

## COUNCIL

TUESDAY, 18TH SEPTEMBER 2018, 6.30 PM  
COUNCIL CHAMBER, TOWN HALL, CHORLEY

I am now able to enclose, for consideration at the above meeting of the Council, the following reports that were unavailable when the agenda was published.

Agenda No	Item	
8	<b>OUTLINE PLANNING APPLICATION - 17/00715/OUTMAJ - LAND BETWEEN M61 MOTORWAY AND LEEDS AND LIVERPOOL, MILLENNIUM WAY, CHORLEY</b>	(Pages 97 - 116)
	To receive and consider the report of the Director (Customer and Digital).	
10	<b>LANCASHIRE BUSINESS RATES RETENTION PILOT IN 2019/20</b>	(Pages 117 - 124)
	To receive and consider the report of the Statutory Finance Officer.	
12	<b>A CHORLEY HOUSING COMPANY</b>	(Pages 125 - 134)
	To receive and consider the report of the Director (Business, Development and Growth).	
15	<b>TO CONSIDER THE NOTICES OF MOTION GIVEN IN ACCORDANCE WITH COUNCIL PROCEDURE RULE 10</b>	(Pages 135 - 136)
	The second Notice of Motion has been submitted by Councillor Peter Wilson.	

16 **EXCLUSION OF THE PUBLIC AND PRESS**

To consider the exclusion of the press and public for the following items of business on the ground that it involves the likely disclosure of exempt information as defined in Paragraphs 1 and 3 of Part 1 of Schedule 12A to the Local Government Act.

By Virtue of Paragraph 1: Information relating to any individual.

Condition:

Information is exempt to the extent that, in all the circumstances of the case, the public interest in maintaining the exemption outweighs the public interest in disclosing the information.

Information is not exempt if it relates to proposed development for which the local planning authority may grant itself planning permission pursuant to Regulation 3 of the Town & Country Planning General Regulations 1992(a).

By Virtue of Paragraph 3: Information relating to the financial or business affairs of any particular person (including the authority holding that information)

Condition:

Information is not exempt if it is required to be registered under-

The Companies Act 1985

The Friendly Societies Act 1974

The Friendly Societies Act 1992

The Industrial and Provident Societies Acts 1965 to 1978

The Building Societies Act 1986 (recorded in the public file of any building society, within the meaning of the Act)

The Charities Act 1993

Information is exempt to the extent that, in all the circumstances of the case, the public interest in maintaining the exemption outweighs the public interest in disclosing the information.

Information is not exempt if it relates to proposed development for which the local planning authority may grant itself planning permission pursuant to Regulation 3 of the Town & Country Planning General Regulations 1992(a).

17 **SHARED SERVICES UPDATE**

(Pages 137 -  
146)

To receive and consider the report of the Chief Executive.

GARY HALL  
CHIEF EXECUTIVE

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Report of	Meeting	Date
Director of Customer & Digital	Council	18 September 2018

## OUTLINE PLANNING APPLICATION – 17/00715/OUTMAJ

**Proposal:** Outline planning application for retail floorspace (Use Classes A1, A3, A4 & A5), employment floorspace (Use Class B1), hotel (Use Class C1), creche/nursery (Use Class D1) and provision of associated car parking, highways, landscaping, and infrastructure and any ancillary development thereto. All matters reserved except for access which is proposed off the existing A674 roundabout. Demolition (as applied for) of on-site structures.

**Location:** Land Between M61 Motorway And Leeds And Liverpool Millennium Way Chorley

## PURPOSE OF REPORT

1. To provide an assessment of the proposed development.

## RECOMMENDATION(S)

2. It is recommended that Members approve the application subject to conditions (refer to appendix 1) and a S106 Obligation to secure the provision of public transport. The suggested conditions are subject to agreement by Lancashire County Council in their capacity as the Local Highway Authority and it is, therefore, also recommended that the Director Customer and Digital be authorised to agree the final wording of the conditions in consultation with The Executive Member (Public Protection).

## EXECUTIVE SUMMARY OF REPORT

3. It is considered that the proposed development represents a sustainable and beneficial use of the site for which outline planning permission should be granted. The Council's Development Control Committee considered the application at their meeting on 14 August and was minded to approve the application. The application has subsequently been referred to the National Planning Casework Unit to determine whether the Secretary of State wishes to call the application in for a decision in accordance with the provisions of Part 5 of the Town and Country Planning (Consultation) (England) Direction 2009. The Secretary of State has decided not to call in the application and has confirmed that he is content that the application should be determined by the local planning authority.

<b>Confidential report</b> Please bold as appropriate	Yes	No
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## CORPORATE PRIORITIES

4. This report relates to the following Strategic Objectives:

Involving residents in improving their local area and equality of access for all		A strong local economy	X
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Clean, safe and healthy homes and communities		An ambitious council that does more to meet the needs of residents and the local area	
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## REPORT

### Background

5. Members will be aware that four planning applications for a mix of uses on land around junction 8 of the M61 motorway and the adjacent Botany Bay retail development were considered by the Development Control Committee at their meeting on 14 August 2018. Briefly the applications comprise:
  - 17/00713/OUTMAJ - for employment floorspace (Use Classes B2 and B8);
  - 17/00714/OUTMAJ - for the construction of up to 188 dwellings;
  - 17/00715/OUTMAJ - for retail floorspace (Use Classes A1, A3, A4 & A5), employment floorspace (Use Class B1), hotel (Use Class C1), creche/nursery (Use Class D1) and provision of associated car parking, highways, landscaping, and infrastructure; and
  - 17/00716/OUTMAJ - for the construction of up to 100 dwellings.
6. Together the proposals form a comprehensive mixed-use approach to the development of the area in accordance with a masterplan but each falls to be determined individually.
7. All the applications are supported by Environment Statements that conclude that the proposals would not have significantly detrimental environmental effects and those negative impacts which do occur are outweighed by the benefits. This is a logical and rational conclusion given that the land is allocated for development in the Council's Local Plan. Furthermore these impacts can be mitigated through the imposition of suggested conditions.
8. Members of the Development Control Committee resolved to be minded to approve all applications but because the retail proposal includes more than 5000 sqm of retail floorspace in an out of centre location, it was necessary to refer the application to the Secretary of State in accordance with the provisions of the Town and Country Planning (Consultation) (England) Direction 2009. The Secretary of State has decided not to call in the application and has confirmed that he is content that the application should be determined by the local planning authority.
9. Under the provisions of the Council's Constitution, The Development Control Committee has delegated powers to grant planning permission unless the application is determined to be (i) not in accordance with the provisions of the statutory development plan and (ii) which is required to be notified to the Secretary of State prior to determination.
10. Delegation is withdrawn from the Development Control Committee where: (i) proposals are contrary to the development plan and also (ii) require notification to the SoS.
11. The Council's Scheme of Delegation does not preclude the Development Control Committee from determining applications 17/00713/OUTMAJ, 17/00714/OUTMAJ, or 17/00716/OUTMAJ and Members of that Committee have resolved to approve these applications subject to no intervention from the Secretary of State in respect of the application for retail floorspace (Use Classes A1, A3, A4 & A5), employment floorspace (Use Class B1), hotel (Use Class C1), creche/nursery (Use Class D1) and provision of associated car parking, highways, landscaping, and infrastructure (ref. 17/00715/OUTMAJ).
12. However, determination of 17/00715/OUTMAJ by the Development Control Committee is precluded and the application is, therefore, reported to full Council for decision.
13. A copy of the officer report to DC Committee can be found at:  
<http://mod/ieListDocuments.aspx?CId=111&MId=6380&Ver=4>

### Key considerations

14. The key impacts and indeed the main matters of concern expressed by third parties in relation to this application relate to:

- The potential highway impacts; and
- The potential impact on vitality and viability of the Chorley Town Centre, and other nearby centres.

*Potential highway impacts*

15. It is evident that there are existing difficulties on the local highway network in the vicinity of the site. The traffic modelling that has been undertaken in consultation with LCC and Highways England concludes that the proposed development will not result in any significant adverse highway impacts on the local or strategic highway network subject to mitigation. Furthermore, it is anticipated that given the extent of the necessary improvement works, the existing issues will also be ameliorated and capacity will be provided for other committed development.
16. The highway improvement works will need to be secured through the imposition of conditions and a subsequent S278 agreement with the highway authority. Further detailed design work will be necessary and in broad terms the package of highway works comprise:
  - Improvements to the M61 Junction 8;
  - Improvements to the Hartwood Roundabout;
  - Improvements to Euxton Lane/ A6 Junction ;
  - Traffic calming scheme on Blackburn Road; and
  - In addition the provision of a bus service between the retail site and Chorley town centre would be secured through a S106 Obligation

*Potential impact on Chorley Town Centre, and other centres.*

17. The retail application is supported by a retail impact assessment and sensitivity analysis. The Council appointed an independent Consultant to review these reports and their conclusions are set out in detail in the report to DC Committee.
18. In addition, the report prepared on the Council's behalf has also been reviewed by consultants appointed by South Ribble Borough Council who have also concluded that although the cumulative impact on Preston city centre is considered to be high, this is principally as a result of other commitments rather than the proposals at Botany Bay. In addition, they confirm that they do not consider that the trade diversion would cause a significant adverse impact on the defined centres and that the proposal is, therefore, compliant with paragraphs 89 and 90 of the revised National Planning Policy Framework, policy EP9 of the Chorley Local Plan 2012 – 2026 and Policy 11 of the Central Lancashire Core Strategy.
19. In order to ensure that there is no significant adverse impact on Chorley Town Centre as demonstrated through the submitted reports, or indeed other centres, stringent restrictive conditions are recommended to control the character of retail activity on the site.
20. In summary the conditions have been drafted to:
  - (1) To limit the goods that may be sold from the development, to exclude specified retail services and to ensure that goods sold are consistent with the outlet format.
  - (2) To define the maximum floorspace which may be put to each use.
  - (3) To place a limitation on the size of any retail unit.
  - (4) To prevent any part of the development being used as a convenience store.

- (5) To remove Permitted Development Rights that could otherwise enable an increase in the amount of retail floorspace; and
- (6) A requirement to ensure that goods sold are priced at a discount consistent with an outlet centre format.

## CONCLUSION

21. To conclude, significant weight is attached to the economic and employment benefits of the proposal in the planning balance and it is considered that the proposal is acceptable for the detailed reasons set out in the report to DC Committee.

## IMPLICATIONS OF REPORT

This report has implications in the following areas and the relevant Directors' comments are included:

Finance		Customer Services	
Human Resources		Equality and Diversity	
Legal		Integrated Impact Assessment required?	
No significant implications in this area		Policy and Communications	

## RISK

A risk register has been completed	Yes	No
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## COMMENTS OF THE STATUTORY FINANCE OFFICER

22. There are potentially financial implications for the Council approving the scheme, but these are not relevant for the purpose of the Council making a decision on the planning merits of the scheme.

## COMMENTS OF THE MONITORING OFFICER

23. As referred to in the report at paragraph 10 this is a decision which falls outside the delegation to Development Control Committee and must be made by Full Council. The Standing Orders which apply to this agenda item are the same for Council not DC Committee. Councillors should be aware that the public have had full speaking rights on this matter at DC Committee where the minded to approve decision was reached.

ASIM KHAN  
DIRECTOR OF CUSTOMER & DIGITAL

There are no background papers to this report.

Report Author	Ext	Date	Doc ID
Adele Hayes	5228	10 September 2018	***

**APPENDIX 1****Suggested conditions**

<b>Approved plans</b>	
1	<p>The Development shall only be carried out in accordance with the approved plans, except as may otherwise be specifically required by any other condition of the outline planning permission.</p> <p><i>Reason: To define the permission and in the interests of the proper development of the site.</i></p>
2	<p>The development hereby permitted shall be carried out in accordance with the following approved plans:</p> <ul style="list-style-type: none"> <li>• <b>Existing Site Boundary Plan</b> (dwg ref. 2302 AS(91)01 Rev B) - This plan identifies the application boundary edged red;</li> <li>• <b>Land Use Parameter Plan</b> (dwg ref. 2302 AS(91)50 Rev A) - This plan identifies the development parameters and uses of the site. Subsequent reserved matters applications for built development shall be in broad accordance with this plan;</li> <li>• <b>Building Heights Parameter Plan</b> (dwg ref. 2302 AS(91)51 Rev B) - This plan identifies the maximum building heights that have been assessed across the site. Subsequent reserved matters applications for built development shall be in broad accordance with this plan;</li> <li>• <b>Access Drawing</b> (dwg ref. TMPA1498-106) - This plan identifies the specification of the access sought for approval as part of this application;</li> <li>• <b>Demolition Plan</b> (dwg ref. 2302 AS(91)09 Rev A) - This plan identifies the existing site structures which are proposed to be demolished.</li> </ul> <p><i>Reason: For the avoidance of doubt and in the interests of proper planning.</i></p>
<b>Reserved Matters</b>	
3	<p>An application for approval of the reserved matters, namely the layout, scale, appearance and landscaping of the development, must be made to the Local Planning Authority before the expiration of three years from the date of this permission and the development hereby permitted must be begun two years from the date of approval of the last of the reserved matters to be approved.</p> <p><i>Reason: Required to be imposed by Section 92 of the Town and Country Planning Act 1990 as amended by Section 51 of the Planning and Compulsory Purchase Act,</i></p>

	2004.
4	<p>Prior to the commencement of each phase of the development a scheme for the phasing of the development shall be submitted to and approved in writing by the Local Planning Authority. The development shall be implemented wholly in accordance with the submitted and approved phasing plan unless otherwise agreed with the Local Planning Authority.</p> <p><i>Reason: To secure the proper development of the site in an orderly manner.</i></p>
5	<p>Prior to the commencement of each phase full details of the existing and proposed ground levels and proposed finished floor levels (all relative to ground levels adjoining the site) of all buildings in that phase shall have been submitted to and approved in writing by the Local Planning Authority, notwithstanding any such details shown on previously submitted plans(s). The development shall be carried out strictly in conformity with the approved details.</p> <p><i>Reason: To protect the appearance of the locality and in the interests of the amenities of local residents.</i></p>
<b>Construction</b>	
6	<p>No phase of development shall take place, until a Construction Management Plan for that has been submitted to, and approved in writing by, the local planning authority. The approved Statement shall be adhered to throughout the construction period. The Statement shall provide for:</p> <ul style="list-style-type: none"> <li>• vehicle routing and the parking of vehicles of site operatives and visitors;</li> <li>• hours of operation (including deliveries) during construction;</li> <li>• loading and unloading of plant and materials;</li> <li>• storage of plant and materials used in constructing the development;</li> <li>• siting of cabins, site compounds and material storage area;</li> <li>• the erection of security hoarding where appropriate;</li> <li>• wheel washing facilities that shall be available on site for the cleaning of the wheels of vehicles leaving the site and such equipment shall be used as necessary to prevent mud and stones being carried onto the highway.</li> <li>• measures to mechanically sweep the roads adjacent to the site as required during the full construction period.</li> <li>• measures to control the emission of dust and dirt during construction;</li> <li>• a scheme for recycling/disposing of waste resulting from demolition and construction works.</li> </ul>



	<ul style="list-style-type: none"> <li>Measures to protect all watercourses within and adjacent to the site during the construction phase and to prevent building materials or surface water run-off entering the watercourses.</li> </ul> <p><i>Reason: In the interests of highway safety, to protect the amenities of the nearby residents and to ensure that existing watercourses are protected during the construction phase.</i></p>
<b>Trading Restrictions</b>	
7	<p>The permission hereby granted authorises use of the site for specialised retailing as a Designer Outlet Centre with associated ancillary facilities only and no retail unit shall be used as a Class A1 outlet for the primary retail sale of garden products, DIY products, books, stationary, toys, CDs, DVDs, electrical goods, computers and software, white goods and no unit shall be occupied as a newsagents, chemists, travel agency, post office, ticket agency (excluding any Information facility), hairdressers or dry cleaners.</p> <p>For the purposes of this condition “specialised retailing” and “Designer Outlet Centre” means clearance stores operated by: a) manufacturers; b) retailers who do not directly manufacture, but who either own their own brand or retail branded goods; or, c) the franchisees or licensees or stockists of such manufacturers or retailers, in each case involving the retail sale of discounted comparison goods defined as previous season's stock, run-offs, over-runs, samples of branded goods, goods produced for subsequently cancelled orders, market testing lines, rejects, seconds, clearance goods and surplus stock and accessories.</p> <p><i>Reason: To define and limit the proposed retail use on site in order to protect town centre vitality and viability.</i></p>
8	<p>The gross internal area of the outlet centre development site shall not exceed 20,830 sq. m of flexible A1/A3/A4/A5/C1/D1 uses.</p> <p>The maximum amounts of gross internal floor space and the mixture of uses provided for by this planning permission are as follows:</p> <ul style="list-style-type: none"> <li>a) a maximum of 16,500 sq. m gross floor space for Class A1 uses;</li> <li>b) a maximum of 3000sq. m for Class A3 uses;</li> <li>c) a maximum of 1500sq. m for Class A4 uses;</li> <li>d) a maximum of 1000sq. m for Class A5 uses;</li> <li>e) a maximum of 2000sq. m for Class C1 uses;</li> <li>f) a maximum of 1200sq. m for Class D1 uses;</li> <li>g) the provision of toilet blocks, a site management suite, and an Information facility.</li> </ul> <p>For the avoidance of any doubt, the maximum amounts (gross internal floor space) and the mixture of uses provided for by this planning permission in respect of the</p>

	<p>Botany Bay Mill are as follows:</p> <ul style="list-style-type: none"> <li>i. a maximum of 3,500 sq.m. gross floorspace for Class A3 uses;</li> <li>ii. a maximum of 1,650 sq.m. gross floorspace for Class A1 uses;</li> <li>iii. a maximum of 3,500 sq.m. gross floorspace for Class B1 uses;</li> <li>iv. a maximum of 3,500 sq.m. gross floorspace for Class C1 uses; and</li> <li>v. a maximum of 3,500 sq.m. gross floorspace for Class D1 uses</li> </ul> <p>No individual retail unit, either as constructed or as a result of any subsequent combination of units, shall exceed 1,200 sq. m gross floor space (including any mezzanine floor space).</p> <p>No building or part of any building shall be used for the sale of food other than confectionery or within a restaurant or café for consumption on the premises.</p> <p><i>Reason:</i> To define and limit the proposed retail use on site in order to protect town centre vitality and viability.</p>
9	<p>None of the approved Use Class A1 retail floorspace should be opened for trade by any retailer who at the date of first opening, or within a period of 6 months immediately prior to first opening, occupies retail floorspace within the Primary Shopping Areas of Chorley Town Centre unless a scheme which commits the retailer to retaining their presence as a retailer within Chorley Town Centre, for a minimum period of 5 years following the date of opening for trade within the development, or until such time as they cease to occupy retail floorspace within the development, whichever is the sooner, has been submitted to and approved in writing by the local planning authority.</p> <p><i>Reason:</i> To define and limit the proposed retail use on site in order to protect town centre vitality and viability.</p>
10	<p>Following completion of the scheme and notwithstanding the provisions of the Town and Country Planning (Use Classes) Order 1987 (as amended) or the Town and Country Planning (General Permitted Development) Order 2015 (as amended), or any subsequent Order revoking and re-enacting those Orders, no additional mezzanine floors shall be created within the scheme and no part of the scheme shall be used for any Class A2 (financial and professional services), other than automated teller machines. Notwithstanding the provisions of Part 3 Classes A, G and J of the General Permitted Development Order, no changes of use otherwise permitted by those Classes shall take place.</p> <p><i>Reason:</i> To define and limit the proposed retail use on site in order to protect town centre vitality and viability.</p>
11	<p>In at least 90% of the floor space within the buildings subject to this permission that is used for sales to members of the public, any goods offered for sale shall be priced at</p>

	<p>least 20% below the normal price at which similar types of merchandise are or have been offered for sale in their usual place of sale. The operator of the retail floor space shall maintain detailed stock records of goods for sale and pricing, and shall upon written request from the local planning authority produce these records for the previous 12 months for inspection within 2 calendar weeks of the date of request.</p> <p><i>Reason: To define and limit the proposed retail use on site in order to protect town centre vitality and viability.</i></p>
12	<p>The retail units (Class A1) hereby permitted shall only operate between 09:00 and 22:00 hours Mondays to Saturdays and between 10:00 and 18:00 hours on Sundays.</p> <p><i>Reason: In the interests of the amenity of the area and adjoining and nearby residential properties.</i></p>
13	<p>All non-retail uses permitted shall only operate between the following hours:</p> <ul style="list-style-type: none"> <li>- 09.00 and 22.00 hours Monday to Thursday</li> <li>- 09.00 and 23.00 hours Friday and Saturday and</li> <li>- 09.00 and 22.00 hours on Sundays.</li> </ul> <p><i>Reason: To safeguard the amenities of local residents and in accordance with the submitted information.</i></p>
<b>Flooding and Drainage</b>	
14	<p>Prior to the commencement of any phase of Development, a surface water drainage scheme shall be submitted to and approved in writing by the Local Planning Authority in consultation with the Lead Local Flood Authority. The surface water drainage scheme shall include the following as a minimum:</p> <ul style="list-style-type: none"> <li>a) Information about the lifetime of the development design storm period and intensity (1 in 30 &amp; 1 in 100 year + allowance for climate change – see EA advice Flood risk assessments: climate change allowances'), discharge rates and volumes (both pre and post development), temporary storage facilities, means of access for maintenance and easements where applicable, the methods employed to delay and control surface water discharged from the site, and the measures taken to prevent flooding and pollution of the receiving groundwater and/or surface waters, including watercourses, and details of floor levels in AOD;</li> <li>b) The drainage scheme should demonstrate that the surface water run-off must not exceed the existing greenfield rate which has been calculated at 8 l/s/ha. The scheme shall subsequently be implemented in accordance with the approved details before the development is completed;</li> <li>c) Any works required off-site to ensure adequate discharge of surface water without causing flooding or pollution (which should include refurbishment of existing culverts and headwalls or removal of unused culverts where</li> </ul>

	<p>relevant);</p> <ul style="list-style-type: none"> <li>d) Flood water exceedance routes, both on and off site;</li> <li>e) A timetable for implementation, including phasing where applicable;</li> <li>f) Site investigation and test results to confirm infiltrations rates;</li> <li>g) Details of water quality controls, where applicable;</li> <li>h) Identification and provision of safe route(s) into and out of the site to an appropriate safe haven; and</li> <li>i) Provision of compensatory flood storage.</li> </ul> <p>No building(s) shall be occupied until the sustainable drainage scheme for that phase site has been completed in accordance with the approved details. The scheme shall be fully implemented and subsequently maintained, in accordance with the timing / phasing arrangements embodied within the scheme, or within any other period as may subsequently be agreed, in writing, by the Local Planning Authority.</p> <p><i>Reason:</i></p> <ul style="list-style-type: none"> <li><i>1. To prevent flooding by ensuring the satisfactory storage of/disposal of surface water from the site.</i></li> <li><i>2. To reduce the risk of flooding to the proposed development, elsewhere and to future users.</i></li> <li><i>3. To ensure that water quality is not detrimentally impacted by the development proposal.</i></li> <li><i>4. To ensure safe access and egress from and to the site.</i></li> <li><i>5. To prevent flooding by ensuring the satisfactory storage of/disposal of surface water from the site.</i></li> <li><i>6. To prevent flooding elsewhere by ensuring that compensatory storage of flood water is provided.</i></li> <li><i>7. To reduce the risk of flooding to the proposed development and future occupants.</i></li> </ul>
15	<p>No development shall commence until details of an appropriate management and maintenance plan for the sustainable drainage system for the lifetime of the development have been submitted to and approved in writing by the Local Planning Authority in consultation with the Lead Local Flood Authority. The management and maintenance plan shall include the following as a minimum:</p> <ul style="list-style-type: none"> <li>a) The arrangements for adoption by an appropriate public body or statutory undertaker, management and maintenance by a Residents' Management Company</li> <li>b) Arrangements concerning appropriate funding mechanisms for its on-going maintenance of all elements of the sustainable drainage system (including mechanical components) and will include elements such as:</li> <li>c) on-going inspections relating to performance and asset condition assessments; and</li> </ul>

	<p>d) operation costs for regular maintenance, remedial works and irregular maintenance caused by less sustainable limited life assets or any other arrangements to secure the operation of the surface water drainage scheme throughout its lifetime; and</p> <p>e) Means of access for maintenance and easements where applicable.</p> <p>The plan shall be implemented in accordance with the approved details prior to first occupation of any of the approved buildings, or completion of the development, whichever is the sooner. Thereafter the sustainable drainage system shall be managed and maintained in accordance with the approved details.</p> <p><i>Reason:</i></p> <ol style="list-style-type: none"> <li><i>1. To ensure that appropriate and sufficient funding and maintenance mechanisms are put in place for the lifetime of the development</i></li> <li><i>2. To reduce the flood risk to the development as a result of inadequate maintenance</i></li> <li><i>3. To identify the responsible organisation/body/company/undertaker for the sustainable drainage system.</i></li> </ol>
16	<p>Attenuation basins and flow control devices/structures shall be constructed and operational prior to the commencement of development for any or building(s).</p> <p><i>Reason:</i></p> <ol style="list-style-type: none"> <li><i>1. To ensure site drainage during the construction process does not enter the watercourses at un-attenuated rate.</i></li> <li><i>2. To prevent a flood risk during the construction of the development.</i></li> </ol>
17	<p>Foul and surface water shall be drained on separate systems, with no surface water discharged to the foul water drainage.</p> <p><i>Reason: To secure proper drainage and to manage the risk of flooding and pollution.</i></p>
18	<p>No phase of development hereby permitted shall not built above slab level until a scheme for the installation of oil and fuel interceptors to all external hardstanding areas used for vehicle parking, manoeuvring, loading or unloading has first been submitted to and agreed in writing by the local planning authority for that phase. The agreed details shall be carried out in full prior to that phase being first brought into use.</p> <p><i>Reason: In the interests of minimising the risk of contaminated surface water run-off from the development adversely affecting water quality in the Leeds &amp; Liverpool canal.</i></p>
19	<p>No works should take place within 15m of the edge of the canal without details having first been submitted to and agreed in writing by the Local Planning Authority, to demonstrate that additional loads from the permanent or any temporary works, plant and machinery or storage of materials would not harm the structural integrity of the canal. The details shall also include mitigation measures to prevent any risk of</p>

	<p>pollution or harm to the adjacent Leeds &amp; Liverpool Canal or its users, both during demolition/construction and on completion of the development. The details shall include the steps to be taken to prevent the discharge of silt-laden run-off, materials or dust or any accidental spillages entering the canal. The development shall be carried out in strict accordance with the agreed details.</p> <p><i>Reason: Due to the site topography and proximity of the development to the canal and to safeguard the structural integrity of the canal.</i></p>
<b>Contamination</b>	
20	<p>Due to the scale of development and proposed sensitive end-use (crèche/nursery), no development shall take place until:</p> <p>a) a methodology for investigation and assessment of ground contamination has been submitted to and agreed in writing with the Local Planning Authority. The investigation and assessment shall be carried in accordance with current best practice including British Standard 10175:2011 'Investigation of potentially contaminated sites - Code of Practice'. The objectives of the investigation shall be, but not limited to, identifying the type(s), nature and extent of contamination present to the site, risks to receptors and potential for migration within and beyond the site boundary;</p> <p>b) all testing specified in the approved scheme (submitted under a) and the results of the investigation and risk assessment, together with remediation proposals to render the site capable of development have been submitted to the Local Planning Authority;</p> <p>c) the Local Planning Authority has given written approval to any remediation proposals (submitted under b), which shall include an implementation timetable and monitoring proposals. Upon completion of remediation works a validation report containing any validation sampling results shall be submitted to the Local Authority. Thereafter, the development shall only be carried out in full accordance with the approved remediation proposals.</p> <p>Should, during the course of the development, any contaminated material other than that referred to in the investigation and risk assessment report and identified for treatment in the remediation proposals be discovered, then the development should cease until such time as further remediation proposals have been submitted to and approved in writing by the Local Planning Authority.</p> <p><i>Reason: It is the applicant's responsibility to properly address any land contamination issues, to ensure the site is suitable for the proposed end-use.</i></p>
<b>Ecology Trees and Landscaping</b>	
21	<p>Prior to any site clearance or soil stripping an Arboricultural Method Statement shall be submitted to and agreed in writing with the Local Planning Authority. This shall include details for the protection of all trees to be retained and details how construction works will be carried out within any Root Protection Areas of retained trees. The development shall only be carried out in accordance with the approved</p>

	<p>Arboricultural Method Statement. No construction materials, spoil, rubbish, vehicles or equipment shall be stored or tipped within the Root Protection Areas.</p> <p><i>Reason: To safeguard the trees to be retained.</i></p>
22	<p>Any application for approval of reserved matters for building(s) shall detail how the proposed landscaping scheme will serve to mitigate the visual impact of the proposed development in accordance with the recommendations of the submitted Landscape and Visual Assessment. For the avoidance of doubt, this shall include details of the following:</p> <ul style="list-style-type: none"> <li>• provision of a landscaped buffer to either side of the Public Right of Way 9-2-FP 26 which runs through the application site;</li> <li>• screen planting along the site's northern boundary;</li> <li>• additional planting along the site's eastern boundary to the Leeds Liverpool Canal.</li> </ul> <p><i>Reason: To mitigate the visual impact of the proposed development on the surrounding landscape.</i></p>
23	<p>Vegetation clearance should not be undertaken in the main bird breeding season (March to August inclusive), unless a competent ecologist has undertaken a careful, detailed check of vegetation for active birds' nests immediately before the vegetation is cleared and provided written confirmation that no birds will be harmed and/or that there are appropriate measures in place to protect nesting bird interest on site. Any such written confirmation should be submitted to the Local Planning Authority prior to the commencement of any vegetation clearance.</p> <p><i>Reason: To protect breeding bird species utilising the site.</i></p>
24	<p>Prior to the commencement of each phase of development, an external lighting scheme shall be submitted to and approved in writing by the Local Planning Authority for that phase. This shall identify habitats/features on the site that are potentially sensitive to external lighting (most notably habitats / features that support bat foraging and commuting) and show how and where the external lighting will be installed (through appropriate lighting contour plans) in order to demonstrate that any impact on wildlife is negligible. The development shall be carried out in accordance with the approved scheme and retained as such thereafter.</p> <p><i>Reason: To protect species which utilise the habitats within and around the site.</i></p>
25	<p>Prior to the commencement of any works on site (including vegetation clearance) a methodology for the control of invasive species on the site shall be submitted to and approved in writing by the Local Planning Authority. The works shall be carried out in accordance with the approved details.</p> <p><i>Reason: To ensure the control of invasive species.</i></p>

<b>Archaeology</b>	
26	<p>No phase of development shall take place unless and until a programme of archaeological work in accordance with a written scheme of investigation including the following measures has been submitted to and agreed in writing by the Local Planning Authority for that phase;</p> <p>The programme of archaeological work comprises two elements:</p> <p>i) The programme of recording should comprise the creation of a photographic record of the buildings at Canal Mill. This work should be carried out by an appropriately qualified and experienced professional contractor to the standards and guidance set out in '<i>Understanding Historic Buildings</i>' (Historic England 2016).</p> <p>ii) The programme of field investigation should include an archaeological strip, map and record of the site of the ancillary mill buildings at Canal Mill. This work should be carried out by an appropriately qualified and experienced professional archaeological contractor to the standards and guidance set out by the Chartered Institute for Archaeologists (<a href="http://www.archaeologists.net">www.archaeologists.net</a>).</p> <p>The development shall be carried out in accordance with the approved scheme of archaeological work.</p> <p><i>Reason: To ensure and safeguard the recording and inspection of matters of archaeological/historical importance associated with the site.</i></p>
<b>Sustainability</b>	
27	<p>The development hereby permitted shall be registered with the Building Research Establishment (BRE) under BREEAM and constructed to target a BREEAM rating of 'Very Good'. No phase or sub-phase of the development shall commence until a Design Stage Pre-Assessment Report showing that that phase of the development will achieve a BREEAM rating of 'Very Good' within that phase has been submitted to and approved by the Local Planning Authority .</p> <p><i>Reason: To be in accordance with Policy 27 in the Central Lancashire Core Strategy.</i></p>
28	<p>Within 6 months of completion of each phase of development hereby approved a Building Research Establishment issued Post Construction Review Certificate confirming that the phase or development as a whole has achieved the BREEAM rating set out in the Design Stage Pre-Assessment Report has been submitted to and approved in writing by the Local Planning Authority.</p> <p><i>Reason: To be in accordance with Policy 27 in the Central Lancashire Core Strategy.</i></p>
29	<p>Full details of the provision of electric charging points to serve a particular phase of the development shall be submitted to and approved by the Local Planning Authority</p>



	<p>and the charging points installed and operational before the occupation of the building/s within that phase. The submitted details shall also include details of conduit to be installed at the time of construction to allow the installation of further charging points in the future. The parking bay shall be appropriately marked to ensure sole use by electric vehicles and adequate charging infrastructure with associated cabling provided for the designated parking bay. The charging point shall be located so that a 3m cable will readily reach the vehicle to be charged when parked in the designated parking bay. The charging points shall be retained and maintained thereafter.</p> <p><i>Reason: To enable and encourage the use of alternative fuel use for transport purposes in accordance with Policy 3 of the Central Lancashire Core Strategy.</i></p>
30	<p>Prior to the construction/provision of any services, detailed plans to facilitate full fibre superfast Broadband for future occupants of the site shall be submitted to and approved in writing by the Local Planning Authority. The plans shall seek to ensure that upon occupation of individual retail unit/dwelling, industry standard ducting to facilitate the provision of full fibre superfast broadband service for a site-wide network is in place provided as part of the initial highway works within the site boundary.</p> <p><i>Reason: To ensure a sustainable form of development and in the interests of visual amenity.</i></p>
31	<p>No phase of development shall commence until a timetable for the implementation for the Full Travel Plan has been submitted to, and approved in writing by, the Local Planning Authority for that phase. The provisions of the Full Travel Plan shall be implemented and operated in accordance with the timetable contained therein unless otherwise agreed in writing with the Local Planning Authority. All elements of the Full Travel Plan shall continue to be implemented at all times thereafter for a minimum of 5 years after completion of the development.</p> <p><i>Reason: To ensure that the development provides sustainable transport options.</i></p>
<b>Highway matters</b>	
32	<p>No part of the development hereby approved shall be commenced until the full design details of the traffic mitigation schemes at M61 Junction 8 and the A6 / A674 Hartwood junction, as shown in outline in Curtins drawing reference TPMA1498-108 Revision B, Curtins drawing reference TPMA1498-111 Revision B and WSP drawing reference 70046945 Revision P01, have been submitted to and approved in writing by the local planning authority in consultation with Highways England and Lancashire County Council.</p> <p>The details to be submitted shall include:</p>

	<ul style="list-style-type: none"> <li>• Final details of how the schemes interface with the existing highway alignment.</li> <li>• Full carriageway surfacing and carriageway marking details.</li> <li>• Full construction details.</li> <li>• Confirmation of compliance with current departmental standards (as set out in the Design Manual for Roads and Bridges) and policies (or approved relaxations/departures from standards).</li> <li>• An independent Stage 1 &amp; Stage 2 Road Safety Audit carried out in accordance with current departmental standards and current advice notes.</li> </ul> <p><i>Reason: To ensure that the M61 Motorway might continue to fulfil its purpose as part of the national system of routes for through traffic, in accordance with Section 10 (2) of the Highways Act 1980, maintaining the safety of traffic on the road.</i></p>
33	<p>No development hereby approved commence until a detailed construction plan working method statement relating to site development earthworks and drainage alongside the motorway has been submitted to and approved by Highways England and the Local Planning Authority.</p> <p><i>Reason: To ensure that there is no development on or adjacent to the M61 motorway embankment that shall put any embankment or earthworks at risk.</i></p>
34	<p>No drainage from the proposed development hereby approved shall connect into the motorway drainage system, nor shall any drainage from these sites run-off onto the M61 motorway.</p> <p><i>Reason: To ensure that the M61 Motorway might continue to fulfil its purpose as part of the national system of routes for through traffic, in accordance with Section 10 (2) of the Highways Act 1980, maintaining the safety of traffic on the road.</i></p>
35	<p>There shall be no direct vehicular or pedestrian access of any kind between the site and the M61 motorway. To this end, a close-boarded fence or barrier not less than two metres high shall be erected along the boundary of the site with the M61 motorway to the satisfaction of the Planning Authority and shall be erected a minimum of one metre behind the existing motorway boundary fence and hedge on the developer's land and be independent of the existing motorway fence and hedge.</p> <p><i>Reason: To ensure that there is no unauthorised pedestrian or vehicle intrusion onto the motorway.</i></p>
36	<p>No part of the development hereby approved shall be commenced until the full design details of the traffic mitigation schemes on the local highway network have been submitted to and approved in writing by the local planning authority in consultation with Lancashire County Council Unless otherwise agreed in writing with the Local Planning Authority'</p> <p>The details to be submitted shall include:</p> <p><b>A674 Blackburn Rd / B6228 Blackburn Rd Signal Controlled Junction and</b></p>

**B6229 Corridor**

- Provision of a signal (MOVA optimisation) review to address impacts to best manage the future network with review at agreed trigger points (in line with development phasing) and white lining scheme (including Moss Lane junction).
- Scheme of measures to be delivered on this alternative route on the B5228 Blackburn Road / Blackburn Brow corridor to address impacts to best manage the future network. The scheme is expected to include the following:
  - Speed review along length (currently 40mph)
  - Review and update existing TRO's
  - Road marking review and refresh in vicinity of Great Knowley
  - Speed Indicator Device (SPID) on the approach from the north
  - Gateway on approach to Great Knowley from north including white lining, roundells and possible carriageway narrowing (links to road marking review)
  - Nearest bus stops to the PROW to be upgraded to quality bus (and shelter to be provided in the northbound direction towards Blackburn)

**A674 Blackburn Road / B6229 Moss Lane priority junction**

- Provision of a simple scheme of measures to be delivered on this alternative route on the B5229 Moss Lane corridor to address impacts to best manage the future network. The scheme is expected to include the following:
  - Review of signing onto the corridor with its 7.5t weight restriction.
  - Consider influencing driver behaviours by changing the carriageway treatment on the B6229 at either end such as:
    - road marking including bar markings, or narrowing's
    - different surface colour at junctions,
    - raised tables.

**A674 Blackburn Road / Proposed Residential site access priority junction**

- Provision of details relating to access visibility, the vehicular approach from within the site to the junction and foot/cycleway and safety barrier on the A674.

**A674 Blackburn Road / Proposed Commercial/Retail site access roundabout**

- Provision of details that are not included on the submitted plan.

A three phase approach will need to be undertaken at the junction being (however multiply phases may be delivered at the same trigger point):

Phase 1: Modify kerb lines to maintain lane discipline for circulating HGV's having regard to wing mirrors, (whole roundabout to satisfy standards)

Phase 2: Extend 2 lane flare from the southwest (M61) to form a 2 lane approach for a distance that can accommodate a minimum 10 cars (in each lane) i.e. circa 65m

Phase 3: Modify entry into the site to support 2 lanes (this supports site management).

**A674 Blackburn Road between M61 J8 and the residential access**

TRO funding to ensure parking does not take place on this section of road and provision of interactive signing east and west of the site to support car park management and use of appropriate overflow strategies/carparks elsewhere.

**New Strawberry Fields Signalised junction on Euxton Lane**

- Technology to link associated signals both upstream and down stream

**Other Measures and sustainability provision**

Provision of :

- Signing and road marking review and update
- Bus priority review
- TRO review
- Upgrading of bus provision on Blackburn Road
- Foot/cycle way provision on A674 between the residential access and M61 J8 including removing of verge, crash barrier changes
- PROW onto Blackburn Rd
- PROW onto Moss Lane
- Note this excludes that agreed with the Canal and River trust

	<i>Reason: In the interests of safety and sustainable transport.</i>
37	<p>Trigger points for the completion of individual measures identified and approved through condition 32– 36 (inc.) shall be agreed in writing with the Local Planning Authority, in consultation with the relevant Highway Authority, prior to the commencement of development. The agreed trigger points shall then be fully adhered to unless agreed in writing with the LPA.</p> <p><i>Reason: In the interests of sustainable transport in accordance.</i></p>
38	<p>With the exception of pre-commencement site clearance and preparation works, no part of the development hereby approved shall commence until a scheme for the construction of the site access and emergency access has been submitted to, and approved in writing by, the Local Planning Authority. The scheme shall include provision for the timing of construction of the site access and emergency access. The development shall take place in accordance with the approved scheme.</p> <p><i>Reason: In order to satisfy the Local Planning Authority and Highway Authority that the final details of the highway works are acceptable before work commences on site and to enable all construction traffic to enter and leave the site in a safe manner without causing a hazard to other road users.</i></p>
39	<p>Prior to first occupation of any phase of development hereby approved, a Servicing, Delivery and Staff Parking Strategy for that phase shall be submitted to, and approved in writing by, the Local Planning Authority, in consultation with the Highway Authority. The Strategy shall include details of:</p> <ul style="list-style-type: none"> <li>- Routing of vehicles into the staff carpark</li> <li>- Access points for emergency vehicles</li> <li>- Measures to control/restrict customer use of emergency accesses and staff and servicing areas</li> <li>- Internal signage</li> <li>- Security</li> <li>- Hours of HGV deliveries</li> <li>- Hours for home deliveries (if appropriate)</li> <li>- Hours for waste collection</li> <li>- Hours for emptying of bottle banks (if appropriate)</li> <li>- Service yard management regimes including use of vehicle reversing alarms and refrigeration units, parking and manoeuvring of vehicles within the yard</li> <li>- Operation of service yard gates, including details of their design and construction including appropriate rubber/neoprene stops</li> </ul> <p>The development shall thereafter be operated in accordance with the approved strategy.</p>

	<i>Reason: To allow for the safe and efficient operation of the development and in the interests of the amenity of neighbouring residential properties.</i>
40	<p>Prior to the first use or occupation of any phase of development, a Car Park Management Strategy for that phase shall be submitted to, and approved in writing by, the Local Planning Authority, in consultation with the Highway Authority. The Strategy shall include details of:</p> <ul style="list-style-type: none"> <li>- the maximum duration of stay for all users</li> <li>- include number of parking spaces per user type</li> <li>- car park enforcement</li> <li>- internal signing</li> <li>- security</li> <li>- measures and techniques to maximise car park efficiency and the way it will be managed</li> <li>- mechanism for a review of the Strategy within 12 months of the opening of the phase to confirm the satisfactory operation of the car park and surrounding highway network from the duration of stay approved.</li> <li>- The car park shall be surfaced and laid out in accordance with the approved plans and operated in accordance with the approved Car Park Management Strategy.</li> </ul> <p><i>Reason: To allow for safe and efficient operation of the car park.</i></p>
<b>Employment skills</b>	
41	<p>With the exception of pre-commencement site clearance and preparation works, prior to the commencement of each phase of the development, an Employment Skills Plan (relevant to that phase) shall be submitted to and approved in writing by the local planning authority. The Employment Skills Plan shall follow the principles set out in the submitted Employment Skills Statement (June 2017) and shall include:</p> <ul style="list-style-type: none"> <li>i) measures relating to the construction phase of the development;</li> <li>ii) measures to ensure that the developer/contractor work with existing employment skills stakeholders and groups; and iii) appropriate measures to encourage employment opportunities for local people.</li> </ul> <p>The development shall be carried out in accordance with the agreed plan.</p> <p><i>Reason: In the interests of ensuring the maximisation of local job opportunities in accordance with Policy 15 of the Central Lancashire Core Strategy.</i></p>
42	<p>Prior to the occupation of any phase of the development, an Employment Skills Plan (relevant to that phase) shall be submitted to and approved in writing by the local planning authority. The Employment Skills Plan shall follow the principles set out in the submitted Employment Skills Statement (June 2017) and shall include:</p> <ul style="list-style-type: none"> <li>i) measures relating to the operation of the building(s);</li> <li>ii) measures to ensure that the operator work with existing employment skills stakeholders and groups; and iii. appropriate measures to encourage employment</li> </ul>

	<p>opportunities for local people.</p> <p>The approved Employment Skills Plan shall be implemented.</p> <p><i>Reason: In the interests of ensuring the maximisation of local job opportunities in accordance with Policy 15 of the Central Lancashire Core Strategy.</i></p>
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Report of	Meeting	Date
Chief Finance Officer (Introduced by the Executive Member for Resources)	Council	18 September 2018

## **BUSINESS RATES RETENTION PILOTS 2019/20**

### **PURPOSE OF REPORT**

1. To set out the case for the Council's participation in a pilot scheme in which a substantial element of government funding would be received by membership of a 75% Business Rates Retention Pilot pool in 2019/20.
2. To indicate the likely membership of the Lancashire Business Rates Pool in 2019/20 should a bid to be a 75% retention pilot be submitted.
3. To propose delegated authority to agree participation in the bid by Lancashire councils, as the deadline for submitting a bid signed off by the Council's Section 151 Officer is 25 September 2018.

### **RECOMMENDATION(S)**

4. That Council approve in principle the Council's participation in the Lancashire bid to be a pilot of 75% Business Rate Retention in 2019/20.
5. That Council delegate authority to sign the bid application to the S151 Officer in consultation with the Executive Member for Resources.

### **EXECUTIVE SUMMARY OF REPORT**

6. The Government has invited councils in England to bid to pilot 75% retention of business rates in 2019/20 only. From April 2020 the intention is that 75% rates retention would apply to all councils in England.
7. Bids should consist of pools of authorities in a geographical area. The exact membership of the pool is still to be determined however, the guidance has suggested that the pool should cover economic areas. The current proposal for Lancashire is that the current Lancashire Business Rates Pool member authorities, plus Blackburn with Darwen, Blackpool, Lancaster, Preston and the Lancashire Fire and Rescue Service could be considered. Individual authorities should not bid. The deadline for bids is 25 September 2018.
8. If the bid by Lancashire councils is successful, members of the pool should retain a greater share of business rates growth than at present. However, there are also risks of pool membership, which are highlighted in the report.
9. If the pilot bid does not proceed or is not successful, Lancashire councils should seek to continue the existing pooling arrangement in 2019/20 to continue the benefits already being achieved.

<b>Confidential report</b> Please bold as appropriate	Yes	No
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<b>Key Decision?</b> Please bold as appropriate	Yes	No
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<b>Reason</b> Please bold as appropriate	<b>1, a change in service provision that impacts upon the service revenue budget by £100,000 or more</b>	2, a contract worth £100,000 or more
	3, a new or unprogrammed capital scheme of £100,000 or more	4, Significant impact in environmental, social or physical terms in two or more wards

## REASONS FOR RECOMMENDATION(S)

### (If the recommendations are accepted)

10. The deadline for submitting an application from Lancashire councils to the Government is 25 September 2018. Though specific details of the bid are yet to be finalised, agreement in principle is needed at this stage in order to continue as a member of the proposed pool.
11. This decision is made on the understanding that the Council will be in no worse a financial position, in entering the pilot, that what it would have been if we continue with our existing business rates retention pilot for Lancashire, and also we take into account the funding principles for Revenue Support grant. Early consideration of the figures shows that there is sufficient funding for the council to retain its current position, with Lancashire as a whole also benefitting from the revised pooling arrangements. If the Council is not a member of a pool in 2019/20, it will lose the financial benefit of pool membership it has achieved from 2016/17 onwards.

## ALTERNATIVE OPTIONS CONSIDERED AND REJECTED

12. Should this Council not participate in the bid, it may reduce the chance of the Lancashire bid being accepted.
13. If not part of a pool in 2019/20, the existing financial benefits of pool membership to the Council would be foregone. See Appendix A.

## CORPORATE PRIORITIES

14. This report relates to the following Strategic Objectives:

Involving residents in improving their local area and equality of access for all		A strong local economy	✓
Clean, safe and healthy homes and communities		An ambitious council that does more to meet the needs of residents and the local area	

## BACKGROUND

15. On 24 July 2018, the Government published an invitation to councils in England to apply to participate in 75% business rates retention (BRR) pilot. Bids need to be submitted by proposed pools to the Government by 25 September 2018.



16. In December 2017 the Government announced the aim of increasing the share of business rates retained by local government from the current 50% to 75% from April 2020 onwards. The purpose of the 2019/20 pilots is to test increased business rates retention and to aid understanding of the transition into a reformed BRR system in April 2020. We are currently seeking clarification from the government whether Participating authorities would forego Revenue Support Grant (RSG) and Rural Services Grant in return for retaining additional business rates income.
17. Several Lancashire authorities have negative RSG entitlement in 2019/20, including this Council. If the Council did not participate in the 75% rates retention pilot, it would be likely that the negative RSG would be treated as an increase in the business rates tariff. The Government launched consultation on this issue on 24th July 2018 and the method of eliminating negative RSG to be adopted in 2019/20 will not be known at the time of submitting the 75% retention bid. Unfortunately it is not clear how negative RSG should be treated within a pilot pool. Ribble Valley Borough Council has asked for clarification from the Ministry of Housing, Communities and Local Government but at the time of preparing this report a response was not available.
18. The Government is interested in exploring how 75% rates retention can operate across more than one authority to promote financial sustainability and to support coherent decision-making across functional economic areas.
19. The Government would like to see authorities form pools with agreement in place from all participating authorities, to apply jointly for pilot status. They expect a proposed pool to comprise a county council and all of the district councils; a group of unitary authorities; or a two-tier area and adjoining unitaries.
20. The Government would use the 2019/20 pilots to improve its understanding of how different local arrangements work in relation to 75% BRR. Participating authorities would be expected to work with Government officials on the design of the new BRR system, and share data and information as required.
21. The bids will need to show that all proposed participating authorities have agreed to become part of the pool, and have agreed a methodology for sharing additional business rates income growth. The Section 151 Officer (Chief Financial Officer) of each authority will need to sign the bid before its submission.
22. Under the 75% BRR pilots, unlike the previous 100% BRR pilots, a 'no detriment' clause will not be applied. In current and previous pilots, this clause ensured that the member authorities would be no worse-off in the pilot than they would have been in the previous 50% BRR scheme. Instead the successful pilots will be testing a 95% 'safety net' to reflect the increased risk in the proposed increased BRR system. The current safety net is 92.5%.
23. Bidding is competitive. It is likely that there will be more bids than approved pilots, because of the financial cost to the Government. There is no certainty that the Lancashire bid will be approved by the Government.

#### **LANCASHIRE BID**

24. Lancashire councils are proposing to make a bid to be one of the 75% BRR pilot pools in 2019/20, with Ribble Valley Borough Council as the lead authority. At present it is intended that the Lancashire pilot would include the current membership of the Lancashire Business Rates Pool 2018/19, plus Lancaster and Preston, Lancashire Fire and Rescue Service (LFARS), and the unitary authorities Blackburn with Darwen and Blackpool. Final membership is still to be determined, as each potential participant will need to seek approval to be part of the bid.

25. The intention is that the Lancashire bid should include the county council, all districts, the unitary authorities, and LFARS. This combination of authorities may appeal to the Government as a pilot. However, it is possible that similar combinations of authorities might be included in bids from other counties.
26. There are a number of different ways that growth from a BRR pilot could be shared between participating authorities. The exact split is yet to be determined. However, at present it is proposed that individual councils would retain most of their growth, though part of it would be paid to Blackpool and Preston to cover their estimated losses arising from membership of the pool. An alternative approach would be to top-slice the growth to allocate to specific purposes. These could include creating an economic development pot. Such top-slicing has been discussed but there are no specific proposals at present. What is clear amongst many authorities is that the current business rates support scheme contributes significantly to the MTFS of each individual council. In agreeing to this proposal, while the government will not assure an overall principle of 'no detriment', Lancashire authorities could agree that, within the scope of the funding available, each council will draw down sufficient funds to cover off current commitments to their MTFS, with the remainder being pooled at a Lancashire level. It should be noted that, the use of the funds at a local level, will also contribute significantly to the economic agenda for Lancashire. District councils' service delivery is a key foundation to the delivery of economic growth, and without it, many economic initiatives would fail.
27. The allocation of business rates income in the pool will be set by pool members. At this stage, there is no agreement as to the current allocation of the new pool.
28. The benefits of membership of the existing Lancashire pool in 2016/17 and 2017/18 are shown in Appendix A. A total of £6.011m which otherwise would have been paid to the Government as a levy was retained by pool members.
29. Options for allocation of the additional funding arising from participation in the 75% retention pilot will be presented in reports during the 2019/20 budget preparation cycle.

#### **RISK OF 75% BRR PILOT POOL MEMBERSHIP**

30. Participating councils in Lancashire will be exposed to a higher level of business rate risk for the duration of the pilot in 2019/20. There will be a higher share of any losses, arising due to appeals, bad debts, and empty premises, being 75% rather than the current 50%. There will not be 'no detriment' support from the Government.
31. The estimates of additional growth available to share in 2019/20 are based on the councils' NNDR1 returns for 2018/19. Should NNDR income fall below 2018/19 levels, the growth anticipated in the bid would not materialise. However, indicative figures suggest that total rates income would need to reduce significantly before councils were worse-off through pilot membership than continuing with existing pools.
32. In designing the mechanism for sharing risks and rewards, the proposed Lancashire pool should consider how an equivalent to 'no detriment' support within the pool should be provided in order to protect the resource position of individual authorities.
33. Currently there is uncertainty about how negative RSG entitlement in 2019/20 would be dealt with in the context of a 75% retention pilot pool.

**IMPLICATIONS OF REPORT**

34. This report has implications in the following areas and the relevant Directors' comments are included:

Finance	✓	Customer Services	
Human Resources		Equality and Diversity	
Legal	✓	Integrated Impact Assessment required?	
No significant implications in this area		Policy and Communications	

**RISK**

A risk register has been completed	Yes	No
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**COMMENTS OF THE STATUTORY FINANCE OFFICER**

35. The 75% BRR pilot scheme gives the Council the opportunity to participate in the development of the system which the Government intends to apply to all councils in England from 2020/21 onwards. In addition, it is expected that there should be a financial benefit in 2019/20, though the specific benefit cannot be confirmed at this stage of the development of the Lancashire pool.
36. In the absence of Government 'no detriment' support, it is important that the design of resource allocation within the Lancashire pool includes equivalent 'no detriment' support to protect the resource position of individual authorities.
37. Should the Council choose not to participate in the pool bid, and the bid is successful, it would not get the financial benefit of pool membership in 2019/20. The benefit of membership of the 2017/18 pool is indicated in Appendix A.
38. Should the pool bid not proceed, or the bid not be successful if it does proceed, then Lancashire councils would aim to continue the existing pooling arrangement into 2019/20 to retain the current benefit of pooling.

**COMMENTS OF THE MONITORING OFFICER**

39. The extremely tight deadline set by the Government means that delegated authority to sign the bid is necessary.
40. Should the pilot bid be successful, a legal agreement will need to be entered into in due course.

GARY HALL  
CHIEF EXECUTIVE AND CHIEF FINANCE OFFICER

<b>Background Papers</b>			
<b>Document</b>	<b>Date</b>	<b>File</b>	<b>Place of Inspection</b>
MHCLG, "Invitation to Local Authorities in England to pilot 75% Business Rates Retention in 2019/20"	July 2018	Electronic	Town Hall
MHCLG, "Frequently asked questions"	August 2018	Electronic	Town Hall

<b>Report Author</b>	<b>Ext</b>	<b>Date</b>	<b>Doc ID</b>
Michael Jackson	5490	12 September 2018	Business Rates Retention Pilots 2019-20.docx

**LANCASHIRE BUSINESS RATES POOL**

This Council is part of the Lancashire Business Rates Pool which began on 1 April 2016. In a Business Rate Pool, tariffs, top-ups, levies and safety nets can be combined. This can result in a significantly lower levy rate or even a zero levy rate meaning that more or all of the business rate growth can be retained within the pool area instead of being payable to the Government.

The Lancashire Business Rates Pool, which includes most but not all of the local authorities in Lancashire, has been designated by the Secretary of State for Communities and Local Government, and the retained levy in Lancashire has been distributed as follows:

- Lancashire County Council is paid 10% of the overall retained levy;
- Each district within the pool retains 90% of their levy.

With regard to this council, the total retained levy is £843,563 (£918,171 in 2016/17), hence under pooling we have benefited from extra income of £759,207 (£826,354 in 2016/17). Lancashire County Council has received the remaining 10% of retained levy.

As part of the pool arrangements, one authority must be designated as lead authority, which in the case of the Lancashire Business Rates Pool is Ribble Valley Borough Council. As part of this arrangement a fee of £2,000 is payable by each pool member to Ribble Valley Borough Council in their role as lead.

In the Lancashire Business Rates Pool each council bears its own risk and takes its own reward under the pool agreement, i.e. no sharing of a volatility reserve.

Below is a summary of the Lancashire Business Rates Pool members and relevant transactions.

Lancashire Business Rates Pool Members 2017/18	Authority Type	10% Retained Levy payable to / receivable by LCC			
		Tariffs and Top-ups 2017/18 £	Retained Levy on Growth 2017/18 £	Net Retained Levy 2017/18 £	
Chorley Borough Council	Tariff	6,073,147	(843,563)	84,356	(759,207)
Fylde Borough Council	Tariff	7,565,517	(664,723)	66,472	(598,251)
Hyndburn Borough Council	Tariff	3,706,620	(432,570)	43,257	(389,313)
Pendle Borough Council	Tariff	3,164,521	(518,196)	51,820	(466,376)
Ribble Valley Borough Council	Tariff	4,026,300	(661,344)	66,134	(595,210)
Rossendale Borough Council	Tariff	2,534,068	(518,640)	51,864	(466,776)
South Ribble Borough Council	Tariff	9,644,242	(1,236,560)	123,656	(1,112,904)
West Lancashire Borough Council	Tariff	8,123,116	(669,688)	66,969	(602,719)
Wyre Borough Council	Tariff	6,385,329	(466,171)	46,617	(419,554)
Lancashire County Council (LCC)	Top-up	(147,643,257)	0	(601,145)	(601,145)
<b>Pool Total</b>		(96,420,397)	(6,011,455)	0	(6,011,455)
Central Government		96,420,397	0	0	0
<b>Total</b>		<b>0</b>	<b>(6,011,455)</b>	<b>0</b>	<b>(6,011,455)</b>

The Net Retained Levy for the council is included within Non-Domestic Rates Income and Expenditure in the Taxation and Non-Specific Grant Income and Expenditure section of the Comprehensive Income and Expenditure Statement, along with the council's own share of growth achieved in the year.

(Published as Note 14(a) to the Statement of Accounts 2017/18.)



Report of	Meeting	Date
Director of Business, Development & Growth	Council	18.09.2018

## **A CHORLEY HOUSING COMPANY**

### **PURPOSE OF REPORT**

1. To present to Members the financial and strategic case for establishing a wholly owned Local Housing Company (LHC) in order to enhance the quality of private rented homes in Chorley; to expand the provision of affordable homes for local people and to generate income for the Council. The policy option of establishing such a vehicle was contained in the Council's 2018 – 2020 Corporate Strategy.

### **RECOMMENDATIONS**

2. Agree that a mixed tenure model incorporating private rented and affordable housing is the optimum model with private rented homes cross-subsidising the affordable provision.
3. Agree that to deliver a private rented and affordable homes model as outlined requires £13.8 million of loan investment from Chorley Council to be funded via PWLB borrowing.
4. Agree that the Council begin the process of establishing a LHC with the aim of holding the inaugural Board meeting in early 2019.
5. Agree that specialist financial, governance and legal advice will be procured to ensure that the company structure and detailed business case optimises the agreed financial and strategic outcomes.
6. Note the long term nature of the project and that, if more than 120 affordable homes are delivered, the Council will need to consider establishing an independent Registered Provider as a discrete subsidiary of the LHC.
7. Note that in line with all similar vehicles established to date, the approach requires a long term investment strategy of at least 10 years to benefit from the economies of scale associated with owning a significant property portfolio and particularly for the affordable homes element of that portfolio.
8. Agree that further detail including company structure, governance and reporting arrangements be brought back to Executive Cabinet for consideration with the intent being that the management of the LHC will be delivered in-house.

### **EXECUTIVE SUMMARY OF REPORT**

9. Whilst inherently entailing a level of commercial risk, the establishment of a wholly-owned LHC offers Chorley Council an opportunity to both generate income and intervene in the local housing market to benefit local people.

10. By using a LHC vehicle, the Council has the freedom to act with flexibility as financing and governance arrangements mean that the Council can be proactive and innovative.
11. There is evidence of a significant and growing private rented sector in Chorley but with changes to that market not necessarily benefitting households or local communities.
12. There remains a significant and continuous demand for affordable homes despite the Council's notable success in delivering new affordable homes.
13. A noteworthy number of wholly-owned LHCs have been established by Local Authorities with most of them initially funded directly by their Local Authority. This investment has taken the form of loan and/or equity investment.
14. The initiative and associated investment needs to be long term in order to meet the Council's strategic goals. In many senses the Council will be assuming the role of a patient investor: investing to generate long term income alongside the delivery of wider social and economic benefit.
15. The Council will be investing in assets that can be sold or redeveloped in the future.

<b>Confidential report</b> Please bold as appropriate	Yes	No
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## CORPORATE PRIORITIES

16. This report relates to the following Strategic Objectives:

Involving residents in improving their local area and equality of access for all		A strong local economy	✓
Clean, safe and healthy homes and communities	✓	An ambitious council that does more to meet the needs of residents and the local area	✓

## BACKGROUND

17. A key project included in the Council's Corporate Strategy is the development of a Housing Strategy. One of the identified priorities for the Housing Strategy is the development of a business model for a Council-led Housing Company. The outcome of the work on this business model is reported here for Members' consideration. The development of a Housing Company also forms part of the Council's Medium Term Financial Strategy.

## INTRODUCTION

18. The Government report "Fixing our Broken Housing Market" published in February 2017, recognised the importance of local authorities in enhancing residential supply:

*"Increasingly and across the country local authorities are using innovative new models to get homes built in their area. There are a number of good examples of Local Development Corporations, local housing companies and/or joint venture models building mixed sites, which include new market housing for sale or private rent, as well as affordable housing. We welcome innovations like these, and want more local authorities to get building."*

Given the Government's support for local authority innovation, Chorley Council determined to develop a business model for a Council owned LHC. A number of different scenarios have



been subject to extensive financial modelling and these considerations include the purchase of homes directly from developers; the development of homes on Council-owned land and the purchase of homes in the wider housing market. A working group has met several times to consider the options in more detail and research into other local authority owned LHCs has been undertaken.

19. As the Government report highlighted, the development of wholly-owned arms-length company vehicles is an increasing trend and a later section provides more detail of a number of these. This list is not exhaustive but demonstrates the breadth of such companies together with the associated Local Authority investment.
20. It is important to note that the Localism Act 2011 and the Local Government Act 2003 requires that where local authorities undertake commercial activities that generate income, this must be done via a Company. A wholly-owned Company would need to be established therefore for the acquisition and management of private rented homes.
21. There are many reasons why Local Authorities establish LHCs and often the purpose of those vehicles evolves over time. However, it is important to establish clarity of purpose from the outset not least because governance arrangements need to be developed which reflect Member priorities. This strategic context is outlined below.

## CONTEXT

### Affordable Homes

22. Despite significant housebuilding activity in Chorley over the last five years and in particular the addition of 638 new affordable homes, there remains a significant and continuous demand for affordable homes.

Plan period (1 <sup>st</sup> April-31 <sup>st</sup> March)	Net completions	Affordable completions
2013/14	582	129
2014/15	723	165
2015/16	597	85
2016/17	517	87
2017/18	661	172
<b>TOTAL</b>	<b>3080</b>	<b>638</b>

Over the last 2 years (only) over 80% of new affordable provision has been either 1 or 2 bedroom properties. According to Select List, demand is predominantly for smaller homes, with over 90% of those currently registered, looking for a 1 or 2 bedroom home. However, arguably this demand is driven in large part by current Housing Benefit under-occupancy rules which encourage families in receipt of Housing Benefit to rent smaller properties.

23. Although 638 new affordable homes have been developed in Chorley over the last 5 years, demand for affordable accommodation remains very high with 1,050 households currently registered on Select Move. New affordable provision is currently wholly dependent upon the delivery of S106 obligations and this is necessarily a function of the wider housing market and viability considerations for individual sites. In other words, the Council currently has limited means of positively influencing supply.

24. As part of a scrutiny task and finish group the Council has been engaging with residents in the social housing sector on housing standards. The findings of this work are yet to be published however it will form an evidence base which will form one element of the business case for investing in the affordable housing market in Chorley.
25. The Council can build or acquire 200 units without reopening the Housing Revenue Account (HRA). The Council currently holds 6 units at Cotswold House and is acquiring another 10 for Syrian Refugees and 65 at Primrose Gardens. This will leave up to 120 units that the Council could acquire and still remain under the HRA cap. Re-opening the HRA is not desirable as any surplus income must be ring-fenced and receipts from sales can be retained by central government with restrictions on how a local authority invests its retained receipts.

### **Private Rented Homes**

26. Evidence from local agents indicates that the private rented housing market in Chorley is good and very good in certain geographical locations.
27. Census data in 2001 states that 2,639 households lived in the private rented sector (6.7% of all households) and by 2011, this had increased to 5,010 (11.1% of all households). This is an annualised increase of 9%. Applying this annualised trend from 2011 to 2016, results in an estimated 7,259 households living in private rented accommodation now. This data analysis gives results which are broadly in line with similar data analysis undertaken for Wigan and Bolton which experienced similar increases between 2001 and 2011.
28. Despite the growth in the private rented sector in Chorley, it is the case that there are poor management and maintenance practices evident in some areas. This is particularly the case in neighbourhoods with a preponderance of lower value properties, rented by people with limited choice. By taking a socially responsible approach, a Council-owned LHC would be able to address some of these issues and create a 'gold standard' of high quality management. The LHC would be able to work collaboratively with relevant Council teams to provide homes to those in need as well as those demanding a home commanding a higher premium in a sought-after location.
29. Currently the average private landlord in the UK owns only one or two properties and this is not conducive to either a long-term approach or wider neighbourhood interest. As well as generating revenue for the Council, long term ownership of residential properties will enable the Council to provide high quality individual property management and also enable broader neighbourhood issues to be addressed where necessary. This is only possible where a portfolio is significant and decisions can be taken with a strategic perspective which considers wider, more enduring issues. In other words the LHC can intervene effectively to benefit not only the Council and individual households but also the wider Chorley community and economy.
30. Given the complex context described above, it is proposed to develop a mixed tenure approach to the establishment of a LHC for Chorley. This flexible tactic will enable the LHC to include an optimum mix of affordable rent and private sector rent homes in order to deliver the Council's strategic aims. It may be possible, in time, for the Council to consider developing or promoting development on its own land in order to further the aims of the LHC. This is likely to accelerate the number of properties in the portfolio and create financially advantageous economies of scale sooner.

### **National Comparators**

31. It is estimated that there are probably as many as 150 LHCs in England. They have been established across the political spectrum and by different types and size of Council.

However, the largest concentration is in London and the South East. Many LHCs have been established because of frustration with the pace, scale and cost of delivery by house builders and housing associations. The majority of LHCs are wholly owned by their Local Authority which provides loan finance and in some cases, land. There is a significant momentum associated with the establishment of such vehicles as local authorities exploit the flexibility offered to benefit local people.

32. The scale of investment in LHCs inevitably differs significantly with some London Boroughs including investment into schools and other community facilities as well as housing. Blackpool Council have invested over £27 million into Blackpool Housing Company with that LHC targeting former B&Bs in central Blackpool. Ermine Street Housing, established by South Cambridgeshire Council are investing £100 million in private rented homes in order to generate income for the Council's general fund. In the North West a number of local authorities have established LHCs including Salford and Liverpool City Councils in order to accelerate residential growth and in particular address issues of affordability.
33. Although every LHC is unique and the level of investment necessarily bespoke to that vehicle, the enduring factor is the long-term nature of the investment and the desire of most LHCs to deliver wider social and economic aims as well as income to the Council as investor.

## FINANCIAL MODELLING

34. In order to make a financial contribution to the Council's general fund and above all improve provision of housing in the Borough the model suggests the following mix of private rented and affordable properties over a seven year period up to 2025/26. Further analysis is provided in Appendix 1.

<i>Capital Expenditure</i>	<b>Private Rental</b>	<b>Affordable</b>	<b>Subtotal</b>
Total Number of Homes	71	50	121
<b>Cumulative Borrowing</b>	<b>£8,424,400</b>	<b>£5,330,100</b>	<b>£13,754,500</b>
<i>Income</i>			
<b>Net Annual Income</b>	<b>(£512,900)</b>	<b>(£300,000)</b>	<b>(£812,900)</b>
<b>Annual Deficit/(Surplus) Housing Company</b>	<b>(£4,900)</b>	<b>£69,700</b>	<b>£64,800</b>
Annual Borrowing Costs to LA (2.56%)	£299,700	£189,600	£489,300
Annual Repayment of Loan from HC (4%)	(£392,200)	(£217,500)	(£609,700)
<b>Annual Deficit/(Surplus) Chorley Borough Council</b>	<b>(£92,500)</b>	<b>(£27,900)</b>	<b>(£120,400)</b>
<b>Annual Deficit/(Surplus) TOTAL</b>	<b>(£97,400)</b>	<b>£41,800</b>	<b>(£55,600)</b>

35. As outlined in appendix A the estimated annual deficit/(surplus) in the first 10 years are summarised below, the cumulative deficit rises to £225k with a payback period of 9 years. This can be mitigated further by bringing the number of properties forward more quickly.
36. Private Rental Assumptions and Explanations:
- Purchase price assumptions and rental levels have been confirmed with several local agents and are also reflective of the Council's experiences of purchasing properties for the Syrian Refugee Resettlement Programme.
  - Purchase prices vary from £80k to £160k.
  - Rental levels vary from £450 to £800 per month.

- It is assumed that 50% of the purchases will be new-build – this reduces the required repairs and maintenance fund.
- Annual 1% rent increases above CPI are assumed but private rents are necessarily driven by the market with certain areas of Chorley commanding a premium with other areas of concentrations of terraced housing, facing greater competition.
- Void rates are between 6.5% and 8% depending on the property types to reflect that terraced homes have generally slightly higher void rates. The bad debt provision is 2%. Bad debt and void levels have been tested with others involved with the creation of local housing companies and are considered reasonable.
- The model assumes that the Council borrows from PWLB at 2.56% and lends on to the Housing Company at 4.0%. This requires external legal and financial confirmation but is in line with other LHCs.
- The rate of 4.0% should reflect a commercial rate so as to not breach State Aid rules. Too high a rate will cause unsustainable losses for the Company. Advice will be sought regarding this issue as well as advice regarding other methods of financing the LHC including purchasing shares and options for the LHC to refinance its loan in future years.
- The Council will need further formal guidance regarding its ability to borrow from PWLB and lend it on to the LHC as well as the treatment of the repayment of the loan.

37. Affordable Assumptions and Explanations:

- To deliver 50 homes the council would borrow approximately £5.3m; this assumes £0.9m grant funding from Homes England. This assumes that 60% of the homes purchased for affordable rent will be eligible for the grant funding. Grant from Homes England is included but with no further discount to open market value assumed; this is regarded as prudent.
- Rents are set at 80% of market rents.
- Purchase prices vary from £90k to £140k.
- Rental levels vary from £360 to £640 per month.
- Voids are modelled lower than the PRS model at 6% due to lower expected turnover of tenants with bad debts at 2%.
- The Council will loan to the LHC at a rate of 4% (CBC's cost of borrowing is currently 2.56%).

38. Based on the analysis provided, the LHC makes a loss in both the delivery of PRS and affordable. However, due to the loan repayment by the LHC to Chorley Borough Council there is a net surplus of £97k to the Council under the PRS model and a £42k loss with affordable provision. The affordable provision is subsidised by income from the private rented properties; however, the acquisition of affordable properties is still reliant on external funding.

39. A grant from Homes England at £30k per plot is assumed for 60% of the affordable properties. The Council is able to access this grant as we are a Registered Provider and have experience of managing specialist accommodation at Cotswold House and shortly Primrose Gardens, for which we have previously secured Homes England funding. There is currently limited general needs management experience and this would need to be addressed if the option of acquiring and managing affordable homes under the HRA limit is pursued. It is suggested that the experience of staff in managing specialist accommodation could be further explored as higher grant rates are currently available for specialist accommodation, and this could be a further strategy development for the LHC at some point.

40. Another potential area of investigation for the LHC is empty homes. The Council has had some success in bringing empty properties back into use but no grant has been secured from Homes England to pursue a more systematic approach. It is estimated that there are

at any one time, approximately 150 long-term voids in the town. A pro-active LHC could seek to secure Homes England financial support and acquire much-needed homes for affordable rent. The blight that such houses cause would also be addressed.

41. If the volume of affordable units exceeds 200 (gross), then an option would be to establish a new RP under the auspices of the LHC. It is estimated that the process would take some time and cost approximately £65k. This is the cost of establishing a legal entity with a long term business plan to a standard approved by the Independent Regulator. In addition to this, a full integrated housing management system would need to be established, together with a staff structure and Independent Board.

## RISK

A high level risk register has been completed and this will be developed further once the full professional team have been appointed. The risks that have been captured to date include but are not limited to the following:

Risk	Risk Description	Mitigation Measures
Conflicting Purposes	Different stakeholders have different views about the purpose of the housing company.	Ensure that comprehensive briefings and reports are taken to relevant meetings and clear agreement reached. Establishment of officer Working Group to that all internal stakeholders are included.
Government Policy Changes	A number of Government policy changes could impact adversely on the Company. Changes could range from the ability of Local Authorities to finance 3rd party enterprises using PWLB finance to changes in Right to Buy or other pertinent legislation.	The development of the financial model is being undertaken on a very prudent basis although no planning can take account of unforeseen changes.
		Monitor Government announcements; analysis of the broad policy direction of travel is ongoing.
		The Council could consider the involvement of 3rd party investors to mitigate any potential adverse changes.
		Changes to Right to Buy legislation are considered a small risk with PRS and also very low Right to Acquire rate in Chorley. Ensure that business plan includes appropriate sensitivity testing.
Incorrect Financial Assumptions	The range of assumptions in the financial model are incorrect or incomplete. This impacts adversely on the Company's ability to repay its loan to the Council.	Extensive benchmarking is being undertaken to ensure that the financial assumptions are based on actual performance reality.
		Advice has been sought from external specialist advisors who have indicated that the assumptions currently being made are broadly correct. Further specialist advice will be sought during the development of the Detailed Business Case.
MTFS	Adverse impact on MTFS	MTFS updated with latest income generation profile as and when project plan is updated.
Market Collapse	The market for rented homes in Chorley collapses.	Extensive local market research has taken place to gauge the strength of the local rented market.
		In the event of market collapse, the company can sell its property portfolio.

## IMPLICATIONS OF REPORT

42. This report has implications in the following areas and the relevant Directors' comments are included:

Finance	✓	Customer Services	
Human Resources		Equality and Diversity	
Legal	✓	Integrated Impact Assessment required?	
No significant implications in this area		Policy and Communications	

## RISK

A risk register has been completed	Yes	No
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## COMMENTS OF THE STATUTORY FINANCE OFFICER

43. The financial implications are discussed in the body of the report and indicate that under the set of assumptions in the model the Housing Company in the initial years would generate an overall loss until year 6. The payback period is estimated to be in year 9.
44. Members should note that whilst the assumptions have been tested they are subject to variation, in particular when considering the long-term nature of the project.
45. Further specialist financial advice will be sought during the development of the detailed business case and governance arrangements.

## COMMENTS OF THE MONITORING OFFICER

46. Under the legislation the Council are required to set up a trading company where the main purpose of the scheme is income generation. In this instance although the report properly identifies the social benefits of the proposal in delivering social rents, the income aspect should not be ignored and it is clearly beneficial to establish the LHC vehicle at an early stage to ensure the Council are legally compliant.

Mark Lester  
Director of Director Business, Development & Growth

There are no background papers to this report.

Report Author	Ext	Date	Doc ID
Claire Nangle	5725	10.09.2018	Housing Company Council 18.09.18

## Appendix 1: 10 Year Profile of Private Rented and Affordable Homes

	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29
<i>Capital Expenditure</i>										
Homes Owned at the Start of the Year - PRS	5	20	35	49	62	71	71	71	71	71
Homes Owned at the Start of the Year - Affordable	5	14	23	32	41	50	50	50	50	50
<b>Homes Owned at the Start of the Year - Total</b>	<b>10</b>	<b>34</b>	<b>58</b>	<b>81</b>	<b>103</b>	<b>121</b>	<b>121</b>	<b>121</b>	<b>121</b>	<b>121</b>
Value of Homes Purchased in Year	1,071,000	2,733,600	2,790,900	2,711,900	2,652,300	2,267,900	0	0	0	0
Fees and Tax (3%)	32,200	82,000	83,700	81,400	79,600	68,000	0	0	0	0
Homes England Grant (£30k per house) - <b>Affordable only</b>	<b>(90,000)</b>	<b>(180,000)</b>	<b>(180,000)</b>	<b>(150,000)</b>	<b>(150,000)</b>	<b>(150,000)</b>	0	0	0	0
<b>Total in year Borrowing</b>	<b>1,013,200</b>	<b>2,635,600</b>	<b>2,694,600</b>	<b>2,643,300</b>	<b>2,581,900</b>	<b>2,185,900</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Cumulative Borrowing</b>	<b>1,013,200</b>	<b>3,648,800</b>	<b>6,343,400</b>	<b>8,986,700</b>	<b>11,568,600</b>	<b>13,754,500</b>	<b>13,754,500</b>	<b>13,754,500</b>	<b>13,754,500</b>	<b>13,754,500</b>
<i>Income</i>										
Rental Income	<b>(56,200)</b>	<b>(208,000)</b>	<b>(370,800)</b>	<b>(535,000)</b>	<b>(701,900)</b>	<b>(848,300)</b>	<b>(873,700)</b>	<b>(900,000)</b>	<b>(927,000)</b>	<b>(954,700)</b>
Voids (PRS 6.5% or 8%; Affordable 6%)	3,800	14,500	25,900	37,400	48,900	59,000	60,800	62,500	64,400	66,300
<b>Net Rental Income</b>	<b>(52,400)</b>	<b>(193,500)</b>	<b>(344,900)</b>	<b>(497,600)</b>	<b>(653,000)</b>	<b>(789,300)</b>	<b>(812,900)</b>	<b>(837,500)</b>	<b>(862,600)</b>	<b>(888,400)</b>
<i>Expenditure</i>										
Bad Debt (2%)	1,100	4,200	7,500	10,700	14,000	17,000	17,500	18,000	18,600	19,100
Repairs and Maintenance Fund	10,000	40,000	90,000	110,000	130,000	140,000	142,800	145,600	148,600	151,600
In-house Management - PRS	33,300	33,300	33,300	33,300	33,300	33,300	33,300	33,300	33,300	33,300
In-house Management - Affordable	37,200	37,200	37,200	74,400	74,400	74,400	74,400	74,400	74,400	74,400
Repayment of Loan to LA (4%)	47,200	162,000	282,100	399,300	513,700	609,700	609,700	609,700	609,700	609,700
<b>Total Expenditure</b>	<b>128,800</b>	<b>276,700</b>	<b>450,100</b>	<b>627,700</b>	<b>765,400</b>	<b>874,400</b>	<b>877,700</b>	<b>881,000</b>	<b>884,600</b>	<b>888,100</b>
<b>Deficit/(Surplus) Housing Company</b>	<b>76,400</b>	<b>83,200</b>	<b>105,200</b>	<b>130,100</b>	<b>112,400</b>	<b>85,100</b>	<b>64,800</b>	<b>43,500</b>	<b>22,000</b>	<b>(300)</b>
Borrowing Costs to LA (2.56%)	36,000	129,800	225,600	319,700	411,500	489,300	489,300	489,300	489,300	489,300
Repayment of Loan from HC	<b>(47,200)</b>	<b>(162,000)</b>	<b>(282,100)</b>	<b>(399,300)</b>	<b>(513,700)</b>	<b>(609,700)</b>	<b>(609,700)</b>	<b>(609,700)</b>	<b>(609,700)</b>	<b>(609,700)</b>
<b>Deficit/(Surplus) Chorley Borough Council</b>	<b>(11,200)</b>	<b>(32,200)</b>	<b>(56,500)</b>	<b>(79,600)</b>	<b>(102,200)</b>	<b>(120,400)</b>	<b>(120,400)</b>	<b>(120,400)</b>	<b>(120,400)</b>	<b>(120,400)</b>
<b>Deficit/(Surplus) TOTAL</b>	<b>65,200</b>	<b>51,000</b>	<b>48,700</b>	<b>50,500</b>	<b>10,200</b>	<b>(35,300)</b>	<b>(55,600)</b>	<b>(76,900)</b>	<b>(98,400)</b>	<b>(120,700)</b>

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Chorley Council notes the consultation due to be launched by Our Health, Our Care regarding the future of Accident & Emergency services in the Chorley, South Ribble and Preston areas. The Council strongly opposes any proposal for a single site Accident & Emergency based at Preston Hospital. The Council believes such a proposal would have a detrimental impact on the quality of local health care for the local population and that Chorley needs a 24 hour Accident & Emergency department. The Council believes the only potential viable proposal for a single site Accident & Emergency would be through a new super hospital located at a central point within the Chorley, South Ribble and Preston area. Without this option included in the consultation, Chorley Council strongly opposes any single site options. Therefore Chorley Council urges Our Health Our Care to include all possible future options in the consultation process.

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