

APPENDIX - PROGRESS ON THE INDEPENDENT REVIEW RECOMMENDATIONS ON TVDL

Recommendation	Progress	Responsible Officer	Status
[1] The Council should clarify the rationale for the retention of the company, including the role that the company should have, in developing sites outside of the Borough, with a full understanding of the potential risks involved. (See also recommendation 8)	The future direction of the Company was agreed at the Council meeting in July 2022. Going forward its key aim will be to seek to develop sites within West Lancashire with the fundamental aim of supporting the housing and economic needs of the residents of the borough whilst making financial returns for its shareholder, the Council, and only undertaking work in adjacent boroughs for other Local Authorities or Registered Providers.	Chief Operating Officer	Completed
[2] TVDL should review the fee being charged to the HRA for development services, to ensure it accurately corresponds to the costs it incurs in delivering those services. Without a job recording system, it is not possible to accurately determine how staff time has been spent between HRA and open market housing development. For the Council to preserve the integrity of the principles of the HRA and assuming the intention is to continue to use the company to develop housing for its HRA then such a recording system will need to be introduced.	It was agreed at the Council meeting in July 2022 that TVDL would charge the Council a development fee for any future schemes based on cost recovery without a profit margin. TVDL has put in place a time recording system to facilitate this process.	S.151 Officer	Completed

<p>[3] The targeted development of a viable, deliverable pipeline of new properties should be a high priority for TVDL and for the Council. While it is recognised that there may be a certain degree of uncertainty around some longer term opportunities, the Council should not approve business plans in future unless, and until, it is satisfied that all elements of the business plan are clearly identified, appropriate to its requirements, financially viable and deliverable.</p>	<p>A pipeline of potential future schemes will be presented to the TVDL Shareholder Committee in January 2023.</p>	<p>S.151 Officer</p>	<p>In progress</p>
<p>[4] The Council should establish the structures and mechanisms, and develop its housing market insight, to ensure that there is clearer alignment, where it is appropriate to do so, between the Borough's housing need, the Council's objectives, and the work of TVDL.</p>	<p>The TVDL Business Planning process now gives specific consideration to the Borough's housing and economic needs.</p>	<p>Head of Housing & Regulatory Services</p>	<p>Completed</p>
<p>[5] TVDL should review and amend its accounting policies for revenue recognition and stock to make them appropriate for the activity they are engaged in.</p>	<p>The TVDL Board have approved an update to its accounting policies, and these will be used for its 2022-23 accounts subject to any comments from its external auditors.</p>	<p>S.151 Officer</p>	<p>Completed</p>
<p>[6] The Council and the company should review the financing structure of the company and the process for extending debt and equity support to it. We are aware that there is a gateway process in place which is designed to control the commitment of company resources to individual projects as they progress through the development lifecycle. The source of project funding as well as the quantum</p>	<p>New arrangements for debt and equity were agreed at the Council meeting in July 2022. It is not expected that any further equity funding will be provided to the company and a new approach on managing loans will lead to a lower level of borrowing.</p>	<p>S.151 Officer</p>	<p>Completed</p>

should be assessed at these gateway stages with approval processes updated as part of the governance recommendations made later in this report.			
[7] The Council needs to reappraise its risk appetite for commercial housing development in the light of the changing economic climate and the geographic restrictions that the new Prudential Code is likely to bring. This appraisal should include an assessment of the pipeline potential that exists for open market housing development within West Lancashire as well as consideration of other Council housing and non-housing development opportunities that may be open to the company.	<p>It was agreed at Council in July 2022 that commercial housing development would be contained within West Lancashire's boundaries.</p> <p>A pipeline of potential future schemes will be presented to the TVDL Shareholder Committee in January 2023.</p>	S.151 Officer	In progress
[8] The Council should review the decisions that can only be made by the shareholder at full council to improve the ability of TVDL to progress developments in a timely manner	Members have approved the establishment of a new TVDL Shareholders Committee with clearly defined terms of reference following consideration of the LP report.	Monitoring Officer	Completed
[9] The Council should review the purpose and role of the Officer's Working Group and wider engagement with TVDL in order to clarify and strengthen its roles as critical friend and enabler to TVDL	The purpose of this Group has been reviewed and updated. Details on the new approach and the terms of reference for the Group are included in Appendix 4 of the new TVDL Business Plan.	Monitoring Officer	Completed

<p>[10] Consider the delegation of certain reserved matters to a sub-committee of the Council (a members Shareholder Committee) in order to speed up decision making and enable more transparent scrutiny of TVDL. This forum could potentially replace the Shareholders Cabinet Working Group and its refreshed terms of reference include:</p> <ul style="list-style-type: none"> • Oversight of decisions requiring approval by the Council, such as business plan approval • A mechanism to communicate the shareholders' views to TVDL • A means to evaluate the effectiveness of the TVDL board and the delivery of performance against strategic objectives and the business plan • An articulation of what success looks like in terms of achieving social/ economic outcomes and/or financial performance • A holistic review of risk to the council offered by TVDL activities 	<p>Members have approved the establishment of a new TVDL Shareholders Committee with clearly defined terms of reference following consideration of the LP report.</p>	<p>Monitoring Officer</p>	<p>Completed</p>
<p>[11] Establish a clear client (shareholder) officer role (reporting to the Chief Operating officer), potentially through the establishment of a Shareholder Board. Any officers involved in the shareholder role should not be on the TVDL Board.</p>	<p>A review of the new governance arrangements will be undertaken in due course before assessing whether any further development is required in this area.</p>	<p>Monitoring Officer</p>	<p>Not yet due</p>

<p>[12] The Council should consider removing the S151 Officer from the board and placing the Section 151 officer into a shareholder role (for example as a Shareholder Board member). This may in turn require the TVDL board to strengthen its finance capability. It would be appropriate for the Corporate Director of Transformation and Resources to remain on the Board if his council role does not involve oversight of TVDL.</p>	<p>The S151 Officer has resigned from the Board, and has been replaced by the Deputy S151 Officer.</p>	<p>Monitoring Officer</p>	<p>Completed</p>
<p>[13] The Council should only consider appointing an elected member(s) to the board of it is clear that they can bring specific skills and qualifications which are needed by TVDL (rather than by virtue of the fact that they are elected members) and that there is no potential for a conflict of interest arising.</p>	<p>It was resolved that a response to this recommendation was not required at the TVD Shareholders Committee on 28th March 2022</p>	<p>Monitoring Officer</p>	<p>Completed</p>