council has a role in supporting business and town centres to recover and prosper.
- 2.4 However, given the significant budget gap in our General Revenue Account this investment also needs to generate new additional income for the Council. This is needed to fund the ongoing delivery of key local services whilst helping us achieve our priority of becoming self-financing over the medium term so that we are less reliant on declining funding from central government. These financial objectives were identified as being a key part of the Sustainable Organisation Review Project (SORP).

2.5 The strategic objectives of this Commercial Property Investment Strategy are therefore to:

- Invest in West Lancashire (and its immediate environs) to contribute to the recovery and growth of existing and new businesses.
- To generate additional new income streams for the benefit of the Council's General Revenue Account.
- To minimise the risk of holding commercial property investments through diversification of the portfolio and through undertaking robust evaluation of the potential investment as described in this document.

2.6 The range of benefits that can arise from investing in property assets are summarised below.

Benefits from Investing Directly in Property

Direct Returns	Rental Income Capital growth
Multiplier Effects	Supporting growth of key local industries Improving confidence in local economy
Indirect Returns	Local job creation Increase in NNDR (Business Rates) tax base
Strategic Advantages	Key site assembly Enhance the Council's position as a major land-owner with the ability to influence the growth and future development of the district Supporting the local planning framework Place shaping and regeneration

3. SCOPE OF THIS STRATEGY

3.1 This strategy governs new investment in commercial property that is to be funded from the Council's Investing in West Lancashire Fund (£30m approved capital budget over the next three years (2020/21 to 2022/23)).

3.2 It is envisaged that this will principally involve the Council acquiring new commercial property with a sitting tenant renting the property. However, investing in existing commercial assets and/or developing new assets are also included if the investment meets the criteria set out in this document.

3.3 The strategy does not cover the indirect investment by the Council in commercial assets, for example through a commercial property fund or real estate investment trust.

3.4 All the investments governed by this current strategy will be owned and managed by West Lancashire Borough Council. It is envisaged that the investment in commercial property through partnerships with neighbouring councils or by the Council's wholly owned company could be considered in the future.

3.5 Commercial Property is defined as follows:

- **Retail:** shop units and similar (e.g. restaurants and coffee shops, bank branches, estate agents etc), in town and out-of-town shopping centres, retail warehouses and retail parks.
 - **Office:** office blocks, out-of-town business parks, and data centres.
 - **Industrial:** warehouses, light industrial use (e.g. workshops), distribution and logistics.
 - **Alternative commercial property:** a wide range of miscellaneous building and property types used by profit-making businesses including leisure premises, hotels, petrol stations, student accommodation, start-up accommodation, agricultural/horticultural holdings, GP surgeries, and solar farms/green energy production.
- 3.6 This investment strategy does not currently include the purchase of housing for the private rental sector (PRS).

4. INVESTMENT PRINCIPLES

Strategic Fit

- 4.1 All investments must demonstrate how they positively contribute to the strategic objectives agreed in the Council's Corporate Plan.

Geographic location

- 4.2 The investments will be restricted to West Lancashire Borough Council's administrative area and its immediate surroundings. Consideration could be given in the future to investing in a wider geographical area: this will be explored as part of the annual review of the strategy.

Investment Budget and Funding

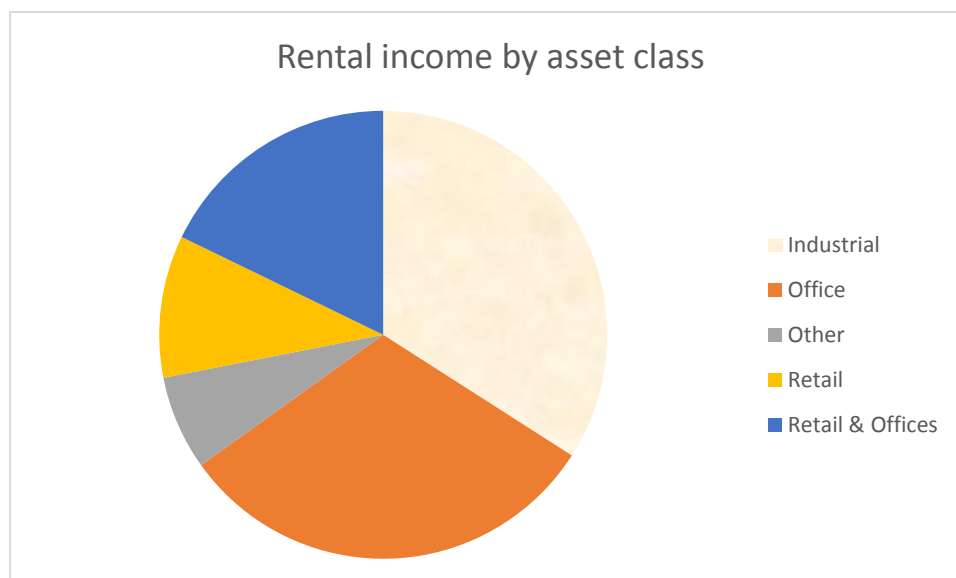
- 4.3 The capital budget for investing in commercial property will be agreed annually as part of the overall budget setting process and total in-year expenditure will not exceed this approved budget figure (unless Council is asked and agrees to increase the budget or bring forward future years' agreed budgets).
- 4.4 The current agreed capital budget is £30m. This budget is envisaged to be deployed over the three year period 2020/21 to 2022/23 although, depending on when investment opportunities are identified and/or come onto the market, this should be spent as soon as prudently possible in order to maximize the rental income returns to the Council.
- 4.5 The Investment Budget will largely be funded through borrowing, although opportunities for other external funding will be reviewed at the time of the investment. The Council's S151 Officer may initially fund this by internal borrowing by using any available cash held at the time of the investment. This is only a temporary resource. Eventually, depending on other Council cash outflows (particularly expenditure on the capital budget), the cash will need to be replaced by the Council borrowing externally (via the Public Works Loan

Board or other appropriate institution/mechanism). External borrowing will incur additional costs to the General Revenue Account budget through the need to pay interest charges on the loan and for debt repayment.

- 4.6 Council borrowing, whether external or internal, increases the Council's Capital Financing Requirement (CFR). This is the amount of indebtedness the Council has, and the figure is given annually in the Council's Treasury Management Strategy. The Council charges a Minimum Revenue Provision (MRP) to the General Revenue Account to reduce the Council's indebtedness over time (through "setting aside" funds to repay the principle debt amount).
- 4.7 The financial appraisal of potential investment opportunities will include interest charges and MRP costs in assessing the net financial return achievable from the investment, irrespective of whether the investment is initially funded by internal borrowing or not. MRP costs will be calculated and charged in line with the Council's annual MRP policy which adopts a prudent approach based on professional best-practice.

Diversification of the commercial property portfolio

- 4.8 The Council will seek to diversify its commercial property portfolio in order to mitigate the risks involved in holding such investments whilst bearing in mind that it does have a current strength in owning and managing light industrial units. The council's current (July 2020) asset classes within its portfolio is shown below by gross rental income achieved:



- 4.9 It will invest in a good spread of properties across a variety of asset classes and tenancy sectors in order to reduce the risks of exposure to a single asset class, tenant, or sector market failure.
- 4.10 The Council will invest within a range of lot sizes so that one (large) investment does not dominate the entire portfolio holding. Average lot sizes, given that the investment pot is currently £30m, are likely to be in the range of £1m to £5m, although this does not rule out smaller or larger lot sizes.

- 4.11 The maximum gross rental income that is derived from any one property within the entire portfolio will be set at 20% of total rental exposure.

Property Tenure

- 4.12 Any acquisition will be a freehold or long leasehold purchase (the latter to be ideally 50 years or over).

Target returns

- 4.13 There are two principal areas of return from commercial property investment – income and capital growth. The key principle will be to maximise the revenue return whilst ensuring the investment capital is, at least, not eroded over time.
- 4.14 All investments will need to produce an estimated annual gross revenue in excess of the cost of borrowing (interest charges and MRP costs) and the costs of managing the asset.
- 4.15 All investments will also need to produce an estimated net accounting return that is equivalent or better to the returns that could be earned from readily-available alternative treasury management investments, such as placing monies on deposit in banks and building societies.
- 4.16 The net accounting return is defined as being the gross rental income less the estimated financing and holding/management costs.
- 4.17 The target net accounting return is 2%. Decisions to invest under this target rate will need to document the rationale for making such a decision, which should be based on the significant non-financial benefits that the investment provides

Applicable Investment Policy

- 4.18 In making a commercial property investment the Council will prioritise the security of the investment first followed by yield and liquidity in that order. These terms mean the following:
- **Security** – consideration of the strength of tenant covenant, the term certain remaining on the current lease, and the prospects of reletting at expiry.
 - **Yield** – the net return to the Council (after financing and management costs are financed).
 - **Liquidity** – a consideration of how quickly the Council could sell the asset to get its capital back in liquid (i.e. cash) form.

Ethical and reputational issues

- 4.19 The choice of investment will take into account ethical considerations relating to the vendors and occupiers of the property.
- 4.20 The Council will not engage with sellers or tenants where the business may be contrary to its corporate values and who may therefore present a significant reputational risk. This is likely to include owners/tenants involved in armaments and nuclear weapons production/sale, escort/sexual services,

environmentally damaging practices, manufacture of tobacco products, and businesses where corporate headquarters are located in off-shore tax havens.

5. INVESTMENT DECISION-MAKING CRITERIA

- 5.1 The criteria are to be regarded as a decision-making tool rather than measures that have to be slavishly followed. Each investment will tend to have its own peculiarities which are sometimes difficult to assess up-front. The criteria set out here represent the issues that will need to be considered and documented in order to make an evidenced-based and robust decision. Reasonable departures from desired criteria can be undertaken as long as the rationale for doing this is articulated and recorded.
- 5.2 A potential commercial property investment will be assessed by undertaking:
- A review of how the investment will meet the Council’s non-financial strategic objectives and whether there are any ethical issues to consider.
 - An evaluation of the tenant, the existing lease terms and length, the property (its location and physical condition), and prospects for lease renewal and alternative use along with a valuation of the property (known as a RICS “Red Book” valuation).
 - A financial evaluation of the investment.
 - Due diligence undertaken on title, leases, searches and on the building and environmental surveys undertaken.

Review of strategic fit and any ethical issues

- 5.3 A qualitative review will be undertaken on the following:

Does the investment support local community vibrancy?
Will the investment support local job creation or retention?
Will it facilitate strategic site assembly / increase scope for intervention?
Will it support improvement in infrastructure?
Will it support local place shaping in line with WLBC objectives?
Does it support equity of prosperity and opportunity across West Lancashire?
Does it support anti-poverty or deprivation policies?
Will it support education, skills, or apprenticeship policies?
Is it in a specific priority area for regeneration or growth?
Does it contribute to better balance within and between ‘places’?
Are there any potential conflicts with the Local Plan?
Are there any ethical issues to consider?

Evaluation of the tenancy and the property

- 5.4 A criteria matrix will be used to score the potential property investment. The matrix is shown in Appendix A and a weighted score of 60 or above, for an already let property, would normally indicate that the investment should be made (however the score will be lower if the Council is considering a redevelopment opportunity). The key considerations the Council will take into account are:
- 5.5 **Covenant strength:** in the case of a let property, the quality of the tenant and more importantly their ability to pay the rent on time and in full. This would be assessed by undertaking a credit check on the tenant via a reputable company such as Dun and Bradstreet.
- 5.6 **Lease length:** in the case of a let property, the unexpired length of the term of the lease or a tenant's break clause is of key importance in ensuring that the landlord's revenue stream is uninterrupted. Generally occupiers are moving away from 25 year leases which were more common back in the late twentieth century with 5 to 10 years now more common.
- 5.7 **Lease terms:** the terms of leases vary particularly as they have developed over time. The Council is seeking to invest in modern leases, ideally with fixed rent reviews, and with full repairing and insuring obligations on the tenant (and a full service charge recovery where the property is multi-let). The evaluation will need to review termination dates, any break clauses, rent review terms, any transfer or charging restrictions, insurance and repairing obligations, and any limitations on service charge recovery (if applicable).
- 5.8 **Location:** should a tenant default or vacate the location of the property is the key factor in influencing the ability to re-let and find another tenant. Location is also important when considering future redevelopment or regeneration opportunities.
- 5.9 **Building age, condition, and specification** – in the case of a let property, whilst the Council as an investor is principally concerned with the characteristics of the tenant and lease, the age, condition and specification of the property will also affect the ability of the Council to let or sell the property in the future.

Financial evaluation of the investment

- 5.10 The financial evaluation will show the estimated net return to the Council over the estimated life of the asset given (a) pessimistic and (b) optimistic assumptions.
- 5.11 All relevant capital and revenue costs and income resulting from the investment will be modelled including:
- Acquisition costs (purchase price, Stamp Duty Land Tax, survey costs, land registry fees, and external professional fees if appropriate).
 - Financing costs (interest and MRP costs).
 - Management costs and fees arising from lease renewals and new lets.
 - Estimated cost of voids (including service charges and Business Rates if the void is in a multi-tenanted building), rent free periods, and landlord repairs.

- Estimated rental growth.
 - Estimated residual value of the property at the end of the asset's estimated life.
- 5.12 The financial evaluation will compare the estimated net return from the potential investment to the return available at the time from treasury management investments.
- 5.13 The evaluation will also be used in conjunction with a RICS "red book" valuation to help assess how much the Council will bid for the property and also the maximum bid offer to be made.
- 5.14 The analysis will include an assessment of the tax implications for the Council including its VAT partial exemption position and whether the purchase is a transfer of going concern (TOGC) which would mean VAT is not payable. In general such investment should be tax neutral especially when acquiring a going concern.
- 5.15 The analysis will set out the major risks, financial and non-financial, associated with the investment and will include sensitivity analysis to assess the importance of key variables on the expected return, in particular – modelling the estimated return assuming no new future rental growth & modelling impact of an increase in interest rates

Due Diligence

- 5.16 A Report on Title will need to be prepared which investigates the legal issues and tests the assumptions made concerning the property. The report will include:
- Confirmation of ownership and title.
 - Confirmation of the property boundaries.
 - Existing charges, mortgages, and encumbrances.
 - The result of searches – environmental, local authority, water and drainage.
 - Rights, covenants, obligations and liabilities affecting the property.
 - Existing and required insurance and history of claims. Checking that all premiums are paid up to date.
 - Legislation affecting the property – e.g. Landlord & Tenant Act.
 - Required consents for purchase or charging.
 - Existing planning consents and conditions. Checking whether consents have been complied with and whether there have been any enforcement notices/actions.
 - Searching to see whether there are any planning projects or applications in the pipeline that may impact on the intended use of the property.

- Listed building status (if applicable) and any restrictions on usage.
- Material unusual issues.

5.17 In addition the property will need to be appropriately surveyed which may include commissioning the following surveys on the building, site, mechanicals, electrics, and environmental and ground conditions.

6. IMPLEMENTATION OF THE STRATEGY

Project Management

6.1 The project sponsor will be the Corporate Director of Transformation & Resources with the Head of Finance, Procurement & Commercial Property in the project management role.

6.3 A key principle is that a matrix project team approach will be adopted to include professionals from finance, legal, estates & property, regeneration/economic development along with appropriate administrative support.

Use of external advisers

6.4 The Council intends to use external property agents to actively search for opportunities (in parallel with in-house officers from regeneration/economic development and estates & property). Members will need to understand and accept that such agents will require the Council to pay a “finder’s fee” for such work.

6.5 In addition it is likely that the Council may, at times, need to employ external legal, financial, and estates agents to provide specialist advice and sufficient capacity to undertake the due diligence work required in a timely fashion.

Investment process

6.6 There are four main ways that investment can be undertaken, namely:

- (1) An opportunity presents itself on the open market which requires interested parties to make a bid for the property by a certain date.
- (2) An opportunity is marketed for sale by auction on a certain date.
- (3) An off-market opportunity is found via an agent in-the-know or by officers approaching owners speculatively and directly.
- (4) An opportunity to invest in an existing Council property is developed via a Business Case.

6.7 The different means of investing described above obviously have differences in the potential pace required to make a decision on the investment. Processes 3 and 4 will largely be slower with the Council having more control over the timing. Processes 1 and 2 will required the Council to move to meet externally set and unmovable deadlines.

- 6.8 All of the decision-making criteria described in section 5 of this strategy are applicable to processes 1, 2 and 3 described above. The information and decision-making requirements for investing in an existing property can however be considered separately through the budget process and via the production of a robust Business Case.
- 6.9 Appendix B gives a diagram showing the stages and information requirements for process 1, namely buying a property on the open market through a competitive bidding process. This comprises of six stages – initial screening, detailed investigation and financial modelling, pre-contract due diligence, exchange of contracts, completion and post-completion. The diagram also shows when decisions are made.
- 6.12 The decisions to be made are:
1. Whether, after the initial screening of an opportunity, a detailed investigation occurs.
 2. Whether after having undertaken the investigation and financial modelling, a bid should be made and how much this will be.
 3. Whether, after having undertaken due diligence on the property, the lease, and land ownership issues, all is in order to complete the acquisition by exchanging contracts.
- 6.13 At decision point 2, the documents required to make a decision of whether to bid would comprise:
- A scored matrix (Appendix A)
 - A purchase report describing the property and giving an explanation of the scoring undertaken.
 - A partial RICS red book valuation to support the proposed bid amount.
 - A financial model and risk assessment.
- 6.14 At decision point 3, the documents required to make a decision on whether to complete would comprise:
- A legal report on the due diligence undertaken on title, leases, and searches.
 - A final purchase report including advice arising from the building and environmental surveys undertaken.
 - A full RICS Red Book valuation
 - A revised financial and risk analysis (if this is required)
 - A legal recommendation about the draft contract terms and their acceptability.
- 6.15 Making a bid by auction (process 2) requires that all of the evaluation, due diligence, and decision-making described in the above paragraphs will need to be undertaken before auction day as exchange of contracts will occur on the day of the auction.

Decision – making

- 6.16 Investment decisions up to £5m, and which are within the approved capital budget, will be taken by the Strategic Asset Purchasing Committee. Decisions above that amount will be taken by Council.
- 6.19 There may be insufficient time for a formal Business Case document to be written with all the information consolidated into one single report. However all the key elements that would go into such a document and which are needed in robust decision-making will be produced as separate documents to form a package of information.

Governance and transparency

- 6.20 The Head of Finance, Procurement and Commercial Property, as Project Manager, will have the lead role on producing the necessary information required to enable the Strategic Asset Purchasing (SAP) Committee to make informed investment decisions, in line with the requirements set out in this Strategy. All Members will receive a copy of the SAP Committee papers, and there will be representatives from each political group on this Committee. Details on the investment decisions taken through this route will be reported to the next scheduled Council meeting to ensure transparency.
- 6.21 Council approved funding of up to £30m for investment in commercial property at its meeting in July 2019. As the purchase of land and buildings is a Cabinet function, there will be a delegation to the Head of Finance, Procurement and Commercial Property to take this action, subject to the approval of the funding being released by the SAP Committee for schemes of up to £5m and by Council for schemes over £5m. This approach strikes a balance between enabling investment decisions to be made quickly (as meetings of the SAP Committee can be arranged at short notice) whilst ensuring Member scrutiny of each individual investment decision.
- 6.22 The Council will publish this strategy on its website and will include brief details of the properties it has purchased.

Training Plan

- 6.23 An annual training plan for all members and officers involved in this decision making will be developed.

Appendix A – Scoring matrix to be used in a commercial property investment decision

Criteria	Scoring					Score	Weight	Comments
	1 Poor	2 Marginal	3 Acceptable	4 Good	5 Excellent			
Tenure	Lease less than 20 years	Lease between 20 & 50 years	Lease between 50 & 125 years	Lease 125 years & option to buy freehold	Freehold	1 – 5	5%	Legal ownership of the asset
Covenant Strength	Very high risk	High risk	Moderate risk	Safe low risk	Very low risk	1 - 5	15%	Based on risk of tenant bankruptcy as rated by Creditsafe or Dunn & Bradstreet
Unexpired lease term	Less than 2 years or vacant	2 to 4 years	4 to 7 years	7 to 10 years	Greater than 10 years	1 - 5	15%	Lease term defined by expiry date or tenant break if applicable. Weighted average calculated on multi-let properties
Rent review provisions	Upwards & downwards or reviews based on turnover	Inappropriate, complicated or dated rent review provisions e.g. gearing	Open market review with some restrictive assumptions limiting potential for uplift	Open market review, clauses beneficial to the landlord	Fixed to greater of upward only market rent or RPI increases	1 - 5	10%	Terms under which rents can be reviewed as defined in the lease
Prospects of reletting	More than 15 months	12 to 15 months	6 to 12 months	3 to 6 months	Within 3 months	1 - 5	5%	Anticipated timescale to re-let (in current market conditions)
Alternative use	Little/no alternative used due to demand and/or planning considerations. Prohibitively high capital expenditure required.	Likely to be in demand use but value of use less than 80% of the existing. Planning consent uncertain. High capital expenditure required.	Likely to be in demand use and value of use within 80% of the existing. Planning consent reasonably likely. Average capital expenditure required.	In demand use and value of use within 90% of the existing. Planning consent likely. Modest capital expenditure required.	In demand use and value of use as existing. Planning consent a near certainty. Minimal capital expenditure required.	1 - 5	5%	Prospect that property could be occupied by an alternative use if it were no longer possible to let it in its existing use – Exit Strategy

Criteria	Scoring					Score	Weight	Comments
	1 Poor	2 Marginal	3 Acceptable	4 Good	5 Excellent			
Micro Location	Location difficult to access and isolated	Location with high vacancy levels	Average secondary location with good transport or footfall	Better secondary location	Central business district or prime sub-market	1 – 5	10%	Location within West Lancashire or its environs and the strength of the local market
Physical Condition	In a poor state of repair with significant liabilities	In a poor condition with some repairs required	In a reasonable condition with limited repairs required	In a good condition with only limited repair issues	Fit for purpose, well maintained, no outstanding repairs	1 – 5	10%	This will consider age of property, quality of the building (specification), obsolescence, and condition of the building
Configuration	Overcrowded and/or poor access	Some access, circulation, productive space, parking challenges which might limit attractiveness to occupiers	Satisfactory access, circulation, productive space, parking but with challenges over flexibility or growth	Organised with sufficient access, circulation, productive space and parking	Very well organised with good access, circulation, productive space and parking and capacity to scale up operations	1 - 5	5%	Takes into account negative features of the property's configuration that may limit a tenant's operations or trading functions
Sustainability – EPC rating	An EPC score of E, F, G	EPC score of E but prospects to upgrade to D	EPC score of D	EPS score of C	EPC score of A or B	1 - 5	5%	Energy Performance Certificate (EPC) standards
Repairing Terms	Landlord bears the costs	Internal repairing – non recoverable.	Internal repairing – partially recoverable	Internal repairing – 100% recoverable	Full repairing and insuring obligations on tenant	1 – 5	5%	To what extent are repair and insuring costs covered by the tenant?
Levels of active management	Requires considerable active management	Requires regular active management	Requires regular but not excessive management	Some active management required	Minimal active management required	1 – 5	5%	Single let properties will generally require less active management than multi-let.
Portfolio diversification						1 - 5	5%	Does the investment improve the balance of the WLBC portfolio (risk management)?
				Maximum Score		65	100%	

Appendix B – the key stages in a property investment (acquisition)

<p>INITIAL INVESTIGATION PHASE (2 days)</p>	<ul style="list-style-type: none"> • Opportunity identified (on or off market) • Initial appraisal undertaken by Project Team including whether the opportunity is a strategic fit with the Council’s objectives and whether there are any potential ethical issues involved • Decision taken to investigate further (or reject)
<p>DETAILED INVESTIGATION PHASE (up to 10 days if on the market – longer possibly if an off market opportunity)</p>	<ul style="list-style-type: none"> • Visit site • Commission a partial RICS Red Book valuation? • Obtain schedule of condition and lease details • Obtain credit rating of tenant/s • Produce purchase report including explanation of scoring undertaken • Undertake a financial assessment including an analysis of risks • Decision on whether to bid or not, how much to bid, and upper limit if second bids are needed
<p>MAKE A BID WITHIN THE DEADLINE</p> <p>VENDOR</p>	<ul style="list-style-type: none"> • Letter making bid offer and giving information on how the Council would fund the purchase and who has/can make the decision • Inform HMRC if applying for a VAT exemption under TOGC (Transfer of a Going Concern) - needs to be done BEFORE any money is paid over • Vendor may ask for second bids from a few bidders with a quick

DECISION	<ul style="list-style-type: none"> turnaround required If bid accepted, vendor informs Council and sends draft Heads of Terms to agree
DUE DILIGENCE PHASE (how long depends on the pace the vendor wants to complete – can be 2/3 months)	<ul style="list-style-type: none"> Undertake building and environmental surveys Investigate title Carry out searches if vendor has not supplied them Negotiation of the contract If necessary revise purchase report and financial analysis if due diligence reveals any issues Arrange for deposit money to be ready Decision taken to exchange contracts (Council now legally committed to the purchase)
EXCHANGE OF CONTRACTS	<ul style="list-style-type: none"> Signing and sealing of the contract Payment of the deposit Arrange insurance of the property
COMPLETION	<ul style="list-style-type: none"> Completion documents sent to Council from vendor Pay outstanding amount on purchase price
POST-COMPLETION	<ul style="list-style-type: none"> Pay Stamp Duty Land Tax Register title at Land Registry



COUNCIL: 22 JULY 2020

Report of: Corporate Director of Transformation and Resources

Contact for further information: Ms A Grimes (Extn. 3211)
(E-mail: alison.grimes@westlancs.gov.uk)

SUBJECT: COUNCIL PLAN ANNUAL REPORT 2019/20

Wards affected: Borough wide

1.0 PURPOSE OF THE REPORT

1.1 To present the Council Plan Annual Report 2019/20.

2.0 RECOMMENDATIONS TO COUNCIL

- 2.1 That the Council Plan Annual Report 2019/20 (attached at Appendix 1) be approved.
- 2.2 That authority is given to the Corporate Director of Transformation and Resources in consultation with the relevant Portfolio Holder to make any minor final amendments to the document, prior to publication.
-

3.0 BACKGROUND AND CURRENT POSITION

- 3.1 In April 2019, the Council formally adopted a Council Plan 2019/20-2020/21 with a vision, set of values and priorities together with key projects. The purpose was to deliver the Council's priorities, communicate its direction with the public and stakeholders including staff, and to support transparency and accountability.
- 3.2 The Council Plan Annual Report attached as Appendix 1 provides a summary of the progress against implementing the plan during 2019/20. Many of the actions have been the subject of detailed individual reports to committees as well as a six-month progress report being provided through a Members Update.
- 3.3 As evidenced in the report, overall the Council has made good progress in achieving the priorities of the plan. The annual report also contains the annual

outturn against the Council's Corporate Performance Suite. The suite highlights performance in key areas of Council service and is aligned to the priorities and actions of the plan.

- 3.4 The outturn shows that despite the challenges around resources the Council continued to maintain a good level of performance against targets in most areas. Much of this was achieved ahead of COVID-19. It should be noted however that mobilisation and implementation of the Council's emergency response to COVID-19 resulted in much revised working arrangements and service operations which did impact in the final weeks of the year for certain performance and planned activities.
- 3.5 A Cabinet strategy session reviewed the existing Council Plan, vision, values and priorities in light of what has been achieved, the operating environment and Council's new operating model. It was recognised that there had been significant progress towards achieving the existing Council Plan and a revision to the Plan rather than a refresh was appropriate. A new draft Council Plan has therefore been developed. The draft Plan will undergo stakeholder consultation and the consultation feedback used to refine the final Council Plan to be brought back to Full Council. The current Council Plan will remain in place until the intended adoption of the new Council Plan in October 2020.

4.0 SUSTAINABILITY IMPLICATIONS

- 4.1 There are no direct implications arising from this report and, in particular, no significant impact on crime and disorder. The priorities and key projects set out in the Council Plan should contribute to the sustainability of services and the borough as a whole.

5.0 FINANCIAL AND RESOURCE IMPLICATIONS

- 5.1 The Council Plan Annual Report 2019/20 appended to this report demonstrates the Council's pursuit of its objectives, within the resources available, and includes a statement on its financial performance.

6.0 RISK ASSESSMENT

- 6.1 The development and monitoring of a strategic plan and associated processes mitigates the risks that the Council will not deliver its aspirations within a balanced budget. It is essential to the effective management of the Council that sufficient time and consideration is given to the council planning process. Having a clear plan allows attention and resources to be effectively focused on achieving the Council's priorities and strong and effective performance management arrangements are in place to support this.

Background Documents

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

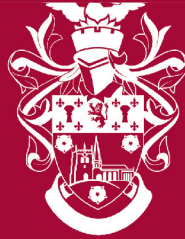
Equality Impact Assessment

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

Appendix 1: Council Plan Annual Report 2019/20

WEST LANCASHIRE
BOROUGH COUNCIL



APPENDIX 1

Council Plan Annual Report 2019/20

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Council Plan Annual Report 2019/20



WEST LANCASHIRE
BOROUGH COUNCIL

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Our Council

Welcome to West Lancashire Borough Council's Annual Report. West Lancashire is served by a Borough Council, County Council, 19 Parish Councils, one Town Council and one Parish Meeting. There are 54 elected Members for 25 wards; a boundary review will begin during 2020/21. As a Borough Council, working in partnership with these organisations as well as the police, fire service, NHS, businesses, schools, colleges, university and other stakeholders is vital for delivering lasting improvements for the benefit of the borough. Council policy is determined by Councillors, with advice from officers. The Cabinet is the Executive Councillor body for the Council.

The Borough Council provides services for around 114,000 people or 50,243 households (including approximately 5,880 council homes) as well as businesses and organisations. Services are delivered by around 420 full time equivalent staff (not including employees managed through our secondment agreement with Lancashire County Council/BT Lancashire Services).

Our main function as a Council is of course to deliver services and to make improvements to all of our communities. To do this we have a corporate plan with a vision and corporate priorities to provide a clear strategic direction for the organisation. Our plan allows us to co-ordinate financial and staffing requirements to support our priorities. The plan is regularly reviewed to make sure it remains in line with current thinking and the environment in which we operate. Service delivery throughout the Council supports our priorities with particular projects identified as contributing significantly to meaningful change for the borough.

Success as a Council depends on our staff who are the face of the Council representing the whole organisation. We are committed to ensuring that staffing levels are appropriate for delivering services and that the workforce is equipped to meet our commitments to the community and wider stakeholders whilst fulfilling their own potential through learning and development. We continue to promote our health and wellbeing initiatives for staff, such as free blood pressure checks and access to mental health support services through the Able Futures service and personal counselling services. To further establish an environment where our values can flourish, we have recently undertaken detailed work with staff to better understand the Council's culture. This will allow us to develop an Our People Strategy that will establish how we support and develop staff and how we want staff to work together to deliver excellent services.

Our Future

Over the past year an extensive review of service delivery and design of the organisation resulted in recommendations designed to make more of the Council's potential. We have been transparent with staff about the reasons for change which are to achieve financial viability, service sustainability and a consistent and quality based customer experience.



We have now begun the implementation of these recommendations as the Our Future programme. The top tiers of the new management structure were introduced in November 2019, giving us a two directorate model led by a Chief Operating Officer and overseeing the strategy from Cabinet. This essentially establishes a 'whole place' directorate concerned with delivering good quality, connected services that will work alongside a directorate that through information and a corporate services role enables the Council to deliver those services, innovate and thrive. The final changes to the operating model were put in place from 1 April 2020.

Operational structure is only one aspect of Our Future. Staff involvement will continue during implementation of the other aspects since the benefits from Our Future will be evident in every area of the Council. We will now also be working on changes to our culture, to income generation, to ICT, to introduce Agile and New Ways of Working and to carry out Service Area Reviews to facilitate the continued transformation. To allow this to be taken forward, training in Transformational Change was given for senior managers. Our Future will result in greater efficiency in how we function as an organisation including ensuring value for money, for example by taking advantage of the strengths offered by digital services, and targeting our financial and staff resources on services with outcomes that support our priorities for the benefit of the borough.

Vision and Priorities

Our vision is to be a Council which is ambitious for West Lancashire – our Economy, Environment and for Health and Wellbeing. We are ambitious for our economy, and for inclusive growth in West Lancashire, retaining and growing good quality jobs, increasing skills levels and encouraging business and wealth generation. This is matched by our ambitions for a good quality, clean, built and physical environment, and for ensuring the conditions are in place for people in West Lancashire to live healthy and fulfilling lives. These ambitions are reflected in the priorities and key projects that have been identified. Delivering our vision for the borough are key projects aligned with three priorities:

- Deliver tangible and visible improvements in the Borough
- Engage and Empower Our Local Communities
- Actively Promote the Borough as a Great Place to Live, Work, Visit and Invest

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Deliver Tangible and Visible Improvements in the Borough

Several projects were identified as contributing strongly towards achieving this ambition. Highlights of the progress made in 2019/20 are given below.

Completing the review of the Local Plan

Meeting the needs for the Borough's growth and development

In September 2019, the Council embarked on the preparation of a new 15-year Local Plan for West Lancashire. The Plan will ensure that land use plans for the Borough remain in line with evolving national planning policy and local needs. The Local Plan will contain the vision and strategy for development in West Lancashire. It will make sure that the new homes, jobs and services required by communities are located in the most sustainable places and also provide the framework for delivering the necessary infrastructure facilities and other development to make this possible.

The process and timescales for preparing the new Local Plan are outlined within the Local Development Scheme. Taking around three years, the full review will involve extensive consultation, starting with an initial public consultation in autumn 2020, and culminate in adopting a new Local Plan once it has passed through an independent examination by the Planning Inspectorate.

Developing new leisure facilities as leisure and wellbeing hubs

Helping people of all ages to live active lives and enjoy healthy lifestyles

We are replacing our existing leisure facilities in Skelmersdale and Ormskirk with two new Leisure and Wellbeing Hubs. We will be looking to incorporate health services into the facilities where possible to provide a wider range of opportunities for promoting health and wellbeing in the community and also help to reduce build and operational costs.

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881,757
annual visitors to leisure centres & swimming pools



During the year we appointed project management consultants and completed site surveys for the proposed sites. We also held our community consultations in the summer to discover what residents felt about the proposals for the hubs including public exhibitions, paper-based feedback and a dedicated westlancshubs.co.uk site for online survey. Plans for both hubs include swimming pools, fitness suite and studios, café and soft play, whilst the Skelmersdale Hub plans also include tenpin bowling and climbing walls. Work is now underway around the tender process with plans for both hubs to be operational in 2023.

Delivering retail, housing and public realm improvements with a focus on Skelmersdale Town Centre

Building new commercial, leisure and residential development

The first on-site work for our main Skelmersdale development began in January 2020 with clearance works for the start of Phase 1 delivery. This will see new shops created to house Lidl and B&M Bargains, a play area for Tawd Valley Park, a new high street, and enhancements to public areas outside Skelmersdale Library. We have already worked with our partners and housing developers to secure development of over 200 houses on residential sites adjacent to the town centre. The scheme is being implemented in partnership with Homes England and St Modwen. It will secure regeneration alongside existing property and environmental enhancements across a large area of land within and surrounding the town centre. The Phase 1 scheme is expected to be completed in late Spring 2021.



Establishing a Development Company

Bringing investment and growth to the Borough

Tawd Valley Development Company (TVD) started trading in 2019/20. The initial business plan includes the delivery of a mixture of market-for-sale properties and much needed affordable homes. During the first twelve months of operation the focus has been to establish the governance and financial arrangements for the company. The Board of Directors is made up of two Council nominees, the Corporate Director of Transformation & Resources and the Head of Finance, Procurement & Commercial Services together with two independent members, who bring a wide range of commercial expertise to support the board effectiveness. These arrangements have been further solidified with the appointment of the Company Executive Management Team. The legal and financial documents have been prepared and agreed by all parties, with relevant documentation filed with Companies House.

TVD has worked with the Council's planning officers and other stakeholders to bring forward the four, phase one development sites. This consultation work has resulted in a number of scheme redesigns which have made improvements to the scheme layouts, however this has resulted in the loss of a number of units on some of the sites. The revision now includes a total of 71 new homes. The impact of these changes has been appraised and included in a refresh of the Business Plan which was approved by the Council in February. Two of the schemes now have planning approval with the remaining two scheduled for April, and a start on site expected in June / July. In addition to the phase one sites, work is now ongoing to appraise sites identified for phase two.

Ormskirk Eastern Gateway

Creating a key gateway to the town centre

A successful bid to Historic England for the Heritage Action Zone (HAZ) funding has meant that alternative proposals to original plans for a Moor Street Gateway can now be delivered. Among other projects, the new proposals include the creation of an Ormskirk Eastern Gateway encompassing a revamped bus station, new cycle and pedestrian links between the town centre, bus station, rail station and Edge Hill University and new public realm improvements. Lancashire County Council has committed some funding to upgrade the bus station and contribute towards the Edge Hill Cycle Link and so with HAZ funding and Section 106 contributions the Council will be able to partner with the County Council to deliver this Gateway to Ormskirk. Earlier public feedback on Moor Street and Wheatsheaf Walks schemes previously gathered will be fed into the plans.

Implementing the Route Optimisation Round Review

Improving reliability for residents

Collection rounds for domestic waste, recycling and garden waste were reviewed and revised to ensure that they could provide a more reliable service and were being delivered in the most economical way. Issues such as additional grey bins, weekly sack collections and collections from rural properties were all considered along with the necessity for assisted collections and additional containers for large families. The number of households per round were balanced to ensure rounds are now provided as a fortnightly service and completed within a standard working day. Information was provided to residents and staff ahead of the successful launch in November 2019 and refinements continue to be made to ensure any anomalies are addressed. We continue to promote and educate residents on the benefits of recycling to help achieve greater recycling participation rates and this year's online launch of our chargeable Garden Waste collection service commenced on 11 May. It was initially envisaged that this would include an additional payment option of subscribing via Direct Debit, however due to the COVID-19 situation, this was postponed and will be finalised and launch at a later date.

Implementing the Clean and Green Service

Providing multi-skilled teams to care for neighbourhoods

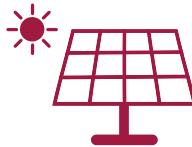
Our new Clean and Green Service went live on 1 April 2019 delivering a set of agreed service standards aimed at improving the quality of the local environment. These standards include monitoring litter bins, dog fouling and frequency of grass maintenance. During the first season staff have adopted the new standards and different ways of working. We have recruited into key posts to manage the new teams and upskilled staff with additional competencies across a broader service area, the training of staff will continue into season two and will also include refresher training as required. This enables staff to take a greater pride within the designated neighbourhoods that they work in by carrying out tasks that previously would have been outside of their role giving a more efficient way to maintain the local environment. Electronic schedules for grass cutting, emptying of litter bins and street cleansing activities were prepared but have been temporarily delayed due to impacts on resource from COVID-19. It is envisaged that the second year of the Clean and Green Service will deliver greater improvements on performance.

Other work streams have supported this priority, for example the Ormskirk town centre improvements were delivered through the upgrade to the path between Ormskirk bus and rail stations to a **shared use footpath/cycleway**. This path will be formally opened when new lighting heads arrive which are currently held in transit due to the COVID 19 shutdowns across Europe.

Following a review by the Corporate and Environmental Overview and Scrutiny Committee, a **Policy for the Provision of Litter Bins** was created to allow consistent and efficient litter bin provision and collection whilst ensuring the most appropriate bin types are used in prioritised locations. Our current **fleet hire and maintenance tender** expires in March 2021, the Fleet Tender opportunity has gone to the market and the successful bidder will be identified and awarded the contract in July 2020 with a commencement date for delivery of April 2021. **Solar panels** were installed on West Lancashire Investment Centre.

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Solar panels will result in savings of over 28,000 kg of CO2 per year



Engage and Empower Our Local Communities

A number of projects were identified to help achieve this ambition. Highlights of the progress made in 2019/20 are given below.

Delivering the Tawd Valley Park Master Plan

Implementing environmental and recreational enhancements

The local community continued to play an integral part in planning and implementing the improvements to the Tawd Valley Park. The Friends of Tawd Valley volunteer group have established well and had extensive involvement in the whole development, not only with tasks around the park, but also organising events, fundraising, writing bids and encouraging greater community involvement to make the future of the park sustainable. Much of this community engagement was temporarily suspended at the end of the year due to the impact of Covid-19, however this will be re-established as soon as the situation allows.

Follow us @ParkTawd and Tawd.net



The Friends are co-ordinated through the Friends of Tawd Valley Facebook page and website and are keeping members up to date on the situation. Such an extensive scheme also involves essential collaboration between a number of partners: Groundwork, the Environment Agency, Lancashire County Council, the River Douglas Catchment Partnership, SHARES, local schools, West Lancs College and West Lancs CVS. During the year, the collaborations have resulted in the construction of the Tawd Valley cycleway, creation of footpaths through the northern zone of the parkland, planting of a community orchard, woodland and meadow management. Preparations were also made for the development of a community cabin in the Tawd Valley Allotment site, and extensive public consultation steered the design and planning process for a new mountain bike track.



Facilitating the asset transfer of existing leisure facilities in North Meols

Facilitating the continued operation of the Leisure Centre

After a review of options to sustain the operation of Banks Leisure Centre, North Meols Parish Council (NMPC) agreed to take on the transfer and running of the facility from West Lancashire Borough Council, and the operator Serco. The Parish Council's local knowledge will help move the facility into a more community focussed operating model whilst continuing to provide the existing sports elements so that the facility remains a valuable community asset. During the year, NMPC held consultation on their plans with the community and a business plan was developed. NMPC also began to shadow Serco in the operation of the leisure facility and was due to take over the lease from April 2020. This has however been delayed due to the impact from COVID-19 and further discussions are being undertaken to hopefully allow the transfer to take place later in the year.

Delivering Digital Inclusion Initiatives

Helping people get online

Digital development of Council services for customers continues to expand to meet both efficiency and public expectations. In parallel to this, through digital inclusion initiatives, we want to develop confidence in basic online skills with those members of the community who are less confident in this area or signposting access routes for those who do not have personal access to online services. Some government services and many lifestyle opportunities are only available digitally, so it remains important that we are able to help people get online. We do recognise though that for some customers more established contact routes must be retained.

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We gave help to 99 individuals to make or maintain their online claim for Universal Credit



With our partners West Lancs CVS we completed a 12-month digital inclusion project, Buzz-IT. This included supporting national campaigns such as Get Online Week (GOW) and National Libraries Week in October. The GOW events in Up Holland and Burscough were used to promote digital training opportunities to residents through the Good Things Foundation free digital training platform Learn My Way, which WLBC are a network centre for, as well as showcasing the Council's online services to further strengthen our customer service. Buzz-IT also involved digital support and engagement with community groups and local organisations throughout the year.

In total the project's engagement with voluntary sector groups and organisations resulted in 28 community engagements, 21 meetings (project information/ link up to other initiatives within the local VCFS, the public sector and the health economy) and three digital planning meetings.



32% of tenants with a garage or property now pay by direct debit

A Digital Champions & Planning Toolkit for use in local centres, libraries and by charities or other organisations has been developed and shared to ensure the sustainability of engaging residents at those centres in the future. We also held regular drop-in's for digital support at our Customer Service Points to promote the Council's online services and the use of the customer-available ipads. Staff and elected members training was delivered during 'lunch and learn' sessions to promote Learn My Way to those who could benefit as part of their regular customer contact.

24,734

Council self-service accounts are now set up



64,990

online payments through the website

Implementing the Health and Wellbeing Strategy

Putting in place the right conditions for people in West Lancashire to live healthy and fulfilling lives

The strategy actions recognise that health is directly or indirectly linked to a number of our council services, for example housing, community safety, environmental health and leisure services. To emphasise these links consideration of health and wellbeing implications have been embedded into all Council report templates.

During the year we became one of the partners in the new West Lancashire Partnership along with Lancashire County Council, NHS West Lancashire Clinical Commissioning Group, Lancashire and South Cumbria NHS Foundation Trust, Virgin Care, GP practices, including Primary Care Networks and West Lancashire CVS. This group ensures a West Lancs wide approach to the provision of health and care integration. Other actions have included securing external funding for the continuation of our More Positive Together and Active West Lancs programmes. Our health promotions programme of training, talks and workshops on a wide range of health issues to increase local skills and knowledge were also maintained and workforce wellbeing initiatives such as weight management courses introduced.

Ourlancashire.org.uk is a new directory of health and wellbeing support networks and services for everyone (funded by Lancashire PCC)



Other work streams that support this priority include the launch of Voicescape to gain feedback on a **tenant's experience** once a repair has been completed via an automated call and keying in a response. The Corporate and Environmental Overview & Scrutiny Committee began work on a **Financial Inclusion Strategy** review. Consultation on the draft **Homeless and Rough Sleeper Strategy** aimed at helping among the most vulnerable in our society was held. A **Customer Engagement Strategy 2020-2022** and action plan was developed and approved. We helped launch, support and promote the free, West Lancashire Partnership's support helpline **West Lancs Together** for vulnerable and isolated people as part of the response to the COVID-19. We also established the Burscough Community Hub to facilitate the distribution of food to those households where family or friends were unable to provide support.



10 Community Talks and 5 Community Action Days held to promote relationships between agencies and the community

Actively Promote the Borough as a Great Place to Live, Work, Visit and Invest

Promoting and celebrating the borough has remained a top priority for the Council and we have made considerable progress in this priority, particularly in the key projects for 2019/20 outlined below.

Promoting the Council's role and West Lancashire's achievements including through digital communications

Meeting the changing needs of customer information

We have continued to investigate and develop ways to engage customers with the work of the Council. Working with partners and diverse stakeholder groups we are extending the effectiveness of how we communicate our responsibilities, accessibility of services, key policies and programmes in line with our priorities thereby promoting a positive image of the borough and its achievements.

648,500
visits to westlancs.gov.uk



We introduced a graphic design, photography and video production resource into the team which has greatly enhanced the quality and engagement level of the content which we cannot do through traditional press. Having this resource in house has not only brought value for money saving and efficiencies but has helped boost our social media followers and two way engagement. The speed at which key messages can be shared across these platforms has been invaluable in our support of residents and businesses during COVID-19 and provided a platform to quickly mobilise the vulnerable residents' service, calls for help and for residents to connect with the Council at this critical time.



Join nearly 6,000 followers on @westlancsbc

Engaging businesses and communities to enhance and promote Ormskirk and the wider West Lancashire visitor economy

Helping ensure social and economic viability

A wide range of events have been promoted during the year helping bring in visitors and animate the town centre and wider West Lancashire area. The Christmas event has proved extremely popular since its move to a Sunday two years ago and the introduction of a Christmas market and specialist entertainment. Promotion through the Discover Ormskirk website and supporting social media (Instagram and Facebook) is very positive and allows us to gauge the public response to events.

35,000 visits to DiscoverOrmskirk.com



Enhancing and promoting Skelmersdale and wider West Lancashire business economy

Championing Skelmersdale’s strengths and opportunities as a place to do business.

Involvement with Marketing Liverpool, Marketing Lancashire and the Lancashire District Tourism Officers allows us to exchange good practice, information and take advantage of wider promotional opportunities, including the group travel exhibition that was attended at the back end of 2019.

The Ormskirk Town Centre Management Group provides a place for partners to work together on agreed strategic plans for improving Ormskirk, it also takes on board communication from the independent retailers through the Ormskirk Town Centre Action Group. This was established with, and is now lead by, one of the Management Group partners. A Town Centre Stakeholder ‘experiential’ event was held in April, to try and encourage retailers to embrace consumers’ desire for experiences, and a visual merchandise workshop was offered in October, to upskill retailers into ways they could improve their visual appeal.

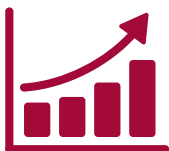
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The Skelmersdale Place Board and Skelmersdale Ambassadors continue to drive the promotion of Skelmersdale. A new Place Plan was agreed at the January Place Board. Three successful Skelmersdale Ambassadors breakfast events were held, to help facilitate the success and growth of Skelmersdale’s future through businesses and partners. The letstalkskelmersdale.com website underwent some amendments, receiving 3.8K visits in the year and Let’s Talk Skelmersdale’s social media presence was also expanded to Facebook to reach a wider audience for event attendees.



Follow us on twitter @ltskelmersdale and linkedin.com/skelmersdale

During the unprecedented and extremely worrying time for businesses as a result of COVID-19 the focus has moved to building the localised online application for the Governments Small Business grants and officers have been heavily involved in processing and paying these as well as providing information and signposting for the various financial schemes available.



Ormskirk saw an annual footfall count of 5.2million

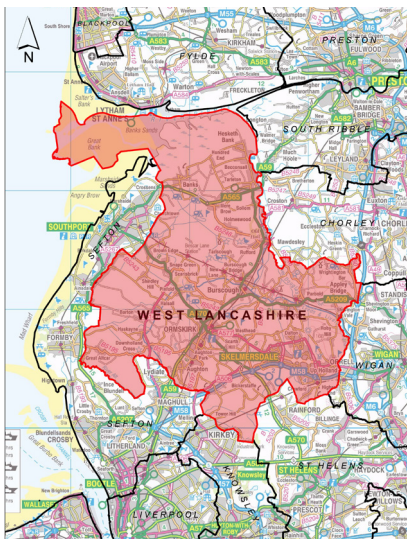
Engaging with Liverpool City Region and Lancashire authorities

Working across the region for the good of the Borough

We are also continuing to promote West Lancashire's profile and ambitions within the wider regional agenda by engaging with Liverpool City Region and Lancashire Authorities. Rather than current specific project goals and outcomes we are developing opportunities to work collaboratively across the Lancashire and the wider area as appropriate. This includes our attendance at Greater Lancashire Plan, Lancashire Economic Development Theme Group and Lancashire Economic Development Officers' Group meetings. We have also maintained involvement with Liverpool City Region through associate membership of the Liverpool City Region Combined Authority.

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Other work streams that support this priority include our continued investment in the condition of our housing stock. The **annual report to tenants** highlighting performance and achievements was published. The **Yellow Hammer Walking Route** was re-launched with the Gorse Hill Nature Reserve. The business-focused **Let's Talk Skelmersdale** website, and supporting LinkedIn page, continues to feature Skelmersdale's strengths as a place to do business by sharing news, providing information for business support, employment and skills, lifestyle and education. The Chapel **Gallery** was transferred to new operators to ensure a sustainable future. We held 98 Thursday/Saturday **markets** and one extra market day in the run up to Christmas. We also provided a market for the Gingerbread Festival and a small number of food stalls for the MotorFest and a large food and craft market at the Christmas of Tales event. The Ormskirk Night Market Co. held four Friday evening food and drink markets on Moor Street during the summer.



Managing the budget

The challenging financial climate facing the Council means that it is essential that budgets are effectively controlled and that financial targets are achieved.

On the Council's General Revenue Account (which covers all services apart from the Council's housing stock) a favourable budget variance of £78,000 was achieved in 2019/20, or 0.6% of the total budget. This continues the trend of strong financial management that has been demonstrated in previous years and means that this account currently has a healthy financial position.

However the latest medium term financial forecast projects a significant budget gap in 2021/22, and this will be a key challenge for the Council to address particularly given the coronavirus pandemic, which is creating additional financial pressures. The primary means to address this position is through a Sustainable Organisation Review process, which will deliver large scale efficiencies, additional income and savings over a medium term time scale.

A favourable budget variance of £0.737m, or 2.9%, has been achieved this year on the Housing Revenue Account (which covers all costs and income associated with the Council's housing stock). This strong performance means that this account is well placed to make further investment in the housing stock, including building new homes.

Performance

The Council Plan projects are resourced and managed through budget and service action planning. They are monitored directly by the relevant service areas and through budget reports, service action plans, the corporate risk register and individual project reports to committees, Member Updates and working groups as appropriate.

Our priorities and resulting projects are informed by working closely with partners and through various consultation and stakeholder engagement activities. We recognise that people who provide and use our services come from diverse backgrounds and have different experiences and needs. We develop, commission and deliver services in a way that will help overcome discrimination and disadvantage.

We aim to keep the public well informed about all our services, how we run things and how we are working to achieve value for money. As well as specific consultation for particular projects, we have a continuous customer engagement programme for housing services and a citizen survey. This survey is used to gather views to better understand the usage and opinions of Council services, gauge community safety perceptions, and receive views on the Council as a whole. During the year, public opinion was directly sought to inform significant projects including the Leisure and Wellbeing Hubs and Ormskirk Town Centre Public Realm Improvement Works as well as on our overall Customer Engagement Strategy.

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Performance Data

The Council's Corporate Performance Suite is aligned to the corporate priorities and actions. A set of performance indicators (PIs) spanning various service areas are also reported quarterly to Members to help the authority understand how well it is performing.

The suite contains a range of PIs and data items aimed at highlighting performance in key service areas. The suite facilitates monitoring of service levels and therefore whether the organisation is on track to achieve its priorities.

Not all the indicators relate to operational performance. We also include information that helps demonstrate that we are operating as an efficient organisation.

From the performance information available 61% of targets for available PIs in the suite were met or exceeded in 2019/20. This reflects that overall the Council is continuing to maintain a good level of performance in many of our frontline and support services, despite significant pressures on resources.

The performance suite is monitored quarterly by Cabinet and scrutinised by the Corporate & Environmental Overview and Scrutiny Committee. The annual outturn is provided in Appendix A.

Highlights

West Lancashire benefits from a broad base of organisations and individuals who create diverse activities for the Borough. The Council is involved with a variety of partners helping to stage a range of events throughout the year which contribute to making the Borough a vibrant and pleasant place to live. All our activities and events are promoted via our website, press releases, Facebook and Twitter account. The following is a selection of events and actions from throughout the year, many of them dependent on working with other organisations, and improving the operation of our own organisation.

April 2019

- A new **Clean and Green** service launched following a review and restructure of the grounds maintenance and street scene services.
- An **Ormskirk Town Centre Stakeholder** evening meeting was held so Ormskirk town centre businesses could hear about how the OTC Management Group are working together with partners and businesses to improve Ormskirk as well as how to get involved in future town centre initiatives and events.
- The **Great British Spring Clean** concluded in April. Action at Tawd Valley saw 4 trolleys and 35 bags of rubbish cleared away from the site.

May 2019

- Voters in 18 West Lancashire Wards and 10 Parish areas were polled on Thursday 2 May in the 2019 **local elections**. **European Elections** took place later in the month on 23 May with the local verification and count process taking place on Sunday 26 May. The vote saw a turnout of 34.79%.
- Local dog lovers came to the first **West Lancs Dog Festival** in Beacon Country Park on 19 May which included mini health checks for dogs and grooming demonstrations.
- Examples of sights, smells, sounds and tastes of what life was like 900 years ago were on display at the two-day Ormskirk **Medieval Festival** at Coronation Park.

June 2019

- With the help of the local community, the Countryside Rangers held a **Bioblitz** weekend at Beacon Country Park on 22/23 June to record as many of the park's plant and animal species as possible.
- **Skelmersdale Ambassadors** hosted a high profile breakfast event at West Lancashire College where Lord John Prescott was a special guest speaker
- Our **Home Care Link Service** was audited with a recommendation for accreditation to the new Quality Standards Framework for the technology enabled care industry.
- West Lancashire honoured the service and sacrifices made by our armed forces at a special event to mark **Armed Forced Day** on Monday 24 June.

July 2019

- A **Neighbourhood Planning Referendum was held in July**. Prepared by Burscough Parish Council, the Burscough Parish Neighbourhood Plan contains a vision, objectives and planning policies for the area, covering a time period to 2027.
 - July marked the 100th anniversary of the 1919 Housing & Town Planning Act and the provision of Social Housing. To mark this anniversary we ran our **100 days for 100 years of social housing** social media campaign on @westlancsbc on Twitter and Facebook
- The annual Green **Fayre** was held on 20-21 July in Beacon Country Park.

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October 2019

- A **Halloween evening** event at Coronation Park (Ormskirk) was held with music, dance, scary walks through the woods and a fancy dress competition.
- **Get online Week** saw public events in Up Holland and Burscough, with residents coming along to find out about support we can offer to help them increase their digital knowledge and confidence online.
- West Lancashire Community Safety Partnership worked on its **Bright Sparx** campaign to tackle any anti-social behaviour issues in the run up to Mischief Night and Bonfire Night.

August 2019

- **Ormskirk Motorfest** event was held at the end of August with record footfall in the town. Organised by Aintree Circuit Club, the event is supported by the Council.
- Two of West Lancashire's most popular parks retained their **Green Flag Award** status. Coronation Park (Ormskirk) and Beacon Country Park (Skelmersdale) have maintained Green Flag status for 12 and 13 years respectively.
- Views were sought from residents and businesses online and via a consultation event around plans to improve **Moor Street and Wheatsheaf Walks**.

November 2019

- A **by-election** was held on 21 November in Birch Green.
- Changes to refuse and recycling collections **Route Optimisation** was introduced for a third of our residents from 12 November
- The Council adopted its new operating model following the Sustainable Organisation Review and began to implement the **Our Future** programme that will see all the approved recommendations from the review put into practice. Further structure changes were to follow in April.
- Ormskirk's **Christmas of Tales and Lights switch on** was held on 24 November.

September 2019

- The annual flag raising ceremony to mark **Merchant Navy Day** was held.
- The Council was successful in a bid for Government funding Historic England's High Street **Heritage Action Zone** scheme which aims to create lasting improvements to town centres for the communities who use them by supporting economic and cultural growth, and enhancing local historic character.
- The Council was shortlisted for the Inside **Housing Development Awards** in the Best development (up to 50 homes) category for its Walmsley Drive scheme.

December 2019

- **The General Election** was held on 12 December with a West Lancs turnout of 72%.
- A Christmas-themed event was held for tenants and residents at the **Evermoor Hub** as part of the 100 years of council housing celebrations during the year.
- December's **full Council meeting** met and made decisions including agreeing to develop a strategy to make WLBC a 'single-use plastic free' authority by the end of 2020, approving the revised Parish and Town Council Charter for West Lancashire and approving a revised Statement of Licensing Policy.

January 2020

- A new free service for staff and Councillors was launched. **Able Futures** is an early intervention mental health support service helping with issues such as anxiety, grief, stress or depression.
- Clearance works began for the **Skelmersdale Town Centre development.**
- The Rangers held **winter walks** with a five-mile Rufford Ramble and seven-mile walk around Ormskirk and Aughton.
- Public consultation was begun on the design of a new **mountain bike track.** Working with Architrail and Sport England the facility will be installed at Tawd Valley Park.

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February 2020

- The Council was registered with the **Disability Confident Scheme** aimed at encouraging employers to think differently about disability and take action to improve how they recruit, retain and develop disabled people to make the most of the talents disabled people can bring to the workplace.
- As part of **National Apprenticeship Week** we celebrated our own success with apprenticeships and helped promote apprenticeships in the Council at the WL College Apprenticeship Hub.










March 2020



















- Many planned events, activities and authority business was deferred or cancelled as the Council's resources began preparation and eventual mobilisation of the local multi-agency response to the **COVID-19 pandemic** through the Lancashire Resilience Forum.

Strategy Review

A Cabinet strategy session in early 2020 reviewed the existing Council vision, values and priorities in light of what has been achieved, the operating environment and the Council's new operating model. It was recognised that there had been significant progress towards achieving the existing Council Plan and a more extensive revision rather than a refresh was appropriate. A new draft Council Plan has therefore been developed for 2020 onwards. The draft Plan will undergo stakeholder consultation and the feedback used to refine the final Council Plan to be brought back to Full Council. The current Council Plan will remain in place until the intended adoption of the new Council Plan in October 2020.

Appendix A: Performance Information 2016/17–2019/20

Icon key			
	On target (within 0.01%) or exceeded		Performance improved on previous year
	Off target (within 5%)		Performance declined on previous year
	Off target (by 5% or more)		No change on previous year
	Data only (no target)		Comparison not possible
			Not collected and/or reported at this time or previous calculations not comparable

Performance Indicator	Results 2016/17-2019/20				Targets 2019-20	2019/20 vs 2018/19	2019/20 Result	Note
	2016/17	2017/18	2018/19	2019/20	Annual 2019/20			
	Value	Value	Value	Value				
ICT1 Severe Business Disruption (Priority 1)	100%	100%	100%	100%	99%			
ICT2 Minor Business Disruption (P3)	98%	99%	99%	99%	97%			
ICT3 Major Business Disruption (P2)	96%	100%	100%	100%	98%			
ICT4 Minor Disruption (P4)	99%	99%	99%	100%	98%			
ICT5 Advice & Guidance (P5)	100%	100%	100%	100%	98%			
B1 Time taken to process Housing Benefit/Council Tax Support new claims and change events	6.41	5.63	6.16	7.73	12.00			
B2 Overpayment Recovery of Housing Benefit overpayments (payments received)	£311,409	£294,695	£370,939	£377,501	£195,000			
B4 Benefits Local authority Error Overpayments - Lower threshold	£96,867	£76,048	£49,034	£59,555	£111,205			
R1 % of Council Tax collected	96.74%	96.51%	96.46%	96.29%	97.10%			

Performance Indicator	Results 2016/17-2019/20				Targets 2019-20	2019/20 vs 2018/19	2019/20 Result	Note
	2016/17 Value	2017/18 Value	2018/19 Value	2019/20 Value	Annual 2019/20			
R2 % council tax previous years arrears collected	26.82%	26.78%	25.88%	23.68%	24.5%			
R3 % of Business Rates Collected (NNDR)	97.72%	98.18%	98.22%	98.02%	97.20%			
R4 Sundry Debtors % of revenue collected against debt raised	95.06%	95.78%	96.95%	94.36%	89.1%			
BV8 % invoices paid on time	98.48%	98.50%	98.21%	98.34%	98.75%			Relating to just under 46,000 invoices
CIT01 % feel West Lancs is safe & secure to live	79%	78%	N/A	68%				Survey carried out May-July 2019. Comparison year on year is with previous survey in 2017/18
CIT02 % satisfied with cleanliness of streets	56%	54%	~	52%				As above
CIT03 % satisfied with how WLBC runs things	57%	48%	~	51%				As above
CIT05 % satisfied with local area as a place to live	80%	74%	~	69%				As above
CIT06 % satisfied with sports/leisure facilities	27%	30%	~	27%				As above
CIT07 % satisfied with parks and open spaces	52%	50%	~	49%				As above
CIT08 % residents agreeing that WLBC provides value for money	35%	30%	~	28%				As above
CIT12 % of people satisfied with household collections for domestic waste	85%	86%	~	85%				As above
CIT13 % of people satisfied with household collections for recyclable materials	78%	79%	~	78%				As above
CIT14 % of residents who feel the Council keeps them well informed about its services and benefits	49%	42%	~	43%				As above
CIT16 % of residents feel that they belong to their local area	72%	67%	N/A	65%				As above

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Performance Indicator	Results 2016/17-2019/20				Targets 2019-20	2019/20 vs 2018/19	2019/20 Result	Note
	2016/17 Value	2017/18 Value	2018/19 Value	2019/20 Value	Annual 2019/20			
ER01 Apprenticeships created from Council intervention	27	15	12	0				Council's apprenticeship grant funding has been fully utilised and no longer available for this work.
ER04 Apprenticeship vacancies within the borough	254	182	62	~		~		No figures to date due to post holder who collected data leaving and current work priorities
ER05 Benefit claimant count in West Lancs	1.9%	1.9%	~	~		~		As above
ES01 No. grass cuts undertaken on the highway between April-October	N/A - PI not developed at this time			7	8	/		
ES02 No. grass cuts undertaken in Sheltered Accommodation between April-October	N/A - PI not developed at this time			9	10	/		With the exception of Crosshall Court which received 10 cuts
ES04 % locations inspected falling into categories A/B - Litter (cumulative)	N/A - PI not developed at this time			99.15%	85.00%	/		Data provided by APSE
ES06 % locations inspected falling into categories A/B - Dog Fouling (cumulative)	N/A - PI not developed at this time			100%	85.00%	/		As above
ES07 % locations inspected falling into categories C/D - Overflowing Litter Bins (cumulative)	N/A - PI not developed at this time			10.53%	10.00%	/		As above
ES08 % locations inspected falling into categories A/B - grounds maintenance (includes grass and shrubbery) (cumulative)	N/A - PI not developed at this time			92.53%	85.00%	/		As above
ES11 % locations inspected falling into categories C/D - Detritus (cumulative)	N/A - PI not developed at this time			4.16%	15.00%	/		As above
ES14 Average of missed bins per fortnight (recycling / green)	N/A - PI not developed at this time			84	50	/		Changes to bin rounds made in November 2019
ES15 Average of missed bins per fortnight (recycling / blue)	N/A - PI not developed at this time			96	50	/		As above
ES16 Average of missed bins per fortnight (garden waste / brown)	N/A - PI not developed at this time			65	50	/		As above
ES17 Average of missed bins per fortnight (refuse / grey)	N/A - PI not developed at this time			99	50	/		As above

Performance Indicator	Results 2016/17-2019/20				Targets 2019-20	2019/20 vs 2018/19	2019/20 Result	Note
	2016/17 Value	2017/18 Value	2018/19 Value	2019/20 Value	Annual 2019/20			
ES18 Flytip incidents reported	N/A - PI not developed at this time			1,283		/		Reflects data recorded on Service Now. Does not include flytips identified and removed by Clean & Green staff.
HS14 % non-decent council homes	0.25%	0.07%	0.07%	P	0.10%	P	P	
HS1 % Housing repairs completed in timescale	97.22%	97.37%	95.22%	97.15%	98.00%			This service will be provided by the contractor Wates from April 2020.
HS27 % of properties with a valid Landlord Gas Safety Record (homes and buildings)	N/A - PI not developed at this time		100.0%	100.0%	100.0%			
HS28 % of properties with a valid Electrical Installation Condition Report (homes and buildings)	N/A - PI not developed at this time		98.8%	97.6%	100.0%			
HS29 % non-domestic that require an asbestos management survey/re-inspection	N/A - PI not developed at this time		100.0%	100.0%	100.0%			
HS30 % of non-domestic properties with fire risk assessment in place	N/A - PI not developed at this time		100.0%	100.0%	100.0%			
HS31 % of properties covered by water hygiene risk assessment (homes and buildings)	N/A - PI not developed at this time		100.0%	100.0%	100.0%			
HW01 No. attending health, wellbeing and sport activities & courses	N/A - PI not developed at this time			11,134		/		
NI 154 Net additional homes provided	305	177	351	622				Draft figure - subject to (minor) potential change Monitored through the Local Plan
NI 155 Number of affordable homes delivered (gross)	95	71	23	210				
NI 157a Processing of planning applications: Major applications	87.10%	97.22%	97.56%	93.10%	75.00%			Relates to 29 applications determined in the year.
NI 157b Processing of planning applications: Minor applications	88.85%	88.31%	89.91%	87.50%	80.00%			Relates to 224 applications determined in the year.
NI 157c Processing of planning applications: Other applications	90.56%	93.05%	94.25%	91.21%	85.00%			Relates to 535 applications determined in the year.
NI 159 Supply of ready to develop housing sites	106.3%	105.5%	103.0%	P		P		Data will not be available due to preparation time and impact of COVID Monitored through the Local Plan

Performance Indicator	Results 2016/17-2019/20				Targets 2019-20	2019/20 vs 2018/19	2019/20 Result	Note
	2016/17 Value	2017/18 Value	2018/19 Value	2019/20 Value	Annual 2019/20			
NI 191 Kerbside residual household waste per household (Kg)	493.94 +	500.32	485.62	541.32	500			Based on estimated/non-verified figures
NI 192 Percentage of kerbside household waste sent for reuse, recycling and composting	48.53% +	42.95%	43.76%	41.39%	50.00%			As above
TS1a Rent collected from current and former tenants as a % of rent owed (excluding arrears b/f).	N/A - PI not developed at this time			101.74	100.04	/		
TS11 % of rent loss through dwellings being vacant	1.79%	1.59%	0.94%	0.87%	0.99%			
WL24 % Building regulations applications determined within 5 weeks	62.20%	51.00%	50.00%	50.57%	50.00%			A total of 176 decisions were made on Full Plan submissions during the year. All but 5 of the decisions were made within 2 months of the submission being made equating to 97.2%
WL85a Website: no. visits	516,776	592,447	657,969	648,500				
WL85b Website: no. online forms submitted	11,204	13,581	15,541	26,580				
WL85c Website: No. of payments processed online	45,134	73,679	69,607	64,990				
WL90 % of Contact Centre calls answered	93.0%	81.7%	72.2%	85.9%	88.0%			115,142 calls into the contact centre. The final two quarters of the year were above target
WL108 Average answered waiting time for callers to the contact centre (seconds)	60	145	250	121	145			
WL122 % Vehicle Operator Licence Inspections Carried Out within 6 Weeks	100%	100%	100%	100%	100%			
WL123 % Apprenticeships Started Each Year Within WLBC	N/A	0.17%	3.70%	0.74%	2.30%			Target is 2.3% headcount of the workforce.
WL124 Observations/incidents CCTV operatives involved in	6,045	5,633	5,509	4,400				

Performance Indicator	Results 2016/17-2019/20				Targets 2019-20	2019/20 vs 2018/19	2019/20 Result	Note
	2016/17 Value	2017/18 Value	2018/19 Value	2019/20 Value	Annual 2019/20			
WL125 Arrests that CCTV operators were involved in	282	282	266	200				
WL126 No. incidents identified by CCTV operators in general monitoring	1,525	1,634	1,654	1,550				
WL130 No. Service Now Customer Accounts	N/A - PI not developed at this time			24,734		/		
WL131 No. Social Media Followers (WLBC FB, Twitter)	N/A - PI not developed at this time			9,567	8,521	/		Target based on increasing by 5% each quarter
WL132 FTE working days lost due to sickness absence per average FTE	N/A - PI not developed at this time			10.46	8.08	/		
WL133 No. visitors to Chapel Gallery	N/A - PI not developed at this time			~		/		This PI was discontinued following the transfer of the Chapel Gallery
WL140 % staff feeling committed to helping achieve Council aims and objectives	N/A	87%	93%	~		~		No survey carried out during 2019/20
WL141 % staff who feel the Council is a good organisation to work for	N/A	74%	78%	~		~		No survey carried out during 2019/20
WL142 % staff proud to work for the Council	N/A	66%	68%	~		~		No survey carried out during 2019/20
WL143 % of external calls to back office answered	N/A - PI not developed at this time			84%		/		Relates to 210,000 calls into back office

General notes on the 2019/20 suite

WLBC continues to collect certain PIs originating from the previous Best Value and National Indicator sets for its own performance management purposes although national reporting no longer exists. PIs and targets are reviewed annually and agreed by Cabinet. Data that is pending will be published when available on the council website.

Our satisfaction survey results help us better understand how our services are perceived in the community. For 2019/20, the timing of the survey was reviewed and moved to May. This avoids restrictive timings due to purdah (as it will take place after known elections) and other key mailings such as Council Tax and annual canvas letters. Due to the change no survey fell within 2018/19.

+ Data restated since previous publication – NI191 2016/17 previously reported as 504.95; NI192 2016/17 previously reported as 47.38%. Both improved outturns due to corrected administrative error

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P data pending

Reporting of PIs is dependent on collection mechanisms remaining in place. Satisfaction (CIT_) indicators are collected via the Citizen & Stakeholder Survey and some items require staff survey.

Annual Report in other formats

The Annual Report can be provided upon request in other formats including audiotape, CD, in large print, Braille and other languages.

Telephone 01695 577177 or visit our website www.westlancs.gov.uk

Introduction

Leader of the Council
Councillor Ian Moran

Chief Operating Officer
Jacqui Sinnott-Lacey

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COUNCIL: 22 July 2020

Report of: Head of Finance, Procurement and Commercial Property.

Contact for further information: Mr J Smith (Extn.5093)
Mr M Kostrzewski (Extn 5374)

SUBJECT: TREASURY MANAGEMENT AND PRUDENTIAL INDICATOR PERFORMANCE 2019-20

Borough wide interest

1.0 PURPOSE OF THE REPORT

1.1 To inform Members of the Treasury Management performance and Prudential Indicators for the year ended 31 March 2020.

2.0 RECOMMENDATION

2.1 That the performance for the 2019-20 financial year be noted.

3.0 BACKGROUND

3.1 Treasury Management covers the management of the Council's cash flows, banking, investments and borrowing. Given the large sums of money involved it is an important area of the Council's finances and is subject to a specific set of rules and regulations.

3.2 The Chartered Institute of Public Finance and Accountancy (CIPFA) Code of Practice on Treasury Management, which has been adopted by the Council, requires a number of reports to be made to Council on Treasury Management activities. This includes details of performance during the year and the exercise of powers delegated to the Head of Finance, Procurement and Commercial Property.

3.3 The introduction of the Prudential Code for Capital Finance has allowed Councils to determine their own level of borrowing, taking account of a set of prudential

indicators. The general principle is that borrowing is to be affordable, prudent and by conclusion sustainable.

4.0 INVESTMENT PERFORMANCE

4.1 The Council's investment activity during the year continued to be influenced by external factors. Most significantly the Bank of England base rate which held at 0.75% for the vast majority of the year, however as a result of the Covid pandemic the base rate was cut to 0.25% on the 11th March 2020 and cut again on the 19th March 2020 to close the year at 0.10%. The pre-Covid rate had a positive impact upon investment returns. The main priority however remained to guarantee the security of the funds invested. The average amount out on investment during 2019-20 was £30.7m compared to £27.8m in 2018-19.

4.2 The following table provides details on investment activity over the last 2 years.

	<u>2019-20</u>	<u>2018-19</u>
External Investment Interest earned	£258,577	£182,224
Annual Turnover	£238 million	£233 million
Number of individual investments	41	51
Average Interest Rate earned	0.723%	0.635%
<u>Number & type of organisations invested in</u>		
Local Authorities	2	1
Building Societies	4	4
Banks	4	4
Other	1	0

4.3 As part of the ongoing exercise to achieve best value in treasury management, we continue to monitor performance of the Council's investment activities against a benchmark of the average 3-month LIBID interest rate. The average interest rate earned by the Council on its investments was 0.723%, which exceeded the benchmark rate of 0.64%.

4.4 At its meeting in February 2020 the Council approved the use of Property Funds, Corporate Bonds, Infrastructure Investments and longer term borrowing with local authorities and UK based banks and building societies with high credit ratings. However investments of this type have not yet been pursued due to the disruption caused by the coronavirus.

5.0 COUNCIL BORROWING

5.1 At the start of the financial year the Council had outstanding long term borrowing of £88.212m, from the Public Works Loan Board which was related to HRA self-financing.

- 5.2 By the end of the financial year the position had remained unchanged. Total interest payments of £3.06m were made in 2019-20 in order to service the HRA self-financing debt.
- 5.3 The funding resources for the Council's capital works for 2019-20 did not include any element of external borrowing in order to achieve the programme. Instead a combination of mainly internally generated resources and capital grants was utilised in order to fund the different schemes detailed in the plan. However going forward several large capital projects such as the Skelmersdale town centre redevelopment, the proposed construction of new leisure centres and the HRA business plan will require external borrowing to be taken out and this position has been reflected in the budgets previously agreed by Council.

6.0 EXERCISE OF DELEGATED POWERS

- 6.1 The current counterparties list is set out in Appendix A. This shows the types of organisations that have been approved for investment purposes, and the maximum amount and loan period for investing with a single organisation. This is in accord with the previously agreed treasury management protocol which has been reported to Members.
- 6.2 The Head of Finance, Procurement and Commercial Property has delegated powers to take out new debt and repay existing debt. These powers ensure that the Council can obtain the best possible deals in a market where conditions can change rapidly. However this facility was not utilised during the year.

7.0 PRUDENTIAL CODE PERFORMANCE

- 7.1 Appendix B details the actual Prudential Indicators for the financial year 2019-20. The overall information that this conveys is one of a healthy financial position and this confirms that the Council has a good financial standing.
- 7.2 The purpose of the Indicators is to ensure that financing costs associated with capital activities are managed in a prudent, affordable and by definition, sustainable manner.
- 7.3 The Council aims to ensure this position in a number of ways. One of the main areas in which it achieves this objective is by a robust budget setting cycle. During this process Managers must detail the revenue implications of any capital decisions, while the capital process identifies the resources available to fund the capital programme. This ensures that strategic resource planning and option appraisal of bids are fully reviewed prior to setting the programme.
- 7.4 In specific reference to the Prudential Indicator performance for 2019-20 it is worth pointing out that the net revenue stream for the GRA is in a small positive position. This is due to the fact that investment returns are currently low as detailed above, while a minimum revenue provision (MRP) has to be made.
- 7.5 The HRA net revenue position is at the level detailed primarily due to the interest payments of £3.057m on the self-financing debt. However, it must be borne in mind that the Council does not now have to pay housing subsidy to the

Government, which was some £6m p.a. and consequently is in a much better financial position.

- 7.6 As a result of the self financing payment, there is now another relevant indicator that requires reporting, that being the maturity structure of borrowing. This details the differing amounts of debt, the dates of maturity and the associated interest costs relating to the payment of £88.212m. It can be seen that by structuring the debt on a long term basis that the Council benefits from the low interest charges that were available at that specific time. This enables the HRA to develop a business plan with the backdrop of a clear financial picture relating to its debt.

8.0 SUSTAINABILITY IMPLICATIONS

- 8.1 There are no significant sustainability implications associated with this report and in particular no significant impact on Crime and Disorder.

9.0 RISK ASSESSMENT

- 9.1 The formal reporting to Council of Treasury Management performance and Prudential Indicators for Capital Finance is part of the overall framework set out in the Code of Practice to ensure that the risks associated with this activity are effectively controlled.

Background Documents

The following background documents (as defined in Section 100D (5) of the Local Government Act 1972) have been relied on to a material extent in preparing this Report.

<u>Date</u>	<u>Document</u>	<u>File Ref</u>
2003	CIPFA Prudential Code for Capital Finance in Local Authorities	Accountancy Office
2009	CIPFA Revised Treasury Management Code of Practice	Accountancy Office

Equality Impact assessment

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

Appendices

- Appendix A – Approved Counterparties for External Investments
Appendix B – Outturn Prudential Indicators

APPROVED COUNTERPARTIES FOR EXTERNAL INVESTMENTS –

Type of Counterparty	Maximum loan by Council	Maximum Period
Major British Based Banks and Subsidiaries with at least A- credit rating.	£5m	Up to £5m 364 days Up to £3m 3 years
British Based Building Societies. – Only those with at least A- credit rating as advised by Link (our TM advisors)	£5m	Up to £5m 364 days Up to £3m 3 years
Other Local Authorities, where agreed.	£5m	Up to 5 years
Property Funds, Corporate Bonds, Infrastructure Investments	£3m	Up to 3 years corporate and, 5 years property and infrastructure.
Money Market Funds	£3m	N/A Callable deposits

*PRUDENTIAL INDICATORS OUTTURN 2019-20*Net Revenue Stream:

	<u>2019/20</u>	<u>2018-19</u>
General Revenue Account -	1.48 %	2.23 %
Housing Revenue Account -	11.69 %	11.63 %

This is a measure of the interest paid on borrowing / debt taking account of the interest earned on investments as a percentage of the overall Council tax or HRA expenditure requirement.

Capital Expenditure:

£ '000

	<u>Budget</u>	<u>Actual</u>
General Revenue Account -	£5,130	£3,620
Housing Revenue Account -	<u>£10,826</u>	<u>£10,637</u>
Total	<u>£15,956</u>	<u>£14,257</u>

This Indicator is reported upon to demonstrate that there is effective control of the capital programme and that expenditure is incurred in line with resources approved.

Authorised Limit for External Debt:

£ '000

Operational Boundary:

Borrowing	110,000	107,500
Other long term liabilities	<u>1,000</u>	<u>500</u>
Total	<u>111,000</u>	<u>108,000</u>

The Head of Finance, Procurement and Commercial Property has delegated authority to borrow up to the limits detailed above and to effect movement to these figures for borrowing and other long term liabilities. Such changes will be reported to Council at it's next meeting following the change. The Council undertook borrowing of £88.212m on 28th March 2012 and had no other long term liabilities at the end of financial year 2019-20. Hence, the Authority is comfortably within the parameters detailed.

Capital Financing Requirement

£ '000

	<u>2019/20</u>	<u>2018/19</u>
General Revenue Account	£22,474	£22,965
Housing Revenue Account	<u>£81,903</u>	<u>£81,903</u>
Total	<u>£104,377</u>	<u>£104,868</u>

The capital financing requirement measures the Authority's underlying need to borrow for a capital purpose.

Maturity Structure of Borrowing

All fixed rate loans:

<u>£</u> <u>Value</u>	<u>%</u> <u>Interest Rate</u>	<u>Period</u>	<u>Maturity date</u>	<u>£</u> <u>Int p.a.</u>
4,410,600	3.01	15	28/3/27	132,759
4,410,600	3.30	20	28/3/32	145,549
8,821,200	3.44	25	28/3/37	303,449
8,821,200	3.50	30	28/3/42	308,742
8,821,200	3.52	35	28/3/47	310,506
8,821,200	3.53	37	28/3/49	311,388
8,821,200	3.52	40	28/3/52	310,506
8,821,200	3.51	42	28/3/54	309,624
8,821,200	3.50	45	28/3/57	308,742
8,821,200	3.50	47	28/3/59	308,742
8,821,200	3.48	50	28/3/62	306,977

Weighted average interest rate is 3.47%

Total interest charge p.a. is £3,056,986

Note: The capital outturn and capital financing figures may be subject to small variations as the year end accounts have not been completed at the time of writing.

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

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