St. Helens Borough Council

Retail and Leisure Study

Final Report

May 2017

(Publication date January 2018 to Incorporate the Latest Experian Data)

Contents Page

Appendices

1.0 Introduction

Instruction

1.01 WYG Planning (hereafter referred to as 'WYG') was commissioned by St. Helens Council ('the Council') in June 2016 to undertake a Retail and Leisure Capacity Study for the St. Helens administrative area.

1.02 This version of the Study has been published in January 2018 to incorporate the latest Experian release of both population and expenditure but also forecasted growth in expenditure, special forms of trading and sales densities from the Experian Retail Planner Briefing Note 15, both of which were published in December 2017. As such, this latest publication of the Study includes the latest available data to inform the Council's local plan evidence base.

1.03 The Study will help inform and advise on the preparation of the forthcoming St. Helens Local Plan, and will also provide baseline information to assist in the determination of planning applications for retail and leisure development. The key purposes of the Study provided are set out at paragraph 4.6 of the Tender Brief of February 2016 and, in summary, comprise:

- a quantitative and qualitative assessment of the Borough's future retail and leisure needs over the forthcoming plan period;
- consideration of the latest retail and leisure trends, including the implications of special forms of trading;
- a review of each centre's boundary, function and role within the St. Helens retail hierarchy, and consideration of each centre's ability to accommodate identified retail and leisure needs;
- health check assessments of key centres; and
- recommendations in respect of appropriate floorspace thresholds for the application of the retail impact test.

1.04 In order to address the above requirements, the Study draws on new empirical research, with NEMS Market Research Limited ('NEMS') undertaking surveys of 1,250 households within the defined Study Area in June 2016. The Study Area for the household survey comprises six zones which are based on postcode sectors grouped to reflect areas which are likely to exhibit broadly similar patterns of shopping behaviour. The household survey allows for a detailed consideration of shoppers' habits and an assessment of the expenditure currently claimed by existing retail venues.

1.05 In addition, NEMS also carried out 'in-street' surveys of visitors to St. Helens and Earlestown town centres in June 2016. The in-street surveys assist in the qualitative assessment of the two town centres and provide an indication of where shoppers travel from in order to visit each centre.

1.06 In assessing the quantitative needs, the Study draws upon the most recent Experian Micromarketer G3 (MMG3) population and expenditure data (published December 2017) in order to establish the up-to-date position with regard to both convenience and comparison goods capacity.

Structure of Report

1.07 Our report is structured as follows:

- Section 2 provides a context for the Study by providing an analysis of key retail and town centre trends;
- Section 3 considers the up-to-date position in respect of relevant national retail and town centre planning policy;
- Section 4 presents the key findings in respect of the household and in-street survey research;
- Section 5 considers the vitality and viability of St. Helen's town, district and local centres;
- Section 6 identifies current and future population and expenditure levels within the Study Area;
- Section 7 provides our assessment of the quantitative and qualitative need for further convenience and comparison goods retail floorspace over the assessment period;
- Section 8 considers the need for additional commercial leisure development; and
- Section 9 summarises our key findings for St. Helens and sets out our recommendations in respect of its future retail and town centre strategy and planning policies.

2.0 Current and Emerging Retail Trends

Introduction

2.01 The retail property landscape across the UK has evolved significantly over the past 50 years, from post-war redevelopment in town centres, through to the emergence of retail warehouse parks and out-of-town regional shopping malls. For most of this period, the retail sector has experienced considerable expenditure growth, which has been attributed to a number of factors, including greater disposable income, availability of credit, new technology and a general overall increase in our standard of living. However, recent economic conditions have had a clear impact on expenditure and per capita convenience goods spending has actually reduced in recent years. The way in which goods are purchased has also altered due to the increased popularity of 'e-tailing', which now claims more than one in every ten pounds spent in the UK.

2.02 In order to set out the wider context for the Study, we provide an overview of prevailing retail and leisure trends below.

Polarisation and the Decline of Secondary Centres

2.03 In recent years, shoppers have been increasingly prepared to travel in order to access a greater choice of shops and the type of leisure facilities which are more commonly available in larger towns and cities. As a consequence, larger retail venues (with a regional or sub-regional role) have tended to perform relatively strongly, but a number of smaller towns (particularly those proximate to larger centres) have fared less well. The performance of many smaller towns has also been particularly impacted upon by the recession and the growth of internet shopping, which has resulted in many operators believing that they can achieve appropriate nationwide coverage with a smaller number of stores.

2.04 Colliers[1] reports that many retailers are focused on a much smaller portfolio of stores to cover main markets and to complement online sales. As such, Colliers indicates that new and emerging retailers frequently target no more than 50 stores in key locations and, as a consequence, this trend is having an impact on take-up levels in shopping centres.

[1] Midsummer Retail Report 2014, Colliers, July 2014

2.05 It is also evident that certain operators – including the Arcadia Group, through its Outfit format which incorporates Topshop, Topman, Miss Selfridge and others – are sometimes prepared to close stores in smaller centres in favour of representation on a retail park. We also note the increasing preference of fast food operators to incorporate 'drive thru' restaurants, which has resulted in the closure of 'in centre' McDonald's restaurants in some centres. Furthermore, in November 2016, Marks & Spencer announced its intention to close up to 30 stores and relocate or downsize a number of others. The changes will result in clothing being sold in a lesser number of Marks & Spencer stores.

2.06 Such changes can result in particularly significant impacts at smaller town centres, which tend to be the subject of higher vacancy rates, and which have also often suffered related reductions in rental levels and footfall in recent years. As a consequence, a greater proportion of comparison goods expenditure is being claimed by a smaller number of centres of sub-regional or regional importance.

2.07 However, such changes have also brought forward opportunities for different types of retailer. Some available units in smaller centres have been re-occupied by household discounters such as B&M Bargains, Poundland, Poundstretcher and Wilkinson's. Whilst such lettings are valuable in bringing back premises into active use, many smaller centres are heavily reliant on such retailers, which are generally operated at the lower end of the market.

2.08 It is also evident that some centres are seeking to 'reinvent' themselves through an increased focus on quality independent and food and drink operators. Towns are also increasingly valuing their market as a means to differentiate themselves from retail parks and superstores, and many markets are looking to contemporary and speciality retailers to create interest and draw customers in. The greatest opportunities for successful vintage, craft and food and drink markets have so far been in centres served by affluent catchments.

The End of the 'Big Four' Space Race and the Rise of the Discounter

2.09 Shoppers have turned away from food superstores in recent year and Mintel[2] suggests that this decline is such that it cannot be considered a 'blip'. Mintel attributes the problems which face superstores to two principal factors.

2.10 Firstly, many young people are choosing to rent within or close to town and city centres. As a consequence, many undertake sporadic food shopping and often eat out, use takeaways, or buy instant meals. Accordingly, when young people undertake food shopping, they often have no greater need than that which can be serviced by a convenience store.

2.11 The second factor is the growth of discount operators, which have become more mainstream in both their offer and market positioning. Mintel suggests that the improvements in discounters' offer – such as wider ranges, better fresh foods and more premium foods – means that they have become an attractive alternative to both large food superstores and to convenience stores.

2.12 As a consequence, the 'big four' foodstore operators (Asda, Morrisons, Sainsbury's and Tesco) have become circumspect in respect of new store openings and, indeed, have closed a number of existing stores. All four have suffered significant declines in their market share over the past four or five years. As Table 2.1 below indicates, Tesco has suffered a 2.1 percentage point reduction in its share of the food retail market between 2011 and 2016, and Morrisons has suffered a 1.8 percentage point reduction in market share. Considered together, the market share of the big four foodstore operators has declined from 58.5% in 2011 to 52.7% in 2016 (a reduction of 5.8 percentage points). In contrast, other retailers – most notably Aldi and Lidl – have benefitted from increases in their market share. Aldi's market share increased from 1.9% to 5.3% (equating to an increase of 3.4 percentage points) between 2011 and 2016.

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[2] 'UK Retail Rankings', Mintel, April 2016

Table 2.1: Market Share of Key UK Food Retailers

Operator	2011	2012	2013	2014	2015	2016
Tesco	23.7%	23.9%	23.0%	22.5%	22.0%	21.6%
Sainsbury's	12.8%	13.1%	12.9%	12.8%	12.2%	11.9%
Asda	12.5%	13.3%	13.0%	13.0%	12.0%	11.5%
Morrisons	9.5%	9.3%	8.9%	8.2%	7.9%	7.7%
Aldi	1.9%	2.6%	3.3%	4.2%	4.8%	5.3%
Co-operative Food	5.5%	5.4%	5.1%	4.9%	4.8%	4.7%
Waitrose	3.5%	3.6%	3.7%	3.9%	3.9%	3.9%
Marks & Spencer	3.6%	3.7%	3.7%	3.8%	3.9%	3.9%
Lidl	1.9%	2.0%	2.0%	2.2%	2.4%	2.7%
Iceland	1.8%	1.9%	1.9%	1.9%	1.8%	1.8%

Source: UK Food & Grocery Retailer Update, Verdict, November 2016

2.13 The most notable expansion strategy pursued by any of the big four operators in recent years relates to Sainsbury's decision to enter the discount market through a partnership with Netto. Netto announced the trialling of 15 stores in November 2014 clustered around the M62 corridor between Liverpool and Hull in order to 'test the water'. The first two new build openings were announced in March 2015 in Lymm and Hull, which appeared to suggest confidence in the venture. However, following the trial, Netto announced in July 2016 that it would close all its UK stores by August 2016.

2.14 For the most part, the current strategy of the big four operators involves the reconfiguration and refurbishment of existing stores. In some cases, product lines are being reduced and pricing is being made straightforward. Some operators are looking to introduce other uses to take existing floorspace and Sainsbury's acquisition of the Home Retail Group in September 2016 allows it to introduce Argos (which it now owns) into its stores. Small concessions of Habitat are also currently being tested within five branches of Sainsbury's.

2.15 Aldi and Lidl have both sought to take advantage of the structural changes in the food retail market and have announced ambitious store opening targets that will further increase pressure on the big four operators. Aldi has identified major expansion plans and intends to open 80 new UK stores in 2016[3], bringing its total number of stores to around 700. Over the longer term, it intends to trade

[3] Article headlined 'Aldi to roll out 80 new UK stores in 2016', Retail Week, 17 February 2016

from 1,000 UK stores by 2022[4]. Aldi's plans include three formats: standard stores of between 18,000 sq.ft and 20,000 sq.ft with a minimum of 70 parking spaces; the 'Small Aldi' format of between 10,000 sq.ft and 14,000 sq.ft with a minimum of 40 parking spaces; and, the 'City Aldi' format of between 7,000 sq.ft to 10,000 sq.ft with no parking spaces required. Aldi is understood to be considering all types of property, including development sites, mixed-use schemes, retail parks, high streets, shopping centres and roadside.

2.16 Lidl plans to expand to trade from a portfolio of 1,200 UK stores in the coming years[5]. Lidl's future requirements reportedly[6] comprise units of between 20,000 sq.ft and 30,000 sq.ft, with sites of 1.5 acres required for standalone units and up to 4 acres for mixed-use schemes.

Special Forms of Trading

2.17 Many consumers who previously shopped in town centres and at retail parks are now increasingly using the internet to make purchases. Experian[7] identifies that 'special forms of trading' (which includes internet, mail order and market sales) now comprises an estimated 14.3% of total UK retail sales at 2016, which compares to a market share of just 5.6% at 2006. Experian estimates that the value of non-store sales in the UK at 2016 is £53.8 billion. It estimates that special forms of trading will increase further to 18.3% of retail expenditure at 2021. Thereafter, it is anticipated that additional growth will be relatively limited, with special forms of trading claiming 19.6% of UK retail expenditure at 2035 (the last reporting year for which Experian provides a figure).

2.18 The growth in internet as a sales medium has been enabled by the increase in access to the internet by UK households, which the Office for National Statistics[8] reports increased from 57% of households at 2006 to 89% in 2016. The proportion of households with access to the internet is expected to increase further over the coming years and the popularity of shopping online is also assisted by mobile phones and tablets with faster 4G network technology. The Office for National Statistics indicates that the proportion of adults accessing the internet using a mobile phone increased by nearly double – from 36% to 66% – between 2011 and 2015.

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[4] Article headlined 'Supermarkets: discounters race for space', Property Week, 2 November 2016
[5] 'UK Food & Grocery Retailer Update', Verdict, November 2016
[6] Article headlined 'Supermarkets: discounters race for space', Property Week, 2 November 2016
[7] 'Experian Retail Planner Briefing Note 15', December 2017
[8] 'Statistical Bulletin: Internet Access Households and Individuals', Office for National Statistics, August 2016

2.19 It is evident that improvements in technology and an increased confidence in the security of online payments have supported substantial increases in internet sales in recent years. In addition, the option of using the internet to 'click and collect' in-store at a dedicated counter is also increasing in popularity, with the service now accounting for over 50% of John Lewis internet orders[9]. Some retailers are also seeing benefits arising from the use of shops as 'showrooms' where shoppers can view and try goods before making purchases later in their home. More progressive retailers are also providing in-store Wi-Fi (which can be used to inform shoppers of promotions via their mobile phones) and technology points (which can allow shoppers to browse a wider product range than that carried in store). Accordingly, whilst new technology and the rise of internet shopping undoubtedly provides challenges for traditional 'bricks and mortar' retailers, it also brings with it some opportunities.

2.20 In addition, it is important to note that many purchases made online are actually sourced from the shelves of 'bricks and mortar' stores and thereby have the potential to support retail floorspace. This is acknowledged by Experian which now provides adjusted market share figures for special forms of trading in order to reflect purchases which are effected through stores. The adjusted allowance for special forms of trading equates to 3.2% for convenience goods at 2017, increasing to 3.9% at 2021, to 4.6% at 2026, to 5.1% at 2031, and to 5.3% at 2035. For comparison goods, the adjusted allowance is 14.8% at 2017, increasing to 16.9% at 2021 and 17.5% at 2026, and then increasing slightly to 17.8% at 2031 and 18.0% at 2036. The adjustment is greater for convenience goods, reflecting the fact that most online food purchases are taken from the shelves of actual stores.

Leisure and the Appetite for More Food and Drink

2.21 In recent years, town centres have also increasingly relied upon an expanding food and drink sector to bring some vacant units back into active use. Eating out has become increasingly popular and both national multiples and independents have benefitted from the additional expenditure which has resulted. Colliers[10] refers to Barclaycard data which identifies that spending in restaurants in the first quarter of 2015 was up 17% year-on-year.

2.22 Food operators increasingly require units which are in amongst the retail heart of a centre, rather than taking space within a food court. As a consequence, modern shopping mall developments tend to mix

[9] 'Click and Collect', Mintel, September 2014
[10] 'Midsummer Retail Report 2015', Colliers International, July 2015

food operators within the wider offer and upwards of a quarter of units can be occupied by cafes and restaurants. Food and drink operators (particularly national multiples) can be particularly attractive to landlords as long leases can often be agreed to due to the cost of fit-outs.

2.23 Colliers[11] also reports that cinema openings are on the up and that niche cinema operators, such as Everyman, Curzon and The Light, are considered to have the potential to be particularly complementary to shopping environments. Such cinemas have more modest land take requirements than large multiplexes, and therefore may have a greater chance of being incorporated in a mixed-use development.

2.24 The health and fitness sector has been buoyed by the popularity of budget gyms. Operators such as Pure Gym, the Gym Group and easyGym have an operational model which is based on low costs and high volume. Such gyms tend to have plenty of equipment in order to encourage uses, but are characterised by basic fit-outs and limited staff. Many budget gym operators – including Pure Gym and the Gym Group – are actively seeking to bring forward additional facilities, with a wide range of properties (including old theatres, larger shop units and office space) having the potential to meet their needs. The Leisure Database Company[12] suggests that there were around 300 budget gyms across the country in summer 2016, but that this figure has the potential to increase to around 1,000 in the near future.

2.25 There are a number of emerging leisure concepts which are also helping to anchor retail environments, including bowling alleys, trampolining and crazy golf. These concepts can assist centres in providing a point of difference with the competition, ensure that visitors' dwell times are increased, and assist a town's evening economy.

Brexit

2.26 The referendum in June 2016 on the UK's membership of the European Union resulted in a majority vote to leave the EU. The terms of withdrawal are to be negotiated with the Commission within two years of formal notification by the Government. A number of commentators have forecast that

[11] Ibid
[12] As reported in the article headlined 'Why budget gyms could be set to take over the sector', Sports Insight, 11 June 2016

uncertainty during this time will negatively impact upon consumer confidence and expenditure, and that investor decisions may be put on hold.

2.27 Whilst it would appear that the short term impact of 'Brexit' on the retail and leisure sector have perhaps been more modest than some analysts suggested, Verdict published an Economic & Retail Update in September 2016[13] in order to highlight potential future issues. Its Update provides the following forecasts.

- Retail growth across Britain in 2016 is expected to be flat and growth in the clothing and footwear sector as a whole is likely to be disappointing. However, the weaker pound means that international travellers may spend more, with international brands and premium goods being particularly attractive.
- However, a weaker pound will also lead to higher import and manufacturing costs, which retailers will pass onto consumers. Verdict anticipates that the food and clothing and footwear sectors will see the greatest inflationary rises.
- Brexit may have a negative impact on the housing market and a consequential adverse impact on those retailers who rely on householders investing in their property. Accordingly, there may be less spending on goods such as furniture, floor coverings, DIY and gardening goods and so on.
- In volume terms, Verdict expects little change to the food retail sector, but notes that inflationary pressures might mean than shoppers spend more on their groceries and therefore have less to spend on other goods.

2.28 It is therefore evident that Brexit has the potential to impact on future expenditure growth (and also on population growth). As such, there will be a need to monitor the impacts arising from the UK's exit from the EU and for any future update to this Study to take appropriate consideration of such changes.

[13] 'Economic & Retail Update: H2 2016', Verdict, September 2016

Summary

2.29 In summary, it is evident that the retail market has undergone significant changes in recent years. Wider economic conditions facing the UK have led to a marked decline in some previously healthy town centres, as well as other traditional retail formats. This has principally been caused by a decline in available expenditure, due to suppressed disposable incomes and an increase in the proportion of expenditure committed online.

2.30 However, 2016 saw an increase in consumer confidence, mainly driven by an improved economic outlook as a result of falling unemployment and the availability of credit. As a consequence, it is anticipated that expenditure growth rates will increase moving forward. Whilst such forecasts remain below those achieved before the recession, they are significantly higher than those recorded over the last three or four years. Notwithstanding this, in June 2016, the referendum on the UK's membership of the European Union resulted in a majority vote to leave the EU. A number of commentators have forecast that the uncertainty brought about by this decision will impact negatively upon consumer confidence, at least in the short term.

2.31 The growth in online sales has affected the need for new retail floorspace. However, increased expenditure growth allied with the retail industry embracement of innovative multi-channelling retail strategies, provides an opportunity for town centres to widen their audience in the future and retain ground. The ability for centres to 'move with the times' and utilise modern technology, whilst providing a materially different experience to online shopping (partly through the inclusion of leisure and food and drink provision), will help ensure their ongoing vitality and viability.

3.0 Planning Policy Context

Introduction

3.01 Given that this Study seeks to provide important evidence to assist in the production of future retail planning policy, it is necessary to review existing national planning policy of relevance to retail and town centre matters to explore the context for the Study and how it may impact upon the production of future development plan policy. We also summarise St. Helens' adopted and emerging planning policy, insofar as it is relevant to retail and other town centre matters, in order to consider the Council's strategy in respect of its centres.

National Planning Policy Framework

3.02 The National Planning Policy Framework was published in March 2012. The NPPF replaced all former Planning Policy Statements, Planning Policy Guidance Notes and some Circulars in a single consolidated document.

3.03 The main theme of the NPPF is that there should be 'a presumption in favour of sustainable development'. In terms of plan-making, it is stated that local planning authorities should positively seek opportunities to meet the development needs of their area, with an emphasis on Local Plans having sufficient flexibility to adapt to rapid change.

3.04 In terms of economic development, it is set out within the NPPF's core principles that planning should proactively drive and support economic development to deliver the homes, business and industrial units, infrastructure and thriving local places that the country needs. Every effort should be made to objectively identify and then meet the business and other development needs of an area, with positive responses made to wider opportunities for growth.

3.05 The NPPF stresses the Government's commitment to securing economic growth in order to create jobs and prosperity, with paragraph 17 stating that the planning system should do everything it can to support sustainable economic growth.

3.06 Paragraph 19 indicates that planning should operate to encourage and not to act as an impediment to sustainable growth, and that significant weight should be placed on the need to support economic growth through the planning system. The NPPF seeks to ensure that local planning authorities plan proactively to meet the development needs of business and support an economy fit for the 21st century.

3.07 The NPPF still recognises the need to promote the vitality and viability of towns and cities through the promotion of competition and growth management during the plan period. Paragraph 23 of the NPPF provides guidance for local planning authorities in drawing up Local Plans, it indicates that they should:

- recognise town centres as the heart of their communities and pursue policies to support their vitality and viability;
- define a network and hierarchy of centres that is resilient to anticipated future economic changes;
- define the extent of town centres and primary shopping areas, based on a clear definition of primary and secondary frontages in designated centres, and set policies that make clear which uses will be permitted in such locations;
- promote competitive town centres that provide customer choice and a diverse retail offer and which reflect the individuality of town centres;
- retain and enhance existing markets and, where appropriate, re-introduce or create new ones, ensuring that markets remain attractive and competitive;
- allocate a range of suitable sites to meet the scale and type of retail, leisure, commercial, office, tourism, cultural, community and residential development needed in town centre. It is important that needs for retail, leisure, office and other main town centre uses are met in full and are not compromised by limited site availability. Local planning authorities should therefore undertake an assessment of the need to expand town centres to ensure a sufficient supply of suitable sites;
- allocate appropriate edge of centre sites for main town centre uses that are well connected to the town centre where suitable and viable town centre sites are not available. If sufficient edge of centre sites cannot be identified, set policies for meeting the identified needs in other accessible locations that are well connected to the town centre;
- set policies for the consideration of proposals for main town centre uses which cannot be accommodated in or adjacent to town centres;
- recognise that residential development can play an important role in ensuring the vitality of centres and set out policies to encourage residential development on appropriate sites; and
- where town centres are in decline, local planning authorities should plan positively for their future to encourage economic activity.

3.08 Paragraph 23 also indicates that needs for retail, leisure, office and other main town centre uses should be met in full and should not be compromised by limited site availability.

3.09 Paragraph 24 requires local planning authorities to adopt a sequential approach to the consideration of planning applications for main town centre uses that are not in an existing centre or in accordance with an up-to-date Local Plan. The following paragraph 25 indicates that that the sequential approach should not apply to applications for small scale rural offices or other small scale development.

3.10 Paragraph 26 indicates that local planning authorities should require an impact assessment for retail, leisure and office development outside of town centres which are not in accordance with an up-to-date Local Plan and if the development is over a proportionate, locally set threshold. Where there is no locally defined threshold, the default threshold will be 2,500 sq.m.

3.11 Paragraph 27 indicates that where an application fails to satisfy the sequential test or is likely to have a significant adverse impact on the vitality and viability of a town centre or on existing, planned, committed investment in a centre it should be refused.

3.12 The NPPF also recognises that retail activity should still, where possible, be focused in existing town centres. Retail and leisure proposals which cannot be accommodated in or adjacent to the town centre will have to satisfy a dual impact test and the sequential test.

Ensuring the Vitality of Town Centres Planning Practice Guidance

3.13 Ensuring the Vitality of Town Centres National Planning Practice Guidance was published in March 2014 and replaces the previous Planning for Town Centres Practice Guidance. It provides a more concise summation of how retail and main town centre planning policy is to be applied in practice. However, the objectives of the Practice Guidance remain comparable with those of its predecessor, with there being a stated requirement for local planning authorities to plan positively and support town centres to generate local employment, promote competition within and between town centres, and create attractive and diverse places for users.

3.14 The Practice Guidance requires local planning authorities to fully assess and plan to meet needs for main town centre uses through the adoption of a 'town centre first' approach. Paragraphs 002 and 003 confirm that this should be delivered through a positive vision or strategy which is communicated through the development plan. The strategy should be facilitated through active engagement with the private sector and other interested organisations (including Portas Pilot organisations, Town Teams and so on). Any strategy should be based on evidence which clarifies the current state of town centres and opportunities to meet development needs and support centres' vitality and viability.

3.15 Such strategies should seek to address the following matters:

- the appropriate and realistic role, function and hierarchy of town centres in the area of over the plan period, including an audit of the vitality and viability of existing town centres and their ability to accommodate new development;
- consideration of the vision for the future of each town centre and the most appropriate mix of uses;
- the assessment of the scale of development that a town centre can accommodate;
- the timeframe for new retail floorspace to be delivered;
- what other complementary strategies are necessary or appropriate to enhance the town centre to deliver the vision in the future; and
- the consideration of the enhancement of car parking provision including charging and enforcement mechanisms.

3.16 Paragraph 005 of the Practice Guidance identifies a series of key indicators which are of relevance in assessing the health of a centre over time. Paragraph 005 goes on to state that not all successful town centre regeneration initiatives have been retail led or focused on substantial new development, but have instead involved improvements such as renewed public realm, parking, and accessibility and other partnership mechanisms.

3.17 Paragraph 009 reaffirms the town centre first policy in the form of the sequential test, which requires local planning authorities to undertake an assessment of candidate sites' availability, suitability and viability when preparing their local plan. Such an assessment should also consider the scale of future needs and the type of land required to accommodate main town centre uses.

Housing and Economic Development Needs Assessment Planning Practice Guidance

3.18 The Government has issued further Practice Guidance to provide specific instruction in respect of the undertaking of needs assessments (including those for main town centre uses). Paragraph 032 of the Housing and Economic Development Needs Assessments Planning Practice Guidance states that plan makers should consider forecasts of quantitative and qualitative need based on a range of data which is current and robust. Local planning authorities will need to take account of business cycles and make use of forecasts and surveys to assess employment land requirements.

Relaxation of Permitted Development Rights

3.19 At a national level, recent changes to the Town and Country Planning (General Permitted Development) Order 1995 have sought to support the diversification and vitality of town centres. The changes follow the Portas Report recommendation to make it easier to change surplus space in order to provide for the effective re-use of buildings.

3.20 The Town and Country Planning (General Permitted Development) (England) Order 2015 came into force on 15 April 2015. The Order acts, *inter alia*, to consolidate and replace the Town and Country Planning (General Permitted Development Order 1995) and to provide additional permitted development rights. It should be noted that conditions and restrictions apply, and that prior approval is generally required in order to implement development. The new rights include:

- a permitted change of use from retail/financial services (Class A1/A2), betting offices and pay day loans shops to residential (Class C3);
- a permitted change of use from amusement arcade/casino (sui generis use) to residential use (Class C3);
- a permitted change from retail (Class A1) to financial services (Class A2);
- a permitted change from retail/financial services (Class A1/A2) to food and drink (Class A3);
- a permitted change from retail/financial services (Class A1/A2), betting offices, pay day loan shops and casinos to assembly and leisure uses (Class D2);
- an extension of the temporary permitted development rights introduced in May 2013 for extensions to shops, offices, industrial and warehouse buildings to support business expansion and the economy so they apply permanently;
- the erection of click and collect facilities within the curtilage of a retail shop; and
- modifications to the size of an existing retail shop loading bay.

3.21 The Town and Country Planning (General Permitted Development) (England) (Amendment) Order 2016 subsequently came into force on 6 April 2016. The Amendment provides for the change of use of launderettes to residential uses as permitted development, and acts to make permanent previous temporary provisions which permit the change of use from office to residential use. A condition allowing the local planning authority to consider noise impacts on the intended occupants of the development from premises in commercial use is included in the extended right.

3.22 The intended consequence of the above measures is to secure the redevelopment and reuse of premises. It is considered that the relaxation in respect of changes of use to residential are more likely to encourage re-use of offices in larger metropolitan areas which may benefit from a greater supply of office buildings.

St. Helens Council Development Plan Policy

3.23 The adopted development plan for St. Helens currently comprises the Core Strategy Local Plan (adopted in October 2012), read together with the 'saved' policies of the St. Helens Unitary Development Plan (adopted in July 1998) and the Joint Merseyside and Halton Waste Local Plan (adopted in July 2013). However, the Waste Local Plan is not of direct relevance to this Study.

St. Helens Core Strategy

3.24 The Core Strategy is the principal document guiding how decisions are made on planning applications across the Borough. It provides an overall strategy of how much development is required, where development should be located and how this will be delivered in the period up to 2027. It contains strategic policies for housing, economy and employment, community facilities, quality of life and accessibility.

3.25 The overall Core Strategy Spatial Vision states that, by 2027, St. Helens will be a regenerated Borough which takes advantage of its location between Liverpool and Manchester, and has a vibrant economy, a healthy, safe and attractive environment, and inclusive, sustainable communities. The Spatial Vision identifies that the town centre and its surrounding area will be the vibrant focus of the Borough, with expanded shopping and leisure facilities, a new stadium for St. Helens Rugby League club and a redeveloped college.

3.26 Policy CSS 1 sets out the overall Spatial Strategy for the Borough. In terms of defined centres and economic development, the Spatial Strategy identifies that:

- Much of all new development will be directed towards the regional town of St. Helens;
- St. Helens town centre will enhance and protect its market share within the region by securing further retail and leisure development opportunities. Applications for main town centre uses

providing greater than 500 square metres gross floorspace in an edge-of-town centre or out-of-town centre location will require an impact assessment;

- Earlestown will remain the second Town Centre within the Borough, whilst Rainhill and Thatto Heath will be classed as district centres. Applications for main town centre uses providing greater than 300 square metres gross floorspace in an edge-of-district centre or out-of-district centre location will require an impact assessment; and
- The following will serve as local centres: Billinge; Chain Lane; Chancery Lane; Clipsley Lane; Eccleston; Fingerpost; Marshall's Cross; Newton-le-Willows; Newtown; Rainford; Sutton; and Denton's Green. Applications for main town centre uses providing greater than 200 square metres gross floorspace in an edge-of-local centre or out-of-local centre location will require an impact assessment;

3.27 Policy CAS 1 sets out the St. Helens Core Area Strategy. Part 6 of the policy identifies that the district centre of Thatto Heath and existing local centres will be protected, and opportunities for the clustering of activities will be encouraged.

3.28 Policy CAS 2 relates to St. Helens Central Spatial Area Strategy and seeks to enhance the area as an accessible and welcoming destination for shopping, leisure, culture, tourism, employment and housing within a high quality built environment. The policy indicates that St. Helens will maintain its position in the regional hierarchy and, where possible, enhance its market share by, *inter alia*:

- Providing around 20,000 sq.m (net) of additional comparison retail floorspace. The Council's preference is for this to be through the redevelopment of the former Tesco superstore site on Chalon Way, the enhancement of the existing Church Square shopping centre and/or the development of other sequentially preferable sites in line with national policy and Policy CSS 1;
- Relocating the Tesco superstore to the former United Glass site to cross fund the construction of a new Rugby League Stadium on the same site;
- Facilitating linked trips between the primary shopping area and other existing and proposed developments within the St. Helens Central Spatial Area, including Asda, the former Tesco superstore site on Chalon Way, the stadium site, and St. Helens and Ravenhead Retail Parks;
- Encouraging the development of previously developed land for mixed uses including high density residential in and around, and office development in and around, the town centre;
- Supporting the delivery of new health facilities in partnership with the PCT and other health service providers;
- Monitoring vitality and viability though undertaking regular Town Centre Health Checks;

- Reviewing appraisals of the Town Centre Conservation Areas and implementing management plans through the St. Helens Central Spatial Area Action Plan;
- Defining the primary retail frontage, primary shopping area and town centre boundaries in accordance with national policy and ensuring the primary retail frontage is predominantly used for retail purposes;
- Securing opportunities to improve the St. Helens Central Spatial Area's public realm by retaining and enhancing the existing waterway of the St. Helens Canal and securing improvements to Green Infrastructure;
- Managing pedestrian and vehicular accessibility to meet the varying demands of the town centre by:
  a. Maintaining pedestrian priority within the town centre and extending links to adjacent growth areas;
  b. Supporting the town centre as the hub of the public transport network in St. Helens; and
  c. Reducing congestion and maintaining access by managing the demand for long stay car parking in accordance with the emerging St. Helens Car Parking Strategy; and
- Preparing a St. Helens Central Spatial Area Action Plan to direct the location, design, access and phasing of new development in the Central Spatial Area.

3.29 Policy CAS 3.1 sets out the strategy for Newton-le-Willows and Earlestown. In relation to the town centre, the third criterion identifies that the function of Earlestown town centre as the second largest retail centre in the Borough will be safeguarded through the production and implementation of an Area Action Plan.

3.30 Policy CAS 4 provides the strategy for Haydock and Blackbrook. The policy provides specific guidance on defined centres and the third policy criterion states that:

'The continued function of Clipsley Lane as a Local Centre will be supported and enhanced via appropriate development. Further analysis of this centre and its potential future status will be carried out. Any changes to the Borough's retail hierarchy will be made as a future revision to the Co**re Strategy.'**

St. Helens Unitary Development Plan

3.31 The St. Helens UDP was originally adopted in July 1998 and, at the time, replaced all previous plans including the Merseyside Structure Plan, Local Plans for Newton-le-Willows, Sutton and the town centre. The majority of the policies within the UDP were saved indefinitely from September 2007 by the Secretary of State. However, following the adoption of the Core Strategy in 2012, several policies were replaced. We provide a summary of the relevant saved policies below.

3.32 Policy RET 1 relates to 'retail development in existing centres'. The policy states that retail development and associated service uses in, or immediately adjacent to, an established shopping centre as shown on the proposals map and listed in Schedule 2 will be permitted, subject to there being no conflict with other plan proposals and policies and provided that the site has good access to the highway network and that the layout provides adequate car parking, cycle parking and servicing arrangements. Schedule 2 then sets out the hierarchy of shopping centres (this has since been updated by Policy CSS 1 of the Core Strategy).

3.33 Policy RET 4 relates to hot food shops, restaurants and cafes. The policy states that the building or change of use of establishments to provide hot food for consumption on or off the premises will only be permitted where certain criteria (which principally seek to protect the amenity of local residents) are met.

St. Helens Council Emerging Development Plan Policy

3.34 With the exception of the Waste Local Plan, the new Local Plan for St. Helens will replace all existing Local Plans on its adoption. The new Local Plan will set how much new development for housing, employment and other uses should take place in the Borough. It will identify where new development should take place and set out the policies for assessing planning applications.

3.35 The Council published the Local Plan 'Scoping' Consultation Document in January 2016, and a public consultation was held between 20 January 2016 and 2 March 2016. The new Local Plan will contain a vision which will set out how the Borough and the places within it should develop. In terms of retail and commercial leisure land requirements, paragraph 7.21 of the consultation documents states that:

'The most recent St. Helens and Earlestown Retail & Town Centre Uses Study (2011) concluded that 20,000 square metres of new floorspace for comparison goods (i.e. not food) is required in St. **Helens Town Centre up to 2027.'**

3.36 In December 2016 the Council published the Local Plan Preferred Options and a public consultation was held between 5th December 2016 and 30th January 2017. The Preferred Options sets out the Council's preferred policy approach concerning retail and commercial leisure along with draft town, district and local centre boundaries having considered the initial findings of an earlier draft of this study.

3.37 Accordingly, the Local Plan is still emerging and does not yet provide policies upon which weight can be placed for development management purposes.

4.0 Original Market Research

Introduction

4.01 The undertaking of original market research enables in-depth analysis at a local level and allows the evaluation of the turnover and trade draw of particular town centres. The use of specifically commissioned and tailored survey research is fundamental to identifying the likely capacity for future retail floorspace across the Study Area. Notwithstanding this, WYG acknowledges that there can be limitations to survey research, particularly with regard to the sample size which can be achieved, and the results should therefore be taken to be a broad indication of consumer preferences.

4.02 A key requirement of this Study is the detailed understanding of shopping patterns in terms of the use of retail centres and the identification of the centres' catchment areas. WYG commissioned specialist market researchers NEMS to undertake a comprehensive household telephone survey to identify consumers' habits and preferences in the Study Area. In addition, in order to gain a greater understanding of the role and function of St. Helens town centre (and identify from where the town centre draws its custom) an in-street survey of shoppers and visitors has also been undertaken.

4.03 We set out the general methodological approach to the surveys and the key results below.

Household Survey

4.04 In June 2016, a survey of 1,250 households was undertaken across the defined Study Area which comprises six separate zones and which stretches some distance beyond the St. Helens administrative boundary to incorporate outlying areas. Residents of these outlying areas also look to facilities within the authority areas to meet some retail and leisure needs. The Study Area therefore incorporates areas such as Golbourne, Prescot and Warrington.

4.05 Zone 1 of the Study Area incorporates St. Helens town centre and Thatto Heath district centre, Zone 3 incorporates Newton-le-Willows local centre and Earlestown town centre, and Zone 5 incorporates Rainhill district centre.

4.06 Table 4.1 below sets out the postcode sectors which comprise each zone and a map of the catchment is provided at Appendix 1. The questions and full tabulation of results from the household survey are provided at Appendix 2.

Table 4.1: Postcodes by Survey Zone

Survey Zone	Postcode Sectors
Zone 1	WA9 1, WA9 2, WA9 3, WA9 4, WA9 5, WA10 1, WA10 2, WA10 3, WA10 4
Zone 2	WA3 1, WA3 2, WA3 3, WA11 0, WA11 9, WN4 0, WN4 8, WN4 9, WN5 7
Zone 3	WA12 0, WA12 8, WA12 9
Zone 4	WA2 0, WA2 7, WA2 8, WA2 9, WA5 0, WA5 3, WA5 4, WA5 6, WA5 7, WA5 8, WA5 9, WA55 1
Zone 5	L34 1, L34 2, L34 3, L34 5, L34 6, L35 0, L35 1, L35 2, L35 3, L35 4, L35 5, L35 6, L35 7, L35 8, L35 9, WA8 3, WA8 5
Zone 6	WA10 5, WA10 6, WA11 7, WA11 8, L33 3, L33 4, L33 7, L34 0, L34 4, L34 7, L34 8, L34 9, L39 0, L70 2

4.07 The results of the household survey are utilised to calculate the expenditure claimed by each existing retail facility within the Study Area, a process which is considered in Section 7 of this report.

4.08 The household survey is also of assistance in identifying the market share claimed by specific retail destinations, the frequency of visit to purchase various types of goods, the incidence of linked trips, the most popular means of accessing town centre facilities, the use of other town centre facilities, and so on.

4.09 In considering the market share of trips secured by specific retail destinations, we are able to compare the results from the 2016 survey with the results from the 2011 NEMS survey. The 2011 survey was undertaken across the same six zones, and a total of 1,000 households were questioned on their shopping and leisure habits. This enables us to consider how shopping habits have evolved over time.

4.10 Our market share analysis utilises the same NEMS dataset that is relied on in assessing quantitative need and therefore our commentary relates to tangible retail destinations only (in other words, expenditure which is committed through the internet and other special forms of trading does not form part of the market share element of the commentary that follows). The analysis that follows relates to the market share of *trips* to undertake particular types of shopping at particular destinations and is not necessarily reflective of the market share of overall Study Area *expenditure* secured by those same destinations.

4.11 In our view, the consideration of market share of trips (rather than market share of expenditure) is of particular interest as it accurately allows changes in customers’ shopping habits to be monitored over time. Accordingly, we consider below the market share of trips to particular retail venues and defined centres to purchase both convenience goods and comparison goods. For convenience goods, respondents were questioned in respect of where they last visited and where they visited 'the time before last' to undertake 'main' food shopping (which may take the form of a large 'trolley' shop and be undertaken on an weekly basis) and 'top up' food shopping (which will generally be undertaken on a more frequent basis and will involve the purchase of grocery staples, such as milk and bread). For comparison goods, respondents have been questioned in respect of where they last visited to purchase eight separate types of comparison goods.

Convenience Goods Shopping Patterns

4.12 As we have explained, the market share analysis which follows relates to shopping *trips* only. However, we give some consideration to the market share of *expenditure* at Section 7 of this report.

4.13 In terms of the justification for some of the changes in retail venues' market share figures between 2011 and 2016, it is important to take note that new retail development has taken place since the previous household survey was undertaken. Since the previous household survey was undertaken in 2011, there have been improvements to the provision of convenience shopping facilities in the Borough, most notably in respect of:

- the Tesco Extra superstore at Linkway (relocation from Chalon Way), to the south of St. Helens town centre (which provides a total floorspace of 13,885 sq.m gross);
- the Aldi foodstore at Linkway West, to the west of St. Helens town centre (1,413 sq.m gross);
- the Aldi foodstore at Clock Face Road, which was built on the site of the former local centre (1,526 sq.m); and
- the new Co-op foodstore on Elton Head Road (548 sq.m gross).

4.14 Table 4.4 below sets out the market share in each zone which is claimed by convenience goods retailers within St. Helens Borough. The highest St. Helens Borough market share is secured in Zone 1, where such retailers claim 95.3% of the main food trips and 98.2% of the top-up food trips. This is to be expected, as Zone 1 is centrally located and is almost wholly within the Borough's administrative boundary. The Asda at Kirkland Street is the most popular main food shopping destination for residents of Zone 1, attracting a market share of 20.0% of such trips which originate within the zone. In second position is the Morrisons at Boundary Road, which secures 15.6% of main food trips originating in Zone 1.

4.15 The zone for which St. Helens Borough secures the lowest convenience goods market share is Zone 4, where just 8.0% of main food trips and 7.3% of top-up trips are directed to facilities within the

Borough. Again, this is expected due to Zone 4 being located almost entirely outside of the Borough boundary. For Zone 4 residents, the most popular store for main food shopping is the Asda at Westbrook Centre in Warrington, which claims 23.3% of main food trips originating from within the zone.

Table 4.4: St. Helens' Main and Top-up Convenience Market Shares by Zone (2011 and 2016)

Zone	2011 Market Share (%)		2016 Market Share (%)		Change 2011-2016 (%)	
	Main Convenience	Top-up Convenience	Main Convenience	Top-up Convenience	Main	Top-up
Zone 1	89.4%	97.8%	95.3%	98.2%	5.90	0.4%
Zone 2	52.3%	57.7%	61.2%	64.6%	8.9%	6.9%
Zone 3	69.4%	91.5%	64.2%	71.2%	-5.2%	-20.3%
Zone 4	5.1%	5.0%	8.0%	7.3%	2.9%	2.3%
Zone 5	30.7%	27.3%	30.3%	11.3%	-0.4%	-16.0%
Zone 6	69.4%	79.7%	78.9%	88.9%	9.5%	9.2%
Total	49.5%	55.3%	54.5%	58.7%	5.0%	3.4%

4.16 When comparing the above figures with the results from the 2011 household survey, it is evident that the Borough's market share of both main food and top-up food shopping trips which originate from Zones 1, 2, 4 and 6 has increased. The market share secured by the Borough's facilities in Zones 3 and 5 has decreased for both main food and top-up shopping; the decline in the Borough's market share of top-up food shopping trips is particularly notable, with a decrease of 20.3 percentage points evident in Zone 3 and a decrease of 16.0 percentage points in Zone 5.

4.17 Tables 4.5 and 4.6 summarise the proportion of main food and 'top up' food shopping trips which are secured by retailers located within and outside of the St. Helens Borough, based upon the results of the household survey.

4.18 In terms of the main food shopping market share, the most popular store across the whole Study Area is the Asda at Kirkland Street in Zone 1, which secures 10.9% of all main food shopping trips, which is consistent with the store's performance in the 2011 survey. The zone within which the store secures the highest market share is Zone 6, with 35.9% of these residents undertaking main food shopping trips to the store.

4.19 The second most popular store in the Study Area is the Morrisons at Baxter Lane (also located in Zone 1), which attracts 6.3% of all main food shopping trips. The Morrisons store's performance is strongest in Zone 1, with 13.5% of these residents' main food shopping trips directed to the store.

4.20 Comparing the total Study Area main food market shares identified at 2016 with the position in 2011, the total main food market share secured by the Asda at Kirkland Street has remained consistent at 10.9%. However, the main food market share secured by the Morrisons at Baxter Lane and the Morrisons at Boundary Road has reduced in both cases by 3.7 and 5.4 percentage points respectively. In contrast, the main food market share secured by the Aldi at Branch Way has increased significantly from 0.3% to 4.1%, and the Aldi on Linkway West (which was not operational in 2011) secures 3.7% of all Study Area main food shopping trips.

4.21 Across the overall Study Area, 6.7% of all main food trips are claimed by destinations within and at the edge of St. Helens town centre (with the Aldi and Lidl at the edge of the centre accounting for a Study Area market share of 5.3%). The Asda at Kirkland Street secures 10.9% of main food shopping trips and the Tesco Extra at Linkway secures 5.7% of such trips. As such, there is a relatively high level of main food shopping trips directed to stores in, at the edge of, or within the general vicinity of St. Helens town centre.

4.22 Looking elsewhere in the Borough, Earlestown town centre secures a Study Area main food market share of 2.8%, with the majority of such trips being made to the Tesco at Earle Street (which claims a market share of 2.5%). At 2011, the main food market share secured by facilities in Earlestown town centre was slightly higher at 3.2%, with the reduction at 2016 attributable to the closure of the Netto at Haydock Street. The top-up convenience market share secured by facilities in Earlestown town centre has also reduced from 2011 to 2016, from 6.4% of all such trips throughout the Study Area to 3.8%. This reduction is primarily attributable to an overall reduction in top-up shopping trips to the Tesco on Earle Street in Earlestown town centre, with its market share declining from 4.2% in 2011 to 2.9% in 2016.

4.23 A total of 46.5% of main food shopping trips within the Study Area are being directed towards stores outside of the Borough, with much of these trips being claimed by facilities in Warrington, Wigan and Prescot.

Table 4.5: Principal Main Food Shopping Destinations Trip Analysis by Zone (%)

Zone	Address	1	2	3	4	5	6	2016 Total	2011 Total
1	Asda, Kirkland Street, St. Helens	20.0%	9.9%	0.0%	0.2%	2.5%	35.9%	10.9%	10.9%
1	Morrisons, Baxter Lane, St. Helens	13.5%	6.8%	1.6%	3.9%	3.6%	2.3%	6.3%	10.0%
1	Tesco Extra, Linkway, St. Helens	11.3%	6.9%	1.0%	0.8%	2.1%	9.2%	5.7%	-
1	Morrisons, Boundary Road, St. Helens	15.6%	1.2%	1.3%	0.0%	7.3%	8.3%	5.6%	11.0%
4	Morrisons, Westbrook Centre, Warrington	0.0%	0.0%	4.8%	23.3%	1.4%	0.0%	5.5%	-
5	Tesco Extra, Cables RP, Prescot	0.3%	1.0%	0.0%	0.0%	28.3%	1.7%	4.5%	7.5%
2	Aldi, Branch Way, Haydock	1.8%	9.6%	11.1%	0.2%	1.8%	1.5%	4.1%	0.3%
1	Aldi, Linkway West, St. Helens	8.0%	2.6%	0.0%	0.2%	4.6%	6.3%	3.7%	-
2	Tesco, Bellerophon Way, Haydock	1.8%	9.1%	3.5%	0.1%	0.0%	0.4%	3.2%	4.4%

Note: 'OSA' relates to facilities outside of the Study Area

4.24 Table 4.6 below identifies those stores which claim the greatest proportion of Study Area top-up food shopping trips. The table indicates that the Asda at Kirkland Street and the local shops in St. Helens town centre (both in Zone 1) each secure 4.7% of top-up shopping trips from across the six zones. The highest percentage of market share is secured from residents in Zone 1 in both instances, which is expected due to the more local nature of top-up shopping habits. Shoppers typically undertake their top-up shopping trips either in close proximity to their homes (i.e. small convenience stores like a Co-op store or Tesco Express or local newsagents) or in close proximity to their places of work. Morrisons on Boundary Road also attracts a high percentage of top-up shopping trips from Zone 1 residents, with the store attracting 9.8% of top-up food shopping trips which originate in the zone.

4.25 Looking at the change in market share since the 2011 household survey, there has been a decrease in top-up market share secured by the local shops within St. Helens town centre from 6.4% to 4.7%. Similar to the position for main food shopping trips, the overall top-up food Study Area market share secured by the Aldi at Branch Way has increased from 0.3% in 2011 to 2.4% in 2016.

4.26 Overall, the market share of top-up food shopping trips secured by stores in or at the edge of St. Helens town centre is higher than that secured for main food shopping. The St. Helens town centre market share is 9.1% (including the Aldi and Lidl), and a further 4.7% of top-up food shopping trips is secured by the Asda at Kirkland Street and 2.5% of trips by the Tesco Extra at Linkway.

Table 4.6: Principal Top Up Food Shopping Destinations Trip Analysis by Zone (%)

Zone	Address	1	2	3	4	5	6	Total 2016	Total 2011
1	Asda, Kirkland Street, St. Helens	10.1%	3.8%	0.0%	0.0%	1.1%	10.0%	4.7%	4.3%
1	Local Shops, St. Helens Town Centre	11.2%	5.2%	1.1%	0.0%	0.0%	4.0%	4.7%	6.4%
1	Morrisons, Boundary Road, St. Helens	9.8%	0.8%	0.0%	0.0%	2.3%	6.3%	3.6%	3.8%
OSA	Co-op, Warrington Road, Pesneth, Warrington	0.0%	3.9%	5.7%	7.5%	4.1%	1.5%	3.4%	-
2	Tesco Express, Vicarage Road, Haydock	0.4%	9.5%	0.0%	0.0%	2.5%	0.0%	3.1%	-
3	Tesco, Earle Street, Newton-le-Willows	0.0%	1.1%	38.3%	1.0%	0.0%	0.0%	3.0%	4.2%
1	Tesco Extra, Linkway, St. Helens	7.2%	0.5%	0.0%	0.7%	0.5%	4.0%	2.5%	-
4	Asda, Westbrook Centre, Warrington	0.0%	0.0%	2.8%	12.7%	0.0%	0.0%	2.4%	3.2%
2	Aldi, Branch Way, Haydock	1.3%	5.2%	7.0%	0.5%	0.0%	0.5%	2.4%	0.3%
1	M&S Foodhall, Church Street, St. Helens	2.0%	1.6%	1.1%	0.7%	0.0%	12.2%	2.3%	2.0%

Note: 'OSA' relates to facilities outside of the Study Area

Conclusions in Respect of Convenience Goods Shopping Patterns

4.27 Overall, convenience shopping patterns appear to have altered to the benefit of the larger foodstores across the Borough. The data also demonstrates that, on the whole, discount retailers such as Aldi and Lidl are also securing higher proportions of market share, particularly in terms of the main food trips. As a consequence, the Borough as a whole secures a greater proportion of main food and top-up food shopping trips at 2016 than it did at 2011. The proportion of main and top-up market share being retained by convenience retailers within St. Helens Borough has increased from residents in Zones 1, 2, 4 and 6. The Asda at Kirkland Street is the most popular destination for both main food and top-up food shopping across the Borough and the wider Study Area.

Comparison Goods Shopping Patterns: Clothing and Footwear

4.28 Table 4.7 below provides the clothing and footwear market share secured by destinations located within St. Helens Borough. The table compares the 2011 market share findings with those identified by the 2016 household survey.

4.29 Table 4.7 demonstrates that the market share within Zones 1, 3, 5 and 6 secured by destinations within St. Helens Borough has decreased by 15.6, 19.0, 7.6 and 18.7 percentage points respectively. Looking specifically at Zone 1, which covers St. Helens town centre, the decline is principally attributable to the decrease in market share of St. Helens town centre (for which the clothing and footwear market share declined from 52.6% in 2011 to 38.3% in 2016; a decrease of 14.3 percentage points). In terms of clothing and footwear shopping trips which originate in Zone 3 – which covers Earlestown and Newton-le-Willows – there has been a 19.0 percentage point decrease in the market share secured by facilities in St. Helens Borough. Again, this decline in zonal market share is primarily attributable to the decline in shopping trips to facilities in St. Helens town centre, with the centre's Zone 1 market share reducing from 28.6% in 2011 to 14.4% in 2016.

Table 4.7: St. Helens Borough Clothing and Footwear Market Share by Zone (2011 and 2016)

	Clothing and Footwear 2011	Clothing and Footwear 2016	Change 2011-2016
Zone 1	63.2%	47.6%	-15.6%
Zone 2	31.4%	44.6%	13.2%
Zone 3	41.3%	22.3%	-19.0%
Zone 4	3.4%	6.1%	2.7%
Zone 5	27.1%	19.5%	-7.6%
Zone 6	47.4%	28.7%	-18.7%
Total	34.1%	30.0%	-4.1%

4.30 Table 4.8 below provides a breakdown of market share by zone for the principal destinations for clothing and footwear shopping, both within and outside the Study Area.

4.31 St. Helens town centre secures the highest clothing and footwear market share, with 22.7% of such trips which originate within the Study Area being directed towards the town centre. The town centre secures more than one third of such shopping trips which originate in Zones 1 and 2 (the exact St. Helens town centre market share being 38.3% in the former and 33.8% in the latter). Ravenhead Retail Park secures 4.2% of the overall Study Area market share for clothing and footwear, with this retail venue being most popular in Zone 6 (where it secures a market share of 8.6%). St. Helens Retail Park secures a clothing and footwear Study Area market share of 2.1%, with this venue being most popular in Zone 1 and 3 (it secures a market share of 3.7% in the former zone and a market share of 3.5% in the latter).

4.32 Overall, the clothing and footwear market share secured by facilities in St. Helens town centre has decreased from 28.3% in 2011 to 22.7% in 2016, but the market share secured by Ravenhead and St. Helens Retail Parks has increased slightly in both cases (by 0.8 percentage points and 0.7 percentage points respectively). The market share secured by Warrington town centre has remained broadly consistent at 20.7% (it previously being 20.8% in 2011), but the proportion of Study Area clothing and footwear shopping trips directed to Liverpool city centre has increased significantly from 8.6% of all such trips in 2011 to 13.1% in 2016.

Table 4.8: Principal Comparison Goods Shopping Destinations within St. Helens Borough Trip Analysis by Zone – Clothing and Footwear (%)

Zone	Address	1	2	3	4	5	6	Total 2016	Total 2011
1	St. Helens town centre	38.3%	33.8%	14.4%	3.5%	15.2%	20.1%	22.7%	28.3%
1	Ravenhead Retail Park, St. Helens	5.2%	6.0%	3.2%	0.5%	2.5%	8.6%	4.2%	3.4%
1	St. Helens Retail Park, St. Helens	3.7%	2.1%	3.5%	1.4%	1.4%	0.0%	2.1%	1.4%
OSA	Warrington town centre	5.0%	6.5%	46.0%	58.7%	5.0%	12.4%	20.7%	20.8%
OSA	Liverpool Town centre	22.0%	7.9%	3.7%	1.5%	21.6%	25.8%	13.1%	8.6%

Note: 'OSA' relates to facilities outside of the Study Area

Comparison Goods Shopping Patterns: Books, CDs and DVDs

4.33 Table 4.9 below identifies the market share of trips made to purchase books, CDs and DVDs claimed by destinations within St. Helens Borough. The table compares the 2011 market share findings with those identified by the 2016 household survey.

4.34 Overall, destinations within St. Helens Borough secure 34.0% of trips to purchase books, CDs and DVDs which originate across the Study Area. This represents a decrease of 4.6 percentage points on the market share of 38.6% which was recorded in 2011. Facilities in St. Helens secure 76.8% of the market share within Zone 1, which represents a limited decreased of 1.7 percentage points compared to the figure recorded in 2011. Within Zone 1, St. Helens town centre attracts a market share of 65.0% and the Tesco Extra at Linkway secures 5.2% of such shopping trips. Within Zone 3, 35.1% of trips to purchase Books, CDs and DVDs are secured by facilities in St. Helens town centre, and 7.3% of such trips are secured by Earlestown town centre.

4.35 The market share of shopping trips to purchase books, CDs and DVDs secured by destinations in St. Helens Borough has decreased within each of the six zones, with the greatest decline evident in Zone 6. The market share in this zone declined from 50.9% in 2011 to 34.5% in 2016.

Table 4.9: St. Helens Borough Books, CDs and DVDs Market Share by Zone (2011 and 2016)

	Books, CDs and DVDs 2011	Books, CDs and DVDs 2016	Change 2011-2016
Zone 1	78.5%	76.8%	-1.7%
Zone 2	36.0%	31.0%	-5.0%
Zone 3	38.7%	35.1%	-3.6%
Zone 4	3.4%	1.0%	-2.4%
Zone 5	30.6%	18.6%	-12.0%
Zone 6	50.9%	34.5%	-16.4%
Total	38.6%	34.0%	-4.6%

4.36 Table 4.10 below provides a breakdown of market share by zone for the principal destinations for books, CDs and DVDs shopping, both within and outside the Study Area. St. Helens town centre achieves the highest market share, securing 24.5% of all such shopping trips which originate within the Study Area.

4.37 Across the Study Area as a whole, St. Helens town centre's market share of shopping trips to purchase books, CDs and DVDs has decreased from 34.9% in 2011 to 24.5% in 2016. The market share secured by Warrington town centre has also decreased from 27.1% in 2011 to 24.4% in 2016, but the proportion of such shopping trips attracted to Liverpool city centre has increased from 6.0% in 2011 to 14.9% in 2016.

Table 4.10: Principal Comparison Goods Shopping Destinations within St. Helens Borough Trip Analysis by Zone – Books, CDs and DVDs (%)

Zone	Address	1	2	3	4	5	6	Total 2016	Total 2011
1	St. Helens town centre	65.0%	18.9%	15.4%	0.0%	11.3%	19.3%	24.5%	34.9%
1	Tesco Extra, Linkway, St. Helens	5.2%	0.0%	6.3%	1.0%	0.0%	3.2%	2.2%	-
2	Tesco, Bellerophon Way, Haydock	0.0%	5.3%	2.4%	0.0%	0.0%	0.0%	1.5%	-
OSA	Warrington town centre	0.0%	14.9%	46.9%	74.9%	5.3%	2.1%	24.4%	27.1%
OSA	Liverpool Town centre	17.0%	19.7%	0.0%	2.7%	16.6%	31.3%	14.9%	6.0%

Note: 'OSA' relates to facilities outside of the Study Area

Comparison Goods Shopping Patterns: Small Household Goods

4.38 Table 4.11 sets out the market share of trips made to purchase small household goods secured by destinations within St. Helens Borough. The highest market share for St. Helens is secured in Zone 1, where 69.2% of shopping trips are directed to facilities in the Borough (this represents a modest increase on the market share of 68.1% recorded in 2011). Within Zone 1 there has been a decrease in market share secured by facilities within St. Helens town centre from 56.3% to 45.5%, but an increase in the proportion of small household goods shopping trips secured by Ravenhead Retail Park (from 7.4% in 2011 to 13.5% in 2016) and St. Helens Retail Park (4.4% to 8.9%).

4.39 The greatest increase in the Borough's market share of trips to purchase small household goods is apparent in Zone 2, where the market share has increased by 17.0 percentage points to 60.8% in the five years to 2016. The substantial increase in Zone 2 is also due to an increase in trips to St. Helens town centre (from 25.8% in 2011 to 36.7% in 2016) and also to St. Helens Retail Park (from 5.5% to 14.5%). This increase is likely to be due to the opening of Home Bargains on the Retail Park in the intervening period between the undertaking of the two surveys.

Table 4.11: St. Helens Borough Small Household Goods Market Share by Zone (2011 and 2016)

	Small Household Goods 2011	Small Household Goods 2016	Change 2011-2016
Zone 1	68.1%	69.2%	1.1%
Zone 2	43.8%	60.8%	17.0%
Zone 3	53.3%	51.0%	-2.3%
Zone 4	6.5%	3.9%	-2.6%
Zone 5	26.9%	29.8%	2.9%
Zone 6	51.5%	45.3%	-6.2%
Total	38.5%	43.3%	4.8%

4.40 The below Table 4.12 identifies the principal destinations for small household goods shopping trips and again sets out market shares on a zonal basis. Once more, St. Helens town centre is the dominant destination for small household goods across the overall Study Area, securing a 22.9% market share overall (albeit this has reduced from the 27.3% market share recorded in 2011). The highest market share for St. Helens town centre is secured in Zones 1 and 2, which achieve respective market shares of 45.5% and 36.6%.

4.41 When comparing the market shares with those achieved in 2011, it is evident that St. Helens town centre has been the subject of a reduction in market share in five zones (the exception being Zone 1). Most notably, the market share of small household goods shopping trips from Zone 3 to St. Helens town centre has been the subject of a significant reduction, falling from 22.2% in 2011 to 3.8% in 2016 (a decrease of 18.4 percentage points). Conversely, there has been an increase in small household goods trips secured by Ravenhead Retail Park from Zone 3 residents, with the market share increasing from 2.2% of all such trips in 2011 to 19.7% in 2016. However, the market share of small household goods shopping trips which originate in Zone 3 and are directed to Earlestown town centre has remained broadly consistent, with its market share of 17.8% in 2011 reducing very slightly to 17.2% in 2016.

Table 4.12: Principal Comparison Goods Shopping Destinations within St. Helens Borough Trip Analysis by Zone – Small Household Goods (%)

<table>
<tr><th>Zone</th><th>Address</th><th>1</th><th>2</th><th>3</th><th>4</th><th>5</th><th>6</th><th>Total 2016</th><th>Total 2011</th></tr>
<tr><td>1</td><td>St. Helens town centre</td><td>45.5%</td><td>36.6%</td><td>3.8%</td><td>2.8%</td><td>8.0%</td><td>18.6%</td><td>22.9%</td><td>27.3%</td></tr>
<tr><td>1</td><td>St. Helens Retail Park, St. Helens</td><td>8.9%</td><td>14.5%</td><td>6.6%</td><td>1.1%</td><td>15.3%</td><td>18.1%</td><td>10.7%</td><td>3.2%</td></tr>
<tr><td>4</td><td>Gemini Retail Park, Europa Boulevard, Warrington</td><td>9.1%</td><td>5.7%</td><td>10.6%</td><td>20.3%</td><td>2.2%</td><td>1.7%</td><td>8.7%</td><td rowspan="2">8.8%</td></tr>
<tr><td>4</td><td>IKEA, Europa Boulevard, Warrington</td><td>8.4%</td><td>4.2%</td><td>3.9%</td><td>12.9%</td><td>7.2%</td><td>4.0%</td><td>7.4%</td></tr>
<tr><td>OSA</td><td>Warrington town centre</td><td>2.1%</td><td>3.0%</td><td>21.7%</td><td>44.0%</td><td>2.9%</td><td>6.0%</td><td>12.7%</td><td>23.5%</td></tr>
</table>

Note: 'OSA' relates to facilities outside of the Study Area

Comparison Goods Shopping Patterns: Toys, Games, Bicycles and Recreation Goods

4.42 Table 4.13 sets out the market share of trips made to purchase toys, games, bicycles and other recreation goods secured by destinations within St. Helens Borough. The table identifies that, across the Study Area as a whole, the Borough has increased its market share for such trips from 37.3% in 2011 to 53.3% in 2016 (an increase of 16.0 percentage points). There has been an increase within five of the six zones (the exception being Zone 3, which experienced a decline in market share of 9.2 percentage points in the five years to 2016). The decrease in the Borough's market share of Zone 3 shopping trips to purchase recreation goods is attributable to a decrease in the popularity of St. Helens town centre in this zone (its market share decreased from 14.7% in 2011 to 11.6% in 2016) and a decrease in the popularity of Earlestown town centre (from 5.9% in 2011 to 1.4% in 2016). Instead, a higher proportion of Zone 3 residents are travelling to Gemini Retail Park to undertake recreation shopping, with this venue increasing its market share in the zone from 8.9% in 2011 to 17.6% in 2016.

4.43 St. Helens Borough has benefitted from the largest increase in market share in Zones 1 and 2 (which have benefitted from respective 11.4 and 25.6 percentage point increases in market share). The increased market share in these zones is partly attributable to an increase in the popularity of Ravenhead Retail Park (which has benefitted a 1.4 percentage point increase in market share in Zone 1 and a 17.0 percentage point increase in Zone 2 in the five years to 2016). The increase in popularity of Ravenhead Retail Park within Zone 2, in particular, is at the expense of Warrington, Leigh and Wigan town centres, all of which have experienced a decrease in trips from residents of this zone.

Table 4.13: St. Helens Borough Toys and Recreation Goods Market Shares by Zone (2011 and 2016)

	Toys and Recreation Goods 2011	Toys and Recreation Goods 2016	Change 2011-2016
Zone 1	71.7%	83.1%	11.4%
Zone 2	36.3%	61.9%	25.6%
Zone 3	32.4%	23.2%	-9.2%
Zone 4	4.0%	9.0%	5.0%
Zone 5	34.7%	39.3%	4.6%
Zone 6	54.3%	60.7%	6.4%
Total	37.3%	53.3%	16.0%

4.44 Table 4.14 below demonstrates that St. Helens town centre is the principal destination for recreation goods shopping within the Study Area at 2016, securing an overall market share of 21.7% of such trips. However, this represents a limited decline in the centre's performance since 2011, when it secured 23.8% of such trips originating within the Study Area (a reduction of 2.1 percentage points). The total market share for recreation goods shopping trips secured by both Ravenhead and St. Helens Retail Parks has increased considerably. The Study Area market share of the former retail park increased from 9.7% in 2011 to 18.8% in 2016 (an increase of 9.1 percentage points) and the market share of the latter increased from 3.2% in 2011 to 11.2% in 2016 (an increase of 8.0 percentage points).

Table 4.14: Principal Comparison Goods Shopping Destinations within St. Helens Borough Trip Analysis by Zone – Toys and Recreation Goods (%)

Zone	Address	1	2	3	4	5	6	Total 2016	Total 2011
1	St. Helens town centre	45.8%	23.1%	11.6%	4.2%	6.6%	21.1%	21.7%	23.8%
1	Ravenhead Retail Park, St. Helens	21.8%	26.8%	3.1%	2.1%	24.6%	23.7%	18.8%	9.7%
1	St. Helens Retail Park, St. Helens	12.7%	11.1%	4.4%	2.7%	8.1%	32.0%	11.2%	3.2%
4	Gemini Retail Park, Warrington	7.2%	4.4%	21.7%	11.2%	2.6%	6.0%	7.4%	11.7%
OSA	Warrington town centre	0.6%	9.2%	19.0%	52.6%	4.4%	1.5%	15.1%	26.0%
OSA	Liverpool Town centre	3.9%	6.5%	0.0%	0.9%	1.4%	3.8%	3.6%	3.8%

Note: 'OSA' relates to facilities outside of the Study Area

Comparison Goods Shopping Patterns: Chemist Goods

4.45 Table 4.15 sets out the market share of trips made to purchase chemist and beauty goods secured by destinations within St. Helens Borough. The table identifies that facilities in St. Helens Borough secure a market share of 54.2% of shopping trips to purchase chemist goods which originate within the Study Area (this represents an increase of 3.5 percentage points on the market share recorded in 2011). Zones 2 and 6 have experienced the greatest increase in popularity, with the market share of these zones respectively increasing by 13.7 and 12.4 percentage points in the five year period to 2016. The highest St. Helens Borough market share for chemist goods is secured in Zone 1. However, its market share of 90.8% in 2016 actually represents a modest decline in its performance since 2011 (its market share was then 3.5 percentage points higher at 94.3%). The chemist goods market share for the Borough secured within Zones 2, 3 and 6 ranges between 67.4% (in Zone 2) to 84.1% (in Zone 6). The high market share secured within these zones is reflective of the fact that such goods are often purchased closer to home.

Table 4.15: St. Helens Borough Chemist Goods Market Shares by Zone (2011 and 2016)

	Chemist Goods 2011	Chemist Goods 2016	Change 2011-2016
Zone 1	94.3%	90.8%	-3.5%
Zone 2	53.7%	67.4%	13.7%
Zone 3	76.2%	80.2%	4.0%
Zone 4	3.4%	4.9%	1.5%
Zone 5	26.5%	22.7%	-3.8%
Zone 6	71.7%	84.1%	12.4%
Total	50.7%	54.2%	3.5%

4.46 Table 4.16 identifies the principal destinations for small household goods shopping trips and provides market shares on a zonal basis. St. Helens town centre secures the highest market share across the whole Study Area. However, its Study Area market share has decreased from 36.4% in 2011 to 27.9% in 2016 (a decrease of 8.5 percentage points). In Zone 1, more than two-thirds of residents (67.9%) indicate that they last shopped for chemist goods in St. Helens town centre and 8.5% last visited Ravenhead Retail Park to purchase such items. Earlestown town centre secures 3.1% of all shopping trips to purchase chemist goods, which represents a modest increase of 0.5 percentage points on the market share recorded in 2011.

Table 4.16: Principal Comparison Goods Shopping Destinations within St. Helens Borough Trip Analysis by Zone – Chemist Goods (%)

Zone	Address	1	2	3	4	5	6	Total 2016	Total 2011
1	St. Helens town centre	67.9%	32.0%	5.4%	1.6%	4.2%	42.0%	27.9%	36.4%
5	Prescot town centre	0.6%	0.0%	0.0%	0.0%	39.2%	0.0%	6.2%	5.7%
1	Ravenhead Retail Park, St. Helens	8.5%	8.4%	0.8%	0.9%	1.5%	5.2%	4.9%	3.2%
4	Gemini Retail Park, Warrington	3.6%	0.3%	10.7%	12.5%	1.0%	0.0%	4.3%	4.0%
3	Earlestown town centre	0.0%	0.9%	46.2%	0.6%	0.0%	0.0%	3.1%	2.6%
OSA	Warrington town centre	0.0%	2.3%	4.3%	47.5%	0.6%	0.0%	11.3%	20.2%

Note: 'OSA' relates to facilities outside of the Study Area

Comparison Goods Shopping Patterns: Electrical

4.47 The market share of electrical goods shopping trips secured by facilities within St. Helens Borough has increased across all six zones. Table 4.17 below demonstrates that the most significant increase has occurred in Zone 2, where the market share claimed by the Borough has increased from 53.4% in 2011 to 73.7% in 2016 (an increase of 20.3 percentage points). Whilst the market share of electrical goods shopping trips originating in Zone 2 claimed by St. Helens town centre decreased significantly from 44.0% in 2011 to 25.5% in 2016, the market share secured by out of centre facilities at Ravenhead and St. Helens Retail Parks has increased. Ravenhead Retail Park's market share has increased from 11.2% in 2011 to 23.7% in 2016, and St. Helens Retail Park's market share has increased from 5.6% to 14.9% over the same period.

4.48 The highest market share of electrical goods shopping trips to facilities in St. Helens Borough is secured in Zone 1, with its 2016 market share of 86.7% representing a 2.8 percentage point increase on 2011 figure. Of the 2016 market share, 45.4% is claimed by Ravenhead Retail Park and 22.9% by

St. Helens town centre. In 2011, the proportion of electrical goods shopping trips secured by St. Helens town centre was higher at 44.0%, but the proportion secured by Ravenhead Retail Park was lower at 30.4%.

Table 4.17: St. Helens Borough Electrical Goods Market Shares by Zone (2011 and 2016)

	Electrical Goods 2011	Electrical Goods 2016	Change 2011-2016
Zone 1	83.9%	86.7%	2.8%
Zone 2	53.4%	73.7%	20.3%
Zone 3	52.0%	55.5%	3.5%
Zone 4	7.0%	8.9%	1.9%
Zone 5	46.2%	51.2%	5.0%
Zone 6	68.1%	77.7%	9.6%
Total	49.7%	58.2%	8.5%

4.49 Table 4.18 below demonstrates that across the Study Area as a whole, the market share of electrical goods shopping trips secured by St. Helens town centre decreased from 25.0% in 2011 to 14.6% in 2016 (a decrease of 10.4 percentage points). This is commensurate with the improvement in Study Area market share secured by Ravenhead Retail Park, which increased its market share from 15.8% in 2011 to 24.9% in 2016 (an increase of 9.1 percentage points). This change in market share accords with shoppers' tendency to visit out of centre destinations for such goods and the overall reduction in such retailers within town centre environments. Shoppers prefer the 'ease' of access and larger range of goods retailers are able to display in out of centre retail warehouse formats.

Table 4.18: Principal Comparison Goods Shopping Destinations within St. Helens Borough Trip Analysis by Zone – Electrical Goods (%)

Zone	Address	1	2	3	4	5	6	Total 2016	Total 2011
1	Ravenhead Retail Park, St. Helens	45.4%	23.7%	20.2%	1.4%	17.5%	46.1%	24.9%	15.8%
1	St. Helens town centre	22.9%	25.5%	2.1%	1.4%	12.7%	9.9%	14.6%	25.0%
1	St. Helens Retail Park, St. Helens	13.4%	14.9%	15.7%	2.1%	16.9%	20.8%	12.8%	5.2%
4	Alban Retail Park, Warrington	0.4%	1.7%	12.9%	37.6%	0.0%	1.0%	9.8%	7.1%
OSA	Warrington town centre	0.4%	0.8%	24.7%	25.9%	2.7%	0.0%	7.9%	15.5%

Note: 'OSA' relates to facilities outside of the Study Area

Comparison Goods Shopping Patterns: DIY

4.50 The market share of shopping trips to purchase DIY goods secured by facilities within St. Helens Borough has increased since 2011 across all five of the six zones (the market share in Zone 1 decreased by just 0.7 percentage points between 2011 and 2016). Table 4.19 demonstrates that the highest market share for DIY goods shopping trips secured by St. Helens Borough facilities is within Zone 1 (the Borough secures a market share of 95.3% within this zone). In Zone 1, 55.0% of DIY shopping trips are secured by Ravenhead Retail Park, 23.1% by St. Helens Retail Park, and 15.0% by St. Helens town centre. The second highest St. Helens Borough market share is achieved in Zone 6, where 51.2% of DIY shopping trips are claimed by Ravenhead Retail Park, 30.8% by St. Helens Retail Park, and 5.8% by St. Helens town centre. The most significant increases in market share secured by St. Helens facilities occur in Zone 2 and Zone 5. Within Zone 5, the increase in market share is principally attributable to the performance of Ravenhead Retail Park, which secures 43.1% of such trips which originate within the zone (an increase of 16.1 percentage points on its 2011 Zone 5 market share of 27.0%).

Table 4.19: St. Helens Borough DIY Goods Market Shares by Zone (2011 and 2016)

	DIY Goods 2011	DIY Goods 2016	Change 2011-2016
Zone 1	96.0%	95.3%	-0.7%
Zone 2	55.7%	63.7%	8.0%
Zone 3	20.4%	26.0%	5.6%
Zone 4	0.5%	4.2%	3.7%
Zone 5	51.6%	62.8%	11.2%
Zone 6	83.8%	89.7%	5.9%
Total	51.5%	59.2%	7.7%

4.51 Table 4.20 indicates that Ravenhead Retail Park is the single most popular DIY goods shopping venue across the Study Area, with its 2016 market share of 32.6% equating to a 7.9 percentage point increase in market share since 2011. The second highest market share is secured by the B&Q at Delph Lane, which attracts 18.9% of trips originating within the Study Area to purchase DIY goods (this represents a significant increase on its 2011 market share of 4.1%). St. Helen’s Retail Park currently secures 7.4% of DIY goods shopping trips which originate within the Study Area, which is broadly comparable to its performance in 2011.

Table 4.20: Principal Comparison Goods Shopping Destinations within St. Helens Borough Trip Analysis by Zone – DIY (%)

Zone	Address	1	2	3	4	5	6	Total 2016	Total 2011
1	Ravenhead Retail Park, St. Helens	55.0%	30.8%	6.5%	0.7%	43.1%	51.2%	32.6%	24.7%
4	B&Q, Delph Lane, Winwick	0.0%	8.5%	59.2%	61.7%	1.4%	0.7%	18.9%	4.1%
1	St. Helens Retail Park, St. Helens	15.0%	8.8%	0.0%	2.2%	4.8%	5.8%	7.4%	6.6%
OSA	B&Q, Firth Street, Wigan	0.0%	11.8%	0.0%	0.0%	2.1%	3.8%	3.7%	-
OSA	Warrington town centre	0.3%	0.6%	3.8%	10.1%	0.0%	1.4%	2.7%	24.1%

Note: 'OSA' relates to facilities outside of the Study Area

Comparison Goods Shopping Patterns: Furniture

4.52 Finally, Table 4.21 sets out the market share of trips made to purchase furniture goods secured by destinations within St. Helens Borough. The greatest Borough market shares are secured in Zones 1 and 6, with over 84% of furniture shopping trips in both zones being directed to facilities in St. Helens.

4.53 Zones 2 and 6 benefit from the greatest increases in St. Helens Borough market share, with the increases respectively equating to 13.6 and 21.6 percentage points. Within Zone 6, this is primarily due to increases in market share secured by Ravenhead and St. Helens Retail Parks.

Table 4.21: St. Helens Borough Furniture Goods Market Shares by Zone (2011 and 2016)

	Furniture Goods 2011	Furniture Goods 2016	Change 2011-2016
Zone 1	77.7%	84.2%	6.5%
Zone 2	43.9%	57.5%	13.6%
Zone 3	62.2%	62.5%	0.3%
Zone 4	5.3%	1.6%	-3.7%
Zone 5	39.3%	37.5%	-1.8%
Zone 6	63.3%	84.9%	21.6%
Total	44.9%	50.9%	6.0%

4.54 Table 4.22 below again provides a breakdown of the market share attracted by the principal destinations both within and outside of the Borough. St. Helens town centre secures the highest market share for furniture goods across the Study Area as a whole. However, its market share of 18.3% in 2016 represents a decrease on the figure of 30.2% recorded in 2011. Both Ravenhead and St. Helens Retail Parks have increased their overall furniture goods market share across the Study Area.

Table 4.22: Principal Comparison Goods Shopping Destinations within St. Helens Borough Trip Analysis by Zone – Furniture (%)

Zone	Address	1	2	3	4	5	6	Total 2016	Total 2011
1	St. Helens town centre	34.7%	18.8%	4.3%	1.0%	10.8%	43.1%	18.3%	30.2%
1	Ravenhead Retail Park, St. Helens	27.1%	16.8%	6.2%	0.0%	7.6%	12.5%	12.8%	5.5%
1	St. Helens Retail Park, St. Helens	9.8%	7.1%	1.2%	0.0%	12.2%	13.8%	7.1%	3.4%
OSA	Warrington town centre	3.0%	5.6%	17.0%	34.1%	3.4%	0.0%	11.2%	21.4%

Note: 'OSA' relates to facilities outside of the Study Area

Conclusions in Respect of Comparison Goods Shopping Patterns

4.55 It is useful to summarise the Borough's market share for both convenience and comparison goods across the whole Study Area to understand how shopping patterns have changed over the last five years. Table 4.23 below identifies the market share for each goods sector secured by facilities within St. Helens Borough for all six zones. For main food and top-up food shopping, the Borough's market share has increased by 5.0 and 3.4 percentage points respectively.

4.56 The performance of comparison goods facilities in St. Helens Borough has improved for small household goods, toys and recreation goods, chemist goods, electrical goods and DIY goods, but has declined for clothing and footwear, furniture goods, and books, CDs and DVDs. The most significant change in market share has occurred in the toys and recreation goods category, with the Borough benefitting from a 16.0 percentage point increase across the Study Areal.

Table 4.23: Overall St. Helens Borough Market Share (2011 and 2016)

Category	2011 (%)	2016 (%)	Change 2011-2016 (%)
Convenience			
Main Food	49.5%	54.5%	5.0%
Top-up Food	55.3%	58.7%	3.4%
Comparison			
Clothing and footwear	34.1%	30.0%	-4.1%
Books, CDs and DVDs	38.6%	34.0%	-4.6%
Small household goods	38.5%	43.3%	4.8%
Toys and recreation goods	37.3%	53.3%	16.0%
Chemist Goods	50.7%	54.2%	3.5%
Electrical goods	49.7%	58.2%	8.5%
DIY goods	51.5%	59.2%	7.7%
Furniture goods	51.5%	50.9%	-0.6%

4.57 Table 4.24 below provides a breakdown of the market share secured by retail facilities within St. Helens town centre for the various goods sectors. Comparison of the 2011 and 2016 datasets indicate that St. Helens town centre has suffered a decline in the market share of trips secured for each goods sector. The decline in performance ranges from a reduction of 2.1 percentage points for toys and recreation goods shopping trips to a reduction of 11.9 percentage points for furniture goods shopping trips.

4.58 As we have identified above, the most significant impacts arising at the centre have occurred as a result of increases in market share for most goods at the out-of-centre retail parks, in particular Ravenhead and St. Helens Retail Parks. The town centre convenience market share has been impacted on due to the relocation of the Tesco from Chalon Way to Linkway (its Chalon Way store was previously included within the 2011 estimation of the town centre's convenience goods market share), and as a consequence of the increased popularity of the other edge and out of centre foodstores, in particular the Asda at Kirkland Street and the new Aldi foodstores at Linkway and Clock Face Road.

Table 4.24: St. Helens Town Centre Market Share (2011 and 2016)

Category	2011 (%)	2016 (%)	Change 2011-2016 (%)
Convenience			
Main Food	5.7%	1.5%	-4.2%
Top-up Food	11.9%	4.7%	-7.2%
Comparison			
Clothing and footwear	28.3%	22.7%	-5.6%
Books, CDs and DVDs	34.9%	24.5%	-10.4%
Small household goods	27.3%	22.9%	-4.4%
Toys and recreation goods	23.8%	21.7%	-2.1%
Chemist Goods	36.4%	27.9%	-8.5%
Electrical goods	25.0%	14.6%	-10.4%
DIY goods	18.9%	7.4%	-11.5%
Furniture goods	30.2%	18.3%	-11.9%

Note: Main and top-up convenience figures at 2011 include the Tesco at Chalon Way

Customer Behaviour

4.59 The results of the household survey are useful in understanding customer behaviour in terms of how people undertake their convenience and comparison goods shopping.

4.60 When respondents to the household survey were asked to provide the principal reason they choose to undertake their main food shopping at a particular store, the most popular response (provided by 37.8% of respondents) was that their chosen store was near to home. The next popular answer was that the store offered lower prices (identified by 15.0% of respondents). A further 6.8% of respondents did not give a reason, 6.4% stated that it was due to the quality of food available, and 6.0% stated it was due to the choice of food goods available. The majority of household survey respondents (62.5%) do their main food shopping at least once a week, with 15.9% undertaking main food shopping at least twice a week, and 9.6% doing such shopping at least once a fortnight. The most popular time to undertake main food shopping is on weekdays during the day (46.3%). Only 16.2% of respondents undertake their main food shopping on a Saturday and 10.8% undertake their shop on weekdays during the evening.

4.61 In terms of linked trips, the household survey results have been analysed in order to identify those respondents who link main food shopping trips to town centre stores with other activities. We have specifically identified those linked trips that derived from main food shopping trips to four foodstores in St. Helens and one in Earlestown. The results are set out in Table 4.25 below. The greatest propensity to link a main food shopping trip with other activities is evident at the Tesco at Earle Street in Earlestown, where 33% of the shoppers stated they link their trip with another activity. By way of contrast, 27% of respondents who undertake their main food shopping at the Asda at Kirkland Street and the Tesco at Linkway indicated that their shop forms part of a linked trip. For each of the below five main food shopping destinations, at least four out of every five linked trips are directed to the most proximate town centre (St. Helens or Earlestown).

Table 4.25: Proportion of Town Centre Main Food Shopping Trips Linked with Other Activities

Response	Aldi, Linkway, St. Helens	Lidl, King Street, St. Helens	Asda, Kirkland Street, St. Helens	Tesco Extra, Linkway, St. Helens	Tesco, Earle Street, Earlestown
Yes – non-food shopping	12%	6%	6%	13%	15%
Yes – other-food shopping	1%	8%	2%	3%	10%
Yes – visiting services such as banks and other financial institutions	0%	3%	1%	1%	1%
Yes – leisure activity	6%	0%	2%	0%	0%
Yes – travelling to / from work	0%	0%	8%	4%	0%
Yes – travelling to / from school / college / university	0%	0%	4%	0%	0%
Yes – getting petrol	0%	0%	1%	3%	2%
Yes – visiting café / pub / restaurant	1%	0%	1%	1%	0%
Yes – visiting family / friends	0%	0%	2%	1%	3%
Yes – visiting health service such as doctor, dentist, hospital	0%	0%	0%	0%	0%
Yes – visiting other service such as laundrette, hairdresser, recycling	0%	0%	0%	0%	1%
Yes – other activity	0%	0%	0%	0%	0%
Total	21%	17%	27%	27%	33%

Source: NEMS Household Survey, Question 11

4.62 Respondents to the household survey were also asked if they ever visit St. Helens or Earlestown town centres; 55.8% of all respondents stated that they visit St. Helens town centre on occasion and 18.1% visit Earlestown town centre.

4.63 Of those visiting St. Helens, 24.9% visit the centre at least once a week and 18.8% visit at least once a month. In terms of how the respondents travel to the centre, 57.5% travel by car and 21.4% travel by bus. The principal reason respondents visit the centre is because of the choice and range of shops (18.3%), followed then by the fact that it is close to home (17.6%) and because of the choice of services (14.1%). Respondents who visit St. Helens were asked whether there were any measures which could be implemented to encourage them to visit more often, with 47.1% identifying that an increased choice and range of shops would help. More than one third (34.6%) stated that there were no measures that would encourage them to visit St. Helens town centre more often.

4.64 Just 18.1% of those that visit St. Helens town centre indicate that they visit in the evening. Of these, 33.6% identified that the main reason for their evening visits is to go to restaurants and 30.2% indicated that frequenting bars and drinking establishments was the principal purpose of their visits. Of these evening visitors, 66.3% stated that the town centre could improve as an evening destination and 46.3% identified that a wider range of restaurants would help.

4.65 Turning to Earlestown, of those respondents that do visit the centre, 25.4% indicated that they visit at least once a week and 64.7% stated that they travel to Earlestown via car. More than one third (37.0%) of Earlestown visitors indicated that they visit primarily because of the market and 13.7% stated it was because of the choice and range of shops. When asked if there were any measures that would encourage the respondents to visit Earlestown more, 19.1% of respondents mentioned the choice and range of shops, but the majority (58.6%) indicated that there were no measures which would result in them visiting more often.

4.66 Respondents were asked whether they undertake shopping via electronic means i.e. home, mobile or TV shopping. The majority of respondents (56.6%) stated that they shop via home internet, 23.5% shop via portable internet devices (mobile phone, tablets etc) and 3.2% shop via the TV. When asked which goods their household purchases via electronic shopping, the highest positive response was for clothes (56.1%), followed by CDs, DVDs and music (37.4%), and then books (35.6%).

In Street Surveys

4.67 In street surveys were undertaken by NEMS Market Research in St. Helens and Earlestown town centres in June 2016. The purpose of the surveys is to provide an insight into the views and behaviours of customers, residents and visitors in relation to their visits to the two town centres.

4.68 The surveys were undertaken at various locations across both centres, to ensure that a range of respondents were questioned. In total, 102 surveys were undertaken in St. Helens town centre and 51 in Earlestown town centre. A copy of the in street survey results are included at Appendix 3.

Reason for visiting the centres

4.69 Respondents were asked why they chose to visit St. Helens and Earlestown. For both centres, the most popular reason for visiting was due to the centre’s proximity to the respondent’s home (44.1% of respondents in St. Helens town centre and 72.6% of respondents in Earlestown town centre provided this response). The next most popular responses were different for each centre, with 17.7% in St. Helens town centre citing that the provision of services was the main reason for their visit, followed by

13.7% identifying the choice of high street retailers. However, the second most popular reason for visiting Earlestown town centre was the market (17.7%) followed by the fact that the centre is close to friends and/or family (11.8%).

Table 4.26: Main Reason for Choosing to Shop/Visit the Town centre

	1st		2nd		3rd		4th	
St. Helens	Close to home	44.1%	Provision of services	17.7%	Choice of high street retailers	13.7%	Accessibility by public transport *and* Range of independent shops	12.8%
Earlestown	Close to home	72.6%	The market	17.7%	Close to friends/ family	11.8%	Habit	7.8%

Source: NEMS In Street Survey, Question 9

4.70 In addition, respondents were also asked the principal purpose of their visit to St. Helens and Earlestown on the day of survey. Within St. Helens town centre, 14.7% of respondents stated that the main reason for visiting the centre on the day of the survey was to visit banks, building societies or the Post Office, and the exact same proportion of visitors identified that the main reason for their visit was to browse. In Earlestown, the main reason for visiting the centre was to visit the Tesco foodstore at Earle Street.

Table 4.27: Main Purpose of Visit to the Town centre on the Day of the Survey

	1st		2nd		3rd		4th	
St. Helens	Banks *and* Browsing	14.7%	-	-	Marks and Spencer	9.8%	Clothes/ shoes shopping	8.8%
Earlestown	Tesco, Earle Street	31.4%	Browsing *and* Specialist Shops *and* Wilko, Back Market Street	9.8%	-	-	-	-

Source: NEMS In Street Survey, Question 10

Mode of Travel to Centre

4.71 Respondents in both St. Helens and Earlestown town centres were asked how they travelled to the centre on the day of the survey. In St. Helens town centre, 42.2% of respondents stated that they travelled by bus on the day of the survey and 23.5% walked to the centre. In Earlestown town centre, 54.9% of respondents travelled to the centre on foot and 25.5% drove to the centre (with a further 7.8% being a passenger in a car). The greater propensity of respondents in Earlestown town centre to travel on foot is reflective of the number of residents in close proximity to the centre and the relatively localised catchment of the centre.

Table 4.28: Mode of Travel to Town centre

	1st		2nd		3rd		4th	
St. Helens	Bus	42.2%	Walk	23.5%	Car (driver)	20.6%	Car (passenger)	8.8%
Earlestown	Walk	54.9%	Car (driver)	25.5%	Car (passenger) *and* Bus	7.8%	-	-

Source: NEMS In Street Survey, Question 3

Food Shopping

4.72 Respondents to the in street survey were also questioned in respect of how often they visited the relevant centre to undertake their main food shop. In St. Helens, a majority of respondents (52.0%) indicated that they never undertook main food shopping in the town centre, with the next most popular response being once a week (19.6%). In terms of Earlestown, the most popular response was once a week (identified by 31.4% of respondents), followed by two to three times a week (25.5%).

Table 4.29: Frequency of Visit to Town Centre to Undertake Main Food Shopping

Centre	Every day	2-3 times a week	Once a week	Once a fortnight	Once a month	Less than once a month	Never
St. Helens	2.0%	13.7%	19.6%	5.9%	2.9%	1.0%	52.0%
Earlestown	2.0%	25.5%	31.4%	5.9%	2.0%	5.9%	23.5%

Source: NEMS In Street Survey, Question 14

4.73 The high proportion of respondents stating that they do not visit St. Helens to undertake their main food shop demonstrates the lack of large format food retail facilities within the centre itself. However, there are a number of large format convenience facilities on the edge of the centre which the household survey has identified are capable of supporting linked trips to the centre.

Non-Food Shopping

4.74 Turning to non-food shopping and the frequency of respondents' visits, 24.5% of respondents within St. Helens town centre identified that they visit once a week and 19.6% of respondents indicated that they visit once a month or less than once a month. No respondents visited on a daily basis.

4.75 In Earlestown town centre, 31.4% of respondents stated that they visit once a month and 19.6% stated that they visit less than once a month. Slightly more than half of respondents in Earlestown town centre indicated that they visit once a month or less. The results indicate that users of St. Helens town centre appear to visit more frequently, which may be a consequence of the greater offer apparent in the centre.

Table 4.30: Frequency of Visit to Town centre for Non-Food Shopping

Town	Every day	2-3 times a week	Once a week	Once a fortnight	Once a month	Less than once a month
St. Helens	0.0%	16.7%	24.5%	14.7%	19.6%	19.6%
Earlestown	5.9%	7.8%	17.7%	13.7%	31.4%	19.6%

Source: NEMS In Street Survey, Question 20

Types of Shops and Services Desired by Respondents

4.76 Respondents in both centres were asked what types of shops and services they would like to see more of. Within St. Helens town centre, the most popular response was that the centre would benefit from additional clothing stores (provided by 57.8% of respondents), followed then by department stores (43.1%). Just more than a quarter of respondents (26.5%) in St. Helens town centre identified that they would like to see more high street names in the centre, and 16.7% identified a need for more footwear stores. Within Earlestown town centre, 76.5% of respondents stated that they would like to see more clothing stores, 54.9% would like more high street names, and 27.5% wish to see more footwear stores. The higher figures recorded in Earlestown is perhaps reflective of its more modest clothing and footwear and national multiple offer.

Table 4.31: Types of Shops and Services Desired

Town	1st		2nd		3rd		4th	
St. Helens	Clothing Stores	57.8%	Department stores	43.1%	High Street names	26.5%	Footwear stores	16.7%
Earlestown	Clothing stores	76.5%	High Street names	54.9%	Footwear stores	27.5%	Better retail provision for children *and* Depart-ment stores	13.7%

Source: NEMS In Street Survey, Question 33

Types of Leisure Facilities Desired

4.77 Turning to the types of leisure facilities which respondents would like to see within St. Helens town centre, 23.5% of those surveyed indicated that they would like to see a bowling alley and 20.6%

mentioned a need for more entertainment/activities for young people. More than a third of those questioned in Earlestown (35.3% of respondents) did not provide an answer, but 31.4% of Earlestown respondents indicated that they would like to see more parks/gardens, followed by 23.5% who stated that they would like to see a children's activity centre.

Table 4.32: Types of Leisure Facilities Desired

Town	1st		2nd		3rd		4th	
St. Helens	Bowling Alley	23.5%	Entertain-ment/ activities for young people	20.6%	Ice Rink	19.6%	None mentioned	17.7%
Earlestown	None Mentioned	35.3%	Parks/ gardens	31.4%	Children's activity centre	23.5%	Don't know	11.8%

Source: NEMS In Street Survey, Question 34

Measures to Improve the Centre

4.78 Respondents within asked what measures they thought would improve the each of the centres. Within St. Helens town centre, 35.3% of respondents indicated that filling the vacant retail units would help to improve the centre and 27.5% stated that a 'general facelift' would assist. In addition, 21.6% of respondents stated that, if the quality of the shops were to be improved, this would also help the centre.

4.79 In Earlestown town centre, 47.1% of respondents stated that a general facelift would help to improve the centre and 39.2% stated that an improvement in the quality of the shops would also assist. From the responses given, there would appear to be a desire for Earlestown's general appearance to be improved.

Table 4.33: Most Popular Suggested Measures to Improve the Town Centre

Town	1st		2nd		3rd		4th	
St. Helens	Fill the empty shops	35.3%	General facelift	27.5%	Improve quality of shops	21.6%	Fewer low-quality shops	19.6%
Earlestown	Give it a general facelift	47.1%	Improve quality of shops	39.2%	Improved cleanliness	29.4%	Increased choice/ range of shops	23.5%

Source: NEMS In Street Survey, Question 35

Biggest Weakness of the Town Centres

4.80 Respondents within each centre were also asked what they considered to be the biggest weaknesses of that particular centre. Within St. Helens town centre, the most popular response was that the choice and range of shops was the biggest weakness (provided by 40.2% of respondents), followed by the number of empty shops (38.2%). The same two answers were also most frequently provided in Earlestown, with the choice and range of shops cited by almost half of respondents (49.0%) as a weakness and the number of empty shops identified by 41.2%.

Table 4.34: Biggest Identified Weaknesses of the Town Centre

Town	1st		2nd		3rd		4th	
St. Helens	Choice/ range of shops	40.2%	Empty shops	38.2%	Anti-social behaviour	14.7%	Town centre environment	11.8%
Earlestown	Choice/ range of shops	49.0%	Empty shops	41.2%	Town centre environment	13.7%	Lack of shops *and* Lack of leisure facilities	11.8%

Source: NEMS In Street Survey, Question 36

Night Time Economy

4.81 Turning to respondent's views on the night time economy, a high proportion of respondents within both St. Helens and Earlestown stated that they never visit the centres in the evening (66.7% and 70.6% respectively). Within St. Helens town centre, 15.7% of respondents stated they visit the centre in the evening less than once a month and 5.9% answered once a week.

Table 4.35: Frequency of Evening Visit to the Town Centre

Town	Every day	Once a week	Less than once a week	Less than once a fortnight	Less than once a month	Never
St. Helens	3.9%	5.9%	2.9%	4.9%	15.7%	66.7%
Earlestown	3.9%	7.8%	5.9%	2.0%	9.8%	70.6%

Source: NEMS In Street Survey, Question 43

4.82 The respondents were then asked why they visited in the evening. Within St. Helens town centre, 23.5% of respondents indicated that they visit in the evening to go to a pub and 17.7% stated that they visit to eat in a cafe. Within Earlestown, 46.7% stated that they visit the town in the evening to go to the Tesco on Earle Street and 40.0% stated that they visit a pub.

Table 4.36: Main Reason for Visiting in the Evening

Town	1st		2nd		3rd		4th	
St. Helens	Visit a pub	23.5%	Eat in a cafe	17.7%	Eat in a restaurant *and* Go to the cinema *and* Visit a bar	11.8%	-	-
Earlestown	Tesco, Earle Street	46.7%	Visit a pub	40.0%	Visit a bar *and* Evening non-food shopping	6.7%	-	-

Source: NEMS In Street Survey, Question 45

St. Helens Market

4.83 Finally, respondents in St. Helens town centre were asked how often they visited St Mary's Market and respondents in Earlestown were asked how often they visited Earlestown Market. As one would expect (given that it is a daily market), the responses indicate that St Mary's Market is typically visited more frequently than Earlestown Market (which takes place on Fridays and Saturdays). In Earlestown, 11.8% of respondents visit the market once a week or more, whilst in St. Helens 16.7% of respondents visit St Mary's Market once a week or more and 3.9% visit daily. However, in both centres, 29.4% of respondents never visit the respective market.

Table 4.37: Frequency of Visit to Market

Market	Daily	Once a week or more	Less than once a week	Less than once a fortnight	Less than once a month	First time today	Never
Earlestown Market	0.0%	11.8%	11.8%	7.8%	39.2%	0.0%	29.4%
St Mary's Market, St. Helens	3.9%	16.7%	11.8%	9.8%	28.4%	0.0%	29.4%

Source: NEMS In Street Survey, Question 39

In-Street Survey Summary and Conclusions

4.84 Overall, the in-street surveys for St. Helens and Earlestown town centre are useful in determining visitors' views in respect of the nature, quality and overall offer of each of the town centres. The surveys provide a basis for the Council in working up strategies to maintain and improve the town centre environments, ensuring that the town centres meet shoppers' and residents' demands and requirements.

4.85 Turning firstly to St. Helens, the surveys demonstrate that over 44% of respondents visit the centre as it is close to home and over 42% travel to the centre by bus. In terms of the additional shops and services which may be required within the centre, over 57% of the respondents stated that further clothing stores are required and over 43% cited the need for an additional department store. The top four responses provided all related to the requirement for additional clothing and footwear retailers within the centre or identified there to be a requirement for additional high street names. In terms of leisure facilities, over 23% of respondents stated that they'd like to see a bowling alley and over 20% identified that they would like to see more entertainment/activities for young people.

4.86 In terms of the questions relating to the weaknesses of the centre, over 35% of respondents identified that the need to reoccupy empty shops and over 27% stated that they would like to see a general facelift of units within the centre. Furthermore, over 40% of respondents identified the biggest weakness of the centre to be choice and range of shops. Accordingly, there is a clear desire from respondents to see a wider choice and range of retailers, and an acknowledgement that the reoccupation of vacant units would be of appreciable benefit to the centre. There is also an apparent reticence to visit the centre in the evening, with over 66% of respondents stating they would never visit St. Helens town centre in the evening.

4.87 Turning to Earlestown town centre, over 72% of respondents stated that they visit the centre as it is close to home, with 17% visiting to use the market. More than half of respondents (54.9%) stated that they walked to Earlestown town centre on the day of the survey. In terms of what respondents would like to see more of in the centre, over 76% stated that they wished to see more clothing stores, which is reflective of an obvious deficiency in the offer of the centre.

4.88 In terms of the centre's environmental quality, over 47% of respondents identified that a facelift would improve the centre and over 39% stated that an improvement in the quality of shops would be of benefit. In addition, over 29% of respondents indicated that improved cleanliness would help to improve the town centre.

5.0 Health Check Assessments

5.01 The NPPF identifies several factors which will be of relevance in delivering sustainable development, with one such factor being the need to ensure the vitality and viability of town centres. Paragraph 23 of the NPPF indicates that local authorities should promote competitive town centre environments and set out policies for the management and growth of centres over the plan period. Paragraph 23 also requires local planning authorities to recognise that town centres are at the heart of their communities and to pursue policies that support their viability and vitality. It also states that competitive town centre environments should be promoted to enhance customer choice, provide a diverse retail offer and in order to reflect the individuality of town centres.

5.02 The criteria by which the health of a centre can be judged is set out in the Government's Ensuring the Vitality of Town Centres Planning Practice Guidance of March 2014. Indicators which should be monitored on a regular basis in order to judge the health of a centre and its performance over time include the following.

- **Diversity of uses** – Data on the diversity of uses in the town centres and the district and local centres was collated during our surveys in June 2016.
- **Proportion of vacant street level property** – Vacant properties were identified during the undertaking of the surveys.
- **Customers' views and behaviour** – Analysis of customers' views in respect of St. Helens town centre and Earlestown town centre.
- **Retailer representation** – Information on the performance of centres and the current strength of retailer representation has been derived from Venuescore's 2015-16 UK Shopping Venue Rankings.
- **Commercial rents** – Zone A rental data has historically been derived from Estates Gazette Interactive (EGi) data, which is a widely recognised source of such information. However, EGi has discontinued its reporting of such data and we have been unable to establish an alternative, reliable published source of such data. We are therefore unable to comment on any changes in commercial rents within the authority area.
- **Pedestrian flows** – General footfall and pedestrian flows were observed during the undertaking of the centre surveys.
- **Accessibility** – Consideration of access to and around each centre is informed by our site visits to each centre.
- **State of town centre environmental quality** – Consideration of the quality of the buildings and public realm in each of the centres has also been informed by our observations when undertaking field work.

5.03 We set out below our analysis of St. Helens town centre in respect of the above indicators. We have also visited each town, district and local centre in the St. Helens authority area as defined by the Core Strategy and, whilst not all of the above indicators are applicable to smaller centres, we provide an assessment of the health of these centres at Appendices 4, 5 and 6 and provide a plan showing the spatial distribution of the centres at Appendix 9. We summarise our key findings with regard to the centres later in this section of the report.

5.04 We commence our assessment by considering the role of St. Helens centres in the sub-regional shopping hierarchy as identified Venuescore's 2015-2016 UK Shopping Venue Rankings.

Defining Types of Sub-Regional Retail Hierarchy

5.05 Table 5.1 illustrates the position of the sub-region's principal centres based on Venuescore's Rankings. Venuescore's index ranks 2,705 retail venues within the UK (including town centres, stand-alone malls, retail warehouse parks and factory outlet centres), based on the strength of their current retail and food and drink provision. Towns and major shopping centres are rated using a scoring system which takes account of the presence in each location of multiple retailers – including anchor stores, fashion operators and non-fashion multiples.

5.06 Venuescore allocates each centre to a tier, reflecting its role and function. The eight tiers comprise (highest to lowest): 'Major City', 'Major Regional', 'Regional', 'Sub-Regional', 'Major District', 'District', 'Minor District' and 'Local'. The rankings in the table represent the position of the centres at the time of the 2015-16 Rankings, as well as competing surrounding shopping venues.

5.07 The table shows that St. Helens town centre, as well as some nearby centres such as Warrington, Southport and Birkenhead, has fallen in the Venuescore rankings since 2013. The Venuescore rankings suggest that there has been a gradual decline in the performance of North West 'regional' centres over the last few years.

Table 5.1: Venuescore's Sub-Regional Shopping Hierarchy

Venue	Score 2014-15	Local Authority	Location Grade 2014-15	2015-16 Rank	2014-15 Rank	2013-14 Rank	Change in Rank (13-16)
Liverpool	551	Liverpool	Major City	5	5	5	0
Preston	238	Preston	Major Regional	56	52	60	+4
Warrington	221	Warrington	Regional	70	76	69	-1
Southport	188	Sefton	Regional	100	96	93	-7
Birkenhead	142	Wirral	Regional	163	142	134	-29
St. Helens	144	St. Helens	Regional	166	163	161	-5
Bootle	91	Sefton	Sub-Regional	297	235	229	-66
Widnes	42	Halton	District	735	693	714	-21
Ravenhead Retail Park	33	St. Helens	District	974	1,021	864	-110
Earlestown	23	St. Helens	Minor District	1372	1,207	1155	-217
St. Helens Retail Park	21	St. Helens	Minor District	1486	1,361	1204	-282
Haydock, St. Helens	17	St. Helens	Local	1789	1,792	1684	-105
Boundary Road, St. Helens	15	St. Helens	Local	2034	2,146	1907	-127
Peasley Cross Lane, St. Helens	13	St. Helens	Local	2394	2,557	2428	+34
Newton Le Willows	11	St. Helens	Local	2827	2,775	2428	-399
St. Helens, Baxter Lane	10	St. Helens	Local	3152	N/A	N/A	N/A

Source: Venuescore 2013-14, 2014-15 and 2015-16 UK Shopping Venue Rankings

St. Helens Town Centre Health Check Assessment

5.08 St. Helens town centre is the principal retail, commercial and administrative centre of the Borough as defined by the adopted Core Strategy. A full assessment of St. Helens town centre can be found at Appendix 4.

Diversity of Uses

5.09 Based on the boundary defined by Experian Goad, St. Helens town centre had 443 retail units in June 2016. This represents a small increase of four units since the undertaking of our previous survey in March 2011. This is attributed to the sub-division of existing vacant units and, as a consequence, the quantum of retail and service floorspace in the town centre remains the same at 2016 as it was at 2011 (116,380 sq.m gross). There has been no significant physical development resulting in an increase in retail floorspace within the Goad boundary since our previous survey in 2011. We do note however, that there have been some changes in terms of the presence of retailers (for example, Tesco relocating and The Range taking the former store).

Table 5.2: St. Helens Town Centre Diversity of Use for Commercial Units

	2009		2011		2016		UK Average
	No. of Outlets	%	No. of Outlets	%	No. of Outlets	%	%
Convenience	38	8.7%	39	8.9%	43	9.9%	8.6%
Comparison	138	31.5%	136	31.0%	121	27.1%	32.0%
Leisure Service	54	12.3%	56	12.8%	54	12.2%	13.9%
Retail Service	104	23.7%	102	23.2%	107	24.2%	23.4%
Financial and Business Service	50	11.4%	50	11.4%	48	10.8%	10.6%
Vacant	54	12.3%	56	12.8%	70	15.8%	11.2%
Total	438	100.0%	439	100%	443	100%	100%

Source: WYG survey of June 2016, based on Experian Goad town centre boundary and Goad survey data January 2015. UK average figure is at June 2016 (taken from Goad Category Report averages)

Table 5.3: St. Helens Town Centre Diversity of Use for Commercial Floorspace

	2009		2011		2016		UK Average
	sq.m	%	sq.m	%	sq.m	%	%
Convenience	20,920	18.0%	21,960	18.9%	14,700	12.8%	15.2%
Comparison	40,450	34.7%	39,210	33.7%	46,640	39.9%	35.9%
Leisure Service	5,830	5.0%	5,800	5.0%	5,650	4.9%	6.7%
Retail Service	27,390	23.5%	27,140	23.3%	31,580	27.1%	24.4%
Financial and Business Service	8,440	7.3%	8,480	7.3%	7,470	6.4%	8.0%
Vacant	13,380	11.5%	13,800	11.9%	10,340	8.9%	9.0%
Total	116,410	100.0%	116,390	100%	116,380	100%	100%

Source: WYG survey of June 2016, based on Experian Goad town centre boundary and Goad survey data January 2015. UK average figure is at June 2016 (taken from Goad Category Report averages)

5.10 There are currently 43 convenience units in St. Helens town centre, which account for 9.7% of the total number of units. This is slightly greater than the national average of 8.6%. However, the proportion of convenience goods floorspace is 12.6% which is lower than the UK national average of 15.2% for total convenience goods floorspace. This can be partly attributed to Tesco relocating its town centre store out of the town centre in 2011.

5.11 There are 121 comparison goods units in St. Helens town centre which account for 27.3% of the total units. This is slightly lower than the national UK average of 32.0%. However, the total comparison goods floorspace equates to 46,640 sq.m gross (or 40.1% of the total floorspace) which is greater than the national average of 35.9% of commercial floorspace being in comparison goods use. The quantum of comparison goods floorspace has significantly increased since our previous survey in 2011, at which point 39,210 sq.m of gross floorspace was dedicated to this use. The change is primarily attributable to the occupation of the former Tesco store at Chalon Way by The Range.

5.12 St. Helens town centre is slightly underrepresented in terms of retail service units, in respect of both the number of units and the provision of floorspace when compared to the national UK average. There are currently 54 retail service units, which represent 12.2% of the overall number of commercial units (the UK national average is 13.9% of units dedicated to retail service uses). The retail service units equate to 5,650 sq.m (gross) floorspace which comprises 4.9% of the total floorspace within the centre. Again, this figure is less than the national average figure of 6.7%.

5.13 Leisure service units comprise a sizeable part of the composition of the town centre, with 107 units comprising 24.2% of the total units (a figure broadly comparable to the national average of 23.4%). The total leisure service floorspace is 31,580 sq.m (gross), which equates to 27.1% of the total floorspace, and is greater than the national average of 24.4% of commercial floorspace being in leisure service use.

5.14 There are 48 financial and business service units in St. Helens town centre, equating to 10.8% of the total units; this is also comparable to the national average of 10.6%. However, in respect of financial and business service floorspace, the provision equates to 7,470 sq.m (gross) or 6.4% of the total stock of floorspace. This is below the national average of 8.0%.

5.15 At the time of our survey, there were 70 vacant units in St. Helens town centre. This represents 15.8% of the total units, which is significantly greater than the national average vacancy rate of 11.2%. However, there was a total of 10,340 sq.m (gross) of vacant floorspace, which comprises 8.9% of the total commercial floorspace within the centre. This is comparable to the national average floorspace vacancy rate of 9.0%. These figures demonstrate that whilst there are a higher than average number of units currently vacant, these are typically (although not in every case) smaller units.

Retailer Representation

5.16 Key national retailers present in St. Helens town centre include Boots, H&M, Marks & Spencer, Argos, Clarks, Superdrug, River Island, Wilkinson, New Look, Topshop and Clintons. Other important national multiples include banks such as Barclays, HSBC, NatWest, RBS and Santander. There are also a number of national supermarket retailers present within the centre as defined by Experian Goad, including Asda, Heron Foods, Iceland and Lidl. However, since the previous Study some national multiples, including Dorothy Perkins and WH Smith, have closed.

Pedestrian Flows

5.17 Consistent levels of pedestrian activity were observed throughout the primary shopping area and central retail core. This activity is assisted by the pedestrianised nature of many of the centre's streets, including Church Street, Church Square, Hardshaw Street, Barrow Street, the Church Square Shopping Centre (Lagrange Arcade and St Mary's Arcade), Ormskirk Street and the Hardshaw Centre.

5.18 Out of the three shopping centres, the highest levels of pedestrian activity were observed in the Church Square Shopping Centre (Lagrange Arcade). This is reflective of the high volume of comparison good retailers and good representation from national multiple retailers, drawing shoppers into the shopping centre.

5.19 We observed that the level of pedestrian activity in the peripheral parts of the existing town centre boundary diminished considerably, particularly on Duke Street at the northern point of the town centre, as well as on Claughton Street which adjoins the primary shopping area to the north-east.

Accessibility

5.20 St. Helens town centre is reasonably well connected to the strategic highway network. The M62 is located approximately 6 km to the south of the town centre and is accessed via the St. Helens Linkway. To the north of the town centre, the A580 leads to Junction 23 of the M6 which is approximately 8 km from the centre.

5.21 The Council operates 16 car parks within the town centre, in which there are both short stay and long stay facilities present. The Claughton Street car park is exclusive to blue badge holders and therefore assists with disabled access to the town centre. There is also significant on-street parking provision within the town centre.

5.22 St. Helens (Central) railway station is located within the existing town centre boundary and is situated in close proximity to the Hardshaw Centre and St Mary's Arcade. The station is situated in a central location and is highly accessible in relation to the town centre and primary shopping area. Regular services are provided to Liverpool Lime Street and Wigan North Western.

Perception of Safety

5.23 We consider St. Helens town centre to generally feel safe and secure. The main shopping areas have sufficiently high levels of pedestrian activity and, for the most part, have active retail frontages that provide natural surveillance within the streets. The sense that the 'retail core' is overlooked is heightened by the fact that the majority of this area is either within a shopping centre or is pedestrianised with these areas mostly being overlooked by CCTV. The pedestrianised shopping area has an added benefit to safety, as it also reduces the risk of vehicle and pedestrian conflict.

5.24 However, peripheral parts of the town centre – most notably areas with a high vacancy rate such as Duke Street – give the perception of a less safe environment due to the reduced level of pedestrian activity and natural surveillance.

Town Centre Environmental Quality

5.25 We found the environmental quality within the defined primary shopping area to be of good quality, in particular along the primary retail frontages on Church Street and Church Square, where considerable investment has contributed to creating a modern and attractive public space and street scene. The pedestrianisation of the area has allowed additional space to incorporate attractive public realm and planting schemes.

5.26 There is ample public seating available on Church Street and Church Square and consideration has been given to the design, with a consistent approach to public realm adopted throughout the centre. The retail frontage itself is consistent with that of a typical high street environment with generally modern shop fronts. St. Helens Parish Church itself contributes to the attractive environment within the centre and increased levels of seasonal planting and seating are situated within the square surrounding the building.

5.27 The non-pedestrianised Ormskirk Street is also of a good environmental quality. There is a small public square at the junction with Westfield Street, incorporating seating, ornamental bollards and facilities to store bikes securely. The relatively wide pavements also increase the quality of the approach south into Church Street. Additionally, there is ample street lighting within the primary shopping area which provides contributes to maintaining the quality and safety of the environment at night.

5.28 The quality of the built environment is noticeably poorer outside of the retail core. The northern part of Ormskirk Street, beyond the junction with Westfield Street, has noticeably poorer quality frontages and there is a cluster of vacant units at the northern point where it adjoins with King Street. Some of these units have poor quality shutters or are boarded up. The environmental quality in the town centre continues to decrease moving northwards, towards and along Duke Street.

Hierarchy of Centres and Role of Town, District and Local Centres

5.29 Beneath the town centre within the adopted hierarchy of the centres within the Core Strategy, there are a range of smaller centres across the Borough that perform different roles in the retail hierarchy. It is important that an appropriate hierarchy of centres is identified within the St. Helens administrative area in order that residents' day to day retail, service and civic needs are provided for in accessible locations. The retail hierarchy is currently defined within the wider settlement hierarchy for St. Helens, outlined in Policy CSS 1 'Overall Spatial Strategy' of the St. Helens Core Strategy and a plan showing the spatial distribution of the centres is included at Appendix 9.

5.30 St. Helens town centre is the principal town in the Borough; Earlestown is designated as a second tier town centre, whilst Rainhill and Thatto Heath are designated as district centres. There are also 12 local centres currently designated.

Smaller Town and District Centres

5.31 We summarise our assessments of the vitality and viability of Earlestown town centre and the district centres of Rainhill and Thatto Heath below.

Earlestown Town Centre

5.32 Earlestown serves the western part of the wider settlement of Newton-le-Willows, located to the east of the St. Helens administrative area. A full health check assessment of Earlestown town centre is provided at Appendix 5.

5.33 Tables 5.4 and 5.5 below set out the diversity of uses in Earlestown town centre.

Table 5.4: Earlestown Town Centre Diversity of Use for Commercial Units

Category	No.	%	UK*
Convenience	8	6.3%	8.6 %
Comparison	32	25.2%	32.0 %
Retail Service	28	22.0%	13.9 %
Leisure Service	36	28.3%	23.4%
Financial and Business Service	8	6.3%	10.6%
Vacant	15	11.7%	11.2%
Total	127	100%	100%

Source: WYG site visit in June 2016, national average figures from Experian Goad Category Report (June 2016)
Note: Figures comprise units within the centre boundary as defined by the St. Helens UDP 1998 Proposals Map Earlestown Inset

Table 5.5: Earlestown Town Centre Diversity of Use for Floorspace

Category	sq.m	%	UK*
Convenience	3,809	17.9%	15.2%
Comparison	7,477	35.1%	35.9%
Retail Service	3,235	15.2%	6.7%
Leisure Service	4,762	22.4%	24.4%
Financial and Business Service	856	4.0%	8.0%
Vacant	1,157	5.4%	9.0%
Total	21,296	100%	100%

Source: WYG site visit in June 2016, national average figures from Experian Goad Category Report (June 2016)
Note: Figures comprise units within the centre boundary as defined by the St. Helens UDP 1998 Proposals Map Earlestown Inset

5.34 The convenience goods offer in Earlestown is dominated by the Tesco Superstore located on Earle Street, which represents 79% of the total convenience goods floorspace in the town centre. In respect of the provision of convenience units, there are eight units representing 6.3% of the total stock of commercial units in the town centre. This is below the national average figure of 8.6% of commercial stock being occupied by convenience goods retailers.

5.35 There is a total of 3,809 sq.m (gross) of convenience goods floorspace within the town centre, which represents 17.9% of the total stock of retail and service floorspace. This is greater than the national average of 15.2% of floorspace being in convenience goods use. This can be attributed to the presence of the Tesco foodstore, which is by some distance the largest unit in the town centre (providing 3,004 sq.m (gross) retail floorspace).

5.36 Earlestown has 32 comparison goods units, which represent 25.2% of the total units in the town centre. The representation is below the national average figure of 32.0% of the stock of commercial units being in comparison goods use. There is a total of 7,477 sq.m (gross) comparison goods floorspace, which equates to 35.1% of the total retail and service floorspace. This figure is broadly comparable with the national average figure of 35.9%. Overall, Earlestown is considered to have a limited comparison goods offer.

5.37 There are 28 retail service units, equating to 22.0% of the total stock of commercial units. The level of provision is significantly greater than that which is apparent throughout the country, with the national average being just 13.9%. A similar trend is apparent when considering the provision of retail service floorspace, with the 3,235 sq.m of retail floorspace equating to 15.2% of the commercial stock. This is significantly greater than the national average of 6.7% of commercial floorspace being in retail service use.

5.38 Earlestown has a good provision of leisure service units, with its 36 units equating to 28.3% of the total stock of commercial units. This is approximately 5% greater than the national average figure of 23.4%. Whilst the representation of leisure service units is above national average level, in terms of floorspace such uses provide 4,762 sq.m of floorspace in Earlestown town centre, which represents 22.4% of the total stock of commercial floorspace. This is slightly below the national average figure of 24.4%. We believe that this is attributable to the high proportion of small leisure service units which are occupied by uses such as takeaways and cafes, and a lack of large leisure service units accommodating uses such as health clubs and gyms.

5.39 The town centre's financial and business service offer comprises eight units, which represent 6.3% of the total stock of commercial units. This is below the national average of 10.6%. Financial and business service units comprise 856 sq.m of the centre's retail and service floorspace, which equates to 4.0% of the total commercial floorspace and is significantly below the national average of 8.0%.

5.40 There are 15 vacant units within the existing town centre boundary. These units are distributed throughout the town centre, with no specific clusters, although eight of the 15 vacant units are distributed sporadically along Bridge Street. There are a further four vacant units located on Bridge Street, situated just outside of the town centre boundary to the north. The vacant units comprise 11.7% of the town centre's retail stock which is 0.6 percentage points above the national average of 11.2%.

5.41 In terms of the amount of vacant floorspace, the 15 vacant units occupy 5.4% (1,157 sq.m gross) of the town centre's vacant floorspace, which is significantly lower than the national average of 9.0% for vacant retail and service floorspace. Again, this is attributable to the high proportion of small retail units within the town centre.

5.42 In terms of accessibility, Earlestown is well connected in respect of both the national strategic highway network and public transport. Junction 23 of the M6 motorway is located approximately 3.9 kilometres north of the town centre. Earlestown has both a railway station and bus station located within the town centre boundary, providing access to local and regional destinations.

5.43 In summary, we believe Earlestown to have a reasonable provision of goods and services for a centre of its size, though it has a relatively limited comparison goods offer. It is highly accessible from the surrounding residential areas and from other parts of the Newton-le-Willows area. Earlestown town centre provides a local community focus and its retail and service offer is sufficient to meet the day to day needs of the surrounding community. Its convenience goods offer is significantly strengthened by the presence of the Tesco foodstore within the town centre boundary. Earlestown is, however, poorly represented by national multiple retailers.

Rainhill District Centre

5.44 Rainhill is defined as a district centre in the St. Helens Core Strategy. It is located approximately 8 km south of St. Helens town centre and is accessed by road via the St. Helens Linkway from the north. The centre currently contains 64 retail and service units which comprise 6,478 sq.m of gross floorspace. A full health check assessment of Rainhill district centre is provided at Appendix 6.

5.45 Tables 5.6 and 5.7 below set out the diversity of uses in Rainhill district centre.

Table 5.6: Rainhill District Centre Diversity of Use for Commercial Units

Category	No.	%	UK*
Convenience	4	6.3%	8.6 %
Comparison	14	21.9%	32.0 %
Retail Service	17	26.6%	13.9 %
Leisure Service	15	23.4%	23.4%
Financial and Business Service	11	17.2%	10.6%
Vacant	3	4.7%	11.2%
Total	64	100%	100%

Source: WYG site visit in June 2016, national average figures from Experian Goad Category Report (June 2016)

Table 5.7: Rainhill District Centre Diversity of Use for Floorspace

Category	Sq.m	%	UK*
Convenience	923	14.2%	15.2%
Comparison	1,345	20.8%	35.9%
Retail Service	1,532	23.6%	6.7%
Leisure Service	1,797	27.7%	24.4%
Financial and Business Service	721	11.1%	8.0%
Vacant	160	2.5%	9.0%
Total	6,478	100%	100%

Source: WYG site visit in June 2016, national average figures from Experian Goad Category Report (June 2016)

5.46 The convenience goods offer in Rainhill is limited, consisting of just four units which comprise 6.3% of the total stock of commercial units. This is below the national average level of 8.6%. In respect of convenience goods floorspace, the four units equate to 923 sq.m (gross) which is 14.2% of the total stock, just below the national average figure of 15.2%. Notwithstanding this, the four convenience units include a Co-op foodstore, butchers, bakers and greengrocer, and despite the low proportion of convenience units, the existing convenience goods operators are considered to meet some of the day to day needs of the local residents and 'top-up' convenience shopping requirements. The Co-op foodstore is the largest retail and service unit in Rainhill district centre.

5.47 A total of 14 units are accommodated by comparison goods retailers, which equates to 21.9% of the total commercial units. These retailers occupy 1,345 sq.m (gross) floorspace, which equates to 20.8% of the total retail floorspace. The proportion of units and floorspace occupied by comparison goods retailers are both below the respective national averages of 32.0% and 35.9%. However, district centres will typically provide a relatively limited comparison goods offer as their principal role is to meet the day to day needs of local residents.

5.48 Rainhill has good representation from the retail service and leisure service sectors, and has a particularly strong financial and business services offer with 11 units comprising 17.2% of the total stock (which is significantly higher than the national average of 10.6%).

5.49 There are just three vacant units in Rainhill, which equates to 4.7% of the total stock and provides a combined floorspace of 160 sq.m (equating to just 2.5% of the total retail and service floorspace in the centre). This is considerably lower than the respective national averages of 11.2% of commercial units and 9.0% of vacant floorspace. The low vacancy rate is one indicator which suggests that Rainhill is a viable district centre.

5.50 Overall, Rainhill accommodates a good range of uses. Whilst a relatively low proportion of units are occupied by convenience goods operators, the provision is bolstered by the Co-op foodstore. However, there is a lack of a large format foodstore, the closest being the Tesco Extra located approximately 3.2 kilometres north-west of Rainhill in Prescot.

5.51 There is a relatively good provision of community facilities, with the village hall and a dentist being located within the district centre boundary and the Millennium Centre (Church Hall), library and medical centre located just outside of the boundary to the east (within approximately 100 metres walking distance). The centre has good accessibility for those arriving by private vehicle and public transport, with the railway station providing access to both Liverpool and Manchester.

5.52 Overall, we consider Rainhill to have facilities consistent with a district centre designation in the context of the network of centres in the authority area. There is representation across all of the retail and service sectors, with a particularly strong financial and business services offer being evident. There are also a number of community facilities within and in close proximity to the centre that are considered to have close connections with the district centre.

Thatto Heath District Centre

5.53 Thatto Heath is a defined district centre in the St. Helens Core Strategy. The centre contains 48 retail units and 5,980 sq.m (gross) of floorspace. The centre is situated around Thatto Heath Lane and Elephant Lane, with the majority of the retail units located along the west of Thatto Heath Lane and to the south of Elephant Lane. To the north of Elephant Lane and east of Thatto Heath Lane is an area of existing and former community buildings, include the police station, the medical centre and a children's nursery. These uses are situated around a landscaped area and a relatively newly created and well maintained car park. A full health check assessment of Thatto Heath district centre is provided at Appendix 6. Tables 5.8 and 5.9 below set out the diversity of uses in the district centre.

Table 5.8: Thatto Heath District Centre Diversity of Use for Commercial Units

Category	No.	%	UK*
Convenience	5	10.4%	8.6%
Comparison	8	16.7%	32.0%
Retail Service	10	20.8%	13.9%
Leisure Service	15	31.3%	23.4%
Financial and Business Service	3	6.3%	10.6%
Vacant	7	14.6%	11.2%
Total	48	100%	100%

Source: WYG site visit in June 2016, national average figures from Experian Goad Category Report (June 2016)

Table 5.9: Thatto Heath District Centre Diversity of Use for Floorspace

Category	Sq.m	%	UK*
Convenience	911	15.2%	15.2%
Comparison	919	15.4%	35.9%
Retail Service	711	11.9%	6.7%
Leisure Service	2,448	40.9%	24.4%
Financial and Business Service	189	3.2%	8.0%
Vacant	802	13.4%	9.0%
Total	5,980	100%	100%

Source: WYG site visit in June 2016, national average figures from Experian Goad Category Report (June 2016)

5.54 The proportion of convenience units and floorspace within Thatto Heath are above the UK average at 10.4% (units) and consistent with the UK average at 15.2% (floorspace) respectively (the UK averages are 8.6% and 15.2% respectively). This is a consequence of the various smaller convenience stores on offer, including the Co-op, Londis, bakers, deli, newsagent and an independent discount convenience retailer. The Co-op appeared to be the busiest unit at the time of our visit.

5.55 The proportion of units and floorspace occupied by comparison goods retailers is 16.7% (units) and 15.4% (floorspace) which, in both cases is significantly below the UK average at 32.0% and 35.9% respectively. However, district centres typically have a below average provision of comparison goods operators, as their focus is generally meeting the day-to-day needs of a local catchment. The level of retail service uses is above the national average, both in terms of the proportion of units and floorspace dedicated to this use (20.8% of units and 11.9% of floorspace is in retail service use, which compares to the respective national average figures of 13.9% and 6.7%).

5.56 In terms of vacancies, 14.6% of units are vacant, which is higher than the national average of 11.2%. The proportion vacant floorspace in Thatto Heath is also significantly above national average level at 13.4% (the national average is 9.0%).

5.57 Overall, Thatto Heath has a relatively strong convenience goods offer, with the Co-op and Londis small format foodstores being supplemented by smaller, independent convenience specialists. There is a lack of a large format foodstore, with the closest being the Morrisons at Boundary Road, approximately 1.5 kilometres to the north, and the Tesco Extra and Aldi stores, both of which are approximately 2.5 kilometres to the north-east of the centre. The centre accommodates a medical centre and police station, and Thatto Heath library is within walking distance to the north.

5.58 The centre is accessible to those arriving by private vehicle and by bus, plus the presence of the railway station significantly enhances the centre’s overall accessibility. The centre is generally well maintained, but at the time of our survey, the level of maintenance declined towards the edge of the centre. The centre’s proximity to nearby residential dwellings promotes sustainable travel and helps facilities meet the day to day needs of local residents.

Local Centres

5.59 Adopted Core Strategy Policy CSS 1 identifies the following as local centres: Billinge; Chain Lane; Chancery Lane; Clispley Lane; Denton’s Green; Eccleston; Fingerpost; Marshall’s Cross; Newton-le-Willows; Newtown; Rainford; and, Sutton. Full health check assessments of the defined local centres are provided at Appendix 7.

5.60 A definition of local centres is not provided in the NPPF or in the associated Ensuring the Vitality of Town Centres Planning Practice Guidance, but was previously included in the now superseded Planning Policy Statement 4: Planning and Economic Development (published December 2009). The definition within the withdrawn PPS4 indicates that:

'Local centres include a range of small shops of a local nature, serving a small catchment. Typically, local centres might include, amongst other shops, a small supermarket, a newsagent, a sub-post office and a pharmacy. Other facilities could include a hot-food takeaway and launderette. In rural areas, large villages may perform the role of a local centre.'

5.61 Therefore, local centres have a role of catering for the day to day shopping needs of the local communities which they serve. Local centres typically serve a smaller catchment than town or district Centres, and are unlikely to cater for the same level of passing trade. They are primarily intended to serve the needs of the population within walking distance.

5.62 Overall, we believe that the local centres in St. Helens generally provide an offer consistent with the definition provided by the withdrawn PPS4. The centres provide an important local service that serves the day to day needs of residents within the surrounding catchments. The one exception to this is Chancery Lane, which was found to no longer perform the role and function of a local centre. Chancery Lane has lost several retail units to residential use and, in our view, the shopping facilities no longer function as a local centre. We cover this in more detail in the respective healthcheck at Appendix 7.

Retail Parks

5.63 St. Helens is relatively well served by out of centre retail parks, containing a range of medium to large scale retail warehouses and smaller scale leisure units, occupied by a range of restaurant and coffee shop operators.

5.64 The two main retail parks in the Borough are Ravenhead Retail Park and St. Helens Retail Park, with a further smaller park currently being developed at Westpoint (where the Aldi is already completed and trading and Costa has now opened). We provide an overview of the two retail parks at Table 5.12 below and analyse the current performance of the parks at Section 7 below.

Table 5.12: Principal Retail Parks in St. Helens

Retail Park	Town	Zone	Type	Units						Total Floorspace (sq.m)
				Convenience	Comparison	Leisure Service	Retail Service	Vacant	Total	
Ravenhead Retail Park	St. Helens	1	Open A1 and wide bulky	0	14	5	0	2	21	27,930
St. Helens Retail Park	St. Helens	1	Part Open A1 and part bulky	2	13	0	0	0	15	11,149

Note: Details taken from Agent's particulars on Completely Retail

5.65 Both Ravenhead and St. Helens provide retail warehouse space for range of national multiple retailers, from traditional 'bulky' retailer such as Dunelm, Halfords, Topps Tiles, B&Q, Carpetright and Currys, to more traditional 'high street' retailers such as Boots, Argos, Poundworld and Next. In addition, Ravenhead Retail Park also includes a range of leisure operators including Subway, Frankie and Benny's, Costa, Burger King and DW Sports.

5.66 The retail park provision is strong for a town the size of St. Helens, and due to their location in close proximity to St. Helens town centre, the overall offer of national multiple comparison retailers within Zone 1 in particular is considered to be good.

6.0 Population and Expenditure

6.01 This section of the report considers the population and available expenditure (for both convenience and comparison goods) across the Study Area.

Study Area Population

6.02 The population within each postal code sector and each zone at 2017 has been calculated using Experian Micromarketer G3 data (2016 estimate, which was issued in December 2017). The population within each study zone at the 2017 base year and in each of the forecast years was sourced from Experian Micromarketer G3 data (which was issued in December 2017). Experian's baseline population data estimates take into consideration the findings of the 2011 Census release, which is then projected forward by Experian using growth rates derived from ONS population projections.

6.03 Table 6.1 demonstrates that between 2017 and 2033, the population within the Study Area is forecasted to increase by 20,212 persons, or an increase of 5.6% over the 16 year period to 2033. The increase in population within the St. Helens administrative area is forecast to be 7,965, equating to an increase of 4.4% over the 16 year period.

Table 6.1: Study Area Population by Survey Zone (2017 to 2033)

Zone	2017	2018	2023	2028	2033
1	77,718	78,052	79,532	80,738	81,798
2	91,500	91,813	93,588	95,125	96,060
3	23,556	23,662	24,063	24,417	24,778
4	81,078	81,648	84,550	86,999	89,161
5	51,051	51,098	51,477	51,912	52,287
6	35,493	35,552	36,047	36,344	36,524
Total	360,396	361,825	369,257	375,535	380,608

Source: Experian Micromarketer G3 December 2017 data release

6.04 In order to calculate per capita convenience and comparison goods expenditure, we have again utilised Experian Micromarketer G3 data which provides detailed information on local consumer expenditure which takes into consideration the socio-economic characteristics of the local population. Experian is a widely accepted source of expenditure and population data and is regularly used by WYG in calculating retail capacity.

6.05 The base year for the Experian expenditure data is 2016. Per capita growth forecasts have been derived from Experian Retail Planner Briefing Note 15, which was published in December 2017. Appendix 3 of the Retail Planner Briefing Note identifies the following annual growth forecasts for convenience and comparison goods which inform our assessment.

Table 6.2: Expenditure Growth Forecasts

Year	Convenience (%)	Comparison (%)
2017	0.1	2.4
2018	-0.7	0.8
2019	-0.2	2.1
2020	0.2	2.9
2021	0.2	3.3
2022	0.1	3.4
2023	-0.1	3.4
2024	0.1	3.3
2025	0.1	3.2
2026	0.1	3.2
2027	0.1	3.1
2028	0.1	3.0
2029	0.0	3.1
2030	0.0	3.2
2031	0.2	3.4
2032	0.1	3.3
2033	0.2	3.4

Source: Appendix 3, Retail Planner Briefing Note 15 (December 2017)

6.06 The latest growth forecasts suggest that Brexit will likely influence per capita expenditure growth in 2017 and 2018, but that retail sales should recover somewhat over the medium term as confidence in the economy returns. However, the outlook is considerably more positive for comparison goods expenditure than it is for convenience goods expenditure.

6.07 However, it should be noted that growth in expenditure forecasting in the longer term (beyond the next ten years) should be treated with caution given the inherent uncertainties in predicting the economy's performance over time. Assessments of this nature should therefore be reviewed on a regular basis in order to ensure that forecasts over the medium and long are reflective of any changes to relevant available data.

6.08 Experian Retail Planner Briefing Note 15 also provides forecasts in respect of the proportion of expenditure which will be committed through special forms of trading (comprising 'non-store retailing', such as internet sales, TV shopping and so on) over the reporting period. We have 'stripped out' any expenditure which survey respondents indicated was committed via special forms of trading and instead have made an allowance derived from Experian's recommendation.

6.09 In considering special forms of trading, it should be noted that many products which are ordered online are sourced from a physical store's shelves or stockroom (particularly in the case of convenience goods). As such, expenditure committed in this manner acts to support stores and should be considered 'available' to tangible retail destinations.

6.10 Accordingly, in order not to overstate the influence of expenditure committed via special forms of trading, our approach is based on Experian's 'adjusted' figure for special forms of trading (provided at Figure 5 of Appendix 3 of its Retail Planner Briefing Note 15) which makes an allowance for internet sales which are sourced from stores. The proportion of expenditure committed through special forms of trading cited below at Table 6.3 is 'stripped out' of the identified expenditure as it is not available to stores within the Study Area.

Table 6.3: Special Forms of Trading Forecasts

Year	Convenience (%)	Comparison (%)
2017	3.2	14.8
2018	3.4	15.4
2023	4.2	17.4
2028	4.8	17.6
2033	5.2	17.9

Source: Figure 5 of Appendix 3, Experian Retail Planner Briefing Note 15 (December 2017)

6.11 Based on the above growth rates and special forms of trading allowances, it is possible to produce expenditure estimates for each survey zone under each population growth scenario at 2016, 2018, 2023, 2028 and 2033. In doing so, our assessment considers both per capita retail expenditure growth and population change.

Convenience Goods Expenditure

6.12 Taking into consideration the above increases in population, Table 6.4 indicates that, at 2017, the available convenience expenditure across the Study Area is estimated to be £741.9m, increasing to

£770.6m at 2033. Accordingly, by the end of the 16 year reporting period to 2033, it is estimated that convenience goods expenditure in the Study Area will increase by £28.7m.

Table 6.4: Total Available Study Area Expenditure – Convenience Goods (£m)

2017 (£m)	2018 (£m)	2023 (£m)	2028 (£m)	2033 (£m)	Growth 2017-2018 (£m)	Growth 2017-2023 (£m)	Growth 2017-2028 (£m)	Growth 2017-2033 (£m)
741.9	738.1	748.3	759.9	770.6	-3.8	6.4	18.0	28.7

Note: In 2016 prices

Main Food and 'Top-Up' Shopping

6.13 To assist in the assessment of quantitative need, we have applied an estimate to account for the proportion of convenience goods expenditure which is committed through main food shopping trips and that which is committed through 'top-up' shopping trips. Based on our experience, we consider that approximately 70% of individuals' convenience goods expenditure will be committed through main food shopping trips and the remaining 30% will be committed through top-up shopping.

6.14 Our estimate of the split between these two types of expenditure on a zonal basis is provided below at Table 6.5. On this basis, we estimate that across the Study Area at 2017, £511.4m of convenience goods expenditure will be spent during main food shopping trips and £219.2m during top up shopping trips.

Table 6.5: Assumed Split of Convenience Goods Expenditure between Main and Top-Up Shopping

Zone	Main Food	Top-Up
1	107.8	46.2
2	136.0	58.3
3	33.4	14.3
4	112.2	48.1
5	74.8	32.0
6	55.1	23.6
Total	519.3	222.6

Comparison Goods Expenditure

6.15 For comparison goods, Table 6.6 below provides a breakdown of the total available comparison goods expenditure within the Study Area between 2017 and 2033. The available comparison goods expenditure at 2017 is estimated to be £994.6m, increasing to £1,624.3m at 2033. Accordingly, across the 16 year reporting period, the growth in Study Area comparison good expenditure is

£625.8m. This is a clearly a significantly greater increase in available expenditure than that which is forecast to occur for convenience goods.

6.16 Whilst the identified expenditure increase is very significant indeed, the rate of growth is more modest than that previously achieved, principally because of the expectation that an ever-increasing proportion of comparison goods expenditure will be committed through special forms of trading (most particularly, internet shopping).

Table 6.6: Total Available Study Area Expenditure – Comparison Goods (£m)

2017 (£m)	2018 (£m)	2023 (£m)	2028 (£m)	2033 (£m)	Growth 2017-2018 (£m)	Growth 2017-2023 (£m)	Growth 2017-2028 (£m)	Growth 2017-2033 (£m)
994.6	999.4	1,155.3	1,369.1	1,624.3	4.8	160.6	374.5	625.8

In 2016 prices

6.17 For the purposes of this Study, comparison goods expenditure has been divided into eight sub-categories: 'DIY' 'Electrical' and 'Furniture' (these three categories collectively being referred to as bulky goods)'; and, 'Clothing & Footwear', 'CDs, DVDs and Books', 'Health and Beauty/Chemist Goods', 'Small Household Goods' and 'Toys, Games, Bicycles and Recreational Goods' (collectively referred to as non-bulky goods). The proportion of expenditure directed to each sub-category is estimated by Experian on a zonal basis.

6.18 In considering the above, it should be noted that if an excess of expenditure manifests itself within the Study Area, this does not necessarily translate directly into a requirement for additional floorspace. In assessing quantitative need, it is also necessary to take account of:

- Existing development proposals;
- Expected changes in shopping patterns; and
- The future efficiency of retail floorspace.

Market Shares

6.19 Having calculated the likely levels of expenditure that are generated by the resident population within the defined Study Area, it is also relevant to consider what proportion of this expenditure is currently retained by retail facilities within St. Helens (i.e. these market shares may differ slightly to those outlined in Section 4 as they are based on retail expenditure, rather than shopping trips).

6.20 As previously highlighted, this study has involved the completion of 1,250 household telephone interviews within St. Helens and the wider area. By analysing the results from the survey it has been possible to understand the likely levels of overall convenience goods expenditure that are captured by facilities within St. Helens. The market shares for the various expenditure categories are highlighted in Tables 6.7 and 6.8.

Table 6.7: St. Helens Borough Current Market Share (2017) – Convenience Goods

Zone	St. Helens Total			
	Main Food	Top Up Food	Total Convenience £m	Market Share[1] %
1	102.7	45.4	148.1	96.2%
2	83.2	37.7	120.9	62.2%
3	21.5	10.2	31.7	66.4%
4	9.0	3.5	12.5	7.8%
5	24.1	10.0	34.1	31.9%
6	43.4	21.0	64.4	81.8%
St. Helens Total	283.9	127.7	411.6	55.5%

Notes: Derived from Tables 2 and 4 at Appendix 8

[1]Market share of total study area expenditure on main and top-up food shopping.

6.24 Table 6.7 indicates that existing facilities within St. Helens attract £283.9m of main food convenience goods expenditure and £127.7m of 'top-up' convenience goods expenditure generated by residents of the Study Area at 2017. Accordingly, facilities within St. Helens Borough retain a total of £411.6m, or 55.5% of the total convenience goods expenditure generated by residents within the Study Area.

6.25 In terms of individual stores within St. Helens, the out-of-centre Asda is identified to be the most popular foodstore which achieves a total convenience goods turnover of £66.6m at 2017. This is followed by the out-of-centre Morrisons store at Baxters Lane and the Morrisons store at Boundary Road, which achieve respective total convenience goods turnovers of £36.1m and £35.6m from the resident population within the Study Area at 2017. Other popular stores include the Tesco Extra at Linkway (which claims £34.4m of Study Area convenience goods expenditure at 2017), the Aldi at Branch Way (£26.1m) and the Aldi at Linkway (£21.5m).

6.26 Table 6.8 below identifies the comparison goods Study Area expenditure claimed by facilities in St. Helens for each zone and for each comparison goods sub-sector. Overall, existing facilities within St. Helens attract £441.6m of the total comparison goods expenditure generated by residents of the Study Area, equating to an overall market share of 44.4%.

Table 6.8: St. Helens Borough Current Market Share (2017) – Comparison Goods

333Zone	St. Helens Total									
	Non-Bulky					Bulky			Total Comparison	Market Share[1]
	Clothing & Footwear	Books/CDs/ DVDs	Small Household	Recreation	Chemist	Electrical	DIY & Gardening	Furniture		
	£m	£m	£m	£m	£m	£m	£m	£m	£m	%
1	27.1	6.1	13.7	22.5	24.9	20.4	12.5	9.4	136.6	72.9%
2	34.8	3.8	16.5	22.6	25.3	25.7	13.3	9.3	151.3	57.3%
3	4.1	1.0	3.3	2.1	7.1	4.3	3.1	0.8	25.8	42.0%
4	4.0	0.1	0.9	2.9	1.5	2.5	0.3	0.5	12.7	5.7%
5	8.6	1.3	4.7	8.1	4.7	9.8	4.8	5.1	47.1	31.8%
6	9.4	1.7	5.5	12.6	13.3	11.6	8.0	5.7	67.8	60.2%
Total	88.0	14.0	44.7	70.9	76.9	74.4	42.0	30.7	441.6	44.4%

Notes: Sourced from Tables 9, 11, 13, 15, 17, 19, 21 and 23 to 25 at Appendix 8

Market share of total study area expenditure across all categories on comparison goods

6.27 The most popular destination for spending on comparison goods in the Borough is St. Helens town centre, which attracts £204.3m of Study Area residents' spending (equating to a market share based on available expenditure of 20.5%). In terms of other key retail venues:

- Ravenhead Retail Park attracts £109.9m of comparison expenditure, equating to a 11.1% comparison goods market share of available expenditure;
- St. Helens Retail Park attracts £66.9m of comparison expenditure, equating to a 6.7% market share of available expenditure; and
- Earlestown town centre attracts £13.5m of available expenditure, equating to a 1.4% market share of available expenditure.

6.28 Table 6.9 below compares the 2017performance of the key retail destinations with the 2011 performance of the same venues, as identified by the previous Retail and Town Centres Uses Study which was published in January 2012 (the 2011 figures have been converted to a 2016 price base). The table identifies that the market share of Study Area comparison goods expenditure claimed by St. Helens town centre has decreased from 28.2% in 2011 to 20.5% in 2017. However, the market share claimed by both Ravenhead and St. Helens Retail Parks has increased significantly.

Table 6.9: Principal Comparison Destinations by Total Comparison Expenditure

Destination	2011 (£m)	% of Total Study Area Comparison Expenditure	2017 (£m)	% of Total Study Area Comparison Expenditure
St. Helens town centre	£258.5m	28.2%	£204.3m	20.5%
Ravenhead Retail Park, St. Helens	£70.0m	7.6%	£109.9m	11.1%
St. Helens Retail Park, St. Helens	£25.7m	2.8%	£66.9m	6.7%
Earlestown town centre	£10.3m	2.1%	£13.5m	1.4%

Notes: 2011 Expenditure figures converted to 2016 Price Base using Appendix 4b of the Experian Retail Planner Briefing Note 15

6.29 In terms of comparison facilities outside of St. Helens Borough but within the Study Area, Gemini Retail Park in Warrington attracts £55.6m of the available expenditure and Prescot town centre attracts £30.4m.

6.30 Looking at facilities outside of the Study Area, Warrington town centre attracts £146.8m of the available expenditure within the Study Area, or 14.8% of the market share based on available expenditure and a further £66.0m is being attracted by Liverpool city centre, or 6.6% of the market share.

7.0 Retail Capacity in St. Helens Authority Area

7.01 We have examined the need for new convenience and comparison goods floorspace over the five year reporting periods working back from 2033 (i.e. at 2017, 2018, 2023, 2028 and 2033).

7.02 At the outset, it is important to note that an assessment in the long term should be viewed with caution, due to the obvious difficulties inherent in predicting the performance of the economy and shopping habits over time. In any event, any identified capacity should not necessarily be viewed as justification of new retail floorspace outside of centres as this could prejudice the implementation of any emerging town centre redevelopment strategies and the development of more central sites which may be currently available or which could become available over time.

7.03 A complete series of quantitative capacity tables are provided at Appendix 8 which provide further detail in terms of the step-by-step application of our quantitative assessment methodology.

Capacity Formula

7.04 For all types of capacity assessment, the conceptual approach is identical, although the data sources and assumptions may differ. The key relationship is Expenditure (£m) (allowing for population change and retail growth) *less* Turnover (£m) (allowing for improved 'productivity') *equals* Surplus or Deficit (£m).

7.05 Expenditure (£m) – The expenditure element of the above equation is calculated by taking the population within the defined catchment and then multiplying this figure by the average annual expenditure levels for various forms of retail spending per annum. The expenditure is estimated with reference to a number of factors, namely:

- Growth in population;
- Growth in expenditure per person per annum; and
- Special Forms of Trading (e.g. internet shopping, catalogue shopping and so on).

7.06 Turnover (£m) – The turnover figure relates to the annual turnover generated by existing retail facilities within the Study Area. The turnover of existing facilities is calculated using Mintel Retail Rankings and Verdict UK Grocery Retailers reports – independent analysis which lists the sales densities for all major multiple retailers.

7.07 Surplus/Deficit (£m) – This represents the difference between the expenditure and turnover figures outlined above. A surplus figure represents an effective under provision of retail facilities within the Study Area (which, all things being equal, would suggest that additional floorspace could be supported), whereas a deficit would suggest a quantitative overprovision of retail facilities.

7.08 Although a surplus figure is presented in monetary terms, it is possible to convert this figure to provide an indication of the quantum of floorspace which may be required. The level of floorspace will vary dependent on the type of retailer proposed and the type of goods traded. For example, in the case of comparison goods, non-bulky goods retailers tend to achieve higher sales densities than bulky goods retailers. However, within the bulky goods sector itself there is significant variation, with electrical retailers tending to have a much higher sales density than those selling DIY or furniture goods.

Capacity for Future Convenience Goods Floorspace in St. Helens

Trading Performance of Existing Convenience Provision

7.09 In order to ascertain the likely need for additional convenience goods floorspace in St. Helens, it is first necessary to consider the performance of the current provision. Given the geography of the authority area and the reasonably strong retention of convenience goods expenditure, it is assumed that the future convenience goods expenditure available to St. Helens will be commensurate with its current market share.

7.10 The 'benchmark' (i.e. expected) turnover differs for each operator based on its average turnover per square metre throughout the country. Although robust up-to-date information is available in terms of the convenience goods floorspace provided by large foodstores, it can be more difficult to quantify the extent of local convenience provision as there is no single comprehensive database to rely upon.

7.11 Where we have been unable to verify the exact quantum of floorspace provided by existing smaller-scale convenience destinations, we have assumed that stores are trading 'at equilibrium' (i.e. the 'survey-derived' turnover equates to the expected level of turnover).

7.12 Table 7.1 below sets out the survey-derived turnover of all convenience goods floorspace within St. Helens Borough. The full list of convenience goods stores in St. Helens Borough and their survey-derived turnovers are set out at Table 5 of Appendix 8. For each destination, the survey-derived turnover is compared to a 'benchmark' turnover which indicates the level of turnover that the store would generally be expected to attract, based on company average trading levels. A judgement can then be made on the trading performance of existing facilities based on the comparison of the survey-derived turnover with the expected turnover (based on nationally published trading information from Mintel and Verdict) of existing provision.

Table 7.1: Trading Performance of Current Foodstores

DESTINATION	NET SALES[1] (sq.m)	NET CONVENIENCE SALES AREA[2] (sq.m)	SALES DENSITY[3] (£ per sq.m)	BENCHMARK TURNOVER[4] (£m)	SURVEY TURNOVER[5] (£m)
Zone 1					
Iceland, Ormskirk Street, St Helens	913	847	7,214	6.1	3.3
M&S Foodhall, Church Street, St Helens	1,347	1,180	11,283	13.3	8.8
Aldi, A58 Linkway, St Helens	847	678	12,845	8.7	21.5
Lidl, King Street, St Helens	1,226	981	4,245	4.2	8.7
Tesco Extra, St Helens Linkway, St Helens	8,446	4,223	12,221	51.6	34.4
Aldi, St Helens Retail Park	580	464	12,845	6.0	10.7
Asda Superstore, Kirkland Street, St Helens	4,515	2,425	13,897	33.7	66.6
Morrisons, Boundary Road, St Helens	3,612	2,695	12,369	33.3	36.1
Iceland, St Helens Retail Park, St Helens	402	373	7,214	2.7	4.4
Co-op, Ashtons Green Drive, St Helens	256	225	10,298	2.3	0.4
Co-op, Cambridge Road, St Helens	103	90	10,298	0.9	0.3
Co-op, Elephant Lane, St Helens	391	343	10,298	3.5	2.8
Co-op, Elton Head Road, St Helens	-	-	-	1.5	1.5
Co-op, Fleet Lane, St Helens	256	225	10,298	2.3	0.3
Co-op, Higher Parr Street, St Helens	175	154	10,298	1.6	1.1
Co-op, Millbrook Lane, St Helens	183	161	10,298	1.7	0.6
Co-op, Parr Stocks Road, St Helens	167	147	10,298	1.5	0.7
Co-op, Peckers Hill Road, St Helens	298	262	10,298	2.7	0.6
Co-op, Prescot Road, St Helens	103	90	10,298	0.9	0.3
Co-op, Sutton Park Drive, St Helens	178	156	10,298	1.6	0.9
Tesco Metro, Four Acre Lane, St Helens	1,580	1,033	12,221	12.6	6.6
Aldi, Clock Face Road, St Helens	1,016	813	12,845	10.4	19.9
Morrisons, Baxters Lane, St Helens	3,767	2,810	12,369	34.8	35.6
Other, Zone 1	-	-	-	24.8	21.5
Zone 2					
Aldi, Branch Way, St Helens	749	599	12,845	7.7	26.1
Co-op, Chain Lane, St Helens	433	380	10,298	3.9	4.8
Co-op, West End Road, St Helens	142	125	10,298	1.3	2.7
Iceland, Branchway, St Helens	413	383	7,214	2.8	7.1
Tesco Express, Vicarage Road, St Helens	227	148	12,221	1.8	9.4
Tesco, Bellerophon Way, St Helens	3,697	2,418	12,221	29.5	19.6
Other, Zone 2	-	-	-	10.2	10.2
Zone 3					
Tesco, Earle Street, Newton-le-Willows	1,807	1,182	12,221	14.4	19.9
Heron Frozen Foods, Newton-le-Willows	502	477	6,710	3.2	0.8
Co-op, Newton-le-willows	184	162	10,298	1.7	0.7
Other, Zone 3				4.1	4.1
Zone 5					
Local Shops, Rainhill District Centre	-	-	-	5.1	5.1
Co-op, Warrington Road, Rainhill	501	440	10,298	4.5	1.3
Zone 6					
Co-op, Church Road, St Helens	269	236	10,298	2.4	2.6
Sainsburys Local, Millfields, St Helens	221	154	12,641	1.9	1.6
Tesco Express, East Lancashire Road, St Helens	227	148	12,221	1.8	2.7
Other, Zone 6	-	-	-	4.0	4.0
ST HELENS SUB-TOTAL	-	-	-	363.2	404.4

[1] Gross and net floorspace generally derived from Storepoint database of grocery retailers, unless more specific information available
[2] Proportion of net floorspace generally derived from typical company split between convenience and comparison floorspace estimated by Verdict for 2017. Aldi and Lidl are assumed to have 80% of net sales dedicated to convenience goods
[3] Sales densities relate to the monetary turnover of each square metre of net sales area and are derived from Verdict's 2017 estimate or Mintel Retail Rankings
[4] It has been assumed that unnamed convenience stores within a centre and independent stores are 'trading at equilibrium' (i.e. their 'benchmark' turnover
[5] The survey estimate turnovers have been taken from Table 4 of Appendix 8 and are the main and top-up turnovers combined
At 2016 prices

Baseline Quantitative Need for Additional Convenience Goods Floorspace

7.13 Table 7.2 appraises the future capacity for additional convenience goods retail floorspace in St. Helens, taking account of the current convenience goods trading position compared against the 'benchmark' (or anticipated) turnover of existing convenience goods floorspace. Accordingly, Table 7.2 sets out the benchmark turnover of existing convenience retail facilities in St. Helens at base year 2017 and projects this forward to 2033 assuming that the benchmark turnover of existing floorspace will increase through improvements in floorspace efficiency at the rates set out in Experian Retail Planner Briefing Note 15. Floorspace efficiency is the percentage by which a retail sales density is expected to increase annually in real terms over a stated period due to continuing trends towards more modern, higher density stores and the demolition of older inefficient space. Even in areas where new floorspace is not being provided for and the level of floorspace remains broadly consistent, sales are still increasing and as such, so are sales densities.

7.14 The £411.7m of convenience goods expenditure generated by residents of the Study Area and claimed by destinations within St. Helens Borough at 2017 equates to a market share of 55.5%. Our assessment assumes that the current market share of facilities in St. Helens of 55.5% is maintained over the reporting period to 2033. Rolling forward this market share, we estimate that the total available convenience goods expenditure in St. Helens will be £409.5m at 2018, increasing to £415.2m at 2023, £421.7m at 2028 and £427.6m at 2033.

Table 7.2: Quantitative Need for Convenience Goods Floorspace in St. Helens Administrative Area

Year	Benchmark Turnover (£m)[1]	Available Expenditure (£m)[2]	Surplus Expenditure (£m)
2017	363.2	411.7	48.5
2018	362.8	409.5	46.7
2023	362.1	415.2	47.4
2028	363.5	421.7	51.7
2033	365.4	427.6	62.2

Source: Table 6a of Appendix 8
[1] Benchmark turnover to increase in line with improvements in turnover efficiency set out in Table 4a of Experian Retail Planner 15 (December 2017)
[2] Assumes constant market share of Study Area expenditure (55.5%) claimed by facilities in St. Helens administrative area
2016 Prices

Commitments for Additional Convenience Goods Floorspace

7.15 There are a number of commitments for new convenience goods floorspace in St. Helens which will act to reduce the available convenience goods surplus. As summarised in Table 7.3 below, we estimate that the turnover requirements of the extant retail planning permissions for new convenience goods floorspace would be £48.6 at the base year 2017. Full details of the assumptions made in estimating the turnover of commitments are provided in the notes which accompany Table 6d of Appendix 8.

Table 7.3: Extant Convenience Commitments within the St. Helens Administrative Area

Proposal	Planning Application Reference	Location	Net Conv Sales (sq.m)	Conv Sales Density (£ per sq.m)	Estimated T/O at 2017 (£m)
Former Vulcan Works - Erection of Class A1 Store and Associated works	P/2015/0297	Former Vulcan Works Wargrave Road, Newton Le Willows	1,003	12,845	12.9
Demolition of existing public house and erection of new detached building to provide a convenience store (Class A1 retail) and a small retail unit (Use Class A1) together with access, parking, servicing, and associated works.	P/2015/0344	The Boars Head 675 Elton Head Road St Helens	332	10,298	3.4
Hybrid application for residential and mixed-use development (includes 200 sq.m convenience unit)	P/2015/0130	Penlake Industrial Estate Land Emr Recycling Frmr British Rail Club, Reginald Rd	160	10,298	1.6
Change of use of existing doctors surgery to form 3 no. retail units with new shop frontages.	P/2015/0675	Park House 55 Higher Parr Street St Helens WA9 1AD	186	7,000	1.3
Demolition of existing building and erection of 3 no. retail units and a cafe / restaurant, plus associated parking.	P/2015/0204	449-453 Prescot Road, St Helens	451	7,000	3.2
Demolition of existing carwash and printers, and erection of foodstore, access, car parking, servicing, landscaping plus associated works including re-siting of existing sub station.	P/2016/0175	Pentagon Printing Co Ltd Park Road St Helens WA11 9AZ	1,138	4,245	4.8
Outline application for the erection of a retail food store with associated car parking, access and servicing.(all matters reserved except for access).	P/2016/0182/OUP	Atlas Street, St Helens	1,352	12,845	17.4
Physical works to reconfigure and extend the existing floorspace (creating eight new, retail units), an amendment to the permitted retail use, alterations to the layout of the internal access road and car park and associated works	P/2016/0799/FUL	St Helens Retail Park, Peasley Cross Lane	496	-	4.0
Total	-	-	5,118	-	48.6

Source: Table 6d of Appendix 8
2016 Prices

7.16 Table 7.4 below takes account of the identified extant commitments providing for additional convenience floorspace in the Borough. The estimated turnover of the commitments is deducted from the expenditure surplus identified in Table 7.2 above. The residual expenditure identified when taking account of the turnover of commitments is then converted into a floorspace requirement using average sales densities of £8,000 per sq.m and £12,542 per sq.m at 2017, dependent on the nature of the convenience operator. The lower sales density is an average of the two principal discount foodstore operators (Aldi and Lidl) and the higher sales density is an average of the 'main four' foodstore operators (Asda, Morrisons, Sainsbury's and Tesco). The application of the two sales density figures provides a floorspace range, which gives an idea as to how the identified quantitative need could be met in practice.

7.17 Table 7.4 demonstrates that, in the short, medium and long term, there is very limited identified capacity for additional convenience goods floorspace within the Borough, equating to between 1,100 and 1,700 sq.m by 2033 but these longer-term forecasts should be treated with caution.

Table 7.4: Quantitative Need for Convenience Goods Floorspace in St. Helens Administrative Area After Account is Made for Commitments

Year	Convenience Goods				
	£m			Floorspace Requirement (sq.m net)	
	Surplus (£m)	Commitments (£m)	Residual (£m)	Min[1*]	Max[2*]
2017	48.5	48.6	-0.1	0	0
2018	46.7	48.6	-1.9	-100	-200
2023	47.4	48.5	-1.0	-100	-100
2028	51.7	48.7	3.0	200	400
2033	62.2	48.9	13.3	1,100	1,700

Source: Table 6c of Appendix 8
[1] Average sales density assumed to be £12,542 per sq.m at 2017 (based on the average sales density of the leading four supermarket operators as identified by Verdict 2017)
[2] Average sales density assumed to be £8,000 per sq.m at 2017 (based on the average sales density of discount food retailers)
2016 Prices

Capacity for Future Comparison Goods Floorspace in St. Helens – Based on Continuation of Current Market Share

7.18 Turning to comparison goods capacity, it is first important to note that our methodology deviates from that which has been deployed in respect of convenience goods for two principal reasons. Firstly, it can be extremely difficult to attribute an appropriate benchmark turnover to existing comparison goods provision. Secondly, there tends to be greater disparity between the trading performance of apparently similar comparison goods provision depending on its location, the character of the area and the nature of the catchment. Consequently, we adopt the approach with comparison goods floorspace that it is trading 'at equilibrium' at base year 2017 (i.e. our survey derived turnover estimate effectively acts as benchmark).

7.19 We assume that there is therefore a nil quantitative need for any additional floorspace across the St. Helens local authority area at 2017. Once again, we also assume that the future performance of St. Helens' comparison goods facilities will be commensurate with their current market share.

Baseline Quantitative Need for Additional Comparison Goods Floorspace

7.20 On this basis and given that the household survey identifies that St. Helens Borough claims a 44.4% market share of comparison goods expenditure, we estimate that £441.5m of comparison goods expenditure is claimed by comparison goods floorspace within the Borough at 2017. Our assessment 'rolls forward' the identified market share to examine the likely level of comparison goods floorspace required to maintain the role and function of the retail facilities in St. Helens going forward.

7.21 Given the forecast increases in comparison goods expenditure and population and allowing for year on year increases in the productivity of existing floorspace, we estimate that by 2023 there will be an expenditure surplus of £16.1m to support additional comparison goods floorspace within the Borough. As set out below at Table 7.7, this surplus is forecast to then increase sharply to £53.4m at 2028 and to £102.9m at 2033.

Table 7.7: Quantitative Need for Comparison Goods Floorspace in St. Helens Administrative Area

Year	Turnover of Existing Stores (£m)[1]	Available Expenditure (£m)[2]	Surplus Expenditure (£m)
2017	441.5	441.5	0.0
2018	445.5	443.6	-1.9
2023	496.7	512.8	16.1
2028	554.3	607.7	53.4
2033	618.0	720.9	102.9

Source: Table 26A of Appendix 8
[1] Benchmark turnover to increase in line with improvements in turnover efficiency set out in Table 4b of Experian Retail Planner 15 (December 2017)
[2] Assumes constant market share (44.4%) claimed by facilities within the Study Area
2016 Prices

Commitments for Additional Comparison Goods Floorspace

7.22 The above Table 7.7 does not take into account existing commitments from within the Borough. As indicated by Table 7.8 below, we estimate that these commitments will have a combined benchmark turnover of £27.6m if they were assumed to be operational at 2017.

Table 7.8: Extant Comparison Commitments within the St. Helens Administrative Area

Location	Planning Application Reference	Proposal	Net Comp Sales (sq.m)	Comp Sales Density (£ per sq.m)	Estimated T/O at 2017 (£m)
Linkway West	P/2013/0730	Mixed use development comprising class A1 retail uses, and/or class A3 retail uses, and/or class D2 leisure uses, car parking, landscaping, access arrangements and associated works.	2,692	5,000	13.46
449-453 Prescot Road St Helens	P/2015/0204	Demolition of existing building and erection of 3 no. retail units and a cafe / restaurant, plus associated parking.	243	4,000	0.97
Former Vulcan Works Wargrave Road, Newton Le Willows	P/2015/0297	Former Vulcan Works - Erection of Class A1 Store and Associated works (new Local Centre)	250	4,000	1.00
Park House 55 Higher Parr Street St Helens WA9 1AD	P/2015/0675	Change of use of existing doctors surgery to form 3 no. retail units with with new shop frontages.	186	4,000	0.74
Unit 11, Ravenhead Retail Park, Milverny Way	P/2016/0773/ FUL	Sub division of unit 11 (Currys) into 4no units, including 4no shopfronts and 4no mezzanine floors.	2,363	3,622	8.56
Pentagon Printing Co Ltd Park Road St Helens WA11 9AZ	P/2016/0175	Demolition of existing carwash and printers, and erection of foodstore, access, car parking, servicing, landscaping plus associated works including re-siting of existing sub station.	285	4,000	1.14
Atlas Street, St Helens	P/2016/0182/ OUP	Outline application for the erection of a retail food store with associated car parking, access and servicing.(all matters reserved except for access).	338	5,206	1.76
Total	-	-	6,357	-	27.63

Source: Table 26d of Appendix 8
2016 Prices

7.23 Based on the above, Table 7.9 below provides a summary of the estimated residual comparison goods expenditure after commitments are accounted for. At 2017, this equates to a -£27.6m deficit which reduces slightly to -£15.0m at 2023. However, by 2028 we estimate that there will be an expenditure surplus of £18.7m, increasing to £64.2m at 2033.

7.24 Table 7.9 translates the identified residual expenditure figures into floorspace requirements, using a minimum average sales density of £3,000 per sq.m and a maximum of £5,000 per sq.m. We consider the lower figure to be representative of what could be achieved in a smaller centre and the higher figure to be representative of the sales density that could be secured by additional comparison goods floorspace in or around St. Helens town centre.

7.25 At 2028, we estimate that there is a comparison floorspace requirement of between 3,000 and 6,200 sq.m, increasing to a requirement for between 9,200 sq.m and 21,200 sq.m at 2033. Whilst these longer term forecasts should be treated with caution, the figures do demonstrate that within the medium to long term, there is a significant capacity for additional comparison floorspace within the Borough.

Table 7.9: Quantitative Need for Comparison Goods Floorspace in St. Helens Administrative Area After Account is Made for Commitments

Year	Comparison Goods				
	£m			Floorspace Requirement (sq.m net)	
	Surplus	Extant	Residual	Min[1*]	Max[2*]
2017	0.0	27.6	-27.6	-5,500	-9,200
2018	-1.9	27.9	-29.8	-5,900	-9,800
2023	16.1	31.1	-15.0	-2,700	-4,900
2028	53.4	34.7	18.7	3,000	6,200
2033	102.9	38.7	64.2	9,200	21,200

Source: Table 26c of Appendix 8
[1] Average sales density assumed to be £5,000 per sq.m at 2017, which we consider to be towards the higher end of what could be achieved 'in centre' in the Study Area
[2] Average sales density assumed to be £3,000 per sq.m at 2017, which we consider to be towards the lower end of what could be achieved in the Study Area
2016 Prices

Summary

7.26 Our analysis of the current trading performance of the retail destinations within the Study Area, coupled with an assessment of the expected level of population and expenditure growth over the next 16 years, demonstrates that, in the short to long term, there is no quantitative requirement for any additional convenience goods floorspace within the Borough. By 2033, there is a limited capacity for additional convenience floorspace which could be absorbed by small format stores or one discount operator, but these figures should be viewed with caution and are likely to be absorbed by incremental small format convenience developments over the plan period within the Borough.

7.27 Turning to the capacity for additional comparison floorspace within the Borough, we believe that there will be a requirement for additional floorspace from 2028 onwards. Whilst we estimate that this requirement will correspond to a need for between 9,200 sq.m and 21,200 sq.m at 2033, we once again reiterate that long term estimates should be viewed with caution due to the difficulties in predicting the economy's performance over time.

7.28 In addition, in considering the identified need, it is relevant to note the weakening of the town centre's comparison goods market share in recent years. Accordingly, in line with 'town centre first' principles, it will be important to try and accommodate much of this additional floorspace within St. Helens town centre.

8.0 Commercial Leisure

8.01 Our approach to the assessment of quantitative need in the leisure market necessarily departs from our retail methodology for a number of reasons, including the fragmentation of the market and the limited availability of accurate data. However, the household survey undertaken to inform the Study asked respondents questions about their use of commercial leisure facilities and, through reference to market share, we are therefore able to form a view as how St. Helens currently meets the needs of their population in relation to the bingo, cinema, ten-pin bowling and health and leisure centre sectors.

8.02 We also use national statistics in respect of the typical level of provision of specific types of facilities to assist our judgement in respect of the likely future need for additional facilities in the authority area. By reference to estimated increases in the Study Area population, this 'benchmarking' exercise informs our judgement in respect of the likely future need for additional commercial leisure facilities in the Study Area.

8.03 For each leisure sector, we consider the current broad patterns of existing use, before then assessing the quantitative need for additional facilities.

Participation Rates

8.04 The Household Survey asked respondents which leisure activities they participate in. Within the Study Area as a whole, the most popular leisure activity mentioned by respondents was visiting restaurants (which 63.8% of respondents visit), followed by pubs/bars (47.1%), visiting the cinema (41.5%) and visiting the theatre/concert halls (37.6%). Only 6.6% of respondents stated that they visit social clubs, while only 5.7% of respondents stated that they participate in bingo.

Table 8.1: Participation Rates

Leisure Activity	Participation Rate
Restaurant	63.8%
Pub / Bars	47.1%
Cinema	41.5%
Theatre / concert hall	37.6%
Museum / art galleries	21.8%
Health & fitness	21.1%
Leisure centre activities	14.6%
Ten pin bowling	13.2%
Nightclub	6.7%
Social club	6.6%
Bingo	5.7%

Question 36 of Household Survey, Appendix 2

Bingo

8.05 The St. Helens administrative area currently accommodates two permanent bingo halls, these being the Mecca Bingo on Moss Lane in St. Helens and the Hippodrome Bingo on Corporation Street in St. Helens. The Mecca Bingo hall appears to be the most popular of the as it attracts 34.7% of bingo trips which originate within the Study Area, which compares to the 12.5% market share claimed by the Hippodrome Bingo.

8.07 As Table 8.2 indicates, other facilities within the St. Helens administrative area operate on a more occasional basis in social clubs and pubs. Outside of the Study Area, relatively popular bingo facilities comprise Gala Bingo in Widnes, Club 3000 in Liverpool, Gala Bingo at Cockhedge Shopping Centre in Warrington and Gala Bingo in Wigan, which respectively account for 8.3%, 5.8%, 7.1% and 7.0% of all trips to play bingo that originate from within the Study Area.

Table 8.2: Market Share of Facilities for Bingo Hall Visits (%)

Zone	Address	1	2	3	4	5	6	Total
	Study Area							
1	Mecca, Moss Lane, St. Helens	32.4%	33.3%	17.0%	45.2%	14.6%	76.3%	34.6%
	Opera Bingo, Hippodrome, Corporation Street, St. Helens	31.4%	10.6%	12.9%	5.9%	0.0%	0.0%	12.5%
	Clock Face, St. Helens	0.0%	0.0%	0.0%	0.0%	0.0%	15.6%	1.7%
	St. Helens town centre	9.7%	0.0%	0.0%	0.0%	0.0%	0.0%	2.6%
	Sutton local centre	3.8%	0.0%	0.0%	0.0%	0.0%	0.0%	1.0%
2	Ashton-in-Makerfield	0.0%	5.3%	0.0%	0.0%	0.0%	0.0%	1.0%
	Bryn Labour Club, Wigan Road, Wigan	0.0%	5.3%	0.0%	0.0%	0.0%	0.0%	1.0%
3	Earlestown town centre	0.0%	0.0%	15.2%	0.0%	0.0%	0.0%	1.3%
5	Prescot town centre	0.0%	0.0%	0.0%	0.0%	5.8%	0.0%	1.1%
6	Rainhill district centre	3.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.8%
	Other Authority Areas							
OSA	Gala Bingo, Windmill Centre, Lugsdale Road, Widnes	9.9%	0.0%	0.0%	0.0%	30.0%	0.0%	8.3%
	Other, North West (Halton)	0.0%	0.0%	0.0%	0.0%	5.8%	0.0%	1.1%
	Club 3000, Poplar Bank, Liverpool	0.0%	0.0%	0.0%	0.0%	30.7%	0.0%	5.8%
	Other, North West (Knowsley)	9.9%	0.0%	0.0%	0.0%	0.0%	0.0%	2.7%
	Mecca Bingo, Prescot Road, Liverpool	0.0%	0.0%	0.0%	5.9%	13.1%	0.0%	3.5%
	Mecca, Sale	0.0%	0.0%	54.8%	0.0%	0.0%	0.0%	4.8%
	Gala Bingo, Cockhedge Shopping Park, Prince Henry Square, Warrington	0.0%	0.0%	0.0%	42.9%	0.0%	0.0%	7.1%
	BJ's Luxury Bingo, Ellesmere Street, Leigh	0.0%	12.0%	0.0%	0.0%	0.0%	0.0%	2.2%
	Gala Bingo, Anjou Boulevard, Robin Park, Wigan	0.0%	33.6%	0.0%	0.0%	0.0%	8.1%	7.0%

Source: Question 45 of Household Survey, Appendix 2. Includes all responses located within Study Area and those receiving more than 1.0% of total market share of trips outside Study Area.
Note: 'OSA' relates to facilities outside of the Study Area

8.04 The Study Area has a total estimated population of 358,067 at 2017, increasing to 380,728 at 2033. Mintel report[14] that there were 354 bingo halls in the UK at March 2015, which applying the Office for

[14] 'Casinos and Bingo', Mintel, March 2015

National Statistics' estimated population of the UK of 65.1 million (for June 2015)[15], suggests that each hall is supported by a catchment of 183,898 persons or thereabouts. Accordingly, we estimate that, on this basis, the Study Area population could support 2.0 bingo clubs at 2016, increasing to 2.1 bingo clubs at 2033.

8.05 In terms of the existing provision in the Study Area, it should be noted that the Mecca bingo hall within St. Helens is relatively big and is purpose built, and that Opera Bingo (at the Hippodrome on Corporation Street) also meets residents' needs. Accordingly, the current provision within St. Helens is considered to be appropriate.

8.06 Furthermore, it should also be noted that the bingo market has been significantly affected by the 2007 ban on smoking in enclosed public places, an increase in the proliferation of fixed odd gaming machines, and an increase in online gambling. However, recent reports indicate that the industry has begun to stabilise, supported by the Government halving Bingo Duty from July 2014 and a shift towards a refreshed and younger customer base. Mintel[16] forecasts modest year on year market growth of around 1% over the coming years with consumer expenditure of £690m at 2014 increasing to £728m at 2019.

8.07 As a consequence of this, new bingo hall openings are few and far between and we therefore do not consider it likely that there will be any change to current provision in the Study Area in the foreseeable future. Accordingly, we do not consider it necessary to plan for additional provision in the period to 2033, but instead recommend that, should any proposals for such development be forthcoming, they are judged on their own merit in accordance with relevant town centre planning policy at the time of an application's submission.

Table 8.3: Bingo Hall Requirement in Study Area

Year	Study Area Population	Typical Population Required to Support Hall	Potential Number of Clubs Supported by Study Area	Study Area Custom Claimed by St. Helens	Potential Number of Clubs Supported in St. Helens
2017	358,067	183,898	2.0	180,544	1.0
2018	359,725	183,898	2.0	181,286	1.0
2023	368,001	183,898	2.0	184,863	1.0

[15] As identified by the National Population Projections: 2014 based projections, Office for National Statistics, published October 2015
[16] 'Casinos and Bingo', Mintel, March 2015

2028	374,698	183,898	2.0	187,466	1.0
2033	380,728	183,898	2.1	189,763	1.0

Note: Typical population to support a bingo hall derived from the Government's estimation (set out the HM Treasury announcement titled 'Budget bingo tax to create and save hundreds of jobs and revitalise industry' of March 2014) and the Office of National Statistics UK population projection of 65.1 million persons at June 2015

Cinema

8.08 As set out below at Table 8.3, the results of the household survey indicate that the Cineworld Cinema on Chalon Way in St. Helens within Zone 1 is the single most popular facility, securing 61.2% of trips to the cinema which originate within the Study Area. This is followed by the Odeon in the Westbrook Centre in Warrington, which attracts 21.6% of trips. Within Zone 1, 89.2% of trips are to the Cineworld on Chalon Way which suggests that it is able to meet most local needs.

8.09 Looking outside the Study Area, 3.6% of trips are to the Reel Cinema in Widnes and 3.3% to the Empire Cinema in Wigan. Overall, a total of 14.5% of trips from within the Study Area are to destinations outside of the Study Area.

Table 8.4: Study Area Market Share for Cinema Visits (%)

Zone	Address	1	2	3	4	5	6	Total
	Study Area							
1	Cineworld, Chalon Way, St. Helens	89.2%	71.5%	25.9%	2.3%	69.6%	88.4%	61.2%
	Other Authority Areas							
4	Odeon, Westbrook Centre, Cromwell Avenue, Warrington	4.4%	1.4%	54.1%	84.2%	4.2%	0.0%	21.6%
OSA	Reel Cinemas, Earl Road, Widnes	1.3%	0.6%	0.0%	3.4%	17.7%	0.0%	3.6%
	Odeon, Allerton Road, Liverpool	0.0%	0.0%	0.0%	0.0%	2.3%	7.3%	1.2%
	Odeon, Paradise Street, Liverpool	1.9%	0.5%	2.4%	0.0%	4.1%	0.0%	1.3%
	Odeon, The Printworks, 27 Withy Grove, Manchester	0.0%	0.0%	1.2%	5.3%	0.0%	1.1%	1.2%
	Odeon, 201 The Dome, Trafford Centre, Manchester	0.0%	5.0%	10.3%	1.2%	0.0%	0.0%	2.2%
	Cineworld, Spinning Jenny Way, Leigh	0.0%	5.3%	3.7%	0.0%	0.0%	0.0%	1.6%
	Empire Cinemas, Anjou Boulevard, Robin Park, Wigan	0.4%	12.8%	0.0%	0.0%	0.0%	1.1%	3.3%

Source: Question 38 of Household Survey, Appendix 2. Includes all responses located within Study Area and those receiving more than 1.0% of total market share of trips outside Study Area
Note: 'OSA' relates to facilities outside of the Study Area

8.10 The cinema sector has struggled over the last five years with falling admissions. Admissions of 158 million in 2014 represented a decline of 8% from that of 2011[17]. However, with the economy improving and a series of high profile releases scheduled, it is expected that the sector will return to growth in 2016. Admissions for 2015 were estimated to be 173 million, forecast to rise to 175 million in 2020 through modest growth[18]. In terms of facilities, the number of cinemas in the UK experienced gradual decline between 2010 and 2014 during the economic downturn. However, 2015 saw a return to investment, with the total number of UK cinema sites increasing from 743 at the end of 2014 to 757 in 2015.

8.11 Once again, we estimate that the Study Area has a total estimated population of 358,067 at 2017, increasing to 380,728 at 2033. The Mintel Cinema Market report of November 2015 estimates that the UK population on average visits a cinema 2.7 times per annum and that each cinema screen attracts around 42,927 separate admissions.

8.12 Based on the estimated population within the Study Area at 2017, we have calculated that the population could support 22.5 screens at 2017, increasing to 23.9 screens at 2033.

8.13 There are two cinemas within the Study Area; the Cineworld at Chalon Way in St. Helens has 11 screens and the Odeon at Cromwell Avenue in Warrington has 10 screens. Accordingly, the level of provision throughout the Study Area is in line with expectations. We do not consider there to be a pressing quantitative need for an additional cinema over the forthcoming plan period, and do not consider it necessary to plan for additional provision in the period to 2033. Once more, should any such proposals be forthcoming, they should be judged on their own merit in accordance with relevant town centre planning policy.

Table 8.5: Cinema Screen Requirement in Study Area

Year	Study Area Population	Number of Cinema Visits Per Person	Attendance	Number of Admissions Required to Support Screen	Screens Supported
2017	358,067	2.7	966,781	42,927	22.5
2018	359,725	2.7	971,258	42,927	22.6
2023	368,001	2.7	993,603	42,927	23.1

17 'Cinemas', Mintel, November 2014
18 'Cinemas', Mintel, November 2015

2028	374,698	2.7	1,011,685	42,927	23.6
2033	380,728	2.7	1,027,966	42,927	23.9

Note: Number of cinema visits per person and trips required to support cinema screen derived from Mintel Cinemas report (November 2015)

Ten Pin Bowling

8.14 There is a single ten pin bowling alley within the Study Area, this being the LA Bowl at Chetham Court in Warrington (located in Zone 4, but outside of the St. Helens administrative boundary). Accordingly, there is currently no ten pin bowling facility within the St. Helens administrative area. However, we are aware of the extant planning permission reference P/2016/0377 which provides for a bowling alley (together with retail and food and drink development) at Westpoint off Linkway.

8.15 Given the current lack of provision in St. Helens, it is unsurprising that the LA Bowl is the most popular ten pin bowling destination, attracting 37.4% of all bowling trips that originate within the Study Area.

8.16 Other ten pin bowling alleys outside of the Study Area which also attract trips from residents from the six zones are the Widnes Superbowl (which secures a Study Area market share of 28.2% of such trips), the AMF Bowling in Wigan (19.7%) and the Hollywood Bowl in Liverpool (7.5%). Overall, a total of 61.3% of trips originating from within the Study Area travel to destinations outside.

Table 8.6: Study Area Market Share for Ten Pin Bowling Visits (%)

Zone	Address	1	2	3	4	5	6	Total
	Other Authority Areas							
4	La Bowl, Chetham Court, Warrington	20.1%	20.4%	80.3%	87.5%	16.8%	23.0%	37.4%
OSA	Widnes Superbowl, The Hive, Earle Road, Widnes	63.2%	11.7%	0.0%	2.4%	47.8%	26.0%	28.2%
	Hollywood Bowl, Edge Lane Retail Park, Liverpool	1.7%	0.0%	0.0%	0.0%	35.4%	19.9%	7.5%
	Premier Bowl, Ocean Plaza, Marine Drive, Southport	4.4%	0.0%	0.0%	0.0%	0.0%	19.9%	4.0%
	Namco Funscape, The Trafford Centre, Trafford	0.0%	0.0%	19.7%	0.0%	0.0%	0.0%	2.0%
	AMF Bowling, Wallgate, Wigan	10.7%	67.9%	0.0%	2.4%	0.0%	11.2%	19.7%

Source: Question 41 of Household Survey, Appendix 2. Includes all responses located within Study Area and those receiving more than 1.0% of total market share of trips outside Study Area
Note: 'OSA' relates to facilities outside of the Study Area

8.17 The tenpin bowling sector in general has experienced decline over the last ten years, with a gradual decline in the number of facilities. In the recent short term the market has shown positive signs, with Mintel[19] forecasting modest market growth equivalent to approximately 4% per annum between 2015 and 2018. An alternative business model has recently developed for in-centre 'boutique' bowling facilities, with a greater focus on food and beverage as a fashionable alternative to the traditional family orientated bowling experience. This business model has potential to support the evening economy within towns and cities as an alternative use for struggling night clubs venues, where the market has been found to have contracted in recent years. Participation of tenpin bowling is found to have remained relatively popular amongst both young adults and families. Mintel identifies that 52% of 16 to 24 year olds visited a bowling alley within the last year, with this reducing to 50% of those aged between 25 to 34 and 39% of those aged 35 to 44, with participation levels reducing significantly within older age groups.

8.18 In terms of the expected benchmark level of provision, we note that the Mintel Tenpin Bowling report of May 2014 identified that there were 5,617 bowling lanes across the UK in 2014. Given that the UK population at 2014 was approximately 64.6 million[20], this equates to one lane for every 11,500 persons. Based on the estimated population within the Study Area at 2017, the level of ten pin lanes which could be support is 31.1 at 2017, rising to 33.1 at 2033. Looking at the proportion of the population within the St. Helens administrative area specifically, we have calculated that the population would support 15.7 lanes at 2017, rising to 16.5 lanes at 2033. The proposed scheme at Westpoint is expected to deliver six bowling lanes if it is delivered. As such, there is still a theoretical deficiency in the number of lanes available within the Borough. However, we do not anticipate that there will be any additional operator interest in the short term (at least until the Westpoint scheme has 'bedded in') and we therefore do not believe that it is necessary for the Council to plan for any further development.

Table 8.7: Ten Pin Bowling Requirement in Study Area

[19] 'Tenpin Bowling', Mintel, May 2014
[20] As identified by the Office for National Statistics' Population Estimates for UK, England and Wales, Scotland and Northern Ireland, Mid-2014, June 2015

Year	Study Area Population	Typical Population Required to Support One Ten Pin Lane	Potential Number of Ten Pin Lanes Supported by Study Area	Study Area Custom Claimed by St. Helens	Potential Number of Ten Pin Lanes Supported in St. Helens
2017	358,067	11,500	31.1	180,544	15.7
2018	359,725	11,500	31.3	181,286	15.8
2023	368,001	11,500	32.0	184,863	16.1
2028	374,698	11,500	32.6	187,466	16.3
2033	380,728	11,500	33.1	189,763	16.5

Note: Typical number of persons required to support a bowling lane derived from Mintel Tenpin Bowling report of July 2014

Health and Fitness Centres

8.24 In the health and fitness sector, the number of local authority owned leisure centres and swimming pools has generally increased in the past few years, although with reductions to their sport and leisure funding budgets local authorities are increasingly being required to adopt more commercial approaches. Mintel[21] records that, at June 2015, 33% of adults were found to use a local authority owned health centre or swimming pool. This is a reduction from the figure of 40% recorded in 2013, although operator data suggests that admissions have remained resilient overall, pointing to losses being concentrated around more casual users (who visit less often). The replacement of aging facilities to allow local authority facilities to continue to compete with private facilities remains a key challenge.

8.25 Research by the Leisure Database Company[22] indicates that the private health and fitness sector had a market value of approximately £3.9 billion in March 2012, an increase of 1.5% over the previous twelve month period. Mintel[23] also notes that, whilst only 12% of adults currently use a private health and fitness club, the potential for a further expansion of the market remains strong. Perhaps unsurprisingly the 16 to 24 and 25 to 34 age groups have the highest participation rates, with 19% and 18% respectively of the population within these age groups visiting private health clubs, with participation dropping off quickly within older age groups.

[21] 'Leisure Centres and Swimming Pools', Mintel, September 2015
[22] 'State of the UK Fitness Industry', The Leisure Database Company, June 2013
[23] 'Health and Fitness Clubs', Mintel, July 2015

8.26 The composition of the private health and fitness sector has experienced great change in recent years with the rise of budget gym operators presenting a challenge to the more long established key players. Mintel[12] indicates that the market has expanded significantly with a shift towards budget operators bringing possibilities for more convenient access and affordability for the customers. Budget operator Pure Gym has expanded to become the market leader both in terms of number of members (520,000) and clubs (99), more than doubling the size of its estate between 2012 and 2013. At the same time Pure Gym's main competitor, The Gym, has also greatly increased its membership (350,000) and number of clubs (63). David Lloyd Leisure and Virgin Active Group remain the largest 'full service' health club chains with 440,000 and 400,000 members respectively. Mintel has predicted 6% growth for the private sector health and fitness market up to 2018, to reach a value of £2.8 billion in 2020.

8.27 Looking at the household survey data relating to the current preferences in terms of health and fitness centres across the Study Area, Table 8.8 below provides the most popular destinations.

Table 8.8: Principal Health and Fitness Destinations in the Study Area

Zone	Destination	Market Share by Zone						
		1	2	3	4	5	6	Total
	Study Area							
1	Queens Park Health & Fitness, Boundary Road, St. Helens	26.8%	12.4%	0.0%	0.0%	13.8%	23.3%	14.3%
1	Sports Direct, St. Helens	16.4%	8.8%	0.0%	0.0%	3.7%	21.4%	9.3%
1	Xercise4less, Boundary Road, St. Helens	15.1%	5.5%	0.0%	0.0%	0.0%	0.0%	4.9%
1	DW Fitness, Ravenhead Retail Park, St. Helens	3.6%	4.0%	5.5%	1.0%	1.9%	11.0%	4.1%
	Other Authority Areas							
2	Ashton Leisure Centre, Ashton-in-Makerfield	0.0%	16.6%	0.0%	0.0%	0.0%	3.9%	4.8%
4	Orford Jubilee Neighbourhood Hub, Jubilee Way, Warrington	0.0%	2.2%	18.4%	14.0%	0.0%	0.0%	4.3%
4	Pure Gym, Chetham Court, Warrington	0.0%	0.0%	22.0%	12.2%	0.0%	0.0%	3.6%

8.28 Table 8.8 above demonstrates that the Queens Park Health and Fitness Club, located on Boundary Road in Zone 1, is the most popular destination across the whole Study Area for health and fitness visits. A total of 14.3% of all respondents throughout the Study Area who stated that they visited a health and fitness club confirmed that this was the destination that they visited last. Zones 1 and 6 have the highest proportion of respondents who visited this facility last, with Queens Park Health & Fitness securing respective market shares of 26.8% and 23.3% in these zones. The Sports Direct in St. Helens town centre is the second most popular health and fitness venue, securing a 9.3% overall market share.

8.29 Overall, the proportion of the market share retained within the Study Area is 73.9%, with approximately 58.3% of such trips being directed towards facilities within the St. Helens administrative boundary. Facilities within Zone 1 attract 46.3% of the market share overall.

8.30 There is a good provision of health and fitness clubs across the administrative area, with a range of national multiples and independent operators. From an audit of available facilities, it appears that provision is appropriately distributed throughout St Helens' key settlements and, as such, St Helens appears to be relatively well provided for in terms of indoor health and fitness facilities.

8.31 Accordingly, whist there does not appear to be a pressing need to allocate additional land for such leisure uses, it is considered that proposals for new indoor sports, health and fitness provision should be considered positively, provided that they are in accordance with the provisions of the development plan and national planning policy.

Food and Drink

8.32 Consumer spending on eating out through visits to restaurants and takeaways is recognised as a sector which has performed well during the economic downturn. Mintel[24] identifies that the eating out market grew by around 9% between 2013 and 2015, to an estimated £34 billion, and predict that the market will continue to experience grow, estimated at approximately 17% in the period up to 2019, buoyed by improved consumer confidence and increased participation at takeaway outlets such as coffee shops. The emergence into the restaurant market of multiple new specialist operators, many with significant plans for expansion has increased opportunities for landlords to provide a diverse and distinct food offer. Established chains with a strong identity such as Wagamama, YO! Sushi and Byron are all examples who have recently significantly expanded their presence (Wagamama opened 21 new restaurants between 2013 and 2015, Byron opened 20 and YO! Sushi opened 12).

8.33 A recent report by Savills[25] entitled 'Casual Dining in the UK' has found that casual dining brands in the UK, which operate from under 25 sites, such as Wahaca and Cau, have grown by 39% over the past three years. The report identifies that such dining brands, in combination, have opened 489 new

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[24] 'Eating Out Review', Mintel, June 2015
[25] Casual Dining in the UK, Savills, June 2016

outlets across the UK. This emphasises the popularity and growth of smaller chains, a trend which has led to increased diversity and consumer choice across the sector. During the same time period brands providing a larger number of outlets such as Pizza Express, Prezzo and Nandos, have grown by 13%. In terms of the casual dining market as a whole, Savills identifies that 80% is made up of brands with fewer than 25 restaurants. The Savills report also identifies that there has been growth in different cuisines, with North American, Caribbean and Thai cuisines increasing in popularity.

8.34 Within the public house (licensed) sector, despite significant pub closures in recent years, there is reason for optimism within this sector. The introduction of a market rent-only option for many tenants in 'tied' agreements with the large pub companies looks set to lead to significant change[26]. Visitor numbers have been found to be stable, with the industry expected to experience modest growth in the period to 2019. Mintel identify that some 64% of adults visited a pub or bar in 2014/15 for a drink, with the 18 to 24 age group found to be most likely to drink in pubs or bars on a weekly basis. The cask ale market in particular is reported to have grown by 29% since 2010[27]. Nevertheless, a quality food offer has become increasingly important within the sector, as the contribution which food sales makes to pub revenues has increased steadily over a prolonged period.

8.35 In terms of those respondents to the household survey who undertake restaurant visits, the most popular destination for such trips is St. Helens town centre which attracts 25.1% of the market share from residents residing in the Study Area. Within Zone 1, 47.5% of residents' state that they last visited St. Helens town centre to go to a restaurant, this reduces to 33.6% for Zone 6 residents and 32.5% for Zone 2 residents. Outside of the Study Area, 18.0% of the market share is to facilities in Liverpool city centre, of which Zone 5 has the highest proportion travelling to the city centre, with 42.9% of all trips to restaurants from residents of that zone being directed to Liverpool.

8.36 Respondents to the household survey were also asked if they visit bars, pubs and night clubs. The most popular destination for visiting such establishments was St. Helens town centre, which attracts a market share of 26.5% overall.

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[26] 'Pub Visiting' Mintel, May 2015
[27] 'The Cask Report 2015-16', Cask Matters, September 2015

8.37 The existing provision of food and drink establishments within St Helens town centre is relatively good, with both national multiple and independent operators currently present. However, due to proportions of residents' currently travelling to Liverpool city centre we do consider that there is an opportunity to enhance this further with positive planning for such uses, and we believe that there may be potential to accommodate additional food and drink operators in St Helens' centres and that to do so may have some indirect benefits for other operators. Accordingly, we recommend that proposals for such uses be dealt with in a positive and proactive manner (considering town centre policy requirements).

Summary

8.38 Within St. Helens Borough, there is a limited requirement for additional commercial leisure facilities based on our assessment. In terms of bingo halls and cinema screens we believe there to be limited requirement for any additional facilities within the Borough. Whilst there is a clear demand for a new ten-pin bowling facility (due to the lack of any such facility within the Borough), we note the existing planning permission at Westpoint will provide a ten-pin bowling alley and we consider it unlikely that there will be further demand from operators, at least in the short term.

8.39 Looking at the current facilities within the town centre and the responses from the in-street surveys as summarised in Section 4 above, we believe that there may be a requirement for additional restaurant facilities within the Borough and particularly within St. Helens town centre. Again, Westpoint will go some way to delivering such facilities, but we recommend that opportunities to bring forward additional quality food and drink uses within the town centre (to provide for its diversification and future vitality and viability) are investigated.

9.0 Key Findings and Recommendations

Introduction

9.01 Paragraph 23 of the NPPF requires local planning authorities to promote competitive town centres by, *inter alia*:

- recognising town centres as the heart of their communities and by pursuing policies to support their vitality and viability;
- defining a network and hierarchy of centres that is resilient to anticipated future economic changes;
- promoting competitive town centres that provide customer choice and a diverse retail offer;
- retain and enhance existing markets and, where appropriate, re-introduce or create new ones, ensuring that markets remain attractive and competitive; and
- undertake an assessment of the need to expand town centres.

9.02 Each of the above requirements is considered below in relation to the St. Helens administrative area in the context provided by this Study. Our recommendations in respect of St. Helens' future retail and town centre strategy seek to address the requirements set out in the original Retail and Leisure Study Tender Brief of February 2016.

Summary of Identified Need and Recommendations in Respect of the **Council's Future Retail and Town Centre Strategy**

9.03 The household survey, undertaken in July 2016, identified that St. Helens Borough claims a market share of 55.5% of convenience goods expenditure and 44.4% of comparison goods expenditure which originates within the Study Area at 2017.

9.04 The floorspace requirements identified in this Study – which are summarised below – are of some relevance to the determination of future planning applications for new retail floorspace in the Borough.

9.05 However, whilst any level of identified quantitative need has some relationship to the test of impact, it is necessary to be mindful that 'need' is no longer a direct planning test. Accordingly, identified floorspace requirements should not be considered a 'cap' on appropriately located development.

Instead, proposals that come forward should be assessed against the relevant policies of the NPPF and the development plan.

Convenience Goods Floorspace Requirement

9.06 In terms of convenience goods, based on the retention of St. Helens' existing convenience goods market share of 55.5% in the period to 2033, in the short, medium and long term, there is very limited identified capacity for additional convenience goods floorspace within the Borough. By 2033, we identify a capacity for between 1,100 and 1,700 sq.m of additional convenience floorspace, but these longer term forecasts should be viewed with caution and are likely to be absorbed by incremental developments across the Borough over the plan period in any event.

Table 9.1: Quantitative Need for Convenience Goods Floorspace in St. Helens Borough

	2018 (sq.m)	2023 (sq.m)	2028 (sq.m)	2033 (sq.m)
Minimum Convenience Goods Requirement	-800	-100	200	1,100
Maximum Convenience Goods Requirement	-1,600	-200	400	1,700

9.07 In terms of the spatial distribution of foodstores across the Borough, we do not consider that there are any significant gaps in provision which need to be responded to, as the existing foodstores are reasonably well distributed across the Borough. There is a reasonable representation from different fascias across the Borough, including from each of the 'main four' supermarkets, discount retailers and higher end foodstores. However, it is evident that discount foodstore are trading particularly strongly and we anticipate that further interest from this sector may be forthcoming in the future.

Comparison Goods Floorspace Requirement

9.08 In terms of comparison goods, we identify a requirement for between 3,000 sq.m and 6,200 sq.m of additional comparison goods sales floorspace at 2028 (again, depending on format and operator), after account has been taken of existing commitments. This is forecast to increase to between 9,200 sq.m and 21,200 sq.m at 2033.

9.09 The market share of comparison expenditure claimed by facilities within St. Helens Borough is supported by the strong performance of the two retail parks. The change in the character of the retail offer at the retail parks (particularly Ravenhead Retail Park) has created strong retail destinations with a much wider appeal than their original 'bulky goods' offer. Whilst this has helped retain expenditure locally, it is evident that the growth in the sale of non-bulky items needs to be carefully monitored in the future to ensure that the further growth and expansion of the town centre is not compromised.

9.10 Although it is considered that the Council should seek to plan for the reuse, refurbishment or redevelopment of the existing vacant units in the town centre wherever possible in order to accommodate this comparison goods requirement in the first instance, it is apparent that the demand for small scale retail units is currently limited. As such, the Council may wish to develop incentives to encourage more independent operators to locate in the small scale units within the town centre.

9.11 If the Council wishes to attract additional national comparison goods operators to St. Helens, it is likely that further medium to large scale retail units would be required. However, the demand from national multiple comparison goods operators is likely to be limited in the short term, and consideration should be given to the type of medium-term development which can provide new, larger format accommodation to cater for national multiples.

Table 9.2: Quantitative Need for Comparison Goods Floorspace in St. Helens' **Catchment Post** Commitments

	2018 (sq.m)	2023 (sq.m)	2028 (sq.m)	2033 (sq.m)
Minimum Comparison Goods Requirement	-5,900	-2,700	3,000	9,200
Maximum Comparison Goods Requirement	-9,800	-4,900	6,200	21,200

Leisure Strategy

9.12 We consider there to be a limited requirement for additional commercial leisure facilities based on the results of the household survey and the existing facilities available to residents within the Borough. In terms of bingo halls and cinema screens in particular, we believe there to be limited requirement for any additional facilities within the Borough. Whilst there is a clear demand for a new ten-pin bowling facility (due to the lack of any such facility within the Borough), we note the existing planning permission at Westpoint will provide a ten-pin bowling alley and we consider it unlikely that there will be further demand from operators, at least in the short term.

9.13 Looking at the current facilities within the town centre and the responses from the in-street surveys, we believe that there may be a requirement for additional restaurant facilities within the Borough and particularly within St. Helens town centre. Again, Westpoint will go some way to delivering such facilities, but we recommend that opportunities to bring forward additional quality food and drink uses within the town centre (to provide for its diversification and future vitality and viability) are investigated.

Proposed Network of Centres in St. Helens

9.14 In drawing up Local Plans, Paragraph 23 of the NPPF requests that LPAs define a network and hierarchy of centres that is resilient to anticipated future economic changes. A plan showing the existing spatial distribution of the defined centres is included at Appendix 9.

9.15 In the absence of any definition to rely on in either the NPPF and or the associated 'Ensuring the Vitality of Town Centres' Planning Practice Guidance, the definition of different tiers of the retail hierarchy provided by the now superseded Planning Policy Statement 4: Planning for Sustainable Economic Growth (PPS4) remains of some relevance. In respect of the definition of town centres, district centres and local centres, PPS4 states the following:

'Town centres will usually be the second level of centres after city centres and, in many cases, they **will be the principal centre or centres in a local authority's area. In rural areas they are likely to be** market towns and other centres of similar size and role which function as important service centres, providing a range of facilities and services for extensive rural catchment areas. In planning the future of town centres, local planning authorities should consider the function of different parts of the centre and how these contribute to its overall vitality **and viability. In London the 'major' and many of the 'district' centres identified in the Mayor's Spatial Development Strategy typically** perform the role of town centres.

District centres will usually comprise groups of shops often containing at least one supermarket or superstore, and a range of non-retail services, such as banks, building societies and restaurants, as well as local public facilities such as a library.

Local centres include a range of small shops of a local nature, serving a small catchment. Typically, local centres might include, amongst other shops, a small supermarket, a newsagent, a sub-post office and a pharmacy. Other facilities could include a hot-food takeaway and launderette. In rural areas, large villages may perform the role of a local centre.

Small parades of shops of purely neighbourhood significance are not regarded as centres for the purposes of this policy statement.'

9.16 Experian[28] defines the multi-functional offer of a city or town as including residential, public service, leisure and entertainment, commercial and cultural facilities (amongst others). Appendix 2 of the NPPF defines 'main town centre uses' as:

'Retail development (including warehouse clubs and factory outlet centres); leisure, entertainment facilities the more intensive sport and recreation uses (including cinemas, restaurants, drive-through restaurants, bars and pubs, night-clubs, casinos, health and fitness centres, indoor bowling centres, and bingo halls); offices; and arts, culture and tourism development (including theatres, museums, galleries and concert halls, hotels and conference facilities).'

9.17 In accordance with the findings of this Study, and in the context provided by these definitions, we recommend the Council retains St. Helens at the top of the hierarchy as the main town centre. We consider St. Helens continues to perform a vital role for residents of the Borough and despite the overall decline in the vitality and viability and market share, the town centre has an important role and contains a good representation of retail, leisure, and civic uses that to cater the need of the Borough's residents. Furthermore, it will be important to ensure that any new development, if it materialises, is directed towards St. Helens town centre in the first instance so as to help to reclaim some of the market share which has been lost, particularly in relation to comparison goods.

9.18 Our healthcheck analysis of the other existing defined centres within the Borough demonstrates that Earlestown, whilst lacking the comparison goods offer that one would generally associate with a town centre, still performs an important role in the eastern urban area of the Borough and is significantly larger than the two defined district centres. We therefore consider that Earlestown remains designated as a town centre, albeit below St. Helens town centre in the Borough's hierarchy.

9.19 Turning to district and local centres, we broadly consider that the current designations are appropriate. However, we do recommend that Chancery Lane's is de-designated due to the decline in retail, leisure and service uses over the past 10 years.

9.20 As a consequence of these recommendations, our proposed hierarchy and network of centres for St. Helens is provided below.

- Tier 1: St. Helens town centre

[28] 'Town Centre Futures 2020', Experian, September 2012

- Tier 2: Earlestown town centre
- Tier 3: District centres – Rainhill and Thatto Heath
- Tier 4: Local Centres – Billinge, Chain Lane, Clipsley Lane, Denton's Green, Eccleston, Fingerpost, Marshall's Cross, Newton-le-Willows, Newtown, Rainford, Sutton

Recommended Local Impact Threshold

9.21 In accordance with the requirements of paragraph 26 of the NPPF, it is appropriate to identify thresholds for the scale of edge of centre and out of centre retail, leisure and office development which should be the subject of an impact assessment. Any such threshold policy applies only to the impact test (all planning applications for main town centre uses that are not in an existing centre and not in accordance with an up-to-date development plan should be subjected to the sequential test[29]).

9.22 Paragraph 26 of the NPPF states that:

'When assessing applications for retail, leisure and office development outside of town centre, which are not in accordance with an up-to-date Local Plan, local planning authorities should require an impact assessment if development is over a proportionate, locally set floorspace threshold (if there is no locally set threshold, the default threshold is 2,500 sq.m).'

9.23 The Ensuring the Vitality of Town Centres Planning Practice Guidance provides further clarification in respect of the impact test and the setting of local thresholds. Paragraph 13 of the Practice Guidance states that:

'The purpose of the test is to ensure that the impact over time (up to five years (ten for major schemes)) of certain out of centre and edge of centre proposals on existing town centres is not significantly adverse. The test relates to retail, office and leisure development (not all main town centre uses) which are not in accordance with an up to date Local Plan and outside of existing town centres. It is important that the impact is assessed in relation to all town centres that may be affected, which are not necessarily just those closest to the proposal and may be in neighbouring **authority areas.'**

9.24 Paragraph 16 provides specific guidance in relation to floorspace thresholds and states:

[29] With the exception (in accordance with paragraph 25 of the NPPF) of small scale rural office proposals and other small scale rural development

'The impact test only applies to proposals exceeding 2,500 square metres gross of floorspace unless a different locally appropriate threshold is set by the local planning authority. In setting a locally appropriate threshold it will be important to consider the:

- Scale of proposals relative to town centres
- The existing viability and vitality of town centres
- Cumulative effects of recent developments
- Whether local town centres are vulnerable
- Likely effects of development on any town centre strategy
- Impact on any other planned investment.'

9.25 We do not consider that the imposition of a blanket threshold will usually be appropriate across all types of centre within an administrative area. For example, a convenience store with a net sales area of 250 sq.m (which could be operated by, for example, Tesco Express or Sainsbury's Local) would have a significantly greater impact on a small centre than it would on a large town centre. Therefore, in implementing a local threshold policy, it is considered more appropriate to apply a range of thresholds in accordance with the type of centre the proposed development is proximate to. The thresholds should not only apply to new floorspace, but also to changes of use and variations of condition to remove or amend restrictions on how units operate in practice.

9.26 Where there is genuine potential for an application proposal to divert a material level of expenditure away from a defined centre, or potentially remove important tenants from that centre, then it will likely be necessary to consider the impacts arising from the proposal in detail. In this instance, we consider that there is a real potential for edge or out of centre comparison goods retail schemes to have a significant impact on the overall health of St. Helens town centre, and, therefore, we believe that a relatively low impact threshold should be applied to ensure that the Council retains appropriate control over such development. We note that there are a relatively limited number of units greater than 500 sq.m in St. Helens town centre (less than 10% of the total stock of commercial units have a greater floorspace than this) and we consider that a unit of such a scale could potentially accommodate an operator of importance to the future vitality and viability of the town centre.

9.27 Furthermore, we also note that the threshold applies to individual application proposals and that it could be possible for an applicant to 'circumnavigate' the requirements of the test through the submission of multiple, small-scale applications which together would provide for a larger development. As such, we recommend that the impact threshold of relevance to St. Helens town centre is set at 500 sq.m.

9.28 This recommendation is reflective of the town centre's vacancy rate (the proportion of vacant units is above national average), the reduction in its market share of comparison goods expenditure since the undertaking of the previous Retail Study, and the potential for existing nearby out of centre retail destinations to become even stronger in the future at the expense of the centre.

9.29 Due to the smaller scale of Earlestown town centre, and the relatively modest size of most of its commercial units, we consider it appropriate for a lower impact threshold of 300 sq.m to apply to potential development proximate to this centre. Once more, less than 10% of the stock of commercial units in the centre provides a greater quantum of floorspace. Accordingly, in the local context, 300 sq.m constitutes a substantial sized unit. The setting of a lower threshold for Earlestown will ensure that schemes which have the potential to result in significant adverse impacts are appropriately assessed, in order that appropriate consideration is given to Earlestown's vitality and viability in considering the acceptability of future development.

9.30 For the district and local centres within St. Helens Borough, it is recommended that a lower policy threshold of 300 sq.m and 200 sq.m respectively applies. These lower thresholds are set at a level which ensures that the impacts arising from proposed convenience stores operated by 'main four' food retailers (which can have a have a substantial seven-figure turnover) can be appropriately considered. We are aware of recent appeals where Inspectors have found that such convenience stores can have a significant adverse impact on smaller centres[30]. We believe that this type of development has the potential to divert expenditure and potential operators from the Borough's smaller centres and that the setting of lower thresholds is therefore justified.

9.31 We believe that the proposed lower thresholds for district and local centres are appropriate as a consequence of their localised role and function, and the fact the opening of a small format convenience store outside of these smaller centres is likely to directly compete with type of local needs provision typically found within such centres. We therefore believe it is reasonable for applicants

[30] Such cases include the appeal against the refusal of planning permission for a Tesco Express at Luton (PINS reference APP/B0230/A/13/2203864) and the appeal against the refusal of planning permission for a Sainsbury's Local (PINS reference APP/e59000/A/14/2217680) at Tower Hamlets

proposing developments of 300 sq.m gross for district centres and 200 sq.m gross floorspace for local centres and above, to demonstrate that their proposal will not have a significant adverse impact on smaller centres sharing part of the same catchment.

9.32 The proposed thresholds at district and local centre level are considered to reflect the relatively small size of some of the centres at the lower end of the retail hierarchy and their consequent potential susceptibility to alternative 'out-of-centre' provision. In practice, it is envisaged that a proposal of just greater than 300 sq.m adjacent to a district centre and 200 sq.m adjacent to a local centre would generally require an impact assessment of proportionate length (i.e. for development of such a scale, impact may on occasion be able to be dealt with as part of the covering letter accompanying the application). Where an application proposal is above the respective stated impact threshold, we would recommend that the applicant discusses and agrees the scope of the retail impact assessment with the Council prior to submission. The lower threshold of 200 sq.m for local centres is considered appropriate due to potential for convenience stores of even a relatively small nature could substantially impact upon the performance of existing operators, due to the potential higher sales densities of such proposals. This would ensure that particular protection of these smaller centres is considered appropriately.

9.33 We believe that it is appropriate to qualify the area to which each local impact threshold will apply. We recommend that the thresholds of relevance to Earlestown town centre and to the Borough's district and local centres would be applicable within 800 metres of the boundary of the relevant centre. The distance of 800 metres is considered to be broadly commensurate with the potential walk-in catchments of smaller centres and is identified by Guidelines for Providing for Journeys on Foot (The Institution of Highways & Transportation, 2000) as being the 'preferred maximum' acceptable walking distance to a centre. We consider it to be appropriate for the higher threshold of 500 sq.m to apply Borough-wide (beyond 800 metres of these centres), due to the lesser likelihood of significant adverse impacts arising from retail, leisure and office development.

9.34 In our experience, it will only generally be development of a scale greater than these thresholds which could lead to a 'significant adverse' impact, which could merit the refusal of an application for town centre uses in accordance with the provisions of paragraph 27 of the NPPF.

9.35 In considering the Council's future strategy for the Borough, we have provided recommendations in relation to appropriate town centre boundaries, primary shopping areas and, where appropriate, retail frontages. We have provided recommendations for St. Helens town centre, Earlestown town centre, the two district centres of Thatto Heath and Rainhill, plus the 12 local centres, which are identified by the St. Helens Core Strategy (2012). We have made these recommendations taking into account the definitions provided by the NPPF as follows:

'Primary shopping area: Defined area where retail development is concentrated (generally comprising the primary and those secondary frontages which are adjoining and closely related to the primary shopping frontage).

Primary and secondary frontages: Primary frontages are likely to include a high proportion of retail uses which may include food, drinks, clothing and household goods. Secondary frontages provide greater opportunities for a diversity of uses such as restaurants, cinemas and businesses.

Town centre: Area defined on the local authority's proposal map, including the primary shopping area and areas predominantly occupied by main town centre uses within or adjacent to the primary **shopping area'.**

9.36 Each of the recommended boundaries are included on the diversity of use plans included with each respective healthcheck analysis for each of the centres at Appendices 4, 5, 6 and 7. We provide a summary with regard to St. Helens, Earlestown, Rainhill and Thatto Heath below.

St. Helens Town Centre

Town Centre Boundary

9.37 The existing St. Helens town centre boundary as defined by the adopted development plan is relatively extensive, particularly to the north covering large areas of residential uses and other non-town centre uses.

9.38 However, WYG recommends that the existing town centre boundary is substantially tightened to the north, north-east and south-east as shown on the recommended and existing town centre boundary plan at Appendix 4. These areas predominately comprise industrial and residential uses and are not considered to function as part of the town centre, nor do they specifically improve the overall offer of the town centre. To the east, the railway line forms the new recommended boundary, whilst to the north, the boundary traces the southern extent of the residential area and traces the retail and service units to the north of Duke Street. We have recommended that the Asda and other commercial uses in close proximity to the south western edge of the centre remain within the boundary, due to the importance of these operators in drawing shoppers to the centre (as evidenced by the household survey). The A58 ring-road acts as a 'natural' boundary to the south west of the town centre and we have therefore recommended that the new Linkway development at Westpoint is not included within the boundary. This is primarily due to the lack of any direct and accessible crossing over the A58. In any event, we consider that the proposed development, once completed, will add to the overall offer of the centre and that shoppers may still link their trips with the wider offer.

9.39 This consolidated boundary reflects a more appropriate representation of a town centre as defined by the NPPF.

Primary Shopping Area

9.40 St. Helens town centre's existing primary shopping area is defined by the St. Helens Unitary Development Plan Proposals Map Town Centre Inset (as revised by October 2012 Core Strategy to form interim update). WYG considers the currently defined primary shopping area to remain broadly robust and appropriately covers the area within which retail uses are concentrated. However, some small adjustments to the boundary to exclude the existing Sports Direct unit, and therefore traces along North St. John Street and Water Street. WYG considers that the proposed primary shopping area appropriately outlines the area where retail development is concentrated, as defined by the NPPF.

Shopping Frontages

9.41 Primary and secondary frontages are defined within Annex 2 of the NPPF. The definition states that primary frontages are likely to include a high proportion of retail uses which may include food, drinks, clothing and household goods and secondary frontages are defined as providing greater opportunities for a diversity of uses such as restaurants, cinemas and businesses.

9.42 St. Helens town centre's existing primary retail frontage is defined by the St. Helens Unitary Development Plan Proposals Map Town Centre Inset (as revised by October 2012 Core Strategy to form interim update). There is currently no designated secondary retail frontage within the UDP or Core Strategy. The existing primary frontages primarily cover Church Street.

9.43 It is recommended that the primary retail frontages are extended to continue to incorporate the full stretch of Church Street and south eastern end of Ormskirk Street and to include the frontages of units that form the Church Square Shopping Centre (comprising the Lagrange and Palatine Arcades to the west, and St Mary's and Brownlow Arcades to the east) and the Hardshaw Centre as shown on the diversity of use and recommended boundaries plan at Appendix 4. These areas are considered to contribute well to the retail core of the primary shopping area.

9.44 The proposed policy restricting non-Class A1 retail uses within the primary retail frontages will ensure that frontages continue to function in a manner which is consistent with the NPPF definition, i.e. defined primary shopping frontages should accommodate a high proportion of Class A1 uses. The provision of a strong retail focus in the core of the town centre should assist the centre to compete with out of centre retail parks and superstores, and therefore assist in maintaining its future vitality and viability.

9.45 Within the recommended extended primary retail frontages, we calculate that approximately 75% of the units are in Class A1 Use (i.e. 99 out of 132 units). This proportion of Class A1 uses within the primary frontage accords with the NPPF definition and, as such, proposals which could result in a lesser amount of Class A1 retail floorspace should be carefully considered by the Council in light of the benefits associated with maintaining a strong retail core. As such, to provide for some flexibility which may assist in bringing currently vacant units back into active use, we recommend that the Council seeks to maintain 70% of the primary frontage in Class A1 use through policy controls.

9.46 With regards to secondary retail frontage, WYG recommends that the remaining retail and service units within the primary shopping area form the secondary frontage. This incorporates the retail and service units on Ormskirk Street, Bridge Street, Hardhsaw Street, Barrow Street, Cotham Street, Westfield Street and Baldwin Street.

9.47 We consider that our recommended primary frontages appropriately includes a high proportion of retail uses which may include food, drinks, clothing and household goods and the secondary frontages provide greater opportunities for a diversity of uses such as restaurants, cinemas and businesses, as defined within the NPPF.

Earlestown Town Centre

Town Centre Boundary

9.48 The existing Earlestown town centre boundary is defined by the St. Helens UDP 1998 Proposals Map Earlstown Inset. It incorporates the majority of the town's existing retail and service facilities, as well as areas of residential uses to the south-west and south-east. It is recommended that the existing town centre boundary is tightened to the south-west and south as shown on the diversity of use plan. This is to exclude the residential area to the south-west of the town-centre, as well as industrial uses to the direct south. These areas are not considered to function as part of the town centre.

Primary Shopping Area

9.49 There is currently no adopted primary shopping area for Earlestown (although a 'Prime Shopping Area' was defined on the UDP Proposals Map along sections of Market Street, Bridge Street and Oxford Street. This designation identified where UDP Policy E2 would apply which effectively sought to restrict inappropriate non-retail uses in this area). In line with the NPPF, WYG considers that it is important to define new Primary Shopping Area boundaries to assist in policy making and development control purposes. The purpose of defining the primary shopping area is to direct main town centre uses to the 'heart' of the centre in the first instance and we consider this to be an important additional control for Earlestown.

9.50 The core shopping area in Earlestown is situated along the pedestrianised Market Street and the adjoining Bridge Street. These two streets contain the highest density of retail and service uses within the town centre boundary. It is also recommended that the primary shopping area includes Tesco, Wilkinsons and Home Bargains and incorporates Market Square. These retailers act as key drawing factors to the centre and are considered to function as part of the retail core.

9.51 A copy of the plan showing the recommended district centre boundary is included at Appendix 5.

9.52 We do not recommend the designation of frontages within the centre due to the limited size, nature and offer of Earlestown and that there could be no clear distinction between primary and secondary frontages. Instead, the commercial offer is spread evenly throughout the extent of the primary shopping area.

Rainhill District Centre

9.53 Rainhill district centre does not currently have an adopted district centre boundary. The retail and service facilities in Rainhill are located primarily on Warrington Road and this area should be covered within the boundary. To the east, it is recommended that the town centre boundary extends along Warrington Road until View Road as shown on the diversity of use plan. The St Anne's Church Millennium Centre is not included within the recommended boundary as it is not a main town centre use as defined by the NPPF.

9.54 To the west, it is recommended that the boundary extends past the railway line in order to incorporate the western cluster of retail units as shown on the diversity of use plan. This parade of units is considered to function as part of the district centre, despite being located approximately 100m west of the central parade. Due to the size of the centre, we do not recommend the Council defines a primary shopping frontage within the centre.

9.55 A copy of the plan showing the recommended district centre boundary is included at Appendix 6.

Thatto Heath District Centre

9.56 Thatto Heath district centre does not currently have an adopted town centre boundary. The retail and service facilities within Thatto Heath are located along Thatto Heath Road and Elephant Lane, with the highest concentration of uses located along Thatto Heath Lane.

9.57 The boundary proposed by WYG covers all of the main town centre uses, including the medical centre, Co-op foodstore and other retail services. Whilst we note that the Thatto Heath library is located to the north of the railway line and outside of the proposed boundary, despite this we do not recommend that the use is included within the boundary. This is due to the slightly divorced nature of the library from the main town centre uses within Thatto Heath. Due to the size of the centre, we do not recommend the Council defines a primary shopping frontage within the centre. A copy of the plan showing the recommended district centre boundary is included at Appendix 6.

Local Centres

9.58 WYG has also provided recommendations regarding the proposed defined town centre boundaries for the local centres within the Borough which do not currently have adopted boundaries. Plans showing the proposed boundaries for the local centres are included at Appendix 7.

Glossary of Terms

Capacity	Retail capacity in terms of this report refers to surplus/deficit of expenditure (£m) which represents the difference between the expenditure and turnover of the identified facilities.
Comparison Goods	Comparison goods relate to items not obtained on a frequent basis, these include clothing, footwear, household and recreational goods. A more detailed breakdown of comparison goods categories is provided below.
Chemist Goods	*All consumer retail expenditure on prescription and non-prescription drugs, adhesive and non-adhesive bandages, first-aid kits, hot-water bottles, toilet shops, sponges, and so on.*
Clothing & Footwear	*All consumer retail expenditure on shoes and other footwear, garments for men, women, children and infants either ready-to-wear or made-to-measure, underwear, ties, handkerchiefs, scarves, and so on.*
DIY Goods	*Includes all consumer expenditure on hardware, DIY, decorator's supplies and garden centre type goods. This category includes products such as hammers, saw, screwdrivers, wallpaper, plumbing items, floorboards, ceramic tiles, plants, pots, turf for lawns, and so on.*
Electrical Goods	*All consumer retail expenditure on domestic electrical and gas appliances, such as washing machines, dryers, dishwashers, ironing and press machines, cookers, freezers and fridge-freezers, coffee makers, radios, televisions, DVD players, and so on.*
Furniture Goods	*Includes all consumer expenditure on furniture, floor coverings and household textiles such as beds, sofas, tables , cupboards, bed linen, curtains, towels, lamps, mirrors, and so on.*
Household Goods	*Includes household textiles and soft furnishings, china, glassware, jewellery and other miscellaneous goods such as greeting cards, notebooks, pens, pencils, and so on.*

Recreational Goods	*All consumer retail expenditure on bicycles and tricycles (excluding toy bicycles), musical instruments, sports equipment, camping equipment, toys of all kinds including dolls, soft toys, and so on.*
Convenience Goods	Convenience goods relate to everyday essential items including confectionary, food, drinks, newspapers and magazines.
District centre	District centres will usually comprise groups of shops often containing at least one supermarket or superstore, and a range of non-retail services, such as banks, building societies and restaurants, as well as local public facilities such as a library.
Expenditure Per Capita	The average spend of each person within the defined Study Area on a variety of retail goods.
Expenditure	Expenditure is calculated by taking the population within a defined area and then multiplying this figure by average annual expenditure levels for various forms of goods.
Expenditure Forecasts	This assessment has been undertaken using the 'goods based' approach as prescribed in the Planning for Town Centres Practice Guidance. Retail expenditure forecasts have been derived from Experian Retail Planner Briefing Note 15 (December 2017).
Experian (MMG3)	The database used to identify population, expenditure and socio-economic breakdown of the Study Area population.
Gross Floorspace	Represents the level of total floorspace or footprint of a specific development (i.e. sales area, storage, checkouts, café, display, and so on).
Goad Plans	Provide accurate information on the composition of town centres, shopping areas, out-of-town retail parks and outlet villages in the UK. Identifies the fascia name, retail category, floorspace, and exact location of all retail outlets and vacant premises.

Goad Reports	Provide a snap-shot of the retail status or demographic make-up of Goad surveyed town centres. Provides a comprehensive breakdown of floorspace and outlet count for all individual trade types in the Convenience, Comparison, Retail Service, Leisure, Financial/Business Services and Vacancy sectors.
Local Centre	Local centres include a range of small shops of a local nature, serving a small catchment. Typically, local centres might include, amongst other shops, a small supermarket, a newsagent, a sub-post office and a pharmacy. Other facilities could include a hot-food takeaway and launderette. In rural areas, large villages may perform the role of a local centre.
Net Floorspace	Represents the level of internal area devoted to the sale of goods.
Market Share	Market shares derived from the household survey results, which are based on either the proportion of shopping trips or the proportion of expenditure attracted to a particular centre/facility.
National Multiple	This is defined as a retail or service operator which is or part of a network of nine or more outlets.
Price Base	The price base for the Study is 2016.
Rates of Productivity	This considers the potential for existing retail floorspace to improve their turnover productivity (e.g. smaller goods could be sold from a smaller area for more money, increased opening hours, etc.).
Sales Density	Retail capacity figures are expressed in term of floorspace, relying on the application of assumed sales density figures to the surplus expenditure identified. This is based on the typical turnover of a store by square metre/foot.
Special Forms of Trading	Defined by Experian as expenditure not directed to traditional floorspace such as the internet, mail order, party plan and vending machines and other non-store activity such as market and road-side stalls.

Study Area	This represents the household survey area, which is based on postal sectors.
Trade Draw	This refers to the level of trade attracted to a facility/centre from an area.
Turnover	The turnover figure relates to the annual turnover generated by existing retail facilities.
Town Centre	A town centre in many cases will be the principal centre in a local authority's area. In rural areas they are likely to be market towns and other centres of similar size and role which function as important service centres, providing a range of facilities and services for extensive rural catchment areas.

1 **Title of Proposal:** The St Helens Borough Council (St Helens Town Centre) Compulsory Purchase Order 2022
Service: Strategic Growth
Department: Place
Responsible Officer: Sean Traynor
Date Completed: 16 September 2022

Aims: Please identify the main aims of the policy, decision or function?

To approve the making of a Compulsory Purchase Order ("CPO") in respect of the land, interests and rights required to deliver First Phase Development of the St Helens Town Centre Masterplan Development Framework that is being progressed with the English Cities Fund (ECF).

2. Community Impact Assessment

The Community Impact Assessment is aimed at maximising the opportunity to keep St Helens a strong, prosperous and resilient community. All policies, decisions or functions will have an impact on the local community in St Helens. This tool acts as a prompt to identify what difference the proposal can make, and how we can use any proposal - even a proposal that cuts or removes a resource – as an opportunity to improve community wellbeing.

It provides an opportunity to think about where we might be able to reduce negative impacts, identify missed opportunities and capitalise on positive impacts.

Community: Please describe how your work will benefit the council & staff/ local community.

The proposal supports delivery of the First Phase Development of the St Helens Town Centre Masterplan Development Framework regeneration scheme, which aims to create an accessible, safe, and inclusive town centre environment with a high-quality residential, cultural and leisure offer that meets the needs of our diverse community.

3. How to use this tool

3.1 USE THE CIA AT THE START, INCEPTION OR SCOPING STAGE to inform the development of your policy, review, plan, programme, project, or proposal: This is the right time to consider the implications for whatever you are going to do and to plan any mitigations required by law. Look down the checklist and identify how what you plan to do will impact on the community. Continue to use the CIA, during the planning, drafting, initiation phase of your project / proposal. **NB** use the Local Insight website for key facts and figures. Local Insight

3.2 Decisions:
Engage with the Social Value, Health, Environment, and Equality/Human Rights leads to go through the tool and identify how your project will make a difference to the St Helens community. Work with them. Use the tool identify the impact, inform the project, and record the outcome within the decision-making process. The Social Value, Health, Environment, and Equality/Human Rights implications and how they have been 'taken into account' must be available to the decision maker at the time they make the decision. Therefore, to demonstrate the decision maker was fully aware of the implications, the impact assessments must be attached as an appendix to the tabled report / proposal, when the decision is ratified.

3.3 Evaluation
Social Value, Health, Environment, and Equality/Human Rights implications which are integrated within a project effectively helps the project manager to evaluate and demonstrate the impact that the project has had on the community.

4. Publishing the results of the assessment:
This Impact Assessment Report must be used to inform Decisions, Scrutiny Reviews, Service Reviews, Policy Reviews, and Commissioning and Contract specifications. The Social Value, Health, Environment, and Equality/Human Rights implications and what has changed in the proposal as a result of the assessment must be visible for transparency and scrutiny, so impact assessments must be published as appendices to the decisions they accompany.

Appendix 1- Further useful information - This is not an exhaustive list

Social Value - The key principles of the St Helens Social Value Strategy are aimed using the council's influence and spending power to keep St Helens a strong prosperous and resilient community:

- Buy Local – the Council will purchase goods and services from companies and organisations within the borough of St Helens.
- Employ Local – the Council, or any company or enterprise entering into council contracts will agree to source local labour at every opportunity.
- Spend local – any organisation under contract to the council will commit to:
  - Procuring goods and services from within the borough of St Helens, unless the goods or services are not available within the borough or potential savings are great
  - Setting up a base within the borough where appropriate for the task, project or contract
  - Consider commissioning work from small businesses, social enterprises or voluntary sector organisations within the borough unless the services required cannot be found within the borough
- Sustain Local – through the principles of Social Value, the council will seek to sustain and improve:
  - The economy – by stimulating local businesses through the council's spending power, and that of its contractors, to increase economic wellbeing
  - The community – by providing purposeful work, volunteering and learning opportunities for local people to build individual self-worth, foster community cohesion and improve the health and wellbeing
  - The environment – by minimising environmental damage from the transport of goods or services through procurement from businesses as close to the point of need as possible

Environment - How can your proposal help the council, its partners and contractors, and the community to do the following?

- Connecting and Engaging with Nature through Valuing Green Spaces, Habitats and Biodiversity
- Air Quality - improve air quality and reduce emissions
- Waste - promote the use of reusable resources and increase recycling
- Water - improve water quality, reduce water use, reduce flood risk, assess for multi-use applications/benefits
- Climate Change Resilience - incorporate climate change resilient plants into projects and developments
- Sustainable Energy - improve energy management, incorporate low carbon and renewable energy

Health - When considering the health impact of policy's/decisions/functions please consider the questions below. If in doubt check with the public health team who are happy to help:

1. What is the problem that the proposal is designed to address?
2. How does it link with health needs or health and wellbeing priorities?
3. What are the social and economic implications of the proposal?
4. Can we use the proposal to encourage Healthy Lifestyles - increase physical activity, improve diet, Improve emotional health and wellbeing, reducing risk taking behaviour, (smoking, alcohol, drugs, sexual health)?
5. Can we use the proposal to protecting public health – reduce hazards to health, improve public safety?
6. Can we use the proposal to promote Public Health priorities?

Equality – To be effective an Equality Impact Assessment (EIA) must demonstrate that that the proposal has given "due regard" to meeting the duties of the Equality Act 2010 – the impact of the proposed changes on the people who share different protected characteristics. There are 3 stages to competing an effective EIA:

1. The Evidence Stage - gather as much evidence and as much detail as possible about which diverse groups within the community that the proposed changes will affect. Record the evidence within the EIA table below
2. The Assessment And Improvement Stage - assess the impact and identify improvements and mitigation of any adverse impact identified for any group who share a protected characteristic, recording the outcome of the assessment stage in EIA table below
3. The Informing The Proposal Stage – use the outcome of the Assessment And Improvement Stage to inform and improve the proposal, and record the changes within the EIA table below

NB Now open the EIA Step by Step Guide, which includes the key questions you need to complete each stage.

Human Rights – Here are some examples of situations or circumstances when Human Rights must be considered, there are not an exhaustive list: (i) child protection cases, (ii) restraining children, adults, or older people, (iii) Deprivation Of Liberty and detention of people under the Mental Health Act, (iv) using personal data / information, (v) applying for a child curfew order, (vi) closing of a school, (vii) compulsory purchase of property

If there is an issue linked to 'Human Rights', then you must be able to demonstrate that the proposed interference is (i) justified and proportionate to the circumstances and the intended objective, and (ii) is not arbitrary, unfair, or excessive

NB Only fill in the “Action” column if there is an action which you have identified as a result of completing the Community Impact Assessment.
If you add in any “Action”, then you must complete the “Who / When” column. Ensure that the “Action” is completed by the date required
Once the “Action” is completed, then it should be removed from the "Action" column and added to the "How will this be taken into account column."

Checklist - impact on different aspects and sections of Community and Staff Groups			
Add rows as required	**How will this be taken into account?**	**Action**	**Who / When**
SOCIAL VALUE - What have you done to ensure that wherever possible this proposal helps the council, contract providers, partner organisations, and the community to?			
Buy Local – ensure works, goods and services are procured from local organisations and companies?			
Employ Local - ensure local labour is sourced at every opportunity? • Providing purposeful work and volunteering opportunities • Hiring temporary or seasonal staff for short-term contracts • Taking on local apprentices and work experience trainees • Improving access to the workplace for those who are long term unemployed or not in employment, education or training			
Spend Local – requires contract providers to use local organisations and companies for works, goods and services?			
Sustain Local - stimulates local businesses, community interest companies and social innovation etc. through council spending power, and that of its contractors, to increase environmental, economic and social wellbeing?			
ENVIRONMENT – How can your proposal help the council, its partners and contractors, and the community to do the following?			
Connecting and engaging communities with nature through valuing green spaces, habitats, and biodiversity			
Climate change resilience e.g. incorporating climate change resilient plants/trees & natural habitat creation into projects & developments			
Water – improving water quality, reduce water use, building flood risk management and sustainable drainage solutions into projects			
Waste – reducing consumption, promoting the use of reusable resources (e.g. reusable coffee cups), recycling, encouraging people to grow their own food and make their own compost			
Sustainable energy e.g. design and build with use of micro-generation technology in mind, improve energy management, incorporate low carbon and renewable energy.			
Improving air quality & reducing emissions e.g. encouraging walking, cycling, use of public transport etc. Use of ultra-low emission			

Checklist - impact on different aspects and sections of Community and Staff Groups			
Add rows as required	**How will this be taken into account?**	**Action**	**Who / When**
vehicles or electric vehicles as standard for Council business operations.			
HEALTH AND WELLBEING - How can your proposal help the council, its partners and contractors, and the community to do the following?			
Increase or improve employment, skills, income or economy			
Improve living and working conditions			
Improve Public Health, promote healthy lifestyles, and reduce risk taking behaviour (e.g. Promote healthy eating, physical activity, sexual health. Reduce domestic abuse, obesity, smoking, drugs and alcohol)			
Improve mental health and mental wellbeing			
Improve public safety and reduce hazards			
Prevent unequal geographic/spatial impact on different council wards			
Link your proposal with Health and Wellbeing Strategy Priorities			
EQUALITY - Now open the EIA Step by Step Guide, which includes the key questions you need to complete an effective Equality Impact Assessment. We are determining the positive or negative impact that your proposal or function might have on people who share different protected characteristics – Age, Disability (Including Sensory, Physical and Learning Disabilities, Autism and Mental Health), Sex, Race, Religion, Sexual Orientation, Gender Reassignment, Marriage & Civil Partnership, Pregnancy & Maternity. What can be done to tackle related issues such as Modern Slavery and Hate Crime? What can be done to promote good community relations i) valuing local history and heritage (ii) promoting a positive attitude towards disability and autism, (iii) bringing people from different racial and religious backgrounds together to celebrate shared values and diversity, (iv) supporting care leavers, carers, lone parents, older people, younger people, armed forces and veterans, (v) welcoming new communities, refugees and asylum seekers.			
Evidence What evidence do you have in relation to equality of (i) access, (ii) quality, and (iii) outcome for our diverse community in relation to the proposal?	The proposal supports the St Helens Town Centre Masterplan Development Framework regeneration scheme, which aims to create an accessible, safe, and inclusive town centre environment with a high-quality residential, cultural and leisure offer that meets the needs of our diverse community. The project will diversify town centre for a new retail, commercial, hotel; offices; bus station, and community and learning facilities - together with associated access and infrastructure, servicing, parking, public realm and landscaping and a high-quality residential development – which will result in a community 'hub' and 'place to meet' as part of the local offer, helping to improve social interaction and the community feel in St Helens. The effective use of Equality Impact Assessments to inform each stage and project within the masterplan development, will help to ensure an accessible, safe, and inclusive outcome		

Checklist - impact on different aspects and sections of Community and Staff Groups			
Add rows as required	**How will this be taken into account?**	**Action**	**Who / When**
	meeting the housing, employment, leisure, and retail needs of our diverse community. There is no current evidence from stakeholder or community engagement that the proposal will have a negative impact on any group of people who share a protected characteristic under the Equality Act 2010. The evidence demonstrates that the First Phase Development of the St Helens Town Centre Masterplan Development Framework scheme has every potential to provide the right places so that our diverse community can take advantage of the opportunities to meet, collaborate, learn, and develop their skills, to improve life chances, benefit from new employment opportunities and the transformational growth of the borough First Phase Development of the St Helens Town Centre Masterplan Development Framework scheme requires the acquisition of all the necessary property titles in the Town Centre for the planned development to be delivered. Through negotiation the majority of the required properties have already been acquired. Whilst a negotiated outcome to property acquisitions is desirable and the preferred route of the Council and its partner ECF, it will be necessary for the Council to secure a Compulsory Purchase Order (CPO) as a fallback position to be able to acquire any remaining properties which have not been able to be acquired through negotiation. This decision asks permission to develop the required CPO and associated documentation and take all action needed to promote the CPO and secure its confirmation and for the Executive Director of Corporate Services be authorised, (following the confirmation of the CPO), to implement the CPO powers and acquire title to and/or take possession of the land		
Assessment and Improvement How can we use the proposal to reduce inequality and improve equality of opportunity? What are the barriers or disadvantages and how can we mitigate these?	The report identifies that the Council and ECF will exhaust every avenue within its powers and negotiations (which are ongoing) before proposing the appropriateness of using a Compulsory Purchase Order. The Council and the ECF will continue to follow a reasonable and fair consultation process, that engages fully with the property owners and all stakeholders, and which gives due		

Checklist - impact on different aspects and sections of Community and Staff Groups			
Add rows as required	**How will this be taken into account?**	**Action**	**Who / When**
	regard to the provisions of Article 1 of the First Protocol to the European Convention on Human Rights (Protection of Property) and Article 8 (Right To Respect For Private And Family Life) as appropriate, with the views and requirements of the property owner considered alongside the views of neighbours / other stakeholders in the area. **Article 8 - Right To Respect For Private And Family Life** Everyone has the right to respect for his private and family life, his home and his correspondence. There shall be no interference by a public authority with the exercise of this right except such as is in accordance with the law and is necessary in a democratic society in the interests of national security, public safety or the economic well-being of the country, for the prevention of disorder or crime, for the protection of health or morals, or for the protection of the rights and freedoms of others. **Part II - The First Protocol** **Article 1 - Protection Of Property** Every natural or legal person is entitled to the peaceful enjoyment of his possessions. No one shall be deprived of his possessions except in the public interest and subject to the conditions provided for by law and by the general principles of international law. The preceding provisions shall not, however, in any way impair the right of a State to enforce such laws, as it deems necessary to control the use of property in accordance with the general interest or to secure the payment of taxes or other contributions or penalties. The proposal argues that there is now a compelling case in the public interest to authorise the making of a CPO. A decision to make a CPO must strike a fair balance between the public interest associated with the regeneration of the land and the interference with private rights. With the Council having attempted (and continuing to attempt) to acquire the interests needed by agreement; the willingness to relocate retailers where appropriate; the fact that parties will receive fair		

Checklist - impact on different aspects and sections of Community and Staff Groups			
Add rows as required	**How will this be taken into account?**	**Action**	**Who / When**
	compensation under the "Compensation Code", and the fact that there is a compelling case in the public interest for the exercise of the Council's CPO powers, it is considered that the interference with the private rights of those affected that would be the inevitable result of the exercise of compulsory purchase powers conferred by the CPO would be lawful, justified and proportionate.		
The Informing the Proposal How have we used the outcome of the equality impact assessment to improve the proposal, what changes have we made, and what outcomes to we expect as a consequence?	Delivering the St Helens Town Centre Masterplan Development Framework is a key ambition of the Council and the ECF to bring about the comprehensive transformation of the town centre and to deliver clear benefits in terms of economic growth, the creation of jobs and delivery of social value for local residents and businesses To achieve this ambition, it is essential that the acquisition and assembly of all required properties and interests is undertaken in a timely fashion. Whilst negotiated settlements with interested properties remains an initial preferred option, the Council will require the ability to use CPO powers where negotiated outcomes are not achievable There is no evidence that Phase 1 will create disproportionate ort differential impacts on persons who share a relevant protected characteristic as defined in the Equality Act 2010, or upon persons who do not share such relevant protected characteristic. However, the engagement process linked to this development is ongoing and the Council's position will be continually monitored, and should any persons be identified, who may adversely impacted by First Phase Development, then measures will be put in place as necessary so as to mitigate so far as practicable any identified activity that may have an adverse impact on these individuals. The acquisitions progressed through a CPO provides an opportunity to support the transformational change of St Helens town centre and accelerate the delivery of the ambitions outlined in the St Helens Masterplan Development Framework. This will generate physical regeneration benefits on the ground but also have wide reaching positive impacts for the local community, businesses, visitors, and occupiers in the town over		

Checklist - impact on different aspects and sections of Community and Staff Groups			
Add rows as required	**How will this be taken into account?**	**Action**	**Who / When**
	years to come. The use of Equality Impact Assessments to inform each phase of development will help to ensure the anticipated economic and social benefits will be accessible, safe, and inclusive to our diverse community. Anticipated benefits include driving economic growth and job creation, enhanced public realm, providing a more sustainable town centre – adapted to climate change, with less reliance on the private car, increasing the visitor economy, celebration of the borough's unique cultural and heritage assets, positively changing perceptions of our town centre (and the wider borough) and attracting future inward investment.		
HUMAN RIGHTS – What positive or negative impact might this proposal or function have on Human Rights and Children's Rights? If there is an impact on 'Human Rights', the EIA must demonstrate that the interference is (i) justified and proportionate to the circumstances and the intended objective, and (ii) is not arbitrary, unfair, or excessive			
All children have an equal right to (i) participate on all matters that affect them, to be listened to, to freely express their views, and (ii) to be protected from manipulation, violence, abuse, and exploitation			
Ensure you can clearly state the legally required justification if your proposal interferes with rights protected under the Human Rights Act 1998 e.g. will include issues such as Liberty Protection Safeguards (LPS), or detainment or restraint, peaceful assembly, data protection, privacy and private family life, marriage, religious observance			

APPENDIX A

MEDIUM TERM FINANCIAL STRATEGY 2022-2025 & REVENUE AND CAPITAL BUDGET 2022/23

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ST HELENS
BOROUGH COUNCIL

CONTENTS

MEDIUM TERM FINANCIAL STRATEGY 2022-2025

INTRODUCTION

1. This Strategy provides an overarching framework which sets out the context in which future decisions on resource allocation and budgeting will be taken. The primary purpose of this Strategy is to provide an indication of the future financial position of the council and, in turn, inform the annual budget setting process. It quantifies the likely level of resources that are available to deliver the council's services and achievement of its core strategic objectives.

2. The legacy financial pressures arising from the global pandemic and the sustained uncertainty surrounding local government funding means the council continues to face a challenging funding position and will do so for the foreseeable future. The additional pressures that will arise from the demand for social care, the need to resource a local economic recovery from the pandemic, and the ability to achieve strategic objectives will drive the need to identify and deliver cash savings and cost reductions. Consequently, it is crucial that resources are allocated following an assessment of strategic priorities and that annual budget decisions are aligned to those priorities.

3. This Strategy includes:
   - Financial context and a high-level overview of funding changes likely to affect the strategy
   - An impact assessment of the Revenue Budget 2022/23 on future years
   - Gap analysis for 2023/24 and 2024/25 informed by underlying assumptions
   - Balancing the medium term resources
   - Risks to the council's financial resilience and sustainability
   - Reserves Forecast and Strategy
   - Arrangements for Monitoring and Review
   - Treasury Management Strategy
   - Capital and Investment Plan over the medium term

4. The medium term financial planning process has been developed for the period 2022-2025. It provides a forecast of the cost of continuing to provide existing levels of service and the resources that are likely to be available to the council over the period. It sets out the extent of the potential budget gap, to inform Cabinet and Council resource allocation decisions, and to determine the overall size of the efficiencies and cost reduction programme needed over the medium term.

LOCAL GOVERMENT FUNDING

5. On 27 October 2021, the Chancellor announced details of the Spending Review 2021, which set out high level details of the Government's spending plans on health, education, transport and other public services for 2022/23 to 2024/25.

6. Whilst those plans did allow for the availability of additional funding for local government in 2022/23, it is critical to note that they allowed for no further increases in general settlement funding being made available in 2023/24 or 2024/25.

7. This will mean that local authorities will be increasingly reliant on other revenue sources (including those from local taxes) to meet spending pressures in 2023/24 and 2024/25 and face the requirement for further cuts to services. The more deprived local authorities have significantly less ability to raise additional sums from Council Tax due to a much higher proportion of lower banded dwellings.

8. The major aspects of the local government provisional settlement for 2022/23 as they may affect 2022/23, 2023/24 and 2024/25:

- Inflationary increases to Revenue Support Grant (RSG) and improved Better Care Fund (iBCF), with no changes to the distribution methodologies from those used in 2021/22
- An increase to the existing level of Social Care Grant allocated to St Helens and confirmation that it will remain for the council to determine how much of the grant is applied on children's and adult social care respectively
- The level of Council Tax increase (excluding any social care precept) beyond which a referendum is required has been set at 2% for 2022/23
- The maximum level of Council Tax increase for the social care precept element has been set at 1% for 2022/23
- A new one-off 2022/23 Services grant which includes funding for local government costs for the increase in employer National Insurance contributions that become effective from April 2022 and is provided in recognition of the vital services delivered. The provisional settlement explicitly references the application of this grant to fund the inflationary and demographic pressures facing children's and adult social care
- A further year allocation of New Homes Bonus (NHB). NHB is paid annually from a top slice of RSG, and whilst the Government has previously committed to reforming the NHB, its response to a previous consultation seeking views on options for reform is awaited
- The introduction of a Market Sustainability and Fair Cost of Care Fund during 2022/23 which Government have announced is designed to ensure local authorities can prepare their markets for reform and move towards paying providers a fair cost of care
- Continuation of Lower Tier Services Grant in 2022/23 to local authorities with responsibility for lower tier services (e.g. homelessness, planning, recycling and refuse collection, and leisure services)
- Continuation of the Liverpool City Region Business Rates Retention arrangements into 2022/23, whereby authorities within the City Region retain 99% of Business Rates
- A freeze in the multiplier used to determine the level of Business Rates income.

9. In publishing the settlement, Government acknowledged that the funding allocations for councils should be based on an up-to-date assessment of their needs and resources and that the data used in allocations has not been updated for a number of years.

10. Government have committed to update the data used in allocations and to look at the challenges and opportunities facing the sector before consulting on any potential changes.

11. During the final quarter of 2021, Government made a number of announcements that will impact on the funding of Adult Social Care over the period of the MTFS:

    - From April 2022, the Government will introduce a new, UK-wide 1.25% Health and Social Care Levy, based on National Insurance Contributions. This levy is forecast to raise around £12bn per year
    - Of the total sum, £5.4bn has been allocated over three years for Adult Social Care reform. At the Spending Review in October 2021, it was announced that £3.6bn of the funding would be used to pay for the cap on care costs, the extension of means test and to support progress towards local authorities paying a fair cost of care. The remaining sum will be utilised to improve social care in England
    - Government has allocated just £162m of the £3.6bn for 2022/23, for which St Helens' provisional allocation is £650k. The balance of the funding will be allocated during 2023/24 and 2024/25, with individual authority level allocations yet to be announced
    - The Department for Health and Social Care have held back the £1.7 billion of funding for social care reform. There is continued uncertainty around both the cost of the reforms and how the funding will be determined and distributed. As a result, there is a very significant financial risk to local authorities with social care responsibilities.

    The following table summarises the current position:

<table>
<tr><th colspan="8">ADULT SOCIAL CARE REFORM FUNDING</th></tr>
<tr><th colspan="8">£5.4bn OVER 3 YEARS ON ADULT SOCIAL CARE REFORM</th></tr>
<tr><td>£3.6bn over 3 years directly to local government for the cap, means test and fair cost of care</td><td colspan="7">£1.7bn over 3 years to improve wider social care system</td></tr>
<tr><td rowspan="2">£2.2bn over 3 years directly to local government for the cap and means test
22/23: £0m
23/24: £800m
24/25: £1.4bn</td><td colspan="7">Funding commitments made in the People at the Heart of Care adult social care reform white paper*</td></tr>
<tr><td>At least £300m to integrate housing</td><td>At least £150m for technology and digitisation</td><td>At least £500m for workforce training and qualifications</td><td>Up to £25m to support unpaid carers</td><td>£30m for innovation of support and care</td><td>At least £5m to help people understand care and support available</td><td>More than £70m to improve the delivery of care and support services</td></tr>
</table>

12. As part of its levelling up agenda the Government will set out a plan for streamlining the local growth landscape this year. Local authorities will play a leading role in levelling up, though the recently published White Paper would appear to lack the funding to deliver at the scale that is envisaged. At this stage it is difficult to draw any firm conclusions about how levelling up will affect the distribution of local government funding.

13. On 2 February 2022 the Government published pre-launch guidance for the UK Shared Prosperity Fund (UKSPF) alongside its Levelling Up White Paper.

    Led by the Department for Levelling Up, Housing and Communities (DLUHC), the UKSPF is planned to provide a national £2.6bn of funding for investment by March 2025.

14. All areas of the UK will receive an allocation from the Fund via a funding formula, rather than via competition. The Fund will primarily operate over the strategic geographies of the Mayoral Combined Authorities to support programmes under the priorities of communities and place, local businesses and people and skills.

15. The Government have advised that they will publish further information, rules and guidance on the Fund in the spring.

IMPACT OF COVID-19

16. The pandemic has been the most challenging emergency that the council has ever faced. COVID-19 has had far reaching impacts on the economy and communities within the borough. It has had a significant impact on the way council services are delivered and has brought many financial challenges. The impact of which will be felt over a sustained period beyond 2021/22 and therefore impact on future years' budgets.

17. Since the outbreak of the pandemic COVID-19 related pressures have been considerable, with significant additional costs and income losses. In financial planning terms the degree of estimation and uncertainty that this has introduced has been unparalleled.

18. It is unknown how the continuation of the pandemic will further impact the economy, future funding for the sector and demands on services. There is an unknown impact on individuals and families from the COVID-19 lockdowns, increased stress and anxiety leading to a higher likelihood of domestic abuse, family breakdowns and homelessness. Responding to this requires the council to be agile to emerging needs and opportunities and may require a managed change in service offer.

19. The Local Government Finance Settlement for 2022/23 does not include any specific ongoing funding for COVID-19 pressures.

20. The Government announcement in late December 2021 that unspent monies from the Contain Outbreak Management Fund (COMF) can be carried forward into financial year 2022/23 does provide the potential for some funding to be applied, though the anticipated updated guidance is yet to be published and uncertainty also exists around the future of additional COMF funding.

CORE SPENDING POWER

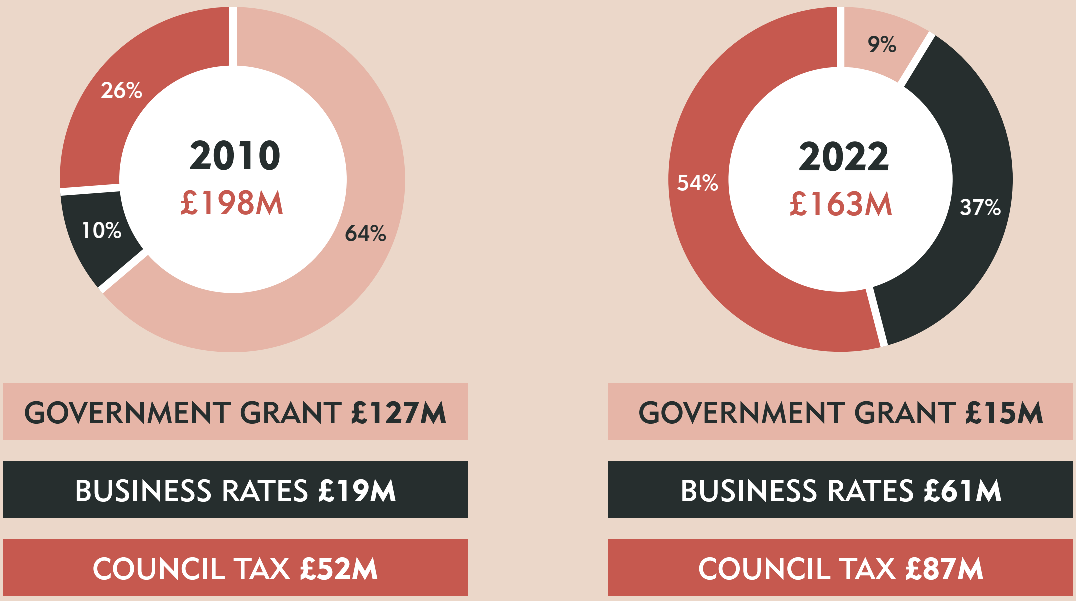
21. The Government's calculation of Core Spending Power has changed over the years and is not limited to general Government revenue grant and Business Rates but also includes estimated Council Tax receipts, New Homes Bonus and other specific grants. This means that the headline percentage changes quoted by the Government also take into account income from sources other than core general Government revenue grant and do not represent changes in levels of direct Government funding.

22. The methodology of the Core Spending Power calculation for 2022/23 includes Revenue Support Grant, Business Rates baseline funding, Council Tax, New Homes Bonus, improved Better Care Fund, Social Care Grant, 2022/23 Services Grant and Lower Tier Services Grant. The Government's published Core Spending Power figures show an increase of 8.4% for the council in 2022/23 (compared to a 4.6% increase in 2021/22).

23. The use of Core Spending Power as a headline indicator can distort the underlying position. In 2022/23, Council Tax represents 49.1% of the Government's published Core Spending Power figures for St Helens. The equivalent percentage for 2015/16 was 41.2% and shows the increasing reliance that the Government has placed on Council Tax income in delivering services. The figure increases to 50.0% when excluding the one-off 2022/23 Services Grant.

24. Over the period of austerity, the direction of travel has been for local government to become increasingly funded from local revenues. The following graphic shows how the Government Grant support has reduced over a number of years and the reliance on funding from Business Rates and Council Tax income becoming an ever-increasing part of local government funding.

ST HELENS FUNDING ANALYSIS



25. Whilst this would be a concern nationally, the reduction will have higher impact for St Helens as it is more heavily dependent on Government funding than other councils, which have greater buoyancy in their Council Tax and Business Rates base.

26. The Government have been considering the major overhaul of the Local Government Funding mechanism for a number of years. A series of delays have previously been announced in relation to the Government's Fair Funding Review (of the methodology that determines how much funding each authority receives, based on an assessment of its relative needs and resources). Similar delays have also been experienced in relation to the Government's intention to introduce reforms to the Business Rates Retention system.

27. Alongside four consecutive one-year settlements, these delays have resulted in significant uncertainty for the council in considering future years' budget requirements and present a significant risk in financial planning and ensuring financial sustainability.

28. The draft settlement acknowledges that the funding allocations for councils should be based on an up-to-date assessment of their needs and resources and that the data used in allocations has not been updated for a number of years. The Government have stated that over the coming months, they will work closely with the sector and other stakeholders to update this and to look at the challenges and opportunities facing the sector before consulting on any potential changes.

BUSINESS RATES RETENTION

29. Since 2017/18, St Helens has participated in a designated Liverpool City Region-wide Business Rates Retention Scheme. The Government has confirmed the scheme will continue to operate under the same terms in 2022/23.

30. The estimated benefit for 2022/23 from participation in the scheme is in excess of £4m. The council's financial position could be significantly worse if this arrangement were to be withdrawn. Under the terms of the arrangement St Helens is allowed to retain 99% of any Business Rates growth.

31. The Council has successfully grown its Business Rate base in recent years, which has generated additional Business Rates income. However, in the current economic climate there remains a significant deal of uncertainty over the stability of the Local Business Rates Base. The council is developing an Inclusive Growth Strategy that will seek to drive economic growth and ensure that residents benefit from this growth.

32. There remain considerable uncertainties in several key areas relating to the Business Rates Retention scheme that could have a significant impact on the council's funding in future years.

33. As previously referred, planned reforms to the Business Rates Retention system have been continually deferred. A potential Business Rates baseline reset is expected to be under consideration again during 2022, with a possible implementation in 2023/24.

34. The Government's future plans regarding Business Rates retention levels are unclear. The Local Government Finance Settlement confirmed a one year only guaranteed extension of the arrangements for the six authorities in the Liverpool City Region Combined Authority area for 2022/23.

35. The settlement also allows for the continuation of the Mid Merseyside Business Rates Pool with Halton and Warrington Councils in 2022/23.

36. The planned Business Rates revaluation was also delayed because of the impact of COVID-19 and is now due to take place on 1 April 2023. The revaluation will be based on property values as of 1 April 2021.

37. Whilst the potential impact of the Business Rates reforms referenced above represent significant financial risks to the council, it is anticipated that the Government would include transitional protection systems to ensure Local Authorities are not faced with any significant financial cliff edges.

38. The current medium term financial planning assumptions include for these protections and are based on the council's current funding levels from participation in the Business Rates Retention scheme.

39. There is uncertainty that the Government might not afford protection to the additional funding derived from the Business Rates Retention scheme. This would put additional pressure on the council's budget in future years.

40. The potential impact of the proposed Business Rates reforms, together with the outcome of future government Budgets and the Fair Funding Review, determine that Business Rates Retention will be an even more important funding source for the council. It is uncertain how the results of these reviews will affect funding for the council and whilst that is the case, this remains a key risk for the council.

PENSIONS

41. The Council is a member of the Merseyside Pension Fund on behalf of former, current and future employees. Both the council and its current employees make contributions to the fund at levels determined by the Fund's actuaries. The actuaries also prescribe the levels at which the council need to make annual payments to contribute towards any forecast deficit of the Fund (with regards to the St Helens element of the Fund), when comparing the projected assets and liabilities. Where the projections are such that the level of assets exceed the liabilities, the annual contributions are reduced.
42. Every three years, the Pension Fund makes arrangements for the revaluation of the assets and liabilities of the fund on a per-authority basis, with contribution rates and the projected surplus / deficit adjusted for the upcoming valuation period to ensure the fund is sustainable for each local authority.
43. The results from the 2019 Actuarial Valuation showed the council's element of the Fund to be in a surplus position, with the council's Future Service Contribution Rate for the three-year period commencing 2020/21 set at 16.9% - a rate that is deemed sufficient, alongside individual employee contributions, to meet the cost of new benefits being accrued by currently active members.
44. The 2022 revaluation will determine contribution rates for the three years commencing 2023/24.
45. Investment returns can be volatile, and subject to performance of the Fund during the current valuation period, could result in a reduction in valuation of the council's assets in the Pension Fund, thereby potentially requiring a greater contribution in Future Service Rate and deficit payments from the next valuation. Changes in assumptions (inflation, mortality, discount rates etc.) made by the actuaries between each valuation period can also have an effect on the scheme, both positive and negative, depending on the type of change.
46. Given the recent economic conditions, it is possible that assets will underperform against estimates that were used as part of the 2019 Actuarial Valuation. This introduces a risk that the fund position may not be as positive at the next revaluation.
47. The Medium Term Financial Strategy makes some provision for a potential negative movement arising from the 2022 Actuarial Revaluation. This position will need to be closely monitored, with ongoing dialogue with the Fund and its actuaries, and revisions to the financial modelling as the position becomes clearer.
48. By way of example, if the Pension Fund assets decreased by 5% at the 2019 actuarial valuation, this reduction in the value of St Helens' share of assets in the fund would have changed the underlying position from a surplus to a deficit, requiring additional revenue contributions in order to address the deficit. This is illustrated in the following table.

2019 PROVISIONAL ACTUARIAL VALUATION SENSITIVITY ANALYSIS		
	BASE AS PER 2019 VALUATION	**5% REDUCTION IN ASSET VALUE**
Assets (£m)	725.5	689.2
Liabilities (£m)	702.9	702.9
Surplus / (Deficit) (£m)	22.6	(13.7)
Pay (£m)	82.8	82.8
Recovery period (yrs.)	16	16
"Maturity" (liabilities/pay)	8	8
Surplus Recovery / (Deficit Contributions) (£m)	1.50	(0.86)
As a % of payroll	1.8%	(1.0%)

49. Further uncertainty exists around public sector pension schemes after the Government announced in 2019 that they accepted a judgement that applies to all of the main public service pension schemes, known as 'The McCloud Judgement'. This judgement was based around transitional protections afforded to older members of schemes which were ruled unlawfully age discriminatory.

50. The cost of remedying the discrimination will be a key consideration in the 2022 Actuarial Review process, with regulations expected to determine the impact and period over which increased costs will be charged.

51. Provision for additional pension costs has been built into the model from 2023/24 in relation to the potential negative movement in the fund and additional costs arising from the McCloud judgement.

COUNCIL TAX INCREASES

52. The Government establish a threshold to limit the level of future Council Tax increases by requiring local authorities to carry out referendums above a certain level of increase. The 2022/23 Local Government Finance Settlement allows Local Authorities to increase their Council Tax by less than 2% without the need to hold a referendum.

53. The Adult Social Care precept will continue for 2022/23 and Government has allowed an additional 1% of flexibility available for those Authorities with responsibility for Social Care.

54. The council recognises the impact that Council Tax has on local residents and will always take their ability to pay into consideration when setting Council Tax levels and provide support to ensure that entitlements to Local Tax Reduction are maximised.

55. A Council Tax increase of 2.99% has been factored into the medium-term financial forecast for 2022/23. There has been no guidance from Government on future Council Tax limits; currently the modelling assumes a 3.99% (inclusive of a 2% Adult Social Care Precept) increase for each subsequent year. Clearly, any decisions on setting future Council Tax levels will be considered each year at Budget Council.

56. An increase in Council Tax of 2.99% will generate around £2.5m to fund some of the demand pressures the council faces in providing its statutory functions and would avoid the need for further reductions in service delivery.

AN IMPACT ASSESSMENT OF THE REVENUE BUDGET 2022/23 ON FUTURE YEARS

57. The Medium Term Financial Strategy for 2022-2025 is dependent on a number of assumptions within the annual budget for 2022/23. This strategy assumes that:
    - an increase of 2.99% is applied to the level of Council Tax for 2022/23 when compared to 2021/22
    - the council will approve an annual budget that delivers savings totalling £6.044m - the individual savings proposals having been previously approved as part of the Medium Term Financial Strategy for 2021-2024
    - the council receives the estimated Business Rates assumed in the calculation of the baseline funding level and any additional Business Rates included as funding within the approved net revenue budget
    - the assumed costs of delivering the council's services both directly and indirectly are in line with planning assumptions
    - the ongoing pay negotiations for 2021/22 and 2022/23 result in increases in pay of 2.25% and 2.5% respectively
58. These assumptions are a realistic assessment of the underlying financial position as shown in the Medium Term Financial Strategy. A breadth of planning assumptions and budget risks had been considered in arriving at a forecast indicative budget gap.

POTENTIAL GAP FOR 2023/24 AND 2024/25

59. The overall funding gap for 2022-2025, using planning assumptions, and before the delivery of agreed savings is summarised in the following table.

	2022/23 £'000	2023/24 £'000	2024/25 £'000	CUMULATIVE £'000
BUDGET GAP	6,044	11,736	6,357	24,137

60. Underlying assumptions / matters included within the forecast for 2023/24 and 2024/25 are:

- Council Tax will increase by 1.99% each year with additional Adult Social Care Precept of 2%
- Increases have been factored in for non-inflationary changes in Council Tax base and Business Rates
- The model assumes that New Homes Bonus allocations will be discontinued after 2022/23
- Pay award incorporated at 2.5% per annum, general price inflation at 2.5% per annum (with additional provision for some specific areas of cost) and fees and charges income at 2% per annum
- Increases in costs arising in 2023/24 from the next pension revaluation as a result of the McCloud judgment and economic conditions
- Any changes arising from the Business Rates Retention Scheme, Business Rates Revaluation, or the Fair Funding Review will have neutral impact for the authority
- The 'exceptional' (COVID-19 driven) Collection Fund deficit arising in relation to financial year 2020/21 has been spread equally across financial years 2021/22, 2022/23 and 2023/24 in accordance with the conditions of the Government's Collection Fund deficit phasing scheme
- Increases to the National Living Wage levels of 5% in both 2023/24 and 2024/25
- The Social Care Grant, Better Care Fund and improved Better Care Fund (or equivalents) will continue into 2023/24 and 2024/25 at the same levels as in 2022/23
- The underlying rate of levy (Waste Disposal & Merseytravel) increases beyond 2022/23 to be at around an average of 2.5% per annum
- Previously, General Fund Reserves have been rebuilt to allow for resources to be available to afford the council financial resilience from changes in funding, inflationary pressures and unexpected events, whilst at the same time having sufficient resources to support its priorities. Similar provision is included across the period of the updated Medium Term Financial Strategy.

61. The model includes assumptions about potential increases in service demand levels / utilisation, based upon trend analysis of historic data. The forecast additional expenditure or reduction in income levels have been included within the model.

62. The ongoing impact of COVID-19 has been factored into the funding gap modelling, on the basis that expenditure / income pressures will continue to exist and Government funding for legacy expenditure pressures, income losses and future years' local taxation income reductions will cease.

63. It will be necessary to utilise the balance of uncommitted COVID-19 funding sums, previously set aside, to support the ongoing additional costs and income losses resulting from the pandemic.

64. Any changes to the key assumptions above would impact upon the size of the projected budget gap for future years. The following table shows the impact that a 2% change, either positive or negative, in the key assumptions would make to the model.

KEY ASSUMPTIONS SENSITIVITY ANALYSIS +/- 2%

	(£m)
Pay Award	+/- 1.8
Price Inflation	+/- 3.0
Levies	+/- 0.4
Council Tax	+/- 1.7
Retained Business Rates	+/- 1.2

1913

BALANCING OVER THE MEDIUM TERM

65. The council continues to operate in a challenging environment. Given the significant reductions in the council's funding from Government over the last decade and forecasts of further pressures over the medium term there will need to be a continuing council wide focus on delivering efficiencies, maximising commercial opportunities and providing greater value for money. This will demand strategic and corporate leadership and it is essential that there is seen to be strategic ownership of any such reviews, given the scope of changes which will result from this.

66. The overall size of the challenge that the council faces is significant and the formulation of a balanced budget over the longer term requires the delivery of savings through consultation with its residents, leading to strategic prioritisation, service transformation and continuous improvement. The council continues to make and face key decisions affecting the way it delivers core council services.

67. The council will consider fully its strategic intent and will seek not only to reduce costs and deliver the necessary savings but seize opportunities to use those cost saving programmes as leverage for wider strategic benefits.

68. The structure of the council will adapt to reflect the challenging operating environment. Furthermore, these structural changes will require that there is also sufficient flexibility to meet all challenges which may arise. Significant service reconfiguration will continue to take place and further progress will be made to update the way the council is structured. Review of internal business processes will also continue to implement enhanced levels of automation and to reduce back office workloads. This will change the way the council works in line with the organisational development strategy and through the promotion of self-service wherever possible.

69. The council has a strong track record of delivering efficiency savings over recent years and this work will need to continue for the foreseeable future. The outcome will be a council which is more streamlined and focussed on key strategic priorities, delivered through transformed services working in partnership.

70. The council has approved a commercial strategy which sets a framework for developing an increasingly commercial approach within the council. In doing so it will seek to reduce costs and generate additional income from activities and services. The council will also become more business like, applying best practice from all sectors to add value to services and secure its finances in a way that benefits local businesses and residents.

71. Outcomes from the Government's Budget, the anticipated Fair Funding Review and Business Rates reforms will be critical to determine the financial horizon for St Helens. In the absence of such, there remains significant uncertainty for the future funding of the council, which makes it very difficult to plan over the medium term. Various scenarios for funding have been presented in this report. However, until indicative allocations are given for future years that uncertainty will remain.

72. The council will continue to consider and quantify future demand pressures, including any ongoing impacts of COVID-19 over the medium term, and factor these issues into the Medium Term Financial Strategy. It is increasingly

apparent that the successful ongoing implementation and delivery of demand management strategies, particularly in relation to social care, is critical in ensuring the future financial sustainability of the council.

73. The Medium Term Financial Strategy 2021-2024 allowed for the in principle addition of a number of strategic capital investment schemes to the capital programme for 2021/22, alongside pipeline schemes for future years, subject to the submission and approval of feasibility, design, and detailed scheme plans. These schemes included investment in highway and property assets, regeneration of the borough and its localities, and invest to save schemes.

74. Potential new schemes have been brought forward during the final quarter of 2021/22 for consideration, and, where appropriate, for inclusion as potential pipeline Strategic Capital Investment schemes within the Medium Term Financial Strategy 2022-2025. Provision for the debt servicing costs associated with this capital investment remain to be incorporated into the modelling included in the revised Medium Term Financial Strategy.

75. In agreeing the Medium Term Financial Strategy 2021-2024, Directorates were required to propose potential savings options to address the forecast budget gap. Savings were proposed that covered the period 2021/22 to 2023/24, with the revised profile of those savings being approved by Cabinet at its meeting on 12 January 2022.

76. Based upon the potential gap identified in paragraph 55, it is imperative that the savings options that have been agreed are delivered in order to reduce the forecast future funding gaps. The following table shows the profile of agreed savings against the forecast budget gaps.

77. It should be noted that the level of uncertainty beyond 2022/23 is significant, given the continuing unknown longer term impact of the pandemic, the demand pressures that continue to rise in social care and the how the reform of local government funding will impact the council. Further updates of the Medium Term Financial Strategy will be brought back to periodically update on developments.

	2022/23 £'000	2023/24 £'000	2024/25 £'000
Integrated Health & Social Care Directorate			
Integrated Care & Health	733	2,072	-
Public Health	752	-	-
Children & Young People Department			
Children & Young People	2,739	2,090	-
Education, Skills & Business	420	50	-
Place Services Department			
Environment & Transport	602		-
Regeneration & Planning	100	949	-
Wellbeing, Culture & Heritage	144		-
Safer, Stronger Communities	345		-
Corporate Services Department			
Finance & Governance	209	139	-
Reset & Recovery	-	-	-
TOTAL PROPOSED SAVINGS	**6,044**	**5,300**	**-**
BUDGET GAP	**6,044**	**11,736**	**6,357**
RESIDUAL GAP	**-**	**6,436**	**12,793**

BUDGET RISK ASSESSMENT

78. The following risks have been considered in determining the appropriate level of General Fund balances required within the Medium Term Financial Strategy.

Risk area	Comment and Mitigation	Prob
Asset management	Backlog maintenance (for land, property and infrastructure) is significant and the potential for reactive / responsive repairs increasingly exists. The council is undertaking a transformation programme and is developing an asset disposal strategy. The results of the transformation plan will feed into the MTFS 2023-2026. The Strategic Capital Investment Schemes include proposals to invest in a number of the council's property assets.	Medium
Brexit	Direct or indirect cost implications of the UK's departure from the European Union, including issues such as supply chain workforce and goods shortages, could possibly impact the council.	Medium
Business Rates Retention scheme	Risks relating to the council's financial position arising from the Government's review of the existing retention scheme and any requirement in relation to pooling of Business Rates across the City Region or wider geographical area.	High
Commercial (third party) failure	There is evidenced potential for service provider failure (e.g. in the care or construction sectors) to cause the council to incur additional costs. These costs could arise from the need to re-procure and/or integrate new arrangements. Robust processes in commissioning and procurement sourcing, management and review should mitigate the risk but cannot be guaranteed to eliminate it in its entirety.	Medium
Demand for social care	Actions providing an increased focus on safeguarding and permanence have increasingly marked cost implications. It is evident that relatively small fluctuations in the demand for social care for both Children and dults can generate considerable additional cost and it is increasingly evident that the successful ongoing implementation and delivery of demand management strategies in relation to social care is critical in reducing the risk to the financial position of the council. Unique, complex care placements are becoming increasingly difficult to source and come at significant additional cost. There is a significant number of young people who are supported in semi-independent living, whose needs are such that they require high levels of support. There continues to be the potential for Health funded continuing care cases to become the council's responsibility. There have been several backdated CHC cases that have arisen and the potential for additional future cases exists. In recent years the region has experienced significant numbers of persons declaring themselves as unaccompanied child asylum seekers. Costs associated with related service provision are significant. The council's social care services, both adults and children, continue to face significant challenges, the provider market is fragile and saturated leading to significant increases in costs.	High

Risk area	Comment and Mitigation	Prob
Disaster, major emergency, accident or incident	There will need to be available funds to respond to / recover from any such situation. This could result in uninsured costs arising which are not met by other sources (e.g. the Government's Bellwin scheme). For example, the likelihood of St Helens being affected by extreme weather events cannot be discounted.	Low
General and Commodity/Service specific inflationary pressures	Current high levels of inflation will impact on costs and may influence wage demands. It is evident that inflationary cost increases experienced within some specific goods or services could be significantly above general inflation levels. For example, inevitable increases in energy prices will be faced, though the absolute levels of those remain unquantified. Other areas at risk of enhanced levels of price or market driven inflation exist, including construction and social care placements. An inflationary reserve exists to support services where cost increases are significantly over and above the inflation provision that is built into the Medium Term Financial Strategy, and where to not allow for these costs would have a direct impact on the delivery of essential services.	High
Impact of COVID-19	Predicting the extent to which the COVID-19 pandemic will continue to impact the council's financial position remains challenging, whilst the longer term impact on employers and businesses can still not be determined with certainty. In previous years, the Government have provided short-term funding to support councils, however, the provisional settlement does not include any specific funding for COVID-19 related pressures. The Government announcement in late December 2021 that unspent monies from the Contain Outbreak Management Fund (COMF) can be carried forward into financial year 2022/23 does provide the potential for some funding to be applied, though the anticipated updated guidance is yet to be published and uncertainty also exists around the future of additional COMF funding. Reports will be provided to Members highlighting issues, if and when they arise, which will also consider potential mitigating actions.	High
Income collection: Business rates, fees, rents and service charges	Lower economic activity (e.g. planning and building control fees, rental income), increased competition, market volatility (e.g. recyclates) and changes in customer behaviour may reduce the yield of income streams. There are current pressures in relation to the income associated with a number of specific service areas where actions to address these have been taken in formulating the budget for 2022/23. Government policy around Business Rates has transferred significant risk linked to business failures and the consequent reduction in Business Rates, which would impact locally. The level of Rating appeals in the system could generate a significant requirement to refund prior years' payments of Business Rates. Potential negative movements in income collection will be considered, with a view to managing any pressures that arise within existing budgets or through the Medium-Term Financial Plan.	Medium

Risk area	Comment and Mitigation	Prob
Litigation against/ impacting on the council	Litigation could be experienced in relation to any aspects of its service delivery and the council is also potentially exposed to legal judgements brought against other local authorities or organisations.	Medium
Local authority funding	Negative impacts on the council's financial position arising via one, a combination, or all of the Local Government Finance Settlement; Spending Review; Fair Funding Review and needs assessment; Business Rates Reform / Revaluation / Baseline Reset. The council will continue to lobby directly and will work with the LGA, SIGOMA, Liverpool City Region partner authorities and other stakeholders in presenting the case for adequate funding for the council and the wider local government sector.	High
Major Projects	Risks of cost escalation creating a funding gap and/ or requiring an increase in capital financing costs and subsequent impact on the general fund revenue budget. Robust processes in commissioning and procurement sourcing, management and review should mitigate the risk but cannot be guaranteed to eliminate it in its entirety.	Medium
New Policy/ Legislation	Generally, such changes have an appropriate lead in time and where relevant should be covered by the 'new burdens' doctrine. However, there are potential risks due to potential policy agendas of the Government and the speed of implementation of changes in some areas. For example, it is considered that the social care reform agenda is likely to carry significant risks, with concern over the adequacy of the levels of Government funding to be made available to implement fair cost of care reform, the care cost cap and extension of the means test threshold. Additionally, there is risk that the timescales set by Government, and that councils are expected to adhere to, is over ambitious and/or undeliverable. Conducting cost of care exercises, proper engagement with providers and strengthening capacity for market oversight and improved market management will take time if they are to be done comprehensively and at reduced levels of risk.	Medium
Other	Other risks - these are potentially diverse in nature e.g. arising from system failure and recovery or statutory duties to investigate and, where necessary, remediate contaminated land.	Low
Pension Fund costs	Further uncertainty exists in relation to what is referred to as the 'McCloud judgement', which was made as a result of age discrimination cases brought against the Government (in respect of the firefighters and judges pensions schemes). The cost of remedying the discrimination will be a key consideration in the 2022 Actuarial Review process, with regulations expected to determine the impact and period over which increased costs will be charged. A provision of additional pension costs has been built into the Medium Term Financial Plan.	Medium

Risk area	Comment and Mitigation	Prob
Social Care responsibilities and Funding	Uncertainty around the funding available to provide for a sustainable social care system from 2022/23, given the non-recurrent nature of existing funding streams and uncertainties arising from the continued delays to the reform and funding of social care. The LGA have expressed concern over the adequacy of the government funding to implement fair cost of care reform, the care cost cap and extension of the means test threshold. And, in a scenario in which the costing exercise reveals a deeper level of unsustainability in provider fee rates, are seeking assurances that additional funding will be made available.	Medium
The deliverability of services within the baseline level of available resources	Alternative actions will be required where transformation and/or savings and/or additional projected income are not deliverable, or increases in demand result in costs pressures, though given the nature of alternatives that may need to be progressed there may be lead in periods for this to be fully achieved.	High
Treasury Management	The budget reflects the current bank rate and anticipated borrowing costs. Economic uncertainty and interest rate movements could negatively impact on either or both investment returns and debt servicing costs. The council's investment counterparty criteria seeks to minimise counterparty risk but cannot completely eliminate it.	Low
Welfare Reform and employment/ unemployment (see also New Policy/Legislation)	There are a number of areas of potential risk associated with Welfare Reform, including the potential for increased costs and loss of income e.g. increased cost of Council Tax Reduction Scheme and potential reduction in Council Tax Collection rates as further Welfare reforms impact low income households in the borough. Further increases to homelessness are possible, whilst financially impacted clients may require increased Social Care interactions. Higher unemployment rates may require additional services across the council beyond those already provided.	Low
Workforce related matters	There have been significant changes to the labour market both nationally and locally as a result of the pandemic and availability of EU Nationals following Brexit. Shortages in key areas such as care and professional services are and will have an impact on the council's ability to deliver services within the current cost envelopes. The need for more costly interim staffing arising from the permanent or temporary loss of existing resource.	Medium

RESERVES AND BALANCES

79. The table below shows the forecast position for the council's General Fund Balances, General Earmarked Reserves and the COVID-19 reserve. The forecast includes the currently approved commitments and the anticipated spend / income into the reserves through to 31 March 2025. The Reserves Strategy can be found at Appendix 1, which also contains further detail.

	March 2021 £'000	March 2022 £'000	March 2023 £'000	March 2024 £'000	March 2025 £'000
General Earmarked Reserves	41,740	32,880	41,650	45,700	50,010
Earmarked Reserve - COVID-19 Funding	7,395	6,649	3,649	1,649	649
Subtotal	**49,135**	**39,529**	**45,299**	**47,349**	**50,659**
General Fund Balances	12,780	12,206	12,000	12,000	12,000
Total	**61,915**	**51,735**	**57,299**	**59,349**	**62,659**

80. The reserves position does not provide any general support to balance the budget in 2022/23 or future years. It has previously been recognised that the use of reserves to support the revenue budget is not feasible or sustainable and the council will rebuild its level of reserves over future years as part of the agreed Medium-Term Financial Strategy.

81. However, it is recognised that ongoing legacy pressures arising from COVID-19 will continue and the application of the specific COVID-19 reserves during the period of the Medium Term Financial Strategy will provide some resource in relation to additional expenditure and income losses.

82. In addition to the above reserves, the council set aside £10.0m of Capital Receipts for the creation of a Land and Property Acquisition Fund during 2020/21.

83. The council maintains a General Reserve to provide short-term emergency funds for exceptional circumstances and to cover risks that could impact the council as a going concern. The level has been reviewed as part of the re-assessment of the Medium Term Financial Strategy and it is proposed that it should remain at £12.0m.

84. Earmarked reserves are held for specific purposes either as a strategic reserve to give flexibility in the use of corporate resources or as specific ring-fenced reserves for strategic, priority driven needs. They should only be used for the specific purpose for which they were set aside for. This includes funding non-recurring items, invest to save initiatives or to provide time limited support to manage the transition from the withdrawal of funding.

85. The council's reserves are not set at excessive levels and given the degree of uncertainty of the current financial climate and longer-term risks associated with the local government funding arrangements, it is prudent to protect and enhance Earmarked Reserves where there are opportunities to do so.

86. The council recognises that the level of reserves it should maintain must be set having regard to its future sustainability, priorities, and the operational and financial risks facing the authority. These risks can, and will, change over time and the consequence of not having a prudent level of reserves can be significant.

87. The purposes for which reserves are held are included within Appendix 1. Proposals for rationalisation of reserves are included within the Revenue and Capital Budget 2022/23 section of this report.

MONITORING AND REVIEW

88. The Council operates delegated financial management arrangements. Following approval of the annual budget, Directorates have the responsibility to ensure that monitoring and budgetary control is undertaken and saving plans which have been built into the budget are achieved. The financial position is reported to the council's Section 151 Officer or his / her deputy on a monthly basis. Financial Monitoring Reports are produced periodically during the year to update Cabinet on the budget position. Executive Directors/Directors ensure their Portfolio Member is fully briefed on financial issues.

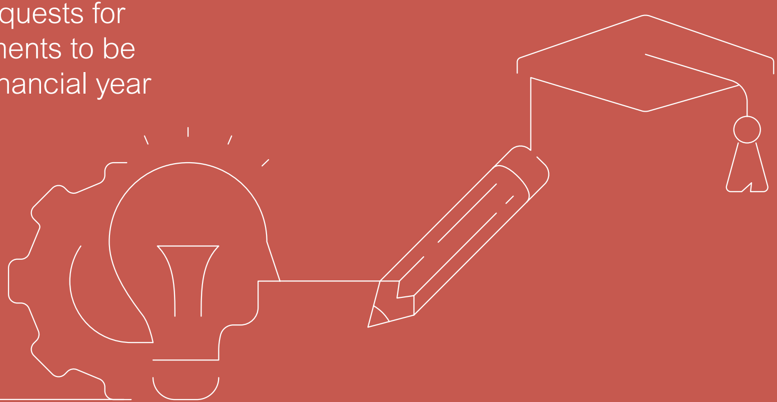
89. In the event of any underperformance against budget, corrective action is required, where possible, to ensure a balanced budget by the end of the financial year. The Council's Financial Procedure Rules and Budget Strategy determine that any overspends in one year are ordinarily funded by a corresponding reduction in the Directorate budgets in the subsequent year. However, the Section 151 Officer has the delegations to waive this requirement having due regard to the specific circumstances prevailing at the time. Service underspends at the end of the financial year will be aligned to the General Fund, or earmarked reserves in specific instances. Generally, service underspends are not carried forward. However, in exceptional cases any requests for specific service commitments to be rolled into the following financial year will be considered.

90. The Council is committed to achieving Value for Money in all aspects of its operations. To achieve this, reviews are regularly undertaken to determine whether cost improvements can be made, and to ensure that resources are prioritised and are aligned to strategic intent.

91. The council seeks to operate on a more commercial basis and continues to develop its actions to increase opportunities from income generation, promote improved procurement and minimise service delivery costs to strengthen the budget position.

92. The council will carry out three quarterly cycles of budget monitoring during each financial year together with a combined revenue and capital final outturn report, each of which will be reported formally to Cabinet. These will also be reported to the Overview and Scrutiny Commission. Cabinet will recommend for council approval any adjustments to capital or revenue budgets.

93. The financial modelling projections contained within this Medium Term Financial Strategy are a dynamic model, which will be updated, revised and reported following receipt of business intelligence, changes to underlying assumptions and as the position becomes clearer.



REVENUE AND CAPITAL BUDGET 2022/23

INTRODUCTION AND BACKGROUND

1. This section of the report provides an update on the latest budget position and seeks approval for a 2022/23 Council budget which is affordable, complies with the agreed priorities and budget strategy of the council and meets the needs of the residents of St Helens.
2. The Council remains dedicated to the ongoing review and evolution of its form and functions as it responds to the challenges facing itself and the wider local government sector. A Council wide transformation programme incorporating digitalisation and modernisation, alongside the continuing review of working practices under the Ways of Working project is proving key in ensuring that residents, businesses, partners and communities are provided with the best possible services.
3. In supporting this agenda, the council continues to deliver major changes in the integration of Social Care, Housing, Health and other public services within an Accountable Care System, incorporating an Integrated Care System and Integrated Care Partnership, allowing partner organisations to manage demand, reduce costs and improve people's outcomes through integrated provision of high quality care and support.
4. The Council continues to prioritise the Growth and Regeneration agenda aimed at delivering the economic activity across the Borough which will provide local jobs, opportunities and skills and generate the local revenues to support services in the future. This will include continued working with the Liverpool City Region Combined Authority and other partners to promote jobs, growth and investment across the borough.
5. The budget has also been produced whilst the council continues to deal with the ongoing financial pressures arising from the COVID-19 pandemic. The lasting impact of the pandemic on the council, residents, businesses, partners and communities continues to bring significant additional uncertainty to the budget setting process.
6. The budget has been formulated and agreed against the challenge of significant, increasing, demand-led pressures, particularly in relation to social care. Opportunities to manage the demand for services through targeted non-statutory, preventative and early intervention remain key and it is increasingly evident that the successful ongoing implementation and delivery of demand management strategies in relation to both children's and adult social care is critical in ensuring the ongoing financial sustainability and resilience of the council. A demand management strategy for Children's Social Care was approved by Cabinet on 1 December 2021, whilst approval for an Adult Social Care Demand Strategy will be sought in the near future.
7. The council continues to work closely through the Children's Improvement Board to prioritise actions and deliver new models of practice to ensure that all children and young people in the borough receive the support, care and protection they need and deserve, following the Ofsted inspection in November 2019.

   Ofsted's most recent monitoring visit to was undertaken in November 2021, where inspectors reviewed the progress in relation to Children in Need and children subject to a Child Protection Plan and provided recognition that the council has continued to support service improvement, with funding to increase the resources available for edge of care services and a financial commitment to support the recruitment and retention of the social care workforce.

8. The aim of the Budget is to provide, within the overarching constraints that exist, the most appropriate balance of resources to deliver the council's statutory responsibilities and to set a foundation for, and facilitate, the delivery of the council's key ambitions and its existing and emerging corporate priorities and borough level strategic objectives, as set out within the council's "Our Borough Strategy 2021-2030".

9. Cabinet has previously approved a series of actions in support of the 2022/23 budget process having considered reports at its previous meetings, the most recent being the Budget 2022-2023 Report on 12 January 2022.

10. At its meeting on 10 November 2021, Cabinet noted and approved a report that provided an update on announcements made within the Government's Spending Review 2021 and Autumn Budget, and the impact on the council's Medium Term Financial Strategy, highlighting a series of key risks, uncertainties and pressures that continued to exist.

11. That report provided commentary on the revised modelling undertaken to forecast indicative budget gaps for 2022/23 and future years. In doing so, a breadth of planning assumptions and budget risks had been revisited to ensure that a realistic mid-term forecast financial position was established, with revisions to forecasts having been made in relation to a number of aspects of the budget, based on most recent data or information.

12. Following the announcement of the provisional local government finance settlement 2022 to 2023, the report of 12 January 2022 provided Cabinet with a further update of the Medium Term Financial Strategy, the outcome of the provisional settlement and the further actions necessary in relation to the closing the budget gap for 2022/23 and delivering a sustainable, balanced budget.

13. This report is consistent with the resolutions previously made and contains proposals that take into account both the current position and the latest financial forecasts. It should be considered with due regard to the series of previous reports considered and agreed by Cabinet.

BUDGET CONSULTATION

14. Information relating to the council's budget challenge has been published on the council Website, and an active social media campaign has been conducted encouraging residents and businesses to respond and share their views on vital service activities provided by the council and where spending should be prioritised. The consultation was aligned to the council's Service Priorities as set out in the Borough Strategy 2030 and ran from 8 December 2021 to 3 January 2022, with 104 responses received.

15. In addition, views were also sought on how the council could generate additional income to support the budget.

16. The budget setting process for 2022/23 has been subject to a detailed and thorough review by a Task Group of the Overview and Scrutiny Commission. At its meeting on 4 October 2021, the Commission agreed to establish a cross party Budget Scrutiny Task Group whose remit was to assess the budget setting process to ensure it has been robust.

17. Having conducted its review via a series of meetings, discussions and challenges, the Task Group reported back to the Overview and Scrutiny Commission at its meeting on 7 February 2022, setting out its findings and conclusions and the Commission agreed the following statement be provided:

    The Overview and Scrutiny Commission established a cross-party Budget Scrutiny Task Group to examine the robustness of the 2022/23 budget setting process undertaken by portfolio holders and officers. To examine the budget setting process, the Task Group held a series of meetings on 20th January 2022 with portfolio holders and officers invited to attend. The Task Group focused on portfolio holders' understanding of the potential proposals they were making, rather than a line-by-line scrutiny of the individual decisions themselves.

    The Commission acknowledges that the ongoing COVID-19 pandemic continues to impact significantly on the council, as well as all local authorities across the country. The Commission recognises the increasing pressures faced by the council in maintaining the delivery of services whilst providing good outcomes for the residents of the Borough, particularly the most vulnerable in our society, at a time of unparalleled financial constraints. During their responses, portfolio holders demonstrated a commitment to ensuring the council meets it statutory duties whilst delivering a balanced budget and this is commended by the Commission.

    The Commission noted that the one-year financial settlement from central government impacts on the council's ability to plan for the long-term. This was particularly evident in the ongoing review and redesign of services and structure within Council directorates. However, the Commission welcomes the approach taken by portfolio holders to use the council's Borough Strategy (agreed by Cabinet in February 2021) and the numerous other strategies agreed and in development, as the basis to prioritise how services operate and are delivered to ensure they offer value for money and efficiency for the borough's residents.

    The Commission was pleased to hear of the consistent approach of cross portfolio and collective Cabinet discussion to understand how services in each portfolio are interrelated; how decisions in relation to one service/ directorate can impact on those *of another; and how services (and partners) can work more closely to avoid duplication. The Commission also notes the challenge provided by the portfolio holder for Finance and Governance which was noted by fellow portfolio holders in all sessions.*

The Commission recognised that the council's new 'ways of working' and 'localities' models presented new opportunities for directorates and services and would be a key factor in the future sustainability of services across all directorates. The Commission looks forward to seeing these models of working becoming further embedded within the council over the course of the forthcoming year.

The Commission welcomes the importance placed during the budget setting process on looking for opportunities to generate additional revenue. This includes through exploring commercial opportunities, bidding for grant funding were appropriate, and commissioning and procuring services in a commercial way whilst still retaining the social value and ethical principles of the council. The Commission was especially pleased to note success of the council in securing external funding from a variety of sources, such as the Liverpool City Region Combined Authority and others. Whilst welcoming steps to improve income generation, the Commission underlines the importance of ensuring proposals are robust and will deliver realistic returns.

Overall, the Overview and Scrutiny Commission is satisfied that in context of the amount of time available for scrutiny, the process for setting the council Budget for 2022/23 has been robust and thorough. The Commission recognises that there is still further work to be done by portfolio holders and officers to develop the final budget which will be presented to Council on 2nd March. The Overview and Scrutiny Commission welcomes the commitment of portfolio holders and officers to continue to engage fully with Scrutiny over the forthcoming year to further understand the implications for services, residents, stakeholders and the borough as a whole.

18. The detailed outcomes of the public consultation have been posted on the council's website.

MATTERS IMPACTING UPON PREVIOUS BUDGET ESTIMATES

Levying Bodies

19. The levying bodies have informed the council of their requirements for 2022/23 and these are provided in the table below.

Levying body	Amount £'000	Increase/ (Decrease) %
Transport (Merseytravel)	12,545	2.0
Merseyside Recycling & Waste Authority (MRWA)	9,375	7.2
Environment Agency	102	2.0
	22,242	**4.1**

20. The increase in relation to MRWA is reflective of the volumes of waste sent to landfill in the most recent (complete) financial year. During 2020/21, the impact of COVID-19 saw a 20% increase in tonnages managed by MRWA when compared to 2019/20. The actual cost per tonne managed has fallen by 8% over the period.

21. Apprenticeship Levy will also be payable at the continuing rate of 0.5% of the council's pay bill.

Collection Fund Deficit 2021/22

22. The Non-Domestic Rate Return for 2022/23 has been submitted in accordance with the delegation provided to the Executive Director of Corporate Services at the Cabinet meeting on 12 January 2022, based upon the position at 31 January 2022. Major preceptors have been advised accordingly, and the impact has been fully included within the Budget estimates for 2022/23.

23. The Return indicates an estimated £8.3m deficit on the Business Rates element of the Collection Fund as at 31 March 2022. However, the Government's decision to award over £11m of Extended Retail and COVID-19 Additional Reliefs has created a position whereby the council's income from business ratepayers in the year has been reduced accordingly. The Council will receive separate Section 31 Grant funding to compensate for this loss of income, which will need to be set aside in an earmarked reserve during 2021/22 to meet the deficit that needs to be charged in 2022/23.

24. The net position, when also considering the estimated Council Tax element of the Collection Fund as at 31 March 2022 is that a surplus of £2.6m is available in 2022/23 as one-off funding to support the budget position.

Spending Review 2021 and Local Government Finance Settlement

25. On 27 October 2021, the Chancellor announced details of the Spending Review 2021, which set out high level details of the Government's spending plans on health, education, transport and other public services for 2022/23 to 2024/25.

26. The Spending Review provided limited information relating to Local Government - the full detail would only be received at a later date, as part of the Local Government Finance Settlement. However, there were some significant announcements to note:

    - No further increases in general settlement funding to local government would be made available in 2023/24 or 2024/25. This will mean that local authorities will be increasingly reliant on other revenue sources (including those from local taxes) to meet spending pressures in 2023/24 and 2024/25 and face the requirement for further cuts to services. The more deprived local authorities have significantly less ability to raise additional sums from Council Tax when compared to other authorities.
    - Public sector workers would receive a pay increase across the spending review period. This formally ended the public sector pay freeze, put in place in the previous year's Spending Review
    - An increase in the National Living Wage from 1 April 2022 by 6.6%, from £8.91 to £9.50 per hour

27. On 16 December 2021, the Secretary of State for Levelling Up, Housing and Communities published the Provisional Local Government Finance Settlement 2022/23, with a consultation period running through to 13 January 2022.

28. Although the Spending Review covered the years 2022/23 to 2024/25, the settlement only covers a single year, 2022/23. This will result in a fourth consecutive one-year settlement for Councils and continues to limit strategic financial planning and the ability to ensure financial sustainability.

29. A report was considered by Cabinet on 12 January 2022, providing detail of the outcome of the provisional settlement for 2022/23, confirmed when the Local Government Finance Settlement was published in February 2022, with key points arising including the following:

    - Government acknowledged that the funding allocations for Councils should be based on an up-to-date assessment of their needs and resources and that the data used in allocations has not been updated for a number of years.

      A government commitment has been provided to work closely with the sector and other stakeholders over the coming months to update the data used in allocations and to look at the challenges and opportunities facing the sector before consulting on any potential changes.
    - Inflationary increases to Revenue Support Grant (RSG) and improved Better Care Fund (iBCF), which equate to increases of £336k and £308k in the council's respective allocations when compared to 2021/22.
    - A new one-off 2022/23 Services Grant for which the council's indicative allocation is £3.186m. The grant is un-ringfenced and includes funding for the increase in National Insurance contributions that become effective from April 2022. The provisional settlement explicitly references the application of this grant to fund the inflationary and demographic pressures facing children's and adults social care.
    - A £2.753m increase to the level of Social Care Grant allocated to St Helens, bringing the council's

total allocation for 2022/23 to £10.623m. It remains for the council to determine how much of the grant is applied on children's and adult social care respectively.

- The Lower Tier Services Grant is set to continue into 2022/23 with St Helens' allocation increasing by £0.020m to £0.291m.
- A further year allocation of New Homes Bonus (NHB). NHB is paid annually from a top slice of RSG, and whilst the Government has previously committed to reforming the NHB, its response to a previous consultation seeking views on options for reform is awaited.
- No specific funding for COVID-19 related pressures.
- A core principle of up to a 2% increase in the metropolitan district Council Tax levels for 2022/23 to apply, above which referendum requirements are necessary.
- The flexibility for an additional 1% adult social care precept on top of the core principle referred to above.
- A council tax referendum principle for Police and Crime Commissioners of up to an increase of £10 and a principle of 2% for the majority of fire authorities, including Merseyside Fire and Rescue Service.
- In previous years the Government did not set a referendum principle for Mayoral Combined Authorities, on the basis that mayors would set a precept that was affordable and proportionate to their needs. The Government has announced a similar approach for 2022/23 and will also continue the deferral of referendum principles for parish councils.
- A freeze in the multiplier used to determine the level of Business Rates income in 2022/23.
- The extension of Business Rates Retention Scheme arrangements for the six authorities in the Liverpool City Region Combined Authority area for 2022/23.
- The continuation of the Mid Merseyside Business Rates Pool with Halton and Warrington Councils in 2022/23.
- The introduction of a Market Sustainability and Fair Cost of Care Fund during 2022/23 which Government have announced is designed to ensure local authorities can prepare their markets for reform and move towards paying providers a fair cost of care.

SPECIFIC GRANTS 2022/23

30. The Local Government Finance Settlement section above includes some detail in relation to the following:
    - Revenue Support Grant
    - 2022/23 Services Grant
    - Improved Better Care Fund
    - New Homes Bonus
    - Social Care Grant
    - Lower Tier Services Grant
    - Market Sustainability and Fair Cost of Care Fund
31. Commentary is provided below in relation to the most material of the other grant funding expected to be received in 2022/23.

Dedicated Schools Grant

32. The Dedicated Schools Grant (DSG) allocation for 2022/23 will continue to comprise of four funding blocks
    - Schools
    - High Needs
    - Early Years
    - Central School Services

    The total value of each block is determined by a national funding formula.
33. Local authorities will continue to use their existing formulae to calculate school budgets for 2022/23. Current indications are that the phased implementation of a national school funding formula will begin in 2023/24.
34. The indicative DSG for St Helens (prior to adjustments for Academy funding) is £173.0m. This represents an increase of approximately £7.0m over the 2021/22 funding level. The increase broadly comprises:
    - £6.2m additional funding announced in the Spending Review 2021
    - £0.8m arising from an increase in the total number of St Helens pupils
35. The increase in the level of the DSG includes an additional £2.3m of funding to support young people with special needs and disabilities (SEND) via the High Needs block. In addition, £1.0m of the Schools Supplementary Grant (see below) relates to High Needs.

    There are a number of existing pressures in respect of the High Needs block, particularly in respect of the costs of specialist out-of-borough educational provision, the demand for additional special school places and the costs in respect of supporting SEND pupils in mainstream schools. Although the additional funding will help to alleviate these pressures, the local and national context is one of increasing complexity of need and a rising number of pupils who require additional support.

Schools Supplementary Grant

36. This is a new grant for 2022/23 that will be paid separately to the DSG. Its purpose is to fund the impact of the Health & Social Care Levy on schools in addition to wider costs. The estimated allocation for St Helens is £4.8m and further details in relation to the funding is expected in the spring term.

Pupil Premium Grant

37. The Pupil Premium Grant provides additional funding for schools to raise the attainment of disadvantaged pupils, including those who are looked after by a local authority. The pupil premium rates for 2022/23 have increased from the previous year and are as included in the following table.

Pupil Premium	2021/22 £ Per Pupil	2022/23 £ Per Pupil
Primary Pupil	1,345	1,385
Secondary Pupil	955	985
Children Looked After / Former Children Looked After	2,345	2,410
Service Child	310	320

Public Health Grant

38. The Spending Review 2021 included an announcement that the Public Health Grant would be maintained at the same real-terms levels over the Spending Review period. The Council received notification on 8 February 2022 that the allocation for 2022/23 would be £15.065m, equating to a 2.8% increase over the 2021/22 allocation.

Independent Living Fund (ILF)

39. There has been no confirmation as to whether the ILF grant will continue to be paid to authorities in 2022/23. The value to St Helens in 2021/22 is £1.082m.

Household Support Discretionary Funding

40. On 3 February 2022, the Government announced a package of support to help households with rising energy bills. This included a £150 non-repayable Council Tax 'Rebate' payment for all households that are liable for Council Tax in Bands A-D in England, to be administered by billing authorities.

    In addition, £144m of discretionary funding will be made available to councils to support households who need support but are not eligible for the council Tax 'Rebate'. At the time of drafting this report the details of individual council allocations and guidance on the scheme is awaited.

Education Investment Area funding

41. On 1 February 2022 the Government announced St Helens as one of 55 Education Investment Areas identified for targeted investment, support and action. Further detail, including the level of funding available, is awaited.

SAVINGS

42. In setting the budget for 2021/22 and approving the Medium Term Financial Strategy for the period 2021-2024, Cabinet approved the requirement for budget options and further actions necessary in relation to the closing of the budget gap for the period and delivering a sustainable, balanced budget.

43. Collectively, all Portfolio holders worked with, and robustly challenged, a range of officers including the Chief Executive, Executive Directors and senior service managers to identify what were considered acceptable options that met the requirements determined by Cabinet. In doing so, full regard was had to matters such as:

    - Impact on statutory duties and other agreed priorities
    - Impact on current policy matters
    - Impact on staff/structures
    - Impact on performance and/or service delivery (including members of the public, service users, carers) - immediately and/or in the future
    - Impact on other council services - immediately and/or in the future
    - Impact on partner organisations - immediately and/or in the future
    - Potential/actual risks and actions to mitigate them
    - Benchmarking of costs

44. Cabinet agreed the Budget Savings 2021-2022 report on 6 January 2021, which reported on progress in identifying potential savings proposals to meet the anticipated budget gap through to 2023/24.

45. The profile of savings over the period was approved within the Medium Term Financial Strategy 2021-2024, with the value of savings proposals to be delivered in 2022/23 totalling £10.044m.

46. Following the announcement of the Provisional Local Government Finance Settlement 2022 to 2023, which was confirmed with the announcement of the Final Local Government Finance Settlement in February 2022, the budget assumptions and modelling have been reviewed and updated. The remodelled position remains based on, and sensitive to, a series of highly critical assumptions and variables as detailed in the Budget 2022-2023 Report approved by Cabinet at its meeting on 12 January 2022.

47. That report included commentary that the revised position provided an opportunity to revise the profile of £4m savings from 2022/23 to 2023/24. Approval to the reprofiling was given and the following table sets out the savings that have already been agreed for the respective years.

Nature of Saving Proposal	2022/23 £'000	2023/24 £'000
Adult Social Care Service Reviews		
• Learning Disabilities Service Review	417	1,763
• Commissioned Services	191	309
• Care Packages	125	0
Children's Social Care Service Reviews		
• Residential and Foster Care Placements	1,346	1,804
• Young People Leaving Care	214	286
• Children's Centres and Early Help Services	700	0
• Family Support Services	479	0
• Other Services	50	50
Children's Services Service Reviews		
• Education Services	95	0
• Young People's Services	150	0
• Department Wide	125	0
Public Health Service Reviews		
• Review of Public Health Funded Programmes	752	0
Place Services Service Reviews		
• Councillor Improvement Fund	75	0
• Department Wide Service Review	871	949
• Supported Living Grant	245	0
Corporate Services Service Reviews	209	139
TOTAL	**6,044**	**5,300**

RESERVES AND BALANCES

48. The level of reserves that the council should maintain must be set having regard to the financial risks facing the authority. These risks can and will change over time and the consequence of not having a prudent level of reserves can be significant.

49. In arriving at a view on the adequacy of reserves it is necessary to take into account the following matters:

    - the purpose of holding reserves and balances
    - the risks and uncertainties that may have financial consequences
    - the potential impact of these and the likelihood of them arising
    - any mitigations that could limit the impacts of risks crystalising
    - the opportunity cost of holding reserves and balances

50. The Council has historically maintained an appropriate level of reserves as a result of its sound financial management which has served to protect the council's financial position over a period that has included significant reductions in central funding and equal pay liabilities arising. The provision of an appropriate level of reserves forms an integral part of the budget setting process, whilst the importance of ensuring that resources are working towards delivery of council priorities is fully understood.

51. The risk profile of the council must be assessed in the context of previous reductions in spending power at the same time of underlying increases in general inflation, demand and expectation, substantial increases in specific commodity prices for energy and fuel, the ongoing impact of the pandemic, and the recovery plans to support business and the borough's residents. As has been reported consistently to Cabinet, local government finances are faced with significant financial challenges and uncertainty in future funding arising from a number of issues which must be factored into the assessment of reserves and balances and highlights the need for a longer-term view when doing so.

52. The Medium Term Financial Strategy provides the updated Budget Risk Assessment. It is also important to recognise this list cannot be seen as exhaustive due to the complexity of the council's activities and the environment within which it operates. Having due regard to these, together with the budget strategy adopted it is considered that an underlying level of general balances of £12m is appropriate when setting the budget for 2022/23. It must also be acknowledged that a number of the identified risks may be classed as contingent liabilities and a specific reserve exists to assist in addressing any contingent liabilities that crystalise.

53. As stated previously, as part of the council's Medium Term Financial Strategy the Council continues to put in place a programme to increase overall reserve balances in the medium term.

Capital Receipts

54. The Council holds Unapplied Capital Receipts from the sale of assets it previously owned. These are held to allow the council to purchase assets, support capital schemes where prudential borrowing is not considered to be appropriate, and to provide potential match funding for schemes where no other funding source is available.

55. Under normal rules, capital receipts can only be used to fund capital expenditure, However, to support local authorities to deliver more efficient and sustainable services, in recent years the Government have provided some opportunity for capital receipts flexibility.

56. The Government announced in the Spending Review 2021 their intent for an extension of the flexible use of capital receipts scheme beyond March 2022. Details of how the scheme will operate have not yet been confirmed. In principle, if the extended scheme is consistent with previous freedoms, this will allow the use of capital receipts from the disposal of certain assets to provide an alternative way of funding one-off transformation costs and up-front investment associated with delivery of recurring savings, which are required to deliver a balanced budget in future years.

57. Given the level of savings required over the medium-term and the plans for achieving financial sustainability, the Cabinet meeting of 14 July 2021 approved the use of these capital receipt flexibilities in support of the council's Medium Term Financial Strategy.

58. The Council is required to produce an annual Flexible Use of Capital Receipts Strategy for 2022/23; this is included at Appendix 8.

59. The use of Capital Receipts is not a free resource, as these funds have been used to 'internally borrow' to reduce the council's exposure to interest rate movements and credit risk. Therefore, as the receipts are used, replacement borrowing may need to be taken out, with consequent additional cost. This is not a barrier to use but must be fully considered when assessing whether they should be used. The current level of capital receipts after taking into account capital commitments is £5.6m.

Earmarked Reserves

60. The Council's Reserves Strategy is primarily focussed on supporting performance, transformation, regeneration and growth. The Reserves Strategy is included at Appendix 1.

61. In assessing the appropriateness of existing levels of each reserve as part of the budget process and specifically in order to ensure that reserves remain relevant and are adequate when considered in the context of the council's strategic, operating, financial and risk environments a review of reserves has been undertaken.

62. A detailed description of reserves, and the process for using them, is given at Appendix 1.

63. The following table provides details of forecast reserves at 31 March 2023.

Earmarked Reserve	Estimated Balances at 31/3/2022 £'000*	Commitments To/(From) Including Transfers £'000	Balances Available for Investment at 31/3/2023 £'000
Transformation Reserve*	8,574	8,211	16,785
Growth Reserve	5,231	(343)	4,888
Funding Reform Volatility Reserve	7,227	2,000	9,227
Essential Equipment Fund	1,247	(984)	263
Councillor Improvement Fund	552	(100)	452
Waste Management Development Fund	1,201	(888)	313
Community Improvement Reserve	713	(126)	587
Insurance & Contingent Liability Reserve	4,518	0	4,518
Inflationary Reserve	2,000	1,000	3,000
Restructuring Reserve	1,617	0	1,617
SUB-TOTAL	**32,880**	**8,770**	**41,650**
COVID-19 Reserve***	6,649	(3,000)	3,649
TOTAL**	**39,529**	**5,770**	**45,299**

* During 2021/22 £9.1m of Transformation Reserve funding was utilised towards a payment to Merseyside Pension Fund which would generate savings against pension contributions over the period 2021 to 2023. This sum will be reimbursed to Reserves during 2022/23.

** These figures exclude approved and provisional commitments from reserves extending beyond March 2023.

*** Excluding the sum required to be set aside in the COVID-19 reserve as at 31 March 2022 to compensate the council for the reduction in Business Rate income as detailed in para 22 and 23 of the report.

64. It is proposed to create a new reserve, the Pensions Reserve created from the transfer of £12m from the Transformation Reserve, £6m from the Funding Reform Volatility Reserve and £2m from the Insurance and Contingent Liability Reserve. The purpose of this new reserve would be to provide opportunity to realise future savings from the prepayment of pension liabilities to Merseyside Pension Fund following the actuarial revaluation of the Pension Fund.

65. It is further proposed to rationalise a number of other reserves in order to focus on the delivery of the council's priorities in the medium to longer term. It is proposed that the Essential Equipment Fund and the Community Improvement Reserve are amalgamated into the Transformation Reserve.

66. The following table provides details of the forecast reserves at 31 March 2023, if the proposed realignment of reserves is approved.

Earmarked Reserve	Estimated Balances at 31/3/2022 £'000	Commitments To/(From) Including Transfers £'000	Balances Available For Investment at 31/03/2023 £'000
Transformation Reserve	8,574	8,211	16,785
Growth Reserve	5,231	(343)	4,888
Funding Reform Volatility Reserve	7,227	2,000	9,227
Essential Equipment Fund	1,247	(984)	263
Councillor Improvement Fund	552	(100)	452
Waste Management Development Fund	1,201	(888)	313
Community Improvement Reserve	713	(126)	587
Insurance & Contingent Liability Reserve	4,518	0	4,518
Inflationary Reserve	2,000	1,000	3,000
Restructuring Reserve	1,617	0	1,617
SUB-TOTAL	**32,880**	**8,770**	**41,650**
COVID-19 Reserve	**6,649**	**(3,000)**	**3,649**
TOTAL	**39,529**	**5,770**	**45,299**

67. The balances shown can be committed in line with the process identified in Appendix 1. Options for the use of the above are considered in light of their impact on service provision and/or ability to contribute to, or enable, the delivery of key priorities or objectives.

68. The COVID-19 reserve was created as part of the closure of the 2020/21 accounts. It is proposed that any non-conditional COVID-19 funding received in 2021/22 which has not been utilised will be set-aside and carried forward in this reserve to be applied against COVID-19 legacy expenditure pressures arising in 2022/23 and beyond. This will be undertaken as part of the closure of the 2021/22 accounts, as appropriate.

69. It is recognised that ongoing legacy pressures arising from COVID-19 will continue and the application of the specific COVID-19 reserve during the period of the Medium Term Financial Strategy will provide some resource in relation to these additional expenditure and income losses.

BUDGET POSITION 2022/23

70. Cash limited budgets for each portfolio have been calculated at a level that is consistent with the detail and information provided in previous budget reports, allowing for technical adjustments for matters such as support service allocations and capital charges - the financial impact of which are neutral.

71. The cash limits also reflect all previous decisions for the utilisation of earmarked reserves, including those referenced in paragraph 61, and the savings proposals referenced in paragraph 45.

72. Having regard to the issues detailed above and the proposals contained elsewhere in the report the overall budget requirement of the council is provided in the following table.

2022/23 Budget	2022/23 £'000 Estimate
Education, Skills & Business	12,663
Children & Young People	46,857
Integrated Care & Health	56,452
Wellbeing, Culture & Heritage	4,714
Finance & Governance	6,443
Reset & Recovery	1,448
Environment & Transport	21,392
Regeneration & Planning	3,483
Safer, Stronger Communities	8,513
Total Portfolio Budgets	**161,965**
Levies	22,382
Treasury Management	11,255
Restructure Costs*	1,000
Net contribution from Earmarked reserves**	(1,879)
Capital Charges	(14,749)
Total Spend	**179,974**
New Homes Bonus	(1,344)
Lower Tier Services Grant	(291)
2022/23 Services Grant	(3,186)
Pension recoupment	(1,618)
PFI (Interest) Grant	(2,122)
Formula 'Top Up'	(21,070)
Business Rates/Section 31 Grants	(61,111)
Collection Fund**	(2,583)
Council Tax Requirement	**86,649**

*Net of sum applied via Flexible Use of Capital Receipts Strategy as detailed in Appendix 8

** Excluding the (neutral) impact of the matter referred to in paragraphs 22-24 re Business Rate reliefs

73. Portfolio and Priority Budget Summaries have been produced and these are provided at Appendix 7.

74. All actions and decisions related to Treasury Management will be in accordance with the Treasury Management Strategy Statement 2022/23, Annual Revenue Provision Policy Statement and Annual Investment Strategy as provided at Appendix 2. The budget proposed is reflective of this.

CAPITAL PROGRAMME AND CAPITAL STRATEGY

75. A summary of the Capital Programme is provided in the following table, with the detailed programme included at Appendix 4(b).

Expenditure by Portfolio	2022/23 £'000	2022/23 £'000	2023/24 £'000
Education, Skills & Business	15,912	3,050	2,300
Children & Young People	30	0	0
Integrated Care & Health	25	0	0
Wellbeing, Culture & Heritage	400	0	0
Reset & Recovery	1,024	180	0
Environment & Transport	41,679	25,520	6,900
Regeneration & Planning	1,473	20	20
Safer, Stronger Communities	4,763	4,296	3,148
Total	**65,306**	**33,066**	**12,368**
RESOURCED BY			
Borrowing	6,632	14,310	700
Grants/Other Contributions	54,216	18,164	11,648
Capital Receipts	2,578	592	20
Revenue Contribution	1,880	0	0
Total*	**65,306**	**33,066**	**12,368**

*Excluding the impact of any other reports that may be considered by Cabinet at its meeting of 23 February 2022

76. The council has ambitious capital plans over the medium term and a number of potential strategic capital schemes have been identified for 2022/23, alongside pipeline schemes for future years. A summary of the potential investment of the council over the period 2022 to 2025 is provided in the following table, which summarises costs for schemes which were considered as part of last year's Medium Term Financial Strategy, and potential new schemes which have been brought forward for consideration. Appendix 5 provides further detail.

77. A number of schemes will potentially commence in 2022/23, subject to approval following the feasibility, design and detailed plans. The costs of the schemes to the council will primarily be funded by way of borrowing. Funding for future schemes is to be identified, and this may include the potential to secure additional funding from external sources. However, some schemes already include external funding in addition to the expenditure shown in the table.

	2022/23 £'000	2023/24 £'000	2024/25 £'000	2025/26 £'000
Strategic Capital Investment Schemes - Previously Identified Schemes	31,930	41,746	40,054	22,156
Strategic Capital Investment Schemes - Additional Identified Schemes	10,738	16,087	10,368	7,355
Total	**42,668**	**57,833**	**50,422**	**29,511**

78. The Local Government Act 2003 introduced the current system of capital financing and control. The basic principle of this system is that the council may incur capital expenditure and set its own overall level of borrowing provided that capital spending plans are affordable, prudent and sustainable.

79. The Council is governed by the Prudential Code for Capital Finance in Local Authorities (the Code), which ensures that the objectives of affordability, prudence and sustainability are met. The Code specifies arrangements for councils to set and monitor prudential indicators and impose limits for the current and next three financial years.

80. The prudential indicators, their purpose and method of calculation are detailed within The Treasury Management Strategy 2022/23 and are based on the currently approved capital programme and assumptions consistent with the budget. These are provided at Annex 3 of Appendix 2.

81. Included at Appendix 3 is a Capital Strategy providing a high-level overview of how capital expenditure, capital financing and treasury management activity contribute to the provision of services; an overview of how associated risk is managed; and the implications for future sustainability.

COUNCIL TAX LEVEL

82. The Government establish a threshold to limit the level of future Council Tax increases by requiring local authorities to carry out referendums above a certain level of increase. The 2022/23 Local Government Finance Settlement allows Local Authorities to increase their Council Tax by less than 2% without the need to hold a referendum.

83. Similarly, the Government has provided the ability for Local Authorities with responsibility for Social Care to raise a further Adult Social Care Precept of up to 1% in 2022/23.

84. It is proposed that a Council Tax increase of 2.99% is agreed, inclusive of the application of a 1% Adult Social Care Precept, with the 2022/23 Band D Council Tax (excluding Parish precepts) being set at £1,625.99. Increasing the council Tax will provide sustainable income to the council which will help to protect the delivery of statutory functions and other vital services at a time of increasing service demands.

ROBUSTNESS OF BUDGET ESTIMATES

85. To determine the robustness of the budget estimates involves a complex range of information, factors, assumptions, projections, controls, procedures and processes which will inform the council's position. It is not just a financial exercise and requires Council-wide involvement in supporting an integrated approach to the preparation, delivery, monitoring and review of soundly based plans if the budget is to be evidenced as being truly robust.

86. The Budget has been formulated having regard to factors including statutory responsibilities; pressures on the revenue budget in 2021/22; the impact of COVID-19, additional resource commitments arising from decisions previously made; funding availability; financial and operational risks and uncertainties; inflation; priorities; interest rate and wider economic environments; and demographic and service demand pressures.

87. Assumptions about future levels of government funding are based on allocations outlined in the Local Government Finance Settlement, and forecasts based on relevant government pronouncements, including those relating to the council's participation in the Liverpool City Region Business Rate Retention Pilot.

88. Limitations in the ability to accurately project the council's longer-term resource availability are recognised, reported on a regular basis, and are identified as a key risk. Work has been undertaken, acknowledging the multiple reforms and substantial uncertainties that exist, to model the council's revenue financial position beyond 2022/23.

89. This modelling exercise forecasts a shortfall in resources when assessed against the need to spend on services in future years and will add to the pressures related to increasing demands for statutory services and brought about as a consequence of the legacy of the COVID-19 pandemic. Work will be undertaken during 2022/23 that will be pivotal in developing the strategies and actions to protect the council's financial and operational stability over the longer term and reports will be presented to Cabinet in the next financial year to agree future actions.

90. The Council's Constitution contains a clear Budget and Policy Framework, which allows for flexibility in budget management. The budget timetable is well communicated, and mechanisms exist to review options for service delivery which link into the budget process and to facilitate service improvement and investment of resources in current and emerging Council priorities.

91. Executive Directors have processes in place to identify and report budget pressures and risks on an ongoing basis as part of the budget process.

92. Actions to operate within agreed cash limits are regularly approved by Cabinet. Savings options have been considered and formulated having regard to Council priorities and with a primary objective of having the least negative impact on residents. The savings proposals considered in setting the budget for 2021/22 and developing the Medium Term Financial Strategy 2021-2024 were agreed to incorporate a three year period. Therefore, the savings for 2022/23 were covered in this exercise. Impact assessments

relating to all savings proposals were considered and will be updated as part of the decision making process.

93. The Council's Overview and Scrutiny Commission is involved throughout the budget process and provides an additional layer of challenge and assurance.

94. The 2022/23 budget is balanced and, in finalising the draft budget, consideration has been given to risks and levels of prudent reserves.

95. The Council recognises that the level of reserves it should maintain must be set having regard to its future sustainability, priorities, and the operational and financial risks facing the authority. Actions to eliminate the underlying, non-sustainable, use of reserves and build up reserve levels have been implemented as part of the council's Medium Term Financial Strategy.

96. Based on the above evidence, it is the view of the Section 151 Officer that the council budget for 2022/23 is robust.

APPENDIX 1:
RESERVES STRATEGY

BACKGROUND

1. Whilst the council continues to face significant financial challenges and uncertainty in funding it remains committed to its ambitions of delivering its place shaping strategic priorities and being a modern and efficient council. This means that the council must prioritise resources for key service objectives, whilst at the same time delivering services within budget constraints. Ensuring financial sustainability over the medium term is a priority for the council.
2. Reserves play a vital role in offering transitional support to act as a buffer and to ensure smooth service transition as the council adapts to organisational changes and new ways of working; and to offer time limited opportunity for investment to aid strategic delivery.
3. It is imperative that the council has a strong and robust Reserves Strategy that adequately reflects the future needs of the organisation and that reserves are set at a level that mitigate against future risks and uncertainties and also provide opportunity for investment within the confines of overall affordability and availability of resource.
4. Given the current environment it is imperative that the council continues to build its reserves over the short to medium term, and therefore, the council will look to increase the level of reserves through its Medium Term Financial Strategy. A minimum level of general reserves has been assessed for the council to remain a going concern as part of the budget setting process. As part of the finalisation of the year end position, opportunities will be taken, if possible, to replenish reserves in the light of risk appraisal.
5. This Reserves Strategy sets out the protocol for use of reserves and re-assesses the adequacy of reserves.

LEGISLATIVE/REGULATORY FRAMEWORK

6. The requirement for financial reserves is acknowledged in statute. Sections 32 and 43 of the Local Government Finance Act 1992 require local authorities to have regard to the level of reserves needed for meeting estimated future expenditure when calculating the budget requirement.
7. There are no statutory minimum levels imposed and it is not considered appropriate or practical for the Chartered Institute of Public Finance and Accountancy (CIPFA), or other external agencies, to give prescriptive guidance on the minimum or maximum level of reserves required, either as an absolute amount or a percentage of the budget.
8. The adequacy of the level of reserves is therefore a matter of local judgement bearing in mind the level of risk the council faces together with the requirement to provide any non-recurring support for strategic priorities.
9. Strategies around the management of reserves within the current difficult financial environment are somewhat subjective. Professional and regulatory bodies suggest that reserves should be increasing over the medium term to ensure financial sustainability, whereas the views of Government have historically been that councils should utilise their reserves over the short to medium term.
10. The council's auditors will assess the level of reserves held at local level as part of their annual audit and may make recommendations to the level of the adequacy of those reserves with regard to the financial sustainability of the council.

ROLE OF THE CHIEF FINANCIAL OFFICER

11. Within the existing statutory and regulatory framework it is the responsibility of the Chief Financial Officer to advise the local authority about the level of reserves that they should hold and to ensure that there are clear protocols for their establishment and use.

12. This requirement is also reinforced by Section 114 of the Local Government Finance Act 1988, which requires the Chief Financial Officer to report to all the authority's councillors, if there is or is likely to be unlawful expenditure or an unbalanced budget. This would include situations where reserves have become seriously depleted and it is forecast that the authority will not have the resources to meet its expenditure in a particular financial year.

PURPOSE OF RESERVES AND BALANCES

13. Reserves can be classed as general reserves or earmarked reserves and represent funds that are not part of the normal recurring budget of the council but are a discrete resource of finite funds.

14. General reserves are set aside to provide a short-term cushion for the impact of uneven cash flow, to provide an emergency fund for exceptional unmitigated circumstances and to ensure that the council remains a going concern. The current level of the council's general reserves is set at £12m. This figure is judged as a prudent level of balance to be set aside to ensure the council remains financially liquid as a going concern. This fund is held as a fund of "last resort" when all other reserves or budgets have been completely depleted for unknown risks.

15. Earmarked reserves are held to mitigate against potential specific risks that the council faces; cushion against uncertainty; provide for anticipated liabilities and short-term investment for strategic priorities or support the operational delivery of specific services. These reserves are held for either strategic purposes to give flexibility in the use of corporate resources or are held as specific ring-fenced reserves for operational needs.

16. Given the increased pressures on the annual revenue budget the ability for the council to build up reserves will become increasingly difficult in future years. Clear protocols therefore should be in place for the use of each earmarked reserve that set out:

    - The reason for/purpose of the reserve
    - How and when the reserve can be used
    - An assessment of the adequacy of the reserve in light of risk factors
    - Procedures for the reserve's management and control
    - A process and timescale for review of the reserve to ensure continuing relevance and adequacy.

RISK FACTORS

17. The table below identifies the key risks that are mitigated and managed through this Reserves Strategy.

Risk	Reserve
Short-term liquidity and cash flow.	General
Unforeseen emergencies.	General
Strategic service transformation and ability to ensure services remain fit for purpose and deliver value for money.	Transformation
Achievement of high priority strategic objectives that require pump priming or inward investment.	Growth/Transformation
Financial risks inherent in major developments and projects that are aligned to strategic priorities.	All reserves as appropriate to project
Provide interim support for emerging risks that were unknown at budget setting and are an unavoidable commitment through regulatory or legislative reform that are outside the direct control of the council.	Inflationary
Fluctuations, loss and uncertainty in funding or income levels coupled with the council's ability to respond in a timely way, thereby providing a buffer to enable the council to adapt.	Funding Reform Volatility
Variations in Business Rate yield due to the impact of appeals and other factors which can reduce funding availability.	Funding Reform Volatility
Cost increases significantly above the inflation provision built into the budget.	Inflationary
Respond to changes in demand for services.	Transformation
Volatility of pension fund performance.	Pensions Reserve
Crystallisation of Risks/Events of uncertain timing.	Insurance and Contingent Liability

REPORTING FRAMEWORK

18. The Medium Term Financial Strategy includes a forward forecast of future balances for the relevant period. The council's annual Revenue Budget includes a statement showing the forecast movements in reserves during the one year budget period.

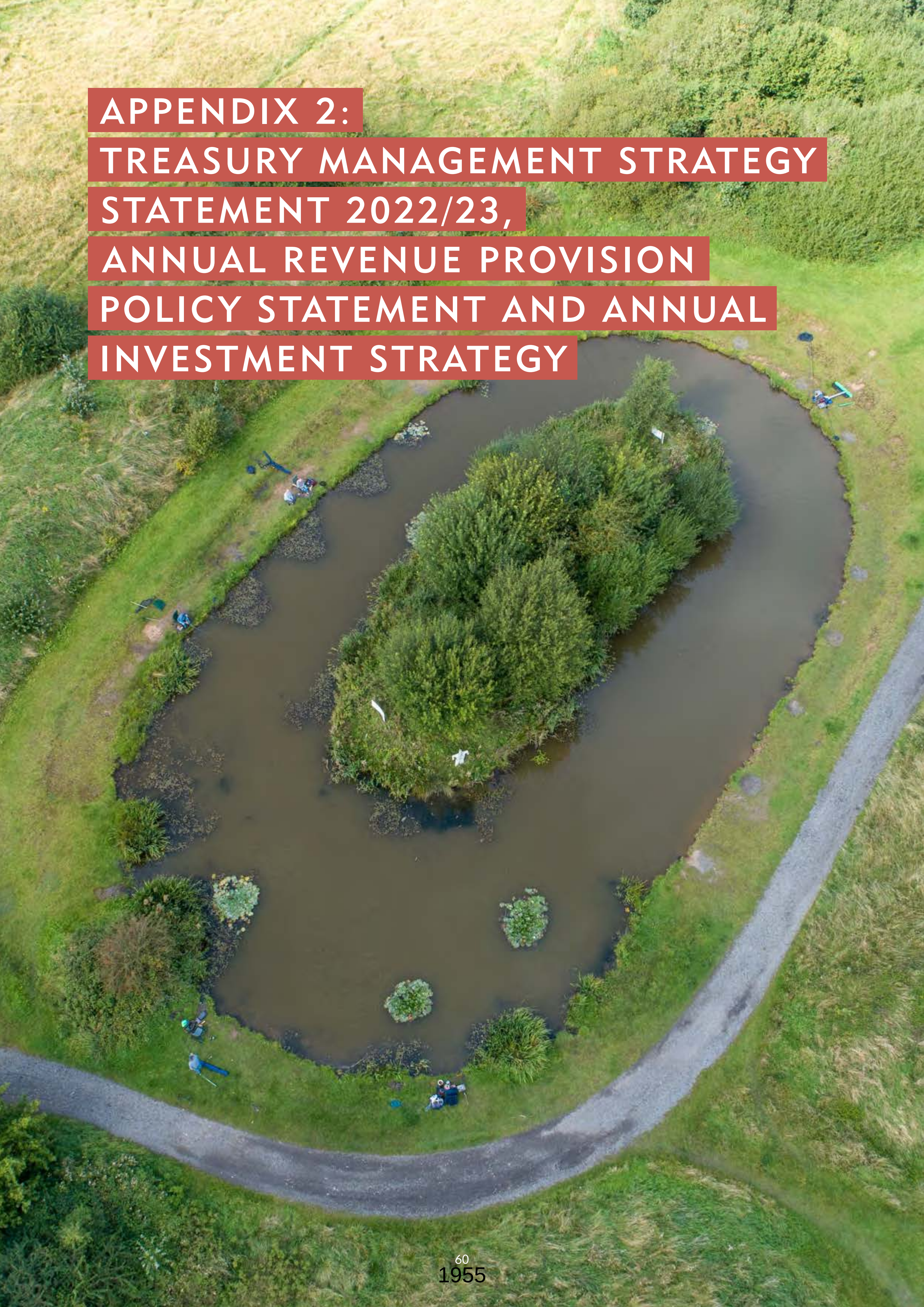
19. The level and utilisation of reserves will be determined formally by the council, informed by the advice and judgement of the Chief Financial Officer or his/her deputy. The protocols covering all reserves are set out in the following table.

EARMARKED RESERVES PROTOCOL

Purpose	Process for Use (subject to statutory and council decision making protocols e.g. relating to limits of approval)
Transformation Reserve Access to the fund is available for services undergoing fundamental change in service delivery and requiring project management and/or specialist activities to achieve new operating models, improved performance or enhanced outcomes. In addition, the fund can also be utilised to ensure equipment supports the latest advancements in technology and/or delivers the council's modernisation programme. The fund may also be accessed to promote the climate change agenda and support the development of services which create a greener and sustainable environment.	Individual projects will require clearly defined and measurable outputs which enable or deliver key transformation objectives. Accessed via Administrative/Delegated Executive Decision by the Chief Executive/Assistant Chief Executive or Executive Directors.
Growth Reserve The use of this reserve will be to support the delivery of developments which would enhance the economic growth of the Borough, attracting new business and employment opportunities and, in addition, secure the long-term viability of St Helens Town Centre and its localities.	Proposed usage must be linked to regeneration of the Borough and demonstrate wider benefits, including supporting the growth agenda and the attraction of new businesses. Accessed via Administrative/Delegated Executive Decision by the Chief Executive/Assistant Chief Executive, Executive Director of Place Services and Executive Director of Corporate Services.
Funding Reform Volatility Reserve The purpose of this reserve is to provide resilience to the council from the uncertainties in future changes in Government funding and finance reform and 'smooth out' resources during the transition period. It is also used to absorb smoothing related to the complex arrangements for Business Rates and the volatility of the Business Rates mechanism, which can involve reconciling payments over a number of years.	The use of the funding must be agreed by the Executive Director of Corporate Services.
Councillor Improvement Fund To provide funding towards projects within local communities proposed by local residents and council taxpayers.	The use of the funding is for projects meeting specific criteria and has been approved by local councillors and is within agreed budgets and timescales.

Purpose	Process for Use (subject to statutory and Council decision making protocols e.g. relating to limits of approval)
Waste Management Development Fund Merseyside Recycling and Waste Authority (MRWA) has resolved for the distribution of its Waste Development Fund to the constituent Districts. In doing so, the council has entered into a Memorandum of Understanding with MRWA as to how these funds should be used to deliver the Joint Recycling and Waste Management Strategy (JRWMS) targets and objectives.	Proposals must relate to necessary service changes to achieve the delivery of the JRWMS. Accessed via Administrative/Delegated Executive Decision by the Chief Executive/Assistant Chief Executive, Executive Director of Place Services and Executive Director of Corporate Services.
Pension Reserve The purpose of this reserve is to provide resilience due to the volatility inherent in the Merseyside Pension Fund, of which St Helens is a member. This reserve exists to potentially smooth out volatility of payments and commitments to the fund, based on changing valuations of the funds' assets and liabilities. The reserve would also provide opportunity to realise future savings from the prepayment of pension liabilities to Merseyside Pension Fund following the actuarial revaluation of the Fund.	The use of the funding will be agreed by the Executive Director of Corporate Services.
Insurance & Contingent Liability Reserve The use of this reserve is to provide resource cover for additional and unforeseen insurance claims which may be brought in the future and also financial risks that the council may face in the form of contingent liabilities.	The use of the funding will be agreed by the Executive Director of Corporate Services.
Inflationary Reserve The use of this reserve is to support services where cost increases are significantly above inflation and not to allow for these costs would have a direct impact on the delivery of essential services.	The use of the funding will be agreed by the Executive Director of Corporate Services.

APPENDIX 2: TREASURY MANAGEMENT STRATEGY STATEMENT 2022/23, ANNUAL REVENUE PROVISION POLICY STATEMENT AND ANNUAL INVESTMENT STRATEGY



1. BACKGROUND

1.1 1.1 The Local Government Act 2003 (the Act) and the associated CIPFA Prudential Code require the council to set Prudential and Treasury Indicators for the next three years to ensure that the council's capital investment plans are affordable, prudent and sustainable.

1.2 The Act also requires the council to set out its Treasury Strategy for borrowing and to prepare an Annual Investment Strategy that sets out the council's policies for managing its investments and for giving priority to the security and liquidity of those investments.

1.3 The Strategy for 2022/23 covers:

- the current treasury position
- prospects for interest rates
- borrowing requirements and strategy
- Annual Revenue Provision policy statement
- the investment strategy
- the extent of debt rescheduling opportunities
- treasury management limits and prudential indicators for the period 2021/22 to 2024/25

1.4 It is a statutory requirement under Section 33 of the Local Government Finance Act 1992 for the council to produce a balanced budget. In particular, Section 32 requires a local authority to calculate its budget requirement for each financial year to include the revenue costs that flow from capital financing decisions. This, therefore, means that increases in capital expenditure must be limited to a level whereby increases in charges to revenue from:

(i) increases in interest charges caused by increased borrowing to finance additional capital expenditure; and

(ii) any increases in running costs from new capital projects are limited to a level, which is affordable within the projected income of the council for the foreseeable future.

1.5 The Council uses Link Asset Services as its external treasury management advisors. The Council recognises that responsibility for treasury management decisions remains with the organisation at all times and will ensure that undue reliance is not placed upon its external advisors.

It also recognises that there is value in employing external providers of treasury management services in order to acquire access to specialist skills and resources. The Council will ensure that the terms of their appointment and the methods by which their value will be assessed are properly agreed and documented and subjected to regular review.

1.6 In December 2021, CIPFA issued revised Prudential and Treasury Management Codes, which updated the Codes of 2017. The 2021 Codes must be adopted from 1 April 2023, at the latest.

1.7 Since 1 April 2019, all local authorities have been required to prepare an additional report, a Capital Strategy, which provides the following:

- a high-level overview of how capital expenditure, capital financing and treasury management activity contribute to the provision of services
- an overview of how associated risk is managed
- the implications for future financial sustainability

The aim of the report is to ensure that all Council Members fully understand the overall strategy, governance arrangements, protocols and procedures within which capital decisions will be taken.

2. CURRENT TREASURY POSITION

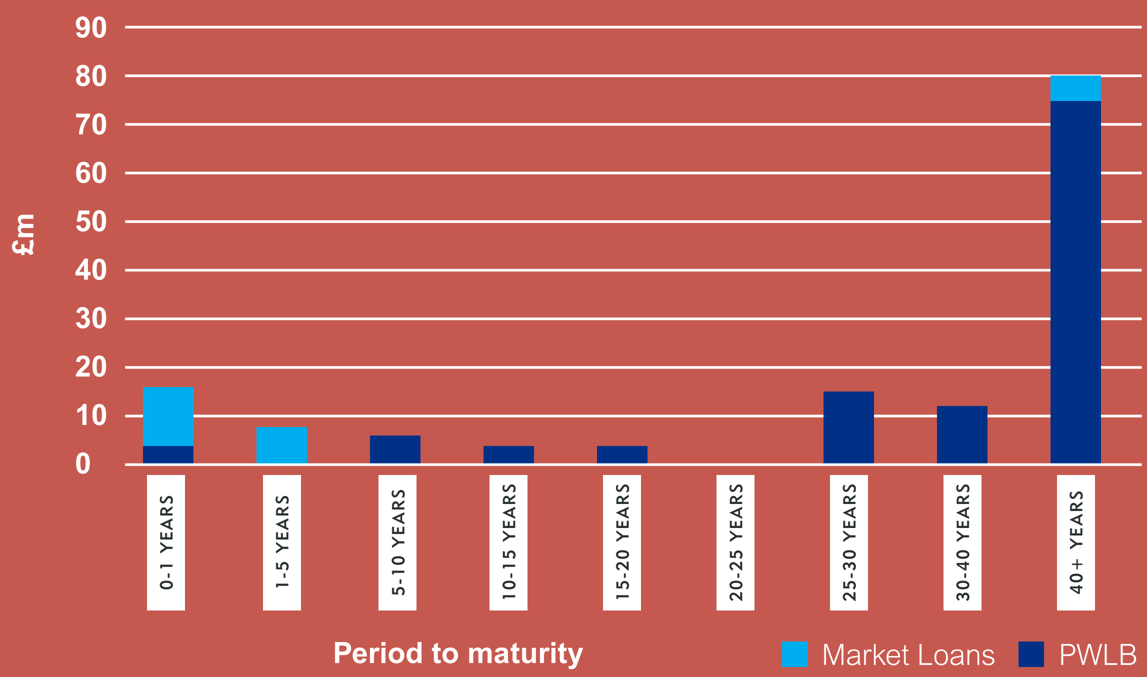
Borrowing

2.1 As at 31 December 2021 the council currently had outstanding external borrowing of £140.632m, which comprised:

Outstanding Debt at 31/12/2021	Principal £m	Average Rate %
Public Works Loan Board (PWLB) Debt	117.632	3.586
Market Debt	23.000	4.162
Total Debt	**121.565**	**3.680**

2.2 £20m of the market debt is held in the form of LOBO loans, where there are certain options on the part of both the council, as borrower, and the lender at specified points in the loans' existence. The profile of the council's borrowing (both market and PWLB) is detailed in the following chart.

ANALYSIS OF LOAN MATURITIES AS AT 31/12/2021



In accordance with the Prudential Code, the maturity of borrowing should be determined by reference to the earliest date on which the lender can require payment. If the lender does have the right to increase the interest rate payable (as is the case with a LOBO loan), then this should be treated as a right to require payment. In accordance with this guidance, the maturity dates of the council's LOBO loans have been taken as the next call date for each loan. In the current interest rate climate, it is unlikely that these loans will be called imminently.

2.3 The council's current external debt position (together with forward projections based on the currently approved capital programme) is detailed below. The table enables a comparison of the levels of external debt against the underlying capital borrowing need, as measured by the Capital Financing Requirement (CFR). This demonstrates the under borrowing when compared to the underlying need.

External Debt	2021/22 Actual £m	2022/23 Estimate £m	2023/24 Estimate £m	2024/25 Estimate £m
Debt as at 1 April	121.563	140.627	137.520	137.507
Forecast Change in Debt	19.064	(3.107)	(0.013)	(0.013)
Other Long-Term Liabilities (OLTL)	22.089	21.460	20.750	19.980
Expected Change in OLTL	(0.629)	(0.710)	(0.770)	(0.884)
Projected Gross Debt as at 31 March	**162.087**	**158.270**	**157.487**	**156.590**
Capital Financing Requirement	194.500	197.695	207.904	203.953
(Under) / Over Borrowing	**(32.413)**	**(39.425)**	**(50.417)**	**(47.363)**

2.4 Within the prudential indicators there are a number of key indicators to ensure that the council operates within well-defined limits. One of these is that the council needs to ensure that its gross debt does not, except in the short-term, exceed the total of the CFR in the preceding year plus the estimates of any additional CFR for 2022/23 and the following two financial years. As is detailed by the table above the council's projected gross debt is significantly lower than its CFR over the period. The variance reflects previous strategy decisions to use available resources to negate the need to incur additional borrowing.

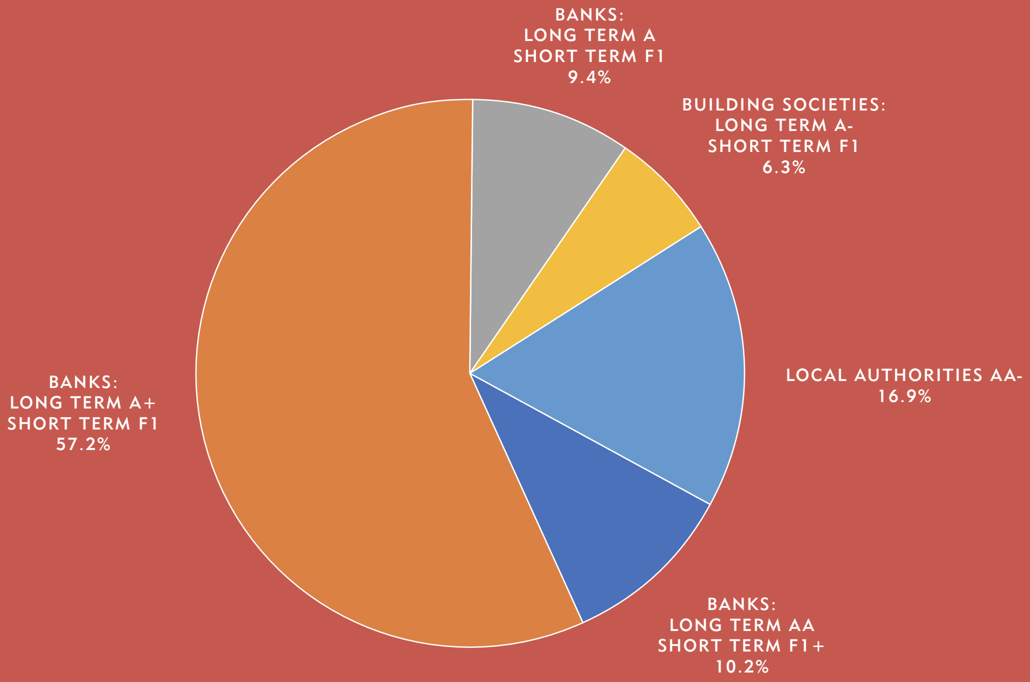
2.5 The Strategy adopted in previous years has proved to be largely successful. However, this flexibility within the Treasury Management Strategy is contingent on the utilisation of capital receipts and other reserves to fund capital activity. If risks identified within the council's financial strategy arise or the availability of internal resources to fund the capital programme diminishes, then the council would have the capacity to undertake additional external borrowing to fund such eventualities or simply address the underlying difference between the CFR and its actual borrowings.

2.6 A new accounting standard (International Financial Reporting Standard 16 - Leases) was due to be introduced with effect from the 1 April 2020. This accounting standard will have the impact of moving leases of a material value from off balance sheet leased assets onto the balance sheet. This will have knock-on implications for a number of the prudential indicators, including the Capital Financing Requirement, External Debt (Other long-term liabilities), the authorised limit and operational boundary. However, due to the COVID-19 pandemic and the impact upon finance functions within local authorities, the date of implementation has been deferred until a future year (as yet to be determined). It is likely that limits will need to be amended in future years to reflect the changes.

Investments

2.7 As at 31 December 2021 the council had investments of £159.506m in a range of institutions as follows.

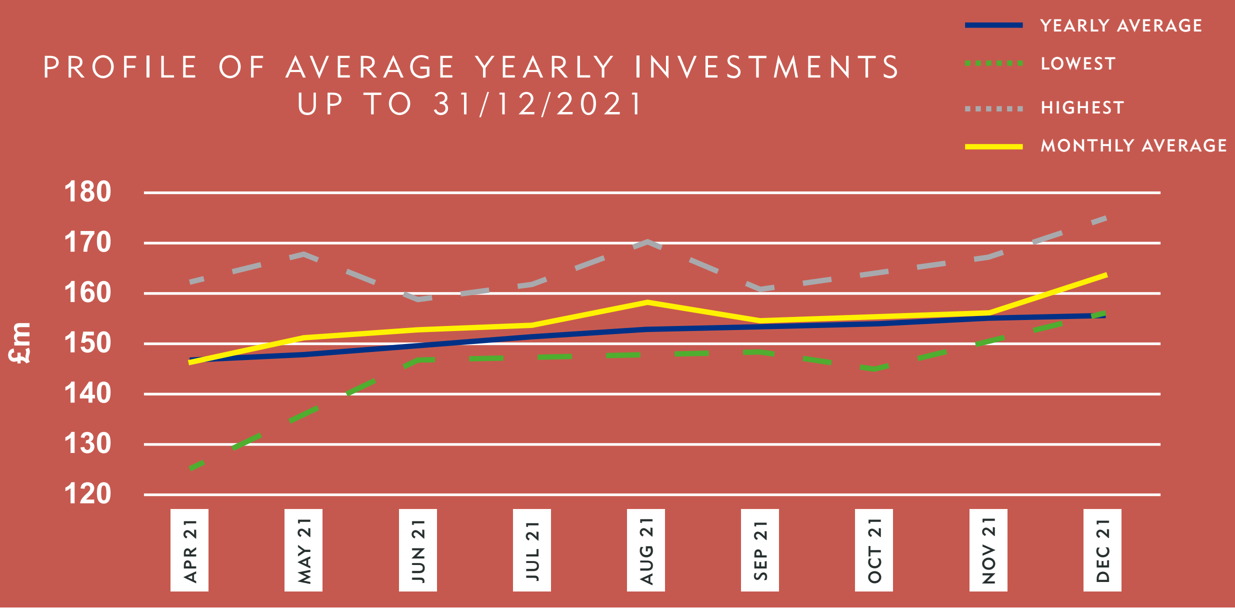
ANALYSIS OF INVESTMENTS BY CREDIT RATINGS AS AT 31/12/2021



These investments include (circa. £17.8m) funds held on behalf of Schools & MRWA.

2.8 Dependent on the timing of the council's cash flows, this level of investments will rise or fall. The average daily sum invested thus far during 2021/22 is around £154.682m and this level of investments is key to the consequential borrowing considerations as detailed in Paragraphs 2.1 to 2.5. The profile of average investment levels thus far is as detailed in the following chart.

PROFILE OF AVERAGE YEARLY INVESTMENTS UP TO 31/12/2021



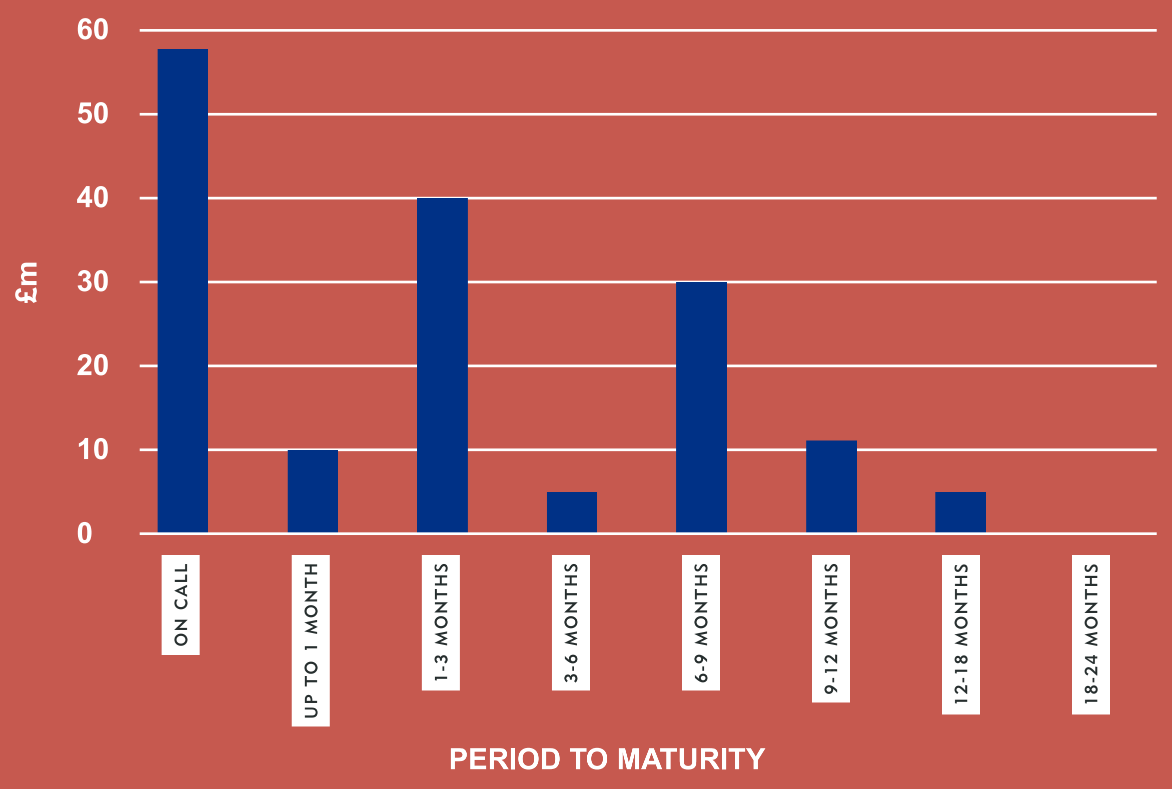
2.9 Levels of investments forecast as at 31 March 2022 are likely to be lower than the current balance based on current spending plans, the projected receipt of funds and projected use. It is forecast that the balance of funds available for investment during 2022/23 will be slightly below the levels anticipated at the end of 2021/22. This is a consequence of plans and commitments faced by the council during the forthcoming financial year.

2.10 Merseyside Recycling and Waste Authority (MRWA), under a Service Level Agreement (SLA), utilise a number of St Helens Borough Council support services. One of those is Treasury Management services. Historically MRWA have had funds which have been invested with the council's investments. This has been the position for the current financial year to date.

2.11 The Bank of England reduced interest rates at the start of the pandemic to historically low levels and current forecasts, as detailed in Section 3, are that rates will increase over the short to medium-term. As a result, the council has sought to hold a balance of short and longer-term fixed terms deposits, to lock into favourable rates of return at the time, whilst retaining flexibility to take advantage if rates increase. However, the profile of investments has been somewhat restricted as security of capital is of paramount importance and, therefore, investment options are limited to a small number of Counterparties.

2.12 The profile of investment maturities as at 31 December 2021 are detailed in the following chart.

ANALYSIS OF INVESTMENT MATURITIES AS AT 31/12/21



3. PROSPECTS FOR INTEREST RATES

3.1 The Council has appointed Link Asset Services as a treasury advisor and part of their service is to assist Officers to formulate a view on interest rates. Annex 1 provides an overview of current City forecasts for both short and longer-term interest rates. As expected, the Monetary Policy Committee (MPC) increased Bank Rate from the historic low rate of 0.10%, which was set as an emergency action in response to the impact of the COVID-19 pandemic and uncertainty around Brexit, to 0.25% in December 2021.

3.2 This increase was followed by a further rise in Bank Rate on 3 February 2022, to 0.50% in response to continuing rising inflation.

3.3 Link Asset Services project that further increases in Bank Rate are expected, with two more increases built into forecasts for 2022/23. These forecasts are based upon the fact that the MPC is heavily focused on combating the current inflationary environment. These predicted rates are broadly in line with other forecasters' estimates.

3.4 The uncertainty that existed around Brexit has played a major part in MPC policy over the past 3 years, combined with the economic downturn on the back of the COVID-19 pandemic. However, the major factors causing uncertainty over future changes to Bank Rate are supply shortages and the current spike in inflation.

3.5 Economic and interest rate forecasting remains difficult with so many external influences weighing on the UK. The above forecasts (and MPC decisions) will be liable to further amendment depending on how economic data and developments in financial markets transpire over the next year.

3.6 The current economic outlook, structure of market interest rates and government debt yields, have some key treasury management implications:

- Investment returns are likely to remain relatively low during 2022/23, despite forecast increases in Bank Rate
- Borrowing rates fell to historically low rates as a result of the COVID-19 pandemic and the quantitative easing operations of the Bank of England
- The reduction in PWLB margins of 1% by Government in November 2020, reversing the increase introduced in October 2019, significantly reduced borrowing rates further. These low rates mean that new borrowing, to address historic under borrowing, will continue to be considered, particularly in light of forecast increases in borrowing rates.

3.7 The Government decision to reduce PWLB borrowing rates by 1% introduced a new restriction, denying access to borrowing from the PWLB for any local authority which had the purchase of assets for yield in its three-year capital programme.

3.8 Over a number of years, the council has deferred new borrowing by utilising cash balances. This policy has served the council well and has allowed the council to recently secure borrowing at historically low rates which would not have been available at the time of incurring the capital expenditure. The Council may, at some point in the future, have an additional need to borrow, at potentially higher rates, to finance new capital expenditure, refinance maturing debt or close the gap between the council's actual borrowings and its CFR.

3.9 There will potentially be a cost of carry to any additional new borrowing undertaken that would increase cash balances at a time when the levels of return available on investment returns remain low. However, there may be longer term benefits in that, over the longer term, the external interest payments made by the council would be lower.

4. BORROWING REQUIREMENT AND STRATEGY

4.1 The council's 'in year' borrowing requirements for the next, and subsequent three financial years, are based on those requirements arising from the proposed capital programme as included in the Budget Report and are calculated as follows.

	2022/23 £m	2023/24 £m	2024/25 £m
Unsupported Borrowing	6.632	14.310	0.700
Revenue Provision	(3.437)	(4.101)	(4.651)
In-Year Capital Financing Requirement	**3.195**	**10.209**	**(3.951)**

4.2 These requirements are calculated as:

(i) that element of the proposed capital programme not financed by specific grant or contributions, capital receipts or earmarked balances

(ii) less the Annual Revenue Provision as calculated by reference to the Capital Finance and Accounting Regulations 2008 (and explained further in section 5)

4.3 As is evident, the in-year Capital Financing Requirement over the three-year period is positive. The council's current borrowing profile, whereby levels of actual borrowing are below the implied underlying need to borrow, puts the council in a sound position and this positive movement increases the council's options around the strategic use of cash.

4.4 The current position is a product of previous strategy decisions to use cash arising from its available reserves and balances to negate the need to borrow. With historically and abnormally low Bank Rates, the avoidance of new external borrowing has reduced costs in the short-term and reduced exposure to interest rate and credit risk.

4.5 There is currently no absolute requirement for the council to undertake new external borrowing to finance ongoing capital programme activity. However, while actual levels of external borrowing remain significantly below the Capital Financing Requirement, there does remain the possibility or absolute need to incur new borrowing to finance historic activity.

4.6 The need to borrow will be influenced by calls on capital receipts and other reserves and balances. As discussed at 3.9, there are recognised benefits of borrowing whilst rates are low, as there is a risk that any absolute future requirement may attract higher rates than are currently available.

4.7 Additional borrowing may be required dependent upon decisions that are made regarding additions to the capital programme, in line with the Capital Strategy and the specified governance arrangements.

4.8 Extreme caution will be adopted with the 2022/23 treasury operations. Officers will continue to monitor prevailing interest rates and market forecasts and will adopt a pragmatic approach to any changing circumstances, with reports submitted on actions taken in line with the reporting requirements of the council's Treasury Management Practices.

5. ANNUAL REVENUE PROVISION STATEMENT

5.1 Under Regulation 27 of the 2003 Capital Finance Regulations, Local Authorities were required to charge their revenue account for each financial year Minimum Revenue Provision (MRP) to account for the repayment of principal in that financial year. The requirement to make this statutory provision was amended under regulation 28 in the Capital Finance and Accounting Regulations 2008. The current regulation 28 sets out a duty for a Local Authority to make an amount of minimum revenue provision, which it considers to be prudent.

5.2 Under regulation 28, Authorities are provided with a number of alternative approaches, which can be adopted for the purpose of calculating a 'prudent provision'. The approach by an authority should be outlined in a statement and submitted to Council for consideration. The statement below outlines the approach that the council has adopted to the calculation of its revenue provision.

5.3 The council will calculate its Annual Revenue Provision (RP) by applying the Asset Life Method, unless the borrowing is for a Loan Financial Investment. Under the guidance there are two approaches which can be applied to calculating the RP charge under the Asset Life Method, those being the Equal Instalment Approach and the Annuity Approach.

5.4 For all borrowing that was previously supported through the Local Government Financial Settlement and the council's Private Finance Initiative scheme, the Annuity Method will be applied to the calculation of an annual RP charge.

5.5 For borrowing undertaken under the Prudential system to fund schemes of a regeneration and/or infrastructure nature, for which there has been/is no Government support, the council will make a provision using the Annuity Method Approach. The use of this method represents a more prudent option for the council for schemes of this nature and has the advantage of linking the revenue charges to the flow of benefits from an asset, where the benefits are expected to increase in later years.

5.6 Where borrowing is undertaken for a Loan Financial Investment, as described in the Ministry of Housing, Communities and Local Government's (MHCLG) Statutory Guidance on Local Government Investments (3rd Edition) but treated as Capital Expenditure in accordance with the Local Government Act 2003, Regulation 25, the council will not make a Revenue Provision charge. This is predicated on the basis that the Loan will be repayable at some date in the future. This is deemed to be prudent because any risks relating to non-repayment will be quantified and charged, using the "expected credit loss" model, in accordance with IFRS 9 Financial Instruments, in the year in which they are identified.

5.7 For all other borrowing undertaken under the Prudential system for which there has been/is no Government support, the council will make a provision using the Equal Instalment Approach; that is to say the RP charge will be calculated based on the estimated life of the asset for which the borrowing is undertaken.

5.8 Government is currently undertaking a consultation exercise to review the statutory MRP guidance to ensure that local authorities are complying with the duty to make a prudent revenue provision. Any changes to the practices that authorities will be required to follow will be implemented from 1 April 2023, with no anticipated requirement for retrospective application.

6. ANNUAL INVESTMENT STRATEGY

6.1 The Council will have regard to the DLUHC Guidance on Local Government Investments and CIPFA's Code of Practice in conducting its investment activity and the overriding priorities are that security and liquidity of funds are of paramount importance.

6.2 In accordance with the above, and in order to minimise the risk to investments, the council has a clearly stipulated minimum acceptable credit quality of Counterparties for inclusion on the council's lending list. The creditworthiness methodology used to create the Counterparty list takes account of the ratings provided by FITCH, one of the three main ratings agencies. All investments made during 2022/23 will be in accordance with the Annual Investment Strategy, which is detailed at Annex 2.

6.3 In keeping with previously approved Treasury Management Strategies, the council has sought to lock into longer period investments where opportunities and Counterparty Criteria permits, whilst maximum strategic use of its call account facilities has been made during the period for cash flow generated balances and to ensure sufficient liquidity. This practice will continue during 2022/23, subject to:

(i) the outlook for medium term interest rates (i.e. to avoid locking into deals whilst investment rates are at historically low levels and there is a forecast pick-up in rates over the medium term)

(ii) the management of counterparty risk

(iii) any opportunities to repay debt using available investments

(iv) the council's liquidity requirements

6.4 DLUHC and CIPFA have previously extended the definition of investments to include non-financial investments which are defined as non-financial assets that organisations hold primarily, or partially, to generate a profit. The strategy in relation to this kind of investment is covered within the Capital Strategy.

7. DEBT RESCHEDULING

7.1 Debt rescheduling has historically been undertaken in order to:

(i) generate cash savings at minimum risk

(ii) amend debt maturity profiles and/or the balance of volatility

(iii) aid fulfilment of the council's overall borrowing strategy

7.2 Consideration will also be given to the potential for making savings by running down investment balances by repaying debt prematurely (as short-term investments are likely to be lower than rates paid on currently held debt). Due to the existence of higher redemption interest rates on PWLB debt, premiums are highly likely to compromise such opportunity.

7.3 It should be noted that the Prudential Code allows for the funding of premium costs arising from debt rescheduling to be financed by usable capital receipts. This adds another option for consideration in that such transactions could serve to reduce the council's liabilities arising from its borrowing activity and reduce revenue costs over the longer term.

7.4 Should rescheduling opportunities arise, prudence will be exercised at all times and any actions by Officers will be reported in accordance with the reporting requirements of the council's Treasury Management Practices.

8. TREASURY LIMITS AND PRUDENTIAL INDICATORS 2021/22 to 2024/25

8.1 It is a statutory duty under Section 3 of the Local Government Act 2003 and supporting Regulations for the council to determine and keep under review how much it can afford to borrow. The amount so determined is termed the "Affordable Borrowing Limit".

8.2 The Council must have regard to the Prudential Code when setting this limit. The Code also sets a series of other limits and indicators that the council must consider.

8.3 The proposed limits and indicators required for approval for the period 2021/22 to 2024/25 are contained in Annex 3.

9. CIPFA CODE OF PRACTICE: TREASURY MANAGEMENT IN THE PUBLIC SERVICES (THE CODE)

9.1 Formal adoption of the Code has been reiterated by Council over a number of years, most latterly by council in approving the 2021/22 Treasury Management Strategy.

9.2 All requirements of the Code are implemented through the governance frameworks, policies, systems, procedures and controls in place within the council and will continue to be so. It is an historic requirement of the Code that the council should formally adopt the Code and specifically the four Clauses contained at Annex 4 and the Treasury Management Policy Statement at Annex 5.

ANNEXES

1 OUTLOOK FOR INTEREST RATES

2 ANNUAL INVESTMENT STRATEGY 2022/23

3 TREASURY LIMITS AND PRUDENTIAL INDICATORS 2021/22 TO 2024/25

4 ADOPTION OF THE CIPFA TREASURY MANAGEMENT IN THE PUBLIC SERVICES CODE OF PRACTICE AND CROSS-SECTORAL GUIDANCE NOTES

5 TREASURY MANAGEMENT POLICY STATEMENT

ANNEX 1: OUTLOOK FOR INTEREST RATES

The data below shows a variety of forecasts published by a number of institutions. The table below provides individual forecasts including those of Link Asset Services and Capital Economics (an independent forecasting consultancy).

The data shows rates at the time of issue of the forecasts, February 2022. The forecast within the strategy has been drawn from these diverse sources and Officers' own views.

PWLB rates and forecast shown below have taken into account the 20 basis point certainty rate reduction effective as of the 1 November 2012.

	Mar 2022	Jun 2022	Sep 2022	Dec 2022	Mar 2023	Jun 2023	Sep 2023	Dec 2023	Mar 2024	Jun 2024	Sep 2024	Dec 2024	Mar 2025
Bank Rate													
Link Asset Services	0.75%	1.00%	1.00%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%
Capital Economics	0.75%	1.00%	1.25%	1.25%	1.50%	1.75%	2.00%	2.00%					
5-year PWLB Rate													
Link Asset Services	2.20%	2.30%	2.30%	2.30%	2.30%	2.30%	2.30%	2.30%	2.30%	2.30%	2.30%	2.30%	2.30%
Capital Economics	2.10%	2.20%	2.30%	2.40%	2.60%	2.70%	2.80%	3.00%					
10-year PWLB Rate													
Link Asset Services	2.30%	2.40%	2.40%	2.40%	2.40%	2.40%	2.40%	2.40%	2.40%	2.40%	2.40%	2.40%	2.40%
Capital Economics	2.20%	2.30%	2.40%	2.50%	2.70%	2.80%	2.90%	3.00%					
25-year PWLB Rate													
Link Asset Services	2.40%	2.50%	2.50%	2.60%	2.60%	2.60%	2.60%	2.60%	2.60%	2.60%	2.60%	2.60%	2.60%
Capital Economics	2.40%	2.50%	2.60%	2.70%	2.80%	3.00%	3.10%	3.20%					
50-year PWLB Rate													
Link Asset Services	2.20%	2.30%	2.30%	2.40%	2.40%	2.40%	2.40%	2.40%	2.40%	2.40%	2.40%	2.40%	2.40%
Capital Economics	2.10%	2.30%	2.40%	2.60%	2.70%	2.90%	3.00%	3.20%					

ANNEX 2: ANNUAL INVESTMENT STRATEGY 2022/23

1.0 Purpose

1.1 This Strategy is submitted to Council for approval in adherence with the guidance issued by the then ODPM under Section 15(1)(a) of the Local Government Act 2003 and in accordance with the Statutory Guidance on Local Government Investments (3rd Edition), issued in 2018 by the then MHCLG.

1.2 It covers the financial period to 31 March 2023 and is complimentary to the Treasury Management Strategy 2022/23 and the adopted Treasury Management Practices as required by the CIPFA Code of Practice: Treasury Management in the Public Services.

1.3 The Council's investment policy has regard to the CIPFA Treasury Management in Public Services Code of Practice and Cross Sectoral Guidance Notes 2017 ("the CIPFA TM Code").

1.4 In doing so the Annual Investment Strategy sets out:

- which investments the council may use for the prudent management of its surplus funds during the period, under the heads of Specified Investments and Non-Specified Investments
- the utilisation of Loan Financial Instruments and the governance arrangements that must be followed when decisions are made
- the procedures for determining the use of each asset class
- the maximum periods for which funds may be prudently committed in each class
- the upper limits to be invested in each class
- the extent to which prior professional advice need be sought from the council's Treasury Advisors prior to the use of each class
- the minimum amount to be held in short-term investments.

2.0 Investment Objectives and Principles

2.1 The general policy objective for the council is the prudent investment of its surplus funds. The council's investment priorities are the security of capital and liquidity of investments.

2.2 The Council will aim to achieve the optimum return on its investments commensurate with the proper levels of security and liquidity and having properly assessed all inherent risks, as detailed in its Treasury Management Practices.

2.3 The Council will seek to ensure that temporary borrowing will not be made whilst the council has investment funds available and its longer-term borrowing activity will have full regard to the content of CIPFA's Prudential Code and the council's own approved Treasury Strategy. In particular, the council will not engage in treasury borrowing activity that is solely for the purposes of investment or on lending to make a return.

3.0 Specified, Loans and Non-Specified Investment Types

3.1 Financial investment instruments are broadly classified within government guidance as being Specified, Loans or Non-Specified.

3.2 An investment is a Specified Investment if:

a) the investment is denominated in sterling and any payments or repayments in respect of the investment are payable only in sterling

b) the investment is not a long-term investment

c) the making of the investment is not defined as capital expenditure by virtue of Regulation 25(1)(d) of the Local Authorities (Capital Finance and Accounting) (England) Regulations 2003 (SI 3146 as amended)

d) the investment is made with a body or investment scheme which has been awarded a high credit rating by a credit rating agency or is made with the United Kingdom Government, a Local Authority in England or Wales (as defined in Section 23 of the 2003 Act), a Parish or Community Council

3.3 A local authority may choose to make loans to local enterprises, local charities, wholly owned companies and joint ventures as part of a wider strategy for local economic growth. Local authorities can make such loans whilst continuing to have regard to the guidance if they can demonstrate in their Strategy that:

a) Total financial exposure to these types of loans is proportionate

b) They have used an allowed "expected credit loss" model for loans and receivables as set out in International Financial Reporting Standard 9 Financial Instruments as adopted by proper practices to measure the credit risk of the loan portfolio

c) They have appropriate credit control arrangements to recover overdue repayments in place

d) The local authority has formally agreed the total level of loans by type that it is willing to make and their total loan book is within the self-assessed limit.

3.4 Non-specified Investments are those investments not meeting the definition of a specified investment or a loan and, inherently, are subject to greater degrees of treasury risk. They do, however, offer some potential diversification as part of an overall strategy, and as a result, a small number are identified as being potentially suitable for use, subsequent to prior consultation and advice from the council's appointed Treasury Management Advisors.

3.5 In assessing the relative characteristics of each possible instrument type, the risk attached in their use and how their use would assist in the delivery/achievement of the council's investment objectives and principles, Annex A has been prepared to detail those instruments that it is proposed may be used as part of the investment strategy. The utilisation of Loan Financial Instruments have additional restrictions placed upon them and the detail of the decision making process for their use is set out in Section 9.

4.0 Credit and Counterparty Policies

4.1 The council relies on credit ratings published by FITCH, an independent rating agency, to establish the credit quality of Counterparties (issuers and issues) and investment schemes. Credit rating lists are reviewed on an ongoing basis to ensure prompt action to remove institutions whose ratings fall below the council's threshold. The policy is fully documented in the council's Treasury Management Practices.

4.2 Delegation has been granted to the Executive Director of Corporate Services in relation to the criteria by which the council's lending list is compiled for its internally managed investments. The criteria proposed for adoption during 2022/23 is contained at Annex B.

4.3 The criteria proposed is unchanged from that applied currently.

5.0 Liquidity of Investments

5.1 The need to ensure liquidity by the continuous management and monitoring of the council's cash transactions and resource is one of the key objectives of the Treasury function and liquidity risk management is fully considered and documented in the council's Treasury Management Practices.

5.2 The limits included in Annex A are a reflection of the overriding importance of liquidity, and in addition to those, as a general rule, the council will aim to ensure that it has a minimum 15% of its investments held with a maturity period of less than one week at all times. Where cashflow expectations dictate, this general rule will be amended accordingly

6.0 Investment Strategy - Internally Managed Investments

6.1 All investments made during the duration of this Strategy will be in full compliance thereof.

6.2 Decisions, taken within the framework, regarding the period and type of investment, will be taken having regard to future cashflow requirements and likely interest rate movements. A suitable proportion of investments will be held "at call" for contingent purposes to allow for any significant investment opportunities for longer periods that may come available.

6.3 In keeping with the approved Treasury Management Strategies of recent years, the static base rate has led the council to, where possible, seek to lock into fixed rate deals at advantageous rates through the use of special tranche deals. This practice will continue during 2022/23, subject to:

(i) the outlook for medium term interest rates (i.e. to avoid locking into deals whilst investment rates are at historically low levels and there is a forecast pick-up in rates over the medium term)

(ii) the management of Counterparty risk

(iii) any opportunities to repay debt using available investments

(iv) the council's liquidity requirements

6.4 Maximum strategic use will be made of the council's call account facilities and the AAA rated money market funds to which the council has access during the period where prevailing rates are competitive

7.0 Investment Strategy - Externally Managed Funds

7.1 The council currently does not engage any Fund Managers to invest monies on its behalf following a previous review of Fund Manager activity and the decision to repatriate funds held by its then Fund Manager.

7.2 Arrangements for the re-engagement of Fund Managers at some point in the future will be considered in consultation with the appointed Treasury Management advisors. Where it is considered that the engagement of a Fund Manager is warranted, then a full tender exercise will be conducted in accordance with Contract Procedure Rules.

8.0 Reporting Arrangements

8.1 Cabinet will receive reports on Treasury Management activity and risks as part of the Financial Monitoring Report, which shall also be considered by the Overview and Scrutiny Commission.

8.2 Council will receive, via Cabinet, an end of year report in relation to the activity undertaken in the preceding year and a review of performance relative to the approved Strategy.

8.3 As a minimum, a mid-year Strategy review will also be undertaken, and the Audit and Governance Committee will consider this.

9.0 Capacity, Skills and Culture

9.1 The council has a responsibility to ensure that the Members and Officers undertaking decisions in relation to Investments have the necessary amount of training and information to enable them to make informed decisions as to whether to enter into a specific investment and to ensure that governance processes around decision making are robust and appropriate.

9.5 To enable the Members and Senior Officers involved in the investments decision making process to take informed decisions as to whether to enter into a specific investment, to assess individual assessments in the context of the strategic objectives and risk profile of the local authority and to enable them to understand how the quantum of these decisions have changed the overall risk exposure of the local authority, formal training is provided in conjunction with Link Asset Services.

9.6 Due to the complex nature of potential strategic investments, external advice and assessment will be commissioned, where necessary, to ensure that an independent evaluation is undertaken; this may also include support in negotiating commercial deals. In these circumstances, the organisation commissioned to undertake this role will be made aware of the regulatory regime within which the council operates and of the core principles of the prudential framework.

ANNEX A: LOCAL GOVERNMENT INVESTMENTS (ENGLAND) SPECIFIED VERSUS NON-SPECIFIED INVESTMENTS

Previous Guidance has defined Local Government investments as being either 'Specified' or 'Non-Specified'. The Guidance was, however, non-prescriptive in classifying the various investment instruments available into either of these categories. Indeed, in a continually changing market where new innovative 'products' are frequently being introduced it would be extremely problematical, if not impossible, to do so.

Much focus and emphasis is therefore placed on that element of the Guidance which states that Specified investments should require 'minimal procedural formalities'. The council's appointed Treasury Management advisors have discussed this issue with the then DCLG, who have expressed their desire to see Local Authorities apply the spirit of the Guidance rather than focus on a legalistic approach to the meaning of words in the Guidance. The spirit of the Guidance is that investment products, which take on greater risk and therefore should be subject to greater scrutiny should be subject to more rigorous justification and agreement of their use in the Annual Investment Strategy and so should fall into the Non-Specified category.

The latest Statutory Guidance on Local Government Investments by the DLUHC, issued on 2 February 2018, introduced a new category of Financial Investment – Loans; this additional category has been included in the guidance to reflect up to date working practices of Local Authorities and is reflected in the tables below.

The following tables have been drafted on that basis.

LOCAL GOVERNMENT INVESTMENTS (ENGLAND)
SPECIFIED INVESTMENTS

All "Specified Investments" listed below must be sterling-denominated with maturities of up to 1 year

Investment	Repayable/ Redeemable within 12 Months?	Security/ Minimum Credit Rating	Use for Managing Internal Investments?	Maximum Period
Debt Management Agency Deposit Facility (DMADF)	Yes	Govt-backed	Yes	6 months
Term deposits with the UK Government or with UK Local Authorities (i.e. Local Authorities as defined under Section 23 of the 2003 Act) with maturities up to 1 year	Yes	High security although LAs not credit rated	Yes	1 year
Term deposits with credit-rated deposit takers (Banks and Building Societies), with maturities up to 1 year	Yes	See*	Yes	1 year
Money Market Funds CNAV/LVNAV/VNAV (i.e. a collective investment scheme as defined in SI 2004 No. 534) These funds do not have any maturity date	Yes	Yes: AAA	Yes	The period of investment may not be determined at the outset but would be subject to cash flow and liquidity requirements
Forward deals with credit rated Banks and Building Societies < 1 year (i.e. negotiated deal period plus period of deposit)	Yes	See*	Yes	1 year in aggregate
Callable deposits with credit rated Banks and Building Societies, with maturities not exceeding 1 year	Yes	See*	Yes	1 year
Notice Account Facilities with credit rated deposit takers (Banks and Building Societies) (Maximum notice period 180 days)	Yes	See*	Yes	N/A
Call Account Facilities with credit rated deposit takers (Banks and Building Societies)	Yes	See*	Yes	N/A

*Subject to approved credit rating criteria as determined within the Annual Investment Strategy or as a result of delegation exercised by the Executive Director of Corporate Services in accordance with approved Treasury Management Practices

LOCAL GOVERNMENT INVESTMENTS (ENGLAND)
LOAN INVESTMENTS

Investment	Repayable/ Redeemable within 12 Months?	Loan Book Limit	Maximum Maturity of Investments
Loans with joint ventures	No	£45,000,000	10 years

LOCAL GOVERNMENT INVESTMENTS (ENGLAND)
NON-SPECIFIED INVESTMENTS

Investment	Repayable/ Redeemable within 12 Months?	Security/ Minimum Credit Rating	Use for Managing Internal Investments?	Maximum Maturity of Investments
Term deposits with credit rated deposit takers (Banks and Building Societies) with maturities greater than 1 year	No	See*	Yes	2 years
Term deposits with the UK Government or with UK Local Authorities with maturities greater than 1 year	No	High Security although LAs not credit rated	Yes	2 years
Banking facility for Merseyside Recycling and Waste Authority	Potentially	High Security although LAs not credit rated	Yes	N/A
Certificates of Deposit with credit rated deposit takers (Banks and Building Societies) Custodial arrangement required prior to purchase	Potentially	See*	Yes - after consultation with Treasury Advisors	2 years
Callable deposits with credit rated deposit takers (Banks and Building Societies) with maturities greater than 1 year	Potentially	See*	Yes	2 years
Forward deposits with credit rated Banks and Building Societies for periods > 1 year (i.e. negotiated deal period plus period of deposit)	No	See*	Yes - after consultation/advice from Treasury Advisors	2 years in aggregate
Structured Deposits where investment returns are determinant on how specified interest rate structures move over a determined period	Potentially	N/A	Potentially - after consultation with Treasury Advisors	2 years

*Subject to approved credit rating criteria as determined within the Annual Investment Strategy or as a result of delegation exercised by the Executive Director of Corporate Services in accordance with approved Treasury Management Practices

ANNEX B: COUNTERPARTY CRITERIA 2022/23

	Counterparty Category	Credit Ratings				Maximum Investment (1)	Maximum Period
(i)	Money Market Funds (MMF)	AAA Rated **(2)**				£20m per MMF (£40m total)	On call
(ii)	Other Local Authorities and Public Bodies **(3)**	AA Rated				£15m per LA (£100m total)	2 years
	FITCH Ratings	**Long-Term**	**Short-Term**	**Viability**	**Sovereign**		
(iii)	Authorised institutions (under the Banking Act 1987) which hold a suitable credit rating) **(4)**	A+ and above A and above	F1 and above F1 and above	aa- and above a- and above	AA- and above AA- and above	£25m £15m	2 years 12 months
(iv)	Call accounts held with authorised institutions (under the Banking Act 1987) which hold a suitable credit rating **(4)**	A+ and above A and above	F1 and above F1 and above	aa- and above a- and above	AA- and above AA- and above	£20m £15m	On call On call
(v)	Building Societies which hold a suitable credit rating	A- and above	F1 and above	a- and above	AA- and above	£10m (£40m total)	12 months

NOTES TO COUNTERPARTY CRITERIA

1. For each institution meeting the criteria identified above and subject to the limits for maximum investments, no single investment transaction should be undertaken for more than £15m (excluding MRWA).
2. Each individual Money Market Fund used must be separately approved by the Executive Director of Corporate Services by way of an Administrative Decision.
3. The Banking Facilities provided to MRWA are excluded from the Maximum Investment levels and Maximum Period.
4. The legal arrangements of some banks are such that transactions may be available with a subsidiary company that does not have its own viability rating; where this is the case, the viability rating of the parent company will be used to assess the creditworthiness, or otherwise, of the financial institution, against the criteria above. This includes institutions where a viability is not available due to the institutions close links to the presiding Government of the country where the institution is based.

ANNEX 3: TREASURY LIMITS AND PRUDENTIAL INDICATORS 2021/22 TO 2024/25

	TREASURY LIMITS AND PRUDENTIAL INDICATORS 2021/22 to 2024/25		2021/22 Revised	2022/23 Estimates	2023/24 Estimates	2024/25 Estimates
1(i)	Proposed capital expenditure that the council plans to commit to during the forthcoming and subsequent two financial years	**Capital Expenditure (£m)**	40.528	65.306	33.066	12.368
1(ii)	Additional in-year borrowing requirement for capital expenditure	**In Year Capital Financing Requirement (CFR) (£m)**	16.747	3.195	10.209	(3.951)
2	The CFR is an aggregation of historic and cumulative capital expenditure, which has yet been paid for by either revenue or capital resources	**Capital Financing Requirement as at 31 March (£m)**	194.500	197.695	207.904	203.953
3	The 'net borrowing' position represents the net of the council's gross external borrowing and investments sums held.	**Net Borrowing Requirement:** External Borrowing (£m) Investments Held (£m) Net Requirement (£m)	140.627 (128.000) **12.627**	137.520 (120.000) **17.520**	137.507 (115.000) **22.507**	137.494 (115.000) **22.494**
4	Identifies the impact and trend of the revenue costs of capital financing decisions will have on the General Fund Budget over time	**Ratio of financing cost to net revenue stream**	5.80%	5.52%	6.70%	7.67%

		TREASURY LIMITS AND PRUDENTIAL INDICATORS 2021/22 to 2024/25	2021/22 Revised	2022/23 Estimates	2023/24 Estimates	2024/25 Estimates
5	The council's Budget Strategy, as a general principle is that no unsupported borrowing should be undertaken as a means of financing capital expenditure plans	**Incremental impact of capital investment decisions (increase in Council Tax Band D equivalent)**	Nil	Nil	Nil	Nil
6	This represents an absolute limit of borrowing at any one point in time. It reflects the level of external debt, which, while not desired, could be afforded in the short-term, but is not sustainable in the longer-term	**Authorised Limit for External Debt (£m)**	200.650	206.760	207.580	211.794
7	This is the limit beyond which external debt is not normally expected to exceed	**Operational Limit for External Debt (£m)**	194.104	192.219	194.409	193.180
8	These limits seek to ensure that the council does not expose itself to an inappropriate level of interest rate risk and has a suitable proportion of debt	**Upper Limit for Fixed Interest Rate Exposure**	100%	100%	100%	100%
		Upper Limit for Variable Interest Rate Exposure	50%	50%	50%	50%
9	This limit seeks to ensure liquidity and reduce the likelihood of any inherent or associated risk	**Upper Limit for Sums Invested over 365 Days**	60%	60%	60%	60%
10	This indicator is used to highlight where an authority may be borrowing in advance of need	**Gross Debt and the CFR (£m)**	(32.413)	(39.425)	(50.416)	(47.363)

ANNEX 4: ADOPTION OF THE CIPFA TREASURY MANAGEMENT IN THE PUBLIC SERVICES CODE OF PRACTICE AND CROSS-SECTORAL GUIDANCE NOTES

The CIPFA Code recommends that all public service bodies formally adopt four specific clauses as contained in the Code. All requirements of the Code are implemented through the governance frameworks, policies, systems, procedures and controls in place within the council and will continue to be so. For completeness it is recommended that Council formally approve the following:

1. The council will create and maintain, as the cornerstones for the effective Treasury Management:
   - A treasury management policy statement, stating the policies, objectives and approaches to risk management of its treasury management activities.
   - Suitable treasury management practices (TMPs), setting out the manner in which the organisation will seek to achieve those policies and objectives, and prescribing how it will manage and control those activities.
2. The Council will receive reports on its treasury management policies, practices and activities, including, as a minimum, an annual strategy and plan in advance of the year, a mid-year review and an annual report after its close, in the form prescribed in its TMPs.
3. The Council delegates responsibility for the implementation and regular monitoring of its Treasury Management policies and practices to the Cabinet, and for the execution and administration of Treasury Management decisions in accordance with its Constitutional provisions to the Strategic Director of Corporate Services, who will act in accordance with the council's approved Policy Statement and TMP's and the CIPFA Standard of Professional Practice on Treasury Management.
4. The Council nominates the Audit and Governance Committee to be responsible for ensuring effective scrutiny of the treasury management strategy and policies.

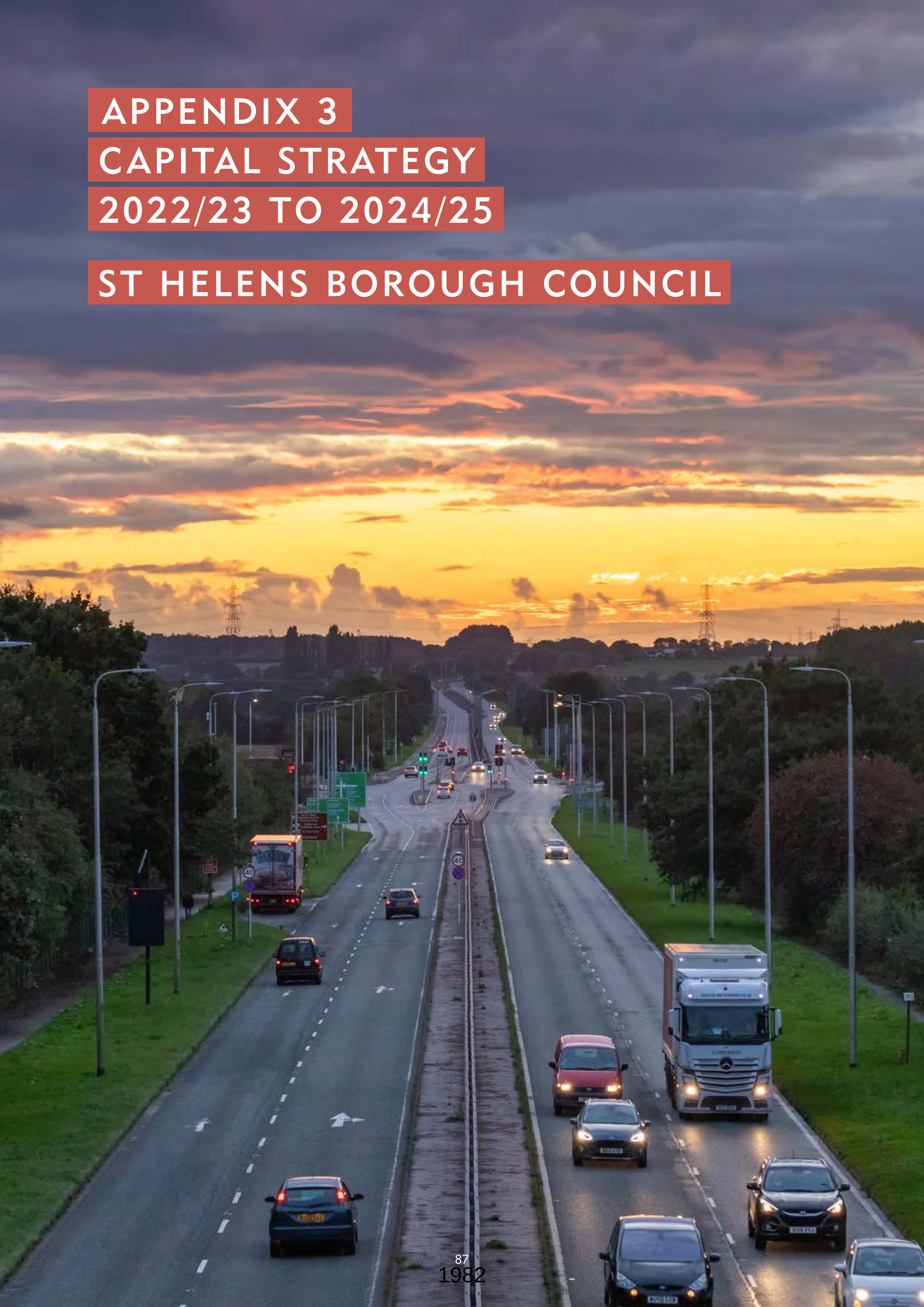
ANNEX 5: TREASURY MANAGEMENT POLICY STATEMENT

The policies and objectives of the Treasury Management function are defined as follows:

1. Treasury Management is "the management of the Authority's investments and cash flows; its banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks".
2. The successful identification, monitoring and control of risks are the prime criteria by which the effectiveness of its Treasury Management activities will be measured. Accordingly, the analysis and reporting of Treasury Management activities will focus on their risk implications for the organisation.
3. It is acknowledged that effective Treasury Management will provide support towards the achievement of its business and service objectives and the council is committed to the principles of value for money in Treasury Management, and to employing suitable comprehensive performance measurement techniques within the context of effective risk management.

APPENDIX 3
CAPITAL STRATEGY
2022/23 TO 2024/25

ST HELENS BOROUGH COUNCIL



1.1 INTRODUCTION

The Prudential Code for Capital Finance in Local Authorities was updated by the Chartered Institute of Public Finance and Accountancy (CIPFA) in December 2017. The Capital Strategy was a new requirement from 2019/20 and is intended to give a high-level overview of how capital expenditure, capital financing and treasury management activity contribute to the provision of services along with an overview of how associated risk is managed and the implications for future financial sustainability. The strategy is a live document, and it is intended to update this on an ongoing basis and develop it over time.

The Capital Strategy outlines the principles and framework that shape the council's capital investment proposals. The Strategy sets the framework within which the council's Investment plans will be delivered.

The Strategy is aligned with the proposed Council Budget, its objectives and priorities. The Strategy also has links to other Council Management Plans and Strategies, such as the Strategic Asset Management Plan; Treasury Management Strategy; Land and Property Acquisition Strategy; IT Strategy and the council's Medium Term Financial Strategy (MTFS). It is an integral part of the MTFS and sets the principles for prioritising capital investment under the prudential system.

1.2 OBJECTIVES

- To provide a clear set of objectives and a framework, within the CIPFA codes and statutory legislation, by which new projects are evaluated to ensure that all new funding is targeted at meeting the strategic aims, objectives and priorities of the council.
- To prioritise projects that focus on delivering a number of long-term benefits:
    - Deliver Corporate objectives
    - Invest to Save (either cost reduction or income generation)
    - Create sustainable income - Business Rates or Council Tax
    - Attract significant grant, third party or private funding
    - Address major infrastructure investment
    - Deliver economic outcomes of jobs growth
    - Deliver Asset Management Plan outcomes
    - Assist in the delivery of Budget decisions

  It should be demonstrated that a rigorous programme of options appraisal has been considered, identifying evidence of need, cost, risk, outcomes and method of financing.
- To consider options available for capital funding and how resources may be maximised to generate investment in the area and to determine an affordable and sustainable funding policy framework, whilst minimising the ongoing revenue implications of any such investment
- To identify resources available for capital investment over the MTFS planning period
- To establish effective arrangements for the management of capital expenditure, including, the assessment of project outcomes, profiling spend against budget, value for money and security of investment
- To identify future asset base requirements and ensure the necessary assets are fit for purpose and available to deliver services.

1.3 PRIORITIES

The council has an approved Capital Programme which has already committed resources to support schemes for 2022/23 and future years. The council is committed to the regeneration of the borough through several initiatives including:

Town Centres

The council recognises that a new approach is required to grow an inclusive economy for the borough which involves working pro-actively with a wide range of stakeholders through strategic partnerships and initiatives to secure social value outcomes that benefit our communities. The objective being to maximise the opportunities presented to deliver significant future growth in St Helens and at the same time deliver key priorities including town centre regeneration, social wellbeing and providing appropriate infrastructure to support future development.

Through this approach, there is an expectation that the council and its partners will work to secure third-party public sector grant and/or institutional funding in order to bring forward regeneration proposals. There may also be a requirement that, where appropriate, the council will use its own resources, or covenant, as a means of overcoming any viability issues where other funding options have been explored and discounted.

The Town Centre Masterplan Development Framework has been produced to guide and encourage new development for both St Helens and Earlestown Town Centres. The Masterplans set out an ambitious long-term vision to guide future development and the transformation of the town centres.

The strategic objectives for St Helens Masterplan Development Framework are to:

- **DELIVER A DIVERSE, VIBRANT AND ANIMATED TOWN CENTRE** consolidating the proportion of retail and concentrating retail provision, encouraging new town centre uses, increasing active frontages and offering spaces that attract the local and independent traders that make St Helens truly unique
- **ESTABLISHING A FOUNDATION FOR FUTURE GROWTH** to attract high-quality employment into the town centre, building on the catalytical impact of Glass Futures and the opportunity to harness innovation and skills for the benefit of the local community
- **PROMOTING HIGH-QUALITY TOWN CENTRE LIVING** delivering a unique, high-quality, residential offer within the town centre that meets housing need and aspiration
- **CREATING A SUSTAINABLE, ACCESIBLE AND CONNECTED TOWN CENTRE** to ensure the town centre maximises the opportunity for net zero carbon development, with sustainability and climate change at the forefront of its transformation
- **POSITIVELY CHANGING PERCEPTIONS OF THE TOWN** through promoting St Helens' heritage, maximising the heritage assets, canal, and cultural offer to provide a distinctive experience for visitors, residents, and businesses
- **TO PROVIDE A HEALTHY AND COMMUNITY-FOCUSED TOWN CENTRE** Creating high-quality spaces and places for independent businesses and community functions to thrive, people to dwell and socialise within, providing opportunities for active travel and leisure, and creating a town centre which the people of St Helens are proud of.

The aim of the Earlestown Masterplan Development Framework is to embrace the town's important heritage assets through repurposing the Town Hall, creating spaces and places that people enjoy spending time in and provide an attractive town centre which is accessible and sustainable for the future. The strategic objectives of the Earlestown Masterplan Development Framework are to:

- **DELIVER A DIVERSE, VIBRANT AND ANIMATED TOWN CENTRE** offering spaces to attract local and independent traders that complement the historic market
- **PROMOTING HIGH-QUALITY TOWN CENTRE LIVING** that meets housing need and diversifies the town centre housing stock
- **CREATING A SUSTAINABLE, ACCESIBLE AND CONNECTED TOWN CENTRE** to make it easier for people to enjoy the services, spaces, and amenities the town has to offer
- **ENCOURAGING CREATIVES AND INDEPENDENTS** building on the success of the historic market, encouraging more creatives and independents to become established
- **POSITIVELY CHANGING PERCEPTIONS OF THE TOWN** through promoting the unique heritage of Earlestown, including the historic Town Hall and Market Place
- **TO PROVIDE A HEALTHY AND COMMUNITY-FOCUSED TOWN CENTRE** Creating high-quality spaces for people to thrive, dwell and socialise with each other.

Parkside

The council has made a commitment through its Joint Venture partnership, Parkside Regeneration LLP, to the long-term regeneration of the former colliery site to create future economic activity. Following the grant of planning consent for Phase 1 and the Parkside Link Road, it is proposed that the site will be brought forward through a number of phases which may require future capital investment alongside private sector and Freeport investments in order to deliver the required infrastructure and development to satisfy market demand and occupier requirements for this regionally important economic development site.

Housing

Initiatives involve working with Registered Social Landlords and the Private Sector to deliver affordable homes using a combination of public and private sector funding.

Council Modernisation

The council is progressing an internal modernisation programme which places the customer (our residents, businesses and partners) at the heart of everything we do. The delivery plan is broken down into eight work streams to build a modern, flexible and efficient council. Part of this will include investment in our IT systems and investment and rationalisation of council office buildings.

Prior to the COVID-19 pandemic, the council programme was reviewing agile working arrangements and the plans have progressed at pace since 2020/21. Office based staff are now ‘agile by default’. Staff have been enabled to work flexibly at home, within office based hot desk arrangements and in community bases. Staff delivering front line, public facing services will continue to deliver those services in an appropriate working environment. The change in the ‘ways of working’ will enable rationalisation of the council’s public buildings.

IT Strategy

As the council goes through significant transformation, IT and Digital transformation is a key support and driver of this change.

The council has a new ICT Strategy and Technology Roadmap which covers the period 2022 to 2025. This describes how the council will transform its IT

& Digital platforms over the coming years and highlights the fact that, whereas previously, capital investments would have supported this change, the landscape has now changed to a predominantly revenue-based model.

A more technically integrated and Digital Council will also support the council's interactions with residents.

1.4 GROWTH AND REGENERATION

The council has developed a strategic partnership with English Cities Fund (ECF) that will grow an inclusive economy to maximise the extensive range of opportunities presented to deliver significant future growth in St Helens and deliver key priorities, including town centre regeneration, social wellbeing and provide appropriate infrastructure to support future development. The partnership provides a proven delivery mechanism for the comprehensive regeneration of the borough, including the provision of quality family housing, new commercial activity, upgraded infrastructure and the overall improvement of the social and economic viability of the borough on a phased basis.

ECF is a highly successful Joint Venture Partnership between Muse, Legal & General and Homes England, designed to drive institutional and private investment in English towns and cities to deliver regeneration schemes. Each of the partners bring their own specific areas of expertise with Homes England providing land, funding and best practice, Legal and General offering strategic investment advice and funding support, whilst Muse specialise in site assembly, construction, sales and lettings.

The combination of partners provides a unique capability to deliver exceptional regeneration schemes drawing on ECF's development experience and investment expertise in place-making that has led to true transformational programmes in some of the most challenging and complex areas of the country.

1.5 CAPITAL EXPENDITURE AND FINANCING

Capital Expenditure is where the council spends money on assets, such as property, infrastructure, vehicles or equipment, which will be used for more than one year. The council's currently approved Capital Programme and sources of financing are detailed in the MTFS and summarised in the following tables.

Portfolio	2022/23 £'000	2023/24 £'000	2024/25 £'000
Education, Skills & Business	15,912	3,050	2,300
Children & Young People	30	0	0
Integrated Care & Health	25	0	0
Wellbeing, Culture & Heritage	400	0	0
Reset & Recovery	1,024	180	0
Environment & Transport	41,679	25,520	6,900
Regeneration & Planning	1,473	20	20
Safer, Stronger Communities	4,763	4,296	3,148
Total	**65,306**	**33,066**	**12,368**

The following table summarises how these currently approved capital expenditure plans are financed.

Source of Funding	2022/23 £'000	2023/24 £'000	2024/25 £'000
Grant/Other Contributions	54,216	18,164	11,648
Capital Receipts	2,578	592	20
Revenue Contribution	1,880	0	0
Borrowing	6,632	14,310	700
Total	**65,306**	**33,066**	**12,368**

The council has ambitious capital plans over the medium term and a number of potential strategic capital schemes have been identified for 2022/23, alongside pipeline schemes for future years. A summary of the potential costs to the council over the period 2022 to 2026 is provided in the following table, which summarises costs for schemes which were considered as part of last year's Medium Term Financial Strategy, and new schemes which have been brought forward.

	2022/23 £'000	2023/24 £'000	2024/25 £'000	2025/26 £'000
Previously Identified Strategic Capital Investment Schemes	16,583	50,800	44,150	44,150
Additional Identified Strategic Pipeline Schemes	10,738	16,087	10,368	7,355
Total	**42,668**	**57,833**	**50,422**	**29,511**

A number of schemes will potentially commence in 2022/23, subject to approval following the feasibility, design and detailed plans. The costs of the schemes to the council will primarily be funded by way of borrowing. Funding for future schemes is to be identified, and this may include the potential to secure additional funding from external sources. However, some schemes already include external funding in addition to the expenditure shown in the above table.

1.6 CAPITAL INVESTMENT PRIORITISATION

The first call on resources will be the financing of any previously approved schemes from previous years. Subject to exceptional circumstances, all schemes already approved within the capital programme or contractually committed will be supported and sufficient resources will be provided to proceed or complete.

The strategy requires a mechanism for determining the council's most important schemes that will implement change in council services yet operate within the financial constraints. Potential new schemes will be considered by the Strategic Asset and Investment Group to ensure resources are targeted to priority areas, before recommending them for inclusion into the Capital Programme presented to Cabinet and Council for approval.

The appraisal and prioritisation process will take into account a range of factors, including:

- links to the council's key and strategic objectives
- legislative requirements including those related to Health and Safety
- benefits of the scheme
- affordability, achievability and financial viability
- ability to lever in additional funds
- an assessment of risk
- ability to meet an identified need

Economic Development

The council will seek investment that generates longer term growth. The growth strategy will involve public sector intervention to stimulate private sector investment or take the lead where the market is failing to deliver.

To meet future service requirements, the council will need to rely on tax revenues it can generate locally from Business Rates and Council Tax, which places further emphasis on the growth strategy.

Highways and Transport

The council will work collaboratively to maximise the borough's transportation assets to establish St Helens as a well-connected location for national road and rail, whilst delivering a safe and sustainable transport offer.

Highways schemes are supported by the Department for Transport (DfT) through grants provided to the Liverpool City Region Combined Authority (LCRCA) in the form of the City Region Sustainable Transport Settlement (CRSTS). The CRSTS funding aims to create a more consolidated and devolved model of transport funding, delivering significant improvement for users. In addition, Transforming City Funding (TCF) and Single Investment Funding (SIF) allocations also support major highway infrastructure schemes.

The council is required to submit details of proposed schemes for the CRSTS funding to the LCRCA. The funding has been top sliced to provide an allocation for maintenance of the Key Route Network (KRN).

Officers need to demonstrate which of the City Region Mayor's priorities the schemes meet. These are:

- Linkages to Growth sites
- Promotion of Cycling and Walking
- Public Transport Improvements
- Accessibility/Connectivity
- Reducing Pollution/Carbon
- Improving Road Safety

Street Lighting

The council has embarked on a major investment in street lighting over the last 5 years to replace lanterns with more cost-efficient LED lanterns on an Invest to Save basis in order to reduce energy and carbon costs.

Schools

The council will ensure that capital investment in schools is undertaken in accordance with its relevant statutory responsibilities, particularly in respect of ensuring there are sufficient school places available to meet local demand. Moreover, the council will fulfil its responsibilities in respect of the health and safety of pupils and staff, and the ability of disabled pupils to access education, in determining its capital investment priorities.

In addition to the above, ongoing investment in the maintenance and improvement of the condition of school buildings provides an improved learning environment for pupils.

Housing

Investment in minor adaptations, through the Disabled Facilities Grant process, enables frail or vulnerable residents to be supported in their own homes, and aims to reduce the risk of hospital or residential care admissions arising from falls or accidents.

Capital investment in home insulation and heat efficiency programmes will reduce fuel poverty and lessen the risks posed by cold-related physical and mental health conditions.

Public Buildings

The council has, over a number of years consolidated and rationalised its Estate which has resulted in its occupation of several core buildings within the Town Centre. In addition, the council has worked with partners and co-location of staff and collaborative working has been achieved with the CCG, NHS and the Police. Strong partnership working already exists between the council and its Health partners and opportunities exist to further develop relationships through joint working.

Work has commenced to prepare a new Strategic Asset Management Plan (AMP) for the financial years 2022-25. The aim of the AMP will be to support changes in public services, improve financial efficiency of the estate and help achieve other council priorities including creating commercial income streams. Additional resources will be provided within the Property Services team to support and deliver the plan.

As well as assessing the suitability and sufficiency of our property portfolios the programme of reviews will challenge the use, utilisation and management of our land and buildings. This will focus on the scope for rationalisation and delivering changes required to the portfolios, including potential property disposals, investments required through capital works or acquisitions and facilitate community outcomes through partnership working.

The outputs of the AMP work programme will include a pipeline of property disposals, capital projects, acquisitions and other reviews. The financial implications arising from the AMP will be integrated and continuously reviewed within the Capital Programme and MTFS.

1.7 SOURCES OF CAPITAL FUNDING

Borrowing

Previously, councils could borrow to buy investment assets primarily for yield. In March 2020 the Government published a consultation paper proposing future terms for Public Works Loan Board (PWLB) lending. The consultation paper identified major changes to borrowing due to concerns around the increase in local authority borrowing to buy commercial assets primarily for yield.

On 25 November 2020, the Chancellor announced the Government's response to the consultation and introduced reforms with immediate effect. PWLB will support Service Spending (Education, Highways and Transport, Social Care etc.), Housing, Regeneration, Preventative Action and Treasury Management. However, Government introduced a clause to restrict the use of PWLB borrowing in certain circumstances.

Should the council intend to purchase any assets primarily for yield within a three-year period, irrespective of whether alternative funding sources other than PWLB borrowing are being utilised, the council would not be able to access PWLB borrowing facilities for the three-year period.

The level of borrowing to fund the capital programme must take into account the affordability of ongoing revenue implications. Local Authorities must manage their debt responsibly and decisions about debt repayment should be made through the consideration of prudent treasury management practice and in accordance with the Treasury Management Policy.

Borrowing should only be used on the following basis:

(a) On the basis of Invest to Save, where the income or savings are greater than the cost of borrowing

(b) Where the proposed capital project is assessed to be a strategic priority and the costs can be contained within corporate budget provision or individual services can fund the costs of borrowing from their existing cash limits.

Capital Grants and Contributions

Some capital projects are financed either wholly or partly through external grants and contributions. Government grants to support capital expenditure plans are generally reducing, with a significant proportion being wholly ring-fenced or strictly conditional in relation to the expenditure they support.

Capital Receipts

Capital Receipts from asset disposals represent a finite funding source and it is important that a planned and structured manner of disposals is created to support the priorities of the council. Capital Receipts may be used to fund new capital investment or offset future debt or transitional costs.

The use of Capital Receipts should be judged against the following criteria and should be aligned with scheme prioritisation via the Strategic Asset and Investment Group:

(a) when they generate income or reduce expenditure which is greater than the loss of investment income

(b) when they generate an asset with equal or greater real terms value to the value of capital receipts being used

(c) to support schemes of a strategic nature

(d) to meet legislative requirements when no other source of funding is available.

Private Developer Funding

Contributions from Private Developers are usually provided under Section 106 agreements. These contributions are usually earmarked for specific purposes in planning agreements and often relate to infrastructure projects. Developers may also contribute to Highways Infrastructure through Section 38 and 278 agreements to facilitate their development.

Revenue

Capital expenditure may be funded directly from revenue. In addition to specific earmarked balances previously set aside, such as the Transformation Reserve and Growth Reserve, there may be limited instances where capital expenditure is funded from within specific service revenue cash limits. However, austerity measures and general budget pressures have impacted significantly on the extent to which service revenue budgets can be used as a source of funding.

1.8 GOVERNANCE ARRANGEMENTS

There will be two levels of capital investment, a strategic level and a service level each with their own governance arrangements.

Strategic Level

The Investment, Land and Property Acquisition Strategy was approved at Cabinet on 11 November 2020. Cabinet approved the creation of a £10m Land and Property Acquisition Fund to invest in strategic acquisitions. Cabinet also approved the establishment of a Land and Property Acquisition Group to consider the strategic investment proposals. The group is chaired by the Leader of the council and consists of the Deputy Leader, Cabinet Members for Regeneration and Planning and Finance and Governance, the Executive Director of Place and Executive Director of Corporate Services, with others as appropriate, who will meet to consider and approve acquisitions in a timely manner.

The criteria for the assessment of strategic investments are:

- Overall Fiscal Benefit

  The cost of the investment including interest and repayment and other related costs must be at least matched by additional net revenues, including related local tax revenues.

- Added Value Analysis

  The wider benefits of an investment can be added to the above in terms of job creation, environmental impact etc. However, any net cost of investment must be capable of being funded within the overall Council Budget.

- Benefits Over Time

  Future revenues from investment can be taken into account as long as the risks are identified, and strategies are in place to manage these risks. In addition, the short-term costs must be quantified and funded within the overall resources of the council.

- Business Case Production

  Each key investment would be subject to a rigorous financial assessment and a formal business case would be produced prior to any commitment and subsequent decision.

  The investment must not add to the financial challenges but be part of the solution to those challenges. Financial risk must be managed to ensure unforeseen liabilities do not fall on the taxpayer.

  Governance of the above follows the established decision-making process within the council. The Land and Property Acquisition Group recommends to Cabinet and Council those investments it deems beneficial to the Borough.

Service Level

New schemes will be considered initially by Departmental Management Teams and an Outline submission will be completed to identify outcomes, deliverability, investment case, sources of funding, procurement route and sustainability, before submission to the Strategic Asset and Investment Group (SAIG) (consisting of Executive Directors and other relevant officers), Cabinet and Council for approval.

If approved, a Business Case will be completed to identify the business justification and delivery strategy and presented to the Capital Board. Once approved the report will proceed to Cabinet for approval. The Gateway process is outlined in Annex 2.

Monitoring will be via the Financial Management Report submitted quarterly to Cabinet that identifies any detailed changes to the capital programme to reflect:

- New resource allocations
- Slippage in programme delivery
- Virements between schemes
- Changes to spend profiles and / or funding
- Schemes that have been reduced or removed

Updates will also be provided monthly as part of the Financial Monitoring processes.

Major Capital schemes (those over £2m) will be allocated a project sponsor at Executive Director, Director or Assistant Director level.

Reporting will be an integral part of the project management of major schemes so that members are kept informed of progress and potential problems throughout the duration of the project.

For all major capital schemes, risks should be identified, and costs attributed to those risks. In addition, a sensitivity analysis should be undertaken at the outset of the project.

Post-Project Evaluation – To undertake reviews on major schemes with a view to identifying where the capital programming and monitoring could be improved. To report on the procurement process, timeliness of scheme, final cost against estimate, outputs of scheme compared to targets in the original business case with the results being fed back into the Capital Monitoring Group.

1.9 KNOWLEDGE AND SKILLS

The council employs professionally qualified and experienced staff in senior positions with responsibility for making capital expenditure, borrowing and investment decisions. They follow a Continuous Professional Development Plan (CPD) and attend courses on an ongoing basis to keep abreast of new developments and skills.

Where necessary, use is made of external advisors that are specialists in their field. The council currently employ Link Asset Services as treasury management advisors to provide advice on capital and treasury implications when considered necessary. Other advisors have been, and will continue to be, engaged to provide advice on the significant regeneration projects being undertaken by the council.

Training will be provided to members to ensure they have the up to date skills to make capital and treasury decisions.

1.10 CONSIDERATIONS AND RISK IN PROPERTY ACQUISITIONS

Any property investments will be undertaken having given due consideration to the specific risks involved, in accordance with the Land & Property Acquisition Strategy.

The strategy for acquiring property assets for holding and regeneration purposes is therefore for:

- Place making, as part of regeneration and economic development activity
- Development in our Town Centres to improve economic performance and encourage future private sector investment
- Economic Development - to ensure an adequate supply of employment and housing sites allowing creation and retention of high-quality sustainable homes and employment within the borough
- Opportunities that have strategic importance within St Helens and address issues such as heritage and culture, social welfare, deprivation and protecting the most vulnerable
- Supporting environmental sustainability.

1.11 TREASURY MANAGEMENT & PRUDENTIAL INDICATORS

The Treasury Management Strategy is also approved by Full Council annually as part of the Budget setting process.

The Strategy is also considered by the Audit and Governance Committee annually, with an interim report submitted mid-year.

Quarterly updates on the Treasury Management position are included within the Financial Monitoring Reports presented to Cabinet and considered further by the Overview and Scrutiny Commission.

Treasury Management is subject to regular Internal and External Audit review.

There are close links between the Capital Strategy, the Treasury Management Strategy and the Medium Term Financial Strategy. The Capital Strategy will determine the underlying and future borrowing needs of the council, with the Treasury Management Strategy addressing financing and cash flow planning to ensure that the council can meet its capital spending obligations, whilst the Medium Term Financial Strategy will manage debt servicing resource cover and the affordability of capital investment insofar as the revenue budget is concerned.

The Treasury Management Strategy includes a set of Prudential Indicators that demonstrate that the capital investment plans of the council are affordable, prudent and sustainable.

Contribution from Investments

Investments can take different forms and be held for different purposes. The following table shows the different types of investment that the council currently holds and the contribution that these investments make towards service delivery objectives and/or place making role of the local authority.

Type of Investment	Purpose
Treasury Management Investments	To support effective treasury management activities
Other Investments	
Non-financial investments (Investment Properties)	• Economic benefit/Business Rate growth • Yield/profit
Loans	• Regeneration • Economic benefit/Business Rate growth • Responding to local market failure

1.12 STRATEGIC ASSET MANAGEMENT PLAN

The developing Strategic Asset Management Plan (AMP) will provide an overview of the council's future vision for its asset base and a framework within which the council can secure the operational and financial benefits of an Estate which aspires to best practice standards. It will address the need to secure the maximum financial benefit whilst supporting the delivery of the council's objectives through service delivery, community participation, growth and regeneration. The current asset base consists of Operational Property, Investment Estate, Community Estate, Highways and Green Spaces and Development/ Surplus Property.

1.13 SECTION 151 OFFICER ASSURANCE

This Capital Strategy is compiled in line with the requirements of the current CIPFA Prudential and Treasury Management Codes. The Section 151 Officer views the Strategy to be prudent, affordable and integrated with the council's Medium Term Financial Strategy, Treasury Management Strategy and other Strategic Plans.

1.14 RISK

There are a number of risks that the council could be exposed to:

- Financial risk - related to the investment of the council's assets and cash flow, market volatility, currency etc.
- Macroeconomic risk - related to the growth or decline of the local economy, interest rates, inflation and the wider national economy
- Credit risks - related to investments, loans to institutions
- Operational risks - related to operational exposures within the council, its partners and commercial interests
- Strategic risks - related to key initiatives undertaken by the council such as significant purchases, new ventures, commercial interests and other areas of organisational change deemed necessary to help meet the council's goals
- Reputational risk - related to the council's dealings and interests and the impact of adverse outcomes on the council's reputation and public perception
- Environmental and social risk - related to the environmental and social impact of the council's strategy and interests
- Governance risks - related to ensuring that prudence and careful consideration sit at the heart of the council's decision making.

Managing the council's risk is an area of significant focus for senior management and Members, with the aim of minimising its exposure to risk.

ANNEX 1:
QUALITATIVE INDICATORS

	2021/22 Estimate	2022/23 Estimate
Debt to Net Service Expenditure (NSE)	26.94%	30.63%
Investment Property Income to NSE Ratio	0.19%	0.15%
Loan to Value Ratio	23.92%	26.75%
Gross Income from Investment Properties	£978,804	£810,165
Net Income from Investment Properties	£874,561	£703,837

The indicators above provide information in regard to the council’s reliance upon investments to fund service expenditure and the exposure of the council to borrowing.

ANNEX 2: CAPITAL PROJECT GATEWAY PROCESS

The purpose of the Gateway Process is to ensure that:

- Projects find their way into the programme in a consistent, structured and objective way
- Officers are clear as to the governance route for accessing capital funding
- Projects are delivered efficiently on time and to an agreed budget
- The council is protected against risks
- Before a project is accepted into the capital programme -
  - appropriate feasibility works are commissioned and completed to provide cost certainty/deliverability
  - the costs, benefits and risks are properly assessed
  - there is a proper assessment of readiness to deliver
  - the procurement route is determined
- Projects continue to meet corporate objectives and provide value for money as they proceed to the delivery stage
- Lessons are learned and disseminated across the council.

The Gateway Process

Gate 1 - Proposal to Strategic Asset & Investment Group (SAIG)

Gate 2 - Business Case to Capital Board

Gate 3 - Approval of scheme, submission of Report to Cabinet or via delegated executive decision (as appropriate)

Gate 4 - Tender evaluation report

Gate 5 - Lessons learned report to Capital Board

The information required at each Gate will be commensurate with the size and complexity of the project in question. SAIG may agree that for the purposes of this gateway process projects may, where appropriate, be combined.

GATE 1

Following consideration at the respective Directorate's DMT, the proposal is submitted to SAIG for assessment, along with any supporting evidence.

Submissions

Proposal

Evaluation Criteria

At this stage proposal should be evaluated and reviewed to consider:

- Strategic Fit with Councils Priorities
- Fit with Internal & External Partners
- Economic Value
- Risk & Deliverability
- Financial Implications
- Social Value
- Borough Priorities
- Timescales
- General Affordability

At this stage, it should be considered whether a feasibility study will be required. This should include a proposed timescale in which it will be carried out and funding for the feasibility study identified. The scheme will be evaluated and prioritised against other current and future financial commitments.

Outcome

Proceed to Gate 2 or reject.

SAIG may make recommendations for amendments or further information to be included in the proposal. Gateway 1 should be repeated until SAIG provide confirmation that the proposal may proceed to Gate 2.

Funding for feasibility costs need to be identified as part of this gateway.

GATE 2

The Business Case is submitted to the Capital Board for review.

Submissions

Full Business Case - including Procurement Proposals & detailed Timescales

Resource & Funding Plans

Options Appraisal & Feasibility Assessment (if required)

Risk Register

Evaluation Criteria

- Cross portfolio Strategic fit with other projects and strategies
- Fit with Capital Strategy
- Human Resource Requirements
- Deliverability and Resource Requirements
- Cost forecasts & budgets
- Amount and source of any required funding
- Full lifetime costing of the project or asset
- Impact of capital financing costs on the revenue budget where borrowing is used
- Planned outcomes to be delivered
- A full risk assessment including mitigating actions
- Appropriate due diligence in the form of financial and legal scrutiny (including external support when appropriate)
- The revenue impact and financial affordability
- VAT Implications including partial exemption implications.

A business case model will be designed (to be determined) based on the Treasury's 5 Case Model.

Outcome

Proceed to Gate 3 or reject.

Confirmation granted that the project will be recommended for inclusion in the Capital Programme or whether the project will be deferred.

GATE 3

A detailed report is submitted to Cabinet requesting formal approval for the project to be included in the capital programme with approved capital budget or provisional capital allocation. The report should also provide for delegation to the Executive Director in conjunction with the Executive Director of Corporate Services to subsequently award the tender via delegated executive decision.

Submissions

Business Case

Resource Plan

Procurement Strategy

Confirmed Budgets and Costs

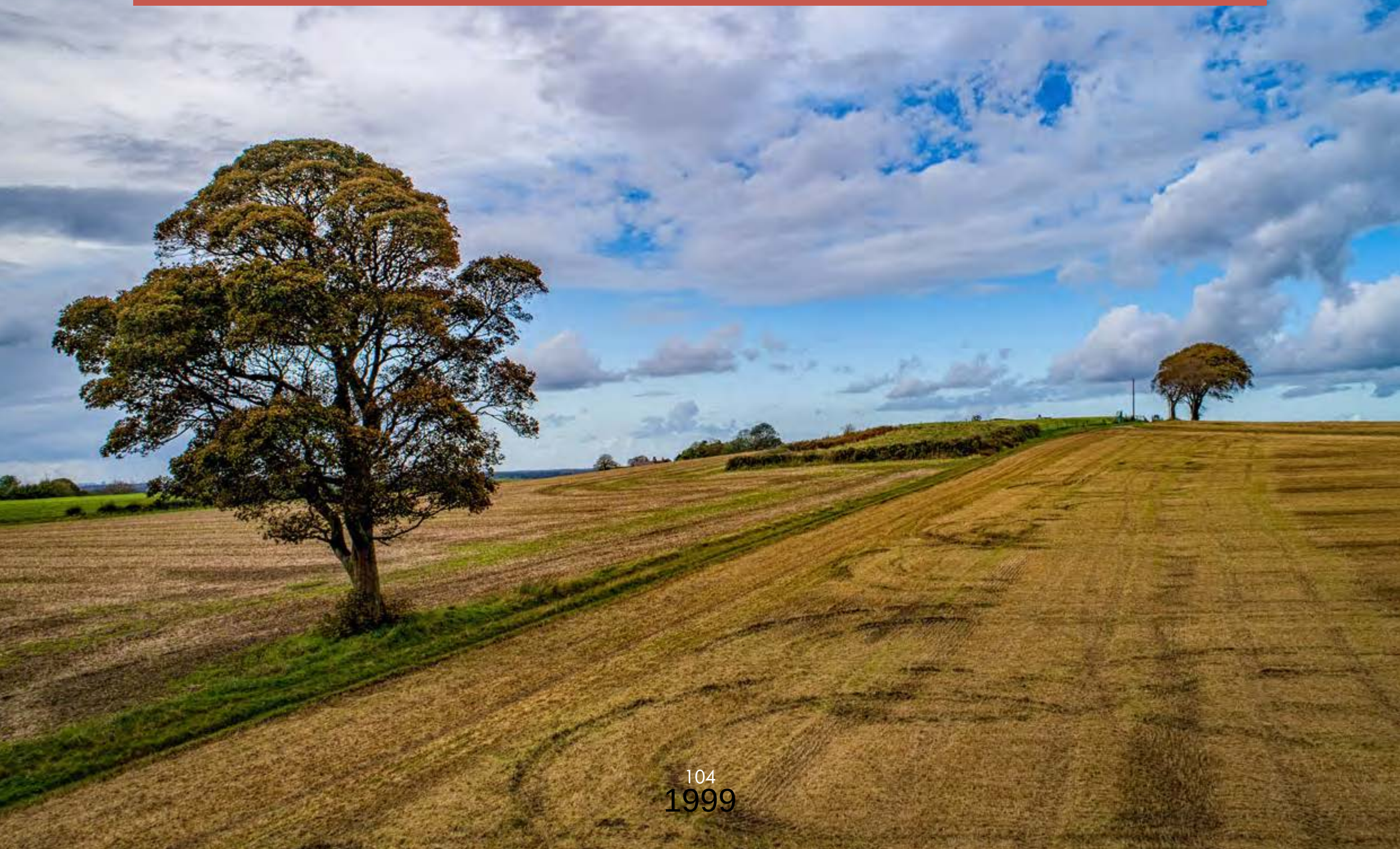
Evaluation Criteria

- Strategic Fit with Capital Programme
- Strategic Fit with Councils Priorities
- Formal Financial approval

Outcome

Proceed to Gate 4 or reject.

The project is included in the Capital Programme along with budget approval. The project may proceed to procurement in accordance with the procurement proposals outlined in the business case & procurement strategy.



GATE 4

A tender evaluation report including details of all tenders received, the evaluation process used for selection and reasons for selecting the preferred tender. This report should be approved via delegated executive decision with reference to the Cabinet report and delegations previously approved.

Submissions

Tender Evaluation Report

Evaluation Criteria

- Delivery Resource Requirements
- Affordability against Budget

Outcome

The contract is awarded to the preferred tender option.

Proceed to Gate 5

GATE 5

A benefits review should be carried out and be submitted to the Capital Board post project to review how the project has met the desired outcomes.

Submissions

Lessons Learned Report

Performance Review Report

Benefits Realisation Report

Evaluation Criteria & Actions

Assess whether the anticipated outcomes are being achieved

Assess how realistic the justifications within the business case were

Share Lessons Learned Report

Share Benefits Review

Include Project in Annual Performance Review

Outcome

Confirmation received that the reports are satisfactory and that no further information is required.

Project Close.

APPENDIX 4(A): SUMMARY CAPITAL PROGRAMME 2022/23 TO 2024/25

Portfolio	2022/23 £'000	2023/24 £'000	2024/25 £'000
Education, Skills & Business	15,912	3,050	2,300
Children & Young People	30	0	0
Integrated Care & Health	25	0	0
Wellbeing, Culture & Heritage	400	0	0
Reset & Recovery	1,024	180	0
Environment & Transport	41,679	25,520	6,900
Regeneration & Planning	1,473	20	20
Safer, Stronger Communities	4,763	4,296	3,148
Total	**65,306**	**33,066**	**12,368**

Source of Funding	2022/23 £'000	2023/24 £'000	2024/25 £'000
Grants/Other Contributions	54,216	18,164	11,648
Capital Receipts	2,578	592	20
Revenue Contribution	1,880	0	0
Borrowing	6,632	14,310	700
Total	**65,306**	**33,066**	**12,368**

APPENDIX 4(B) DETAILED CAPITAL PROGRAMME 2022/23 TO 2024/25

Education, Skills & Business Portfolio	2022/23 £'000	2023/24 £'000	2024/25 £'000	Total £'000	FUNDING			
					Borrowing £'000	Capital Receipts £'000	Revenue £'000	Grants/ Conts. £'000
Primary Schools								
Ashurst Primary Rebuild	6,424	750	-	7,174	-	-	-	7,174
Bleak Hill Roof Repairs	50	-	-	50	-	-	-	50
Broad Oak Primary Playing Field Drainage	3	-	-	3	-	-	-	3
Legh Vale Heating Replacement	45	-	-	45	-	-	-	45
Longton Lane Rebuilding Programme	150	-	-	150	-	-	-	150
Moss Bank Structural Works	25	-	-	25	-	-	-	25
Queens Park Window & Roof Replacement	190	-	-	190	-	-	-	190
Queens Park Health & Safety Works	20	-	-	20	-	-	-	20
Rivington Boiler Replacement	30	-	-	30	-	-	-	30
Robins Lane Health & Safety Works	45	-	-	45	-	-	-	45
Sutton Manor Health & Safety Works	45	-	-	45	-	-	-	45
Sutton Oak Boiler Replacement	40	-	-	40	-	-	-	40
Thatto Heath Structural Works	20	-	-	20	-	-	-	20
The District Roof Replacement	40	-	-	40	-	-	-	40
SEND Base Wargrave/ Grange Valley Partnership	86	-	-	86	-	-	-	86
Secondary Schools								
Haydock High Lift / DDA	14	-	-	14	-	-	-	14

Education, Skills & Business Portfolio	2022/23 £'000	2023/24 £'000	2024/25 £'000	Total £'000	FUNDING Borrowing £'000	Capital Receipts £'000	Revenue £'000	Grants/ Conts. £'000
Primary Schools								
Cowley Roof Replacement	60	-	-	60	-	-	-	60
Special & Other Schools								
Launchpad Roof Renewal	100	-	-	100	-	-	-	100
Penkford Relocation	3,820	-	-	3,820	2,328	784	85	623
Pupil Referral Heating	40	-	-	40	-	-	-	40
Other Schemes								
Taylor Park Youth Service Base - Condition Works	30	-	-	30	-	-	-	30
Various Schools Fire Risks	100	-	-	100	-	-	-	100
Various Schools Heating	49	-	-	49	-	-	-	49
Uncommitted Grant Funding								
Healthy Pupils Capital Funding	125	-	-	125	-	-	-	125
School Devolved Formula Capital Uncommitted	506	300	300	1,106	-	-	-	1,106
SEND Capital Grant	514	-	-	514	-	-	-	514
Basic Need Uncommitted	705	1,000	1,000	2,705	-	-	-	2,705
School Condition Funding Uncommitted	2,650	1,000	1,000	4,650				
Total	**15,912**	**3,050**	**2,300**	**21,262**	**2,328**	**784**	**85**	**18,065**

Children & Young People Portfolio	2022/23 £'000	2023/24 £'000	2024/25 £'000	Total £'000	Borrowing £'000	Capital Receipts £'000	Revenue £'000	Grants/ Conts. £'000
Children & Families Accommodation	30	-	-	30	-	-	-	30
Total	**30**	**0**	**0**	**30**	**0**	**0**	**0**	**30**

Integrated Care & Health Portfolio	2022/23 £'000	2023/24 £'000	2024/25 £'000	Total £'000	Borrowing £'000	Capital Receipts £'000	Revenue £'000	Grants/ Conts. £'000
Unallocated Community Capacity Grant	25	-	-	25	-	-	-	25
Total	**25**	**0**	**0**	**25**	**0**	**0**	**0**	**25**

Wellbeing, Culture & Heritage Portfolio	2022/23 £'000	2023/24 £'000	2024/25 £'000	Total £'000	Borrowing £'000	Capital Receipts £'000	Revenue £'000	Grants/ Conts. £'000
Libraries ICT Refresh	50	-	-	50	50	-	-	-
Sutton Leisure Centre - Swimming Provision	350	-	-	350	350	-	-	-
Total	**400**	**0**	**0**	**400**	**400**	**0**	**0**	**0**

Reset & Recovery Portfolio	2022/23 £'000	2023/24 £'000	2024/25 £'000	Total £'000	Borrowing £'000	Capital Receipts £'000	Revenue £'000	Grants/ Conts. £'000
ICT Device Refresh	1,024	180	-	1,204	-	440	764	-
Total	**1,024**	**180**	**0**	**1,204**	**0**	**440**	**764**	**0**

Environment & Transport Portfolio	2022/23 £'000	2023/24 £'000	2024/25 £'000	Total £'000	Borrowing £'000	Capital Receipts £'000	Revenue £'000	Grants/ Conts. £'000
Highway Schemes								
A49 to M6 Junction 22 Link Road	25,478	18,620	-	44,098	13,180	-	-	30,918
Carriageway Maintenance	250	-	-	250	-	-	-	250
Highways Challenge Fund	44	-	-	44	44	-	-	-
Key Route Network	434	-	-	434	123	311	-	-
Local Transport Plan - Unallocated	6,200	6.200	6,200	18,600	-	-	-	18,600
Safer Routes to Schools	100	-	-	100	35	-	15	50
SCP Amber Flashing Lights	10	-	-	10	-	-	10	-
Section 106 Arrangements	81	-	-	81	-	-	-	81
St Helens Southern Gateway Package	4,414	-	-	4,414	-	-	-	4,414
Traffic Signal Improvements on A58 and A572	500	-	-	500	-	-	-	500
Environmental Schemes								
Climate Change Emergency Response Fund	12	-	-	12	12	-	-	-
Haydock KGV Playing Field - Site Improvements	128	-	-	128	-	-	78	50
Recycling & Waste Collection	800	-	-	800	-	45	755	-
Section 106 Arrangements - (Non-Highway Schemes)	53	-	-	53	-	-	-	53
Other Schemes								
Vehicle Replacement Programme	3,175	700	700	4,575	3,284	1,118	173	-
Total	**41,679**	**25,520**	**6,900**	**74,099**	**16,678**	**1,474**	**1,031**	**54,916**

Regeneration & Planning Portfolio	2022/23 £'000	2023/24 £'000	2024/25 £'000	Total £'000	Borrowing £'000	Capital Receipts £'000	Revenue £'000	Grants/ Conts. £'000
Ground Condition Surveys	81	20	20	121	21	100	-	-
Hardshaw Brook Depot Review	405	-	-	405	405	-	-	-
Earlestown Town Hall (External Works)	987	-	-	987	987	-	-	-
Total	**1,473**	**20**	**20**	**1,513**	**1,413**	**100**	**0**	**0**

Safer, Stronger, Communities Portfolio	2022/23 £'000	2023/24 £'000	2024/25 £'000	Total £'000	Borrowing £'000	Capital Receipts £'000	Revenue £'000	Grants/ Conts. £'000
Housing Schemes								
Disabled Facilities Grants and Adaptations	4,050	3,604	3,148	10,802	30	130	-	10,642
General Fund Housing (Housing Assistance)	100	100	-	200	100	50	-	50
Housing Clearance and Enforcement	50	50	-	100	100	-	-	-
Insulation Measures and Fuel Poverty	400	470	-	870	358	212	-	300
Other Schemes								
Replacement of Housing & Regulatory Services Case Management System	163	72	-	235	235	-	-	-
Total	**4,763**	**4,296**	**3,148**	**12,207**	**823**	**392**	**0**	**10,992**

Total	**65,306**	**33,066**	**12,368**	**110,740**	**21,642**	**3,190**	**1,880**	**84,028**

APPENDIX 5: STRATEGIC CAPITAL INVESTMENT SCHEMES 2022/23 TO 2025/26

TABLE 1 - PREVIOUSLY IDENTIFIED PIPELINE SCHEMES

				Potential Capital Spend Profile			
Directorate	**Service Area**	**Scheme Ref**	**Scheme Title**	**2022/23 £'000**	**2023/24 £'000**	**2024/25 £'000**	**2025/26 £'000**
Place	**Highway Assets - Place Services**	**PS1**	**Highway Infrastructure Investment TOTAL**	**4,100**	**4,100**	**1,800**	**500**
			Rainford Junction Station Bridge (177), News Lane - bridge strengthening	750	-	-	-
			A580 Bridges (removal 4 structures)	1,000	1,100	-	-
			Huskisson Bridge (Junction Lane) fire damage repairs	950	-	-	-
			East Side Industrial Estates	350	-	-	-
			Salt Barn	-	350	-	-
			Blindfoot Road/ Pasture Lane	-	1,500	1,000	-
			Street Lighting - replacing concrete columns	500	500	500	500
			College Street Flood Alleviation	350	350	300	-
			Highway Scheme Development funding	200	150	-	-

				Potential Capital Funding Profile			
Directorate	**Service Area**	**Scheme Ref**	**Scheme Title**	**2022/23 £'000**	**2023/24 £'000**	**2024/25 £'000**	**2025/26 £'000**
Place	**Property (Operational) Place Services**	**PS2**	**Asset Management Operational Estate TOTAL**	**3,889**	**3,900**	**-**	**-**
			Sports Facilities at Ruskin Leisure Centre	-	1,000	-	-
			Crematorium Land Drainage	189	-	-	-
			St Helens Town Hall (Condition)	500	1,500	-	-
			Sutton Leisure (Condition)	1,500	1,400	-	-
			Other - investment in statutory compliance	500	-	-	-
			Other - to support review process	200	-	-	-
			Other - project development and planning	1,000	-	-	-

				Potential Capital Funding Profile			
Directorate	**Service Area**	**Scheme Ref**	**Scheme Title**	**2022/23 £'000**	**2023/24 £'000**	**2024/25 £'000**	**2025/26 £'000**
Place	**Growth (Place Services)**	**PS3**	**Regeneration and Growth TOTAL**	**18,737**	**26,750**	**30,000**	**17,756**
			ECF Phase 1 proposition*	5,000	23,000	30,000	17,756
			Church Square (remaining relocations)	1,000	-	-	-
			Town Centre Bus Station	1,000	-	-	-
			Earlestown Town Hall	1,013	-	-	-
			St Mary's Market Demolition	1,250	1,250	-	-
			Gamble Building (internal works)	2,074	-	-	-
			Youth Zone	500	500	-	-
			Cowley Hill and College Street Gateway	1,000	2,000	-	-
			Glass Futures Phase 2 (pre-development/land)	5,000	-	-	-
			Public Realm, street furniture etc.	900	-	-	-

				Potential Capital Funding Profile			
Directorate	**Service Area**	**Scheme Ref**	**Scheme Title**	**2022/23 £'000**	**2023/24 £'000**	**2024/25 £'000**	**2025/26 £'000**
Place	**Place Services**	**PS4**	**Invest to save opportunities TOTAL**	**600**	**4,500**	**7,200**	**3,900**
			Waste Management	500	500	3,200	-
			Localities Model	100	4,000	4,000	3,900
Place	Place Services	PS5	Upgrade of CCTV system	751	-	-	-
Place	Place Services	PS7	Climate Change	100	500	-	-
Place	Place Services	PS8	Tickle Avenue	250	-	-	-
Corporate	Corporate Services	CS1	IT & Digital Transformation	2,203	1,346	654	-
Children's	Children's Services	CH1	Rationalisation of Alternative Education sites	500	-	-	-
Children's	Children's Services	CH4	Demolition of Penkford Special School	250	250	-	-
Children's	Children's Services	CH6	Children's Residential Care Homes	400	400	400	-
Adults	Integrated Care & Health	ICH2	Adult Social Care Day Care	100	-	-	-
Adults	Integrated Care & Health	ICH3	Brookfield Resource Centre	50	-	-	-
Totals				**31,930**	**41,746**	**40,054**	**22,156**

*The council's Medium Term Financial Strategy approved by Council on 2 March 2021, included an indicative allocation built into the list of potential Strategic Capital Investment pipeline schemes on the basis of it being delivered by a hybrid revenue and capital model. Following further analysis and review of funding options, it is proposed that a singular capital financing model is adopted. The figures in the table are reflective of this (allowing for scheme costs already committed and incorporated into the 2021/22 capital programme).

TABLE 2 - ADDITIONAL IDENTIFIED PIPELINE SCHEMES

				Potential Capital Funding Profile			
Directorate	**Service Area**	**Scheme Ref**	**Scheme Title**	**2022/23 £'000**	**2023/24 £'000**	**2024/25 £'000**	**2025/26 £'000**
Place	Leisure	New	Parr Swimming & Fitness Centre - Demolition	850	-	-	-
Place	Leisure	New	Sutton Leisure Centre	1,450	380	-	-
Place	Operations	New	Hardshaw Brook Depot Investment	1,000	5,000	5,000	5,000
Place	Operations	New	Fleet, Plant and Equipment	3,788	357	783	1,355
Place	Climate Change	New	Climate Change Response Plan	250	250	-	-
Place	Growth	New	Earlestown Town Centre Masterplan	1,600	10,000	4,585	1,000
Integrated Health & Social Care	Learning Disability/ Autism	New	Learning Disability/Autism	1,000	-	-	-
Corporate	Corporate	New	Replacement of Capita One education management information system	800	100	-	-
Totals				**10,738**	**16,087**	**10,638**	**7,355**

APPENDIX 6:
COMMUNITY IMPACT ASSESSMENT

Title of Proposal: Medium Term Financial Strategy 2022-2025 and Revenue & Capital Budget 2022/23

Service: Finance & Accountancy

Department: Corporate Services

Responsible Officer: Jon Ridgeon

Date Completed: 25 January 2022

1. Aims:

The aim of the Budget is to provide, within the overarching financial constraints that exist, the most appropriate balance of resources to deliver the council's statutory responsibilities and to set a foundation for, and facilitate, the delivery of the council's key ambitions, its existing and emerging corporate priorities and borough level strategic objectives.

2. Community Impact Assessment

The Impact Assessment tool helps to identify the benefits to the local community of the work. All policies, decisions or functions will have an impact on the local community in St Helens. This tool acts as a prompt to identify what difference the work will make and how.

It provides an opportunity to think about where we might be able to reduce negative impacts, identify missed opportunities, and capitalise on positive impacts. It will build broader portfolio support for our work.

Community:

The council remains dedicated to the ongoing review and evolution of its form and function as it responds to the challenges facing the council and the wider local government sector. A council wide transformation programme incorporating digitalisation and modernisation, alongside the continuing review of working practices under the Ways of Working project is proving key in ensuring that residents, businesses, partners and communities are provided with the best possible services.

In supporting this agenda, the council continues to deliver major changes in the integration of Social Care, Housing, Health and other public services within an Accountable Care System, incorporating an Integrated Care System and Integrated Care Partnership, allowing partner organisations to manage demand, reduce costs and improve people's outcomes through integrated provision of high quality care and support.

The council continues to prioritise the Growth and Regeneration agenda aimed at delivering the economic activity across the borough which will provide local jobs, opportunities and skills and generate the local revenues to support services in the future. This will include continued working with the Liverpool City Region Combined Authority and other partners to promote jobs, growth and investment across the borough.

The council continues to work closely through the Children's Improvement Board to prioritise actions and deliver new models of practice to ensure that all children and young people in the borough receive the support, care and protection they need and deserve.

3. **Publishing the results of the assessment**

Issue	How will this be taken into account
Advancing Equality of Opportunity in service access, quality and outcome	The budget has been produced against a background of significant rising demand in social care services. This increase in demand leads to rising costs for those services. The budget acknowledges these increases in costs and proposes budgets are set at a realistic level to meet the current level of demand. This budget position attempts to provide a sustainable position. However, if demand continues to increase in the future, the position will need to be reviewed and managed accordingly. When looking at the impact of budget savings across the period 2022-2025, the following stakeholders in particular are likely to be affected: **Staff -** The savings proposals considered are likely to have an impact on staff through loss of employment or associated restructuring and change. **Service users/their carers -** Outcomes of service reviews can vary greatly and service users, both now and in the future, may find that some aspects of service provision will change: some services may be delivered in a very different way; some may introduce or revise charges, and the eligibility of some service users may be reviewed. **Organisations working with or supported by the council -** Whilst difficult to quantify, changes in service provision by the council may have an effect on the demands for the services provided by partner organisations. **Members of the general public -** are likely to be affected by proposed reviews of fees and charges. We do not anticipate that the budget savings proposals, as a collective, will have had a disproportionate impact in relation to: race, religion, sex (gender), gender reassignment, sexual orientation, pregnancy and maternity, or marriage and civil partnership. A review of commissioned services within Integrated Care and Health and Children's Services will, by their very nature, have an impact in relation to the protected characteristics of disability and/or age. Equality Impact Assessments will be used to inform each savings proposal, as necessary, from its outset to enable 'equality' considerations to be taken into account from the very beginning of the review process - through its development, consultation, and option appraisal - to its outcome.

Issue	How will this be taken into account
	It is not a foregone conclusion that the impact for protected characteristics will be a negative one. The review process will encourage stakeholders and service user to express their views, identify opportunities and influence options. This can lead to service users experiencing positive changes, such as increased independence, access to employment, and greater participation in public life. Where an Equality Impact Assessment does identify a potential adverse impact for people who share a protected characteristic, then the council will give due regard to that adverse impact; which means assessment of the extent, nature and duration of that impact, and the identification of measures to mitigate (remove or minimise) any disadvantage. The Service Review's 'impact' and 'mitigation' will be recorded within the Equality Impact Assessment report. Finally, the Equality Impact Assessment report will be attached as an appendix to a Service Review Report, ensuring the Decision Maker is fully aware of the equality implications of the proposal at the time they make their decision.
Fair employment	The current, and future, savings proposals are likely to have an impact on staff. Any service review that identifies implications for staff will be developed with guidance from the council's Human Resources officers, in accordance with relevant policies, and in consultation with Unions, where necessary.

APPENDIX 7: PORTFOLIO/PRIORITY BUDGET SUMMARIES 2022/23

Index of Appendix 7

The following tables analyse portfolio and priority budgets across services and detail the nature of expenditure and income.

APPENDIX 7(i)

Service Analysis - Education, Skills & Business Portfolio

Education, Skills & Business	Allowed Budget 2022/23 £'000	Allowed Expenditure 2023/24 £'000	Allowed Income 2022/23 £'000
Children & Young People's Services			
Schools			
Schools Delegated Budget	0	126,748	(126,748)
Schools Total	**0**	**126,748**	**(126,748)**
Non Schools			
Other Expenditure Attributable to Schools	5,225	8,126	(2,901)
Early Years Development (incl PVI's)	311	8,124	(7,813)
Support for Children with SEND	1,732	8,787	(7,055)
Behaviour Support Services	52	3,876	(3,824)
Home to School/College Transport	3,411	3,496	(85)
Youth Service	120	150	(30)
Management & Other Support Services	1,668	3,877	(2,209)
Non Schools Total	**12,519**	**36,436**	**(23,917)**
Total Children and Young People Department	**12,519**	**163,184**	**(150,665)**
Place Services Directorate			
Employment Skills and Initiatives	0	1,033	(1,033)
Place and Economic Delivery	144	144	0
Place Services Directorate Total	**144**	**1,177**	**(1,033)**
Total	**12,663**	**164,361**	**(151,698)**

APPENDIX 7(ii)

Service Analysis - Children & Young People Portfolio

Children & Young People	Allowed Budget 2022/23 £'000	Allowed Expenditure 2023/24 £'000	Allowed Income 2022/23 £'000
Children & Young People's Services			
Social Care and Commissioning Teams	10,384	10,775	(391)
Children Looked After	28,182	32,159	(3,977)
Child Protection	2,100	2,191	(91)
Children's Centres/Early Help Service	1,467	2,141	(674)
Support for Disabled Children	1,716	1,976	(260)
Family Support Services	2,351	2,913	(562)
Management & Other Support Services	99	1,928	(1,829)
Youth Offending Teams	558	1,340	(782)
Total	**46,857**	**55,423**	**(8,566)**

APPENDIX 7(iii)

Service Analysis - Integrated Care & Health Portfolio

Children & Young People	Allowed Budget 2022/23 £'000	Allowed Expenditure 2023/24 £'000	Allowed Income 2022/23 £'000
Integrated Care & Health Services			
Physical Support - Frail and Elderly	14,384	34,049	(19,665)
Sensory Support	1,012	1,236	(224)
Support with Memory and Cognition	8,186	13,242	(5,056)
Learning Disability Support	22,384	32,053	(9,669)
Mental Health Support	3,629	4,480	(851)
Assistive Equipment and Technology	731	2,978	(2,247)
Care Management - Assessment and Review	6,126	8,812	(2,686)
Transport and Generic Services	0	1,440	(1,440)
Management, Commissioning and Support Services	0	5,156	(5,156)
Total	**56,452**	**103,446**	**(46,994)**

Service Analysis - Wellbeing, Culture & Heritage Portfolio

Wellbeing, Culture & Heritage	Allowed Budget 2022/23 £'000	Allowed Expenditure 2023/24 £'000	Allowed Income 2022/23 £'000
Integrated Care & Health Services			
Sexual Health	2,028	2,028	0
Primary Care	101	101	0
Public Health Advice	613	613	0
Obesity	1,036	1,036	0
Physical Activity	1,492	1,492	0
Substance Misuse	2,674	2,674	0
Stop Smoking Services & Interventions	549	549	0
Healthy Child Programme	4,720	4,720	0
Miscellaneous Public Health Services	1,852	1,952	(100)
Management & Support Services	0	2,056	(2,056)
Public Health Grant	(15,065)	0	(15,065)
Public Health Grant Funded Services	**0**	**17,221**	**(17,221)**
Children and Young People Department			
Adult Community Learning	20	637	(617)
Total Children and Young People Department	**20**	**637**	**(617)**
Place Services Directorate			
Arts Development & Support	445	485	(40)
Archiving	175	328	(153)
Sports Development	18	425	(407)
Indoor Sports & Recreation	1,279	4,610	(3,331)
Outdoor Sports & Recreation	325	471	(146)
Library Services	2,203	2,346	(143)
Tourism and Events	249	275	(26)
Total Culture & Heritage Services	**4,694**	**8,940**	**(4,246)**
Total	**4,714**	**26,798**	**(22,084)**

APPENDIX 7(v)

Service Analysis - Finance & Governance Portfolio

Finance & Governance	Allowed Budget 2022/23 £'000	Allowed Expenditure 2023/24 £'000	Allowed Income 2022/23 £'000
Corporate Services Directorate			
Local Tax Collection	1,541	2,388	(847)
Emergency Planning	117	117	0
Local Welfare Assistance Schemes	191	191	0
Grants and Donations	47	50	(3)
Non-Distributed Costs	2,076	2,076	0
Finance	0	7,779	(7,779)
Audit and Risk	0	1,100	(1,100)
Coroners Court Services	220	220	0
Registration of Births, Deaths & Marriages	62	261	(199)
Democratic Representation & Management	1,721	1,721	0
Elections	468	471	(3)
Human Resources	0	2,953	(2,953)
Legal Services	0	1,546	(1,546)
Governance & Administration	0	234	(234)
Total	**6,443**	**21,107**	**(14,664)**

APPENDIX 7(vi)

Service Analysis - Reset & Recovery Portfolio

Reset & Recovery	Allowed Budget 2022/23 £'000	Allowed Expenditure 2023/24 £'000	Allowed Income 2022/23 £'000
Corporate Services Directorate			
Corporate Management	1,448	1,448	0
I.T	0	9,742	(9,742)
Press and Public Affairs	0	1,005	(1,005)
Policy Development	0	2,086	(2,086)
Organisational Development	0	887	(887)
Other Services	0	129	(129)
Total	**1,448**	**15,297**	**(13,849)**

Service Analysis - Environment & Transport Portfolio

Environment & Transport	Allowed Budget 2022/23 £'000	Allowed Expenditure 2023/24 £'000	Allowed Income 2022/23 £'000
Place Services Directorate			
Parks & Open Spaces	2,278	2,357	(79)
Street Cleansing	1,640	1,810	(170)
Cemetery and Crematorium	(876)	1,629	(2,505)
Waste Collection	2,378	3,032	(654)
Recycling	3,757	6,522	(2,765)
Climate Change	101	126	(25)
Parking Services	256	1,406	(1,150)
Highways Maintenance	9,143	11,003	(1,860)
Street Lighting	1,950	2,108	(158)
Traffic Management & Road Safety	620	831	(211)
Direct Services	(55)	18,310	(18,365)
Management & Support Services	0	1,761	(1,761)
Councillor Improvement Fund	200	200	0
Total	**21,392**	**51,095**	**(29,703)**

APPENDIX 7(viii)

Service Analysis - Environment & Transport Portfolio

Regeneration & Planning	Allowed Budget 2022/23 £'000	Allowed Expenditure 2023/24 £'000	Allowed Income 2022/23 £'000
Place Services Directorate			
Building Control	333	692	(359)
Development Control	501	1,437	(936)
Planning Policy	481	656	(175)
Estates - Industrial & Commercial Premises (including Town Centre)	485	5,446	(4,961)
Market Undertakings	481	838	(357)
Economic Development	9	149	(140)
Management & Support Services	769	769	0
Growth Delivering Prosperity	0	1,213	(1,213)
Transport Planning, Policy & Strategy	424	424	0
Building Support Services	0	6,336	(6,336)
Estates Management	0	668	(668)
Total	**3,483**	**18,628**	**(15,145)**

APPENDIX 7(ix)

Service Analysis - Safer, Stronger Communities Portfolio

Safer, Stronger Communities	Allowed Budget 2022/23 £'000	Allowed Expenditure 2023/24 £'000	Allowed Income 2022/23 £'000
Place Services Directorate			
Housing Services	656	2,596	(1,940)
Homelessness	274	728	(454)
Housing Benefit Administration	(16)	49,668	(49,684)
Supporting People	5,074	5,074	0
Community Safety	925	1,525	(600)
Environmental Health	1,069	1,573	(504)
Trading Standards	583	598	(15)
Licensing & Land Charges	(52)	612	(664)
Total	**8,513**	**62,374**	**(53,861)**

Service Analysis
Priority 1 - Ensure children and young people have a positive start in life

	Allowed Budget 2022/23 £'000	Allowed Expenditure 2023/24 £'000	Allowed Income 2022/23 £'000
Schools Delegated Budgets	0	126,748	(126,748)
Total Schools	**0**	**126,478**	**(126,478)**
Child Protection	2,100	2,191	(91)
Children Looked After	28,182	32,159	(3,977)
Children's Centres / Early Help Service	1,467	2,141	(674)
Early Years Development (incl. PVI's)	311	8124	(7,813)
Family Support Services	2,351	2,913	(562)
Home to School Transport	3,411	3,496	(85)
Management & Other Support Services	1,767	5,805	(4,038)
Other Expenditure Attributable to Schools	5,225	8,126	(2,901)
Behaviour Support Services	52	3876	(3,824)
Social Care & Commissioning Teams	10,384	10,775	(391)
Support for Children with SEND	1,732	8,787	(7,055)
Support for Disabled Children	1,716	1,976	(260)
Youth Service	120	150	(30)
Youth Offending Teams	558	1340	(782)
Total Non-Schools	**59,376**	**91,859**	**(32,483)**
Total	**59,376**	**218,607**	**(159,231)**

APPENDIX 7(xi)

Service Analysis
Priority 2 - Promote good health, independence and care across our communities

	Allowed Budget 2022/23 £'000	Allowed Expenditure 2023/24 £'000	Allowed Income 2022/23 £'000
Assistive Equipment and Technology	731	2,978	(2,247)
Care Management - Assessment and Review	6,126	8,812	(2,686)
Healthy Child Programme	4,720	4,720	0
Learning Disability Support	22,384	32,053	(9,669)
Management, Commissioning and Support Services	0	7,212	(7,212)
Mental Health Support	3,629	4,480	(851)
Miscellaneous Public Health Services	1,852	1,952	(100)
Obesity	1,036	1,036	0
Physical Activity	1,492	1,492	0
Physical Support - Frail and Elderly	14,384	34,049	(19,665)
Primary Care	101	101	0
Public Health Advice	613	613	0
Public Health Grant	(15,065)	0	(15,065)
Sensory Support	1,012	1,236	(224)
Sexual Health	2,028	2,028	0
Stop Smoking Services & Interventions	549	549	0
Substance Misuse	2,674	2,674	0
Support with Memory and Cognition	8,186	13,242	(5,056)
Transport and Generic Services	0	1,440	(1,440)
Total	**56,452**	**120,667**	**(64,215)**

APPENDIX 7(xii)

Service Analysis
Priority 3 - Create safe and strong communities and neighbourhoods for all

	Allowed Budget 2022/23 £'000	Allowed Expenditure 2023/24 £'000	Allowed Income 2022/23 £'000
Community Safety	925	1525	(600)
Environmental Health	1,069	1,573	(504)
Homelessness	274	728	(454)
Housing Benefits Administration	(16)	49,668	(49,684)
Housing Services	656	2596	(1,940)
Licensing & Land Charges	(52)	612	(664)
Supporting People	5,074	5,074	0
Trading Standards	583	598	(15)
Total	**8,513**	**62,374**	**(53,861)**

APPENDIX 7(xiii)

Service Analysis
Priority 4 - Support a strong, thriving, inclusive and well-connected local economy

	Allowed Budget 2022/23 £'000	Allowed Expenditure 2023/24 £'000	Allowed Income 2022/23 £'000
Adult & Community Learning	20	637	(617)
Building Control	333	692	(359)
Development Control	501	1,437	(936)
Economic Development	9	149	(140)
Employment & Skills Initiatives	144	1,177	(1,033)
Estates – Industrial & Commercial Premises (including Town Centre)	485	5,446	(4,961)
Growth Delivering Prosperity	769	769	0
Management & Support Services	0	1,213	(1,213)
Market Undertakings	481	838	(357)
Parking Services	256	1,406	(1,150)
Planning Policy	481	656	(175)
Transport Planning, Policy & Strategy	424	424	0
Total	**3,903**	**14,844**	**(10,941)**

Service Analysis
Priority 5 - Create green vibrant places that reflect our heritage and culture

	Allowed Budget 2022/23 £'000	Allowed Expenditure 2023/24 £'000	Allowed Income 2022/23 £'000
Archiving	175	328	(153)
Arts Development and Support	445	485	(40)
Climate Change	101	126	(25)
Direct Services	(55)	17,365	(17,420)
Highways Maintenance	9,143	11,003	(1,860)
Indoor Sports & Recreation	1279	4610	(3,331)
Library Services	2,203	2,346	(143)
Outdoor Sports & Recreation	325	471	(146)
Parks & Open Spaces	2,278	2,357	(79)
Recycling	3,757	6,522	(2,765)
Sports Development	18	425	(407)
Street Cleansing	1,640	1,810	(170)
Street Lighting	1,950	2,108	(158)
Tourism & Events	249	275	(26)
Traffic Management & Road Safety	620	831	(211)
Waste Collection	2,378	3,032	(654)
Total	**26,506**	**54,094**	**(27,588)**

Service Analysis
Priority 6 - Be a responsible Council

	Allowed Budget 2022/23 £'000	Allowed Expenditure 2023/24 £'000	Allowed Income 2022/23 £'000
Audit and Risk	0	1,100	(1,100)
Building Support Services	0	6,336	(6,336)
Estates Management	(876)	1,629	(2,505)
Cemetery and Crematorium	220	220	0
Coroners Court Services	1,448	1,448	0
Corporate Management	200	200	0
Councillor Improvement Fund	1,721	1,721	0
Democratic Representation & Management	0	945	(945)
Direct Services	468	471	(3)
Elections	117	117	0
Emergency Planning	0	668	(668)
Finance	0	7,779	(7,779)
Governance & Administration	0	234	(234)
Grants & Donations	47	50	(3)
Human Resources	0	2,953	(2,953)
IT	0	9,742	(9,742)
Legal Services	0	1,546	(1,546)
Local Tax Collection	1,541	2,388	(847)
Local Welfare Assistance Schemes	191	191	0
Management & Support Services	0	1,761	(1,761)
Non-Distributed Costs	2,076	2,076	0
Organisational Development	0	887	(887)
Policy Development	0	2,086	(2,086)
Press and Public Affairs	0	1,005	(1,005)
Registrar of Births, Deaths and Marriages	62	261	(199)
Other Services	0	129	(129)
Total	**7,215**	**47,943**	**(40,728)**

APPENDIX 8: FLEXIBLE USE OF CAPITAL RECEIPTS STRATEGY 2022/23

The Government have provided a time limited flexibility to use capital receipts from the disposal of property, plant and equipment assets to fund the revenue cost of service transformation and costs that support invest-to-save and efficiency projects designed to provide revenue savings in the future.

Revenue expenditure qualifies to be funded from the capital receipt flexibility if it has been incurred on any project that is designed to generate ongoing revenue savings in the delivery of services and/or transform service delivery in a way that reduces costs or demand for services in future years for the council or any of its public sector delivery partners.

The flexibility provides an alternative way of funding the one-off transformation costs and up-front investment associated with delivery of recurring savings which are required to deliver a balanced budget in future years.

As previously agreed, the council's Medium Term Financial Strategy includes a requirement for council wide revenue savings from the restructuring and reconfiguring of council services to meet the existing and forecast future funding gaps.

For 2022/23 it is proposed to use £1m capital receipts to cover the costs associated with the reconfiguration of services, restructuring or rationalisation.

The council will have due regard to the requirements of the Prudential Code and the impact on its prudential indicators from implementing this Strategy. The expenditure to be incurred will be included in the capital programme to be funded by capital receipts generated in the financial year. The capital expenditure prudential indicators will be calculated, amended and approved as appropriate.

These receipts have not been earmarked for any other proposed capital expenditure and therefore there is no anticipated additional impact on the council's prudential indicators as set out in the council's Treasury Management Strategy.

The council will also have due regard to the Local Authority Accounting Code of Practice when determining and including the entries required within the council's Statement of Accounts.

This strategy will be monitored throughout the financial year.

Note: The Government announced in the Spending Review 2021 their intent for an extension of the scheme beyond March 2022. Details of how the scheme will operate have not yet been confirmed. It is assumed that similar principles will be announced.

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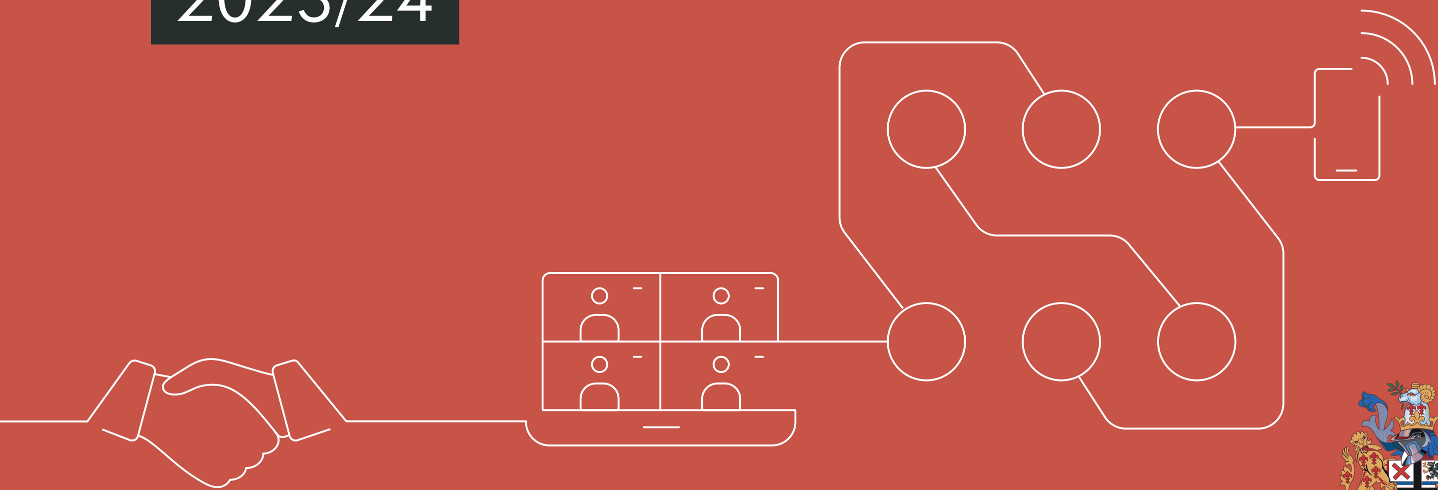
MEDIUM TERM FINANCIAL STRATEGY
2023-2026

AND

REVENUE AND CAPITAL BUDGET
2023/24



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CONTENTS

MEDIUM TERM FINANCIAL STRATEGY 2023-2026

INTRODUCTION

1. This Strategy provides an overarching framework setting out the context in which future decisions on resource allocation and budgeting will be taken. The primary purpose of the Strategy is to provide an indication of the future financial position of the Council and, in turn, inform the annual budget setting process. It quantifies the likely level of resources available to deliver the Council's services and achieve its core strategic objectives.

2. It is considered that the Council has never faced a more challenging funding position, after more than a decade of austerity and continual cuts in government support, with the ongoing legacy of the global pandemic, the current extreme and volatile inflationary and wider economic environment, a funding crisis engulfing the social care system amid continually increasing demand, and the continuing uncertainty surrounding the local government funding position.

3. Consequently, it is imperative that resources are allocated following an assessment of statutory responsibilities and strategic priorities, and that annual budget decisions are aligned to those priorities. The requirement to identify, agree and deliver significant cash savings and cost reductions must be considered in that regard.

4. This Strategy includes:

    - Financial context and a high-level overview of funding changes likely to affect the strategy
    - An impact assessment of the Revenue Budget 2023/24 on future years
    - Gap analysis for 2024/25 and 2025/26 informed by underlying assumptions
    - Balancing the medium-term resources
    - Risks to the Council's financial resilience and sustainability
    - Reserves forecast and strategy
    - Arrangements for monitoring and review
    - Treasury Management strategy
    - Capital and investment plan over the medium term

5. The medium-term financial planning process has been developed for the period 2023-2026. It provides a forecast of the cost of continuing to provide existing levels of service and the resources that are likely to be available to the Council over the period. It sets out the extent of the potential budget gap, to inform Cabinet and Council resource allocation decisions and to determine the overall size of the efficiencies and cost-reduction programme needed over the medium term.

LOCAL GOVERNMENT FUNDING

6. The Chancellor set out high-level details of the Government's spending plans on health, education, transport and other public services for 2022/23 to 2024/25 as part of the Spending Review 2021.

7. In its Autumn Statement 2022, the Government introduced new policy measures intended to consolidate the public finances, with increased taxation and reduced spending designed to limit the Government's borrowing requirements. The material

impact of the consolidation begins in 2024/25, where the net combination of tax rises and spending reductions totals £10bn, gradually increasing to £55bn by the end of 2027/28.

8. The Statement provided no detailed spending plans for the medium term, with real risks for public spending, and a continuing likelihood that local authorities will be increasingly reliant on other revenue sources (including those from local taxes) to meet spending pressures. The more deprived local authorities have significantly less ability to raise additional sums from Council Tax due to a much higher proportion of lower banded dwellings.

9. The Statement made provision for additional social care funding in both 2023/24 and 2024/25 to support discharge from acute hospital settings. In addition, the funding for social care charging reforms, which have been delayed from October 2023 to October 2025 will be maintained to provide additional resources to enable Councils to address some of the current social care demand pressures. There remains uncertainty as the details of individual local authority allocations for 2024/25 have not been confirmed and further specific conditions attached to the funding are anticipated.

10. The 2023/24 Local Government Finance Settlement was published on 6 February 2023. The key headlines are:

- There will be a one-year settlement for 2023/24, with some indications around funding for 2024/25.

- The Government calculated headline Core Spending Power will increase by 9% across England, which includes assumed increases in Council Tax in accordance with the Government's referendum principles.

- The Council Tax referendum threshold will increase from 2% to 3% for 2023/24.

- Councils with social care responsibilities will be able to increase the Social Care Precept by up to 2% in 2023/24.

- A Consumer Price Index (CPI) increase to Revenue Support Grant in 2023/24, with no changes to the distribution methodology used in 2022/23.

- Councils will be compensated for the 2023/24 freeze in Business Rates – equivalent to September CPI inflation.

- Social Care Grant funding will increase in 2023/24 to £3.9bn (prior to the 'rolling-in' of the Independent Living Fund, worth £160m) as a result of savings arising from delays to the rollout of adult social care charging reform.

- Adult Social Care (ASC) Market Sustainability and Improvement will be supported by further ringfenced funding - nationally £400m will be added to the 2023/24 £162m Market Sustainability and Fair Cost of Care Fund.

- The improved Better Care Fund (iBCF) continues into 2023/24, alongside an additional Adult Social Care Discharge Grant, worth £300m, which will be required to be pooled as part of the Better Care Fund.

- Services Grant will reduce by 41% in 2023/24, which equates to a reduction of £1.317m for St Helens.

- The Lower Tier Services Grant, for which St Helens received £291k in 2022/23, will be discontinued.

- There will be a new one-off Funding Guarantee introduced to ensure all authorities receive a minimum 3% increase in their Core Spending Power.

- The New Homes Bonus will continue in 2023/24 as an annual grant. Legacy payments will end, and the future of the grant will be confirmed before the 2024/25 Local Government Finance Settlement.

- Four currently existing grants (worth £239m) will be rolled into Revenue Support Grant / Social Care Grant – including the Local Council Tax Support Administration Subsidy Grant and the Independent Living Fund.

- General Grant funding Tariff and Top-up funding adjustments will be made to ensure the 2023 Business Rates revaluation, as far as practicable, will not impact on the level of retained Business Rates.

- Neither fundamental reform to Relative Needs and Resources assessments, nor the Business Rates system will be implemented in the current Spending Review period.

- Continuation of the existing Business Rates retention arrangements (whereby the authorities in the Liverpool City Region retain 99% of Business Rates) into 2023/24 – during which the Government will review the role of arrangements as a source of income and its impact on local economic growth as part of the devolution arrangements as set out in the Levelling Up white paper.

Levelling Up

11. As part of its levelling up agenda, the Government has launched a series of investment programmes to support communities across the country. These investment programmes include the Levelling Up Fund and the UK Shared Prosperity Fund.

The Levelling Up Fund

12. The £4.8 billion Levelling Up Fund will invest in infrastructure that improves everyday life across the UK, including regenerating town centres and high streets, upgrading local transport, and investing in cultural and heritage assets. The fund will run until 2024/25.

13. In January 2023, St Helens, following a successful round 2 bid, was awarded £20m to invest in the regeneration of Earlestown.

14. The Government has committed to reviewing opportunities to simplify and streamline funding and competitive bidding processes in driving regeneration and growth.

UK Shared Prosperity Fund

15. The UK Shared Prosperity Fund (UKSPF) will provide a national £2.6 billion of National funding for local investment by March 2025.

16. The UKSPF, launched in April 2022, will see all areas of the UK receive an allocation from the Fund via a funding formula, rather than via competition. The Fund primarily operates over the strategic geographies of the Mayoral Combined Authorities to support programmes under the priorities of communities and place, local businesses and people and skills.

IMPACT OF COVID-19

17. The pandemic has been the most challenging emergency that the Council has ever faced. Covid-19 has had far-reaching effects on the economy and communities within the Borough. It has brought many financial challenges and has had a significant impact on the way Council services are delivered. This impact continues to be felt.

18. Since the outbreak of the pandemic, Covid-19-related pressures have been considerable, with significant additional costs and income losses. In financial planning terms, the degree of estimation and uncertainty that this introduced has been unparalleled.

19. It still remains uncertain how the aftershocks of the pandemic will continue to impact the Borough's residents, businesses and employers. The ongoing impact on the Council's financial position is also difficult to quantify, particularly in terms of the wider economy, customer behaviour and demand for services.

20. As in 2022/23, the Local Government Finance Settlement for 2023/24 does not include any specific funding for legacy Covid-19 and associated pressures.

IMPACT OF INFLATION

21. The rate of inflation has relentlessly moved upwards for a period of 18 months, reaching a 40-year high of 11.1% in October 2022, driven by a combination of demand for consumer goods, labour market shortages, the war in Ukraine and rising energy and petrol prices. The Local Government Association (LGA) have forecast that inflation, energy costs and increases to the National Living Wage will add £3.4 billion of additional cost pressures onto council budgets in 2023/24 alone. These pressures are likely to be compounded in subsequent years.

22. The most material pressure areas for the Council arising as a result of inflation have been identified as:

- Employee pay
- Energy costs, including those associated with street lighting and traffic signalling
- The costs of care provision in both adult and children's social care
- Fuel
- Food

23. Forecasts by the Bank of England and respected economic commentators vary widely in terms of both expected levels and duration of elevated inflation, reflecting the scale of the challenge that the Council faces in forecasting the impact of inflation on its budgets.

24. In November 2022, the 2022/23 Local Government Pay Award was agreed, equating to an average increase of around 7.7%. For 2023/24, unions have submitted a pay claim which exceeds the current Retail Price Index. It is clear that the cumulative impact of pay increases will result in significant pressures over the course of the MTFS.

25. The National Living Wage will increase by 9.7% from 1 April 2023. The Low Pay Commission expects the next two National Living Wage rises to be higher than forecast inflation levels. The impact of this on the Council is most significant through payments made to care providers, and this will link closely to matters relating to the fair cost of care.

26. Rising energy costs are the single most significant contributory factor to the current inflationary environment. The volatility in energy prices continues, having reached record highs, and is extremely sensitive to a number of complex geopolitical influences, including the conflict in Ukraine.

27. In September 2022, the Government announced an Energy Bill Relief Scheme for businesses and other non-domestic customers, providing discounts on energy usage for the period between 1 October 2022 and 31 March 2023. Further support has been announced for 2023/24, though the absolute detail is still unclear. Uncertainty surrounding the future cost of energy presents a serious risk to the Council.

28. Significantly elevated borrowing costs associated with continual Bank Rate increases, alongside surging prices, will have a considerable impact on the affordability of the Council's capital investment aspirations during the lifetime of the MTFS.

29. Government have acknowledged some of the pressures that Councils face as a result of the inflationary environment, and have provided some assistance for 2023/24 as part of the Local Government Finance Settlement. However, the provision of another one-year settlement has left authorities facing significant uncertainty around future levels of funding.

30. Economic forecasters are predicting gradual decreases in the rate of inflation, but the trajectory and accuracy of such predictions are uncertain. As such, any significant changes in the underlying economic conditions that impact on inflation will need to be managed over the course of the MTFS.

31. Inflationary pressures are particularly damaging to Council finances. Unlike in other sectors, Councils have limited ability to absorb such additional cost pressures or passport them directly on to residents or businesses.

CORE SPENDING POWER

32. Core Spending Power is the Government’s defined measure of the resources available to local authorities to fund service delivery.

33. The Government’s calculation of Core Spending Power is not limited to general Government revenue grant and Business Rates, but also includes estimated Council Tax receipts, New Homes Bonus and other specific grants. This means that the headline percentage changes in Core Spending Power quoted by the Government also take into account income from sources other than core general Government revenue grant, and do not solely represent changes in levels of direct Government funding.

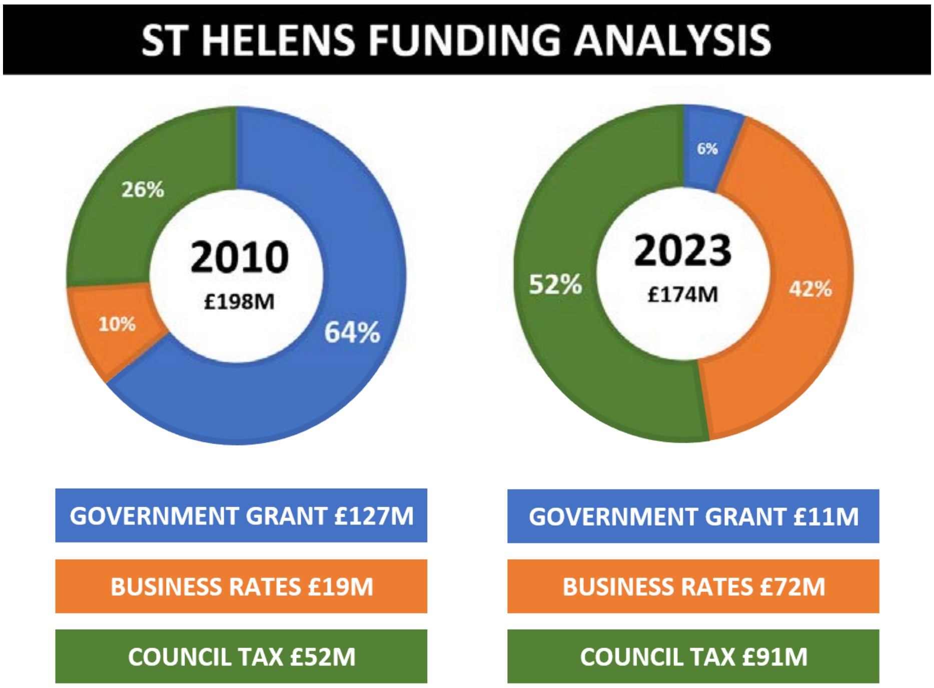
34. The methodology of the Core Spending Power calculation for 2023/24 includes Revenue Support Grant, Business Rates baseline funding, compensation for under-indexing of the Business Rates multiplier, Council Tax, New Homes Bonus, improved Better Care Fund, Social Care Grant, Funding Guarantee, Adult Social Care Discharge Funding and the Adult Social Care Market Sustainability and Improvement Fund.

35. The Government’s new Funding Guarantee for 2023/24 will ensure that all councils experience at least a 3% increase in their Core Spending Power before any local decisions about organisational efficiencies, use of reserves or Council Tax levels.

36. The Government’s published Core Spending Power figures show an increase of 10.1% for the Council in 2023/24, with Core Spending Power increasing from £176.7m in 2022/23 to £194.4m in 2023/24. This is compared to an 8.4% increase in 2022/23.

37. It is important to note that the use of Core Spending Power as a headline indicator can distort the underlying position. For 2023/24, the Council’s Council Tax requirement is £91m, representing 46.8% of the Government’s published Core Spending Power figures. The equivalent percentage for 2015/16 was 41.2%, reflecting local authorities’ increasing reliance on Council Tax income to deliver services.

38. Since austerity, the direction of travel has been for local government to become increasingly funded from local revenues. The graphic below shows how Government Grant support has reduced over a number of years, with ever-increasing reliance on funding from Business Rates and Council Tax.



39. Whilst this is a national concern, the reduction has greater impact for St Helens, as it is more heavily dependent on Government funding than councils which have greater buoyancy in their Council Tax and Business Rates bases.

40. The Government has been considering a major overhaul of the local government funding mechanism for a number of years. There have been numerous delays to the Government's Review of Relative Needs and Resources (of the methodology determining how much funding each authority receives based on an assessment of its relative needs and resources). Similar delays have been experienced in relation to proposed reforms to Business Rates retention.

41. Along with five consecutive one-year settlements, these delays have resulted in significant uncertainty for the Council in considering future years' budget requirements and present a significant risk to financial planning and sustainability.

42. The Settlement confirms that reforms to local-government funding through the Review of Relative Needs and Resources have been paused, and that a proposed reset of accumulated Business Rates growth has also been paused for the remainder of the 2022-2025 Spending Review. The Government has expressed a commitment to improving the landscape of local-government finance in the next parliament.

BUSINESS RATES RETENTION

43. Since 2017/18, St Helens has participated in a designated Liverpool City Region-wide Business Rates Retention Scheme. The Local Government Finance Settlement confirmed a one year only guaranteed extension of the arrangements for the six authorities in the Liverpool City Region Combined Authority area for 2023/24.

44. The estimated benefit for 2023/24 from participation in the scheme is approximately £4.8m. The Council's financial position could be significantly worse if this

arrangement were to be withdrawn. Under the terms of the arrangement St Helens is allowed to retain 99% of any Business Rates growth.

45. The Council has successfully grown its Business Rate base in recent years, which has generated additional Business Rates income. However, in the current economic climate there remains a significant deal of uncertainty over the stability of the local Business Rates base. The Council is developing an Inclusive Growth Strategy that will seek to drive economic growth and ensure that residents benefit from this growth.

46. As previously referred, planned reforms to the Business Rates Retention system have been continually deferred. There remain considerable uncertainties in several key areas relating to the Business Rates Retention scheme that could have a significant impact on the Council's funding in future years.

47. The settlement also allows for the continuation of the Mid Merseyside Business Rates Pool with Halton and Warrington Councils in 2023/24.

48. On 1 April 2023 the next revaluation of properties for business rates will take effect. Detail of the impact of the revaluation and available reliefs to businesses is provided in paragraphs 122 to 126 in the Revenue Budget report.

49. From this point onwards, the Government have announced they will be implementing three-yearly revaluations to ensure rates are more responsive to economic changes.

50. Whilst the potential impact of the Business Rates reforms referenced above represent significant financial risks to the Council, it is anticipated that the Government would include transitional protection systems to ensure Local Authorities are not faced with any significant financial cliff edges.

51. The current medium term financial planning assumptions include for these protections and are based on the Council's current funding levels from participation in the Business Rates Retention scheme.

52. There is uncertainty that the Government might not afford protection to the additional funding derived from the Business Rates Retention scheme. This would put additional pressure on the Council's budget in future years.

53. The potential impact of Business Rates reforms, together with the outcome of future government Budgets and the Review of Relative Needs and Resources, determine that Business Rates Retention will be an even more important funding source for the Council. It is uncertain how the results of these reviews will affect funding for the Council and whilst that is the case, this remains a key risk for the Council.

PENSIONS

54. The Council is a member of the Merseyside Pension Fund on behalf of former, current and future employees. Both the Council and its current employees make contributions to the fund at levels determined by the Fund's actuaries. The actuaries also prescribe the levels at which the Council need to make annual payments to contribute towards any forecast deficit of the Fund (with regards to the St Helens

element of the Fund), when comparing the projected assets and liabilities. Where the projections are such that the level of assets exceed the liabilities, the annual contributions are reduced.

55. Every three years, the Pension Fund makes arrangements for the revaluation of the assets and liabilities of the fund on a per-authority basis, with contribution rates and the projected surplus / deficit adjusted for the upcoming valuation period to ensure the fund is sustainable for each local authority.

56. The provisional results from the 2022 Actuarial Valuation (final schedules will be issued in late February / early March) show the Council's element of the Fund to be in a surplus position, with the Council's Future Service Contribution Rate for the three-year period commencing 2023/24 set at 18.5% - a rate that is deemed sufficient, alongside individual employee contributions, to meet the cost of new benefits being accrued by currently active members. An annual surplus distribution will also be receivable by the Council in each year of the same period based on the calculated funding level.

57. Investment returns can be volatile, and, subject to performance of the Fund during the valuation period, could result in a reduction in valuation of the Council's assets in the Pension Fund, thereby potentially requiring a greater contribution in Future Service Rate and/or reduced surplus distributions / the requirement for deficit payments in the period covered by the 2025 valuation. Changes in assumptions (inflation, mortality, discount rates etc.) made by the actuaries between each valuation period can also have an effect on the scheme, both positive and negative, depending on the type of change.

58. Although the Fund is currently in a positive valuation position, given the recent economic conditions, it is possible that assets will underperform against estimates used as part of the 2022 Actuarial Valuation. This introduces a risk that the fund position may not be as positive at the next revaluation and future MTFS will need to make provision for any potential negative movement.

59. By way of example, if assets decreased by 5% the reduction would not change the underlying Pension Fund position from a surplus to a deficit. However, if assets were to decrease by 8% this underlying position would move to a deficit position; requiring additional revenue contributions in order to address the deficit. This is illustrated in the following table.

2022 provisional actuarial valuation sensitivity analysis			
	Base as per 2022 valuation	**5% reduction in asset value**	**8% reduction in asset value**
Assets (£m)	883.5	839.3	812.8
Liabilities (£m)	815.5	815.5	815.5
Surplus / (Deficit) (£m)	68	23.8	(2.7)
Pay (£m)	95	95	95
Recovery period (years)	16	16	16
Surplus Recovery / (Deficit Contributions) (£m)	4.25	1.49	(0.17)
As a % of payroll	4.5%	1.6%	(0.2%)

COUNCIL TAX INCREASES

60. The Government establish a threshold to limit the level of future Council Tax increases by requiring local authorities to carry out referendums above a certain level of increase. The 2023/24 Local Government Finance Settlement allows Local Authorities to increase their Council Tax by less than 3% without the need to hold a referendum.

61. The Adult Social Care precept will continue for 2023/24 and Government has allowed an additional 2% of flexibility available for those Authorities with responsibility for Social Care.

62. The Council recognises the impact that Council Tax has on local residents and will always take their ability to pay into consideration when setting Council Tax levels and provide support to ensure that entitlements to Local Tax Reduction are maximised.

63. A Council Tax increase of 4.99% has been factored into the medium-term financial forecast for 2023/24. The Government also confirmed the referendum principles of 4.99% will continue for 2024/25. Clearly, any decisions on setting future Council Tax levels will be considered each year at Budget Council.

64. An increase in Council Tax of 4.99% will generate around £4.3m to fund some of the demand pressures the Council faces in providing its statutory functions and would avoid the need for further reductions in service delivery to the equivalent value.

AN IMPACT ASSESSMENT OF THE REVENUE BUDGET 2023/24 ON FUTURE YEARS

65. The Medium Term Financial Strategy for 2023-2026 is dependent on a number of assumptions within the annual budget for 2023/24. This strategy assumes that:

- an increase of 4.99% is applied to the level of Council Tax for 2023/24 when compared to 2022/23

- the Council will approve an annual budget that delivers savings totalling £10.7m – including individual savings proposals approved as part of previous Medium Term Financial Strategies

- the Council receives the estimated Business Rates assumed in the calculation of the baseline funding level and any additional Business Rates included as funding within the approved net revenue budget

- the assumed costs of delivering the Council's services both directly and indirectly are in line with planning assumptions, including those related to inflation

- pay negotiations for 2023/24 will result in an average increase in pay of 5%

- general price inflation has been provided at 5%, with separate analysis informing increases for specific spend areas such as fuel and energy, which have been based upon revised assumptions of usage and unit costs

- the Council will contribute £3.0m to reserves in 2023/24, more detail is provided in paragraph 103 of the Revenue Budget report.

66. These assumptions are considered to be a realistic assessment of the underlying financial position as shown in the Medium Term Financial Strategy. A breadth of planning assumptions and budget risks had been considered in arriving at forecast indicative budget gaps.

POTENTIAL GAP FOR 2024/25 AND 2025/26

67. The funding gap for 2023-2026, using planning assumptions, and assuming the delivery of proposed 2023/24 savings and other adjustments, is summarised in the following table.

	2023/24 £'000	2024/25 £'000	2025/26 £'000
FORECAST IN-YEAR BUDGET GAP*	6,568	10,259	5,558
AGGREGATED FORECAST BUDGET GAP	6,568	16,827	22,385
AGGREGATED PROPOSED SAVINGS	(7,445)	(10,357)	(11,979)
RESIDUAL FORECAST BUDGET GAP	(877)	6,470	10,406

* After savings options previously approved for the period 2023/24.

68. Underlying assumptions/matters included within the forecast for 2024/25 & 2025/26 are:

- Council Tax will increase by 2.99% in 2024/25 and 1.99% in 2025/26, with an additional Adult Social Care Precept of 2% in 2024/25 and 1% in 2025/26.

- Increases have been factored in for non-inflationary changes in Council Tax and Business Rates bases.

- The model assumes that New Homes Bonus allocations will be discontinued after 2023/24.
- The annual pay award has been incorporated at 4% for 2024/25 and 2% for 2025/26.
- General price inflation has been built in at 2.5% per annum, with additional provision made for some specific areas of high cost inflation.
- Fees and charges inflation has been incorporated at 2% per annum.
- It has been assumed that any changes arising from the Business Rates retention scheme and/or the Review of Relative Needs and Resources will have neutral impact for the authority.
- Increases to the National Living Wage of 6.3% in 2024/25 and 5% in 2025/26.
- That any additional funding received in relation to social care (e.g. Social Care Grant, Discharge Funding, Better Care Fund and improved Better Care Fund) will be accompanied by additional responsibilities and spending requirements.
- Provision has been built into the model for future capital investment costs to support the pipeline capital schemes reported in Appendix 5.
- The underlying rate of levy (Waste Disposal & Merseytravel) has been assumed to increase at 4% in 2024/25 and at around an average of 2% for 2025/26.
- In previous years, reserves have been rebuilt to afford the Council financial resilience to changes in funding, inflationary pressures and unexpected events, whilst at the same time having sufficient resources to support its priorities. Provision of £3m per annum has been included across 2024/25 and 2025/26.

69. The modelling assumes that potential increases in levels of service demand are managed as part of individual demand management strategies or within additional government funding being made available – particularly those related to social care.

Any changes to the above assumptions will impact upon the size of the projected budget gap for future years. The following table shows the impact that a % change, either positive or negative, to the assumptions would make to the model.

Key Assumptions Sensitivity Analysis		
	+/- %	**£m**
Pay award	2	+/- 1.9
Energy & Fuel	10	+/- 0.7
Social Care Provision (incl. Direct Payments)	2	+/- 2.0
Other Price Inflation	2	+/- 1.2
Levies	2	+/- 0.5
Council Tax	2	+/- 1.8
Retained Business Rates	2	+/- 1.5

BALANCING OVER THE MEDIUM TERM

70. The Council continues to operate in an extremely challenging environment. Given the significant reductions in the Council's funding from Government over the last decade, the volatility and uncertainty in the economy, and forecasts of further pressures over the medium term, there will need to be a continuing Council-wide focus on delivering efficiencies, maximising commercial opportunities and providing greater value for money. This will demand strategic and corporate ownership, given the impact of the resultant changes.

71. The overall size of the challenge that the Council faces is significant. The formulation of a balanced budget over the longer term requires the delivery of savings through consultation with residents and stakeholders, leading to service transformation, strategic prioritisation and continuous improvement. The Council continues to make key decisions affecting the way it delivers core services.

72. The Council will fully consider its strategic intent and will seek not only to reduce costs and deliver the necessary savings, but also to identify opportunities to use those savings programmes as leverage for wider strategic benefits.

73. The structure of the Council will need to continue to adapt to reflect the challenging operating environment. Furthermore, these structural changes will require sufficient flexibility to meet all challenges which may arise. Significant service reconfiguration will continue to take place, and further progress will be made to update the way the Council is structured. Review of internal business processes will also continue to implement enhanced levels of automation and reduce back-office workloads and associated costs. This will change the way the Council works, in line with the organisational development strategy and through the promotion of self-service, wherever possible.

74. The Council has a track record of delivering efficiency savings in recent years, and this work will need to continue for the foreseeable future. The outcome will be a Council which is more streamlined and focused on key strategic priorities, delivered through transformed services working in partnership.

75. The achievement of approved savings is critical to ensuring that the Council can balance the budget over the medium term. This is of particular relevance to savings that are proposed to be approved in setting the budget for 2023/24, which continue into, and increase in some instances, in future years.

76. The Council has an approved Commercial Strategy, which sets a framework for developing an increasingly commercial approach within the Council. In doing so, it will continue to reduce costs, generate additional income from activities and services, and ensure recovery of full recovery of its costs through its traded services activities. The Council will also continue to become more business-minded, applying best practice from all sectors to add value to services and secure its finances in a way that benefits local businesses and residents.

77. Outcomes from the Government's Spring Budget 2023, and the delayed Review of Relative Needs and Resources and anticipated Business Rates reforms, will be critical to determining the financial horizon for St Helens. In the absence of such, and with yet another single-year settlement for 2023/24, there remains significant uncertainty about the future funding of the Council, which makes it difficult to plan over the medium term. Various scenarios for funding have been presented in this

report, but until indicative allocations are given for future years, that uncertainty will remain.

78. The Council will continue to consider future priorities and demand pressures over the medium term and will factor these into the Medium Term Financial Strategy. Demand-management strategies, particularly in relation to social care, will continue to be critical in ensuring the financial sustainability of the Council.

79. The Medium Term Financial Strategy 2022-2025 allowed for the in-principle addition of a number of strategic capital investment schemes to the capital programme for 2022/23 alongside pipeline schemes for future years, subject to the submission and approval of feasibility, design and detailed scheme plans. These schemes included investment in highways and property assets, regeneration of the Borough and invest-to-save schemes.

80. Potential new schemes continue to be developed for consideration, and, where appropriate, for inclusion as potential pipeline Strategic Capital Investment schemes within the Medium Term Financial Strategy 2023-2026. Provision for the associated debt servicing costs would be incorporated into the modelling included in the revised Medium Term Financial Strategy.

81. It should be noted that the level of uncertainty beyond 2023/24 is significant and further updates of the Medium Term Financial Strategy will be brought back periodically to update on developments.

BUDGET RISK ASSESSMENT

82. The following risks have been considered in determining the appropriate level of General Fund balances required within the Medium Term Financial Strategy.

Risk area	Comment and Mitigation	Probability	Impact
Asset management	Backlog maintenance (for land, property and infrastructure) is significant and the potential for reactive / responsive repairs increasingly exists. The Council has developed an Asset Strategy and Asset Management Plan for 2023-2026. One of the aims of this is to review all assets across the portfolio over the next three years to develop an appropriate Action Plan. As reviews are undertaken, outcomes will be fed into future Medium Term Financial Strategies. The Strategic Capital Investment Schemes include proposals to invest in a number of the Council's property assets.	Medium	Low
Brexit	Direct or indirect cost implications of the UK's departure from the European Union, including issues such as supply chain workforce and goods shortages, could possibly impact the Council.	Medium	Low
Business Rates Retention scheme	Risks relating to the Council's financial position arising from the Government's review of the existing retention scheme.	High	Medium

Risk area	Comment and Mitigation	Probability	Impact
Commercial (third party) failure	There is evidenced potential for service provider failure (e.g., in the care or construction sectors) to cause the Council to incur additional costs. These costs could arise from the need to re-procure and/or integrate new arrangements. Robust processes in commissioning and procurement sourcing, management and review should mitigate the risk but cannot be guaranteed to eliminate it in its entirety.	Medium	Low
Disaster, major emergency, accident or incident	There will need to be available funds to respond to / recover from any such situation. This could result in uninsured costs arising which are not met by other sources (e.g. the Government's Bellwin scheme). For example, the likelihood of St Helens being affected by extreme weather events cannot be discounted.	Low	Medium
General and Commodity / Service specific inflationary pressures, including Fuel and Energy costs	Current extraordinarily high levels of inflation will impact on costs and may influence wage demands. It is evident that inflationary cost increases experienced within some specific goods or services could be significantly above general inflation levels. The rising costs of capital projects associated with increased interest rates as well as surging costs of delivering the projects (e.g., materials and labour) introduces risk in relation to the affordability of the Council's future capital investment plans. The level of inflation built into budget models allows for a general inflationary provision, and factors in higher anticipated levels of inflation across specific areas of Council spending, including fuel, energy, and care services. The extraordinary cost of living crisis and economic uncertainty is being monitored through financial monitoring and reporting of both revenue and capital budgets. An inflationary reserve exists to support services where cost increases are significantly over and above the inflation provision that is built into the Medium Term Financial Strategy, and where to not allow for these costs would have a direct impact on the delivery of essential services.	High	Medium
Impact of Covid-19	Predicting the extent to which the Covid-19 pandemic will continue to impact the Council's financial position remains challenging, whilst the longer term impact on employers and businesses can still not be determined with certainty. Prior to 2022/23, the Government provided short term funding to support Councils, however, the most recent local government finance settlements have not provided any specific funding for Covid-19 related pressures. Reports will be provided to Members highlighting issues, if and when they arise, which will also consider potential mitigating actions.	Medium	Low

Risk area	Comment and Mitigation	Probability	Impact
Income collection: Business rates, fees, rents and service charges	Lower economic activity (e.g. planning and building control fees, rental income), increased competition, market volatility and changes in customer behaviour may reduce the yield of income streams. This has been magnified in the current economic environment. There is ongoing volatility in relation to the income associated with a number of specific service areas where actions to address these have been taken in formulating the budget for 2023/24. Government policy around Business Rates has transferred significant risk linked to business failures and the consequent reduction in Business Rates, which would impact locally. The impact of the Business Rates revaluation on 1 April 2023 is likely to generate a significant number of new appeals. The rate of successful appeals is monitored during the year and the impact this may have on the Council's appeals provision. Potential negative movements in income collection will be considered, with a view to managing any pressures that arise within existing budgets or through the Medium-Term Financial Plan.	Medium	Medium
Litigation against / impacting on the Council	Litigation could be experienced in relation to any aspects of its service delivery and the Council is also potentially exposed to legal judgements brought against other local authorities or organisations.	Medium	Medium
Local authority funding	Negative impacts on the Council's financial position arising via one, a combination, or all of the Local Government Finance Settlement; Spending Review; Review of Relative Needs and Resources and needs assessment; Business Rates Reform / Revaluation / Baseline Reset. The Council will continue to lobby directly and will work with the LGA, SIGOMA, Liverpool City Region partner authorities and other stakeholders in presenting the case for adequate funding for the Council and the wider local government sector.	High	High
Major Projects	Risks of cost escalation (above those arising from inflationary pressures) creating a funding gap and/ or requiring an increase in capital financing costs and subsequent impact on the general fund revenue budget. Robust processes in commissioning and procurement sourcing, management and review should mitigate the risk but cannot be guaranteed to eliminate it in its entirety.	Medium	Medium
New Policy / Legislation	Generally, such changes have an appropriate lead in time and where relevant should be covered by the 'new burdens' doctrine. However, there are potential risks due to potential policy agendas of the government and the speed of implementation of changes in some areas. Additionally, there is risk that the timescales set by government, and that Councils are expected to adhere to, is over ambitious and/or undeliverable. Conducting cost of care	Medium	Medium

Risk Area	Comment and Mitigation	Probability	Impact
	exercises, proper engagement with providers and strengthening capacity for market oversight and improved market management will take time if they are to be done comprehensively and at reduced levels of risk.		
Pension Fund costs	The 2022 Actuarial Review has set Pension contributions over the period of the Medium Term Financial Strategy, based upon assumptions provided by actuaries and factoring in additional costs relating to the 'McCloud judgement', which was made as a result of age discrimination cases brought against the Government (in respect of the firefighters and judges pensions schemes). A risk exists that the Council's fund position may not be as positive at the next revaluation date and this potential negative impact will need to be considered in future iterations of the MTFS.	Medium	High
Social Care Demand	Actions providing an increased focus on safeguarding and permanence have increasingly marked cost implications. It is evident that relatively small fluctuations in the demand for social care for both Children and Adults can generate considerable additional cost and it is increasingly evident that the successful delivery of demand management strategies in relation to social care is critical in reducing the risk to the financial position of the Council. Unique, complex care placements are becoming increasingly difficult to source and come at significant additional cost. There is a significant number of young people who are supported in semi-independent living, whose needs are such that they require high levels of support. There continues to be the potential for Health funded continuing care cases to become the Council's responsibility. There have been several backdated CHC cases that have arisen and the potential for additional future cases exists. The Council's social care services, both adults and children, continue to face significant challenges, the provider market is very fragile and saturated leading to significant increases in costs. There are significant concerns of market sustainability for providers, which has been exasperated further by the current inflationary environment. Additional issues such as workforce retention has destabilised the market further and consequently increased costs, as demand exceeds supply. Funding has been allocated to Local Authorities with social care responsibilities to tackle high pressure issues, however, there is uncertainty of whether the funds will be sufficient, including those to support enhanced levels of hospital discharges.	High	High
Social Care - Integrated Care Boards (ICB)	Under the Health and Care Act 2022, Integrated Care Boards (ICBs) were established on 1 July 2022 to replace the former Clinical Commissioning Groups (CCGs). St Helens Place is one of the nine authorities within the Cheshire and Merseyside ICB. Under the new governance arrangements ICBs will allocate health funding across the nine local authorities. This	Medium	High

Risk Area	Comment and Mitigation	Probability	Impact
	presents a financial risk to the Council due to the uncertainty of on-going funding and new NHS governance / decision making requirements.		
Social Care responsibilities and Funding	Recognising that additional funding will be provided in 2023/24 for Social Care responsibilities, uncertainty around the level of funding to provide a sustainable social care system may still continue. Funding will also be provided in 2024/25, however, significant uncertainty remains over the level of funding and any specific conditions attached to the funding. Local Authorities still have a responsibility to move towards a fair cost of care model and supporting market sustainability.	Medium	High
The deliverability of services within the baseline level of available resources	Alternative actions will be required where transformation and/or savings and/or additional projected income are not deliverable or increases in demand result in costs pressures. Though given the nature of alternatives that may need to be progressed there may be lead in periods for this to be fully achieved.	High	High
Treasury Management	The budget reflects the current Bank Rate and projected movements in interest rates. Economic uncertainty and interest rate movements could negatively impact on either or both investment returns and debt servicing costs. The Council mitigates the risk of downward interest rate movements by locking into fixed term deposits with fixed interest rates. Similarly, borrowing is undertaken with fixed interest rates to provide certainty of future debt servicing costs over the lifetime of the borrowing. The Council's investment counterparty criteria seeks to minimise counterparty risk but cannot completely eliminate it.	Medium	Medium
Welfare Reform and employment / unemployment (See also New Policy / Legislation)	There are a number of areas of potential risk associated with Welfare Reform, including the potential for increased costs and loss of income e.g. increased cost of Council Tax Reduction Scheme and potential reduction in Council Tax Collection rates as further Welfare reforms impact low income households in the borough. Further increases to homelessness are possible, whilst financially impacted clients may require increased Social Care interactions. Higher unemployment rates may require additional services across the Council beyond those already provided.	Low	Medium
Workforce related matters	There have been significant changes to the labour market both nationally and locally as a result of the pandemic and availability of EU Nationals following Brexit. Shortages in key areas such as care and professional services are and will have an impact on the Council's ability to deliver services within the current cost envelopes. The need for more costly interim staffing arising from the permanent or temporary loss of existing resource.	Medium	High
Other	Other risks – these are potentially diverse in	Low	

Risk Area	Comment and Mitigation	Probability	Impact
	nature e.g., arising from system failure and recovery or statutory duties to investigate and, where necessary, remediate contaminated land.		

RESERVES & BALANCES

83. Earmarked reserves are held for specific purposes, either as strategic reserves to allow flexibility in the use of corporate resources, or as ringfenced reserves for strategic, priority-driven needs. They should only be used for the specific purpose for which they were set aside. This includes funding non-recurring items and providing time-limited support to manage unexpected financial shocks such as inflation or the withdrawal of funding.

84. The specific purposes for which the Council's reserves are held are included in Appendix 1.

85. It has previously been recognised that the use of reserves to support the revenue budget is not feasible or sustainable. The Council's reserves are not excessive and given the current degree of financial uncertainty and the longer-term risks associated with local-government funding arrangements, it is prudent to protect and enhance earmarked reserves where there are opportunities to do so. In this light, the Council has previously committed to rebuilding its reserves over future years as part of the agreed Medium Term Financial Strategy.

86. The Council recognises that the level of reserves it maintains must have regard to future sustainability and resilience and must reflect the operational and financial risks it faces. These risks will change over time, and the consequences of not having prudent levels of reserves can be significant.

87. The Council maintains General Fund balances to provide short-term emergency funds for exceptional circumstances, and to cover risks that could impact the Council as a going concern. The level has been reviewed as part of the Medium Term Financial Strategy, and it is proposed that it should remain at £12m.

88. In view of this, the Revenue & Capital Budget 2023/24 proposes a realignment of earmarked reserves to set General Fund balances at £12m for 2023/24.

89. It is recognised that legacy Covid-19 pressures will continue to be felt during the period of the Medium Term Financial Strategy. The application of Covid-19 reserves will provide resource in relation to associated additional expenditure and income losses.

90. The table below shows the forecast position for the Council's General Fund balances, general earmarked reserves and the Covid-19 reserve. The forecast includes the currently approved commitments and the anticipated spend/income into the reserves through to 31 March 2026. The Reserves Strategy can be found at Appendix 1, which also contains further detail.

	March 2022 £'000	March 2023 £'000	March 2024 £'000	March 2025 £'000	March 2026 £'000
General Earmarked Reserves	48,675	46,146	44,571	46,838	54,448
Earmarked Reserve - Covid-19 Funding	9,336	6,095	1,000	-	-
Subtotal	**58,011**	**52,241**	**45,571**	**46,838**	**54,448**
General Fund Balances	13,423	7,885	12,000	12,000	12,000
Total	**71,434**	**60,126**	**57,571**	**58,838**	**66,448**

MONITORING & REVIEW

91. The Council operates delegated financial management arrangements. Following approval of the annual budget, Directorates have the responsibility to ensure that monitoring and budgetary control is undertaken and saving plans which have been built into the budget are achieved. The financial position is reported to the Council's Section 151 Officer or his / her deputy on a monthly basis. Financial Monitoring Reports are produced periodically during the year to update Cabinet on the budget position. Executive Directors / Directors ensure their Portfolio Member is fully briefed on financial issues.

92. In the event of any underperformance against budget, corrective action is required, where possible, to ensure a balanced budget by the end of the financial year. The Council's Financial Procedure Rules and Budget Strategy determine that any overspends in one year are ordinarily funded by a corresponding reduction in the Directorate budgets in the subsequent year. However, the Section 151 Officer has the delegations to waive this requirement having due regard to the specific circumstances prevailing at the time. Service underspends at the end of the financial year will be aligned to the General Fund, or earmarked reserves in specific instances. Generally, service underspends are not carried forward. However, in exceptional cases any requests for specific service commitments to be rolled into the following financial year will be considered.

93. The Council is committed to achieving Value for Money in all aspects of its operations. To achieve this, reviews are regularly undertaken to determine whether cost improvements can be made, and to ensure that resources are prioritised and are aligned to strategic intent.

94. The Council seeks to operate on a more commercial basis and continues to develop its actions to increase opportunities from income generation, promote improved procurement and minimise service delivery costs to strengthen the budget position.

95. The Council will carry out three quarterly cycles of budget monitoring during each financial year together with a combined revenue and capital final outturn report, each of which will be reported formally to Cabinet. These will also be reported to the Overview and Scrutiny Commission. Cabinet will recommend for Council approval any adjustments to capital or revenue budgets.

96. The financial modelling projections contained within this Medium Term Financial Strategy are a dynamic model, which will be updated, revised and reported following receipt of business intelligence, changes to underlying assumptions and as the position becomes clearer.

REVENUE & CAPITAL BUDGET 2023/24

INTRODUCTION AND BACKGROUND

1. This section of the report provides an update on the latest budget position and seeks approval for a 2023/24 Council budget which is affordable, complies with the agreed priorities and budget strategy of the Council and meets the needs of the residents of St Helens.

2. The Council remains dedicated to the ongoing review and evolution of its form and functions as it responds to the challenges facing itself and the wider local government sector. A Council wide transformation programme incorporating digitalisation and modernisation, alongside the continuing review of working practices under the Ways of Working project is proving key in ensuring that residents, businesses, partners and communities are provided with the best possible services.

3. In supporting this agenda, the Council continues to deliver major changes in the integration of Social Care, Housing, Health and other public services within an Accountable Care System, incorporating an Integrated Care System and Integrated Care Partnership, allowing partner organisations to manage demand, reduce costs and improve people's outcomes through integrated provision of high-quality care and support.

4. The Council continues to prioritise the Growth and Regeneration agenda aimed at delivering the economic activity across the Borough which will provide local jobs, opportunities and skills and generate the local revenues to support services in the future. The St Helens Inclusive Growth Draft Strategy 2023-2028 has been created with the support of key partners to fit in with the St Helens Borough Strategy 2021-2030. This will include continued working with the Liverpool City Region Combined Authority and other partners to promote jobs, growth and investment across the borough.

5. Since declaring a climate emergency in 2019, the Council continues its commitment to achieving net zero by 2040, by working alongside partner organisations to decarbonise the borough, secure funding, and deliver services.

6. The budget has also been produced whilst the Council continues to manage financial pressures arising from the Covid-19 pandemic. The lasting impact of the pandemic on the Council, residents, businesses, partners and communities continues to have an impact on the Council's financial position and budget setting process.

7. The budget has been formulated and agreed against the challenge of significant demand-led pressures, particularly in relation to social care. Opportunities to manage the demand for services through targeted non-statutory, preventative, transformative and early intervention remain key and it is increasingly evident that the successful delivery of demand management strategies in relation to both children's and adult social care is critical in ensuring the ongoing financial sustainability and resilience of the Council.

8. The Council continues to work closely through the Children's Improvement Board to prioritise actions and deliver new models of practice to ensure that all children and young people in the borough receive the support, care and protection they need and deserve.

   Ofsted's most recent monitoring visit to was undertaken in December 2022. Inspectors reviewed the council's work around planning for children in need and those with child protection plans, leaders' assurances for quality of practice and outcomes and the stability of the workforce. It was positively noted that there has been a continued concerted effort to ensure better quality social work practice and improved outcomes for children and young people.

9. The aim of the Budget is to provide, within the overarching constraints that exist, the most appropriate balance of resources to deliver the Council's statutory responsibilities and to set a foundation for, and facilitate, the delivery of the Council's key ambitions and its existing and emerging corporate priorities and borough level strategic objectives, as set out within the Council's "Our Borough Strategy 2021-2030".

10. Following the approval of the Medium Term Financial Strategy 2022-2025, Cabinet has approved reports at meetings on 5 October and 9 November 2022 which provided updates and actions in support of the 2023/24 budget position.

11. These reports provided commentary on the revised modelling undertaken to forecast indicative budget gaps for 2023/24. In doing so, a breadth of planning assumptions and budget risks had been revisited to ensure that a realistic mid-term forecast financial position was established, with revisions to forecasts having been made in relation to a number of aspects of the budget, based on most recent data or information.

12. Following the announcement of the local government finance settlement 2023 to 2024, this report has been produced recognising the outcome of the settlement, the impact on the budget gap and the further actions necessary in relation to addressing the budget gap for 2023/24 and delivering a sustainable, balanced budget.

13. This report contains proposals that take into account both the current position and the latest financial forecasts. It should be considered with due regard to the series of previous reports considered and agreed by Cabinet.

BUDGET CONSULTATION

14. The Council launched a public budget consultation exercise on 16 December 2022, seeking the views of residents and businesses on the Council's budget savings options and spending priorities for the 2023/24 financial year. The consultation was aligned to the Council's priorities as set out in the Council's "Our Borough Strategy 2021-2030"., and ran to 15 January 2023, with 983 responses received.

15. The consultation was promoted on the Council's website and was supported by an active social media campaign. Printed copies of the consultation were also available for completion at the Borough's libraries and leisure centres, as well as the Contact Centre.

16. The consultation highlighted the financial challenges that the Council faces, with particular focus on inflationary pressures and the cost-of-living crisis. It also included details of budget savings options being explored. Participants were invited to complete a survey providing feedback on these options.

17. Generally, respondents agreed with the possible savings options. Of the 40 options included in the consultation, 36 received a higher percentage of agreeable responses.

18. The survey also included questions about permissible Council Tax increases and the Council's spending priorities. The survey showed that there was a small majority support for in an increase in Council Tax of 3% plus a 2% increase to the adult social care precept.

19. The detailed outcomes of the public consultation have been posted on the Council's website.

20. The Overview and Scrutiny Commission was requested to set up a budget savings consultation Task Group to review the savings options contained within the consultation.

21. Having conducted its review the Task Group reported back to the Overview and Scrutiny Commission at its meeting on 6 February 2023, setting out its findings and providing recommendations of the savings options it considered should / should not be progressed. The Commission agreed the recommendations and submission to Cabinet and Council for further consideration as part of the budget setting process.

MATTERS IMPACTING UPON PREVIOUS BUDGET ESTIMATES

Levying Bodies

22. The levying bodies have informed the Council of their requirements for 2023/24 and these are provided in the following table.

Levying Body	**Amount £'000**	**Increase / (Decrease) %**
Transport (Mersey Travel)	13,180	5.06%
Merseyside Recycling & Waste Authority (MRWA)	8,878	(5.30%)
Environment Agency*	105	1.25%
Total	**22,163**	**0.63%**

*Indicative Levy Figures

23. The decrease in the MRWA levy relates to a reduction in the volume of residual waste sent to landfill in the most recent complete financial year, coupled with an increase in the volume of recyclable waste, which has a lower cost per tonne. The reduction also reflects a balancing adjustment now that actual 2021/22 tonnage figures are available.

24. Apprenticeship Levy will also be payable at the continuing rate of 0.5% of the Council's pay bill.

Pension Actuarial Revaluation 2022

25. Merseyside Pension Fund have completed their 3 yearly revaluation of the pension fund and have advised the Council of their employer contribution (Future Service Rate) of 18.5% for the three year period from 2023/24. This includes additional costs previously anticipated due to the McCloud judgment.

26. The revaluation also provided confirmation of the surplus offset amount over the valuation period.

27. The proposed 2023/24 revenue budget fully incorporates both of these matters.

Collection Fund 2022/23

28. The Non-Domestic Rate Return for 2023/24 has been submitted in accordance with the delegation provided to the Council's Section 151 Officer at the Cabinet meeting on 11 January 2023, based upon the estimated position at 31 January 2023. Major preceptors have been advised accordingly, and the impact has been fully included within the budget estimates for 2023/24.

29. The estimated Council Tax position of the Collection Fund has also been fully incorporated into the budget estimates.

30. In accordance with Government requirements, 2023/24 is the final year of the three year period whereby the covid-driven 2020/21 'exceptional deficit' is spread. This equates to a charge of £1m and the budget projections reflect this.

31. As reported in the Financial Monitoring Report, the use of £1.169m of earmarked reserves is required in 2022/23 to smooth the impact of a shortfall in Section 31 grants during that year.

32. Associated additional Business Rates income will be recognised in 2023/24, which is to be used to replenish the temporary use of reserves, ensuring neutrality over the two years. This is necessary due to the (prescribed statutory) mechanics of the Collection Fund.

Local Government Finance Settlement 2023/24

33. On 19 December 2022, the Secretary of State for Levelling Up, Housing and Communities published the Provisional Local Government Finance Settlement 2023/24, with a consultation period running through to 16 January 2023. The Local Government Finance Final Settlement was published on 6 February 2023.

34. The settlement only covers a single year, 2023/24. This will result in a fifth consecutive one-year settlement for Councils and continues to limit strategic financial planning and the ability to ensure financial sustainability.

35. Key points of the 2023/24 Local Government Finance Settlement for St Helens are as follows:

    - Inflationary CPI increases to Revenue Support Grant (RSG) which equates to an increase of £1.1m in the Council's allocation when compared to 2022/23. In addition, Local Council Tax Support Admin Subsidy Grant, for authorities with increased business rates retention arrangements, has also been rolled into baseline funding levels, taking the total increase in RSG to £1.390m for 2023/24.

    - The 2023/24 allocation for the Improved Better Care Fund remains the same as 2022/23 at £10.489m.

    - The Services Grant, for which the Council's 2023/24 allocation is £1.869m, is unringfenced and will provide vital resources for local authority services. This is a £1.317m reduction from 2022/23, in part due to the reversal of the National insurance contribution increase and will be partially offset by an estimated reduction in employer National Insurance contributions of £668k.

- Additional funding of £5.805m has been added to the Social Care Grant allocated to St Helens for 2023/24, bringing the Council's total allocation to £17.510m.

  The total allocation includes £1.082m of Independent Living Fund rolled in for 2023/24.

  Government has provided this additional funding to address pressures within care services – whilst an element of the funding will need to be utilised to fund emerging pressures and commitments, modelling has determined that £3m of the funding is available to address some existing budget pressures and reduce the budget gap.

- A further year allocation of New Homes Bonus (NHB) sees a decrease in funding of £1.317m. St Helens' allocation for 2023/24 is £0.027m.

  NHB is paid annually from a top slice of RSG, and whilst the Government has previously committed to reforming the NHB, the method for calculating NHB will not change in 2023/24.

  The government has stated it will set out the future position of New Homes Bonus ahead of the 2024/25 local government finance settlement.

- No specific funding is being provided for Covid-19 related pressures.

- A core principle of up to a 3% increase in the metropolitan district Council Tax levels for 2023/24 to apply, above which referendum requirements are necessary.

- The flexibility for an additional 2% adult social care precept on top of the core principle referred to above.

- A council tax referendum principle for Police and Crime Commissioners of up to an increase of £15 on a band D property and a principle of £5 on a band D property for the majority of fire authorities, including Merseyside Fire and Rescue Service.

- In previous years the Government did not set a referendum principle for Mayoral Combined Authorities, on the basis that mayors would set a precept that was affordable and proportionate to their needs. The Government has announced a similar approach for 2023/24 and will also continue the deferral of referendum principles for parish councils.

- In 2023/24 Local Authorities continue to be compensated for the freeze in the multiplier used to determine the level of Business Rates income.

- The extension of Business Rates Retention Scheme arrangements for the six authorities in the Liverpool City Region Combined Authority area for 2023/24.

- The continuation of the Mid Merseyside Business Rates Pool with Halton and Warrington Councils in 2023/24.

- The introduction of Adult Social Care Market Sustainability and Improvement Fund during 2023/24 which Government have announced is designed to ensure local authorities can tackle issues such as hospital discharge delays, social care waiting times, low fee rates and workforce pressures, includes funding rolled forward from the 22/23 Market Sustainability and Fair Cost of Care Fund.

The total allocation for St Helens 23/24 is £2.255m.

- New funding of £1.471m in relation the Adult Social Care Discharge Fund, provided to ensure that those who need to access social care when they are discharged from hospital can leave as soon as possible, has been allocated for 2023/24.

  The Discharge funding must be pooled as part of the Better Care Fund.

36. Alongside the Local Government Finance Settlement, the Government announced additional one-off funding of £388k to support the most vulnerable households in St Helens for 2023/24. The Council Tax Support Fund will allow the Council to deliver additional support by way of further reductions of up to £25, in the council tax liability of eligible households.

37. The Lower Tier Services Grant introduced in 2021/22 for local authorities with the responsibility for lower tier services, has been re-purposed to ensure that all councils will see a 3% increase in their core spending power. The Council's allocation for 2022/23 was £0.291m and it will receive no allocation of this grant for 2023/24.

SPECIFIC GRANTS 2023/24

38. The Local Government Finance Settlement section above includes some detail in relation to the following:

    - Revenue Support Grant
    - Services Grant
    - Improved Better Care Fund
    - New Homes Bonus
    - Social Care Grant
    - Improved Better Care Fund
    - Adult social Care Discharge Fund
    - Adult Social Care Market Sustainability and Improvement Fund

39. Commentary is provided below in relation to the most material of the other grant funding expected to be received in 2023/24.

<u>Dedicated Schools Grant</u>

40. The Dedicated Schools Grant (DSG) will continue to comprise four funding blocks in 2023/24:

    - Schools
    - High Needs
    - Early Years
    - Central School Services

    The total value of each block is determined by a national funding formula.

41. The Department for Education (DfE) have confirmed that they will continue to progress plans to implement a direct national funding formula (NFF), whereby funding will be allocated directly to schools based on a single national formula. The DfE intend to take a gradual approach to transition and in 2023/24, local authorities will continue to utilise a local schools funding formula, but with a requirement to start bringing that formula closer to the NFF.

42. The indicative DSG for St Helens (prior to adjustments for Academy funding, the direct funding of high needs places, and Business Rates) is £184.644m. This represents an increase of approximately £10.533m over the 2022/23 funding level. The increase broadly comprises:

- £9.920m due to the increase in the level of the DSG nationally;
- £0.544m due to changes in St. Helens pupil numbers compared to 2022/23;
- £0.069m technical adjustment relating to the residency of pupils attending provision either inside or outside of the borough.

43. The increase of £9.920m detailed above also includes the Schools Supplementary Grant (£3.886m) and the early years elements of the Teachers' Pay and Pension grants (£0.197m) that have been rolled into DSG for 2023/24. The additional funding is also inclusive of £1.346m High Needs Block funding announced at the Autumn Statement 2022.

44. There are a number of existing pressures in respect of the High Needs Block, particularly in respect of the costs of specialist out-of-borough educational provision, the demand for additional special school places, and the costs in respect of supporting SEND pupils in mainstream schools. Although the additional funding will help to alleviate these pressures, the local and national context is one of increasing complexity of need and a rising number of pupils who require additional support.

Pupil Premium Grant

45. The Pupil Premium Grant is separate funding for schools to raise the attainment of disadvantaged pupils, including those who are looked after by a local authority, and supports children and young people with parents in the regular armed forces. The 2023/24 rates have been confirmed and these are set out below. The DfE have confirmed that they will publish allocations and conditions of grant during spring 2023.

Pupil Premium	**2022/23 £ Per Pupil**	**2023/24 £ Per Pupil**
Primary Pupil	1,385	1,455
Secondary Pupil	985	1,035
Children Looked After / Former Children Looked After	2,410	2,530
Service Child	320	335

Mainstream Schools Additional Grant

The 2022 Autumn Statement announced that the core schools' budget will increase by £2 billion in the 2023/24 financial year, over the totals announced at the Spending Review 2021. Of this, approximately £400m will be allocated to local authorities to help support children with special educational needs or disabilities. Mainstream Schools will be allocated their share of this funding through the Mainstream Schools Additional Grant

(MSAG). This money is in addition to schools' allocations through the DSG funding formula.

46. The DfE currently expect to publish school level allocations for this grant in May 2023. However, indicative allocations have been published at a local authority level, detailing funding in the region of £4.727m for St Helens.

Domestic Abuse Statutory Duty

47. To enable Councils to fulfil the functions of the new statutory duty on Tier 1 Local Authorities relating to the provision of support to victims of domestic abuse and their children residing within safe accommodation. St Helens has been awarded £446k for 2023/24.

Homelessness Prevention Grant

48. The Homelessness Prevention Grant supports local authorities in delivering services to prevent and tackle homelessness. Its intended use is to protect vulnerable people and families from homelessness by providing temporary accommodation, helping with rent arrears and providing deposits on new accommodation. The Council's allocation for 2023/24 is £355k.

Rough Sleeper Initiative (tranche 5)

49. Rough Sleepers Initiative 2022 to 2025 provides funding to reduce rough sleeping, through the provision of emergency beds, off-the-street accommodation, and wrap-around support. The Council's 2023/24 allocation is £394k.

Housing Benefit Subsidy Grant

50. Housing Benefit is a Department for Work & Pensions (DWP) benefit, which is awarded to people on low incomes, to help with their housing costs. All Local Authorities act on behalf of the DWP to administer, calculate and award Housing Benefit (HB) to entitled claimants. The forecast subsidy grant for 2023/24 is £43.023m.

Housing Benefit Admin Subsidy Grant

51. Housing Benefit Admin Subsidy is received as a contribution to the cost for the Council administering Housing Benefit. The 2023/24 allocation is £617k.

Discretionary Housing Payments

52. Discretionary Housing Payments (DHPs) provide financial support to help with rent or housing costs. Grants are awarded to claimants at the discretion of the Council. 2023/24 allocations for Discretionary Payments have not yet been released.

Public Health Grant

53. The Spending Review 2021 included an announcement that the Public Health Grant would be maintained at the same real-terms levels over the Spending Review period. The Council received notification on 8 February 2022 that the allocation for 2022/23 would be £15.065m, equating to a 2.8% increase over the 2021/22 allocation. Further Allocations for 2023/24 have not yet been released.

Household Support Fund

54. The Household Support Fund is distributed by Councils in England to directly help those who need it most. The grant is distributed in small payments to support vulnerable households to meet daily needs, such as food, clothing and utilities. For the financial year 2022/23 St Helens received £3.6m in Household Support Fund. The government has announced a further £1bn to continue the Household Support Fund into 2023/24 and it is anticipated that the Council will receive a similar amount to 2022/23.

BUDGET GAP AND SAVINGS

Budget Gap

55. In setting the budget for 2022/23 and approving the Medium Term Financial Strategy for the period 2022-2025, Cabinet approved the requirement for budget savings to close the budget gap for the period and deliver a sustainable, balanced budget. The budget gap for 2023/24 was estimated as £11.736m.

56. Cabinet approved the Budget Report 2022/23 on 12 January 2022, which reported on progress in identifying potential savings proposals to meet the anticipated budget gap through to 2023/24.

57. The profile of savings over the period was approved within the Medium Term Financial Strategy 2022-2025, with the value of savings agreed to be delivered in 2023/24 totalling £5.300m, leaving a forecast residual budget gap for 2023/24 of £6.436m.

58. The Mid-Year Medium Term Financial Strategy Update report considered by Cabinet on 9 November 2022 updated financial forecasts as a result of underlying economic conditions and extraordinary levels of inflation and projected an updated residual budget gap of £14m.

59. At the time of the production of that report, a number of significant information gaps existed, which would not be resolved until the Provisional Local Government Finance Settlement in December. The most significant being the principles to apply for Council Tax, the level of compensation that would be provided arising from the freeze in the business rates multiplier, and the levels of / conditions associated with social care funding.

60. The Government published the Provisional Local Government Finance Settlement for 2023/24 on 19 December 2022, with the Final Settlement being published on 6 February 2023. The impact of the settlement, in conjunction with revisions to other assumptions within the financial model, was to reduce the budget gap as set out in the following table.

	£000
Residual budget gap as reported in Mid-Year MTFS Update report	**14,003**
Collection Fund (Business rates and council tax)	(4,906)
Revenue Support Grant	(1,141)
Services Grant	1,317
Lower Tier Services Grant	291
New Homes Bonus	973
Treasury Management	(1,985)
Other	516
Revised Budget Gap 2023/24	**9,068**

61. The remodelled position remains based on and sensitive to a series of highly critical assumptions and variables, particularly around inflation and future pay settlements.

62. As explained in paragraph 35, the Government provided additional funding in relation to social care within the Local Government Finance Settlement. Government has provided this additional funding to address pressures within care services – whilst an element of the funding will need to be utilised to fund emerging pressures and commitments, modelling has determined that £3m of the funding is available to address existing budget pressures and contribute to a reduction in the projected budget gap.

63. It is considered that savings of £2.090m which had previously been agreed for 2023/24 in the Children and Young People portfolio are no longer achievable, given the ongoing budget pressures in relation to Children Looked After that the portfolio faces, and which have been reported consistently within Financial Monitoring Reports throughout 2022/23.

64. The table below shows that care placement costs associated with children looked after have increased significantly over the last ten years and that the Council has a significantly high number of children in care (expressed as a rate per 10,000 of the under-18 population) when compared to other local authorities.

		2012/13	2021/22	Current
Annual care placement expenditure		£12.481m	£25.491m	£31.060m
Children Looked After rate per 10,000 children aged under 18	St Helens	121.0	128.0	129.2
	Northwest	79.0	97.0	Not available
	England	60.0	70.0	Not available

65. It should also be noted that costs in relation to children looked after can be volatile and, in addition to the underlying demand for services, are impacted by the needs and demographics of service users. The complexity of support required impacts significantly on placement costs. Other factors such as placement breakdown and the current

residential care market conditions have also resulted in what are considered unavoidable cost pressures.

66. The non-deliverability of the saving, in conjunction with other existing pressures in relation to children looked after, has been identified as a fundamental risk to the modelled position and it is proposed that £4.5m of funding is built into the Children and Young People portfolio budget to deal with these pressures.

67. The result of the utilisation of social care funding and addressing the children looked after pressures is summarised in the following table.

	£000
Revised Budget Gap 2023/24 as per previous table	**9,068**
Utilisation of social care funding	(3,000)
Children looked after pressures	4,500
Revised Budget Gap 2023/24	**10,568**

68. The revised budget gap of £10.568m presents a significant risk to the Council, given the level of savings that have been made over a period of 13 years. It is proposed for the £3m planned contribution into (Inflation and Funding Reform & Volatility) reserves to be applied as a one-off in 2023/24, and for Covid-19 balances of £1m originally planned for 2024/25 to be brought forward to reduce the budget gap for 2023/24, resulting in a final budget gap of £6.568m.

69. In doing so, it is wholly recognised that the level of reserves the Council should maintain must be set having regard to its future sustainability, priorities, and the operational and financial risks facing the authority. Actions to eliminate the underlying, non-sustainable, use of reserves and build up reserve levels have been implemented as part of the Council's Medium Term Financial Strategy.

Savings

70. As reported previously, on 9 November 2022 Cabinet considered the Mid-Year Medium Term Financial Strategy Update 2022-2025 which projected a significant increase in the projected budget gap for 2023/24, driven entirely by factors outside the Council's control.

71. In response, the Executive Leadership Team worked to identify what were considered acceptable savings options that met the requirements determined by Cabinet. In doing so, full regard was had to such matters as:

- Impact on statutory duties and other agreed priorities
- Impact on current policy matters
- Impact on staff/structures
- Impact on performance and/or service delivery, including members of the public, service users, carers, immediately and/or in the future
- Impact on other Council services, immediately and/or in the future
- Impact on partner organisations, immediately and/or in the future
- Equality impact
- Social value implications
- Environmental impact
- Localities/asset/property implications
- Health and wellbeing considerations
- Potential/actual risks and actions to mitigate them
- Benchmarking of costs

72. This resulted in savings options of £10.513m being identified for consideration. These savings options were included within a public budget consultation and considered by the Budget Task Group of the Overview & Scrutiny Commission.

73. The identified budget gap for 2023/24, after allowing for £3.210m of previously approved savings to be delivered in the year, and the application of £4m of reserves as detailed above, results in an additional 2023/24 savings requirement / budget gap of £6.568m.

74. Following feedback from the public consultation exercise and the review of budget savings options by the Budget Task Group of the Overview and Scrutiny Commission, each of the potential savings options identified has been further reviewed and considered. Arising from that process, it is proposed to not implement £3.068m of those savings options in 2023/24, leaving proposed savings of £7.445m to be progressed for delivery in the year.

75. The savings options it is proposed to not implement in 2023/24 are set out in the following table.

Saving Title	£000	Rationale
Children's Centres & Early Help Services	450	Impact on family services and children looked after numbers
Staffing budget reductions to reflect vacancy rates	718	Risk and impact on service delivery given reduced staffing resources following previous efficiency savings
Introduction of compulsory unpaid leave for employees	1,200	Risk and impact on staff and service delivery
Annual conference	40	Potential impact on organisational culture
Charging for out-of-Town-Centre parking	200	Impact on local economy and communities
Consideration of further reductions to the Library Service	221	Impact on service delivery for residents
Cessation of the Councillor Improvement Fund	100	Preference to delay and undertake a fundamental review of the scheme
Review of the Economy Service to reduce net cost	139	Impact on ability to deliver economic growth within the borough
TOTAL	**3,068**	

76. If the proposed £7.445m of savings are approved, the additional (£0.877m) savings in excess of the forecast budget gap will be appropriated in 2023/24 to the Inflation Reserve, given the extraordinary economic volatility that the Council faces and the potential impact on budgets moving forward. The sum will then be used to partially offset the savings that will be necessary in relation to 2024/25 and beyond.

77. The resultant savings options that it is proposed to implement to meet the 2023/24 budget gap, and the value of those savings over the period of the Medium Term Financial Strategy, is included in the following table.

Nature of Saving Proposal	2023/24 £000	2024/25 £000	2025/26 £000
Priority 1 – Ensure Children and Young People have a positive start in life			
o **Considering alternative delivery models for fostering and residential care**	**884**	**1,716**	**1,716**
o Review of direct payments and contracts with Home Care and Holiday Play providers	**100**	**150**	**150**
o Reduction of staffing and overhead costs	**198**	**198**	**198**
Priority 2 – Promote good health, independence, and care across our communities			
o Review of commissioned services, to include retendering of some contracts and adoption of assistive technology	**1,400**	**2,400**	**2,400**
o Review of Day Care Services	**300**	**400**	**500**
o Service redesign to reduce dependence on traditional care services	**279**	**476**	**835**
o Charging some Disabled Facilities Adaptation costs to grants	**135**	**135**	**135**
o Review of fees and charges	**216**	**366**	**516**
o Review of contracts with providers for potential efficiencies and redesign	**313**	**580**	**580**
Priority 3 – Create safe and strong communities and neighbourhoods for all			
o Review of Supporting People Contracts	**182**	**182**	**182**
o Review of burial and cremation fees to bring charges in line with market averages	**69**	**69**	**69**
Priority 4 – Support a strong, thriving, inclusive and well-connected local economy			
o Increased legal and surveyors' fees upon sale of surplus land and buildings	**60**	**80**	**80**
o Disposal of commercial property	**700**	**0**	**0**
o Removal of cash payment facilities in car parks	**40**	**40**	**40**
o Increased rental income through lease renewals and extended lease terms	**50**	**50**	**50**
o Review of leasehold arrangements, moving services to alternative council owned premises and rationalisation of the Council's office space	**210**	**440**	**630**
Priority 5 – Create green and vibrant places that reflect our heritage and culture			
o Switching off streetlights at night where it is safe to do so	**50**	**50**	**50**
o Increased income targets for highways developments	**100**	**100**	**0**
o Charging of some Highways staffing costs to grant funding	**200**	**250**	**250**
o Streamlining of Green Waste collection schedules	**120**	**120**	**120**
o Review of allotment fees to recover full costs	**48**	**48**	**48**
o Increased focus on digitisation and potential reduction to cleansing regimes	**206**	**260**	**356**
o Charging for maintenance of leased land	**56**	**56**	**56**
Priority 6 – Be a responsible Council			
o Maximisation of opportunities to generate higher returns on investments	**500**	**500**	**500**
o Pensions savings, including accessing discounts on employer pension contributions through prepayment arrangements	**290**	**290**	**290**
o Anticipated saving from move to "all-out" elections	**100**	**100**	**85**
o Increased project management fees for staff supporting the Council's capital programme	**120**	**120**	**120**
o Review of IT licences and use of electronic communications	**82**	**107**	**132**
o Increasing registration fees in line with neighbouring authorities and freezing of Members' allowances (see paragraphs 78 and 79 below)	**28**	**45**	**62**
Cross-cutting Savings			
o Procurement and commissioning savings through enhanced contract management	**200**	**600**	**1,400**
o Rationalisation of mailing and postage contracts	**69**	**69**	**69**
o Maximising letting opportunities and trading more widely	**63**	**235**	**235**

Nature of Saving Proposal	2023/24 £000	2024/25 £000	2025/26 £000
o Streamlining the Council's internal stores and stock management functions	50	70	70
o Review of printing facilities	27	55	55
TOTAL	7,445	10,357	11,979

Members' Allowances

78. In relation to the savings option of freezing Members' allowances, Cabinet is invited to recommend to Council that, in acknowledgement of the significant financial pressure facing the Council, approval be given to forego any uplift in Members' allowances in 2023/24.

79. Paragraph 14 of the Council's Members' Allowances Scheme states that the basic and special responsibility allowances within this scheme will be uprated on an annual basis as of 1 April, unless the Council agrees for any year that such uprating shall not take place. The index will be tied to the general rate that the majority of National Joint Council for Local Government Services members receive. A decision of Council is therefore required in relation to any proposal to forego an uplift on Members' allowances.

Council Tax – Second Homes Premium

80. It is proposed that a further savings option will be put forward for consideration for 2024/25 in relation to the revision of the Council policy for Council Tax premiums. The option would generate additional income by implementation of a second homes premium, subject to the introduction of legislation via the Levelling-up and Regeneration Bill.

81. If enacted, the Bill will allow billing authorities to apply a premium of up to 100% on substantially furnished dwellings which may be occupied periodically (e.g. second homes) from 1 April 2024.

82. A billing authority's first determination must be made at least one year before the beginning of the financial year to which it relates. In exercising its functions, a billing authority must have regard to any guidance issued by the Secretary of State. Should a billing authority wish to change the determination, they may make a further determination prior to the start of financial year that it will apply. A public notice should be issued within 21 days of making a determination.

83. Subject to the bill being enacted by 31 March 2023, the Council would seek to issue a determination to apply a 100% Council Tax premium from 1 April 2024 in respect of substantially furnished dwellings where there is no resident occupying the property in accordance with newly inserted section 11C of the Local Government Finance Act 1992 (as amended).

84. There remains uncertainty as to whether the Bill will be enacted prior to 1 April 2023, which is likely to delay the date the savings proposal could be implemented, but in principle agreement at this stage, subject to consultation and further consideration is recommended.

RESERVES & BALANCES

85. The level of reserves that the Council maintains must reflect the financial risks it faces. These risks will change over time, and the consequences of not having sufficient reserves can be significant.

86. In arriving at a view on the adequacy of reserves, it is necessary to take into account:

- The purpose of holding reserves and balances
- The risks and uncertainties that may have financial consequences
- The potential impact of those risks and uncertainties and the likelihood of them arising
- Any mitigations that could limit the impact of risks that crystallise
- The opportunity cost of holding reserves and balances.

87. The Council maintains an appropriate level of reserves as a result of sound financial management. This has safeguarded the Council's financial position when faced with significant reductions in central-government funding and the current economic volatility. Decisions around appropriate levels of reserves form an integral part of the budget-setting process and must be balanced with the need to ensure that resources work towards the delivery of Council priorities.

88. The Council's risk profile must be assessed in the context of previous reductions in spending power, coupled with:

- Increases in general inflation
- Increases in demand and expectation
- Substantial increases in specific commodity prices for energy and fuel
- Any ongoing impacts of the pandemic, including recovery plans to support the Borough's businesses and residents

As reported regularly to Cabinet, local authorities face significant financial challenges that must be factored into decisions around reserves and balances, highlighting the need for a longer-term view.

89. The Medium Term Financial Strategy also provides an updated Budget Risk Assessment. It is important to recognise that this Assessment cannot be considered exhaustive, due to the complexity of the Council's activities and the environment within which it operates.

90. Having due regard to the risks identified in the Budget Risk Assessment, together with the overall budget strategy, it is considered that an underlying level of General Fund balances of £12 million is appropriate when setting the budget for 2023/24. It must also be acknowledged that a number of identified risks are regarded as contingent liabilities, and that a specific reserve exists to assist in addressing any such liabilities that might crystalise.

91. As stated previously, the Council continues to pursue a policy of increasing overall reserve balances in the medium term as part of the Medium Term Financial Strategy.

Capital Receipts

92. The Council holds unapplied capital receipts from the sale of assets it previously owned. These are held to allow the Council to purchase assets, to support capital schemes where prudential borrowing is not considered appropriate, and to provide potential match funding for schemes where no other funding source is available. During 2020/21, the Council set aside £10m of capital receipts for the creation of a Land and Property Acquisition Fund.

93. Under normal rules, capital receipts can only be used to fund capital expenditure. However, to support local authorities in delivering more efficient and sustainable services, in recent years, the Government has provided some opportunity for capital receipts flexibility.

94. In April 2022, the Secretary of State extended the flexible use of capital receipts scheme to March 2025. This allows capital receipts from the disposal of certain assets to provide an alternative way of funding one-off transformation costs and upfront investment associated with delivery of recurring savings, which are required to deliver a balanced budget in future years.
95. The use of capital receipts is not a free resource, as these funds have been used to 'internally borrow', to reduce the Council's exposure to interest rate movements and credit risk. Therefore, as the receipts are used, replacement borrowing may need to be taken out, with consequent additional cost. This is not a barrier to use, but must be fully considered when assessing whether they should be used. The current level of capital receipts after taking into account capital funding and other previously agreed commitments is £8.4 million.

96. The Council is required to produce a Flexible Use of Capital Receipts Strategy for 2023/24. This is included at Appendix 8. Given the continued level of revenue savings required in the medium term, the strategy proposes further use of the flexibility to fund one-off transformation costs in 2023/24.

Earmarked Reserves

97. The Council's Reserves Strategy is focused on supporting performance, transformation, regeneration and growth, as well as ensuring financial sustainability and resilience. The Reserves Strategy is included at Appendix 1.

98. A review of earmarked reserves has been undertaken as part of the budget process. This is to ensure that reserves remain relevant and adequate, particularly in the context of the Council's strategic, operating, financial and risk environments.

99. A detailed description of reserves, and the process for using them, is given at Appendix 1.

100. The Pension Reserve was previously created to provide the Council with the opportunity to realise future revenue savings from the prepayment of pension liabilities to Merseyside Pension Fund following actuarial revaluation of the fund. Following the 2022 actuarial valuation, the level of the reserve has been reviewed and it is proposed that it be set at £10m. This is currently considered sufficient to facilitate any future prepayment options through to the 2025 revaluation.

101. Separately, it is proposed that £5m be applied for the creation of a new reserve, the Tax Increment Financing (TIF) Reserve. This reserve will be used to smooth the impact on the revenue budget where there are timing delays between borrowing costs incurred under TIF regulations and Business Rates income from new properties within the boundaries of the Freeport site. The report approved by Cabinet on 22 March 2022 provides more detail in relation to TIF.

102. The Council maintains General Fund balances to provide short-term emergency funds for exceptional circumstances, and to cover risks that could impact the Council as a going concern. The level has been reviewed as part of the Medium Term Financial Strategy, and it is proposed that it should remain at £12.0m.

103. Previous Medium Term Financial Strategies have approved making contributions to the Funding Reform & Volatility Reserve and the Inflationary Reserve to enhance resilience to the uncertainties that the Council faces in future changes in Government funding and finance reform, and to address periods of significant inflation. The Medium Term Financial Strategy 2023-2026 proposes the continuation of these contributions.

104. The following table provides details of forecast reserves at 31 March 2024 if the proposed realignment of reserves is approved.

	Estimated Balances at 31 March 2023 £'000	**Proposed Realignment of Reserves £'000**	**Estimated Balances at 1 April 2023 £'000**	**Commitments To/(From) Including Transfers £'000**	**Balances Available for Investment at 31 March 2024 £'000**
Transformation Reserve	5,712	-	5,712	(460)	5,252
Growth Reserve	5,190	-	5,190	189	5,379
Funding Reform & Volatility Reserve	2,976	2,770	5,746	655	6,401
Councillor Improvement Fund	452	-	452	-	452
Waste Management Development Fund	901	-	901	(606)	295
Insurance & Contingent Liability Reserve	3,208	-	3,208	-	3,208
Inflationary Reserve	4,000	-	4,000	877	4,877
Restructuring Reserve	3,707	-	3,707	-	3,707
Pension Reserve	20,000	(10,000)	10,000	-	10,000
Tax Increment Financing (TIF) Reserve	-	5,000	5,000	-	5,000
SUB-TOTAL – General earmarked reserves	**46,146**	**(2,230)**	**43,916**	**655**	**44,571**
Covid-19 Reserve	**6,095**	**(1,885)**	**4,210**	**(3,210)**	**1,000**
SUB-TOTAL – All earmarked reserves	**52,241**	**(4,115)**	**48,126**	**(2,555)**	**45,571**
General Fund Balances	7,885	4,115	12,000	-	12,000
TOTAL – All revenue reserves	**60,126**	**-**	**60,126**	**(2,555)**	**57,571**

**These figures exclude approved and provisional commitments from reserves extending beyond March 2024.*

105. The balances shown can be committed in line with the process identified in Appendix 1. Options for the use of the above are considered in the light of their impact on service provision and/or ability to contribute to, or enable, the delivery of key priorities or objectives.

106. The Covid-19 reserve was created as part of the closure of the 2020/21 accounts. Unutilised unconditional Covid-19 funding received has been carried forward in this

reserve and applied to provide resource cover against ongoing Covid-19 legacy expenditure pressures. It is recognised that these legacy pressures arising are continuing, and the application of the specific Covid-19 reserve during the period of the Medium Term Financial Strategy will therefore provide some resource in relation to the additional expenditure and income losses.

BUDGET POSITION 2023/24

107. Budgets for each portfolio have been calculated with regards to the earlier content of this report, including the proposed savings in relation to the 2023/24 budget. The budgets are at a level that is consistent with the detail and information provided in previous budget reports, allowing for technical adjustments for matters such as support service allocations and capital charges - the financial impact of which are neutral.

108. The portfolio budgets also reflect all previous decisions for the utilisation of earmarked reserves, alongside the utilisation of social care funding and proposals in relation to the existing children looked after pressures as detailed in paragraph 66.

109. Having regard to the issues detailed above and the proposals contained elsewhere in the report the overall budget requirement of the Council is provided in the following table.

2023/24 Budget	**2023/24 £000 Estimate**
TOTAL PORTFOLIO BUDGETS (See Appendix 7 for detail)	**175,097**
Levies	22,560
Treasury Management	9,172
Restructure Costs *	1,000
Net contribution from Earmarked reserves	(2,343)
Capital Charges	(15,558)
TOTAL SPEND	**189,928**
New Homes Bonus	(27)
2023/24 Services Grant	(1,869)
Pension recoupment	(3,746)
PFI (Interest) Grant	(2,052)
Formula ‘Top Up’	(18,628)
Business Rates/Section 31 Grants	(72,162)
Collection Fund**	(425)
COUNCIL TAX REQUIREMENT	**91,019**

* Net of sum applied via Flexible Use of Capital Receipts Strategy as detailed in Appendix 8

** Collection Fund figure includes Tax Income Guarantee allocation and excludes the contribution to reserves referred to in paragraphs 31 of the Budget Report.

110. Portfolio and Priority Budget Summaries are provided at Appendix 7.

111. All actions and decisions related to Treasury Management will be in accordance with the Treasury Management Strategy Statement 2023/24, Annual Revenue Provision Policy Statement and Annual Investment Strategy as provided at Appendix 2. The budget proposed is reflective of this.

CAPITAL PROGRAMME AND CAPITAL STRATEGY

112. A summary of the Capital Programme is provided in the following table, with the detailed programme included at Appendix 4(b).

Expenditure by Portfolio	2023/2024 £'000	2024/2025 £'000	2025/2026 £'000
Children & Young People	12,486	1,300	1,300
Integrated Care	25	-	-
Wellbeing, Communities & Culture	2,118	-	-
Finance & Governance	640	-	-
Transformation	1,292	-	-
Environment & Transport	51,807	6,900	6,900
Regeneration & Planning	35,322	4,956	3,168
Total	**103,690**	**13,156**	**11,368**
RESOURCED BY			
Borrowing	40,556	1,002	700
Grants/Other Contributions	61,085	11,898	10,648
Capital Receipts	638	168	20
Revenue Contribution	1,411	88	-
Total *	**103,690**	**13,156**	**11,368**

* Excluding the impact of any other reports that may be considered by Cabinet at its meeting of 22 February 2023

113. The Council has ambitious capital plans over the medium term and a number of potential strategic capital schemes have been identified for 2023/24, alongside pipeline schemes for future years. A summary of the potential investment of the Council over the period 2023 to 2026 is provided in the following table, which summarises costs for schemes which were considered as part of last year's Medium Term Financial Strategy, and potential new schemes which have been brought forward for consideration. Appendix 5 provides further detail.

114. A number of schemes will potentially commence in 2023/24, subject to approval following the feasibility, design and detailed plans. The costs of the schemes to the Council will primarily be funded by way of borrowing. Funding for future schemes is to be identified, and this may include the potential to secure additional funding from external sources. However, some schemes already include external funding in addition to the expenditure shown in the table.

	2023/24 £'000	2024/25 £'000	2025/26 £'000	2026/27 £'000
Strategic Capital Investment Schemes – Previously Identified Schemes	38,443	66,463	58,940	4,500
Strategic Capital Investment Schemes – Additional Identified Schemes	249	-	-	-
Total	**38,692**	**66,463**	**58,940**	**4,500**

115. The Local Government Act 2003 introduced the current system of capital financing and control. The basic principle of this system is that the Council may incur capital expenditure and set its own overall level of borrowing provided that capital spending plans are affordable, prudent and sustainable.

116. The Council is governed by the Prudential Code for Capital Finance in Local Authorities (the Code), which ensures that the objectives of affordability, prudence and sustainability are met. The Code specifies arrangements for Councils to set and monitor prudential indicators and impose limits for the current and next three financial years.

117. The prudential indicators, their purpose and method of calculation are detailed within The Treasury Management Strategy 2023/24 and are based on the currently approved capital programme and assumptions consistent with the budget. These are provided at Annex 3 of Appendix 2.

118. Included at Appendix 3 is a Capital Strategy providing a high-level overview of how capital expenditure, capital financing and treasury management activity contribute to the provision of services; an overview of how associated risk is managed; and the implications for future sustainability.

COUNCIL TAX LEVEL

119. The Government establish a threshold to limit the level of future Council Tax increases by requiring local authorities to carry out referendums above a certain level of increase. The 2023/24 Local Government Finance Settlement allows Local Authorities to increase their Council Tax by less than 3% without the need to hold a referendum.

120. Similarly, the Government has provided the ability for Local Authorities with responsibility for Social Care to raise a further Adult Social Care Precept of up to 2% in 2023/24.

121. It is proposed that a Council Tax increase of 4.99% is agreed, inclusive of the application of a 2% Adult Social Care Precept, with the 2023/24 Band D Council Tax (excluding Parish precepts) being set at £1,707.13. Increasing the Council Tax will provide sustainable income to the Council which will help to protect the delivery of statutory functions and other vital services at a time of increasing service demands and with the challenging economic / inflationary environment.

BUSINESS RATES REVALUATION AND RELIEFS 2023/24

122. The next Business Rates revaluation will take place on 1 April 2023. The revaluation will adjust rateable values based on property values in April 2021, reflecting economic changes that have taken place since the last valuation date in April 2015.

123. Whist the amount payable by businesses in the borough will increase as a result of the revaluation, the Council's general funding will be adjusted by Government to ensure that, as far as practicable, retained income is no more, or less than it would have been had the revaluation not taken place.

124. Government funded Transitional Relief will be applied to support ratepayers facing large increases to their rates bills as a result of the revaluation. Unlike previous revaluations, the scheme will apply upwards caps to phase increases to bills but there will be no restrictions to the amount rate bills can reduce.

125. Relief for Retail, Hospitality and Leisure sectors will be extended into 2023/24 and increased from 50% to 75%, There will be additional support provided for small businesses who are no longer eligible or facing reduction in Small Business Rates Relief.

126. From this point onwards, the Government have announced they will be implementing three-yearly revaluations to ensure rates are more responsive to economic changes.

ROBUSTNESS OF BUDGET ESTIMATES

127. To determine the robustness of the budget estimates involves a complex range of information, factors, assumptions, projections, controls, procedures and processes which will inform the Council's position. It is not just a financial exercise and requires Council-wide involvement in supporting an integrated approach to the preparation, delivery, monitoring and review of soundly based plans if the budget is to be evidenced as being truly robust.

128. The Budget has been formulated having regard to factors including statutory responsibilities; unprecedented inflation due to global/geopolitical influences; pressures on the revenue budget in 2023/24; additional resource commitments arising from decisions previously made; financial and operational risks and uncertainties; priorities; funding availability; interest rate and wider economic environments; and demographic and service demand pressures.

129. Assumptions about future levels of government funding are based on allocations outlined in the Local Government Finance Settlement, and forecasts based on relevant government pronouncements, including those relating to the Council's participation in the Liverpool City Region Business Rate Retention Pilot.

130. Limitations in the ability to accurately project the Council's longer-term resource availability are recognised, reported on a regular basis, and are identified as a key risk. Work has been undertaken, acknowledging the multiple reforms and substantial uncertainties that exist, to model the Council's revenue financial position beyond 2023/24.

131. This modelling exercise forecasts a shortfall in resources when assessed against the need to spend on services in future years and will add to the pressures related to increasing demands for statutory services and brought about as a consequence of current inflation rate. Work will be undertaken during 2023/24 that will be pivotal in developing the strategies and actions to protect the Council's financial and operational stability over the longer term and reports will be presented to Cabinet in the next financial year to agree future actions.

132. The Council's Constitution contains a clear Budget and Policy Framework, which allows for flexibility in budget management. The budget timetable is well communicated, and

mechanisms exist to review options for service delivery which link into the budget process and to facilitate service improvement and investment of resources in current and emerging Council priorities.

133. Executive Directors have processes in place to identify and report budget pressures and risks on an ongoing basis as part of the budget process.

134. Actions to operate within agreed budgets are regularly approved by Cabinet. Savings options have been considered and formulated having regard to Council priorities and with a primary objective of having the least negative impact on residents. The savings proposals considered in setting the budget for 2021/22 and developing the Medium Term Financial Strategy 2021-2024 were agreed to incorporate a three year period. Therefore, the previously approved savings for 2023/24 were covered in this exercise. Impact assessments relating to all savings proposals were considered and will be updated as part of the decision making process.

135. The Council's Overview and Scrutiny Commission is involved throughout the budget process and provides an additional layer of challenge and assurance.

136. The 2023/24 budget is balanced and, in finalising the draft budget, consideration has been given to risks and levels of prudent reserves.

137. The Council recognises that the level of reserves it should maintain must be set having regard to its future sustainability, priorities, and the operational and financial risks facing the authority. Actions to eliminate the underlying, non-sustainable, use of reserves and build up reserve levels form a key part of the Council's Medium Term Financial Strategy.

138. Based on the above evidence, it is the view of the Council's Section 151 Officer that the Council budget for 2023/24 is robust.

APPENDIX 1: RESERVES STRATEGY

BACKGROUND

1. The Council continues to face significant financial challenges and funding uncertainty. Nonetheless, it remains committed to delivering its ambitious strategic priorities and being a modern, efficient Council. In this light, the Council must prioritise resources for key service objectives, whilst at the same time delivering services within budget constraints. Ensuring financial sustainability over the medium term is a priority for the Council.

2. Reserves play a vital role in offering transitional support, to act as a financial buffer and ensure smooth transition as the Council adapts to organisational changes and new ways of working. They offer time-limited opportunities for investment, to aid strategic delivery.

3. It is imperative that the Council has a strong and robust Reserves Strategy that reflects its future needs. Reserves must be set at a level that adequately mitigates against future risks and uncertainties, whilst also providing opportunity for investment within the confines of overall affordability and availability of resource.

4. Given the current environment, it is vital that the Council continues to build reserves over the medium term. Consequently, the Council will look to increase its reserve levels through the Medium Term Financial Strategy and to replenish reserves when finalising the year-end position, where possible. As part of the budget-setting process, a minimum level of general reserves has been determined for the Council to be considered a going concern.

5. This Reserves Strategy sets out the protocol for use of reserves and reassesses the adequacy of reserves.

LEGISLATIVE/REGULATORY FRAMEWORK

6. The requirement for financial reserves is acknowledged in statute. Sections 32 and 43 of the Local Government Finance Act 1992 require local authorities to have regard to the level of reserves needed for meeting estimated future expenditure when calculating the budget requirement.

7. There are no statutory minimum levels imposed, and it is not considered appropriate or practical for the Chartered Institute of Public Finance and Accountancy (CIPFA) or other external agencies to give prescriptive guidance on the minimum or maximum level of reserves required, either as an absolute amount or a percentage of the budget.

8. The adequacy of reserves levels is therefore a matter of local judgement, bearing in mind the level of risk the Council faces and the requirement to provide non-recurring support for strategic priorities.

9. Reserves management strategies are subjective, particularly within the current challenging financial environment. Professional and regulatory bodies suggest that reserves should be increased over the medium term, to ensure financial sustainability, whilst the Governments have argued that councils should utilise their reserves over the short to medium term.

10. The Council's auditors will assess levels of reserves part of their annual audit, and may make recommendations about the adequacy of those levels with regard to the financial sustainability of the Council.

ROLE OF THE CHIEF FINANCIAL OFFICER

11. Within the existing statutory and regulatory framework, it is the responsibility of the Chief Financial Officer to advise the local authority about the level of reserves it should hold, and to ensure that there are clear protocols for their establishment and use.

12. This requirement is also reinforced by Section 114 of the Local Government Finance Act 1988, which requires the Chief Financial Officer to report to all the authority's councillors if there is or is likely to be unlawful expenditure or an unbalanced budget. This would include situations where reserves have become seriously depleted and it is forecast that the authority will not have the resources to meet its expenditure in a particular financial year.

PURPOSE OF RESERVES & BALANCES

13. Reserves can be classed as general reserves or earmarked reserves. They represent funds that are not part of the normal recurring budget of the Council but are a discrete resource of finite funds.

14. General reserves are set aside to provide a short-term cushion for the impact of uneven cash flow, to act as an emergency fund in exceptional circumstances, and to ensure that the Council remains a going concern. The Council's current level of general reserves is set at £12m. This is considered a prudent level set aside to ensure the Council remains financially liquid. It is a fund of last resort, to be used for unknown risks when all other reserves or budgets have been completely depleted.

15. Earmarked reserves are held:

    - To mitigate against specific risks that the Council faces
    - To cushion against uncertainty
    - To provide for anticipated liabilities
    - To provide for short-term investment in strategic priorities
    - To support the operational delivery of specific services
    - To provide resource cover for invest-to-save opportunities
    - To smooth the impact on the revenue budget where there may be timing differences between expenditure incurred and related income receivable

    These reserves are either held for strategic purposes, to give flexibility in the use of corporate resources, or as ringfenced reserves for operational needs.

16. Given the increased pressures on the annual revenue budget, the Council's ability to augment reserves will become increasingly constrained in future years. Clear protocols therefore must be in place for the use of each earmarked reserve, setting out:

- The reason for/purpose of the reserve
- How and when the reserve can be used
- An assessment of the adequacy of the reserve in light of risk factors
- Procedures for the reserve's management and control
- A process and timescale for review of the reserve to ensure continuing relevance and adequacy

RISK FACTORS

17. The table below identifies the key risks that are mitigated and managed through this Reserves Strategy.

Risk	Reserve
Short-term liquidity and cash flow.	General
Unforeseen emergencies.	General
Strategic service transformation and ability to ensure services remain fit for purpose and deliver value for money.	Transformation
Achievement of high-priority strategic objectives that require pump priming or inward investment.	Growth / Transformation
Financial risks inherent in major developments and projects that are aligned to strategic priorities.	All reserves as appropriate to project
Provide interim support for emerging risks that were unknown at budget setting and are an unavoidable commitment through regulatory or legislative reform outside the direct control of the Council.	Insurance & Contingent Liability
Fluctuations, loss and uncertainty in funding or income levels, coupled with the Council's ability to respond in a timely way, thereby providing a buffer to enable the Council to adapt.	Funding Reform & Volatility
Variations in Business Rates yield due to the impact of appeals and other factors which can reduce funding availability.	Funding Reform & Volatility
Cost increases significantly above the inflation provision built into the budget.	Inflationary

Respond to changes in demand for services.	Transformation
Volatility of pension fund position.	Pension Reserve
Crystallisation of Risks/events of uncertain timing.	Insurance and Contingent Liability
Impact of timing delays between borrowing costs incurred under TIF regulations and the associated receipt of additional Business Rates income.	Tax Increment Financing
Impact of timing delays between costs incurred to deliver other strategic objectives and the associated receipt of additional income.	Funding Reform & Volatility

REPORTING FRAMEWORK

18. The Medium Term Financial Strategy includes a forward forecast of future balances for the relevant period. The Council's annual Revenue Budget includes a statement showing the forecast movements in reserves during the one-year budget period.

19. The level and utilisation of reserves will be determined formally by the Council, informed by the advice and judgement of the Chief Financial Officer and/or their deputy. The protocols covering all reserves are set out in the following table.

EARMARKED RESERVES PROTOCOL

Purpose	Process for Use (subject to statutory and Council decision making protocols e.g., relating to limits of approval) *
Transformation Reserve Access to the fund is available for services undergoing fundamental change in service delivery and requiring project management and/or specialist activities to achieve new operating models, improved performance or enhanced outcomes. In addition, the fund can also be utilised to ensure equipment supports the latest advancements in technology and/or delivers the Council's modernisation programme. The fund may also be accessed to promote the climate change agenda and support the development of services which create a greener and sustainable environment.	 Individual projects will require clearly defined and measurable outputs which enable or deliver key transformation objectives. Accessed via Operational/Delegated Executive Decision by the Chief Executive/Assistant Chief Executive or Executive Directors.
Growth Reserve The use of this reserve will be to support the delivery of developments which would enhance the economic growth of the Borough, attracting new business and employment opportunities and, in addition, secure the long-term viability of the Council's Town Centres and localities.	 Proposed usage must be linked to regeneration of the Borough and demonstrate wider benefits, including supporting the growth agenda and the attraction of new businesses. Accessed via Operational/Delegated Executive Decision by the Chief Executive/Assistant Chief Executive, Executive Director of Place Services and Executive Director of Corporate Services.
Funding Reform & Volatility Reserve The purpose of this reserve is to provide resilience to the Council from the uncertainties in future changes in Government funding and finance reform, and to smooth out resources during the transition period. It is also used to absorb smoothing related to: (i) the complex arrangements for Business Rates and the volatility of the Business Rates mechanism, which can involve reconciling payments over a number of years.	 The use of the funding must be agreed by the Executive Director of Corporate Services.

Purpose	Process for Use (subject to statutory and Council decision making protocols e.g., relating to limits of approval) *
(ii) timing delays between costs incurred to deliver strategic objectives and the associated receipt of additional income.	
Councillor Improvement Fund To carry forward unutilised funding (for use in later periods) towards projects within local communities proposed by local residents and council taxpayers.	 The use of the funding is for projects meeting specific criteria and has been approved by local councillors and is within agreed budgets and timescales.
Waste Management Development Fund Merseyside Recycling and Waste Authority (MRWA) resolved for the distribution of its Waste Development Fund to the constituent districts. In doing so, the Council has entered into a Memorandum of Understanding with MRWA as to how these funds should be used to deliver the Joint Recycling and Waste Management Strategy (JRWMS) targets and objectives.	 Proposals must relate to necessary service changes to achieve the delivery of the JRWMS. Accessed via Operational/Delegated Executive Decision by the Chief Executive/ Assistant Chief Executive, Executive Director of Place Services and Executive Director of Corporate Services.
Pension Reserve To provide resilience due to the volatility inherent in the Merseyside Pension Fund, of which St Helens is a member. This reserve exists to potentially smooth out volatility of payments and commitments to the fund, based on changing valuations of the funds' assets and liabilities. The reserve also provides opportunity to realise future savings from the prepayment of pension liabilities to Merseyside Pension Fund following the actuarial revaluation of the Fund.	 The use of the funding will be agreed by the Executive Director of Corporate Services.
Insurance & Contingent Liability Reserve To provide resource cover for additional and unforeseen insurance claims which may be brought in the future, and also financial risks that the Council may face in the form of contingent liabilities. In addition, the reserve may provide interim support for emerging risks that were unknown at budget setting and are an unavoidable	 The use of the funding will be agreed by the Executive Director of Corporate Services.

Purpose	Process for Use (subject to statutory and Council decision making protocols e.g., relating to limits of approval) *
commitment through regulatory or legislative reform outside the direct control of the Council.	
Inflationary Reserve The use of this reserve is to support services where cost increases are significantly above inflation, and where not allowing for these costs would have a direct impact on the delivery of essential services.	The use of the funding will be agreed by the Executive Director of Corporate Services.
Restructuring Reserve This reserve exists to support the Council's transformation programme in reshaping and modernising service delivery in order to achieve its key strategic priorities.	The use of the funding will be agreed by the Executive Director of Corporate Services.
Tax Increment Financing (TIF) Reserve This reserve is to be used to smooth the impact on the revenue budget where there are timing delays between costs incurred relating to borrowing under TIF regulations, and the receipt of Business Rates income from new properties within the boundaries of the Freeport site.	A future report on the operation of the Tax Increment Financing Reserve will be considered by Cabinet in due course.

* Agreement of the Executive Director of Corporate Services is required as part of the approval/decision making process.

APPENDIX 2: TREASURY MANAGEMENT STRATEGY STATEMENT 2023/24, ANNUAL REVENUE PROVISION POLICY STATEMENT AND ANNUAL INVESTMENT STRATEGY

1. BACKGROUND

1.1 The Local Government Act 2003 (the Act) and the associated CIPFA Prudential Code require the Council to set Prudential and Treasury Indicators for the next three years to ensure that the Council's capital investment plans are affordable, prudent and sustainable.

1.2 The Act also requires the Council to set out its Treasury Strategy for borrowing and to prepare an Annual Investment Strategy that sets out the Council's policies for managing its investments and for giving priority to the security and liquidity of those investments.

1.3 The Strategy for 2023/24 covers:

- the current treasury position
- prospects for interest rates
- borrowing requirements and strategy
- Annual Revenue Provision policy statement
- the investment strategy
- the extent of debt rescheduling opportunities
- treasury management limits and prudential indicators for the period 2022/23 to 2025/26

1.4 It is a statutory requirement under Section 33 of the Local Government Finance Act 1992 for the Council to produce a balanced budget. In particular, Section 32 requires a local authority to calculate its budget requirement for each financial year to include the revenue costs that flow from capital financing decisions. This, therefore, means that increases in capital expenditure must be limited to a level whereby increases in charges to revenue from:

(i) increases in interest charges caused by increased borrowing to finance additional capital expenditure; and

(ii) any increases in running costs from new capital projects

are limited to a level, which is affordable within the projected income of the Council for the foreseeable future.

1.5 The Council uses Link Asset Services as its external treasury management advisors. The Council recognises that responsibility for treasury management decisions remains with the organisation at all times and will ensure that undue reliance is not placed upon its external advisors.

It also recognises that there is value in employing external providers of treasury management services in order to acquire access to specialist skills and resources. The Council will ensure that the terms of their appointment and the methods by which their value will be assessed are properly agreed and documented and subjected to regular review.

1.6 In December 2021, CIPFA issued revised Prudential and Treasury Management Codes, which updated the Codes of 2017 and this Strategy is produced in accordance with the 2021 Codes.

1.7 The aim of the report is to ensure that all Council Members fully understand the overall strategy, governance arrangements, protocols and procedures within which capital decisions will be taken.

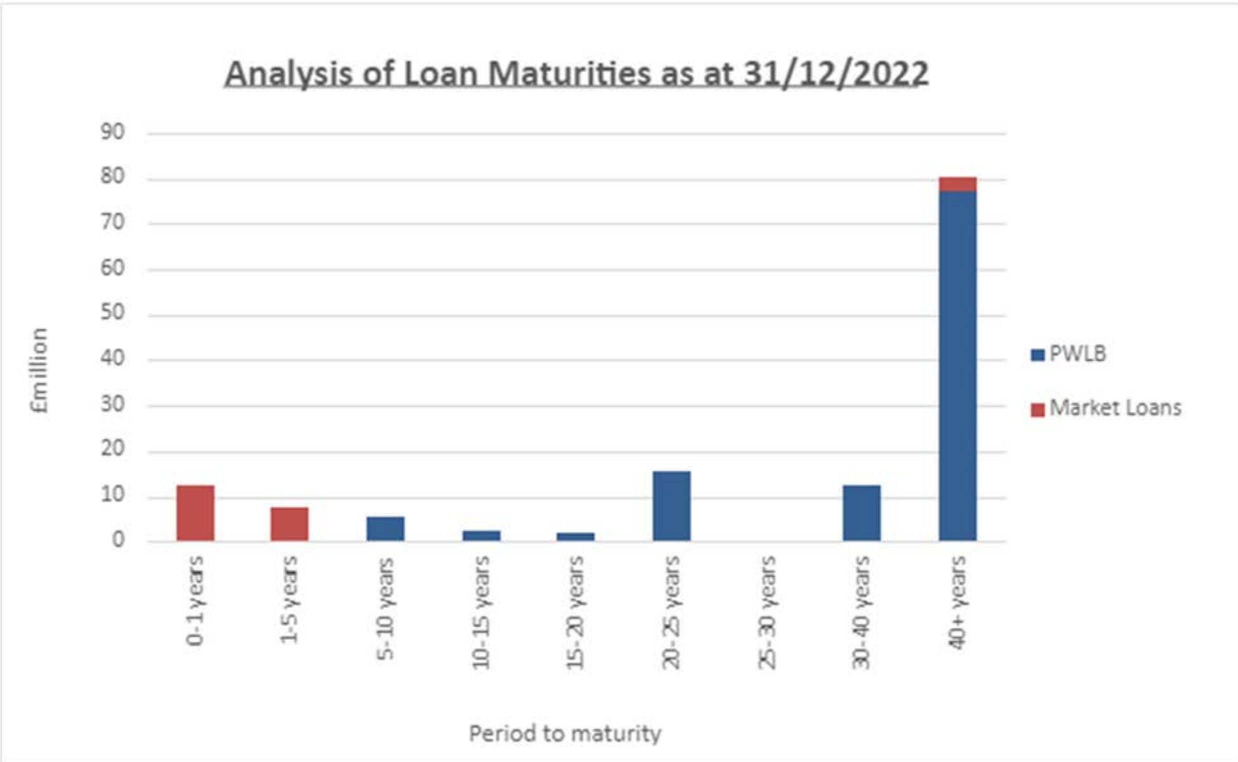
2. CURRENT TREASURY POSITION

Borrowing

2.1 As at 31 December 2022 the Council had outstanding external borrowing of £137.527m, which comprised:

Outstanding Debt at 31/12/2022	**Principal** **£m**	**Average Rate** %
Public Works Loan Board (PWLB) Debt	114.527	3.395
Market Debt	23.000	4.162
Total Debt	137.527	3.523

2.2 £20 million of the market debt is held in the form of LOBO loans, where there are certain options on the part of both the Council, as borrower, and the lender at specified points in the loans' existence. The profile of the Council's borrowing (both market and PWLB) is detailed in the following chart.



In accordance with the Prudential Code, the maturity of borrowing should be determined by reference to the earliest date on which the lender can require payment. If the lender does have the right to increase the interest rate payable (as is the case with a LOBO loan), then this should be treated as a right to require payment. In accordance with this guidance, the maturity dates of the Council's LOBO loans have been taken as the next call date for each loan. It is considered that in the current interest rate climate it is unlikely that these loans will be called imminently.

2.3 The Council's current external debt position (together with forward projections based on the currently approved capital programme) is detailed below. The table enables a comparison of the levels of existing external debt commitments against the underlying capital borrowing need, as measured by the Capital Financing Requirement (CFR). This demonstrates the under borrowing when compared to the underlying need.

External Debt	**2022/23 Actual £m**	**2023/24 Estimate £m**	**2024/25 Estimate £m**	**2025/26 Estimate £m**
Debt as at 1 April	140.627	137.520	137.508	137.495
Forecast Change in Debt	(3.107)	(0.012)	(0.013)	(0.015)
Other Long-Term Liabilities (OLTL)	21.460	20.750	19.980	19.096
Expected Change in OLTL	(0.710)	(0.770)	(0.884)	(0.810)
Projected Gross Debt as at 31 March	**158.270**	**157.488**	**156.591**	**155.766**
Capital Financing Requirement	202.879	239.964	236.712	231.886
(Under) / Over Borrowing	**(44.609)**	**(82.476)**	**(80.121)**	**(76.120)**

2.4 Within the prudential indicators there are a number of key indicators to ensure that the Council operates within well-defined limits. One of these is that the Council needs to ensure that its gross debt does not, except in the short term, exceed the total of the CFR in the preceding year plus the estimates of any additional CFR for that and the following two financial years. As is detailed by the table above the Council's projected gross debt is significantly lower than its CFR over the period. The variance reflects previous strategy decisions to use available resources to negate the need to incur additional borrowing.

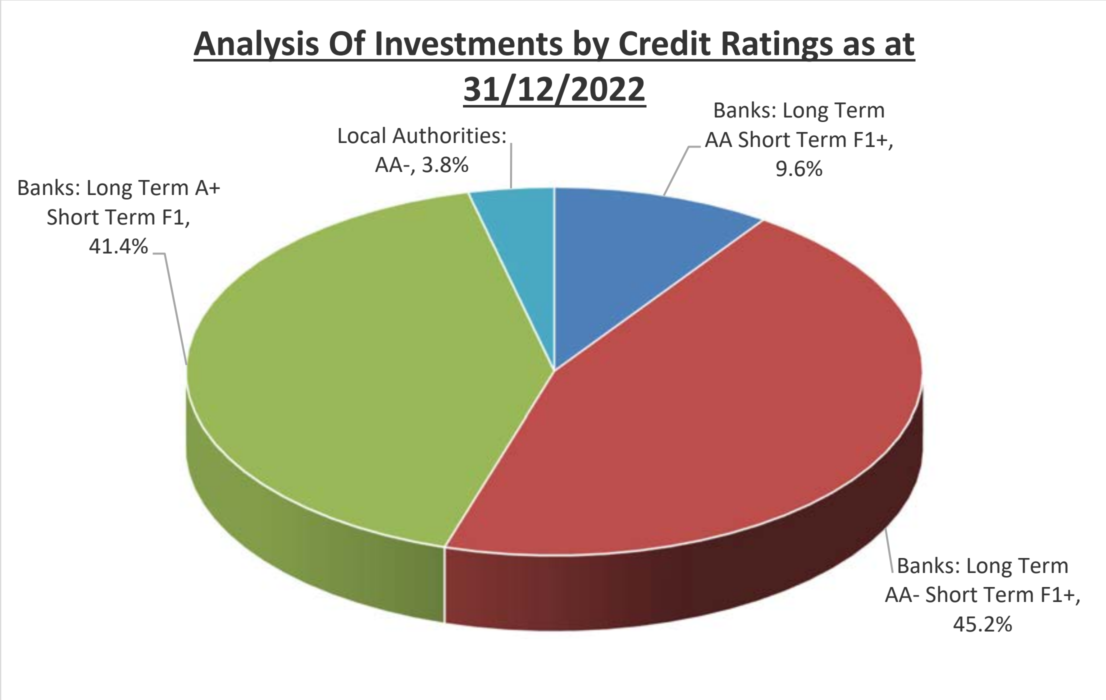
2.5 The Strategy adopted in previous years has proved to be largely successful. However, this flexibility within the Treasury Management Strategy is contingent on the availability of cash-backed reserves to facilitate this strategy. If risks identified within the Council's financial strategy arise or the availability of internal cash resources diminish, then the Council would have the capacity to undertake additional external borrowing to fund such eventualities as a consequence of the underlying difference between the CFR and its actual borrowings.

2.6 A new accounting standard (International Financial Reporting Standard 16 – Leases) was due to be introduced with effect from the 1 April 2020. This accounting standard will have the impact of moving leases of a material value from off balance sheet leased assets onto the balance sheet. This will have knock-on implications for a number of the prudential indicators, including the

Capital Financing Requirement, External Debt (Other long-term liabilities), the authorised limit and operational boundary. However, due to issues in local audit, the CIPFA Local Authority Accounting Code Board has decided to defer mandatory implementation until 1 April 2024. It is likely that limits will need to be amended in future years to reflect the changes.

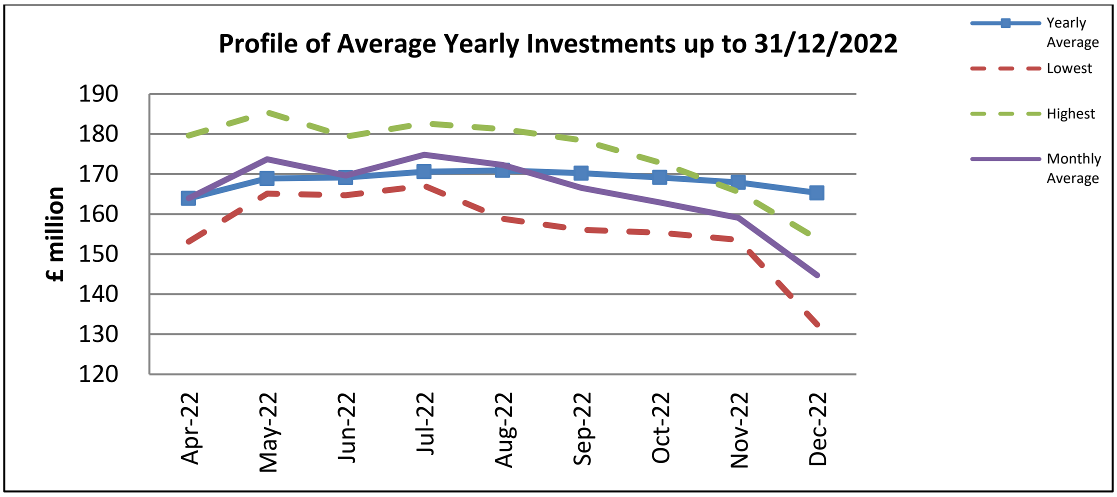
Investments

2.7 As at 31 December 2022 the Council had investments of £132.780m in a range of institutions as follows.



These investments include (circa. £16.6m) funds held on behalf of Schools & MRWA.

2.8 Dependent on the timing of the Council's cash flows, this level of investments will rise or fall. The average daily sum invested thus far during 2022/23 is around £165.293m and this level of investments is key to the consequential borrowing considerations as detailed in Paragraphs 2.1 to 2.5. The profile of average investment levels thus far is as detailed in the following chart.

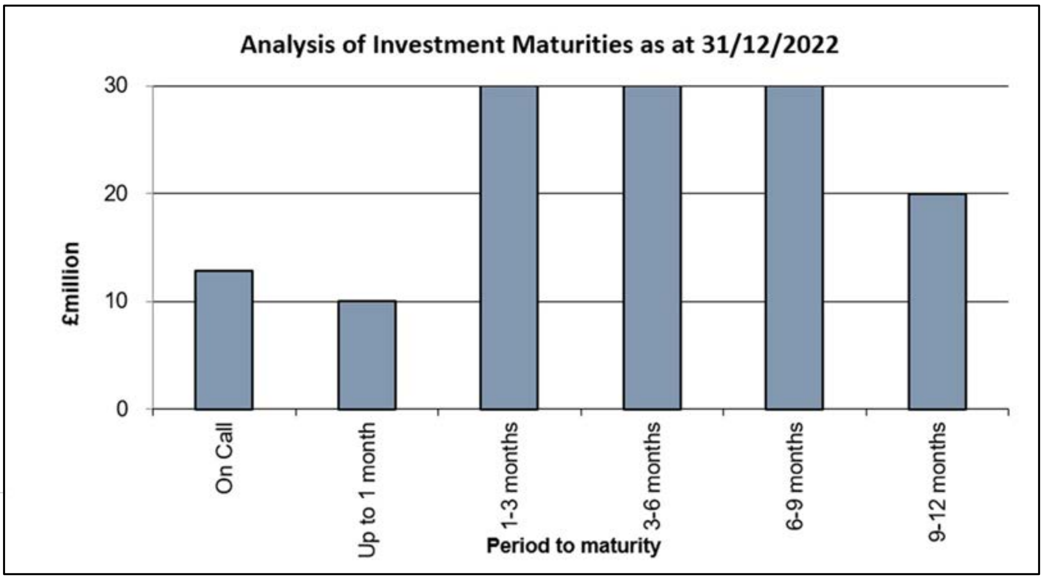


2.9 Levels of investments forecast as at 31 March 2023 are expected to remain at a similar level to the current balance based on current spending plans, the projected receipt of funds and projected use. It is forecast that the balance of funds available for investment during 2023/24 will be also remain at a similar level anticipated at the end of 2022/23. An option to prepay pension contributions to the Merseyside Pension Fund is also being considered by the Council. If this option is taken, the balance to invest will be lower by around £25m over 2023/24.

2.10 Merseyside Recycling and Waste Authority (MRWA), under a Service Level Agreement (SLA), utilise a number of St Helens Council support services. One of those is Treasury Management services. Historically MRWA have had funds which have been invested with the Council's investments. This has been the position throughout the current financial year to date.

2.11 The Bank of England reduced interest rates at the start of the pandemic to historically low levels and current forecasts. Since then, interest rates have increased significantly. As a result of this, the Council has sought to make the most of increased rates by making more longer term investments to lock into favourable rates of return. However, the profile of investments has been somewhat restricted as security of capital is of paramount importance and, therefore, investment options are limited to a small number of Counterparties.

2.12 The profile of investment maturities as at 31 December 2022 are detailed in the following chart.



3. PROSPECTS FOR INTEREST RATES

3.1 The Council has appointed Link Asset Services as a treasury advisor and part of their service is to assist Officers to formulate a view on interest rates. Annex 1 provides an overview of current City forecasts for both short and longer-term interest rates. As expected, the Monetary Policy Committee (MPC) have demonstrated its heavy focus on combatting the significant inflationary environment by delivering a succession of Bank Rate increases.

3.2 The Bank Rate stands at 4.25% currently but is expected to reach a peak of 4.5% in June 2023. After this a steady decline is forecast lowering to 2.5% in December 2025.

3.3 Link Asset Services anticipate the Bank of England will seek to loosen monetary policy to expand the economy, but that the timing of doing so is impossible to predict with any certainty and will be determined by a number of factors. Reducing the Bank Rate too soon may result in inflationary pressures building up further, whilst reducing too late may prolong any period of downturn or recession.

3.4 The CPI measure of inflation looks to have peaked at 11.1% in Q4 2022 (currently 10.7%). Despite the cost-of-living squeeze that is still taking shape, the Bank will want to see evidence that wages are not spiralling upwards in what is evidently a very tight labour market.

3.5 Economic and interest rate forecasting remains difficult with so many external influences weighing on the UK. The forecasts in Annex 1(and MPC decisions) will be liable to further amendment depending on how economic data and developments in financial markets transpire over the short to medium term.

3.6 The current economic outlook, structure of market interest rates and government debt yields, have some key treasury management implications:

- Investment returns are likely to remain relatively high during 2023/24, with the potential to lower towards the end of the financial year.
- Borrowing rates are expected to fall from their current levels once prevailing inflation concerns are addressed by tighter near-term monetary policy.

3.8 There will potentially be a cost of carry to any additional new borrowing undertaken that would increase cash balances at a time when the levels of return available on investment returns dip. However, there may be longer term benefits in that, over the longer term, the external interest payments made by the Council would be lower.

4. BORROWING REQUIREMENT AND STRATEGY

4.1 The Council's 'in year' borrowing requirements for the next, and subsequent three financial years, are based on those requirements arising from the proposed capital programme as included in the Budget Report and are calculated as follows.

	2023/24 £m	2024/25 £m	2025/26 £m
Unsupported Borrowing	40.556	1.002	0.700
Revenue Provision	(3.471)	(4.254)	(5.526)
In-Year Capital Financing Requirement	**37.085**	**(3.252)**	**(4.826)**

4.2 These requirements are calculated as:

(i) that element of the proposed capital programme not financed by specific grant or contributions, capital receipts or earmarked balances

(ii) less the Annual Revenue Provision as calculated by reference to the Capital Finance and Accounting Regulations 2008 (and explained further in section 5)

4.3 As is evident, the in-year Capital Financing Requirement over the three-year period is positive. The Council's current borrowing profile, whereby levels of actual borrowing are below the implied underlying need to borrow, puts the Council in a sound position and this positive movement increases the Council's options around the strategic use of cash.

4.4 The current position is a product of previous strategy decisions to use cash arising from its available reserves and balances to negate the need to borrow. With recent historically and abnormally low Bank Rates, the avoidance of new external borrowing has reduced costs in the short term and reduced exposure to interest rate and credit risk.

4.5 There is currently no absolute requirement for the Council to undertake new external borrowing to finance ongoing capital programme activity. However, while actual levels of external borrowing remain significantly below the Capital Financing Requirement, there does remain the possibility or absolute need to incur new borrowing to finance planned and historic activity.

4.6 The need to borrow will be influenced by calls on capital receipts and other reserves and balances. Borrowing is to be timed when rates are considered to be at their most favourable given that rates are projected to fall - flexibility is given by the availability of cash-backed reserves.

4.7 Additional borrowing may be required dependent upon decisions that are made regarding additions to the capital programme, in line with the Capital Strategy and the specified governance arrangements.

4.8 Extreme caution will be adopted with the 2023/24 treasury operations. Officers will continue to monitor prevailing interest rates and market forecasts and will adopt a pragmatic approach to any changing circumstances, with reports submitted on actions taken in line with the reporting requirements of the Council's Treasury Management Practices.

5. ANNUAL REVENUE PROVISION STATEMENT

5.1 Under Regulation 27 of the 2003 Capital Finance Regulations, Local Authorities were required to charge their revenue account for each financial year Minimum Revenue Provision (MRP) to account for the repayment of principal in that financial year. The requirement to make this statutory provision was amended under regulation 28 in the Capital Finance and Accounting Regulations 2008. The current regulation 28 sets out a duty for a Local Authority to make an amount of minimum revenue provision, which it considers to be prudent.

5.2 Under regulation 28, Authorities are provided with a number of alternative approaches, which can be adopted for the purpose of calculating a 'prudent provision'. The approach by an authority should be outlined in a statement and submitted to Council for consideration. The statement below outlines the approach that the Council has adopted to the calculation of its revenue provision.

5.3 The Council will calculate its Annual Revenue Provision (RP) by applying the Asset Life Method, unless the borrowing is for a Loan Financial Investment. Under the guidance there are two approaches which can be applied to calculating the RP charge under the Asset Life Method, those being the Equal Instalment Approach and the Annuity Approach.

5.4 For all borrowing that was previously supported through the Local Government Financial Settlement and the Council's Private Finance Initiative scheme, the Annuity Method will be applied to the calculation of an annual RP charge.

5.5 For borrowing undertaken under the Prudential system to fund schemes of a regeneration and/or infrastructure nature, for which there has been/is no Government support, the Council will make a provision using the Annuity Method Approach. The use of this method represents a more prudent option for the Council for schemes of this nature and has the advantage of linking the revenue charges to the flow of benefits from an asset, where the benefits are expected to increase in later years.

5.6 Where borrowing is undertaken for a Loan Financial Investment, as described in the Ministry of Housing, Communities and Local Government's (MHCLG) Statutory Guidance on Local Government Investments (3rd Edition) but treated as Capital Expenditure in accordance with the Local Government Act 2003, Regulation 25, the Council will not make a Revenue Provision charge. This is predicated on the basis that the Loan will be repayable at some date in the future. This is deemed to be prudent because any risks relating to non-repayment will be quantified and charged, using the "expected credit loss" model, in accordance with IFRS 9 *Financial Instruments,* in the year in which they are identified.

5.7 For all other borrowing undertaken under the Prudential system for which there has been/is no Government support, the Council will make a provision using the Equal Instalment Approach; that is to say the RP charge will be calculated based on the estimated life of the asset for which the borrowing is undertaken.

5.8 Government had undertaken a consultation exercise to review the statutory MRP guidance to ensure that local authorities are complying with the duty to make a prudent revenue provision. The issues identified have been considered by the council and the proposed government response to this consultation will be implemented from 1 April 2023.

6. ANNUAL INVESTMENT STRATEGY

6.1 The Council will have regard to the DLUHC Guidance on Local Government Investments and CIPFA's Code of Practice in conducting its investment activity and the overriding priorities are that security and liquidity of funds are of paramount importance.

6.2 In accordance with the above, and in order to minimise the risk to investments, the Council has a clearly stipulated minimum acceptable credit quality of Counterparties for inclusion on the Council's lending list. The creditworthiness methodology used to create the Counterparty list takes account of the ratings provided by FITCH, one of the three main ratings agencies. All investments made during 2023/24 will be in accordance with the Annual Investment Strategy, which is detailed at Annex 2.

6.3 The Council has previously (where interest rate forecasts support such a strategy) sought to lock into longer period investments where opportunities and Counterparty Criteria permits, whilst maximum strategic use of its call account facilities has been made during periods of forecast increases in investment rate and to ensure sufficient liquidity. This practice will continue during 2023/24, subject to:

(i) the outlook for medium term interest rates (i.e. to avoid locking into deals whilst investment rates are lower than forecast levels and there is a forecast pick-up in rates over the medium term)

(ii) the management of counterparty risk

(iii) any opportunities to repay debt using available cash balances

(iv) the Council's liquidity requirements

6.4 DLUHC and CIPFA have previously extended the definition of investments to include non-financial investments which are defined as non-financial assets that organisations hold primarily, or partially, to generate a profit. The strategy in relation to this kind of investment is covered within the Capital Strategy.

7 DEBT RESCHEDULING

7.1 Debt rescheduling has historically been undertaken in order to:

(i) generate cash savings at minimum risk

(ii) amend debt maturity profiles and/or the balance of volatility

(iii) aid fulfilment of the Council's overall borrowing strategy

7.2 Consideration will also be given to the potential for making savings by repaying debt prematurely. Due to the existence of higher redemption interest rates on PWLB debt, premiums are highly likely to compromise such opportunity.

7.3 It should be noted that the Prudential Code allows for the funding of premium costs arising from debt rescheduling to be financed by usable capital receipts. This adds another option for consideration in that such transactions could serve to reduce the Council's liabilities arising from its borrowing activity and reduce revenue costs over the longer term.

7.4 Should rescheduling opportunities arise, prudence will be exercised at all times and any actions by Officers will be reported in accordance with the reporting requirements of the Council's Treasury Management Practices.

8. TREASURY LIMITS AND PRUDENTIAL INDICATORS 2022/23 to 2025/26

8.1 It is a statutory duty under Section 3 of the Local Government Act 2003 and supporting Regulations for the Council to determine and keep under review how much it can afford to borrow. The amount so determined is termed the "Affordable Borrowing Limit".

8.2 The Council must have regard to the Prudential Code when setting this limit. The Code also sets a series of other limits and indicators that the Council must consider.

8.3 The proposed limits and indicators required for approval for the period 2022/23 to 2025/26 are contained in Annex 3.

9. CIPFA CODE OF PRACTICE: TREASURY MANAGEMENT IN THE PUBLIC SERVICES (THE CODE)

9.1 Formal adoption of the Code has been reiterated by Council over a number of years, most latterly by Council in approving the 2022/23 Treasury Management Strategy.

9.2 All requirements of the Code are implemented through the governance frameworks, policies, systems, procedures and controls in place within the Council and will continue to be so. It is an historic requirement of the Code that the Council should formally adopt the Code and specifically the four Clauses contained at Annex 4 and the Treasury Management Policy Statement at Annex 5.

<u>Annexes</u>

1 Outlook for Interest Rates

2 Annual Investment Strategy 2023/24

3 Treasury Limits and Prudential Indicators 202￼Treasury Limits and Prudential Indicators 2022/23 to 2025/26

4 Liability Benchmark

5 Adoption of the CIPFA Treasury Management in the Public Services Code of Practice and Cross-Sectoral Guidance Notes

6 Treasury Management Policy Statement

OUTLOOK FOR INTEREST RATES

The data below shows a variety of forecasts published by a number of institutions. The table below provides individual forecasts including those of Link Asset Services and Capital Economics (an independent forecasting consultancy).

The data shows rates at the time of issue of the forecasts, February 2023. The forecast within the strategy has been drawn from these diverse sources and Officers' own views.

PWLB rates and forecast shown below have taken into account the 20 basis point certainty rate reduction effective as of the 1 November 2012.

	Mar 2023	Jun 2023	Sep 2023	Dec 2023	Mar 2024	Jun 2024	Sep 2024	Dec 2024	Mar 2025	Jun 2025	Sep 2025	Dec 2025
Bank Rate												
Link Asset Services	4.25%	4.50%	4.50%	4.25%	4.00%	3.75%	3.25%	3.00%	2.75%	2.75%	2.50%	2.50%
Capital Economics	4.50%	4.50%	4.50%	4.50%	4.25%	4.00%	3.50%	3.00%	-	-	-	-
5-year PWLB Rate												
Link Asset Services	4.20%	4.20%	4.10%	4.00%	3.90%	3.80%	3.60%	3.50%	3.40%	3.30%	3.20%	3.10%
Capital Economics	4.00%	3.80%	3.70%	3.60%	3.50%	3.40%	3.40%	3.30%	-	-	-	-
10-year PWLB Rate												
Link Asset Services	4.40%	4.40%	4.30%	4.10%	4.00%	3.90%	3.80%	3.60%	3.50%	3.40%	3.30%	3.30%
Capital Economics	4.00%	3.80%	3.70%	3.60%	3.50%	3.40%	3.40%	3.30%	-	-	-	-
25-year PWLB Rate												
Link Asset Services	4.60%	4.60%	4.50%	4.40%	4.20%	4.10%	4.00%	3.90%	3.70%	3.60%	3.50%	3.50%
Capital Economics	4.40%	4.20%	4.00%	3.80%	3.80%	3.70%	3.60%	3.60%	-	-	-	-
50-year PWLB Rate												
Link Asset Services	4.30%	4.30%	4.20%	4.10%	3.90%	3.80%	3.70%	3.60%	3.50%	3.30%	3.20%	3.20%
Capital Economics	4.10%	4.00%	3.90%	3.80%	3.80%	3.70%	3.60%	3.60%	-	-	-	-

ANNUAL INVESTMENT STRATEGY 2023/24

1.0 Purpose

1.1 This Strategy is submitted to Council for approval in adherence with the guidance issued by the then ODPM under Section 15(1)(a) of the Local Government Act 2003 and in accordance with the Statutory Guidance on Local Government Investments (3rd Edition), issued in 2018 by the then MHCLG.

1.2 It covers the financial period to 31 March 2024 and is complimentary to the Treasury Management Strategy 2023/24 and the adopted Treasury Management Practices as required by the CIPFA Code of Practice: Treasury Management in the Public Services.

1.3 The Council's investment policy has regard to the CIPFA Treasury Management in Public Services Code of Practice and Cross Sectoral Guidance Notes ("the CIPFA TM Code").

1.4 In doing so the Annual Investment Strategy sets out:

- which investments the Council may use for the prudent management of its surplus funds during the period, under the heads of Specified Investments and Non-Specified Investments
- the utilisation of Loan Financial Instruments and the governance arrangements that must be followed when decisions are made
- the procedures for determining the use of each asset class
- the maximum periods for which funds may be prudently committed in each class
- the upper limits to be invested in each class
- the extent to which prior professional advice need be sought from the Council's Treasury Advisors prior to the use of each class
- the minimum amount to be held in short-term investments

2.0 Investment Objectives and Principles

2.1 The general policy objective for the Council is the prudent investment of its surplus funds. The Council's investment priorities are the security of capital and liquidity of investments.

2.2 The Council will aim to achieve the optimum return on its investments commensurate with the proper levels of security and liquidity and having properly assessed all inherent risks, as detailed in its Treasury Management Practices.

2.3 The Council will seek to ensure that temporary borrowing will not be made whilst the Council has investment funds available and its longer-term borrowing activity will have full regard to the content of CIPFA's Prudential Code and the Council's own approved Treasury Strategy. In particular, the Council will not engage in treasury borrowing activity that is solely for the purposes of investment or on lending to make a return.

3.0 Specified, Loans and Non-Specified Investment Types

3.1 Financial investment instruments are broadly classified within government guidance as being Specified, Loans or Non-Specified.

3.2 An investment is a Specified Investment if:

i) the investment is denominated in sterling and any payments or repayments in respect of the investment are payable only in sterling

ii) the investment is not a long-term investment

iii) the making of the investment is not defined as capital expenditure by virtue of Regulation 25(1)(d) of the Local Authorities (Capital Finance and Accounting) (England) Regulations 2003 (SI 3146 as amended)

iv) the investment is made with a body or investment scheme which has been awarded a high credit rating by a credit rating agency or is made with the United Kingdom Government, a Local Authority in England or Wales (as defined in Section 23 of the 2003 Act), a Parish or Community Council

3.3 A local authority may choose to make loans to local enterprises, local charities, wholly owned companies and joint ventures as part of a wider strategy for local economic growth. Local authorities can make such loans whilst continuing to have regard to the guidance if they can demonstrate in their Strategy that:

i) Total financial exposure to these types of loans is proportionate

ii) They have used an allowed “expected credit loss” model for loans and receivables as set out in International Financial Reporting Standard 9 *Financial Instruments* as adopted by proper practices to measure the credit risk of the loan portfolio

iii) They have appropriate credit control arrangements to recover overdue repayments in place

iv) The local authority has formally agreed the total level of loans by type that it is willing to make and their total loan book is within the self-assessed limit

3.4 Non-specified Investments are those investments not meeting the definition of a specified investment or a loan and, inherently, are subject to greater degrees of treasury risk. They do, however, offer some potential diversification as part of an overall strategy, and as a result, a small number are identified as being potentially suitable for use, subsequent to prior consultation and advice from the Council's appointed Treasury Management advisors.

3.5 In assessing the relative characteristics of each possible instrument type, the risk attached in their use and how their use would assist in the delivery/achievement of the Council's investment objectives and principles, Annex A has been prepared to detail those instruments that it is proposed may be used as part of the investment strategy. The utilisation of Loan Financial Instruments have additional restrictions placed upon them and the detail of the decision making process for their use is set out in Section 9.

4.0 Credit and Counterparty Policies

4.1 The Council relies on credit ratings published by FITCH, an independent rating agency, to establish the credit quality of Counterparties (issuers and issues) and investment schemes. Credit rating lists are reviewed on an ongoing basis to ensure prompt action to remove institutions whose ratings fall below the Council's threshold. The policy is fully documented in the Council's Treasury Management Practices.

4.2 Delegation has been granted to the Executive Director of Corporate Services in relation to the criteria by which the Council's lending list is compiled for its internally managed investments. The criteria proposed for adoption during 2023/24 is contained at Annex B.

4.3 The criteria proposed is unchanged from that applied currently.

5.0 Liquidity of Investments

5.1 The need to ensure liquidity by the continuous management and monitoring of the Council's cash transactions and resource is one of the key objectives of the Treasury function and liquidity risk management is fully considered and documented in the Council's Treasury Management Practices.

5.2 The limits included in Annex A are a reflection of the overriding importance of liquidity, and in addition to those, as a general rule, the Council will aim to ensure that it has a minimum 15% of its investments held with a maturity period of less than one week at all times. Where cashflow expectations or specific circumstances dictate, this general rule will be amended accordingly.

6.0 Investment Strategy - Internally Managed Investments

6.1 All investments made during the duration of this Strategy will be in full compliance thereof.

6.2 Decisions, taken within the framework, regarding the period and type of investment, will be taken having regard to future cashflow requirements and likely interest rate movements. A suitable proportion of investments will be held "at call" for contingent purposes to allow for any significant investment opportunities for longer periods that may come available.

6.3 The Council has previously (where interest rate forecasts support such a strategy) sought to lock into longer period fixed rate deals where opportunities and Counterparty criteria permits. This practice will continue during 2023/24, subject to:

i) the outlook for medium term interest rates (i.e., to avoid locking into deals whilst investment rates are at lower than forecast levels and there is a forecast pick-up in rates over the medium term)

ii) the management of Counterparty risk

iii) any opportunities to repay debt using available cash balances

iv) the Council's liquidity requirements

6.4 Maximum strategic use will be made of the Council's call account facilities and the AAA rated money market funds to which the Council has access during the period where prevailing rates are competitive.

7.0 <u>Investment Strategy - Externally Managed Funds</u>

7.1 The Council currently does not engage any Fund Managers to invest monies on its behalf following a previous review of Fund Manager activity and the decision to repatriate funds held by its then Fund Manager.

7.2 Arrangements for the re-engagement of Fund Managers at some point in the future will be considered in consultation with the Council's appointed Treasury Management advisors. Where it is considered that the engagement of a Fund Manager is warranted, then a full tender exercise will be conducted in accordance with Contract Procedure Rules.

8.0 <u>Reporting Arrangements</u>

8.1 Cabinet will receive reports on Treasury Management activity and risks as part of the Financial Monitoring Report, which shall also be considered by the Overview and Scrutiny Commission.

8.2 Council will receive, via Cabinet, an end of year report in relation to the activity undertaken in the preceding year and a review of performance relative to the approved Strategy. This report will also be considered by the Audit and Governance Committee.

8.3 As a minimum, a mid-year Strategy review will also be undertaken, and the Audit and Governance Committee will consider this.

9.0 <u>Capacity, Skills and Culture</u>

9.1 The Council has a responsibility to ensure that the Members and Officers undertaking decisions in relation to Investments have the necessary amount of training and information to enable them to make informed decisions as to whether to enter into a specific investment and to ensure that governance processes around decision making are robust and appropriate.

9.5 To enable the Members and Senior Officers involved in the investments decision making process to take informed decisions as to whether to enter into a specific investment, to assess individual assessments in the context of the strategic objectives and risk profile of the local authority and to enable them to understand how the quantum of these decisions have changed the overall risk exposure of the local authority, formal training is provided in conjunction with the Council's appointed advisors, Link Asset Services.

9.6 Due to the complex nature of potential strategic investments, external advice and assessment will be commissioned, where necessary, to ensure that an independent evaluation is undertaken; this may also include support in negotiating commercial deals. In these circumstances, the organisation commissioned to undertake this role will be made aware of the regulatory regime within which the Council operates and of the core principles of the prudential framework.

LOCAL GOVERNMENT INVESTMENTS (ENGLAND)
SPECIFIED VERSUS NON-SPECIFIED INVESTMENTS

Previous Guidance has defined Local Government investments as being either 'Specified' or 'Non-Specified'. The Guidance was, however, non-prescriptive in classifying the various investment instruments available into either of these categories. Indeed, in a continually changing market where new innovative 'products' are frequently being introduced it would be extremely problematical, if not impossible, to do so.

Much focus and emphasis is therefore placed on that element of the Guidance which states that Specified investments should require 'minimal procedural formalities'. The Council's appointed Treasury Management advisors have discussed this issue with the then DCLG, who have expressed their desire to see Local Authorities apply the spirit of the Guidance rather than focus on a legalistic approach to the meaning of words in the Guidance. The spirit of the Guidance is that investment products, which take on greater risk and therefore should be subject to greater scrutiny should be subject to more rigorous justification and agreement of their use in the Annual Investment Strategy and so should fall into the Non-Specified category.

The latest Statutory Guidance on Local Government Investments by the DLUHC, issued on 2 February 2018, introduced a new category of Financial Investment – Loans; this additional category has been included in the guidance to reflect up to date working practices of Local Authorities and is reflected in the tables below.

The following tables have been drafted on that basis.

LOCAL GOVERNMENT INVESTMENTS (England)
SPECIFIED INVESTMENTS

All "Specified Investments" listed below must be sterling-denominated with maturities of up to 1 year

Investment	Repayable/ Redeemable within 12 Months?	Security/ Minimum Credit Rating	Use for Managing Internal Investments?	Maximum Period
Debt Management Agency Deposit Facility (DMADF)	Yes	Govt-backed	Yes	6 months
Term deposits with the UK Government or with UK Local Authorities (i.e., Local Authorities as defined under Section 23 of the 2003 Act) with maturities up to 1 year	Yes	High security although LAs not credit rated	Yes	1 year
Term deposits with credit-rated deposit takers (Banks and Building Societies), with maturities up to 1 year	Yes	See*	Yes	1 year
Money Market Funds CNAV/LVNAV/VNAV (i.e., a collective investment scheme as defined in SI 2004 No. 534) *These funds do not have any maturity date*	Yes	Yes: AAA	Yes	*The period of investment may not be determined at the outset but would be subject to cash flow and liquidity requirements*
Forward deals with credit rated Banks and Building Societies < 1 year (i.e., negotiated deal period plus period of deposit)	Yes	See*	Yes	1 year in aggregate
Callable deposits with credit rated Banks and Building Societies, with maturities not exceeding 1 year	Yes	See*	Yes	1 year
Notice Account Facilities with credit rated deposit takers (Banks and Building Societies) (Maximum notice period 180 days)	Yes	See*	Yes	N/A
Call Account Facilities with credit rated deposit takers (Banks and Building Societies)	Yes	See*	Yes	N/A

* Subject to approved credit rating criteria as determined within the Annual Investment Strategy or as a result of delegation exercised by the Executive Director of Corporate Services in accordance with approved Treasury Management Practices

LOCAL GOVERNMENT INVESTMENT (England)
LOAN INVESTMENTS

Investment	Repayable/ Redeemable within 12 months?	Loan Book Limit	Maximum Maturity of Investments
Loans with joint ventures	No	£45,000,000	10 years

LOCAL GOVERNMENT INVESTMENT (England)
NON-SPECIFIED INVESTMENTS

Investment	Repayable/ Redeemable within 12 months?	Security/ Minimum Credit Rating	Use for Managing Internal Investments?	Maximum Maturity of Investments
Term deposits with credit rated deposit takers (Banks and Building Societies) with maturities greater than 1 year	No	See*	Yes	2 years
Term deposits with the UK Government or with UK Local Authorities with maturities greater than 1 year	No	High Security although LAs not credit rated	Yes	2 years
Banking facility for Merseyside Recycling and Waste Authority	Potentially	High Security although LAs not credit rated	Yes	N/A
Certificates of Deposit with credit rated deposit takers (Banks and Building Societies) *Custodial arrangement required prior to purchase*	Potentially	See*	Yes – after consultation with Treasury Advisors	2 years
Callable deposits with credit rated deposit takers (Banks and Building Societies) with maturities greater than 1 year	Potentially	See*	Yes	2 years
Forward deposits with credit rated Banks and Building Societies for periods > 1 year (i.e., negotiated deal period plus period of deposit)	No	See*	Yes – after consultation/advice from Treasury Advisors	2 years in aggregate
Structured Deposits where investment returns are determinant on how specified interest rate structures move over a determined period	Potentially	N/A	Potentially – after consultation with Treasury Advisors	2 years

* Subject to approved credit rating criteria as determined within the Annual Investment Strategy or as a result of delegation exercised by the Executive Director of Corporate Services in accordance with approved Treasury Management Practices.

Annex B

COUNTERPARTY CRITERIA 2023/24

	Counterparty Category	Credit Ratings				Maximum Investment (1)	Maximum Period
(i)	Money Market Funds (MMF)	AAA Rated **(2)**				£20m per MMF (£40m total)	On call
(ii)	Other Local Authorities and Public Bodies **(3)**	AA Rated				£100m total	
						£15m per LA	12 months
						£5m per LA	2 years
FITCH Ratings		**Long Term**	**Short Term**	**Viability**	**Sovereign**		
(iii)	Authorised institutions (under the Banking Act 1987) which hold a suitable credit rating) **(4)**	A+ and above	F1 and above	aa- and above	AA- and above	£25m	2 years
		A and above	F1 and above	a- and above	AA- and above	£15m	12 months
(iv)	Call accounts held with authorised institutions (under the Banking Act 1987) which hold a suitable credit rating **(4)**	A+ and above	F1 and above	aa- and above	AA- and above	£20m	On call
		A and above	F1 and above	a- and above	AA- and above	£15m	On call
(v)	Building Societies which hold a suitable credit rating	A- and above	F1 and above	a- and above	AA- and above	£10m (£40m total)	12 months

Notes to Counterparty Criteria

1. For each institution meeting the criteria identified above and subject to the limits for maximum investments, no single investment transaction should be undertaken for more than £15m (excluding MRWA).

2. Each individual Money Market Fund used must be separately approved by the Executive Director of Corporate Services by way of an Administrative Decision.

3. The Banking Facilities provided to MRWA are excluded from the Maximum Investment levels and Maximum Period.

4. The legal arrangements of some banks are such that transactions may be available with a subsidiary company that does not have its own viability rating; where this is the case, the viability rating of the parent company will be used to assess the creditworthiness, or otherwise, of the financial institution, against the criteria above. This includes institutions where a viability is not available due to the institutions close links to the presiding Government of the country where the institution is based.

TREASURY LIMITS AND PRUDENTIAL INDICATORS 2022/23 to 2025/26

TREASURY LIMITS AND PRUDENTIAL INDICATORS 2022/23 to 2025/26			2022/23 Revised	2023/24 Estimates	2024/25 Estimates	2025/26 Estimates
1(i)	Proposed capital expenditure that the Council plans to commit to during the forthcoming and subsequent two financial years.	**Capital Expenditure (£m)**	56.597	103.690	13.156	11.368
1(ii)	Additional in-year borrowing requirement for capital expenditure.	**In Year Capital Financing Requirement (CFR) (£m)**	10.049	37.085	(3.252)	(4.826)
2	The CFR is an aggregation of historic and cumulative capital expenditure, which has not yet been paid for by either revenue or capital resources.	**Capital Financing Requirement as at 31 March (£m)**	202.879	239.964	236.712	231.886
3	The "net borrowing" position represents the net of the Council's gross external borrowing and investments sums held.	**Net Borrowing Requirement:** External Borrowing (£m) Investments Held (£m) Net Requirement (£m)	137.520 (140.000) **2.520**	137.508 (135.000) **2.508**	137.495 (135.000) **2.495**	137.490 (135.000) **2.490**
4	Identifies the impact and trend of the revenue costs of capital financing decisions will have on the General Fund Budget over time.	**Ratio of financing cost to net revenue stream**	3.73%	3.05%	3.20%	3.65%

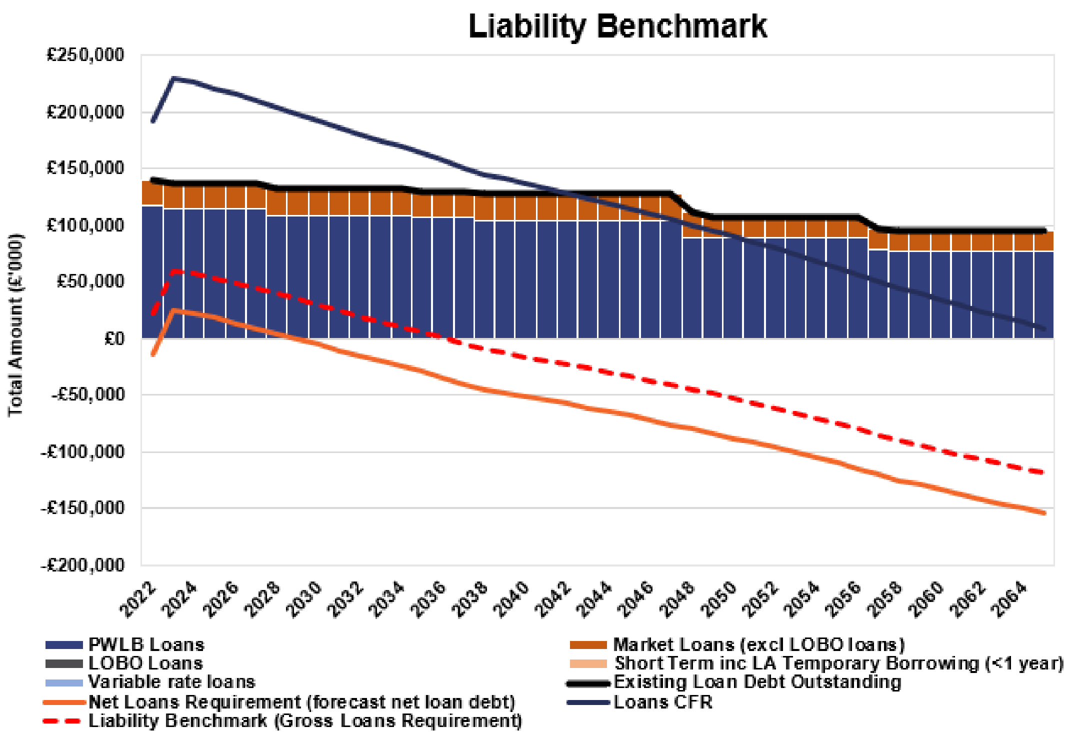
TREASURY LIMITS AND PRUDENTIAL INDICATORS 2022/23 to 2025/26			2022/23 Revised	2023/24 Estimates	2024/25 Estimates	2025/26 Estimates
5	The Council's Budget Strategy, as a general principle is that no unsupported borrowing should be undertaken as a means of financing capital expenditure plans.	**Incremental impact of capital investment decisions (increase in Council Tax Band D equivalent**)	Nil	Nil	Nil	Nil
6	This represents an absolute limit of borrowing at any one point in time. It reflects the level of external debt, which, while not desired, could be afforded in the short term, but is not sustainable in the longer term.	**Authorised Limit for External Debt (£m)**	205.779	210.174	227.825	225.382
7	This is the limit beyond which external debt is not normally expected to exceed.	**Operational Limit for External Debt (£m)**	193.528	202.676	202.059	200.624
8	These limits seek to ensure that the Council does not expose itself to an inappropriate level of interest rate risk and has a suitable proportion of debt.	**Upper Limit for Fixed Interest Rate Exposure**	100%	100%	100%	100%
		Upper Limit for Variable Interest Rate Exposure	50%	50%	50%	50%
9	This limit seeks to ensure liquidity and reduce the likelihood of any inherent or associated risk.	**Upper Limit for Sums Invested over 365 Days**	60%	60%	60%	60%
10	This indicator is used to highlight where an authority may be borrowing in advance of need.	**Gross Debt and the CFR (£m)**	(44.610)	(82.447)	(80.122)	(76.121)

Liability Benchmark

A new prudential indicator for 2023/24 is the Liability Benchmark. The Authority is required to estimate and measure the Liability Benchmark for the forthcoming financial year and the following two financial years, as a minimum.

There are four components to the LB: -

1. **Existing loan debt outstanding**: the Authority's existing loans that are still outstanding in future years.
2. **Loans CFR**: this is calculated in accordance with the loans CFR definition in the Prudential Code and projected into the future based on approved prudential borrowing and planned MRP. Due to only approved prudential borrowing being included in the calculation a peak will appear after four years as no further borrowing will be approved at this point.
3. **Net loans requirement**: this will show the Authority's gross loan debt less treasury management investments at the last financial year-end, projected into the future and based on its approved prudential borrowing, planned MRP and any other major cash flows forecast. This becomes a negative due to the position the Authority is in as a result of the balance of treasury investments, which are in excess of borrowing; this allows the Authority flexibility in regard to the timing of taking out future borrowing and therefore allows it to make sound treasury management decisions.
4. **Liability benchmark** (or gross loans requirement): this equals net loans requirement plus short-term liquidity allowance.



ADOPTION OF THE CIPFA TREASURY MANAGEMENT IN THE PUBLIC SERVICES CODE OF PRACTICE AND CROSS-SECTORAL GUIDANCE NOTES

The CIPFA Code recommends that all public service bodies formally adopt four specific clauses as contained in the Code. All requirements of the Code are implemented through the governance frameworks, policies, systems, procedures and controls in place within the Council and will continue to be so. For completeness it is recommended that Council formally approve the following:

1. The Council will create and maintain, as the cornerstones for the effective Treasury Management:

    - A treasury management policy statement, stating the policies, objectives and approaches to risk management of its treasury management activities.

    - Suitable treasury management practices (TMPs), setting out the manner in which the organisation will seek to achieve those policies and objectives, and prescribing how it will manage and control those activities.

2. The Council will receive reports on its treasury management policies, practices and activities, including, as a minimum, an annual strategy and plan in advance of the year, a mid-year review and an annual report after its close, in the form prescribed in its TMPs.

3. The Council delegates responsibility for the implementation and regular monitoring of its Treasury Management policies and practices to the Cabinet, and for the execution and administration of Treasury Management decisions in accordance with its Constitutional provisions to the Strategic Director of Corporate Services, who will act in accordance with the Council's approved Policy Statement and TMP's and the CIPFA Standard of Professional Practice on Treasury Management.

4. The Council nominates the Audit and Governance Committee to be responsible for ensuring effective scrutiny of the treasury management strategy and policies.

TREASURY MANAGEMENT POLICY STATEMENT

The policies and objectives of the Treasury Management function are defined as follows:

1. Treasury Management is "the management of the Authority's investments and cash flows; its banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks".

2. The successful identification, monitoring and control of risks are the prime criteria by which the effectiveness of its Treasury Management activities will be measured. Accordingly, the analysis and reporting of Treasury Management activities will focus on their risk implications for the organisation.

3. It is acknowledged that effective Treasury Management will provide support towards the achievement of its business and service objectives and the Council is committed to the principles of value for money in Treasury Management, and to employing suitable comprehensive performance measurement techniques within the context of effective risk management.

APPENDIX 3: CAPITAL STRATEGY 2023/24 TO 2025/26

Capital Strategy
St. Helens Council
2023/24 to 2025/26

ST HELENS
BOROUGH COUNCIL

1.1 INTRODUCTION

The Capital Strategy gives a high-level overview of how capital expenditure, capital financing and treasury management activity contribute to the provision of services along with an overview of how associated risk is managed and the implications for future financial sustainability. The Capital Strategy outlines the principles and framework that shape the Council's capital investment proposals. The Strategy sets the framework within which the Council's Investment plans will be delivered. The strategy is a live document, and it is intended to update this on an ongoing basis and develop it over time.

The Strategy is aligned with the proposed Council Budget, its objectives, and priorities. The Strategy also has links to other Council Management Plans and Strategies, such as the Strategic Asset Management Plan; Treasury Management Strategy; Land and Property Acquisition Strategy; IT Strategy and the Council's Medium Term Financial Strategy (MTFS). It is an integral part of the MTFS and sets the principles for prioritising capital investment under the prudential system.

1.2 OBJECTIVES

- To provide a clear set of objectives and a framework, within the CIPFA codes and statutory legislation, by which new projects are evaluated to ensure that all new funding is targeted at meeting the strategic aims, objectives, and priorities of the Council.

- To prioritise projects that focus on delivering a number of long-term benefits:

    - Deliver Corporate objectives
    - Invest to Save (either cost reduction or income generation)
    - Create sustainable income – Business Rates or council tax
    - Attract significant grant, third party or private funding
    - Address major infrastructure investment
    - Deliver economic outcomes of jobs growth
    - Deliver Asset Management Plan outcomes
    - Assist in the delivery of Budget decisions

  It should be demonstrated that a rigorous programme of options appraisal has been considered, identifying evidence of need, cost, risk, outcomes and method of financing.

- To consider options available for capital funding and how resources may be maximised to generate investment in the area and to determine an affordable and sustainable funding policy framework, whilst minimising the ongoing revenue implications of any such investment.

- To identify resources available for capital investment over the MTFS planning period.

- To establish effective arrangements for the management of capital expenditure, including, the assessment of project outcomes, profiling spend against budget, value for money and security of investment.

- To identify future asset base requirements and ensure the necessary assets are fit for purpose and available to deliver services.

1.3 PRIORITIES

The Council has an approved Capital Programme which has already committed resources to support schemes for 2023/24 and future years. The Council is committed to the regeneration of the borough and transformation of Council services through several initiatives including:

Town Centres

The Council is committed to the redevelopment of both St Helens and Earlestown town centres, which will bring forward significant transformation and the opportunity to stimulate further economic growth across the borough. The Town Centre Masterplan Development Framework has been produced to guide and encourage new development for both town centres. The Masterplans set out the vision, objectives and principles for the delivery of transformational change.

The aim of the St Helens Masterplan Development Framework is to build on the rich industrial heritage and harness the strong community pride and spirit to deliver radical transformation and establish a St Helens that is culturally centred to deliver a range of long lasting economic, social, and environmental benefits that will positively impact the wider borough.

The aim of the Earlestown Masterplan Development Framework is to embrace the town's important heritage assets through repurposing the Town Hall, creating spaces and places that people enjoy spending time in and provide an attractive town centre which is accessible and sustainable for the future. The Council has been success in securing grant funding from the Levelling Up Fund to support with this transformation.

Parkside

The Council has made a commitment through its Joint Venture partnership, Parkside Regeneration LLP, to the long-term regeneration of the former colliery site to create future economic activity. Planning consent has been granted for Phase 1 and work is underway on construction of the Parkside Link Road. The site will be brought forward through a number of phases and capital investment has been committed to this site, alongside private sector and Freeport investments in order to deliver the required infrastructure and development to satisfy market demand and occupier requirements for this regionally important economic development site.

As part of the Freeport arrangements, a Retained Rates Investment Strategy will be developed during the course of 2023/24 whereby the Council has the ability to invest in capital projects aligned to the agreed Freeport objectives and to be funded by future retained business rate income.

Housing

Initiatives involve working with Registered Social Landlords and the Private Sector to deliver affordable homes using a combination of public and private sector funding.

Locality Working Model

The council has committed to the development of a Locality Service Delivery Model to improve customer service and address need at a local level. Capital investment will be required to support the delivery of Locality Hubs that meet identified local need and service provision.

Council Modernisation

The Council is progressing an internal modernisation programme which places the customer (our residents, businesses and partners) at the heart of everything we do. The delivery plan is broken down into eight work streams to build a modern, flexible and efficient council. Part of this will include investment in our IT systems and investment and rationalisation of Council office buildings.

Office based staff are now 'agile by default'. Staff have been enabled to work flexibly at home, within office based hot desk arrangements and in community bases. Staff delivering front line, public facing services will continue to deliver those services in an appropriate working environment. The change in the 'ways of working' will enable rationalisation of the Council's public buildings.

IT Strategy

As the Council goes through significant transformation, IT and Digital transformation is a key support and driver of this change.

The Council has an ICT Strategy and Technology Roadmap which covers the period 2022 to 2025. This describes how the Council will transform its IT & Digital platforms over the coming years and highlights the fact that, whereas previously, capital investments would have supported this change, the landscape has now changed to a predominantly revenue-based model.

A more technically integrated and Digital Council will also support the Council's interactions with residents.

1.4 GROWTH AND REGENERATION

The Council has developed a strategic partnership with English Cities Fund (ECF) that will grow an inclusive economy to maximise the extensive range of opportunities presented to deliver significant future growth in St Helens and deliver key priorities, including town centre regeneration, social wellbeing and provide appropriate infrastructure to support future development. The partnership provides a proven delivery mechanism for the comprehensive regeneration of the borough, including the provision of quality family housing, new commercial activity, upgraded infrastructure and the overall improvement of the social and economic viability of the borough on a phased basis.

ECF is a highly successful Joint Venture Partnership between Muse, Legal & General and Homes England, designed to drive institutional and private investment in English towns and cities to deliver regeneration schemes. The combination of partners provides a unique capability to deliver exceptional regeneration schemes drawing on ECF's development experience and investment expertise in place-making that has led to true transformational programmes in some of the most challenging and complex areas of the country.

1.5 CAPITAL EXPENDITURE AND FINANCING

Capital Expenditure is where the Council spends money on assets, such as property, infrastructure, vehicles or equipment, which will be used for more than one year. The Council's currently approved Capital Programme and sources of financing are detailed in the MTFS and summarised below.

Portfolio	2023/24 £000	2024/25 £000	2025/26 £000
Children & Young People	12,486	1,300	1,300
Integrated Care	25	-	-
Wellbeing, Communities and Culture	2,118	-	-
Finance & Governance	640	-	-
Transformation	1,292	-	-
Environment & Transport	51,807	6,900	6,900
Regeneration & Planning	35,322	4,956	3,168
Total	**103,690**	**13,156**	**11,368**

The following table summarises how these currently approved capital expenditure plans are financed.

Source of Funding	2023/24 £000	2024/25 £000	2025/26 £000
Grant/ Other Contributions	61,085	11,898	10,648
Capital Receipts	638	168	20
Revenue Contribution	1,411	88	-
Borrowing	40,556	1,002	700
Total	**103,690**	**13,156**	**11,368**

The Council has ambitious capital plans over the medium term and a number of potential strategic capital schemes have been identified for 2023/24, alongside pipeline schemes for future years. A summary of the potential costs to the Council over the period 2023 to 2027 is provided in the following table, which summarises costs for schemes which were considered as part of last year's Medium Term Financial Strategy, and new schemes which have been brought forward.

	2023/24 £000	2024/25 £000	2025/26 £000	2026/27 £000
Previously identified Strategic Capital Investment Schemes*	38,443	66,463	58,940	4,500
Additional Identified Strategic Pipeline Schemes	249	-	-	-
Total	**38,692**	**66,463**	**58,940**	**4,500**

*Excluding those now approved and included in the agreed programme

A number of schemes will potentially commence in 2023/24, subject to approval following the feasibility, design and detailed plans. The costs of the schemes to the Council will primarily be funded by way of borrowing. Funding for future schemes is to be identified, and this may include the potential to secure additional funding from external sources. However, some schemes already include external funding in addition to the expenditure shown in the above table.

1.6 CAPITAL INVESTMENT PRIORITISATION

The first call on resources will be the financing of any previously approved schemes from previous years. Subject to exceptional circumstances, all schemes already approved within the capital programme or contractually committed will be supported and sufficient resources will be provided to proceed or complete.

The strategy requires a mechanism for determining the Council's most important schemes that will implement change in Council services yet operate within the financial constraints. Potential new schemes will be considered by the Strategic Asset and Investment Group to ensure resources are targeted to priority areas, before recommending them for inclusion into the Capital Programme presented to Cabinet and Council for approval.

The appraisal and prioritisation process will take into account a range of factors, including:

- links to the Council's key and strategic objectives
- legislative requirements including those related to Health and Safety
- benefits of the scheme
- affordability, achievability and financial viability
- ability to lever in additional funds
- an assessment of risk
- ability to meet an identified need

Economic Development

The Council will seek investment that generates longer term growth. The growth strategy will involve public sector intervention to stimulate private sector investment or take the lead where the market is failing to deliver.

To meet future service requirements, the Council will need to rely on tax revenues it can generate locally from Business Rates and council tax, which places further emphasis on the growth strategy.

Highways and Transport

The Council will work collaboratively to maximise the borough's transportation assets to establish St. Helens as a well-connected location for national road and rail, whilst delivering a safe and sustainable transport offer.

Highways schemes are supported by the Department of Transport (DfT) through grants provided to the Liverpool City Region Combined Authority (LCRCA) in the form of the City Region Sustainable Transport Settlement (CRSTS). The CRSTS funding aims to create a more consolidated and devolved model of transport funding, delivering significant improvement for users. In addition, Transforming City Funding (TCF) and Single Investment Funding (SIF) allocations also support major highway infrastructure schemes.

The Council is required to submit details of proposed schemes for the CRSTS funding to the LCRCA. The funding has been top sliced to provide an allocation for maintenance of the Key Route Network (KRN).

Officers need to demonstrate which of the City Region Mayor's priorities the schemes meet. These are:

- Linkages to Growth sites
- Promotion of Cycling and Walking
- Public Transport Improvements
- Accessibility / Connectivity
- Reducing Pollution / Carbon
- Improving Road Safety

Street Lighting

The Council has embarked on a major investment in street lighting over the last 5 years to replace lanterns with more cost-efficient LED lanterns on an Invest to Save basis in order to reduce energy and carbon costs.

Schools

The Council will ensure that capital investment in schools is undertaken in accordance with its relevant statutory responsibilities, particularly in respect of ensuring there are sufficient school places available to meet local demand.

Moreover, the Council will fulfil its responsibilities in respect of the health and safety of pupils and staff, and the ability of disabled pupils to access education, in determining its capital investment priorities.

In addition to the above, ongoing investment in the maintenance and improvement of the condition of school buildings provides an improved learning environment for pupils.

Housing

Investment in minor adaptations, through the Disabled Facilities Grant process, enables frail or vulnerable residents to be supported in their own homes, and aims to reduce the risk of hospital or residential care admissions arising from falls or accidents.

Capital investment in home insulation and heat efficiency programmes will reduce fuel poverty and lessen the risks posed by cold-related physical and mental health conditions.

Public Buildings

The Council has, over a number of years consolidated and rationalised its Estate which has resulted in its occupation of several core buildings within the Town Centre. In addition, the Council has worked with partners and co-location of staff and collaborative working has been achieved with the CCG, NHS and the Police. Strong partnership working already exists between the Council and its Health partners and opportunities exist to further develop relationships through joint working.

A new Asset Strategy and Asset Management Plan has been adopted for the financial years 2023-26. This sets out the framework for managing the Council's property portfolios over the next three years, including how strategic property decisions are made that will underpin the Council's priorities and ensure that its property portfolios are sustainable, efficient, and fit for the purpose of delivery of vital services to communities.

As well as assessing the suitability and sufficiency of our property portfolios the programme of reviews will challenge the use, utilisation and management of the Council's land and buildings. This will focus on the scope for rationalisation and delivering changes required to the portfolios, including potential property disposals, investments required through capital works or acquisitions and facilitate community outcomes through partnership working.

The outputs of the asset management plan work programme will include a pipeline of property disposals, capital projects, acquisitions and other reviews. The financial implications arising from the asset management plan will be integrated and continuously reviewed within the Capital Programme and MTFS.

1.7 SOURCES OF CAPITAL FUNDING

Borrowing

Local Authorities have access to preferential rates from the Public Works Loan Board (PWLB) to support service spending (Education, Highways and Transport, Social Care etc.), Housing, Regeneration, Preventative Action and Treasury Management. However, since November 2020, the Government has introduced a clause to restrict the use of PWLB borrowing in certain circumstances.

Should the Council intend to purchase any assets primarily for yield within a three-year period, irrespective of whether alternative funding sources other than PWLB borrowing are being utilised, the Council would not be able to access PWLB borrowing facilities for the three-year period.

The level of borrowing to fund the capital programme must take into account the affordability of ongoing revenue implications. Local Authorities must manage their debt responsibly and decisions about debt repayment should be made through the consideration of prudent treasury management practice and in accordance with the Treasury Management Policy.

Borrowing should only be used on the following basis:

- On the basis of Invest to Save, where the income or savings are greater than the cost of borrowing
- Where the proposed capital project is assessed to be a strategic priority and the costs can be contained within the overall budget provision
- Where the scheme is essential to meet Council legislative requirements and no other appropriate sources of funding are available

Capital Grants and Contributions

Some capital projects are financed either wholly or partly through external grants and contributions. Government grants to support capital expenditure plans are generally reducing, with a significant proportion being wholly ring-fenced or strictly conditional in relation to the expenditure they support.

Capital Receipts

Capital Receipts from asset disposals represent a finite funding source and it is important that a planned and structured manner of disposals is created to support the priorities of the Council. Capital Receipts may be used to fund new capital investment or offset future debt or transitional costs.

The use of Capital Receipts should be judged against the following criteria and should be aligned with scheme prioritisation via the Strategic Asset and Investment Group:

- when they generate income or reduce expenditure which is greater than the loss of investment income

- when they generate an asset with equal or greater real terms value to the value of capital receipts being used

- to support schemes of a strategic nature

- to meet legislative requirements when no other source of funding is available

Private Developer Funding

Contributions from Private Developers are usually provided under Section 106 agreements. These contributions are usually earmarked for specific purposes in planning agreements and often relate to infrastructure projects. Developers may also contribute to Highways Infrastructure through Section 38 and 278 agreements to facilitate their development.

Revenue

Capital expenditure may be funded directly from revenue. In addition to specific earmarked balances previously set aside, such as the Transformation Reserve and Growth Reserve, there may be limited instances where capital expenditure is funded from within specific service revenue budgets. However, austerity measures and general budget pressures have impacted significantly on the extent to which service revenue budgets can be used as a source of funding.

1.8 GOVERNANCE ARRANGEMENTS

There will be two levels of capital investment, a strategic level and a service level each with their own governance arrangements.

Strategic Level

The Land and Property Acquisition Strategy sets out the Council's strategy for the acquisition of land, property and infrastructure assets for economic development, regeneration, and future service delivery purposes.

The Land and Property Acquisition Group was established to consider any strategic investment proposals. The group is chaired by the Leader of the Council and consists of the Deputy Leader, Cabinet Members for Regeneration and Planning and Finance and Governance, the Executive Director of Place and Executive Director of Corporate Services, with others as appropriate, who will meet to consider and approve acquisitions in a timely manner.

Strategic acquisitions will be supported by a Business Case and will be assessed against the criteria set out in the Land and Property Acquisition Strategy, including how it fits with current policies, measurable benefits and furtherance of strategic priorities. The risks, costs, and returns will be taken into consideration and must be funded into the overall resources of the Council.

Cabinet approved the creation of a £10m Land and Property Acquisition Fund to invest in strategic acquisitions. The Council may also fund acquisitions through borrowing or utilising reserves.

Governance of the above follows the established decision-making process within the Council. The Land and Property Acquisition Group recommends to Cabinet and Council those investments it deems beneficial to the Borough.

<u>Service Level</u>

New schemes will be considered initially by Departmental Management Teams and an Outline submission will be completed to identify outcomes, deliverability, investment case, sources of funding, procurement route and sustainability, before submission to the Strategic Asset and Investment Group (SAIG) (consisting of Executive Directors and other relevant officers), Cabinet and Council for approval.

If approved, a Business Case will be completed to identify the business justification and delivery strategy and presented to the Capital Board. Once approved the report will proceed to Cabinet for approval. The Gateway process is outlined in Annex 2.

Monitoring will be via the Financial Management Report submitted quarterly to Cabinet that identifies any detailed changes to the capital programme to reflect:

- New resource allocations
- Slippage in programme delivery
- Virements between schemes
- Changes to spend profiles and / or funding
- Schemes that have been reduced or removed

Updates will also be provided monthly as part of the Financial Monitoring processes.

Major Capital schemes (those over £5m) will be allocated a project sponsor at Executive Director, Director or Assistant Director level.

Reporting will be an integral part of the project management of major schemes so that members are kept informed of progress and potential problems throughout the duration of the project.

For all major capital schemes, risks should be identified, and costs attributed to those risks. In addition, a sensitivity analysis should be undertaken at the outset of the project.

A Post-Project Evaluation will be undertaken on major schemes with a view to identifying where the capital programming and monitoring could be improved. This will report on the procurement process, timeliness of scheme, final cost against estimate, outputs of scheme compared to targets in the original business case with the results being fed back into the Strategic Asset and Investment Group.

1.9 KNOWLEDGE AND SKILLS

The Council employs professionally qualified and experienced staff in senior positions with delegated responsibility for making capital expenditure, borrowing and investment decisions. They follow a Continuous Professional Development Plan (CPD) and attend courses on an ongoing basis to keep abreast of new developments and skills.

Where necessary, use is made of external advisors that are specialists in their field. The Council currently employ Link Asset Services as treasury management advisors to provide advice on capital and treasury implications when considered necessary. Other advisors have been, and will continue to be, engaged to provide advice on the significant regeneration projects being undertaken by the Council.

Training will be provided to members to ensure they have the up to date skills to make capital and treasury decisions.

1.10 CONSIDERATIONS AND RISK IN PROPERTY ACQUISITIONS

Any strategic land and property acquisitions will be undertaken having given due consideration to the specific risks involved, in accordance with the Land & Property Acquisition Strategy.

The strategy for acquiring property assets for holding and regeneration purposes is therefore for:

- Place making, as part of regeneration and economic development activity
- Development in our Town Centres to improve economic performance and encourage future private sector investment
- Economic Development – to ensure an adequate supply of employment and housing sites allowing creation and retention of high-quality sustainable homes and employment within the Borough
- Opportunities that have strategic importance within St. Helens and address issues such as heritage and culture, social welfare, deprivation and protecting the most vulnerable
- Supporting environmental sustainability

1.11 TREASURY MANAGEMENT & PRUDENTIAL INDICATORS

The Treasury Management Strategy is also approved by Full Council annually as part of the Budget setting process.

The Strategy is also considered by the Audit and Governance Committee annually, with an interim report submitted mid-year and outturn report post year end.

Quarterly updates on the Treasury Management position are included within the Financial Monitoring Reports presented to Cabinet and considered further by the Overview and Scrutiny Commission.

Treasury Management is subject to regular Internal and External Audit review.

There are close links between the Capital Strategy, the Treasury Management Strategy and the Medium Term Financial Strategy. The Capital Strategy will determine the underlying and future borrowing needs of the Council, with the Treasury Management Strategy addressing financing and cash flow planning to ensure that the Council can meet its capital spending obligations, whilst the Medium Term Financial Strategy will manage debt servicing resource cover and the affordability of capital investment insofar as the revenue budget is concerned.

The Treasury Management Strategy includes a set of Prudential Indicators that demonstrate that the capital investment plans of the Council are affordable, prudent and sustainable.

Contribution from Investments

Investments can take different forms and be held for different purposes. The table below shows the different types of investment that the Council currently holds and the contribution that these investments make towards service delivery objectives and / or place making role of the local authority.

TYPE OF INVESTMENT	PURPOSE
Treasury Management Investments	To support effective treasury management activities
Other Investments (e.g., equity investment in regeneration ventures)	• Regeneration • Economic benefit / Business Rate growth
Non-financial investments (Investment Properties)	• Economic benefit / Business Rate growth • Yield / profit
Loans	• Regeneration • Economic benefit / Business Rate growth • Responding to local market failure

1.12 ASSET MANAGEMENT PLAN

The new Asset Management Plan (AMP) sets out the vision, purpose and strategic direction for the effective management of land and buildings. It establishes governance arrangements and the activities that will shape the asset base over the next 3 years. Through a series of reviews, it seeks to align the Council's asset base to the Our Borough Strategy, council priorities and service objectives. The outcome of these reviews will help inform future capital investment.

1.13 SECTION 151 OFFICER ASSURANCE

This Capital Strategy is compiled in line with the requirements of the current CIPFA Prudential and Treasury Management Codes. The Section 151 Officer views the Strategy to be prudent, affordable and integrated with the Council's Medium Term Financial Strategy, Treasury Management Strategy and other Strategic Plans.

1.14 RISK

There are a number of risks that the Council could be exposed to, including:

- Financial risk – related to the investment of the Council's assets and cash flow, market volatility, currency etc.

- Macroeconomic risk- related to the growth or decline of the local economy, interest rates, inflation and the wider national economy

- Procurement/contractual risk – related to the ability to secure goods or services and for third parties to meet contractual terms

- Credit risks - related to investments, loans to institutions

- Operational risks – related to operational exposures within the Council, its partners and commercial interests

- Strategic risks – related to key initiatives undertaken by the Council such as significant purchases, new ventures, commercial interests and other areas of organisational change deemed necessary to help meet the Council's goals

- Reputational risk – related to the Council's dealings and interests and the impact of adverse outcomes on the Council's reputation and public perception

- Environmental and social risk – related to the environmental and social impact of the Council's strategy and interests

- Governance risks – related to ensuring that prudence and careful consideration sit at the heart of the Council's decision making

Managing the Council's risk is an area of significant focus for senior management and Members, with the aim of minimising its exposure to risk.

Annex 1: QUALITATIVE INDICATORS

	2022/23 Estimate	2023/24 Estimate
Debt to Net Service Expenditure (NSE)	33.47%	31.68%
Investment Property Income to NSE Ratio	0.17%	0.15%
Loan to Value Ratio	30.03%	28.31%
Gross Income from Investment Properties	£855,000	£767,000
Net Income from Investment Properties	£790,000	£702,000

The indicators above provide information in regard to the Council's reliance upon investments to fund service expenditure and the exposure of the Council to borrowing.

Annex 2

Capital Project Gateway Process

The purpose of the Gateway Process is to ensure that:

- Projects find their way into the programme in a consistent, structured and objective way
- Officers are clear as to the governance route for accessing capital funding
- Projects have defined budgets and timescales and any variances are identified and managed
- Risks are identified and appropriate mitigations put in place
- Before a project is accepted into the capital programme:
  - appropriate feasibility works are commissioned and completed to provide cost certainty / deliverability
  - the costs, benefits and risks are properly assessed
  - there is a proper assessment of readiness to deliver
  - the procurement route is determined
- Projects continue to meet corporate objectives and provide value for money as they proceed to the delivery stage
- Lessons are learned and disseminated across the Council

<u>The Gateway Process</u>

Gate 1 - Proposal to Strategic Asset & Investment Group (SAIG)

Gate 2 - Business Case to Strategic Asset & Investment Group (SAIG)

Gate 3 - Approval of scheme, submission of Report to Cabinet or via delegated executive decision (as appropriate)

Gate 4 - Tender evaluation report

Gate 5 - Lessons learned report to Capital Board

The information required at each Gate will be commensurate with the size and complexity of the project in question. SAIG may agree that for the purposes of this gateway process projects may, where appropriate, be combined.

Gate 1	
Following consideration at the respective Directorate's DMT, the proposal is submitted to SAIG for assessment, along with any supporting evidence. **Submissions** Proposal **Evaluation Criteria** At this stage proposal should be evaluated and reviewed to consider: • Strategic Fit with the Council's Priorities • Fit with Internal & External Partners • Economic Value • Risk & Deliverability • Financial Implications • Social Value • Borough Priorities • Timescales • General Affordability At this stage, it should be considered whether a feasibility study will be required. This should include a proposed timescale in which it will be carried out and funding for the feasibility study identified. The scheme will be evaluated and prioritised against other current and future financial commitments.	
Outcome	Proceed to Gate 2 or reject. SAIG may make recommendations for amendments or further information to be included in the proposal. Gateway 1 should be repeated until SAIG provide confirmation that the proposal may proceed to Gate 2. Funding for feasibility costs need to be identified as part of this gateway.
Gate 2	
The Business Case is submitted to SAIG for review. **Submissions** Full Business Case – including Procurement Proposals & detailed Timescales Resource & Funding Plans Options Appraisal & Feasibility Assessment (if required) Risk Register **Evaluation Criteria** • Cross portfolio Strategic fit with other projects and strategies • Fit with Capital Strategy	

- Human Resource Requirements
- Deliverability and Resource Requirements
- Cost forecasts & budgets
- Amount and source of any required funding
- Full lifetime costing of the project or asset
- Impact of capital financing costs on the revenue budget where borrowing is used
- Planned outcomes to be delivered
- A full risk assessment including mitigating actions
- Appropriate due diligence in the form of financial and legal scrutiny (including external support when appropriate)
- The revenue impact and financial affordability
- VAT Implications including partial exemption implications

A business case model has been designed based on the Treasury's 5 Case Model, with different degrees of detail required based on the value of the project.

Outcome	Proceed to Gate 3 or reject. Confirmation granted that the project will be recommended for inclusion in the Capital Programme or whether the project will be deferred.

Gate 3

A detailed report is submitted to Cabinet requesting formal approval for the project to be included in the capital programme with approved capital budget or provisional capital allocation. The report should also provide for delegation to the appropriate Executive Director in conjunction with the Executive Director of Corporate Services to subsequently undertake an appropriate procurement process and award the contract via delegated executive decision.

Submissions
Business Case
Resource Plan
Procurement Strategy
Confirmed Budgets and Costs

Evaluation Criteria
- Strategic Fit with Capital Programme
- Strategic Fit with Councils Priorities
- Formal Financial approval

<table>
<tr><td colspan="2"></td></tr>
<tr><td>Outcome</td><td>Proceed to Gate 4 or reject.

The project is included in the Capital Programme along with budget approval. The project may proceed to procurement in accordance with the procurement proposals outlined in the business case & procurement strategy.</td></tr>
<tr><th colspan="2">Gate 4</th></tr>
<tr><td colspan="2">A tender evaluation report including details of all tenders received, the evaluation process used for selection and reasons for selecting the preferred tender. This report should be approved via delegated executive decision with reference to the Cabinet report and delegations previously approved.

Submissions
Tender Evaluation Report

Evaluation Criteria
Delivery Resource Requirements
Affordability against Budget</td></tr>
<tr><td>Outcome</td><td>The contract is awarded to the preferred tender option.

Proceed to Gate 5</td></tr>
<tr><th colspan="2">Gate 5</th></tr>
<tr><td colspan="2">A benefits review should be carried out and be submitted to SAIG post project to review how the project has met the desired outcomes.

Submissions
Lessons Learned Report
Performance Review Report
Benefits Realisation Report

Evaluation Criteria & Actions
Assess whether the anticipated outcomes are being achieved
Assess how realistic the justifications within the business case were
Share Lessons Learned Report
Share Benefits Review
Include Project in Annual Performance Review</td></tr>
<tr><td>Outcome</td><td>Confirmation received that the reports are satisfactory and that no further information is required.

Project Close.</td></tr>
</table>

APPENDIX 4(a) - SUMMARY CAPITAL PROGRAMME 2023/24 to 2025/2026

Portfolio	2023/24	2024/25	2025/26
	£000	£000	£000
Children & Young People	12,486	1,300	1,300
Integrated Care	25	0	0
Wellbeing, Communities & Culture	2,118	0	0
Finance & Governance	640	0	0
Transformation	1,292	0	0
Environment & Transport	51,807	6,900	6,900
Regeneration & Planning	35,322	4,956	3,168
TOTAL	**103,690**	**13,156**	**11,368**

Source of Funding	2023/24	2024/25	2025/26
	£000	£000	£000
Grants / Other Contributions	61,085	11,898	10,648
Capital Receipts	638	168	20
Revenue Contribution	1,411	88	0
Borrowing	40,556	1,002	700
TOTAL	**103,690**	**13,156**	**11,368**

APPENDIX 4(b) - DETAILED CAPITAL PROGRAMME 2023/24 TO 2025/26

CHILDREN & YOUNG PEOPLE PORTFOLIO	2023/24	2024/25	2025/26	Total	Funding: Borrowing	Funding: Capital Receipts	Funding: Revenue	Funding: Grants / Conts.
	£000	£000	£000	£000	£000	£000	£000	£000
Primary Schools								
Ashurst Primary Rebuild	750	0	0	750	0	0	0	750
Bleak Hill Roof Repairs	45	0	0	45	0	0	0	45
Longton Lane Rebuilding Programme	158	0	0	158	0	0	0	158
Queens Park Roof Replacement	90	0	0	90	0	0	0	90
Sutton Manor Health & Safety Works	45	0	0	45	0	0	0	45
Other Schemes less than £50k	185	0	0	185	0	0	0	185
Secondary Schools								
De La Salle SEND Base	900	0	0	900	0	0	0	900
Special & Other Schools								
Launchpad Roof Renewal	100	0	0	100	0	0	0	100
Other Schemes less than £50k	35	0	0	35	0	0	0	35
Other Schemes								
Various Schools Fire Risks	32	0	0	32	0	0	0	32

CHILDREN & YOUNG PEOPLE PORTFOLIO	2023/24	2024/25	2025/26	Total	Borrowing	Capital Receipts	Revenue	Grants / Conts.
	£000	£000	£000	£000	£000	£000	£000	£000
Uncommitted Grant Funding								
Healthy Pupils Capital Funding	125	0	0	125	0	0	0	125
School Devolved Formula Capital Uncommitted	1,211	300	300	1,811	0	0	0	1,811
Higher Needs Capital Grant	3,610	0	0	3,610	0	0	0	3,610
Basic Need Uncommitted	700	0	0	700	0	0	0	700
School Condition Funding Uncommitted	4,500	1,000	1,000	6,500	0	0	0	6,500
TOTAL	**12,486**	**1,300**	**1,300**	**15,086**	**0**	**0**	**0**	**15,086**

INTEGRATED CARE PORTFOLIO	2023/24	2024/25	2025/26	Total	Borrowing	Capital Receipts	Revenue	Grants / Conts.
	£000	£000	£000	£000	£000	£000	£000	£000
Unallocated Community Capacity Grant	25	0	0	25	0	0	0	25
TOTAL	**25**	**0**	**0**	**25**	**0**	**0**	**0**	**25**

WELLBEING, COMMUNITIES & CULTURE PORTFOLIO	2023/24	2024/25	2025/26	Total	Borrowing	Capital Receipts	Revenue	Grants / Conts.
	£000	£000	£000	£000	£000	£000	£000	£000
Libraries ICT Refresh	44	0	0	44	44	0	0	0
Newton Le Willows Health & Fitness Equipment	65	0	0	65	65	0	0	0
Parr Locality Hub (feasibility)	625	0	0	625	625	0	0	0
Parr Swimming & Fitness Centre Demolition	1,032	0	0	1,032	1,032	0	0	0
Sutton Leisure Centre – Swimming Provision	352	0	0	352	352	0	0	0
TOTAL	**2,118**	**0**	**0**	**2,118**	**2,118**	**0**	**0**	**0**

FINANCE & GOVERNANCE PORTFOLIO	2023/24	2024/25	2025/26	Total	Borrowing	Capital Receipts	Revenue	Grants / Conts.
	£000	£000	£000	£000	£000	£000	£000	£000
Finance System (Unit4 ERP)	640	0	0	640	86	0	554	0
TOTAL	**640**	**0**	**0**	**640**	**86**	**0**	**554**	**0**

TRANSFORMATION PORTFOLIO	2023/24	2024/25	2025/26	Total	Borrowing	Capital Receipts	Revenue	Grants / Conts.
	£000	£000	£000	£000	£000	£000	£000	£000
ICT Device Refresh	1,292	0	0	1,292	764	528	0	0
TOTAL	**1,292**	**0**	**0**	**1,292**	**764**	**528**	**0**	**0**

ENVIRONMENT & TRANSPORT PORTFOLIO	2023/24	2024/25	2025/26	Total	Borrowing	Capital Receipts	Revenue	Grants / Conts.
	£000	£000	£000	£000	£000	£000	£000	£000
Highway Schemes								
A49 to M6 Junction 22 Link Road	29,246	0	0	29,246	13,180	0	0	16,066
A49 to M6 Junction 22 Link Road (Junction Mitigation Works)	5,700	0	0	5,700	0	0	0	5,700
Active Travel Fund – Tranche 3	1,879	0	0	1,879	0	0	0	1,879
Local Transport Plan Unallocated (CRSTS)	6,200	6,200	6,200	18,600	0	0	0	18,600
Section 106 Arrangements	81	0	0	81	0	0	0	81
St Helens Southern Gateway Package	3,314	0	0	3,314	0	0	0	3,314

ENVIRONMENT & TRANSPORT PORTFOLIO	2023/24	2024/25	2025/26	Total	Borrowing	Capital Receipts	Revenue	Grants / Conts.
	£000	£000	£000	£000	£000	£000	£000	£000
Environmental Schemes								
Air Quality	650	0	0	650	0	0	0	650
Climate Change Emergency Response Fund	46	0	0	46	46	0	0	
Recycling & Waste Collection	423	0	0	423	0	0	0	423
Section 106 Arrangements - (Non-Highway Schemes)	48	0	0	48	0	0	0	48
Sherdley Park Skate Park	122	0	0	122	0	0	36	86
Other Schemes								
Fleet Replacement Programme	4,098	700	700	5,498	5,498	0	0	0
TOTAL	**51,807**	**6,900**	**6,900**	**65,607**	**18,724**	**0**	**36**	**46,847**

REGENERATION & PLANNING PORTFOLIO	2023/24	2024/25	2025/26	Total	Borrowing	Capital Receipts	Revenue	Grants / Conts.
	£000	£000	£000	£000	£000	£000	£000	£000
Ground Condition Surveys	20	20	20	60	0	60	0	0
St Helens Town Centre Masterplan	2,354	0	0	2,354	2,354	0	0	0
Modernisation of St Helens Crematorium	150	0	0	150	150	0	0	0
The Gamble Building (Phase 4)	309	0	0	309	309	0	0	0
Town Deal – Glass Futures Phase 2	5,590	0	0	5,590	0	0	131	5,459
Town Deal – Cannington Shaw	1,152	88	0	1,240	0	0	226	1,014

REGENERATION & PLANNING PORTFOLIO	2023/24	2024/25	2025/26	Total	Borrowing	Capital Receipts	Revenue	Grants / Conts,
	£000	£000	£000	£000	£000	£000	£000	£000
Town Deal – The World of Glass	394	0	0	394	0	0	44	350
Town Deal – Digital Infrastructure	1,250	1,250	0	2,500	0	0	0	2,500
Town Deal – Health Hub	1,703	0	0	1,703	0	0	85	1,618
Parkside Regeneration Equity Investment	16,650	0	0	16,650	16,650	0	0	0
Housing Schemes								
Disabled Facilities Grants and Adaptations	5,280	3,248	3,148	11,676	611	0	0	11,065
General Fund Housing (Housing Assistance)	170	100	0	270	200	0	0	70
Housing Clearance and Enforcement	80	50	0	130	130	0	0	0
Insulation Measures and Fuel Poverty	220	200	0	420	162	238	0	20
TOTAL	**35,322**	**4,956**	**3,168**	**43,446**	**20,566**	**298**	**486**	**22,096**

TOTAL	**103,690**	**13,156**	**11,368**	**128,214**	**42,258**	**826**	**1,499**	**83,631**

APPENDIX 5: STRATEGIC CAPITAL INVESTMENT SCHEMES 2023/24 to 2026/27

Table 1 – Previously Identified Pipeline Schemes

Directorate	Service Area	Ref	Scheme Title	2023/24	2024/25	2025/26	2026/27
				£000	£000	£000	£000
Place	Highway Assets - Place Services	PS1	Highway Infrastructure Investment	1,950	5,100	1,800	500
		1	Rainford Junction Station Bridge (177), News Lane- Bridge strengthening	-	750	-	-
		2	A580 Bridges (removal 4 structures)	600	1,500	-	-
		5	East Side Industrial Estates	350	-	-	-
		6	Salt Barn	-	500	-	-
		7	Blindfoot Road / Pasture Lane	-	1,500	1,000	-
		8	Street Lighting- Replacing concrete columns	500	500	500	500
		9	College St. Flood Alleviation	350	350	300	-
		10	Highway Scheme Development funding	150	-	-	-
Place	Property (Operational) - Place Services	PS2	Asset Management – Operational Estate	1,539	5,950	300	-
		1	Investment in Sports Facilities	-	1,000	-	-
		2	Crematorium Land Drainage	189	-	-	-
		3	St Helens Town Hall (Condition)	300	1,700	-	-
		4	Sutton Leisure (Condition)	-	2,900	-	-
		6	Other - investment in statutory compliance	500	-	-	-
		7	Other - to support review process	200	-	-	-
		8	Other - project development, feasibility and planning	350	350	300	-

Directorate	Service Area	Ref	Scheme Title	2023/24	2024/25	2025/26	2026/27
				£000	£000	£000	£000
Place	**Growth (Place Services)**	**PS3**	**Regeneration and Growth TOTAL**	**17,772**	**34,558**	**36,559**	**-**
		1	*ECF phase 1 proposition*	*6,801*	*32,308*	*33,309*	*-*
		3	*Church Square (remaining relocations)*	*1,000*	*-*	*-*	*-*
		5	*Town Centre Bus Station*	*700*	*-*	*-*	*-*
		6	*Earlestown Town Hall*	*926*	*-*	*-*	*-*
		7	*St. Mary's Demolition*	*-*	*1,250*	*1,250*	*-*
		9	*Gamble Building (Internal Works*	*1,530*	*-*	*-*	*-*
		10	*Youth Zone*	*1,000*	*-*	*-*	*-*
		11	*Cowley Hill and College Street Gateway*	*-*	*1,000*	*2,000*	*-*
		12	*Glass Futures Phase 2 (pre-development/ land)*	*5,000*	*-*	*-*	*-*
		13	*Public Realm, street furniture etc.*	*815*	*-*	*-*	*-*
Place	Place Services	PS4	Invest to save opportunities	**4,700**	**2,875**	**4,000**	**4,000**
			Waste Management	4,200	-	-	-
			Localities Model	500	2,875	4,000	4,000
Place	Place Services	PS5	Upgrade of CCTV system	701	-	-	-
Place	Place Services	PS10	Sutton Leisure Centre	-	1,830	-	-
Place	Place Services	PS11	Depot Investment	1,000	5,000	10,000	-
Place	Place Services	PS12	Fleet, Plant, Equipment	857	783	855	-
Place	Place Services	PS13	Climate Change Response Plan	1,100	-	-	-
Place	Place Services	PS14	Earlestown Town Centre Masterplan	3,507	8,517	4,626	-
Place	Place Services	CH4	Demolition of Penkford Special School	500	-	-	-
Corporate	Corporate Services	CS1	IT & Digital transformation	1,403	1,150	800	-

Directorate	Service Area	Ref	Scheme Title	2023/24	2024/25	2025/26	2026/27
				£000	£000	£000	£000
Corporate	Corporate	CS4	Adults Early Intervention System Module	115	-	-	-
Corporate	Corporate	CS5	Replacement of Capita One education management information system.	800	100	-	-
Children's	Children's Services	CH1	Rationalisation of Alternative Education sites	500	-	-	-
Children's	Children's Services	CH6	Children's Residential Care Homes	600	600	-	-
Adults	Integrated Care & Health	ICH2	Adult Social Care Day Care	100	-	-	-
Adults	Integrated Care & Health	ICH3	Brookfield Resource Centre	50	-	-	-
Adults	Learning Disability / Autism	ICH5	Learning Disability / Autism	1,000	-	-	-
TOTAL PIPELINE SCHEMES PENDING APPROVALS				**38,443**	**66,463**	**58,940**	**4,500**

Table 2 - Additional Identified Pipeline Schemes

				Potential capital funding profile			
Directorate	Service Area	Scheme Ref	Scheme Title	2023/24	2024/25	2025/26	2026/27
				£000	£000	£000	£000
Place	Place Services	PS15	Queens Park Leisure Centre Decarbonisation	126	-	-	-
Place	Place Services	PS16	Newton-le-Willows Leisure Centre Decarbonisation	123	-	-	-
Total				**249**	**-**	**-**	**-**

APPENDIX 6: COMMUNITY IMPACT ASSESSMENT

Title of Proposal:	Medium Term Financial Strategy 2023-2026 and Revenue & Capital Budget 2023/24
Service:	Finance & Accountancy
Department:	Corporate Services
Responsible Officer:	Jon Ridgeon
Date Completed:	25 January 2023

1. **Aims**:

The aim of the Budget is to provide, within the overarching financial constraints that exist, the most appropriate balance of resources to deliver the Council's statutory responsibilities and to set a foundation for, and facilitate, the delivery of the Council's key ambitions, its existing and emerging corporate priorities and borough level strategic objectives.

2. **Community Impact Assessment**

The Impact Assessment tool helps to identify the benefits to the local community of the work. All policies, decisions or functions will have an impact on the local community in St Helens. This tool acts as a prompt to identify what difference the work will make and how.

It provides an opportunity to think about where we might be able to reduce negative impacts, identify missed opportunities, and capitalise on positive impacts. It will build broader portfolio support for our work.

Community:

The Council remains dedicated to the ongoing review and evolution of its form and function as it responds to the challenges facing the Council and the wider local government sector. A Council wide transformation programme incorporating digitalisation and modernisation, alongside the continuing review of working practices under the Ways of Working project is proving key in ensuring that residents, businesses, partners and communities are provided with the best possible services.

In supporting this agenda, the Council continues to deliver major changes in the integration of Social Care, Housing, Health and other public services within an Accountable Care System, incorporating an Integrated Care System and Integrated Care Partnership, allowing partner organisations to manage demand, reduce costs and improve people's outcomes through integrated provision of high-quality care and support.

The Council continues to prioritise the Growth and Regeneration agenda aimed at delivering the economic activity across the borough which will provide local jobs, opportunities and skills and generate the local revenues to support services in the future. This will include continued working with the Liverpool City Region Combined Authority and other partners to promote jobs, growth, and investment across the borough.

The Council continues to work closely through the Children's Improvement Board to prioritise actions and deliver new models of practice to ensure that all children and young people in the borough receive the support, care and protection they need and deserve.

3. Publishing the results of the assessment:

Issue	How will this be taken into account
Advancing Equality of Opportunity in service access, quality and outcome	The budget has been produced against a background of significant rising demand in social care services. This increase in demand leads to rising costs for those services. The budget acknowledges these increases in costs and proposes budgets are set at a realistic level to meet the current level of demand. This budget position attempts to provide a sustainable position. However, if demand continues to increase in the future, the position will need to be reviewed and managed accordingly. When looking at the impact of budget savings across the period 2023-2026, the following stakeholders in particular are likely to be affected: **Staff** – The savings proposals considered are likely to have an impact on staff through loss of employment or associated restructuring and change. This is discussed further below on the issue of fair employment. **Service users/their carers** –Outcomes of service reviews can vary greatly and service users, both now and in the future, may find that some aspects of service provision will change: some services may be delivered in a very different way; some may introduce or revise charges, and the eligibility of some service users may be reviewed. **Organisations working with or supported by the council** –Whilst difficult to quantify, changes in service provision by the Council may have an effect on the demands for the services provided by partner organisations. **Members of the general public** – are likely to be affected by proposed reviews of fees and charges. <u>St Helens Population Census 2021 data</u> The Census 2021, records that: Race - Minority Ethnicity: people from Asian, Black, Mixed/Multiple, and Other Ethnic backgrounds (collectively referred to as 'minority ethnicity'), represent 3.47% of the Borough Population. Disability – Disabled people: 10.8% of the Borough's population declared they had a long-term health problem or disability that limited their day-to-day activities a lot Religion – Minority Religion: people declaring they have a religion which is in a minority in the borough (Buddhist, Hindu, Jewish, Muslim, All other religions) made up 1.75% of the borough's population. Sexual orientation – LGB+ orientation: 2.7% of the Borough population aged 16 years and over recorded a LGB+ orientation ("gay or lesbian", "bisexual", or "other sexual orientation") Sex – Female Sex: Women and Girls make up 50.9% of the Borough Population Gender identity - 0.36% of people aged 16 and over in St Helens Borough had a gender identity different to the sex registered for them at birth. We do not anticipate that the budget savings proposals, as a collective, will have had a disproportionate impact in relation to: race, religion, sex (gender), gender reassignment, sexual orientation, pregnancy and maternity, or marriage and civil partnership.

Issue	How will this be taken into account
	To ensure due regard is given to the public sector equality duties, Equality Impact Assessments will be used to inform each savings proposal, as necessary, from its outset to enable 'equality' considerations to be taken into account from the very beginning of the review process - through its development, consultation, and option appraisal - to its outcome. It is not a foregone conclusion that the impact for protected characteristics will be a negative one. The review process will encourage stakeholders and service user to express their views, identify opportunities and influence options. This can lead to service users experiencing positive changes, such as increased independence, access to employment, and greater participation in public life. Where an Equality Impact Assessment does identify a potential adverse impact for people who share a protected characteristic, then the Council will give due regard to that adverse impact, which means assessment of the extent, nature and duration of that impact, and the identification of measures to mitigate (remove or minimise) any disadvantage. The Service Review's 'impact' and 'mitigation' will be recorded within the Equality Impact Assessment report. Finally, the Equality Impact Assessment report will be attached as an appendix to a Service Review Report, ensuring the Decision Maker is fully aware of the equality implications of the proposal at the time they make their decision. Impacts identified from agreed savings are as follows: - A review of commissioned services within Integrated Care and Health, by their very nature, have an impact in relation to the protected characteristics of disability and/or age. Where a family oversees a service user's finances and the care package is subsequently reduced on reason of the additional cost arising out of this decision, the service user will be referred to care management for assessment to ensure that their social care needs are being met and not neglected. - Within Corporate services several reviews are to be undertaken. A review of junior administration staff will require an equality impact assessment. A number of the staff who are in junior administrative support may be female, have disabilities and be older employees, so we need to ensure that this group is not unfairly discriminated against. Setting Registrar fees in line with the current average fee may impact service users on a reduced income. Those service users will still be entitled to a wedding/civil ceremony within the Council' s Register Office for the statutory fee of £46. A review of Voluntary Sector Contributions and removal/reduction of Business Rates discretionary rate relief will require equality impact assessments to ensure that the proposal does not impact adversely on people with a protected characteristic. - Within Place – Operations; A Car Lease scheme for employees may impact those on lower income as they may find the scheme unaffordable. 3 weekly residual bin collections would require a very detailed equality impact assessment would need to be undertaken prior to agreeing this service change. Ceasing the Councillor Improvement Fund would require an assessment to ensure safety of young people is not compromised by potential reduction in School crossing patrols. This would be mitigated by the introduction of an evidence assessed School crossing policy. Full cost allotment recovery may impact older people as 62% of plot holder are over 60.

Issue	How will this be taken into account
	- Within Place – Communities; A reduction of Supporting People Floating support may impact residents with protected characteristics due to pregnancy / maternity, age and disability. A review of Bereavement Services fees and charges is a cross cutting change to change charging with no direct equality implications for residents with protected characteristics. There may however be implications for those families or individuals on low income struggling to meet funeral costs. Cessation of Environmental Warden services will be universal across the borough however data indicates that specific localities experience a higher level of fly tipping and therefore the cessation of this service may impact disproportionately on specific localities. A transition of Leisure Facilities to a cost neutral and consideration of closures may impact on Younger People, Older People and people with a disability. Consideration for additional library closures will require equality impact assessments to ensure that the proposal does not impact adversely on people with a protected characteristic.
Fair employment	<u>Workforce Profile December 2022</u> Female Employees – 69.3% Minority ethnic employees - 1.46% Disabled employees 5.34% The current, and future, savings proposals are likely to have an impact on staff. Any service review that identifies implications for staff will be developed with guidance from the Council's Human Resources officers, in accordance with relevant policies, and in consultation with Unions, where necessary. This includes the offer of redeployment, where available, to staff vulnerable to redundancy. Selection for redundancy is based on clear, fair, and justifiable criteria set out within the Council's Redundancy Policy. Selection for redundancy is not based on age related criteria, or any other criteria linked to one or more protected characteristics, such as disability, sex, or race. Members and Officers making decisions on redundancy must ensure that their decisions are free from the influence of discrimination or prejudicial bias because of protected characteristics.

APPENDIX 7: PORTFOLIO / PRIORITY BUDGET SUMMARIES 2023/24

INDEX OF APPENDIX 7

The following tables analyse portfolio and priority budgets across services and detail the nature of expenditure and income.

Service Analysis – Economy, Business & Skills Portfolio   Appendix 7(i)

Economy, Business & Skills	Allowed Budget 2023/24 £'000	Allowed Expenditure 2023/24 £'000	Allowed Income 2023/24 £'000
Children & Young People's Services			
Schools			
Schools Delegated Budget	0	128,477	(128,477)
Schools Total	**0**	**128,477**	**(128,477)**
Non-Schools			
Other Expenditure Attributable to Schools	5,521	8,362	(2,841)
Early Years Development (incl. PVIs)	339	8,106	(7,767)
Support for Children with SEND	2,109	9,376	(7,267)
Behaviour Support Services	52	3,906	(3,854)
Home to School/College Transport	3,665	3,760	(95)
Management & Other Support Services	2,219	4,349	(2,130)
Non-Schools Total	**13,905**	**37,859**	**(23,954)**
Total Children and Young People Department	**13,905**	**166,336**	**(152,431)**
Place Services Directorate			
Employment Skills and Initiatives	0	1,033	(1,033)
Place and Economic Delivery	155	155	0
Environmental Health	1,187	1,686	(499)
Trading Standards	584	599	(15)
Licensing & Land Charges	(18)	659	(677)
Place Services Directorate Total	**1,908**	**4,132**	**(2,224)**
Total	**15,813**	**170,468**	**(154,655)**

Service Analysis – Children & Young People Portfolio   Appendix 7(ii)

Children & Young People	**Allowed Budget 2023/24 £'000**	**Allowed Expenditure 2023/24 £'000**	**Allowed Income 2023/24 £'000**
Children & Young People's Services			
Social Care and Commissioning Teams	12,017	12,441	(424)
Children Looked After	29,184	36,048	(6,864)
Child Protection	1,864	2,021	(157)
Children's Centres/Early Help Service	1,889	2,731	(842)
Support for Disabled Children	1,581	1,930	(349)
Family Support Services	2,853	6,792	(3,939)
Management & Other Support Services	112	1,875	(1,763)
Youth Offending Teams	669	1,722	(1,053)
Total	**50,169**	**65,560**	**(15,391)**

Service Analysis – Integrated Care Portfolio   Appendix 7(iii)

Integrated Care	Allowed Budget 2023/24 £'000	Allowed Expenditure 2023/24 £'000	Allowed Income 2023/24 £'000
Integrated Care Services			
Physical Support - Frail and Elderly	14,430	37,795	(23,365)
Sensory Support	1,067	1,321	(254)
Support with Memory and Cognition	8,667	14,134	(5,467)
Learning Disability Support	24,140	35,894	(11,754)
Mental Health Support	3,638	4,526	(888)
Assistive Equipment and Technology	1,093	4,604	(3,511)
Care Management - Assessment and Review	7,135	10,126	(2,991)
Transport and Generic Services	0	1,513	(1,513)
Management, Commissioning and Support Services	0	5,627	(5,627)
Total	**60,170**	**115,540**	**(55,370)**

Service Analysis – Wellbeing, Communities & Culture Portfolio Appendix 7(iv)

Wellbeing, Communities & Culture	Allowed Budget 2023/24 £'000	Allowed Expenditure 2023/24 £'000	Allowed Income 2023/24 £'000
Integrated Care Services			
Sexual Health	2,035	2,035	0
Primary Care	95	95	0
Public Health Advice	647	647	0
Obesity	1,143	1,143	0
Physical Activity	1,584	1,584	0
Substance Misuse	2,793	3,986	(1,193)
Stop Smoking Services & Interventions	590	590	0
Healthy Child Programme	4,553	4,553	0
Miscellaneous Public Health Services	1,978	2,078	(100)
Management & Support Services	0	2,223	(2,223)
Public Health Grant	(15,418)	0	(15,418)
Public Health Grant-Funded Services	**0**	**18,934**	**(18,934)**
Children and Young People Department			
Adult Community Learning	31	657	(626)
Total Children and Young People Department	**31**	**657**	**(626)**
Place Services Directorate			
Arts Development & Support	306	346	(40)
Archiving	109	219	(110)
Sports Development	(30)	327	(357)
Indoor Sports & Recreation	1,836	5,715	(3,879)
Outdoor Sports & Recreation	356	503	(147)
Library Services	2,535	2,797	(262)
Tourism and Events	276	303	(27)
Community Safety	951	1,560	(609)
Total Communities & Culture Services	**6,339**	**11,770**	**(5,431)**
Total	**6,370**	**31,361**	**(24,991)**

Service Analysis – Finance & Governance Portfolio **Appendix 7(v)**

Finance & Governance	Allowed Budget 2023/24 £'000	Allowed Expenditure 2023/24 £'000	Allowed Income 2023/24 £'000
Corporate Services Directorate			
Local Tax Collection	1,341	1,341	0
Emergency Planning	130	130	0
Local Welfare Assistance Schemes	190	190	0
Grants and Donations	47	50	(3)
Non-Distributed Costs	1,840	1,857	(17)
Finance	0	9,766	(9,766)
Audit and Risk	0	1,209	(1,209)
Coroners Court Services	270	270	0
Registration of Births, Deaths & Marriages	51	262	(211)
Democratic Representation & Management	1,673	1,673	0
Elections	422	425	(3)
Human Resources	0	2,798	(2,798)
Legal Services	0	1,941	(1,941)
Governance & Administration	0	281	(281)
Housing Benefit Administration	537	44,151	(43,614)
Total	**6,501**	**66,344**	**(59,843)**

Service Analysis – Transformation Portfolio **Appendix 7(vi)**

Transformation	Allowed Budget 2023/24 £'000	Allowed Expenditure 2023/24 £'000	Allowed Income 2023/24 £'000
Corporate Services Directorate			
Corporate Management	1,472	1,472	0
I.T.	0	9,428	(9,428)
Press and Public Affairs	0	1,289	(1,289)
Policy Development	0	2,345	(2,345)
Organisational Development	0	1,180	(1,180)
Other Services	0	129	(129)
Total	**1,472**	**15,843**	**(14,371)**

Environment & Transport	Allowed Budget 2023/24 £'000	Allowed Expenditure 2023/24 £'000	Allowed Income 2023/24 £'000
Place Services Directorate			
Parks & Open Spaces	2,274	2,477	(203)
Street Cleansing	1,798	1,977	(179)
Cemetery and Crematorium	(609)	2,015	(2,624)
Waste Collection	2,383	3,059	(676)
Recycling	3,822	6,455	(2,633)
Climate Change	27	52	(25)
Parking Services	266	1,330	(1,064)
Highways Maintenance	9,197	11,385	(2,188)
Street Lighting	2,711	2,869	(158)
Traffic Management & Road Safety	606	783	(177)
Direct Services	(37)	20,343	(20,380)
Management & Support Services	0	1,830	(1,830)
Councillor Improvement Fund	100	100	0
Total	**22,538**	**54,675**	**(32,137)**

Service Analysis - Regeneration & Planning Portfolio

Appendix 7(viii)

Regeneration & Planning	Allowed Budget 2023/24 £'000	Allowed Expenditure 2023/24 £'000	Allowed Income 2023/24 £'000
Place Services Directorate			
Building Control	367	733	(366)
Development Control	630	1,604	(974)
Planning Policy	501	676	(175)
Estates - Industrial & Commercial Premises (including Town Centre)	1,436	8,046	(6,610)
Market Undertakings	710	1,073	(363)
Economic Development	34	159	(125)
Management & Support Services	0	609	(609)
Growth Delivering Prosperity	791	791	0
Transport Planning, Policy & Strategy	787	787	0
Building Support Services	0	8,360	(8,360)
Estates Management	0	1,493	(1,493)
Housing Services	1,233	3,333	(2,100)
Homelessness	356	1,263	(907)
Supporting People	5,219	5,219	0
Total	**12,064**	**34,146**	**(22,082)**

Service Analysis **Appendix 7(ix)**

Priority 1 – Ensure children and young people have a positive start in life

	Allowed Budget 2023/24 £'000	Allowed Expenditure 2023/24 £'000	Allowed Income 2023/24 £'000
Schools Delegated Budgets	0	128,477	(128,477)
Total Schools	**0**	**128,477**	**(128,477)**
Child Protection	1,864	2,021	(157)
Children Looked After	29,184	36,048	(6,864)
Children's Centres / Early Help Service	1,889	2,731	(842)
Early Years Development (incl. PVI's)	339	8,106	(7,767)
Family Support Services	2,853	6,792	(3,939)
Home to School Transport	3,665	3,760	(95)
Management & Other Support Services	2,331	6,224	(3,893)
Other Expenditure Attributable to Schools	5,521	8,362	(2,841)
Behaviour Support Services	52	3,906	(3,854)
Social Care & Commissioning Teams	12,017	12,441	(424)
Support for Children with SEND	2,109	9,376	(7,267)
Support for Disabled Children	1,581	1,930	(349)
Youth Offending Teams	669	1,722	(1,053)
Total Non-Schools	**64,074**	**103,419**	**(39,345)**
Total	**64,074**	**231,896**	**(167,822)**

Priority 2 – Promote good health, independence and care across our communities

	Allowed Budget 2023/24 £'000	Allowed Expenditure 2023/24 £'000	Allowed Income 2023/24 £'000
Assistive Equipment and Technology	1,093	4,604	(3,511)
Care Management - Assessment and Review	7,135	10,126	(2,991)
Healthy Child Programme	4,553	4,553	0
Learning Disability Support	24,140	35,894	(11,754)
Management, Commissioning and Support Services	0	7,850	(7,850)
Mental Health Support	3,638	4,526	(888)
Miscellaneous Public Health Services	1,978	2,078	(100)
Obesity	1,143	1,143	0
Physical Activity	1,584	1,584	0
Physical Support - Frail and Elderly	14,430	37,795	(23,365)
Primary Care	95	95	0
Public Health Advice	647	647	0
Public Health Grant	(15,418)	0	(15,418)
Sensory Support	1,067	1,321	(254)
Sexual Health	2,035	2,035	0
Stop Smoking Services & Interventions	590	590	0
Substance Misuse	2,793	3,986	(1,193)
Support with Memory and Cognition	8,667	14,134	(5,467)
Transport and Generic Services	0	1,513	(1,513)
Total	**60,170**	**134,474**	**(74,304)**

Service Analysis **Appendix 7(xi)**

Priority 3 – Create safe and strong communities for our residents

	Allowed Budget 2023/24 £'000	Allowed Expenditure 2023/24 £'000	Allowed Income 2023/24 £'000
Community Safety	951	1,560	(609)
Environmental Health	1,187	1,686	(499)
Homelessness	356	1,263	(907)
Housing Benefits Administration	537	44,151	(43,614)
Housing Services	1,233	3,333	(2,100)
Licensing & Land Charges	(18)	659	(677)
Supporting People	5,219	5,219	0
Trading Standards	584	599	(15)
Total	**10,049**	**58,470**	**(48,421)**

Service Analysis **Appendix 7(xii)**

Priority 4 – Support a strong, diverse and well-connected local economy

	Allowed Budget 2023/24 £'000	**Allowed Expenditure 2023/24 £'000**	**Allowed Income 2023/24 £'000**
Adult & Community Learning	31	657	(626)
Building Control	367	733	(366)
Development Control	630	1,604	(974)
Economic Development	189	314	(125)
Employment & Skills Initiatives	0	1,033	(1,033)
Estates – Industrial & Commercial Premises (including Town Centre)	1,436	8,046	(6,610)
Growth Delivering Prosperity	791	791	0
Management & Support Services	0	609	(609)
Market Undertakings	710	1,073	(363)
Parking Services	266	1,330	(1,064)
Planning Policy	501	676	(175)
Transport Planning, Policy & Strategy	787	787	0
Total	**5,708**	**17,653**	**(11,945)**

Priority 5 – Create a green, thriving and vibrant place to be proud of

	Allowed Budget 2023/24 £'000	Allowed Expenditure 2023/24 £'000	Allowed Income 2023/24 £'000
Archiving	109	219	(110)
Arts Development and Support	306	346	(40)
Climate Change	27	52	(25)
Direct Services	(37)	20,343	(20,380)
Highways Maintenance	9,197	11,385	(2,188)
Indoor Sports & Recreation	1,836	5,715	(3,879)
Library Services	2,535	2,797	(262)
Management & Support Services	0	1,830	(1,830)
Outdoor Sports & Recreation	356	503	(147)
Parks & Open Spaces	2,274	2,477	(203)
Recycling	3,822	6,455	(2,633)
Sports Development	(30)	327	(357)
Street Cleansing	1,798	1,977	(179)
Street Lighting	2,711	2,869	(158)
Tourism & Events	276	303	(27)
Traffic Management & Road Safety	606	783	(177)
Waste Collection	2,383	3,059	(676)
Total	**28,169**	**61,440**	**(33,271)**

Service Analysis **Appendix 7(xiv)**

Priority 6 – Be a modern, efficient and effective Council

	Allowed Budget 2023/24 £'000	Allowed Expenditure 2023/24 £'000	Allowed Income 2023/24 £'000
Audit and Risk	0	1,209	(1,209)
Building Support Services	0	8,360	(8,360)
Estates Management	0	1,493	(1,493)
Cemetery and Crematorium	(609)	2,015	(2,624)
Coroners Court Services	270	270	0
Corporate Management	1,472	1,472	0
Councillor Improvement Fund	100	100	0
Democratic Representation & Management	1,673	1,673	0
Elections	422	425	(3)
Emergency Planning	130	130	0
Finance	0	9,766	(9,766)
Governance & Administration	0	281	(281)
Grants & Donations	47	50	(3)
Human Resources	0	2,798	(2,798)
IT	0	9,428	(9,428)
Legal Services	0	1,941	(1,941)
Local Tax Collection	1,341	1,341	0
Local Welfare Assistance Schemes	190	190	0
Non-Distributed Costs	1,840	1,857	(17)
Organisational Development	0	1,180	(1,180)
Policy Development	0	2,345	(2,345)
Press and Public Affairs	0	1,289	(1,289)
Registrar of Births, Deaths and Marriages	51	262	(211)
Other Services	0	129	(129)
Total	**6,927**	**50,004**	**(43,077)**

APPENDIX 8: FLEXIBLE USE OF CAPITAL RECEIPTS STRATEGY 2023/24

The Government have provided a time limited flexibility to use capital receipts from the disposal of property, plant and equipment assets to fund the revenue cost of service transformation and costs that support invest-to-save and efficiency projects designed to provide revenue savings in the future. This flexibility was extended in 2022/23 to cover the financial years until 2024/25.

Revenue expenditure qualifies to be funded from the capital receipt flexibility if it has been incurred on any project that is designed to generate ongoing revenue savings in the delivery of services and/or transform service delivery in a way that reduces costs or demand for services in future years for the Council or any of its public sector delivery partners.

The flexibility provides an alternative way of funding the one-off transformation costs and up-front investment associated with delivery of recurring savings which are required to deliver a balanced budget in future years.

As previously agreed, the Council's Medium Term Financial Strategy includes a requirement for Council wide revenue savings from the restructuring and reconfiguring of Council services to meet the existing and forecast future funding gaps.

For 2022/23 approval was provided to use £1m capital receipts to cover the costs associated with the reconfiguration of services, restructuring or rationalisation. The actual use will be reported to Cabinet at outturn.

For 2023/24, it is proposed to again make use of the flexibility to fund £1m of expenditure associated with the reconfiguration of services, restructuring or rationalisation.

The Council will have due regard to the requirements of the Prudential Code and the impact on its prudential indicators from implementing this Strategy. The expenditure to be incurred will be included in the capital programme to be funded by capital receipts generated in the financial year. The capital expenditure prudential indicators will be calculated, amended and approved as appropriate.

These receipts have not been earmarked for any other proposed capital expenditure and therefore there is no anticipated additional impact on the Council's prudential indicators as set out in the Council's Treasury Management Strategy.

The Council will also have due regard to the Local Authority Accounting Code of Practice when determining and including the entries required within the Council's Statement of Accounts.

This strategy will be monitored throughout the financial year.

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Guidance

Compulsory purchase and compensation: guide 1 - procedure

Guidance explaining why compulsory purchase orders are made, and what people's rights are to challenge them.

From:
Department for Levelling Up, Housing and Communities (/government/organisations/department-for-levelling-up-housing-and-communities)

Published
17 December 2021

Applies to England

Contents

Introduction

Overview

1. Compulsory purchase is a legal mechanism by which certain bodies (known as 'acquiring authorities') can acquire land without the consent of the owner. Compulsory purchase powers can support the delivery of a range of development, regeneration and infrastructure projects in the public interest. In doing so, they can help to bring about improvements to social, economic and environmental wellbeing.

2. Although compulsory purchase powers can help to deliver positive change, the government recognises that it can be upsetting and stressful to discover that land which you own or occupy is to be compulsorily acquired. Furthermore, the law and procedures relating to compulsory purchase are complex, which can be daunting. These plain English guides are intended to help those affected by compulsory purchase by explaining how the system works in simple terms. The guides reflect legislative changes up to and including the Neighbourhood Planning Act 2017.

3. This guide, the first of a series of 4, provides an end-to-end overview of the compulsory purchase order (CPO) process and is aimed at people potentially affected by a CPO in England and Wales. It outlines the procedures which acquiring authorities must go through to use their powers and explains what opportunities those affected have to influence the outcome. The guide reflects legislative changes in effect on the date of publication of this guide.

4. This series of guides deals primarily with CPOs which follow the procedures set out in the Acquisition of Land Act 1981. Depending on the type of project that is being promoted, compulsory purchase powers may be granted through other legal instruments and there are separate sources of guidance on the procedures for those. The most commonly used are:

- **orders under the Transport and Works Act 1992** authorising the construction and operation of guided transport projects (e.g. railways, tramways) – see guidance on Transport and Works Act orders (https://www.gov.uk/government/publications/transport-and-works-act-orders-a-brief-guide-2006)
- **development consent orders under the Planning Act 2008** authorising the construction and operation of nationally significant infrastructure projects – see guidance on the National Infrastructure Planning process (https://infrastructure.planninginspectorate.gov.uk/application-process/the-process/) and guidance on procedures for the compulsory acquisition of land (https://www.gov.uk/government/publications/planning-act-2008-procedures-for-the-compulsory-acquisition-of-land)
- **Hybrid Acts of Parliament** authorising major infrastructure projects, such as HS2 and Crossrail – each project will have its own specific guidance but see general guidance on Hybrid Acts (https://www.parliament.uk/about/how/laws/bills/hybrid)

5. While there are some specific differences between each process, there are important procedural elements which apply to all cases – including the right to object and the ability to challenge decisions. Furthermore, the same statutory rights

to compensation apply regardless of which process is used. The procedures for implementing compulsory purchase powers (if approved), which are covered in the section of this guide entitled Possession and acquisition, are also applicable to all types of process.

6. If you think you may be affected by compulsory purchase through a CPO, you should read this guide first. Subsequent guides explain what compensation affected owners and occupiers are entitled to and how it is assessed. There are separate guides explaining compensation available to:

- business owners and occupiers (Guide 2) (https://www.gov.uk/guidance/compulsory-purchase-and-compensation-guide-2-compensation-to-business-owners-and-occupiers)
- agricultural owners and occupiers (Guide 3) (https://www.gov.uk/guidance/compulsory-purchase-and-compensation-guide-3-compensation-to-agricultural-owners-and-occupiers)
- residential owners and occupiers (Guide 4) (https://www.gov.uk/guidance/compulsory-purchase-and-compensation-guide-4-compensation-to-residential-owners-and-occupiers)

7. These guides are aimed at the layperson and, wherever possible, the use of jargon and technical language has been avoided. There are, however, a number of important terms which have specific meaning in compulsory purchase matters. These words and expressions are explained within Appendix 1 of each guide. There are also a number of bodies and organisations who may be able to offer their advice if you are affected by compulsory purchase. A list of useful contact names, addresses and telephone numbers is set out in Appendix 2 of each guide.

Key points to note

Professional advice

8. These guides are intended to help affected parties to understand the basics of the CPO process but cannot cover every circumstance that may arise. The information they contain carries no legal force and does not constitute legal advice. The guides are not a substitute for professional advice. If you think your land may be the subject of compulsory purchase you should seek advice from a suitably experienced property adviser such as a chartered surveyor, an agricultural valuer or a solicitor, who should be able to advise on your rights and also act on your behalf if appropriate. It is best to seek professional help as early as possible.

9. When choosing a professional adviser you may wish to consider the following points:

- can they demonstrate experience in advising people with your type of business/property who have been affected by compulsory purchase?

- are they bound by professional standards in the way they undertake their work? The Royal Institution of Chartered Surveyors has a Professional Statement outlining the standards which its members must follow in advising on compulsory purchase (https://www.rics.org/uk/upholding-professional-standards/sector-standards/land/surveyors-advising-in-respect-of-compulsory-purchase-and-statutory-compensation-uk/)
- have they been clear about the basis for the fees that will be charged?
- have they been clear about circumstances where their fees may be recoverable from the acquiring authority and when?

10. Firms who offer compulsory purchase as a surveying service and who offer 30 minutes of free advice on the subject can be found under the Find a Surveyor service (https://www.ricsfirms.com/helplines/compulsory-purchase/) offered by the Royal Institution of Chartered Surveyors.

11. For rural land, the Central Association of Agricultural Valuers (https://www.caav.org.uk/) (tel: 01452 831815) may be able to provide contact details for suitably experienced agricultural valuers in your area.

Can I recover the costs of employing a professional adviser?

Any costs associated with objecting to a CPO – including professional fees incurred in pursuing the objection – need to be met by you as the objector. However, if you are a remaining objector whose objection is sustained, such that the CPO was not confirmed or your land is excluded from the CPO, then you are entitled to seek an award of reasonable costs once the confirming authority's decision is issued. Such an award will normally be made unless there are exceptional reasons for not doing so. If you are partially successful in objecting i.e. part of your land may be excluded from the CPO you will be awarded your reasonable costs that relate to that part of your objection.

If a CPO is confirmed and implemented reasonable professional fees incurred in preparing and negotiating your claim for compensation can generally be reclaimed from the acquiring authority (see guides 2, 3 and 4 (https://www.gov.uk/government/collections/compulsory-purchase-system-guidance)).

Comprehensive records

12. It is important that **you keep a comprehensive record of all communications with the acquiring authority, including notes of any meetings**. You should also keep detailed records of all expenses incurred and losses sustained as you may be able to recover these as part of your claim for compensation. You should bear in mind that you can only receive compensation for expenses and losses which occur as a direct and reasonable consequence of the acquisition of your land. You may also wish to keep a record of the condition and state of your land.

Duty to mitigate your loss

13. Those affected by compulsory purchase are under a duty to 'mitigate losses'. This means that **you need to take reasonable steps to eliminate or reduce your losses**. For example, if you need to employ a removals firm to assist with your move, you should obtain quotes from at least 2 reputable firms. Assuming the firms all offer the same service, instructing the cheapest would be a way of mitigating your loss.

Outline of Procedure

14. Acts of Parliament define which bodies have compulsory purchase powers and specify the purposes for which they can acquire land. However, these are effectively 'in principle' powers: they do not, by themselves, allow an acquiring authority to purchase specific land compulsorily. To make use of their powers, acquiring authorities need to first make a CPO which must be 'confirmed' (i.e. approved) by the 'confirming authority' who is either:

- the relevant government minister (the confirmation of CPOs located in Wales is the responsibility of Welsh ministers); or
- an inspector appointed by the relevant minister to take the decision on their behalf ('delegated cases').

> 15. The CPO process is made up of several stages, which are set out in Diagram 1 below. The remainder of this guide is structured according to those stages. It should be noted that the length of the process may vary significantly. There may be a considerable amount of time (sometimes several years) between you becoming aware of a proposal to acquire your land and the acquiring authority subsequently taking possession of it.

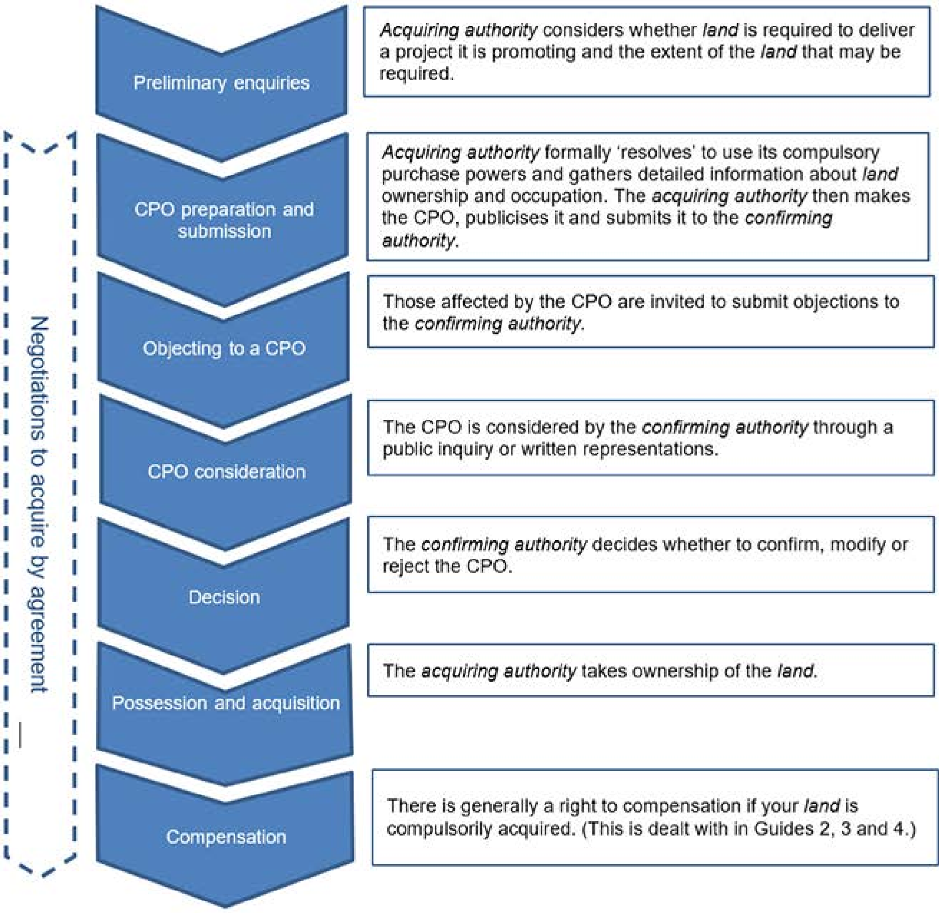

Diagram 1: Outline of the compulsory purchase process

Diagram 1 - Outline of the Compulsory Purchase process - plain text version

Preliminary enquiries
Acquiring authority considers whether land is required to deliver a project it is promoting and the extent of the land that may be required.

Negotiations to acquire by agreement

CPO preparation and submission
Acquiring authority formally 'resolves' to use its compulsory purchase powers and gathers detailed information about land ownership and occupation. The acquiring authority then makes the CPO, publicises it and submits it to the confirming authority.

Objecting to a CPO
Those affected by the CPO are invited to submit objections to the confirming authority.

CPO consideration
The CPO is considered by the confirming authority through a public inquiry or written representations.

Decision
The confirming authority decides whether to confirm, modify or reject the CPO.

Possession and acquisition
The acquiring authority takes ownership of the land.

Compensation
There is generally a right to compensation if your land is compulsorily acquired. (This is dealt with in guides 2, 3 and 4 (https://www.gov.uk/government/collections/compulsory-purchase-system-guidance).)

Statutory Blight

16. The prospect of a CPO may cause uncertainty which may reduce the value of your land. In certain circumstances, as set out in Schedule 13 to the Town and Country Planning Act 1990, it may be possible for affected owners to bring forward the date of acquisition by serving a ‘blight notice’ on the acquiring authority. If accepted, the effect of a blight notice is to require the acquiring authority to purchase your land earlier than it was intending to do so. You do not necessarily need to wait until a CPO has been confirmed before you can serve a blight notice – it can be served at an earlier stage in some instances. Further information on the blight provisions is included in the Possession and acquisition section of this guide.

17. Your professional adviser will be able to advise whether the blight provisions are relevant in your particular case.

Compensation

18. The overriding principle of compulsory purchase compensation is ‘equivalence’. This is the principle that people whose land is acquired compulsorily (or under the threat of compulsory purchase) should be left neither better nor worse off financially as a result of their land being acquired – being entitled to compensation which is neither more nor less than the value of their loss. As well as compensation for the market value of any land taken, additional compensation may be payable – for example, occupiers of residential properties may also be entitled to a statutory home loss payment. Guidance on compensation entitlement is set out in guides 2, 3 and 4 (https://www.gov.uk/government/collections/compulsory-purchase-system-guidance).

Preliminary enquiries

19. A wide range of organisations have compulsory purchase powers, which can be used to help facilitate a variety of different projects. For example, local councils can use their powers to support housing and planning projects, transport bodies can use them for new or improved road and rail links and statutory undertakers can use them for utilities infrastructure.

20. When an acquiring authority starts drawing up plans for a particular scheme (e.g. a new road, regeneration project etc), it will need to consider whether any land needs to be acquired in order to deliver its proposals. To determine the extent

of the land that is required, the acquiring authority may visit and inspect any land which may be affected by its proposed scheme.

21. An acquiring authority may consult on its proposals in order to publicise the scheme and to give interested parties (including affected owners and occupiers) an opportunity to provide feedback. It may consult on its proposed scheme more than once, and the proposals may develop over time. As the proposed scheme evolves, the amount of land that is required may change.

22. It is during this preliminary stage that you may first become aware of the prospect of a CPO. Clearly, if the acquiring authority makes direct contact, you will be alerted to its intentions. However, if no direct contact is made but you suspect that there are proposals to acquire your land (for example, because it has been identified in a consultation document), you should contact the acquiring authority if you want to find out more.

23. If you do not know who the acquiring authority is, a sensible first step is to contact your local council. It will be able to advise you whether it has any proposals to use its compulsory purchase powers. If it does not, it may be aware of other bodies' proposals for development which may involve the acquisition of your land. In such circumstances it may be able to suggest who you could contact.

24. Compulsory purchase is intended as a last resort and acquiring authorities are expected to try to acquire land by agreement before resorting to compulsory purchase. They can seek to acquire the land by agreement at any time and should attempt to do so before and/or alongside taking steps to acquire land by compulsion. If you are keen to sell your land you should contact the acquiring authority to see if they are prepared to acquire your land early.

CPO preparation and submission

Resolution

25. Once the acquiring authority has completed its initial investigations and established the proposed CPO boundary, it can proceed to the next stage. This is the formal decision ('resolution') to use compulsory purchase powers. If the CPO is to be made by a local council, the council executive or the appropriate executive committee will consider a report prepared by officers recommending the use of compulsory purchase powers and make a decision.

26. The resolution will define the land to be acquired (usually by reference to a plan) and state the purpose for which the land is required.

27. Many public bodies, including councils, are required to disclose resolutions and other acquiring authorities may choose to do so. Where they do not, it is good practice for such an acquiring authority (e.g. an electricity company) to inform the

relevant local council. If this occurs it should be possible to find out about resolutions made by other acquiring authorities by asking the local council.

Referencing – recording information

28. This is the exercise undertaken by acquiring authorities of collecting and recording information on land ownership and occupation. The process builds upon the initial information gathering exercise which an acquiring authority may have undertaken prior to a formal resolution to use its compulsory purchase powers.

29. The acquiring authority will be seeking to identify everyone who has a legal interest in, or right to occupy, the land it proposes to acquire. This would include owners (both freeholders and leaseholders), tenants and occupiers. This is an important step because the information gathered will form the basis of who will be notified at key stages of the CPO process, including being given the opportunity to object.

30. Acquiring authorities have statutory powers to assist them in carrying out this process. This includes the power to serve a notice on all people it thinks own or occupy land it wishes to acquire. This notice will ask for details of your interest in the land (for example, whether you own the freehold or leasehold or you rent the land) and also of anyone else who has an interest in it. The notice may include a map extract asking you to mark or verify the boundary of your interest. You must be given at least 14 days to respond. Failure to provide information, or making false or reckless statements, is a criminal offence.

31. Acquiring authorities may request that you provide this information more than once. This is to ensure that its records are kept up to date.

32. If you receive a notice of this kind and you are not sure what it means you should immediately contact the acquiring authority or organisation that sent the letter.

33. Acquiring authorities also have statutory powers to enter land in order to carry out valuations or surveys (e.g. to find out if there are any environmental issues which might need to be considered, such as ground contamination). If it intends to use these powers, the acquiring authority must give you at least 14 days' notice of entry so that you are able to make any necessary arrangements and may only enter your land at a reasonable time. Acquiring authorities may apply to a justice of the peace for a warrant to exercise their power of entry if necessary. You will be entitled to compensation from the acquiring authority for any damage arising as a result of their entry onto your land.

Making the CPO

34. Once the information gathering exercise is complete, the acquiring authority will prepare the CPO and supporting documents. The CPO will have a heading or title which identifies the general area within which the land is situated and the year in

which the CPO was made – for example, 'The Birmingham City Council (Poolway Shopping Centre Meadway) Compulsory Purchase Order 2016'.

35. The act of making the CPO is one that the acquiring authority does itself. However even though the CPO is made, it has no effect until confirmed by the confirming authority.

36. The main body of the CPO will contain details of:

- the Act of Parliament and relevant powers under which the CPO is being made
- the purpose for which the CPO is being made
- the name of the acquiring authority

CPO schedule and map

37. Attached to the CPO will be a schedule showing the ownership of land within the CPO. The schedule will:

- contain the extent, description and location of the land
- set out (where known) the names and addresses of reputed owners, leaseholders, tenants, occupiers, persons who enjoy rights over the land which will be interfered with
- set out persons who are likely to be entitled to make a claim for compensation because the value of their land will/may be reduced as a result of works carried out on the land being compulsorily acquired even though none of their land is being compulsorily acquired

38. Each plot of land referred to in the schedule will have a reference number which will correspond with the relevant plot on the CPO map which will be attached to the CPO.

Statement of Reasons

39. The acquiring authority will usually prepare a document known as a Statement of Reasons for making the CPO. This sets out the authority's reasons for seeking to acquire the land and will accompany the CPO.

Press and site notices

40. Before the acquiring authority submits the CPO for confirmation, a notice must be published for 2 successive weeks in 1 or more local newspapers and must also be fixed on or near the land covered by the order.

Individual notices

41. The acquiring authority must serve notice stating the effects of the CPO on every qualifying person.

42. The content of the press notice, the site notice and the individual notices is very similar, and each will:

- state that a CPO is about to be submitted for confirmation
- specify the time within which objections to the CPO can be made (this must be at least 21 days from the date the notice is posted)
- specify the manner in which objections to the CPO may be made
- say where in the locality the CPO, map and any other documents deposited in support of the CPO may be inspected

Objecting to a CPO

43. The notices advertising the making of a CPO invite the submission of objections to the relevant minister. Objections must arrive within the period specified in the notice.

44. The details of the address to which objections should be sent and the time period for doing so are set out in the notice. There is no specific format for the objection other than it must be in writing. You can write the letter yourself or you may appoint a professional adviser to submit the objection on your behalf. The costs of objecting to a CPO are generally only recoverable by remaining objectors if their objection is sustained (see Key points to note section above).

45. If no objections are made, and the relevant minister is satisfied that the proper procedure for serving and publishing notices has been observed, they will consider the case on its merits and may confirm, modify or reject the CPO without the need for any form of hearing. Alternatively, in such cases the relevant minister may decide to allow the acquiring authority to confirm its own CPO.

46. A 'remaining objector' is a qualifying person who has objected within the stipulated period and has not withdrawn their objection.

47. Other people may also object to a CPO although they are not qualifying persons in relation to the CPO. Only a remaining objector has a right to be heard at the public inquiry and the confirming authority is only obliged to hold an inquiry if there are remaining objectors.

48. If objections are received and not withdrawn, the confirming authority will either arrange for a public local inquiry to be held (see paragraph 54 or – where all the remaining objectors agree to it – arrange for the objections to be considered through the written representations procedure.

Grounds for objection

49. In general, any objection will be valid if properly made. The confirming authority is, however, entitled to disregard objections:

- if they are satisfied that the objection relates exclusively to matters which can be dealt with by the Upper Tribunal (Lands Chamber) - this means disputes:
  - regarding the appropriate level of compensation; and
  - over whether part only of land may be compulsorily acquired or whether the authority should be compelled to acquire the whole – even if it only requires part for the scheme (known as 'material detriment' and explained in the guides 2, 3 and 4 (https://www.gov.uk/government/collections/compulsory-purchase-system-guidance))
- if, in the case of a CPO brought forward by a local council under the Town and Country Planning Act 1990, the objection is to a local planning matter set out in the development plan for the area

50. Objections usually fall into 3 categories as follows:

- you may agree with the purpose of the scheme but you would like to see minor amendments to minimise the impact on you. Objections of this nature may secure changes, for example, to reduce the visual or noise intrusion of a scheme, or minor adjustments to the land required;
- you may agree with the purpose of the scheme but you feel that it should be located elsewhere
- you may object to the scheme completely. However, as stated in paragraph 50 above, this cannot be solely on the grounds that you object to adopted planning policy

Negotiations with the acquiring authority

51. The acquiring authority will normally seek to negotiate with objectors prior to the public inquiry or, where relevant, during the written representations procedure.

52. If an objection relates to a specific matter which the acquiring authority can accommodate without prejudicing their scheme, it may be prepared to amend the scheme thus enabling the withdrawal of the objection.

53. It may also be possible to secure some form of undertaking from the acquiring authority limiting the way in which they will exercise their powers, probably in exchange for the withdrawal of the objection. **Before withdrawing your objection, you should ensure that any agreement reached is in writing in some form of legally enforceable agreement. Your solicitor should advise you on this.**

54. If the acquiring authority is unable to secure the withdrawal of all remaining objections there will either be a public local inquiry or (if all the remaining objectors have agreed to its use) the written representations procedure will be followed.

CPO consideration

55. Once a CPO is submitted, the relevant minister will decide whether they wish to consider the case themselves or appoint an independent inspector to make the confirmation decision on their behalf. Cases where the relevant minister decides to appoint an inspector to take the final decision are referred to as 'delegated cases'. Where the relevant minister is taking the decision, an inspector will undertake the detailed consideration of the case (through either an inquiry or written representations) and prepare a report with recommendations for the minister to consider and make a decision. In delegated cases, the inspector will undertake the detailed consideration of the case and make the decision.

56. Shortly after the closing date for objections, if the confirming authority thinks the objections could be considered through the written representations procedure they will write to the remaining objectors seeking their consent to this. If, however, they consider that the written representations procedure is not appropriate they will write to the acquiring authority and the objectors indicating that an inquiry is to be held. Similarly, where any remaining objector does not consent to the written representations procedure, the confirming authority will write to all parties indicating that an inquiry is to be held. The date of the letter indicating an inquiry is to be held is known as the 'relevant date'. This date is the date from which other procedural steps in the process should happen.

The inquiry

57. Not later than 6 weeks after the relevant date the acquiring authority must serve a 'statement of case' on the confirming authority and each remaining objector. This sets out full particulars of the case to be put forward at the inquiry and justifies the reasons for making the CPO. Copies of all documents referred to in the statement of case must be attached, together with a list of any documents which the acquiring authority intends to refer to at the inquiry.

58. The acquiring authority will often publish the statement of case and the documents on their website. The acquiring authority must allow anyone who wishes to inspect and take copies of the statement of case and documents in person to do so. You should not be charged for inspecting documents. However, if you take copies of documents there may be a charge to cover reasonable administration costs.

59. Remaining objectors and anyone appearing at the inquiry may be asked by the inspector to provide a full statement of case. However, this usually only happens in the case of a complex or substantial objection.

60. There is no obligation for an objector to appoint legal or other representation. However, if you intend to become involved in an inquiry you are strongly recommended to have the necessary specialist advice available. Although an inquiry is not a court of law, legal advice is usually needed as it is subject to procedures set down by law and decisions arising from the inquiry are legally binding. Depending on the nature of your objections you may need expert witnesses to give technical and professional evidence. This will have

cost implications. For information about the award of costs see Key points to note section above.

Date of Inquiry

61. The inquiry should normally be held within 22 weeks of the relevant date. Each remaining objector and the acquiring authority must be given at least 42 days' notice of the date, time and place of the inquiry. At least 14 days before the inquiry, site notices must be posted by the acquiring authority, advertising the details. A press notice may also be required.

62. In the case of CPOs which have attracted a large number of objectors, it is likely that a pre-inquiry meeting will be held to discuss the procedure, scope and programming of the inquiry. This meeting will be chaired by an inspector, who may give directions, for example for the prior exchange of evidence. This will be a public meeting and all objectors will be invited to attend. If a pre-inquiry meeting is required the timescales in paragraphs 57 to 73 will be different.

Inquiry Procedure

63. In England, the procedure before, during and after the inquiry is generally governed by the Compulsory Purchase (Inquiries Procedure) Rules 2007 (as amended). In Wales, the procedure is set out in the Compulsory Purchase (Inquiry Procedure) (Wales) Rules 2010 (as amended).

64. The inquiry procedure is also subject to the rules of natural justice. These rules, developed by the courts, provide that there must be fairness in the conduct of an administrative process and, in particular, each side must have a fair opportunity to be heard and to hear and question the case against them. A CPO may be challenged if there has been a breach of either the rules of natural justice or the statutory rules of procedure. Challenges to the confirmation of a CPO are covered at paragraphs 85 to 89.

65. The inquiry is held before an inspector. The appointment of an inspector for a specific inquiry will take into account the particular suitability of the inspector for dealing with the matter in question. The inspector determines how the inquiry is to proceed. They will make this known at the opening of the inquiry if there has not been a pre-inquiry meeting (see paragraph 62). Generally they will try to keep proceedings informal while ensuring that all parties are able to have their say in an organised and orderly manner.

66. Usually, the acquiring authority will present its case first. This is done by way of an opening statement by its advocate, followed by the calling of witnesses to give evidence.

67. The acquiring authority's witnesses may then be questioned by objectors ('cross-examination') and by the inspector. The same process is followed by each objector. By this process, the case for and against acquisition is tested, hence the need for specialist advice and thorough preparation. Remaining objectors are

entitled to cross-examine the acquiring authority's witnesses and any other witnesses. However, other objectors must obtain the inspector's consent to cross-examine witnesses. In practice, this is almost always given.

68. The inspector may require that evidence is given on oath but this is not common.

69. Following the evidence of the objectors, the acquiring authority has the opportunity for final reply.

70. If you are unable or unwilling to attend the inquiry you may, if you would prefer, make a written representation either before or during the inquiry. The inspector is required to disclose the contents of written representations to the inquiry.

Site visit

71. The inspector will usually visit the site. Before or during the inquiry, they can visit it on their own. During or after the inquiry they can also make an accompanied site visit i.e. the inspector will visit the site accompanied by a representative of the acquiring authority and/or any remaining objector(s) who wishes to attend. The inspector must make an accompanied visit if requested to do so by the acquiring authority or any of the remaining objectors. The date and time of an accompanied site visit will be announced by the inspector during the inquiry. The acquiring authority and any remaining objectors will have the right to attend. The inspector will refuse to discuss the merits of the case on an accompanied site visit.

Post inquiry procedure

72. Within 10 business days, beginning on the day after the day the inquiry closes, you and other parties to the inquiry should be notified of the expected date on which a decision will be issued.

73. Where the decision is being taken by a relevant minister, the inspector will produce a report clearly setting out their conclusions and putting forward recommendations for the minister to consider. Where the decision has been delegated to an inspector, they will consider the findings of the inquiry and issue their decision.

The written representations procedure

74. As an alternative to holding an inquiry, objections can be considered by an inspector through the written representations procedure. Instead of the acquiring authority and objectors (or their representatives) appearing in person before an inspector, the cases for and against the CPO are elaborated entirely in writing. In England, the written representations procedure is governed by the Compulsory Purchase of Land (Written Representations Procedure) (Ministers) Regulations 2004 (as amended). In Wales, the procedure is set out in the Compulsory Purchase of Land (Written Representations Procedure) (National Assembly for Wales) Regulations 2004 (as amended).

75. Where all the remaining objectors consent to the written representations procedure, the confirming authority will write to the acquiring authority and the objectors setting a starting date for the written procedure.

76. The confirming authority will ask the acquiring authority to make any additional representations it wishes to them no later than 14 working days after the starting date, or to indicate that it wishes to treat their statement of reasons as their representations.

77. The confirming authority will then send the remaining objectors copies of any additional representation the acquiring authority has made. They will ask the remaining objectors to make any additional representations they wish not later than 15 working days from the date of the confirming authority's letter, or to indicate they do not wish to make further representations.

78. The confirming authority will then send any such representation from the remaining objectors to the acquiring authority, asking it to make any final comments no later than 10 working days from the date of the confirming authority's letter.

79. In cases where the confirming authority is making the decision, they will then appoint an inspector, who will consider the written representations, undertake a site visit if appropriate, and make a recommendation in respect of the CPO. In delegated cases, the inspector considers the written representations, undertakes a site visit if appropriate, and makes the decision. Where a site visit is needed, this must be undertaken within 15 weeks of the starting date.

80. The confirming authority can disregard any representations received outside the deadlines set.

Decision

81. The confirming authority will decide whether or not to confirm, modify or reject the CPO.

82. When the confirming authority has reached its decision it will notify in writing the acquiring authority, the remaining objectors and any other person who appeared at the inquiry or made written representations and asked to be notified. The decision letter will set out the reasons for the decision. Any party who wishes to have a copy of the inspector's report can request one (if it was not enclosed with the decision letter).

83. Successful objectors are invited to submit their claims for costs to the confirming authority when they receive written notification of the decision.

Confirmation of CPO

84. Within 6 weeks of the date of the order being confirmed (or such longer period as may be agreed between the acquiring authority and the confirming authority), the acquiring authority must publish a confirmation notice in 1 or more local

newspapers. They must also fix a copy of the notice and a copy of the confirmed CPO on or near the site and serve a copy of the notice and a copy of the confirmed CPO on every qualifying person.

Challenge to confirmation of CPO

85. The validity of a CPO can be challenged in proceedings in the High Court under the Acquisition of Land Act 1981. The proceedings must be brought within 6 weeks following the newspaper publication of the notice of confirmation of the CPO. There is therefore, a need to act very quickly if you think there are grounds for challenge and you should take legal advice immediately.

86. In general terms, a challenge can be on 1 or more of 3 grounds that:

- the powers granted are 'ultra vires' – this means they go beyond the powers permitted by the Act of Parliament under which they are being sought
- the procedural rules have not been followed correctly
- the confirming authority has not acted properly in reaching a decision - for example, that there was no evidence to support the decision, or that irrelevant considerations were taken into account or relevant ones ignored

87. If the challenge is successful, the High Court may quash:

- the CPO or any part of it – in which case, if the acquiring authority wanted to continue with the compulsory purchase, it would have to start the CPO process again from the beginning; or
- the decision – in which case, the CPO would go back to the relevant minister to reconsider and reach a new decision

Other challenges to decisions on CPOs

88. If, for example, the confirming authority decides not to confirm a CPO, this may not be the end of the matter. The acquiring authority might apply to the court for a Judicial Review, usually on grounds similar to those in third bullet point of paragraph 86. Applications for judicial review must be made as soon as possible and in any event within 3 months of the decision challenged.

89. There may also be circumstances when a decision (other than to confirm the CPO) reached during the compulsory purchase process, may be subject to judicial review on the basis that it has been incorrectly made. If you think that such a decision has been made in your case, you should seek legal advice immediately.

Advance payments

90. At any time after a CPO has been confirmed, you are able to make a claim for an advance payment on account of any compensation you believe you are entitled to following the exercise of compulsory purchase powers or would be entitled to if the compulsory purchase powers were implemented. When doing so you must provide sufficient information to allow the acquiring authority to properly estimate your compensation entitlement (see paragraph 101 for details of how to make a claim). The amount payable in advance is:

- 90% of the agreed sum for the compensation; or
- 90% of the acquiring authority's estimate of the compensation due, if the acquiring authority takes possession before compensation has been agreed

Further information about advance payments (including when they can be paid) is contained in guides 2, 3 and 4 (https://www.gov.uk/government/collections/compulsory-purchase-system-guidance).

Possession and acquisition

91. Following the confirmation of a CPO there are a number of methods available to acquiring authorities to acquire land:

- by agreement
- following a notice to treat/notice of entry
- by a general vesting declaration (GVD)
- by procedures for acquiring 'short tenancies'
- in response to a blight notice

92. An acquiring authority may use a combination of these methods to acquire different parcels of land within a single CPO.

By agreement

93. The fact that an acquiring authority has obtained a confirmed CPO does not prevent it from seeking to purchase by agreement. Indeed, the acquiring authority will usually have attempted to acquire land by agreement prior to making the CPO and before confirmation of the CPO.

94. Once the CPO has been confirmed, the acquiring authority may continue negotiations to acquire the land by agreement without the need to implement its compulsory purchase powers. The acquiring authority will, of course, do so in the knowledge that if negotiations prove unsuccessful, it can secure ownership of the land by implementing its compulsory purchase powers.

95. The price paid by the acquiring authority in these circumstances will normally be in accordance with the compensation principles. In other words, it will be equivalent to the compensation which would have been payable had the land been compulsorily acquired. This means that in addition to the value of the land, the

price may include an amount in respect of severance, injurious affection and disturbance as appropriate. The basis and calculation of compensation is detailed in guides 2, 3 and 4 (https://www.gov.uk/government/collections/compulsory-purchase-system-guidance).

96. Land may be acquired for a capital sum or in exchange for other land.

Notice to treat followed by notice of entry

97. Acquiring authorities may acquire land by service of a document known as a ‘notice to treat’ followed by a document known as a ‘notice of entry’. It is possible for both notices to be served at the same time.

98. The notice to treat must be served within 3 years of the publication in a newspaper of the confirmation notice for the CPO (except if there is a legal challenge against the CPO this time period could be extended by up to 1 year). The notice will state that the acquiring authority is willing to negotiate for possession of the land.

99. A notice to treat must:

- specify the land to which it relates
- request particulars of the addressee’s interests and rights in the land
- state that the acquiring authority is willing to treat (negotiate) for the purchase of the land and to pay compensation
- ask for the addressee’s claim in respect of the land within a specific period (usually 21 days)

Action following receipt of a notice to treat

100. If you receive a notice to treat you should respond to the questions it raises and to submit a notice of claim for compensation to the acquiring authority. The consequences of failing to do so are set out in paragraphs 105 to 106.

101. There is no specific format for the notice of claim other than that it must be in writing. However, there is a model claim form on GOV.UK (https://www.gov.uk/government/publications/compulsory-purchase-process-and-the-crichel-down-rules-guidance). Some acquiring authorities may use their own form.

102. The acquiring authority will require you to produce evidence of your interest in land, for example a copy of the title deeds or lease.

103. The acquiring authority will specify a time limit for submitting a notice of claim, which must be not less than 21 days from the serving of the notice to treat. In practice, a longer time period is often specified. You should aim to complete as much of the claim as you can and return it within the specified time period. You are able to revise your claim once it has been submitted. You

should contact your professional adviser as soon as you receive a notice to treat. They will be able to help you complete your notice of claim.

104. The authority may withdraw the notice to treat within 6 weeks after receiving a claim, but it may have to pay compensation for losses sustained.

Consequences of not submitting a notice of claim

105. If a notice of claim is not submitted within the specified time period, the acquiring authority is entitled to:

- refer the question of compensation to the Upper Tribunal (Lands Chamber); or
- withdraw the notice to treat and abandon the proposal to purchase

106. In practice, the acquiring authority is unlikely to pursue either course of action, but you are advised to comply with the timetable for submitting the notice of claim. This is because failure to do so may prejudice your position on costs if the case is ultimately submitted to the Upper Tribunal (Lands Chamber). In addition, if the notice to treat refers to only part of your land and you are keen to try to force the acquiring authority to purchase the whole of your land holding (which is possible in certain circumstances), your rights may be prejudiced if you do not comply with the timetable.

Other effects of receipt of notice to treat

Restriction on works

107. Once you have received a notice to treat you may not be compensated in respect of any new interests created (or any old interests determined) after that date, if this action was taken with a view to obtaining or increasing compensation. An example of a new interest would be the grant of a new lease.

108. Any building work, alterations or improvements made which the Upper Tribunal (Lands Chamber) considers not reasonably necessary and to have been undertaken with a view to increasing compensation will be disregarded in the settlement of compensation. However, you are entitled to continue to deal with your land in the normal way i.e. to sell it, let it or undertake repairs or alterations, so long as this is not done with a view to increasing the compensation payable.

Possession – notice of entry

109. Once the notice to treat has been served, the acquiring authority can take possession of the land following service of a notice of entry.

110. The notice of entry must specify a date when the acquiring authority proposes to enter and take possession of the land. (The entry date must not be less than 3 months away. The date that the acquiring authority enters and takes possession of

the land (following service of notice of entry) must usually be within 3 years from the date of the service of the notice to treat.)

111. However, acquiring authorities are not obliged to enter the land on the date specified in the notice of entry and frequently do so later. In such cases you can serve a counter-notice requiring the acquiring authority to take possession of your land on a particular date. Your professional adviser will be able to advise on this.

112. It is important to note that once the acquiring authority has entered the land via the notice to treat/notice of entry route, they have still not actually acquired the title. The acquiring authority, having entered the land may undertake activities in connection with the purpose for which it is being acquired, but the title will not actually pass to the acquiring authority until it has been conveyed. This will occur once compensation has been settled, either by agreement or by the Upper Tribunal (Lands Chamber).

113. The date of entry is, in most cases, the date for valuing the land – see guides 2, 3 and 4 (https://www.gov.uk/government/collections/compulsory-purchase-system-guidance) on compensation.

General vesting declaration

114. As an alternative to the notice to treat/notice of entry route, the acquiring authority may acquire land by making a general vesting declaration (GVD). The main difference with this method is that not only does the GVD give the acquiring authority the right to enter and take possession of the land but it vests (transfers) the title to the land in the acquiring authority.

115. A GVD may relate to a number of properties within the CPO and an acquiring authority may make more than one GVD for a single CPO.

116. The acquiring authority must execute the GVD within 3 years of the date the confirmation notice is served. The GVD must specify a date ('vesting date') when the land will vest in the acquiring authority. The vesting date must be at least 3 months away. On the vesting date, the land vests in the acquiring authority i.e. title passes to the acquiring authority. At this time, the acquiring authority has the right to enter and take possession of the land.

117. The vesting date becomes the date for the assessment of compensation. The matter of compensation is dealt with separately in guides 2, 3 and 4 (https://www.gov.uk/government/collections/compulsory-purchase-system-guidance) on compensation.

Short tenancies

118. A short tenancy is defined as an interest of no greater than for a year or from year to year. The acquiring authority may seek to acquire such an interest under the notice to treat/notice of entry route or under landlord and tenant powers, each

of which are explained further below. This kind of interest cannot be acquired by the GVD method.

Landlord and tenant powers

119. The acquiring authority may terminate the lease under the terms of the tenancy by acquiring the freehold or any superior interest (such as a headlease) and serving notice to quit under the terms of the lease. In this case, there will have been no compulsory acquisition of the leasehold interest.

Notice of entry

120. The acquiring authority may serve a notice of entry on a tenant having an interest no greater than a tenant for a year, or from year to year, provided a notice to treat has been served in respect of some other interest in the land, for example, if a notice to treat has been served on the freehold interest. The entry date specified in the notice must not be less than 3 months away.

In response to a blight notice

121. Blight occurs where the value of a property is reduced as a result of planning or other development proposals, making it difficult for owners to sell their property except at a price significantly below market value.

122. The blight notice procedure is a process by which you may bring forward the acquisition of your property if it has become 'blighted' as defined in planning law.

123. Where the value of a property has been reduced by certain categories of planning or other development proposals, anyone with a qualifying interest, may be entitled to serve a 'blight notice' on the body responsible for this, requiring them to buy the property at its unrestricted value. In short, the threatened or prospective compulsory purchase is brought forward thereby removing the uncertainty which might otherwise make the property unmarketable save at a significantly reduced price.

124. Inclusion within a CPO is only one of many circumstances in which a blight notice may be served. A full list of the circumstances in which a blight notice may be served is set out in Schedule 13 to the Town and Country Planning Act 1990. Only the ones relating to compulsory purchase are considered in this guide, but there may be opportunities to serve a blight notice earlier under one of the other categories of blight.

125. If you are concerned about blight arising from other circumstances you should ask your professional advisor.

Qualifying interests

126. In order to qualify to serve a blight notice, you must be one of the following:

- a resident owner-occupier of a private dwelling

- an owner-occupier of any business property where the annual (rateable) value does not exceed the prescribed limit at the date of service of blight notice (£36,000 in England excluding Greater London and £44,200 in Greater London based on 2017 rateable value)
- an owner-occupier of an agricultural unit
- certain mortgagees and personal representatives

127. An investment property owner is not entitled to serve a blight notice.

Content and service of blight notice

128. A blight notice must be in writing and must state the interest in the land (for example, freehold or leasehold) and the statutory ground for serving a blight notice. There is a form which must be used for this purpose in Schedule 2 to The Town and Country Planning General Regulations 1992.

Acquiring authority's response to a blight notice

129. The acquiring authority has 2 months to accept or reject the blight notice. If it takes no action, the notice takes effect automatically. If the blight notice is accepted or takes effect following expiry of the 2 months, a notice to treat is deemed to have been served at the date of acceptance or expiry. The procedure for taking matters forward is then as set out above under the section on notice to treat (paragraph 98).

130. If the acquiring authority does not wish to purchase the property under the blight provisions it may serve a counter notice within the 2-month period objecting on 1 or more of the following grounds:

- no part of the land is in a relevant category of blight
- the acquiring authority does not propose to acquire any of the land
- the acquiring authority only proposes to acquire part
- on the date of the notice, the claimant is ineligible
- the interest of the claimant does not qualify

131. If you do not agree with the acquiring authority's counter notice, you may refer the matter to the Upper Tribunal (Lands Chamber) within a period of 2 months and it will determine the matter.

Compensation

132. There is generally a right to compensation following the taking of possession of the land. Compensation, including advance payments, are explained in the other guides in the series. For details on your rights to compensation and how it is assessed you should read the guide which deals with the type of property which you own or occupy:

- Guide 2: business owners and occupiers (https://www.gov.uk/guidance/compulsory-purchase-and-compensation-guide-2-compensation-to-business-owners-and-occupiers)
- Guide 3: agricultural owners and occupiers (https://www.gov.uk/guidance/compulsory-purchase-and-compensation-guide-3-compensation-to-agricultural-owners-and-occupiers)
- Guide 4: residential owners and occupiers (https://www.gov.uk/guidance/compulsory-purchase-and-compensation-guide-4-compensation-to-residential-owners-and-occupiers)

133. In addition, there are circumstances in which an acquiring authority will undertake works to mitigate the adverse effects of its development on your property. An acquiring authority can only be compelled to do mitigation works if your property is residential. However, it may agree to undertake works in other circumstances. Your professional adviser will be able to provide further advice on this matter.

Appendix 1: Terms used in compulsory purchase

Set out below is a list of terms and definitions commonly referred to when dealing with compulsory purchase matters.

Acquiring authority
Bodies authorised through an Act of Parliament to acquire land by compulsion for a specific purpose.

Confirming authority
Once a CPO is made by the acquiring authority it must be approved by the confirming authority before it can be implemented. The confirming authority is either the relevant government minister (the confirmation of CPOs in Wales is the responsibility of Welsh Ministers) or an independent inspector appointed by the relevant minister to take the confirmation decision on their behalf.

Duty to mitigate loss
The duty of a claimant seeking compensation to take any reasonable steps open to them to reduce or avoid loss. For example, a claimant could mitigate loss by seeking a number of quotes from reputable contractors and instructing the cheapest.

General Vesting Declaration (GVD)
A legal procedure used in connection with compulsory purchase whereby an acquiring authority, having secured confirmation of a CPO, is able to obtain possession and ownership of the land. This is a procedure for the speedy acquisition of land and normal conveyancing practice does not have to be adopted.

Home loss payment
An additional sum paid to owner-occupiers and tenants of dwellings displaced by compulsory purchase or public redevelopment (on top of compensation based on the market value of the land/property which is taken).

Investment Property
Generally, any property purchased with the primary intention of retaining it and enjoying the total return, i.e. income and/or capital growth, over the life of the interest acquired.

Land
Land includes buildings and structures. Existing interests and rights in land, such as freehold or leasehold together with any existing rights can be compulsorily acquired either as a whole or in part.

Notice of Entry
A notice served on the owner and occupier(s) of a property by an authority possessing compulsory purchase powers requiring possession to be given by a date prescribed in the notice.

Notice to Treat
A notice served on owners, lessees and mortgagees by an authority with compulsory purchase powers to acquire land. The notice gives particulars of the property to be acquired, demands details of the recipient's interest in the land and their claim for compensation and states that the authority is willing to treat (negotiate) for the purchase of the land.

Owner-occupier
An owner-occupier in relation to a hereditament, is:

- a person who occupies the whole or a substantial part of the hereditament in right of an owner's interest in it, and has so occupied the hereditament or that part of it during the whole of the period of 6 months ending with the date of service; or
- if the whole or a substantial part of the hereditament was unoccupied for a period of not more than 12 months ending with that date, a person who so occupied the hereditament or, as the case may be, that part of it during the whole of a period of 6 months ending immediately before the period when it was not occupied

and, in relation to an agricultural unit, means a person who:

- occupies the whole of that unit and has occupied it during the whole of the period of 6 months ending with the date of service; or
- occupied the whole of that unit during the whole of a period of 6 months ending not more than 12 months before the date of service, and, at all times material for the purposes of paragraph (a) or, as the case may be, paragraph (b) has been entitled to an owner's interest in the whole or part of that unit

Qualifying person
A qualifying person is:

- an owner, lessee, occupier or tenant of land within the CPO; or
- a person who may have the right to claim compensation either because:

(a) they own rights in the land being acquired and these will be interfered with; or

(b) the value of their land will/may be reduced as a result of works carried out on the land being compulsorily acquired (even though none of their land is being compulsorily acquired)

Relevant date
In the context of a public inquiry it is the date of the letter which the confirming authority sends to the acquiring authority and the objectors confirming that a public inquiry is to be held. This date is used to establish timetables for the inquiry procedure.

Remaining objector
A qualifying person who has a remaining objection within the meaning of section 13A of the Acquisition of Land Act 1981.

Resident owner-occupier
A resident owner-occupier in relation to a hereditament, means:

- an individual who occupies the whole or a substantial part of the hereditament as a private dwelling in right of an owner's interest in it, and has so occupied the hereditament or, as the case may be, that part during the whole of the period of 6 months ending with the date of service; or
- if the whole or a substantial part of the hereditament was unoccupied for a period of not more than 12 months ending with that date, an individual who so occupied the hereditament or, as the case may be, that part during the whole of a period of 6 months ending immediately before the period when it was not occupied

Statement of Case
A statement prepared by the acquiring authority which sets out full particulars of the case to be put forward at the inquiry and justifies the reasons for making the CPO.

Statement of Reasons
Sets out the authority's reasons for seeking to acquire the land and will accompany the CPO.

Upper Tribunal (Lands Chamber)
A tribunal for England and Wales set up under the Lands Tribunal Act 1949 and proceeding in accordance with rules made by the Lord Chancellor. Its jurisdiction, amongst others, includes adjudication on disputed compensation for the compulsory acquisition of land. The tribunal comprises the President (who must be a barrister or have held judicial office) and members who are all either legally qualified or experienced in valuation.

Appendix 2: Useful contacts

Set out below is a list of contact details of bodies and organisations who may be able to offer their advice if you are affected by compulsory purchase.

Central Association of Agricultural Valuers

The Central Association of Agricultural Valuers (https://www.caav.org.uk/) is the professional body for rural property specialists. They can provide contact details for suitably experienced agricultural valuers in your area who can advise rural property and business owners on CPO.

Compulsory Purchase Association (CPA)

The Compulsory Purchase Association (http://www.compulsorypurchaseassociation.org/index.html) is a membership organisation which promotes best and effective practice in delivering land for infrastructure, housing and regeneration. Its members offer CPO and compensation advice, and a list of members, together with other useful information, is available on its website.

Department for Levelling Up, Housing and Communities (DLUHC)

The Department for Levelling Up, Housing and Communities (https://www.gov.uk/government/organisations/department-for-levelling-up-housing-and-communities) is the government department responsible for the compulsory purchase system in England. DLUHC can provide guidance on the operation of the compulsory purchase system. However, the Department cannot provide advice on individual cases.

Royal Institution of Chartered Surveyors (RICS)

The Royal Institution of Chartered Surveyors (https://www.rics.org/) can provide advice on land value and compensation. RICS also hold a list of surveyors who are experienced in offering support on compulsory purchase matters.

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Compulsory purchase process and the Crichel Down Rules (/government/publications/compulsory-purchase-process-and-the-crichel-down-rules-guidance)

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Compulsory purchase and compensation: guide 3 - compensation to agricultural owners and occupiers (/guidance/compulsory-purchase-and-compensation-guide-3-compensation-to-agricultural-owners-and-occupiers)

Compulsory purchase and compensation: guide 4 - compensation to residential owners and occupiers (/guidance/compulsory-purchase-and-compensation-guide-4-compensation-to-residential-owners-and-occupiers)

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Compulsory purchase and compensation: guide 2 - compensation to business owners and occupiers

Guidance about compensation to owners and occupiers of business premises once a compulsory purchase order comes into force.

From:
Department for Levelling Up, Housing and Communities (/government/organisations/department-for-levelling-up-housing-and-communities)

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Applies to England

Contents

Introduction

Overview

1. Compulsory purchase is a legal mechanism by which certain bodies (known as ‘acquiring authorities’) can acquire land without the consent of the owner. Compulsory purchase powers can support the delivery of a range of development, regeneration and infrastructure projects in the public interest. In doing so, they can help to bring about improvements to social, economic and environmental wellbeing.

2. Although compulsory purchase powers can help to deliver positive change, the government recognises that it can be upsetting and stressful to discover that land which you own or occupy is to be compulsorily acquired. Furthermore, the law and procedures relating to compulsory purchase are complex, which can be daunting. This series of 4 plain English guides is intended to help those affected by compulsory purchase by explaining how the system works in simple terms. The guides reflect legislative changes up to and including the Neighbourhood Planning Act 2017.

3. Before reading this guide, you should first read Guide 1 (https://www.gov.uk/guidance/compulsory-purchase-and-compensation-guide-1-procedure) which provides an end-to-end overview of the compulsory purchase order (CPO) process in England and Wales. It outlines the procedures which acquiring authorities must go through to use their powers and explains what opportunities those affected have to influence the outcome.

4. This guide – Guide 2 – deals solely with the issue of compensation for owners and occupiers of businesses affected by a CPO. Other guides in the series explain rights to compensation for agricultural owners and occupiers (Guide 3) (https://www.gov.uk/guidance/compulsory-purchase-and-compensation-guide-3-compensation-to-agricultural-owners-and-occupiers) and for residential owners and occupiers (Guide 4) (https://www.gov.uk/guidance/compulsory-purchase-and-compensation-guide-4-compensation-to-residential-owners-and-occupiers). The compensation and valuation principles explained in these guides apply to all compulsory purchase schemes, regardless of the type of legal instrument being used: this includes CPOs, Transport and Works Act Orders (TWAOs), development consent orders (DCOs) and Hybrid Acts of Parliament.

5. These guides are aimed at the layperson, and wherever possible, the use of jargon and technical language has been avoided. There are, however, a number of important terms which have specific meaning in compulsory purchase matters. These words and expressions are explained within Appendix 1 of this guide. There are also a number of bodies and organisations who may be able to offer their advice if you are affected by compulsory purchase. A list of useful contact names, addresses and telephone numbers is set out in Appendix 2 of each guide.

Key points to note

Professional advice

6. These guides are intended to help affected parties to understand the basics of the CPO process but cannot cover every circumstance that may arise. The information they contain carries no legal force and does not constitute legal advice. The guides are not a substitute for professional advice. If you think your land may be the subject of compulsory purchase you should seek advice from a suitably experienced property adviser such as a chartered surveyor, an agricultural valuer or a solicitor, who should be able to advise on your rights and also act on your behalf if appropriate. It is best to seek professional help as early as possible.

7. When choosing a professional adviser you may wish to consider the following points:

- can they demonstrate experience in advising people with your type of business/property who have been affected by compulsory purchase?
- are they bound by professional standards in the way they undertake their work? The Royal Institution of Chartered Surveyors has a Professional Statement outlining the standards which its members must follow in advising on compulsory purchase (https://www.rics.org/uk/upholding-professional-standards/sector-standards/land/surveyors-advising-in-respect-of-compulsory-purchase-and-statutory-compensation-uk/)
- have they been clear about the basis for fees that will be charged?
- have they been clear about circumstances where their fees may be recoverable from the acquiring authority and when?

8. Firms who offer compulsory purchase as a surveying service and who offer 30 minutes of free advice on the subject can be found under the Find a Surveyor service (https://www.ricsfirms.com/helplines/compulsory-purchase/) offered by the Royal Institution of Chartered Surveyors.

9. For rural property, the Central Association of Agricultural Valuers (https://www.caav.org.uk/) (tel: 01452 831815) will provide contact details for suitably experienced agricultural valuers in your area.

Can I recover the costs of employing a professional adviser?

Any costs associated with objecting to a CPO – including professional fees incurred in pursuing the objection – need to be met by you as the objector. However, if you are a remaining objector whose objection is sustained, such that the CPO is not confirmed or your land is excluded from the CPO, then you are entitled to seek an award of reasonable costs once the confirming authority's decision is issued. If you are partially successful in objecting i.e. part of your land is excluded from the CPO, you will be awarded your reasonable costs that relate to that part of your objection.

If a CPO is confirmed and implemented, reasonable professional fees incurred in preparing and negotiating your claim for compensation can generally be

reclaimed from the acquiring authority. For further information, please refer to paragraphs 39 to 56 on disturbance.

Comprehensive records

10. It is important that you keep a comprehensive record of all communications with the acquiring authority, including notes of any meetings. You should also keep detailed records of all expenses incurred and losses sustained as you may be able to recover these as part of your claim for compensation. You should bear in mind that you can only receive compensation for expenses and losses which occur as a direct and reasonable consequence of the acquisition of your land. You may also wish to keep a record of the condition and state of your land.

Duty to mitigate your loss

11. Those affected by compulsory purchase are under a duty to mitigate losses. This means that you need to take reasonable steps to eliminate or reduce your losses. For example, if you need to employ a removals firm to assist with your move, you should obtain quotes from at least 2 reputable firms. Assuming the firms all offer the same service, instructing the cheapest would be a way of mitigating your loss.

Outline of the compensation system

12. This guide provides a description of the statutory framework for compensation. Acquiring authorities may choose to have discretionary schemes on top of this. Your professional adviser will be able to advise if any such schemes exist and are relevant to your particular case.

13. The rights to compensation for those affected by compulsory purchase – and the procedures for assessing the correct amount – are governed by a combination of legislation, case law and established practice. These are sometimes referred to collectively as the ‘compensation code’. However, there is no single, published document called the compensation code.

14. The overriding principle of compulsory purchase compensation is ‘equivalence’. This is the principle that people whose land is acquired compulsorily should be left neither better nor worse off financially as a result of their land being acquired – being entitled to compensation which is neither more nor less than the value of their loss.

Right to compensation

15. The right to compensation may arise as a result of:

- all or part of your land, or a right over that land, being acquired compulsorily (or under the threat of compulsory purchase) – depending upon the particular circumstances in each case, compensation can be claimed under the following categories, which are referred to as ‘heads of claim’:

- value of the land taken (see paragraphs 23 to 38)
- disturbance payments (see paragraphs 39 to 56)
- loss payments (see paragraphs 57 to 62)
- severance and injurious affection for retained land (see paragraphs 63 to 75)

- your land being adversely affected by the construction and/or use of works but where none of your land is acquired - compensation can be claimed for a reduction in the value of your land caused by:
  - the execution (the construction) of public works (injurious affection) (see paragraphs 93 to 95)
  - the subsequent use of public works (Part 1 claim) (see paragraphs 96 to 106)

Mitigation works

16. Acquiring authorities also have certain duties and discretionary powers to take action to help to reduce the impact of their development works. The exercise of these powers is referred to as ‘mitigating the injurious effects’ of the development. The main duty is a requirement to undertake noise insulation works where certain specified criteria are fulfilled. This duty only applies to dwellings or other buildings used for residential purposes. It is only relevant therefore, in the case of business owners and occupiers where the business involves the provision of residential accommodation (for example, nursing homes) or where business premises include elements of residential accommodation (for example, a flat above a shop). Your professional adviser will be able to provide further advice on this matter. (If your premises do include some form of residential accommodation you should also read Guide 4: Compensation to residential owners and occupiers (https://www.gov.uk/guidance/compulsory-purchase-and-compensation-guide-4-compensation-to-residential-owners-and-occupiers).)

Short term leasehold interests and occupiers with no compensateable interest

17. Paragraphs 76 to 85 of this guide set out the compensation entitlement for those who have short term leases and those who are in lawful occupation of the land to be acquired but who have no compensateable interest in the land.

Advance payments

18. At any time after a CPO has been confirmed, you can make a claim for an advance payment on account of any compensation you are entitled to. See paragraphs 86 to 90 of this guide for further information.

Interest

19. Where an acquiring authority enters and takes possession of land or executes a general vesting declaration before agreeing compensation, simple interest, at a prescribed rate (published under the 1997 subheading) (https://www.gov.uk/guidance/planning-guidance-letters-to-chief-planning-officers#section-

17), is payable from the date of entry or the vesting date until compensation is paid. If a claim is made for compensation which arises as a result of nearby public development, but no land is actually acquired, interest is payable on any sum due from the date you submit your claim to the date of payment.

Blight

20. If your land is 'blighted' you may be able to serve a blight notice to compel an authority to acquire the land. The definition of blight, and the requirements and procedures for serving a blight notice, are set out in Guide 1: Compulsory Purchase Procedure (https://www.gov.uk/guidance/compulsory-purchase-and-compensation-guide-1-procedure). If you are successful and your blight notice is accepted, the principles of valuation and assessment of compensation are identical to those which apply had the land been compulsorily acquired.

Disputes

21. There is a formal process (through the Upper Tribunal (Lands Chamber)) for dealing with disputes over compensation entitlement. However, acquiring authorities are also encouraged to offer alternative dispute resolution techniques (e.g. mediation) to those with concerns about any stage of the CPO process. These should involve a suitably qualified independent third party.

Compensation when land taken

Overview

22. Depending upon the particular circumstances in each case, compensation when some or all of your land is taken can be claimed under the following categories, which are referred to as 'heads of claim':

- value of the land taken
- disturbance payments
- loss payments
- severance and injurious affection (where only part of your land is taken)

Value of the land taken

Valuation date

23. The legislation requires compensation claims to be assessed at a specific point of time called the 'valuation date'. This is the earliest of:

- the date of entry and taking possession if the acquiring authority has served a notice to treat and notice of entry; or
- the vesting date if the acquiring authority has executed a general vesting declaration; or

- the date when compensation is agreed if prior to either of the above

Market value

24. The law specifies that the compensation to be paid where land is compulsorily acquired shall reflect what that land might be expected to realise if it were sold in the open market by a willing seller at the valuation date. In other words, compensation is based on the market value of the land which is to be acquired.

25. However, the assessment of compensation ignores any increase or decrease in value caused by the acquiring authority's proposed scheme (e.g. regeneration project, new road, railway line etc) or the prospect of that scheme. This is known as the 'no scheme principle'. The basic premise is that compensation should reflect what your land would be worth if the scheme to which the CPO relates did not exist (i.e. in the 'no scheme world').

26. The acquiring authority will normally appoint a chartered surveyor to undertake the estimate of the market value. You may appoint a surveyor to carry out your own assessment and to negotiate with the acquiring authority on your behalf.

Land with development potential

27. The market value of land may reflect what it is worth in its existing use ('existing use value'). However, the market value of land may in some cases be affected by:

- its development potential, taking account of:
  - existing planning permission(s) for an alternative use or development
  - the prospect of obtaining planning permission for an alternative use or development ('hope value')
- its ability to unlock the development potential of an adjoining site by, for example, providing the only possible access to it ('ransom value')
- the extent to which, if combined with 1 or more other land interests, it would be worth more than the sum of their individual values ('marriage value')

28. In accordance with the no scheme principle, however, compensation will only include a degree of hope, marriage or ransom value if it can be demonstrated that these would have existed in the absence of the acquiring authority's scheme. In effect, only pre-existing value is paid. The location, nature and planning status of your land will be important in determining what – if any – pre-existing value it has.

29. The law sets out a series of rules about what developments planning permission can be assumed for, and the extent to which these are to be taken into account, when assessing compensation. These are sometimes referred to as the 'planning assumptions'.

30. In broad terms, compensation may take account of:

a) planning permission which is in force on the valuation date (this includes not just planning permission granted by the local planning authority but also planning permission granted through permitted development rights);

b) development which could reasonably have been expected to be granted planning permission on the valuation date if the acquiring authority's scheme did not exist ('appropriate alternative development'); and

c) the prospect of planning permission being granted for other development.

31. National and local planning policies (e.g. those contained in a local or neighbourhood plan) will be relevant in determining the type(s) of development which might have been acceptable had there been no CPO, and the likelihood of planning permission being granted.

> 32. Where there is a disagreement about what might have been granted planning permission in the absence of the CPO, you may seek a 'Certificate of Appropriate Alternative Development' from the local planning authority. This will confirm whether a particular use would have been permitted in the absence of the acquiring authority's scheme. Although the procedures for applying for a certificate are similar to submitting a planning application, there are some important differences. You should ask your professional adviser about these if you are considering applying for a certificate.

33. It is important to note that even where planning permission for alternative development has been granted (or can be assumed), compensation will be based on how the market would price the land with the benefit of that permission. The valuation will reflect the likely development costs, as well as uncertainties and risks, associated with implementing an alternative development in the absence of the acquiring authority's scheme. For example, there may be doubts about whether infrastructure will be delivered if the acquiring authority's scheme does not proceed.

34. If the market value of your land reflecting its development potential is greater than the market value of your land for its existing use you may not be entitled to disturbance compensation (see paragraph 55).

Unlawful use of the land

35. Any increase in the value of land which is attributable to a use of the land which is unlawful or detrimental to the health of the occupants of the land or to public health, may not be taken into account.

36. A use which is unlawful is one which could be subject to planning enforcement proceedings. Therefore, if your land is used for a purpose which requires, but does not have, planning permission, no account can be taken of any increase in value attributable to that use. However, if that use could not be subject to enforcement proceedings (for example, because the use had been undertaken for such a length of time that a lawful development certificate would be granted) any increase in value attributable to that use may be taken into account.

Equivalent reinstatement

37. In exceptional circumstances, such as specialised land for which there is no general market (e.g. a place of worship), it may not be possible to arrive at a market valuation. In such cases, compensation may be assessed on the basis of how much it would cost to reinstate the facility elsewhere ('equivalent reinstatement'). Both freeholders and leaseholders can claim on this basis although it is more difficult to justify if there is only a short lease.

38. There are 4 general tests that must be satisfied to justify payment of the reasonable cost of reinstatement:

- the land must be used for a purpose which would continue if it was not acquired
- there must be no general demand or market for land for the purpose
- there must be a 'bona fide' intention to reinstate – this is generally a question of fact
- if the cost of reinstatement would be disproportionate to the value of the whole enterprise then compensation for equivalent reinstatement may not be allowed – the Upper Tribunal (Lands Chamber) has discretion as to whether to allow a claim on this basis

Disturbance payments

39. Disturbance payments provide compensation for losses caused by being disturbed from possession of the land taken and other losses which are not based on the value of the land.

40. Losses will generally be recoverable if they are a natural and reasonable consequence of being disturbed and are not too remote. Additionally, in order to claim disturbance payments, you must act reasonably to reduce or eliminate your loss. There is a large amount of case law on disturbance and you should seek professional advice on this matter.

> 41. The burden of proof for losses claimed as disturbance is with the claimant: the onus is on you to justify your claim. Accordingly, it is of the utmost importance that you keep a detailed record of losses sustained and costs incurred in connection with the acquisition of your land. You should keep all relevant documentary evidence such as receipts, invoices and fee quotes. You should also keep a record of the amount of time you have spent on matters relating to the compulsory purchase of your land.

42. For the most part the right to disturbance compensation is restricted to occupiers. There is, however, a limited right for investment owners to recover their costs of reinvestment in a replacement property investment in certain circumstances as set out in paragraph 56.

43. Depending upon the particular circumstances of the acquisition, disturbance compensation may be based on the costs of relocating the business or the cost of

extinguishing it. Usually, on the grounds of mitigating your loss, you will be expected to try and relocate your business. If this is not possible it may be necessary for the business to close, in which case compensation will be based on the cost of the 'total extinguishment' of the business.

44. Occasionally a business will be willing and able to relocate but the acquiring authority will still seek to base compensation on extinguishment. This can occur where the costs of relocating the business are greater than the value of the business. In these circumstances, it may be legitimate to say that the correct basis of compensation is extinguishment as no prudent business owner would incur the costs of relocating the business if these far exceeded the end value of the business. However, each particular case must be treated on its merits and you should seek professional advice on business valuation issues.

45. There is no obligation on an acquiring authority to provide alternative premises. However, acquiring authorities may assist claimants to identify potential relocation properties available on the market. Accordingly, you should contact the acquiring authority and local property agents at an early stage to register property search requirements.

46. In certain circumstances, for example town centre redevelopment, the acquiring authority or developer may be prepared to offer premises within the new scheme. However, this may entail a move to temporary accommodation whilst the development is being built followed by a further move into the new scheme once it is complete. This could lead to increased costs which the acquiring authority may not be prepared to compensate if it can demonstrate that suitable properties were available outside the scheme and hence a double move was not necessary. It is prudent therefore, to establish the position before accepting such an offer.

47. Examples of items which can be claimed depending on your circumstances are set out below.

Relocation

48. You are entitled to claim the reasonable costs and expenditure which arise as a natural and reasonable consequence of having to relocate your business as a result of the acquisition of the land.

49. The claim can include the costs incurred in acquiring a replacement property (but not the cost of the property itself) and the costs of moving into the property. These costs will be paid up to the amount that would be payable if the purchase price of your new property was not more than the market value of your old one. Above this level the acquiring authority may refuse on the grounds that you are benefiting from the fact that you are ending up with a more valuable property than you started with.

50. Although not an exhaustive list, typical items of compensation for relocation include:

- removal expenses

- legal fees arising from the acquisition of a replacement property
- stamp duty arising from the acquisition of a replacement property
- surveyors and architects fees arising from the acquisition of a replacement property
- special adaptations to your replacement property
- temporary loss of profits during the period of the move
- diminution of goodwill following the move (reflected in reduced profits)
- depreciation in the value of stock
- notification of new address to customers
- new stocks of stationery due to change of address

Extinguishment

51. Typical items of compensation for extinguishment include:

- the value of the business goodwill
- loss on forced sale of stock, vehicles and plant and machinery
- redundancy costs

Relocation or extinguishment?

> 52. In most cases you will be expected to try and relocate your business if possible. You cannot choose to take compensation for extinguishment if you are able to relocate and it is economically viable for you to do so.

53. However, in certain circumstances you may be statutorily entitled to choose compensation based on extinguishment if you wished. The criteria to be fulfilled are:

- on the date that possession of the business is given up, you are:

a) the sole proprietor of the business or it is run jointly by you and your spouse and you are aged 60 or over

b) a partner in the business and all the partners are aged 60 or over

c) a shareholder in the business and each majority shareholder is aged 60 or over and each minority shareholder is either aged 60 or over or is the spouse of a shareholder who is 60 or over

- on that date the land is or forms part of a property with an annual (rateable) value not exceeding a ‘prescribed amount’ (£36,000 in England excluding Greater London and £44,200 in Greater London in the 2017 Valuation List and in Wales £36,000) (these prescribed amounts may be reviewed from time to time – your professional adviser will be able to confirm the amounts which will apply in your particular case)

- you have not disposed of the 'goodwill' of the business and you give the acquiring authority an undertaking that you will not at a later date do so nor, within a specified area, will you engage in the same or substantially the same business as that which you undertook on the land acquired

54. In all disturbance cases, whether on the basis of a relocation or a total extinguishment, there is a duty on claimants to mitigate their loss. This means that you must act reasonably at all times and take all rational and reasonable steps to avoid incurring additional losses where possible. If the acquiring authority is able to show that your losses were greater than they might have been, due to unreasonable behaviour on your behalf, the compensation should be adjusted to reflect this.

Disturbance when compensation reflects development potential

55. If the market value of your land reflecting its development potential is greater than the market value of your land for its existing use you may not be entitled to disturbance compensation. This is in line with the wider principle of equivalence i.e. that you should be left no better or worse off in financial terms.

Disturbance to investment owners

56. In order to be entitled to compensation for disturbance you must normally be in physical occupation of the land. There is, however, a limited right to disturbance for owners of investment properties who are not in occupation. Compensation is payable in respect of incidental charges or expenses incurred in acquiring, within a period of 1 year of the date of entry, an interest in other land in the United Kingdom. These costs will be paid on the same basis as if you were an occupier.

Loss payments

57. A loss payment is an additional amount paid to eligible claimants to reflect and recognise the inconvenience and disruption caused by compulsory acquisition. If you are displaced from your residence as a result of compulsory purchase, you may be entitled to a home loss payment (see Guide 4 (https://www.gov.uk/guidance/compulsory-purchase-and-compensation-guide-4-compensation-to-residential-owners-and-occupiers)). If you are not entitled to receive a home loss payment, you may nevertheless be entitled to a loss payment depending on the nature of your land ownership. Loss payments for non-residential owners and occupiers include the basic loss payment and an occupier's loss payment. A number of criteria have to be fulfilled to qualify for the payments.

Basic loss payment

58. To qualify for a basic loss payment:

- you must have an interest (whether freehold or leasehold)
- you must have held that interest for a year or more ending on whichever was the earliest of

- the date the acquiring authority took possession
- the date the land vested in the acquiring authority under a general vesting declaration
- the date compensation was agreed; or
- the date the Upper Tribunal (Lands Chamber) determined the amount of compensation

Occupier's loss payment

59. You will also qualify for an additional occupier's loss payment if you qualify for the basic loss payment and for the period on which that qualification is based you also occupied the land.

Amount of loss payment

60. The basic loss payment is 7.5% of the value of the interest in land concerned, subject to a ceiling of £75,000. This is set out in section 33A of the Land Compensation Act 1973.

61. The occupier's loss payment is subject to a ceiling of £25,000. Within that limit it is whichever is the highest of 2.5% of the value of the interest in the land concerned or either the 'land amount' or the 'buildings amount' as defined in section 33C of the Land Compensation Act 1973. The methodology for calculating these amounts is complex and you will need to seek professional advice.

62. The amounts of these loss payments may be reviewed from time to time and your professional adviser will be able to confirm the current amounts.

Severance and injurious affection

63. If you have only part of your land acquired there may be an additional entitlement to compensation in respect of the adverse effect on the land you retain. The compensation is for the depreciation in value of the retained land and is referred to as 'severance' and/or 'injurious affection'. If you have retained land you should consult your professional adviser.

64. The 2 elements of this head of claim should be considered in isolation.

65. Severance occurs when the land acquired contributes to the value of the land which is retained, so that when severed from it, the retained land loses value. For example, if a new road is built across a car park it may no longer be possible to have access by vehicle to part of the car park, rendering it virtually useless and therefore, less valuable.

66. Injurious affection is the depreciation in value of the retained land as a result of the proposed construction on, and use of, the land acquired by the acquiring authority for the scheme. For example, even though only a small part of its car park may be acquired for a new road, the impact on a commercial building of increased noise and vibration could be considerable. It is the impact of the whole of the

proposed scheme that is to be considered, not just the effect on the area acquired from you. Compensation is claimable both for the construction of works and their subsequent use.

67. This can be demonstrated with a simple hypothetical example. You might own a business unit of say 1,000 square metres which was split into 2 equal bays of 500 square metres and 1 of those bays gets acquired for the construction of a new relief road.

68. If you could demonstrate that there was greater demand for, and value in, units of 1,000 square metres than 500 square metres and that accordingly the retained property actually depreciated in value as a result of not being held with the part acquired, the compensation would include an amount in respect of severance.

69. If it could also be demonstrated that the value of the retained land had depreciated as a result of being adjacent to a relief road the compensation would also reflect this reduction in value under the heading of injurious affection.

Betterment

70. In assessing compensation, the acquiring authority will have regard to any increase in value of land you retain that is adjacent to or adjoining the land acquired. This is generally referred to as ‘betterment’.

71. Betterment is the opposite of injurious affection. There may be instances where the acquiring authority’s scheme may increase the value of your retained land.

72. An example of this would be if you owned land, part of which is acquired for the construction of a new road and that new road enhances access to the remaining land thereby increasing its value. In such circumstances, the acquiring authority will seek to offset this increase in value against the compensation that is payable in respect of the land acquired.

73. The acquiring authority should, of course, be able to explain their grounds for considering that their proposal has generated an increase in the value of your retained land.

> 74. In an extreme case you would receive no compensation because the enhancement in value of the retained land is equal to or greater than the compensation for the land acquired. The least compensation you can receive is nil. In no circumstances can the acquiring authority expect you to pay them.

Material detriment

75. There is another course of action which you may be able to take if the acquiring authority is only proposing to acquire part of your land and the part of the land you retain will be less useful or less valuable in some significant degree. In these circumstances, it may be possible to advance a claim for ‘material detriment’, seeking to make the acquiring authority acquire the whole of the land interest

rather than just a part. In the case of a dispute the issue will be determined by reference to the Upper Tribunal (Lands Chamber). This can be a complicated matter which you should discuss with your professional adviser.

Compensation for short term leasehold interests and occupiers with no compensateable interest in land

Short term leasehold interests

76. Different rules apply to the acquisition of what are known as short tenancies – a tenancy with less than a year left to run or a tenancy from year to year.

77. The procedure adopted by the acquiring authority is different as there is no requirement to serve a notice to treat. This is explained in greater detail in Guide 1: Compulsory purchase procedure (https://www.gov.uk/guidance/compulsory-purchase-and-compensation-guide-1-procedure).

78. The principles adopted for the assessment of compensation are very similar to those applied to other interests in land. Compensation is payable in respect of the market value of the leasehold interest and this should reflect any right or likelihood of renewal which the tenant may have.

79. As with other interests in land there is a right to compensation for the diminution in value of retained land caused by severance and/or injurious affection. This right exists even if the land retained is held under a different lease from the land acquired, provided it is adjoining or adjacent.

80. Short term tenants are entitled to compensation for being disturbed in their occupation of the land. However, only losses relating to the period between the date of entry and expiry of the term are recoverable. Regard should be had to any right or likelihood of renewal, which the tenant may have.

81. If the short tenancy being acquired is within the security of tenure provisions of the Landlord and Tenant Act 1954, you have the choice of claiming compensation under the compulsory purchase legislation or the Landlord and Tenant Act 1954. Compensation under the Landlord and Tenant Act 1954 is based upon a multiplier of the rateable value of the property. You may choose whichever basis gives the higher level of compensation. You can choose one or the other, but not both.

Occupiers with no compensateable interest in land

82. There is a limited right of compensation to a displaced person who was in lawful occupation of land but has no ‘compensateable’ interest in the land. This only applies if the claimant was in occupation on the date when notice was first published of the making of the CPO prior to its submission for confirmation. This may include tenancies at will, tenancies on sufferance and licences. Each of these

amount to occupation of land by some form of agreement with the owner which is less than a formal lease and, in most cases, they may be terminated at short notice by either party.

83. Compensation may reflect relocation costs and any loss of goodwill. The amount of time the land occupied would have been likely to have remained available for the purposes of the business and the availability of other land suitable for that purpose are taken into account.

84. The rights to compensation on the basis of statutory extinguishment to a business owner over the age of 60 also apply. These are set out at paragraph 53.

85. In the case of a business tenant holding over, beyond the expiry of his lease, under the security of tenure provisions of the landlord and tenant legislation, there is the right to opt for landlord and tenant compensation if this is greater than the disturbance payment. This is described above at paragraph 81.

Advance payments

86. At any time after a CPO has been confirmed (see Guide 1 (https://www.gov.uk/guidance/compulsory-purchase-and-compensation-guide-1-procedure)), you can make a claim for an advance payment on account of any compensation you are entitled to. If requested, and subject to sufficient information being provided, the acquiring authority is obliged to make an advance payment by the end of the day on which the notice of entry is given or general vesting declaration is executed or if later, within 2 months of the later of:

- the date of receipt of the claim; or
- the date of receipt of any further information which was requested

However, an acquiring authority may make an advance payment earlier if it chooses to do so.

87. The level of advance payment is 90% of either:

- the agreed sum for the compensation; or
- the acquiring authority's estimate of the compensation due, if the acquiring authority takes possession before compensation has been agreed

88. It is important that in making a claim for an advance payment that you provide sufficient information to allow the acquiring authority to properly estimate your entitlement. There is no specific format for the claim other than that it must be in writing and include the required information. However, there is a model claim form on GOV.UK (https://www.gov.uk/government/publications/compulsory-purchase-process-and-the-crichel-down-rules-guidance). Some acquiring authorities may use their own form.

89. If the property is mortgaged the acquiring authority will reduce the advance payment by the amount of the outstanding mortgage sum. However, in some

circumstances it may be possible to require the acquiring authority to make an advance payment direct to your lender.

90. If you accept an advance payment which is based on an acquiring authority's estimate of the compensation due this does not prejudice the final amount of compensation that you will receive. If the estimate is subsequently found to be either too low or too high, your final payment will be adjusted accordingly.

Compensation when no land is taken

91. The procedures outlined so far apply only where land (or new rights over land) is acquired. However, a right to compensation may also arise in limited circumstances when no land is taken but when statutory powers are exercised.

92. Compensation can be claimed for a reduction in the value of your land caused by:

- the 'execution' (i.e. construction) of public works (injurious affection)
- the subsequent use of public works (Part 1 claim)

Reduction in value caused by the execution of works

93. Compensation for a reduction in value caused by the execution of works is payable when a loss occurs because some right in land (as opposed to the actual land itself) is taken away or interfered with. The requirements are that the injury done must:

- be authorised by statutory power
- arise from that which would, if done without the statutory authority, have been actionable at law, for example as a nuisance
- arise from a physical interference with some right, public or private, which attaches to the land
- arise solely from the execution of the works and not as a result of their subsequent use

Valuation date

94. The relevant date for the assessment of compensation is the date at which the loss occurred. This is most likely to be the date of interference with the right in land.

Basis of compensation

95. You must be able to demonstrate that the loss is a natural and reasonable consequence of the execution of the works. Compensation is based upon the reduction in value of the land which had benefited from the right which has been interfered with. Business losses cannot be claimed unless they result in a reduction of the land value.

Reduction in value caused by the use of public works

96. This right to compensation for a reduction in value caused by the use of public works is set out in Part 1 of the Land Compensation Act 1973. It is commonly referred to as a 'Part 1 claim'. It applies in relation to certain 'public works' i.e. a highway, an aerodrome and other works provided under statutory powers. In addition to new works, the provisions cover substantial alterations and changes of use to existing works but not intensification of a use (unless alterations are also carried out).

97. Separate guidance on Part 1 claims in respect of new or altered roads (https://www.gov.uk/government/publications/a-guide-to-part-i-claims) is published by Highways England.

98. In order to be able to submit a claim you must own a qualifying interest in the land before the relevant date.

The relevant date

99. If the public works in question is a highway, the relevant date is the date on which it was first open to public traffic. With regard to any other public works it is the date on which they were first used after completion.

Qualifying interest

100. In the case of business premises, a qualifying interest is one which has an annual (rateable) value not exceeding a prescribed amount which is £36,000 in England excluding Greater London and £44,200 in Greater London in the 2017 Valuation List and in Wales, £36,000. These prescribed amounts may change – your professional adviser will be able to confirm the amounts which will apply in your particular case.

Valuation date

101. Compensation is based upon prices current on the first claim day, which is 12 months after the relevant date (see paragraph 99). Interest is payable from the date the claim is submitted until payment.

Basis of compensation

102. Compensation is based upon the depreciation in the value of the land due to the 'physical factors' caused by the use of the public works.

103. The 7 physical factors are:

- noise
- vibration
- smell
- fumes

- smoke
- artificial light
- discharge onto the land of any solid or liquid substance

104. Any depreciation in value which is attributable to reasons other than these 7 specific factors is not compensateable. For example, the loss of a view is not compensateable.

105. The important distinction between this and a claim for the execution of works (described at paragraph 93 is that it is the use of the works which must cause the depreciation. For example, if a motorway is constructed in close proximity to an office, any claim under Part 1 must relate to the depreciation in value caused by the noise and other physical factors associated with the traffic using the road and not to the physical existence of the highway.

106. If you sell your property in the 12 months between the relevant date and the first claim day (see paragraph 101) you must make a claim between exchanging contracts and completion or you will lose your right to compensation.

Appendix 1: Terms used in compulsory purchase

Set out below is a list of terms and definitions commonly referred to when dealing with compulsory purchase matters.

Acquiring authority
Bodies authorised through an Act of Parliament to acquire land by compulsion for a specific purpose.

Compensation code
A collective term for the principles derived from Acts of Parliament and case law relating to compensation for compulsory acquisition.

Confirming authority
Once a CPO is made by the acquiring authority it must be approved by the confirming authority before it can be implemented. The confirming authority is either the relevant government minister (the confirmation of CPOs in Wales is the responsibility of Welsh Ministers) or an independent inspector appointed by the relevant minister to take the confirmation decision on their behalf.

Duty to mitigate loss
The duty of a claimant seeking compensation to take any reasonable steps open to them to reduce or avoid loss. For example, a claimant could mitigate loss by seeking a number of quotes from reputable contractors and instructing the cheapest.

Equivalence
This is the overriding principle of compensation that people whose land is acquired compulsorily should be left neither better nor worse off financially as a result of their land being acquired.

Existing use value
The market value of land reflecting what it is worth in its existing use.

General vesting declaration (GVD)
A legal procedure used in connection with compulsory purchase whereby an acquiring authority, having obtained a CPO, is able to obtain possession and ownership of the land. This is a procedure for the speedy acquisition of land and normal conveyancing practice does not have to be adopted.

Goodwill
The price which a purchaser of a business is prepared to pay, above the value of the premises and stock, for the probability that customers will continue to resort to the old place of business or continue to deal with the firm of the same name: it is the benefit or advantage which a business has in its connection with its customers.

Home loss payment
An additional sum paid to owner-occupiers and tenants of dwellings displaced by compulsory purchase or public redevelopment (on top of compensation based on the market value of the land which is taken).

Investment property
Generally, any property purchased with the primary intention of retaining it and enjoying the total return, i.e. income and/or capital growth, over the life of the interest acquired.

Land
Land includes buildings and structures. Existing interests and rights in land, such as freehold or leasehold together with any existing rights can be compulsorily acquired either as a whole or in part.

Lawful development certificate
A certificate obtainable on application to a local planning authority (under section 191 or 192 of the Town and Country Planning Act 1990) which confirms that an existing or a proposed land use, operation or activity is lawful for planning purposes.

Marriage value
Latent value which is or would be released by the merger of 2 or more interests in land. For example, 2 adjoining parcels may be worth more as 1 property than the aggregate of their separate values. Similarly, 2 interests in the same property (such as the freehold and the leasehold) may have a greater value when merged than the sum of their individual values.

New rights
Compulsory purchase can be used by most acquiring authorities to create and acquire new rights over land. An example would be the creation of a right of way or a right of support.

No scheme principle
The principle that the assessment of compensation ignores any increase or

decrease in value caused by the acquiring authority's proposed scheme or the prospect of that scheme.

Notice of entry
A notice served on the owner and occupier(s) of a property by an authority possessing compulsory purchase powers requiring possession to be given by a date prescribed in the notice.

Notice to treat
A notice served on owners, lessees and mortgagees by an authority with compulsory purchase powers to acquire land. The notice gives particulars of the property to be acquired, demands details of the recipient's interest in the land and their claim for compensation and states that the authority is willing to treat for the purchase of the land.

Public development
A new or altered highway, aerodrome or other public works.

Qualifying person
A qualifying person is:

- an owner, lessee, occupier or tenant of land within the CPO; or
- a person who may have the right to claim compensation either because:

(a) they own rights in the land being acquired and these will be interfered with; or

(b) the value of their land will/may be reduced as a result of works carried out on the land being compulsorily acquired (even though none of their land is being compulsorily acquired).

Ransom value
The ability to obtain a high price for a small area which is key to the site being developed. For example, where your land could unlock the development potential of an adjoining site by providing the only possible access to it.

Remaining objector
A qualifying person who has a remaining objection within the meaning of section 13A of the Acquisition of Land Act 1981.

Upper Tribunal (Lands Chamber)
A tribunal for England and Wales set up under the Lands Tribunal Act 1949 and proceeding in accordance with rules made by the Lord Chancellor. Its jurisdiction, amongst others, includes adjudication on disputed compensation for the compulsory acquisition of land. The tribunal comprises the President (who must be a barrister or have held judicial office) and members who are all either legally qualified or experienced in valuation.

Appendix 2: Useful contacts

Set out below is a list of contact details of bodies and organisations who may be able to offer their advice if you are affected by compulsory purchase.

Central Association of Agricultural Valuers

The Central Association of Agricultural Valuers (https://www.caav.org.uk/) is the professional body for rural property specialists. They can provide contact details for suitably experienced agricultural valuers in your area who can advise rural property and business owners on CPO.

Compulsory Purchase Association (CPA)

The Compulsory Purchase Association (http://www.compulsorypurchaseassociation.org/index.html) is a membership organisation which promotes best and effective practice in delivering land for infrastructure, housing and regeneration. Its members offer CPO and compensation advice, and a list of members, together with other useful information, is available on its website.

Department for Levelling Up, Housing and Communities (DLUHC)

The Department for Levelling Up, Housing and Communities (https://www.gov.uk/government/organisations/department-for-levelling-up-housing-and-communities) is the government department responsible for the compulsory purchase system in England. DLUHC can provide guidance on the operation of the compulsory purchase system. However, the Department cannot provide advice on individual cases.

Royal Institution of Chartered Surveyors (RICS)

The Royal Institution of Chartered Surveyors (https://www.rics.org/) can provide advice on land value and compensation. RICS also hold a list of surveyors who are experienced in offering support on compulsory purchase matters.

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Applies to England

Contents

Introduction

↑ Contents

Overview

1. Compulsory purchase is a legal mechanism by which certain bodies (known as 'acquiring authorities') can acquire land without the consent of the owner. Compulsory purchase powers can support the delivery of a range of development, regeneration and infrastructure projects in the public interest. In doing so, they can help to bring about improvements to social, economic and environmental wellbeing.

2. Although compulsory purchase powers can help to deliver positive change, the government recognises that it can be upsetting and stressful to discover that land which you own or occupy is to be compulsorily acquired. Furthermore, the law and procedures relating to compulsory purchase are complex, which can be daunting. This series of 4 plain English guides is intended to help those affected by compulsory purchase by explaining how the system works in simple terms. The guides reflect legislative changes up to and including the Neighbourhood Planning Act 2017.

3. Before reading this guide, you should first read Guide 1 which provides an end-to-end overview of the compulsory purchase order (CPO) process in England and Wales. It outlines the procedures which acquiring authorities must go through to use their powers and explains what opportunities those affected have to influence the outcome.

4. This guide – Guide 3 – deals solely with the issue of compensation for owners and occupiers of agricultural land affected by a CPO. Other guides in the series explain rights to compensation for business owners and occupiers (Guide 2) (https://www.gov.uk/guidance/compulsory-purchase-and-compensation-guide-2-compensation-to-business-owners-and-occupiers) and for residential owners and occupiers (Guide 4) (https://www.gov.uk/guidance/compulsory-purchase-and-compensation-guide-4-compensation-to-residential-owners-and-occupiers). The compensation and valuation principles explained in these guides apply to all compulsory purchase schemes, regardless of the type of legal instrument being used: this includes CPOs, Transport and Works Act Orders (TWAOs), development consent orders (DCOs) and Hybrid Acts of Parliament.

5. These guides are aimed at the layperson, and wherever possible, the use of jargon and technical language has been avoided. There are, however, a number of important terms which have specific meaning in compulsory purchase matters. These words and expressions are explained within Appendix 1 of this guide. There are also a number of bodies and organisations who may be able to offer their advice if you are affected by compulsory purchase. A list of useful contact names, addresses and telephone numbers is set out in Appendix 2 of each guide.

Key points to note

Professional advice

↑ Contents

6. These guides are intended to help affected parties to understand the basics of the CPO process but cannot cover every circumstance that may arise. The information they contain carries no legal force and does not constitute legal advice. The guides are not a substitute for professional advice. If you think your land may be the subject of compulsory purchase you should seek advice from a suitably experienced property adviser such as a chartered surveyor, an agricultural valuer or a solicitor, who should be able to advise on your rights and also act on your behalf if appropriate. It is best to seek professional help as early as possible.

7. When choosing a professional adviser you may wish to consider the following points:

- can they demonstrate experience in advising people with your type of business/property who have been affected by compulsory purchase?
- are they bound by professional standards in the way they undertake their work? The Royal Institution of Chartered Surveyors has a Professional Statement outlining the standards which its members must follow in advising on compulsory purchase (https://www.rics.org/uk/upholding-professional-standards/sector-standards/land/surveyors-advising-in-respect-of-compulsory-purchase-and-statutory-compensation-uk/)
- have they been clear about the basis for fees that will be charged?
- have they been clear about circumstances where their fees may be recoverable from the acquiring authority and when?

8. Firms who offer compulsory purchase as a surveying service and who offer 30 minutes of free advice on the subject can be found under the Find a Surveyor service (https://www.ricsfirms.com/helplines/compulsory-purchase/) offered by the Royal Institution of Chartered Surveyors.

9. For rural property, the Central Association of Agricultural Valuers (https://www.caav.org.uk/) (tel: 01452 831815) will provide contact details for suitably experienced agricultural valuers in your area.

Can I recover the costs of employing a professional adviser?

Any costs associated with objecting to a CPO – including professional fees incurred in pursuing the objection – need to be met by you as the objector. However, if you are a remaining objector whose objection is sustained, such that the CPO is not confirmed or your land is excluded from the CPO, then you are entitled to seek an award of reasonable costs once the confirming authority's decision is issued. If you are partially successful in objecting i.e. part of your land is excluded from the CPO, you will be awarded your reasonable costs that relate to that part of your objection.

↑ Contents

reclaimed from the acquiring authority. For further information, please refer to paragraphs 39 to 46 on disturbance.

Comprehensive records

10. It is important that you keep a comprehensive record of all communications with the acquiring authority, including notes of any meetings. You should also keep detailed records of all expenses incurred and losses sustained as you may be able to recover these as part of your claim for compensation. You should bear in mind that you can only receive compensation for expenses and losses which occur as a direct and reasonable consequence of the acquisition of your land. You may also wish to keep a record of the condition and state of your land.

Duty to mitigate your loss

11. Those affected by compulsory purchase are under a duty to mitigate losses. This means that you need to take reasonable steps to eliminate or reduce your losses. For example, if you need to employ a removals firm to assist with your move, you should obtain quotes from at least 2 reputable firms. Assuming the firms offer the same service, instructing the cheapest would be a way of mitigating your loss.

Outline of the compensation system

12. This guide provides a description of the statutory framework for compensation. Acquiring authorities may choose to have discretionary schemes on top of this. Your professional adviser will be able to advise if any such schemes exist and are relevant to your particular case.

13. The rights to compensation for those affected by compulsory purchase - and the procedures for assessing the correct amount – are governed by a combination of legislation, case law and established practice. These are sometimes referred to collectively as the ‘compensation code’. However, there is no single, published document called the compensation code.

14. The overriding principle of compulsory purchase compensation is ‘equivalence’. This is the principle that people whose land is acquired compulsorily should be left neither better nor worse off financially as a result of their land being acquired – being entitled to compensation which is neither more nor less than the value of their loss.

Right to compensation

15. The right to compensation may arise as a result of:

- all or part of your land, or a right over that land, being acquired compulsorily (or under the threat of compulsory purchase) – depending upon the particular

↑ Contents

circumstances in each case, compensation can be claimed under the following categories, which are referred to as 'heads of claim':
  - value of the land taken (see paragraphs 23 to 38
  - disturbance payments (see paragraphs 40 to 47)
  - loss payments (see paragraphs 47 to 51); and
  - severance and injurious affection for retained land (see paragraphs 53 to 60)
- your land being adversely affected by the construction and/or use of works but where none of your land is acquired - compensation can be claimed for a reduction in the value of your land caused by:
  - the execution (the construction) of public works (injurious affection) (see paragraphs 106 to 108); and
  - the subsequent use of public works (Part 1 claim) (see paragraphs 109 to 119)

Mitigation works

16. Acquiring authorities also have certain duties and discretionary powers to take action to help to reduce the impact of their development works. The exercise of these powers is referred to as 'mitigating the injurious effects' of the development. The main duty is a requirement to undertake noise insulation works where certain specified criteria are fulfilled. This duty only applies to dwellings or other buildings used for residential purposes. Your professional adviser will be able to provide further advice on this matter. (If your agricultural holding includes some form of residential accommodation you should also read Guide 4: Compensation to residential owners and occupiers (https://www.gov.uk/guidance/compulsory-purchase-and-compensation-guide-4-compensation-to-residential-owners-and-occupiers).)

Agricultural tenants

17. Paragraphs 77 to 98 of this guide set out the compensation entitlement for agricultural tenants which differs from that of a freehold owner.

Advance payments

18. At any time after a CPO has been confirmed, you can make a claim for an advance payment on account of any compensation you are entitled to. See paragraphs 99 to 103 of this guide for further information.

Interest

19. Where an acquiring authority enters and takes possession of land or executes a general vesting declaration before agreeing compensation, simple interest, at a prescribed rate (published under the 1997 subheading) (https://www.gov.uk/guidance/planning-guidance-letters-to-chief-planning-officers#section-17), is payable from the date of entry or the vesting date until compensation is paid. If a claim is made for compensation which arises as a result of nearby public development, but no land is actually acquired, interest is payable on any sum due

↑ Contents

Blight

20. If an agricultural unit, including a farmhouse, is 'blighted' you may be able to serve a blight notice to compel an authority to acquire the land. The definition of blight, and the requirements and procedures for serving a blight notice, are set out in Guide 1: Compulsory purchase procedure (https://www.gov.uk/guidance/compulsory-purchase-and-compensation-guide-1-procedure). If you are successful and your blight notice is accepted, the principles of valuation and assessment of compensation are identical to those which apply had the land been compulsorily acquired.

Disputes

21. There is a formal process (through the Upper Tribunal (Lands Chamber)) for dealing with disputes over compensation entitlement. However, acquiring authorities are also encouraged to offer alternative dispute resolution techniques (e.g. mediation) to those with concerns about any stage of the CPO process. These should involve a suitably qualified independent third party.

Compensation when land is taken

Overview

22. Depending upon the particular circumstances in each case, compensation when some or all of your land is taken can be claimed under the following categories, which are referred to as 'heads of claim':

- value of the land taken;
- disturbance payments;
- loss payments; and
- severance and injurious affection (where only part of your land is taken).

Value of the land taken

Valuation date

23. The legislation requires compensation claims to be assessed at a specific point of time called the 'valuation date'. This is the earliest of:

- the date of entry and taking possession if the acquiring authority has served a notice to treat and notice of entry; or
- the vesting date if the acquiring authority has executed a general vesting declaration; or
- the date when compensation is agreed if prior to either of the above

Market value

↑ Contents

24. The law specifies that the compensation to be paid where land is compulsorily acquired shall reflect what that land might be expected to realise if it were sold in the open market by a willing seller at the valuation date. In other words, compensation is based on the market value of the land which is to be acquired.

25. However, the assessment of compensation ignores any increase or decrease in value caused by the acquiring authority's proposed scheme (e.g. regeneration project, new road, railway line etc) or the prospect of that scheme. This is known as the 'no scheme principle'. The basic premise is that compensation should reflect what your land would be worth if the scheme to which the CPO relates did not exist (i.e. in the 'no scheme world').

26. The acquiring authority will normally appoint a chartered surveyor to undertake the estimate of the market value. You may appoint a surveyor to carry out your own assessment and to negotiate with the acquiring authority on your behalf.

Land with development potential

27. The market value of land may reflect what it is worth in its existing use ('existing use value'). However, the market value of land may in some cases be affected by:

- its development potential, taking account of:
  - existing planning permission(s) for an alternative use or development
  - the prospect of obtaining planning permission for an alternative use or development ('hope value')
- its ability to unlock the development potential of an adjoining site by, for example, providing the only possible access to it ('ransom value')
- the extent to which, if combined with one or more other land interests, it would be worth more than the sum of their individual values ('marriage value')

28. In accordance with the no scheme principle, however, compensation will only include a degree of hope, marriage or ransom value if it can be demonstrated that these would have existed in the absence of the acquiring authority's scheme. In effect, only pre-existing value is paid. The location, nature and planning status of your land will be important in determining what – if any – pre-existing value it has.

29. The law sets out a series of rules about what developments planning permission can be assumed for, and the extent to which these are to be taken into account, when assessing compensation. These are sometimes referred to as the 'planning assumptions'.

30. In broad terms, compensation may take account of:

a) planning permission which is in force on the valuation date (this includes not just planning permission granted by the local planning authority but also planning permission granted through permitted development rights);

↑ Contents

not exist ('appropriate alternative development'); and

c) the prospect of planning permission being granted for other development.

31. National and local planning policies (e.g. those contained in a local or neighbourhood plan) will be relevant in determining the type(s) of development which might have been acceptable had there been no CPO, and the likelihood of planning permission being granted.

32. Where there is a disagreement about what might have been granted planning permission in the absence of the CPO, you may seek a 'Certificate of Appropriate Alternative Development' from the local planning authority. This will confirm whether a particular use would have been permitted in the absence of the acquiring authority's scheme. Although the procedures for applying for a certificate are similar to submitting a planning application, there are some important differences. You should ask your professional adviser about these if you are considering applying for a certificate.

33. It is important to note that even where planning permission for alternative development has been granted (or can be assumed), compensation will be based on how the market would price the land with the benefit of that permission. The valuation will reflect the likely development costs, as well as uncertainties and risks, associated with implementing an alternative development in the absence of the acquiring authority's scheme. For example, there may be doubts about whether infrastructure will be delivered if the acquiring authority's scheme does not proceed.

34. If the market value of your land reflecting its development potential is greater than the market value of your land for its existing use you may not be entitled to disturbance compensation (see paragraph 45).

Unlawful use of the land

35. Any increase in the value of land which is attributable to a use of the land which is unlawful or detrimental to the health of the occupants of the land or to public health, may not be taken into account.

36. A use which is unlawful is one which could be subject to planning enforcement proceedings. Therefore, if your land is used for a purpose which requires, but does not have, planning permission, no account can be taken of any increase in value attributable to that use. However, if that use could not be subject to enforcement proceedings (for example, because the use had been undertaken for such a length of time that a lawful development certificate would be granted) any increase in value attributable to that use may be taken into account.

Equivalent reinstatement

↑ Contents

market valuation. In such cases, compensation may be assessed on the basis of how much it would cost to reinstate the facility elsewhere (‘equivalent reinstatement’). Both freeholders and leaseholders can claim on this basis although it is more difficult to justify if there is only a short lease.

38. It is unlikely that circumstances giving rise to a claim for equivalent reinstatement will occur in the case of agricultural land. Accordingly, this basis of compensation is not covered in this guide. However, if you feel that your property which is being acquired is one for which there is no general market or demand you should discuss the matter with your professional adviser.

Disturbance payments

39. Disturbance payments provide compensation for losses caused by being disturbed from possession of the land taken and other losses which are not based on the value of the land.

40. Losses will generally be recoverable if they are a natural and reasonable consequence of being disturbed and are not too remote. Additionally, in order to claim disturbance payments, you must act reasonably to reduce or eliminate your loss. There is a large amount of case law on disturbance and you should seek professional advice on this matter.

41. The burden of proof for losses claimed as disturbance is with the claimant: the onus is on you to justify your claim. Accordingly, it is of the utmost importance that you keep a detailed record of losses sustained and costs incurred in connection with the acquisition of your land. You should keep all relevant documentary evidence such as receipts, invoices and fee quotes. You should also keep a record of the amount of time you have spent on matters relating to the compulsory purchase of your land.

42. In the case of agricultural land, the Courts have held that the future profitability of the farming business is, in effect, included within the value of the land. It is for this reason that, unlike non-agricultural businesses, no separate assessment of compensation is payable for extinguishment when compulsory acquisition occurs and relocation does not take place.

43. This does not, however, apply to temporary losses which arise as a result of disturbance arising from the works undertaken to implement the scheme for which compulsory acquisition has occurred. This may include matters such as extra time taken as a result of access difficulties caused by temporary road closures or diversions, loss of crops which would have been harvested on the land taken in the year of the compulsory acquisition, the value of which has not been reflected in the price paid for the land, and loss on forced sale of stock, equipment and consumables. The overriding rule is that anything which is not too remote and is a natural and reasonable consequence of the acquisition is to be compensated.

↑ Contents

costs of reinvestment in a replacement property investment in certain circumstances as set out in paragraph 46.

Disturbance when compensation reflects development potential

45. If the market value of your land reflecting its development potential is greater than the market value of your land for its existing use you may not be entitled to disturbance compensation. This is in line with the wider principle of equivalence i.e. that you should be left no better or worse off in financial terms.

Disturbance to investment owners

46. In order to be entitled to compensation for disturbance you must normally be in physical occupation of the land. There is, however, a limited right to disturbance for owners of investment properties who are not in occupation. Compensation is payable in respect of incidental charges or expenses incurred in acquiring, within a period of 1 year of the date of entry, an interest in other land in the United Kingdom. These costs will be paid on the same basis as if you were an occupier.

Loss payments

47. A loss payment is an additional amount paid to eligible claimants to reflect and recognise the inconvenience and disruption caused by compulsory acquisition. If you are displaced from your residence as a result of compulsory purchase, you may be entitled to a home loss payment (see Guide 4 (https://www.gov.uk/guidance/compulsory-purchase-and-compensation-guide-4-compensation-to-residential-owners-and-occupiers)). If you are not entitled to receive a home loss payment, you may nevertheless be entitled to a loss payment depending on the nature of your land ownership. Loss payments for non-residential owners and occupiers include the basic loss payment and an occupier's loss payment. A number of criteria have to be fulfilled to qualify for the payments.

Basic loss payment

48. To qualify for a basic loss payment:

- you must have an interest (whether freehold or leasehold);
- you must have held that interest for a year or more ending on whichever was the earliest of:
  - the date the acquiring authority took possession;
  - the date the land vested in the acquiring authority under a general vesting declaration;
  - the date compensation was agreed; or
  - the date the Upper Tribunal (Lands Chamber) determined the amount of compensation.

↑ Contents

49. You will also qualify for an additional occupier's loss payment if you qualify for the basic loss payment and for the period on which that qualification is based you also occupied the land.

Amount of loss payment

50. The basic loss payment is 7.5% of the value of the interest in land concerned, subject to a ceiling of £75,000. This is set out in section 33A of the Land Compensation Act 1973.

51. The occupier's loss payment is subject to a ceiling of £25,000. Within that limit, it is whichever is the highest of 2.5% of the value of the interest in the land concerned or either the 'land amount' or the 'buildings amount' as defined in sections 33B and 33C of the Land Compensation Act 1973. The methodology for calculating these amounts is complex, and you will need to seek professional advice.

52. The amounts of these payments may be reviewed from time to time and your professional adviser will be able to confirm the current amounts.

Severance and injurious affection

53. If you have only part of your land acquired there may be an additional entitlement to compensation in respect of any adverse effect on the land you retain. The compensation is for the depreciation in value of the retained land and is referred to as 'severance' and/or 'injurious affection'. If you have retained land you should consult your professional adviser.

54. The 2 elements of this head of claim should be considered in isolation.

55. Severance occurs when the land acquired contributes to the value of the land which is retained, so that when severed from it, the retained land loses value. For example, if a new road is built across a field it may no longer be possible to have access by vehicle to part of the field, rendering it virtually useless and therefore, less valuable.

56. Injurious affection is the depreciation in value of the retained land as a result of the proposed construction on, and use of, the land acquired by the acquiring authority for the scheme. For example, even though only a small part of a farm may be acquired for a new road, the impact on the entire operation from the noise and vibration of the road could be considerable. It is the impact of the whole of the proposed scheme that is to be considered, not just the effect on the area acquired from you. Compensation is claimable both for the construction of works and their subsequent use.

57. This can be demonstrated with a simple hypothetical example. You might own a block of farmland of 50 hectares, which gets split into 2 equal blocks of 20 hectares following the acquisition of 10 hectares for the construction of a new relief

↑ Contents

58. If you could demonstrate that there was a higher land value per hectare as a single block of 50 hectares and that accordingly the retained property actually depreciated in value as a result of being severed from the part acquired, the compensation would include an amount in respect of severance.

59. Additional compensation for severance could arise if the resultant shape of the fields or access restrictions make future farming operations difficult or impractical.

60. If it could also be demonstrated that the value of the retained land had depreciated as a result of being adjacent to a relief road the compensation would also reflect this reduction in value under the heading of injurious affection.

Betterment

61. In assessing compensation, the acquiring authority will have regard to any increase in value of land you retain that is adjacent to or adjoining the land acquired. This is generally referred to as ‘betterment’.

62. Betterment is the opposite of injurious affection. There may be instances where the acquiring authority’s scheme may increase the value of your retained land.

63. An example of this would be if you owned land, part of which is acquired for the construction of a new road and that new road enhances access to the remaining land thereby increasing its value. In such circumstances, the acquiring authority will seek to offset this increase in value against the compensation that is payable in respect of the land acquired.

64. The acquiring authority should, of course, be able to explain their grounds for considering that their proposal has generated an increase in the value of your retained land.

65. In an extreme case you would receive no compensation because the enhancement in value of the retained land is equal to or greater than the compensation for the land acquired. The least compensation you can receive is nil. In no circumstances can the acquiring authority expect you to pay them.

Material detriment

66. There is another course of action which you may be able to take if the acquiring authority is only proposing to acquire part of your land and the part of the land you retain will be less useful or less valuable in some significant degree. In these circumstances, it may be possible to advance a claim for ‘material detriment’, seeking to make the acquiring authority acquire the whole of the land interest rather than just a part.

67. Following receipt of notice to treat from the acquiring authority, you may within 2 months serve a counter notice claiming that all your other land is not reasonably capable of being farmed and requiring the acquiring authority to purchase that

↑ Contents

you have 28 days from first becoming aware of the declaration to serve a counter notice. The authority can accept the counter notice or, if they do not, the issue can be referred to the Upper Tribunal (Lands Chamber) for decision.

68. Tenants for a year, or from year to year, who are served with notice of entry (see paragraph 81), have similar ability to require the authority to take more of their holding.

69. Notice can be served on the acquiring authority to purchase any severed areas that are less than 0.2 hectares (half an acre), although if you have other adjoining land which can be combined with the severed area this remedy is not available. You have to prove that the part of the land that you retain is not capable of being farmed as a separate agricultural unit, either by itself or with other land outside the unit that you occupy as a freehold owner or as a tenant.

70. This can be a complicated matter which you should discuss with your professional adviser.

Licences

71. Agricultural land may be occupied under a licence, such as a grazing licence, which does not give 'exclusive possession' to the occupier. Such agreements are not generally compensateable interests. However, those in occupation on such a basis may be entitled to disturbance payments and should therefore ask their professional adviser to determine what compensation they may be eligible for.

Accommodation works

72. Accommodation works comprise anything which is carried out or paid for by the acquiring authority, usually situated on your retained land, in order to reduce the claim for severance, injurious affection and/or disturbance.

73. Examples are fences, ditches, gates, cattle grids, holding pens, new water supplies and new bridge or underpass crossings. In the case of crossings, the acquiring authority frequently retains ownership of the infrastructure and is responsible for ongoing maintenance. As a result, such crossings are more correctly described as part of the scheme works.

74. There is no statutory right to have accommodation works provided for you but it is normal practice for acquiring authorities to suggest and discuss the provision of such works where it is cost effective because compensation otherwise payable is reduced as a result of the works.

Contractor damage – third party liability

75. This can be a particular difficulty affecting agricultural land. The general principle in law is that contractors working for the acquiring authority are

↑ Contents

compensation for losses incurred and additional costs sustained. You are responsible for pursuing the contractor direct rather than going through the acquiring authority. Your professional adviser will be able to help you go about this.

76. Typical examples of contractor damage are damage to services, leaving gates open allowing livestock to escape, or damage to crops caused by straying off agreed access routes.

Compensation for agricultural tenants

77. The basis of compensation is different if you are a tenant.

78. If your tenancy was created before September 1995 or you succeeded to a tenancy which was created before then, it is likely that you have a tenancy under the Agricultural Holdings Act 1986. Most tenancies under the 1986 Act are technically tenancies from year to year but you will have security of tenure. Outside of the compulsory purchase regime, you cannot usually be dispossessed from your holding unless you are either served by an effective notice to quit by your landlord or an agreement has been reached to quit the holding.

79. If your tenancy was entered into on or after 1st September 1995 you are likely to have a Farm Business Tenancy under the Agricultural Tenancies Act 1995. A Farm Business Tenancy can be for a fixed term or may be a periodic tenancy running from year to year, but there is no security of tenure. Outside of the compulsory purchase regime, the agreement can be brought to an end by the landlord serving notice in accordance with the terms of the tenancy or in accordance with the 1995 Act.

80. Compensation will be affected by the actual terms of the tenancy agreement. Your professional adviser will be able to advise on the nature of your entitlement and the basis on which you will be compensated.

Tenancies under the Agricultural Holdings Act 1986

81. The procedure for taking possession is different from that which is applied to freeholds or tenancies of greater than a year. This is dealt with in greater detail in Guide 1: Compulsory purchase procedure (https://www.gov.uk/guidance/compulsory-purchase-and-compensation-guide-1-procedure). There is no requirement for the acquiring authority to serve a notice to treat on an agricultural tenant who has only a yearly tenancy provided one has been served in respect of some interest in the same land, for example the landlord’s interest. Provided this is the case the acquiring authority may take possession of your interest following 3 months’ minimum notice of entry. In this case, compensation will be payable under section 20 of the Compulsory Purchase Act 1965 (the ‘notice of entry basis’) if you have no greater interest than as tenant for a year or from year to year.

82. Alternatively, the acquiring authority may acquire a superior interest in the land,

↑ Contents

quit' basis or you may be able to choose to instead be compensated on the 'notice of entry basis' under section 20 of the Compulsory Purchase Act 1965. If you are such a tenant and you have been served with a notice to quit, you may be able to choose to instead be compensated under section 20 provided:

- you give up possession of your holding, or part of it, to the acquiring authority on/or before the expiry of the notice to quit;
- you give notice in writing to the acquiring authority at any time before giving up possession of the tenancy that you wish to be compensated under the section 20 basis.

83. Your professional adviser will be able to advise on whether it is appropriate to choose to be compensated on the section 20 'notice of entry' basis in your particular case.

Notice to quit basis of compensation

84. The notice to quit basis of compensation is calculated as if the landlord had served a notice to quit at the end of the tenancy. You will be entitled to compensation under Part 5 of the Agricultural Holdings Act 1986. Your professional adviser will be able to advise you further on this.

Notice of entry basis of compensation

85. The notice of entry (section 20) basis of compensation is as follows:

- value of the unexpired term or interest in the land
- any severance or injurious affection to the holding (see paragraphs 87 to 88
- disturbance losses, including surveyors and legal fees (see paragraph 89)
- any just allowance by an incoming tenant (see paragraph 90)
- section 12 payment (see paragraph 91)
- any other items of claim such as a loss payment (see paragraphs 47 to 51) if eligible

Value of tenants' interest

86. Although you may only have a yearly tenancy you have security of tenure of your holding for your lifetime. This may have a value, but it may vary according to your age, whether you have a relative who is able to qualify in a succession of the tenancy, and what improvements you have carried out during your tenancy. This sum is reduced by the additional compensation of 4 years' rent (section 12 payment) as set out in paragraph 91. Your professional adviser will be able to help you arrive at this figure.

Severance and injurious affection

87. As with other interests in land, there is a right to compensation to reflect the

↑ Contents

88. This right exists even if the land retained is held under a different tenancy from the land acquired.

Disturbance payment

89. Tenants of section 20 interests (see paragraph 82) are entitled to compensation for being disturbed in their occupation of the property. The principles are the same as for disturbance compensation for interests of greater than a year. However, only losses relating to the period before the tenancy could otherwise have been brought to an end by the landlord (having regard to any likelihood of or right to renew) are recoverable. Your professional adviser can assist in assessing the value of any claim for disturbance.

Allowance by incoming tenant

90. Normally an incoming tenant would pay a sum to an outgoing tenant for the value of, for example, live and dead stock, value of growing crops, tenants' improvements, unexhausted fertiliser values etc. This is known as 'tenant right'. This sum is dependent on the actual farming situation on the holding and your professional adviser will help you to assess this value.

Section 12 of the Agriculture (Miscellaneous Provisions) Act 1968

91. This section entitles you to an additional payment of 4 times the rent of the land acquired, apportioned if only part of the holding is taken.

Loss payment

92. Tenants may also be entitled to a loss payment (see paragraphs 47 to 51).

Farm Business Tenancies under the Agricultural Tenancies Act 1995

93. If you have a Farm Business Tenancy which is for a fixed term with not less than 1 year to run, the acquiring authority will serve a notice to treat on you. You will be entitled to compensation for the value of the unexpired term of your tenancy and for disturbance, as well as any severance or injurious affection in the case of acquisition of part only.

94. Where you have a Farm Business Tenancy either with a fixed term which has less than 1 year to run or a yearly tenancy, the acquiring authority has a choice of procedure for obtaining possession: it can serve a notice of entry (in which case compensation will be payable under section 20 of the Compulsory Purchase Act 1965) or it can acquire a superior interest (such as the freehold) and then serve a notice to quit under section 7 of the Agricultural Tenancies Act 1995.

95. Your compensation entitlement will depend on the specific terms of your Farm Business Tenancy, including how long it has left to run. Your professional adviser will be able to advise

↑ Contents

Notice of entry basis of compensation

96. If a notice of entry is served the tenant will be entitled to compensation on a similar basis to that for those with a tenancy under the Agricultural Holdings Act 1986 (see paragraph 85). However, the value of the unexpired term or interest in the land will be based on different assumptions as there is no security of tenure under Farm Business Tenancies. Also, farm business tenants are not entitled to a section 12 payment (see paragraph 91).

Notice to quit basis of compensation

97. Where an acquiring authority serves a notice to quit, the tenant will be entitled to compensation under Part 3 of the Agricultural Tenancies Act 1995. Your professional adviser will be able to advise you further on this.

Loss payment

98. Tenants may also be entitled to a loss payment (see paragraphs 47 to 51).

Advance payments

99. At any time after a CPO has been confirmed (see Guide 1 (https://www.gov.uk/guidance/compulsory-purchase-and-compensation-guide-1-procedure)), you can make a claim for an advance payment on account of any compensation you are entitled to. If requested, and subject to sufficient information being provided, the acquiring authority is obliged to make an advance payment by the end of the day on which the notice of entry is given or general vesting declaration is executed or if later, within 2 months of the later of:

- the date of receipt of the claim: or
- the date any further information requested; or

However, an acquiring authority may make an advance payment earlier if it chooses to do so.

100. The level of advance payment is 90% of either:

- the agreed sum for the compensation; or
- the acquiring authority's estimate of the compensation due, if the acquiring authority takes possession before compensation has been agreed

101. It is important that in making a claim for an advance payment that you provide sufficient information to allow the acquiring authority to properly estimate your entitlement. There is no specific format for the claim other than that it must be in writing and include the required information. However, there is a model claim form on GOV.UK (https://www.gov.uk/government/publications/compulsory-purchase-process-and-the-crichel-down-rules-guidance). Some acquiring authorities may use their own form.

↑ Contents

102. If the property is mortgaged the acquiring authority will reduce the advance payment by the amount of the outstanding mortgage sum. However, in some circumstances it may be possible to require the acquiring authority to make an advance payment direct to your lender.

103. If you accept an advance payment which is based on an acquiring authority's estimate of the compensation due this does not prejudice the final amount of compensation that you will receive. If the estimate is subsequently found to be either too low or too high, your final payment will be adjusted accordingly.

Compensation when no land is taken

104. The procedures outlined so far apply only where land (or new rights over land) is acquired. However, a right to compensation may also arise in limited circumstances when no land is taken but when statutory powers are exercised.

105. Compensation can be claimed for a reduction in the value of your land caused by:

- the 'execution' (i.e. construction) of public works (injurious affection)
- the subsequent use of public works (Part 1 claim)

Reduction in value caused by the execution of works

106. Compensation for a reduction in value caused by the execution of works is payable when a loss occurs because some right in land (as opposed to the actual land itself) is taken away or interfered with. The requirements are that the injury done must:

- be authorised by statutory power
- arise from that which would, if done without the statutory authority, have been actionable at law, for example as a nuisance
- arise from a physical interference with some right, public or private, which attaches to the land
- arise solely from the execution of the works and not as a result of their subsequent use

Valuation date

107. The relevant date for the assessment of compensation is the date at which the loss occurred. This is most likely to be the date of interference with the right in land.

Basis of compensation

108. You must be able to demonstrate that the loss is a natural and reasonable consequence of the execution of the works. Compensation is based upon the

↑ Contents

interfered with. Business losses cannot be claimed unless they result in a reduction of the land value.

Reduction in value caused by the use of public works

109. This right to compensation for a reduction in value caused by the use of public works is set out in Part 1 of the Land Compensation Act 1973. It is commonly referred to as a 'Part 1 claim'. It applies in relation to certain 'public works' i.e. a highway, an aerodrome and other works provided under statutory powers. In addition to new works the provisions cover substantial alterations and changes of use to existing works but not intensification of a use (unless alterations are also carried out).

110. Separate [guidance on Part 1 claims in respect of new or altered roads (https://www.gov.uk/government/publications/a-guide-to-part-i-claims)](https://www.gov.uk/government/publications/a-guide-to-part-i-claims) is published by Highways England.

111. In order to be able to submit a claim you must own a qualifying interest in the land before the relevant date.

The relevant date

112. If the public works in question is a highway, the relevant date is the date on which it was first open to public traffic. With regard to any other public works it is the date on which they were first used after completion.

Qualifying interest

113. In the case of an agricultural property you must have an owner's interest in the land and be an owner-occupier of the land. An owner's interest means either a freehold or a tenancy for a term of years which at the date of notice of claim has not less than 3 years unexpired. To qualify as an owner-occupier you must occupy the whole of the unit.

Valuation date

114. Compensation is based upon prices current on the first claim day, which is 12 months after the relevant date (see paragraph 112). Interest is payable from the date the claim is submitted until payment.

Basis of compensation

115. Compensation is based upon the depreciation in the value of the land due to the 'physical factors' caused by the use of the public works.

116. The 7 physical factors are:

- noise

↑ Contents

- smell
- fumes
- smoke
- artificial light
- discharge onto the land of any solid or liquid substance

117. Any depreciation in value which is attributable to reasons other than these 7 specific factors is not compensateable. For example, the loss of a view is not compensateable.

118. The important distinction between this and a claim for the execution of works (described at paragraph 106 is that it is the use of the works which must cause the depreciation. For example, if a motorway is constructed in close proximity to an office, any claim under Part 1 must relate to the depreciation in value caused by the noise and other physical factors associated with the traffic using the road and not to the physical existence of the highway.

119. If you sell your property in the 12 months between the relevant date and the first claim day (see paragraph 114 you must make a claim between exchanging contracts and completion or you will lose your rights to compensation.

Appendix 1: Terms used in compulsory purchase

Set out below is a list of terms and definitions commonly referred to when dealing with compulsory purchase matters.

Acquiring authority
Bodies authorised through an Act of Parliament to acquire land by compulsion for a specific purpose.

Compensation code
A collective term for the principles derived from Acts of Parliament and case law relating to compensation for compulsory acquisition.

Confirming authority
Once a CPO is made by the acquiring authority it must be approved by the confirming authority before it can be implemented. The confirming authority is either the relevant government minister (the confirmation of CPOs in Wales is the responsibility of Welsh Ministers) or an independent inspector appointed by the relevant minister to take the confirmation decision on their behalf.

Duty to mitigate loss
The duty of a claimant seeking compensation to take any reasonable steps open to them to reduce or avoid loss. For example, a claimant could mitigate loss by seeking a number of quotes from reputable contractors and instructing the cheapest.

Equivalence

↑ Contents

compulsorily should be left neither better nor worse off financially as a result of their land being acquired.

Existing use value
The market value of land reflecting what it is worth in its existing use.

General Vesting Declaration (GVD)
A legal procedure used in connection with compulsory purchase whereby an acquiring authority, having obtained a CPO, is able to obtain possession and ownership of the land. This is a procedure for the speedy acquisition of land and normal conveyancing practice does not have to be adopted.

Home loss payment
An additional sum paid to owner-occupiers and tenants of dwellings displaced by compulsory purchase or public redevelopment (on top of compensation based on the market value of the land which is taken).

Investment property
Generally, any property purchased with the primary intention of retaining it and enjoying the total return, i.e. income and/or capital growth, over the life of the interest acquired.

Land
Land includes buildings and structures. Existing interests and rights in land, such as freehold or leasehold together with any existing rights can be compulsorily acquired either as a whole or in part.

Lawful development certificate
A certificate obtainable on application to a local planning authority (under section 191 or 192 of the Town and Country Planning Act 1990) which confirms that an existing or a proposed land use, operation or activity is lawful for planning purposes.

Marriage value
Latent value which is or would be released by the merger of 2 or more interests in land. For example, 2 adjoining parcels may be worth more as 1 property than the aggregate of their separate values. Similarly, 2 interests in the same property (such as the freehold and the leasehold) may have a greater value when merged than the sum of their individual values.

New rights
Compulsory purchase can be used by most acquiring authorities to create and acquire new rights over land. An example would be the creation of a right of way or a right of support.

No scheme principle
The principle that the assessment of compensation ignores any increase or decrease in value caused by the acquiring authority’s proposed scheme or the prospect of that scheme.

↑ Contents

Notice of entry
A notice served on the owner and occupier(s) of a property by an authority possessing compulsory purchase powers requiring possession to be given by a date prescribed in the notice.

Notice to treat
A notice served on owners, lessees and mortgagees by an authority with compulsory purchase powers to acquire land. The notice gives particulars of the property to be acquired, demands details of the recipient's interest in the land and their claim for compensation and states that the authority is willing to treat (negotiate) for the purchase of the land.

Public development
A new or altered highway, aerodrome or other public works.

Qualifying person
A qualifying person is:

- an owner, lessee, occupier or tenant of land within the CPO; or
- a person who may have the right to claim compensation either because:

(a) they own rights in the land being acquired and these will be interfered with; or

(b) the value of their land will/may be reduced as a result of works carried out on the land being compulsorily acquired (even though none of their land is being compulsorily acquired).

Ransom value
The ability to obtain a high price for a small area which is key to the site being developed. For example, where your land could unlock the development potential of an adjoining site by providing the only possible access to it.

Remaining objector
A qualifying person who has a remaining objection within the meaning of section 13A of the Acquisition of Land Act 1981.

Upper Tribunal (Lands Chamber)
A tribunal for England and Wales set up under the Lands Tribunal Act 1949 and proceeding in accordance with rules made by the Lord Chancellor. Its jurisdiction, amongst others, includes adjudication on disputed compensation for the compulsory acquisition of land. The tribunal comprises the President (who must be a barrister or have held judicial office) and members who are all either legally qualified or experienced in valuation.

Appendix 2: Useful contacts

Set out below is a list of contact details of bodies and organisations who may be able to offer their advice if you are affected by compulsory purchase.

↑ Contents

The Central Association of Agricultural Valuers (https://www.caav.org.uk/) is the professional body for rural property specialists. They can provide contact details for suitably experienced agricultural valuers in your area who can advise rural property and business owners on CPO.

Compulsory Purchase Association (CPA)

The Compulsory Purchase Association (http://www.compulsorypurchaseassociation.org/index.html) is a membership organisation which promotes best and effective practice in delivering land for infrastructure, housing and regeneration. Its members offer CPO and compensation advice, and a list of members, together with other useful information, is available on its website.

Department for Levelling Up, Housing and Communities (DLUHC)

The Department for Levelling Up, Housing and Communities (https://www.gov.uk/government/organisations/department-for-levelling-up-housing-and-communities) is the government department responsible for the compulsory purchase system in England. DLUHC can provide guidance on the operation of the compulsory purchase system. However, the Department cannot provide advice on individual cases.

Royal Institution of Chartered Surveyors (RICS)

The Royal Institution of Chartered Surveyors (https://www.rics.org/) can provide advice on land value and compensation. RICS also hold a list of surveyors who are experienced in offering support on compulsory purchase matters.

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Related content

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Compulsory purchase and compensation: guide 2 - compensation to business owners and occupiers (/guidance/compulsory-purchase-and-compensation-guide-2-compensation-to-business-owners-and-occupiers)

Compulsory purchase system guidance (/government/collections/compulsory-purchase-system-guidance)

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↑ Contents

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↑ Contents

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Guidance

Compulsory purchase and compensation: guide 4 - compensation to residential owners and occupiers

Guidance about compensation to owners and occupiers of residential properties once a compulsory purchase order comes into force.

From:
Department for Levelling Up, Housing and Communities (/government/organisations/department-for-levelling-up-housing-and-communities)

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Contents

Introduction

Overview

1. Compulsory purchase is a legal mechanism by which certain bodies (known as 'acquiring authorities') can acquire land without the consent of the owner. Compulsory purchase powers can support the delivery of a range of development, regeneration and infrastructure projects in the public interest. In doing so, they can help to bring about improvements to social, economic and environmental wellbeing.

2. Although compulsory purchase powers can help to deliver positive change, the government recognises that it can be upsetting and stressful to discover that land which you own or occupy is to be compulsorily acquired. Furthermore, the law and procedures relating to compulsory purchase are complex, which can be daunting. This series of 4 plain English guides is intended to help those affected by compulsory purchase by explaining how the system works in simple terms. The guides reflect legislative changes up to and including the Neighbourhood Planning Act 2017.

3. Before reading this guide, you should first read Guide 1 (https://www.gov.uk/guidance/compulsory-purchase-and-compensation-guide-1-procedure) which provides an end-to-end overview of the compulsory purchase order (CPO) process in England and Wales. It outlines the procedures which acquiring authorities must go through to use their powers and explains what opportunities those affected have to influence the outcome.

4. This guide – Guide 4 – deals solely with the issue of compensation for residential owners and occupiers affected by a CPO. Other guides in the series explain rights to compensation for business owners and occupiers (Guide 2 (https://www.gov.uk/guidance/compulsory-purchase-and-compensation-guide-2-compensation-to-business-owners-and-occupiers)) and for agricultural owners and occupiers (Guide 3 (https://www.gov.uk/guidance/compulsory-purchase-and-compensation-guide-3-compensation-to-agricultural-owners-and-occupiers)). The compensation and valuation principles explained in these guides apply to all compulsory purchase schemes, regardless of the type of legal instrument being used: this includes CPOs, Transport and Works Act Orders (TWAOs), development consent orders (DCOs) and Hybrid Acts of Parliament.

5. These guides are aimed at the layperson. and wherever possible, the use of jargon and technical language has been avoided. There are, however, a number of important terms which have specific meaning in compulsory purchase matters. These words and expressions are explained within Appendix 1 of this guide. There are also a number of bodies and organisations who may be able to offer their advice if you are affected by compulsory purchase. A list of useful contact names, addresses and telephone numbers is set out in Appendix 2 of each guide.

Key points to note

Professional advice

6. These guides are intended to help affected parties to understand the basics of the CPO process but cannot cover every circumstance that may arise. The information they contain carries no legal force and does not constitute legal advice. The guides are not a substitute for professional advice. If you think your land may be the subject of compulsory purchase you should seek advice from a suitably experienced property adviser such as a chartered surveyor, an agricultural valuer or a solicitor, who should be able to advise on your rights and also act on your behalf if appropriate. It is best to seek professional help as early as possible.

7. When choosing a professional adviser you may wish to consider the following points:

- can they demonstrate experience in advising people with your type of business/property who have been affected by compulsory purchase?
- are they bound by professional standards in the way they undertake their work? The Royal Institution of Chartered Surveyors has a Professional Statement outlining the standards which its members must follow in advising on compulsory purchase (https://www.rics.org/uk/upholding-professional-standards/sector-standards/land/surveyors-advising-in-respect-of-compulsory-purchase-and-statutory-compensation-uk/)
- have they been clear about the basis for fees that will be charged?
- have they been clear about circumstances where their fees may be recoverable from the acquiring authority and when?

8. Firms who offer compulsory purchase as a surveying service and who offer 30 minutes of free advice on the subject can be found under the Find a Surveyor (https://www.ricsfirms.com/helplines/compulsory-purchase/) service offered by the Royal Institution of Chartered Surveyors.

9. For rural property, the Central Association of Agricultural Valuers (https://www.caav.org.uk/) (tel: 01452 831815) will provide contact details for suitably experienced agricultural valuers in your area.

Can I recover the costs of employing a professional adviser?

Any costs associated with objecting to a CPO – including professional fees incurred in pursuing the objection – need to be met by you as the objector. However, if you are a remaining objector whose objection is sustained, such that the CPO is not confirmed or your land is excluded from the CPO, then you are entitled to seek an award of reasonable costs once the confirming authority's decision is issued. If you are partially successful in objecting i.e. part of your land is excluded from the CPO, you will be awarded your reasonable costs that relate to that part of your objection.

If a CPO is confirmed and implemented, reasonable professional fees incurred in preparing and negotiating your claim for compensation can generally be

reclaimed from the acquiring authority. For further information, please refer to paragraphs 51 to 64 on disturbance.

Comprehensive records

10. It is important that you keep a comprehensive record of all communications with the acquiring authority, including notes of any meetings. You should also keep detailed records of all expenses incurred and losses sustained as you may be able to recover these as part of your claim for compensation. You should bear in mind that you can only receive compensation for expenses and losses which occur as a direct and reasonable consequence of the acquisition of your land. You may also wish to keep a record of the condition and state of your land.

Duty to mitigate your loss

11. Those affected by compulsory purchase are under a duty to mitigate losses. This means that you need to take reasonable steps to eliminate or reduce your losses. For example, if you need to employ a removals firm to assist with your move, you should obtain quotes from at least 2 reputable firms. Assuming the firms all offer the same service, instructing the cheapest would be a way of mitigating your loss.

Outline of the compensation system

12. This guide provides a description of the statutory framework for compensation. Acquiring authorities may choose to have discretionary schemes on top of this. Your professional adviser will be able to advise if any such schemes exist and are relevant to your particular case.

13. The rights to compensation for those affected by compulsory purchase - and the procedures for assessing the correct amount – are governed by a combination of legislation, case law and established practice. These are sometimes referred to collectively as the ‘compensation code’. However, there is no single, published document called the compensation code.

14. The overriding principle of compulsory purchase compensation is ‘equivalence’. This is the principle that people whose land is acquired compulsorily should be left neither better nor worse off financially as a result of their land being acquired – being entitled to compensation which is neither more nor less than the value of their loss.

Right to compensation

15. The right to compensation may arise as a result of:

- all or part of your land, or a right over that land, being acquired compulsorily (or under the threat of compulsory purchase) – depending upon the particular

circumstances in each case, compensation can be claimed under the following categories, which are referred to as 'heads of claim':
  - value of the land taken (see paragraphs 25 to 50)
  - disturbance payments (see paragraphs 51 to 64)
  - loss payments (see paragraphs 65 to 71); and
  - severance and injurious affection for retained land (see paragraphs 81 to 89)
- your land being adversely affected by the construction and/or use of works but where none of your land is acquired - compensation can be claimed for a reduction in the value of your land caused by:
  - the execution (the construction) of public works (injurious affection) (see paragraphs 108 to 110); and
  - the subsequent use of public works (Part 1 claim) (see paragraphs 111 to 121).

Rehousing

16. In some circumstances, a local housing authority has a duty to rehouse residents whose homes are subject to compulsory purchase. This is explained at paragraphs 72 to 78.

Disabled people

17. Paragraphs 79 to 80 explain the circumstances in which disabled people may be entitled to compensation for the costs of adapting a new property to meet their special needs or, in the case of tenants, to rehousing in suitable properties.

Mitigation works

18. Acquiring authorities also have certain duties and discretionary powers to take action to help to reduce the impact of their development works. The exercise of these powers is referred to as 'mitigating the injurious effects' of the development. The main duty is a requirement to undertake noise insulation works where certain specified criteria are fulfilled. This duty only applies to dwellings or other buildings used for residential purposes. Your professional adviser will be able to provide further advice on this matter.

Short term tenancies and occupiers with no compensateable interest in land

19. Paragraphs 91 to 100 of this guide set out the compensation entitlement for those who have short term tenancies and those who are in lawful occupation of the land to be acquired but who have no compensateable interest in the land.

Advance payments

20. At any time after a CPO has been confirmed, you can make a claim for an advance payment on account of any compensation you are entitled to. See paragraphs 101 to 105 of this guide for further information.

Interest

21. Where an acquiring authority enters and takes possession of land or executes a general vesting declaration before agreeing compensation, simple interest, at a prescribed rate (published under the 1997 subheading) (https://www.gov.uk/guidance/planning-guidance-letters-to-chief-planning-officers#section-17), is payable from the date of entry or the vesting date until compensation is paid. If a claim is made for compensation which arises as a result of nearby public development, but no land is actually acquired, interest is payable on any sum due from the date you submit your claim to the date of payment.

Blight

22. If your land is 'blighted' you may be able to serve a blight notice to compel an authority to acquire the land. The definition of blight, and the requirements and procedures for serving a blight notice, are set out in Guide 1: Compulsory purchase procedure (https://www.gov.uk/guidance/compulsory-purchase-and-compensation-guide-1-procedure). If you are successful and your blight notice is accepted, the principles of valuation and assessment of compensation are identical to those which apply had the land been compulsorily acquired.

Disputes

23. There is a formal process (through the Upper Tribunal (Lands Chamber)) for dealing with disputes over compensation entitlement. However, acquiring authorities are also encouraged to offer alternative dispute resolution techniques (e.g. mediation) to those with concerns about any stage of the CPO process. These should involve a suitably qualified independent third party.

Compensation when land taken

Overview

24. Depending upon the particular circumstances in each case, compensation when some or all of your land is taken can be claimed under the following categories, which are referred to as 'heads of claim':

- value of the land taken
- disturbance payments
- loss payments
- severance and injurious affection (where only part of your land is taken)

Value of the land taken

Valuation date

25. The legislation requires compensation claims to be assessed at a specific point of time called the ‘valuation date’. This is the earliest of:

- the date of entry and taking possession if the acquiring authority has served a notice to treat and notice of entry; or
- the vesting date if the acquiring authority has executed a general vesting declaration; or
- the date when compensation is agreed if prior to either of the above

Market value

26. The law specifies that the compensation to be paid where land is compulsorily acquired shall reflect what that land might be expected to realise if it were sold in the open market by a willing seller at the valuation date. In other words, compensation is based on the market value of the land which is to be acquired.

27. However, the assessment of compensation ignores any increase or decrease in value caused by the acquiring authority’s proposed scheme (e.g. regeneration project, new road, railway line etc) or the prospect of that scheme. This is known as the ‘no scheme principle’. The basic premise is that compensation should reflect what your land would be worth if the scheme to which the CPO relates did not exist (i.e. in the ‘no scheme world’).

28. The acquiring authority will normally appoint a chartered surveyor to undertake the estimate of the market value. You may appoint a surveyor to carry out your own assessment and to negotiate with the acquiring authority on your behalf.

Land with development potential

29. The market value of land may reflect what it is worth in its existing use (‘existing use value’). However, the market value of land may in some cases be affected by:

- its development potential, taking account of:
  - existing planning permission(s) for an alternative use or development
  - the prospect of obtaining planning permission for an alternative use or development (‘hope value’)
- its ability to unlock the development potential of an adjoining site by, for example, providing the only possible access to it (‘ransom value’)
- the extent to which, if combined with one or more other land interests, it would be worth more than the sum of their individual values (‘marriage value’)

30. In accordance with the no scheme principle, however, compensation will only include a degree of hope, marriage or ransom value if it can be demonstrated that these would have existed in the absence of the acquiring authority’s scheme. In effect, only pre-existing value is paid. The location, nature and planning status of your land will be important in determining what – if any – pre-existing value it has.

31. The law sets out a series of rules about what developments planning permission can be assumed for, and the extent to which these are to be taken into account, when assessing compensation. These are sometimes referred to as the 'planning assumptions'.

32. In broad terms, compensation may take account of:

a) planning permission which is in force on the valuation date (this includes not just planning permission granted by the local planning authority but also planning permission granted through permitted development rights);

b) development which could reasonably have been expected to be granted planning permission on the valuation date if the acquiring authority's scheme did not exist ('appropriate alternative development'); and

c) the prospect of planning permission being granted for other development.

33. National and local planning policies (e.g. those contained in a local or neighbourhood plan) will be relevant in determining the type(s) of development which might have been acceptable had there been no CPO, and the likelihood of planning permission being granted.

34. Where there is a disagreement about what might have been granted planning permission in the absence of the CPO, you may seek a 'Certificate of Appropriate Alternative Development' from the local planning authority. This will confirm whether a particular use would have been permitted in the absence of the acquiring authority's scheme. Although the procedures for applying for a certificate are similar to submitting a planning application, there are some important differences. You should ask your professional adviser about these if you are considering applying for a certificate.

35. It is important to note that even where planning permission for alternative development has been granted (or can be assumed), compensation will be based on how the market would price the land with the benefit of that permission. The valuation will reflect the likely development costs, as well as uncertainties and risks, associated with implementing an alternative development in the absence of the acquiring authority's scheme. For example, there may be doubts about whether infrastructure will be delivered if the acquiring authority's scheme does not proceed.

36. If the market value of your land reflecting its development potential is greater than the market value of your land for its existing use you may not be entitled to disturbance compensation (see paragraph 63).

Unlawful use of the land

37. Any increase in the value of land which is attributable to a use of the land which is unlawful or detrimental to the health of the occupants of the land or to public health, may not be taken into account.

38. A use which is unlawful is one which could be subject to planning enforcement proceedings. Therefore, if your land is used for a purpose which requires, but does not have, planning permission, no account can be taken of any increase in value attributable to that use. However, if that use could not be subject to enforcement proceedings (for example, because the use had been undertaken for such a length of time that a lawful development certificate would be granted) any increase in value attributable to that use may be taken into account.

Equivalent reinstatement

39. In exceptional circumstances, such as specialised land for which there is no general market (e.g. a place of worship), it may not be possible to arrive at a market valuation. In such cases, compensation may be assessed on the basis of how much it would cost to reinstate the facility elsewhere ('equivalent reinstatement').

40. It is unlikely that circumstances giving rise to a claim for equivalent reinstatement will occur in the case of residential properties. Accordingly, this basis of compensation is not covered in this guide. However, if you feel that your property which is being acquired is one for which there is no general market or demand, you should discuss the matter with your professional adviser.

Mortgages

41. It is common for dwellings to be subject to a mortgage. Both mortgagees (lenders) and mortgagors (borrowers) have an interest in land for which there is an entitlement to compensation.

Compensation to lender

42. When compensation is settled, the outstanding loan from the lender (usually a bank or a building society) is paid off and the mortgage is redeemed.

43. There may be circumstances where the outstanding loan on the mortgage exceeds the value of the property. This may arise, for example, where arrears have built up or where there is 'negative equity' as a result of falling values.

44. In these circumstances, the value of the property being acquired is agreed between the acquiring authority, the lender and the borrower. If the value of the property is less than the outstanding debt on the mortgage there will be no compensation payable to the borrower.

45. The lender will receive payment of the agreed sum including any arrears and interest due. The lender will retain the right to recover the outstanding sum and any interest due thereon from the borrower.

Compensation to borrower

46. The borrower will receive compensation for the value of the property being acquired less the sum outstanding on the mortgage which is paid to the lender.

47. Where the outstanding loan on the mortgage exceeds the value of the property (known as ‘negative equity’) there is no compensation to the borrower in respect of the property interest. The acquiring authority will pay the value of the property to the lender. The borrower will still be liable to the lender for the amount of any outstanding sum plus interest due thereon. (If you find yourself in a negative equity position, you should contact your lender to discuss the matter.)

48. The borrower may still have an entitlement to other heads of compensation such as a home loss payment.

49. There is also an entitlement to compensation if losses occur as a result of having to take out a new mortgage. This falls within the compensation for disturbance and is considered below in the section on disturbance.

50. In some instances, the acquiring authority may pay compensation for the full value of the property being acquired to the borrower, who will then be responsible for repaying their outstanding mortgage.

Disturbance payments

51. Disturbance payments provide compensation for losses caused by being disturbed from possession of the land taken and other losses which are not based on the value of the land.

52. Losses will generally be recoverable if they are a natural and reasonable consequence of being disturbed and are not too remote. Additionally, in order to claim disturbance payments, you must act reasonably to reduce or eliminate your loss. There is a large amount of case law on disturbance and you should seek professional advice on this matter.

53. The burden of proof for losses claimed as disturbance is with the claimant: the onus is on you to justify your claim. Accordingly, it is of the utmost importance that you keep a detailed record of losses sustained and costs incurred in connection with the acquisition of your land. You should keep all relevant documentary evidence such as receipts, invoices and fee quotes. You should also keep a record of the amount of time you have spent on matters relating to the compulsory purchase of your land.

54. For the most part the right to disturbance compensation is restricted to occupiers. There is however, a limited right for investment owners to recover their costs of reinvestment in a replacement property investment in certain circumstances as set out in [paragraph 64](#).

55. If you have to sell or move out of your property you are entitled to the costs and expenses reasonably incurred in vacating that property.

56. The claim can include the costs incurred in acquiring a replacement property (but not the cost of the property itself) and the costs of moving into the property. These costs will be paid up to the amount that would be payable if the purchase

price of your new property was not more than the market value of your old one. Above this level the acquiring authority may refuse on the grounds that you are benefiting from the fact that you are ending up with a more valuable property than you started with.

57. Subject to the provisions on 'rehousing' in paragraphs 72 to 78, there is no obligation on an acquiring authority to provide alternative premises. However, acquiring authorities may assist you to identify potential possible properties available on the market. Accordingly, you should contact the acquiring authority and local estate agents at an early stage to register property search requirements.

58. Although not an exhaustive list, typical items which can be claimed depending on your circumstances are set out below:

- removal expenses;
- legal fees arising from the acquisition of a replacement property
- stamp duty arising from the acquisition of a replacement property
- survey fees and costs in connection with the acquisition of a replacement property
- special adaptations to your replacement property
- altering soft furnishings and moveable fittings and fixtures to fit your new home
- disconnection and reconnection of services telephone, electricity, etc
- forwarding of post (for a reasonable period)
- incidental costs of acquiring replacement property
- if a tenant is displaced from rented accommodation as a result of a compulsory purchase the acquiring authority may agree to pay the reasonable expenses incurred (other than the price of the property) of buying a reasonably comparable dwelling, provided it is bought within a year of the displacement

Mortgages

59. Losses may occur as a result of having to transfer a mortgage. Provided the losses flow as a direct and reasonable consequence of the acquisition you will be entitled to compensation.

60. There may be circumstances where you have a mortgage which is fixed at a favourable rate and you have to take a new mortgage at a higher rate which will be more expensive. Where this occurs it may be appropriate for compensation to be paid based on the difference between the net amount it would cost to repay the outstanding sum on the mortgage at the old rate and how much it would cost at the new rate.

Other costs

61. An acquiring authority has discretion if a displaced tenant whose interest is for a year or yearly decides to buy a house or flat rather than take out a new lease. If this occurs the acquiring authority may agree to pay the reasonable expenses

incurred in purchasing a reasonably comparable dwelling (but not the cost of the property itself) provided it is bought within 12 months of displacement.

62. In all disturbance cases, there is a duty on claimants to mitigate their loss. This means that you must act reasonably at all times and take all rational and reasonable steps to avoid incurring additional losses where possible. If the acquiring authority is able to show that your losses were greater than they might have been, due to unreasonable behaviour on your behalf, the compensation should be adjusted to reflect this.

Disturbance when compensation reflects development potential

63. If the market value of your land reflecting its development potential is greater than the market value of your land for its existing use you may not be entitled to disturbance compensation. This is in line with the wider principle of equivalence i.e. that you should be left no better or worse off in financial terms.

Disturbance to investment owners

64. In order to be entitled to compensation for disturbance you must normally be in physical occupation of the land. There is, however, a limited right to disturbance for owners of investment properties who are not in occupation. Compensation is payable in respect of incidental charges or expenses incurred in acquiring, within a period of 1 year of the date of entry, an interest in other land in the United Kingdom. These costs will be paid on the same basis as if you were an occupier.

Home loss payments

65. If you are actually living in the property you may be entitled to a home loss payment in addition to any other compensation due. The home loss payment is an additional sum to reflect and recognise the distress and discomfort of being compelled to move out of your home. A number of criteria need to be fulfilled to qualify for payment.

Occupation of the property

66. To qualify for a home loss payment:

- you must have lived in the dwelling, or a substantial part of it, as your only or main residence, for a period of not less than 1 year ending with the day you have to move out; and
- your interest or right to occupy the property was freehold, leasehold or under certain statutory tenancies, contracts and licences (your professional adviser will be able to confirm whether any of these apply to you)

67. If you occupy a caravan you may qualify for a home loss payment if you have lived in a caravan on the same permanent site for a minimum period of 1 year and no suitable alternative site for stationing your caravan is available on reasonable terms.

Amount of home loss payment

68. If you are the owner of a freehold or a lease with at least 3 years unexpired in England you are entitled to 10% of the market value of your interest, subject to a maximum payment of £78,000 and a minimum payment of £7,800 (from 1 October 2022). Any other claimant is entitled to a flat rate of £7,800. In Wales, the maximum amount is £62,000, the minimum and flat rate amount is £6,200. (These prescribed amounts may be reviewed from time to time – your professional adviser will be able to confirm the amounts which will apply in your particular case).

69. Where 2 or more people are entitled to make a claim for a home loss payment in respect of the same interest (such as a husband and wife who are joint owner-occupiers or joint tenants who share the same home) the payment is divided equally between claimants.

70. The claim for a home loss payment must be submitted within 6 years of the date you have to move out and must be in writing.

71. The acquiring authority must make the payment on or before the latest of:

- the date of displacement; or
- 3 months from the date of the claim; or
- the date on which the market value of the interest (upon which the payment is based) was agreed or determined

Rehousing

72. Where no suitable alternative accommodation is available on reasonable terms the local housing authority has a duty to rehouse a resident whose dwelling has been compulsorily acquired regardless of which acquiring authority was responsible for the acquisition.

73. In order to qualify you must have been in residence from the date the notice of the making of the CPO was published.

74. There is no entitlement to rehousing for a trespasser, a person permitted to reside pending demolition, or a claimant who brings about the acquisition by serving a blight notice. (Further details about blight notices can be found in Guide 1: Compulsory purchase procedure (https://www.gov.uk/guidance/compulsory-purchase-and-compensation-guide-1-procedure).)

75. If you are genuinely made homeless but you do not qualify for rehousing you should contact your local housing authority immediately as they may still be able to help.

76. If you are rehoused this will not affect the amount of compensation which the acquiring authority pays and an authority must not seek to make a reduction to reflect rehousing.

77. The compensation payable to a landlord will not be affected if his tenants are rehoused by the council. Provided they are rehoused after the landlord receives his

notice to treat or the date a general vesting declaration is executed, compensation will continue to be assessed at market value subject to the occupational tenancies.

78. The right to rehousing applies not only to houses and flats but also extends to permanent caravan sites. The qualifying conditions are the same as for other dwellings except that there is no right to be rehoused if there is a suitable alternative site for stationing the caravan available on reasonable terms.

Disabled persons

79. If the home of a disabled person has been adapted to meet their special needs, the compensation to the occupier or the landlord may reflect the cost of providing or modifying a similar dwelling.

80. There may be circumstances where a disabled person is a tenant in a dwelling which is acquired and the landlord is not prepared to provide another dwelling which is suitable for occupation by a disabled person. If this occurs and there is no other suitable alternative accommodation available on reasonable terms, the council may rehouse the disabled tenant and make alterations to the dwelling they provide as necessary.

Severance and injurious affection

81. If you have only part of your land acquired there may be an additional entitlement to compensation in respect of the adverse effect on the land you retain. The compensation is for the depreciation in value of the retained land and is referred to as ‘severance’ and/or ‘injurious affection’. If you have retained land you should consult your professional adviser.

82. The 2 elements of this head of claim should be considered in isolation.

83. Severance occurs when the land acquired contributes to the value of the land which is retained, so that when severed from it, the retained land loses value. For example, if a new road is built across the garden of a house it may make the house less desirable, and consequently less valuable, because the garden added to the value of the house.

84. Injurious affection is the depreciation in value of the retained land as a result of the proposed construction on, and use of, the land acquired by the acquiring authority for the scheme. For example, even though only a small part of the garden of a house may be acquired for a new road, the loss of amenity due to noise, fumes, vibration, loss of view, etc resulting from the use of the road may reduce the value of the property further. It is the impact of the whole of the proposed scheme that is to be considered, not just the effect on the area acquired from you. Compensation is claimable both for the construction of works and their subsequent use.

Betterment

85. In assessing compensation, the acquiring authority will have regard to any increase in value of land you retain that is adjacent to or adjoining the land acquired. This is generally referred to as 'betterment'.

86. Betterment is the opposite of injurious affection. There may be instances where the acquiring authority's scheme may increase the value of your retained land.

87. An example of this would be if you owned a house, of which a small part of the garden is acquired for the construction of a new road and that new road enhances access to the house thereby increasing its value. In such circumstances, the acquiring authority will seek to offset this increase in value against the compensation that is payable in respect of the land acquired.

88. The acquiring authority should, of course, be able to explain their grounds for considering that their proposal has generated an increase in the value of your retained land.

89. In an extreme case you would receive no compensation because the enhancement in value of the retained land is equal to or greater than the compensation for the land acquired. The least compensation you can receive is nil. In no circumstances can the acquiring authority expect you to pay them.

Material detriment

90. There is another course of action which you may be able to take if the acquiring authority is only proposing to acquire part of your land and the part of the land you retain will be less useful or less valuable in some significant degree. In these circumstances, it may be possible to advance a claim for 'material detriment', seeking to make the acquiring authority acquire the whole of the land interest rather than just a part. In the case of a dispute the issue will be determined by reference to the Upper Tribunal (Lands Chamber). This can be a complicated matter which you should discuss with your professional adviser.

Compensation for tenants with short tenancies and occupiers with no compensateable interest in land

Short term residential tenancies

Market value

91. Compensation is payable under section 20 of the Compulsory Purchase Act 1965 if you have no greater interest than as tenant for a year or from year to year. (Many residential tenancies / assured shorthold tenancies are from year to year.) In most cases, tenants with a short term residential tenancy are unlikely to be eligible for compensation for the market value of their unexpired term or interest in the

land. This is because the terms of a short term residential tenancy agreement are likely to prohibit the tenant from selling the tenancy to another person. This means that the tenancy will not have a market value.

92. However, if the terms of your tenancy do not prohibit you from offering it for sale, and you can show that the tenancy would have a value if put on the market, you may be entitled to compensation under this head of claim.

93. The main elements of compensation which are normally payable in relation to short term residential tenancies are therefore, disturbance payments and home loss payments.

Disturbance payments

94. The principles for assessing disturbance compensation are set out in paragraphs 51 to 64 above. However, only losses relating to the period before the expiry of the term are recoverable. Regard should be had to any right or likelihood of renewal which the tenant may have.

Home loss payments

95. The home loss provisions are set out in paragraphs 65 to 71. Normally, tenants who are eligible for a home loss payment and occupy their homes under a short term tenancy are likely only to receive the flat rate payment (see paragraph 68).

96. Only a single home loss payment may apply to each tenancy. Therefore, if there are 2 or more eligible occupiers residing within a dwelling, the home loss payment is shared equally between them.

Occupiers with no compensateable interest

97. There is a limited right of compensation for disturbance to a displaced person who was in lawful occupation of land but has no ‘compensateable’ interest in the land. This is set out in section 37 of the Land Compensation Act 1973 and only applies if the claimant was in occupation on the date when notice was first published of the making of the CPO prior to its submission for confirmation. This may include tenancies at will, tenancies on sufferance and licences. Each of these amount to occupation of land by some form of agreement with the owner which is less than a formal lease and, in most cases, they may be terminated at short notice by either party.

98. Trespassers and squatters do not have any rights to compensation.

99. Compensation should reflect disturbance items such as removal costs.

100. In addition, section 37(5) of the Land Compensation Act 1973 includes a provision which allows an acquiring authority to make a discretionary payment to a person who is displaced but is not entitled to a disturbance payment in line with the above or any other enactment.

Advance payments

101. At any time after a CPO has been confirmed (see Guide 1), you can make a claim for an advance payment on account of any compensation you are entitled to. If requested, and subject to sufficient information being provided, the acquiring authority is obliged to make an advance payment by the end of the day on which the notice of entry is given or general vesting declaration is executed or if later, within 2 months of the later of:

- the date of receipt of the claim: or
- the date any further information requested

However, an acquiring authority may make an advance payment earlier if it chooses to do so.

102. The level of advance payment is 90% of either:

- the agreed sum for the compensation; or
- the acquiring authority's estimate of the compensation due, if the acquiring authority takes possession before compensation has been agreed

103. It is important that in making a claim for an advance payment that you provide sufficient information to allow the acquiring authority to properly estimate your entitlement. There is no specific format for the claim other than that it must be in writing and include the required information. However, there is a model claim form on GOV.UK (https://www.gov.uk/government/publications/compulsory-purchase-process-and-the-crichel-down-rules-guidance). Some acquiring authorities may use their own form.

104. If the property is mortgaged the acquiring authority will reduce the advance payment by the amount of the outstanding mortgage sum. However, in some circumstances it may be possible to require the authority to make an advance payment direct to your lender.

105. If you accept an advance payment which is based on an acquiring authority's estimate of the compensation due this does not prejudice the final amount of compensation that you will receive. If the estimate is subsequently found to be either too low or too high, your final payment will be adjusted accordingly.

Compensation when no land is taken

106. The procedures outlined so far apply only where land (or new rights over land) is acquired. However, a right to compensation may also arise in limited circumstances when no land is taken but when statutory powers are exercised.

107. Compensation can be claimed for a reduction in the value of your land caused by:

- the 'execution' (i.e. construction) of public works (injurious affection); and
- the subsequent use of public works (Part 1 claim)

Reduction in value caused by the execution of works

108. Compensation for a reduction in value caused by the execution of works is payable when a loss occurs because some right in land (as opposed to the actual land itself) is taken away or interfered with. The requirements are that the injury done must:

- be authorised by statutory power
- arise from that which would, if done without the statutory authority, have been actionable at law, for example as a nuisance
- arise from a physical interference with some right, public or private, which attaches to the land
- arise solely from the execution of the works and not as a result of their subsequent use

Valuation date

109. The relevant date for the assessment of compensation is the date at which the loss occurred. This is most likely to be the date of interference with the right in land.

Basis of compensation

110. You must be able to demonstrate that the loss is a natural and reasonable consequence of the execution of the works. Compensation is based upon the reduction in value of the land which had benefited from the right which has been interfered with. Business losses cannot be claimed unless they result in a reduction of the land value.

Reduction in value caused by the use of public works

111. This right to compensation for a reduction in value caused by the use of public works is set out in Part 1 of the Land Compensation Act 1973. It is commonly referred to as a 'Part 1 claim'. It applies in relation to certain 'public works' i.e. a highway, an aerodrome and other works provided under statutory powers. In addition to new works, the provisions cover substantial alterations and changes of use to existing works but not intensification of a use (unless alterations are also carried out).

112. Separate guidance on Part 1 claims in respect of new or altered roads (https://www.gov.uk/government/publications/a-guide-to-part-i-claims) is published by Highways England.

113. In order to be able to submit a claim you must own a qualifying interest in the land before the relevant date.

The relevant date

114. If the public works in question is a highway, the relevant date is the date on which it was first open to public traffic. With regard to any other public works it is the date on which they were first used after completion.

Qualifying interest

115. A qualifying interest is a freehold or a tenancy in a dwelling house or flat with at least 3 years unexpired at the date of notice of claim.

Valuation Date

116. Compensation is based upon prices current on the first claim day, which is 12 months after the relevant date (see paragraph 25). Interest is payable from the date the claim is submitted until payment.

Basis of Compensation

117. Compensation is based upon the depreciation in the value of the land due to the 'physical factors' caused by the use of the public works.

118. The 7 physical factors are:

- noise
- vibration
- smell
- fumes
- smoke
- artificial light
- discharge onto the land of any solid or liquid substance

119. Any depreciation in value which is attributable to reasons other than these 7 specific factors is not compensateable. For example, the loss of a view is not compensateable.

120. The important distinction between this and a claim for the execution of works (described at paragraph 108) is that it is the use of the works which must cause the depreciation. For example, if a motorway is constructed in close proximity to an house, any claim under Part 1 must relate to the depreciation in value caused by the noise and other physical factors associated with the traffic using the road and not to the physical existence of the highway.

121. If you sell your property in the 12 months between the relevant date and the first claim day (see paragraph 116) you must make a claim between exchanging contracts and completion or you will lose your rights to compensation.

Moveable homes

122. In addition to the circumstances explained above, there are further compensation provisions to be considered for occupiers of moveable homes (which include caravans and houseboats). If you occupy a moveable home you may be able to receive a ‘noise payment’ of up to £1,650 if a new highway or altered highway is constructed or opened to the public within 300 metres of your moveable home. Your professional adviser will be able to provide further advice on this matter.

Appendix 1: Terms used in compulsory purchase

Set out below is a list of terms and definitions commonly referred to when dealing with compulsory purchase matters.

Acquiring authority
Bodies authorised through an Act of Parliament to acquire land by compulsion for a specific purpose.

Compensation code
A collective term for the principles derived from Acts of Parliament and case law relating to compensation for compulsory acquisition.

Confirming authority
Once a CPO is made by the acquiring authority it must be approved by the confirming authority before it can be implemented. The confirming authority is either the relevant government minister (the confirmation of CPOs in Wales is the responsibility of Welsh Ministers) or an independent inspector appointed by the relevant minister to take the confirmation decision on their behalf.

Duty to mitigate loss
The duty of a claimant seeking compensation to take any reasonable steps open to them to reduce or avoid loss. For example, a claimant could mitigate loss by seeking a number of quotes from reputable contractors and instructing the cheapest.

Equivalence
This is the overriding principle of compensation that people whose land is acquired compulsorily should be left neither better nor worse off financially as a result of their land being acquired.

Existing use value
The market value of land reflecting what it is worth in its existing use.

General Vesting Declaration (GVD)
A legal procedure used in connection with compulsory purchase whereby an acquiring authority, having obtained a CPO, is able to obtain possession and ownership of the land. This is a procedure for the speedy acquisition of land and normal conveyancing practice does not have to be adopted.

Home loss payment
An additional sum paid to owner-occupiers and tenants of dwellings displaced by

compulsory purchase or public redevelopment (on top of compensation based on the market value of the land which is taken).

Investment property
Generally, any property purchased with the primary intention of retaining it and enjoying the total return, i.e. income and/or capital growth, over the life of the interest acquired.

Land
Land includes buildings and structures. Existing interests and rights in land, such as freehold or leasehold together with any existing rights can be compulsorily acquired either as a whole or in part.

Lawful development certificate
A certificate obtainable on application to a local planning authority (under section 191 or 192 of the Town and Country Planning Act 1990) which confirms that an existing or a proposed land use, operation or activity is lawful for planning purposes.

Marriage value
Latent value which is or would be released by the merger of 2 or more interests in land. For example, 2 adjoining parcels may be worth more as 1 property than the aggregate of their separate values. Similarly, 2 interests in the same property (such as the freehold and the leasehold) may have a greater value when merged than the sum of their individual values.

New rights
Compulsory purchase can be used by most acquiring authorities to create and acquire new rights over land. An example would be the creation of a right of way or a right of support.

Noise payment
A noise payment is available to moveable homes within 300 metres of a new or altered road who have been seriously affected by increased noise levels as a result. It is payable at the discretion of the highway authority.

No scheme principle The principle that the assessment of compensation ignores any increase or decrease in value caused by the acquiring authority's proposed scheme or the prospect of that scheme.

Notice of entry
A notice served on the owner and occupier(s) of a property by an authority possessing compulsory purchase powers requiring possession to be given by a date prescribed in the notice.

Notice to treat
A notice served on owners, lessees and mortgagees by an authority with compulsory purchase powers to acquire land. The notice gives particulars of the property to be acquired, demands details of the recipient's interest in the land and their claim for compensation and states that the authority is willing to treat (negotiate) for the purchase of the land.

Public development
A new or altered highway, aerodrome or other public works.

Qualifying person
A qualifying person is:

- an owner, lessee, occupier or tenant of land within the CPO; or
- a person who may have the right to claim compensation either because:

(a) they own rights in the land being acquired and these will be interfered with; or

(b) the value of their land will/may be reduced as a result of works carried out on the land being compulsorily acquired (even though none of their land is being compulsorily acquired)

Ransom value
The ability to obtain a high price for a small area which is key to the site being developed. For example, where your land could unlock the development potential of an adjoining site by providing the only possible access to it.

Remaining objector
A qualifying person who has a remaining objection within the meaning of section 13A of the Acquisition of Land Act 1981.

Upper Tribunal (Lands Chamber)
A tribunal for England and Wales set up under the Lands Tribunal Act 1949 and proceeding in accordance with rules made by the Lord Chancellor. Its jurisdiction, amongst others, includes adjudication on disputed compensation for the compulsory acquisition of land. The tribunal comprises the President (who must be a barrister or have held judicial office) and members who are all either legally qualified or experienced in valuation.

Appendix 2: Useful contacts

Set out below is a list of contact details of bodies and organisations who may be able to offer their advice if you are affected by compulsory purchase.

Central Association of Agricultural Valuers

The Central Association of Agricultural Valuers (https://www.caav.org.uk/) is the professional body for rural property specialists. They can provide contact details for suitably experienced agricultural valuers in your area who can advise rural property and business owners on CPO.

Compulsory Purchase Association (CPA)

The Compulsory Purchase Association (http://www.compulsorypurchaseassociation.org/index.html) is a membership organisation which promotes best and effective practice in delivering land for infrastructure, housing and regeneration. Its members offer CPO and compensation advice, and a list of members, together with other useful information, is available on its website.

Department for Levelling Up, Housing and Communities (DLUHC)

The Department for Levelling Up, Housing and Communities (https://www.gov.uk/government/organisations/department-for-levelling-up-housing-and-communities) is the government department responsible for the compulsory purchase system in England. DLUHC can provide guidance on the operation of the compulsory purchase system. However, the Department cannot provide advice on individual cases.

Royal Institution of Chartered Surveyors (RICS)

The Royal Institution of Chartered Surveyors (https://www.rics.org/) can provide advice on land value and compensation. RICS also hold a list of surveyors who are experienced in offering support on compulsory purchase matters.

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- Compulsory purchase system guidance (/government/collections/compulsory-purchase-system-guidance)
- Transport and Works Act orders: a brief guide (/government/publications/transport-and-works-act-orders-a-brief-guide-2006)
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creating a place story for St Helens town centre and the wider area

thinkingplace 10 years

agenda

what's the project for?

what we did

what we found

St Helen's 'big idea' and themes

the questions that matter

what is St Helens for?

who is St Helens for?

why is St Helens special?

what is St Helen’s ambition?

what is St Helen’s ‘story’?


environment
St Helen's
story
products
behaviour
communications

what we did

evidence gathering

strategy and desk research

1 day immersion visit

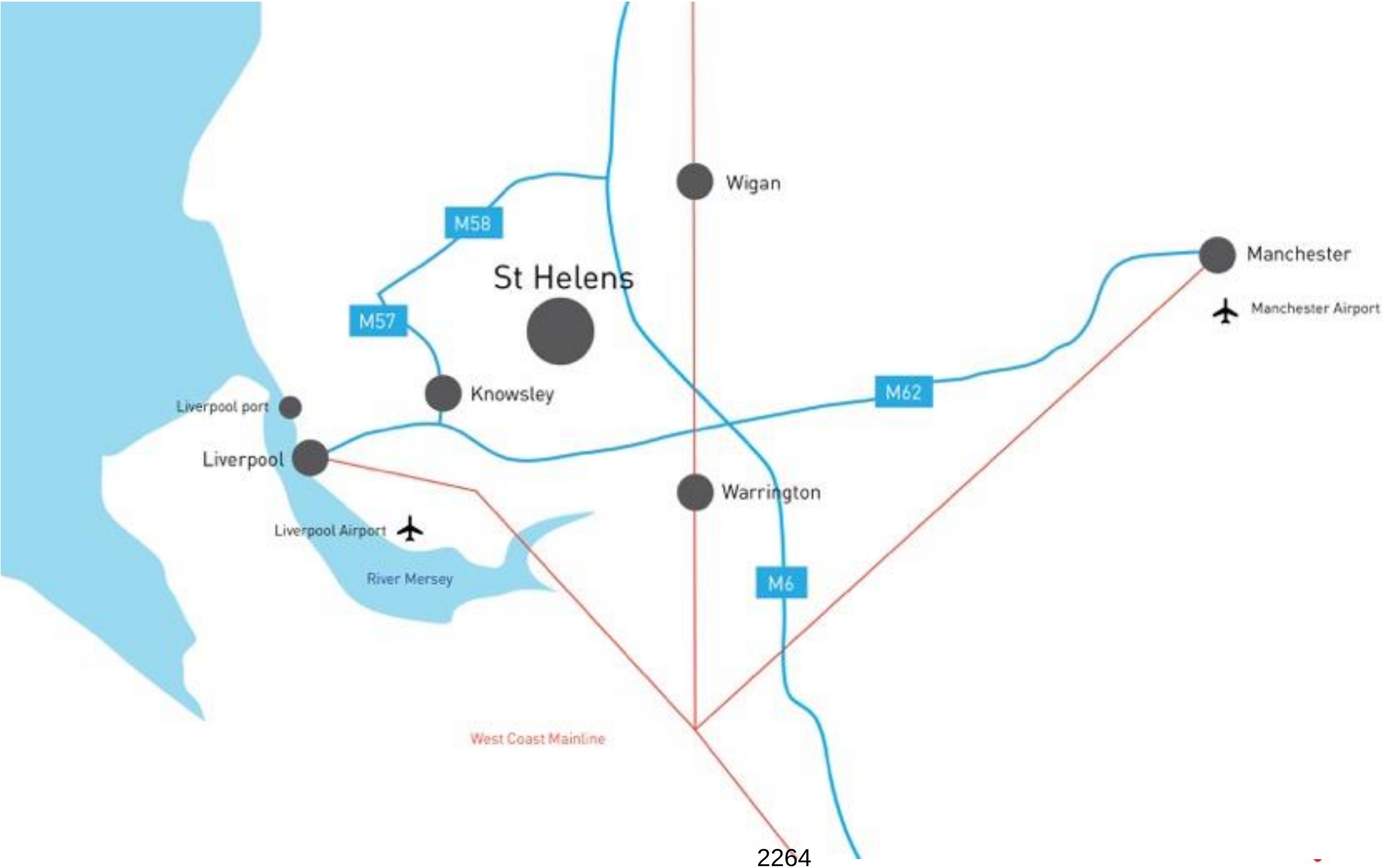
32 x stakeholder interviews

5 x sector focus groups

youth workshop

residents online survey

business online survey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Manchester
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M57
Knowsley
M62
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Liverpool
Warrington
Liverpool Airport
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M6
West Coast Mainline

immersion


St Helens Central
Tickets


Town Hall
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Theatre Royal
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Transport Museum P
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darkstar
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arena


ST.helens
retailpark
NO HGV's
BEYOND
THIS POINT


ravenhead
retail park
B&Q
next
DW
SPORTS
FITNESS
SHOP - GYM - SWIM - RELAX
Boots
BURGER KING
SUBWAY
Currys
SMYTHS
ScS
SOFA • CARPET
SPECIALIST


St.Helens
R.F.C.
EX TERRA LUCEM
Club of Legends since 1873
langtree
park


STOP
150 yds
10
10


The Story of
Dream
st.helens
The History
of the Site
st.helens
The Heart of the Northwest
View of Sutton Manor Colliery circa 1968 from the site
Sutton Manor Colliery was the only pit within the former St.Helens boundary to be opened during the 20th Century and the last to close.
It dates back to May 1906 when No.1 shaft (18 feet diameter; 1,823 feet deep) was sunk. No.2 shaft (22 feet diameter; 2,343 feet deep) was completed in 1912. The two shafts were inter-linked and it became one of the largest pits in the Lancashire coalfield.
At its height in the 1960s, Sutton Manor employed around 1,500 men producing more than 600,000 tonnes of coal a year.
When it closed in 1991 on the grounds of economic viability and profitability,
an output of over 450,000 tonnes per annum, and had only 8 months earlier broken the colliery's long-standing production record of 12,000 tonnes in a single week. Significant coal reserves remain underground.
Following its closure, stewardship of the site passed to the Forestry Commission, and more than 50,000 new trees were planted around Sutton Manor in conjunction with the Mersey Forest initiative.
Just as the colliery had been the primary economic and social hub of the local community, its closure left many feeling as
Sutton Manor had "lost its soul".
The strength of the bond
Memories
Silent I stand and look around
The gentle slopes of green
Deep within my mind I see
Where the coal mine once had been
The years roll back, I hear the sound
Of winding engine steam
I see the pulleys turning
On the headgear in my dream.
Flat capped men, oil lamps in hand
Ride crouched within the cage
From fourteen years to sixty five
Men of every age.
There are sons and fathers, granddads too
Like sheep within a fold
The pit means more to these brave men
Than just a place of strife
This is their very being
And mining is their life.
As if they are God's chosen ones
Destined to pick and toil
To turn the wheel of industry
From deep within the soil
The times were hard but
Their character shone through
The miners one big family
With disagreements few
Accidents were com
Whenever a miner
The sorrow spread
And everybody cried
Those days are gone
The sacrifices made
The debt we owe to ea
As some their lives they
Broken bones, shattered
Lungs solid with the dust
As if the earth took its reve
For digging up it's crust.
But as I sit here some may
"Thank God those days are
I'm proud that I was one".
Let's not forget them, on these
Where children play and laugh
Erect a monument to them
Inscribe an epitaph
"Beneath this ground toiled huma
Gave all they had to give
To help to make this country great
And improve the way we live..."
Brian Salkeld


Welcome to
RAINHILL
Home of
The Locomotive Trials
1829
Twinned with
Latour-en-Woëvre


Travis Perkins
plc

2292


RECEPTION & COUNTY ENTRANCE
ENTRANCE FOR BADGE HOLDERS
ENTRANCE FOR BADGE HOLDERS
COUNTY & PREMIER BADGE SALES
COUNTY & PREMIER BADGE SALES
OPENS TODAY AT


GULLIVER'S
World
WELCOME
Did you know
we open for
CHRISTMAS
at Gullivers
www.gulliversfun.co.uk


your local
PRESCOT NOTICES

describe St Helens

white working class

traditional

pride

down to earth

thrifty

insular

down market

negative mindset

describe St Helens

history (innovative)

dependent, no vision, in the shadows

low confidence

well located

surrounded by villages

declining, typical Northern Town

poor relation

assets

rugby & stadium

connectivity, location

value

World of Glass

Liverpool, Manchester

Haydock Park

green belt

heritage, Rainhill

thinkingplace 10 years

assets

town centre events

Mike Palin

manufacturing

education & college

community

canal

cinema

Darkstar

worst aspects

town centre

lack of quality office space

traffic flow

self critical

no hotels

town centre not safe at night

little to attract people/retain young people

worst aspects

weak night time offer

short term thinking

accepts second best

risk averse

backward looking & left behind

poor gateways

no ‘experience’

external perspective

rugby

where ?

glass

coal

Lancashire

northern town (grim)

Haydock races

leadership

limited from council & business

Mike strong, has vision, not always replicated

a tendency to say ‘no’

MP’s ‘quiet’

ignores outside advice

‘old school’

business

micro businesses

confusion over role of chamber

don’t celebrate success

competing education/training provision

limited space to grow

key sectors: manufacturing, logistics

low level skills

entrepreneurial

visitor

cultural assets: World of Glass, Citadel, Theatre Royal

rugby

racing

limited facilities

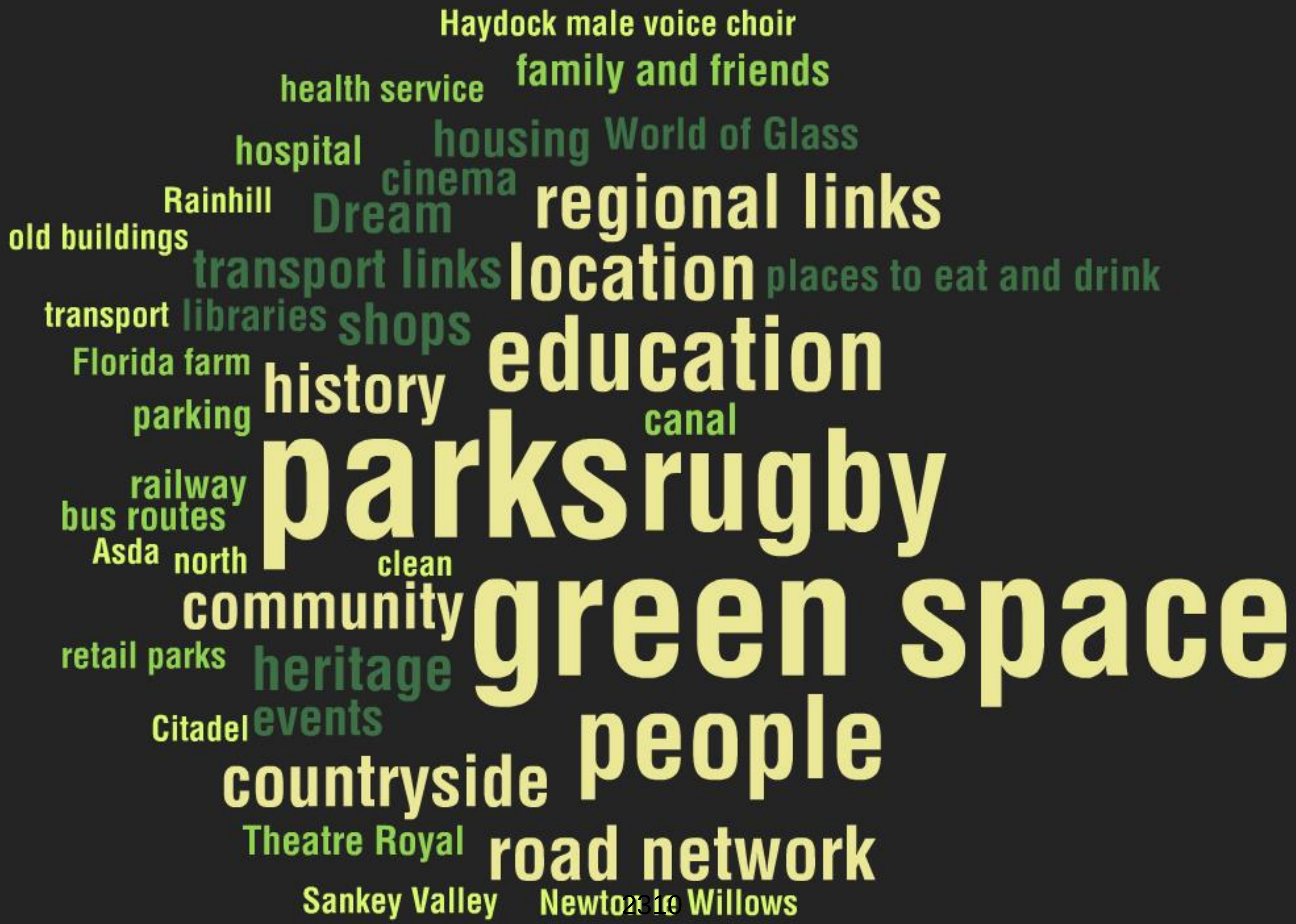
local things for locals; events, attractions

not a destination

online survey

205 responses

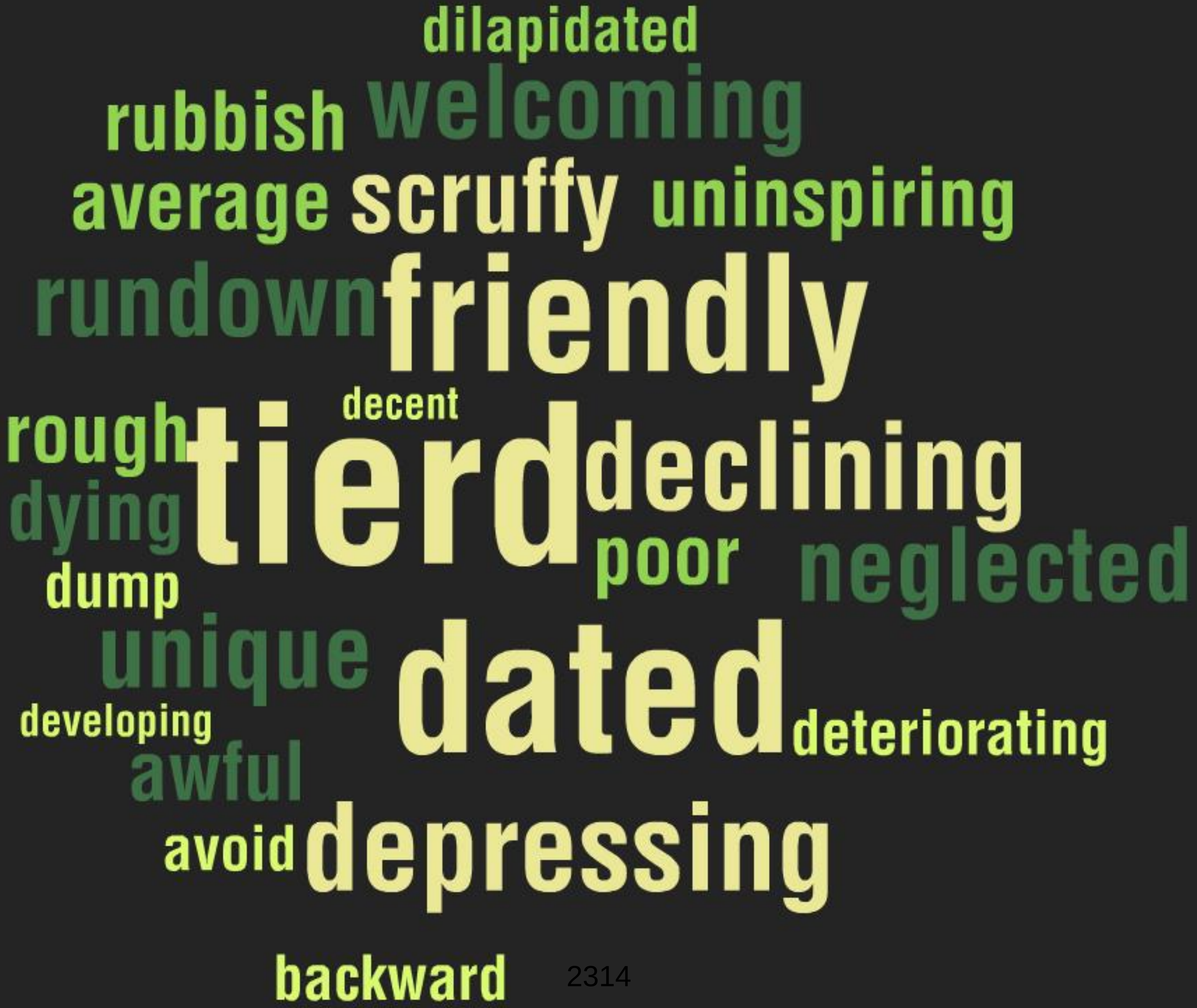
what are the three best things about the area?


Haydock male voice choir
family and friends
health service
housing
World of Glass
hospital
cinema
Rainhill
Dream
regional links
old buildings
transport links
location
places to eat and drink
transport
libraries
shops
education
Florida farm
history
parking
canal
parks
rugby
railway
bus routes
Asda
north
clean
community
green space
retail parks
heritage
Citadel
events
people
countryside
Theatre Royal
road network
Sankey Valley
Willows

what are the three things that would help to improve the area?


small business investment
retail units in town centre
reduce business rates
youth facilities
use empty buildings
seating in town centre
transport links
tourism
green space
antisocial behaviour
education
canal regeneration
traffic
parks
police
civic pride
heritage
investment
parking
local businesses
shopping
entertainment
no more warehouses
derelict sites
council
market
cleaner
regeneration of town centre
protect green belt
jobs
public transport
quality of bars and restaurants
consult community
leisure facilities
less homeless
keep Florida farm north

what single word would you use to describe the area?


dilapidated
rubbish
welcoming
average
scruffy
uninspiring
rundown
friendly
decent
rough
tierd
declining
dying
poor
neglected
dump
unique
dated
developing
deteriorating
awful
avoid
depressing
backward

opportunities

canal/town centre living

SuperPort

Liverpool, Manchester

town center BID

be more ‘cocky’

Dream

arts & culture combined offer

opportunities

signage

Stoke example ‘celebrate glass’ ‘new/forward’

link town centre with wider assets

green belt

new housing, changing the demographic

Runcorn Bridge

Parkside development

DREAM

reinvent and renew

glass, innovation, sculpture in town centre?

links centre to outer

reinforces art/culture

sculpture trail at DREAM ?

immersion views

space

assets not visual/peripheral, disconnected

big wide space/streets

add green into town centre

linking cultural assets

parks & green space, events

reinvest & reposition

town centre

town centre

out dated, tired, bland, struggling

local place for local people

‘back to front’

‘no heart’

change the offer, old style retail

too spread out, assets detached – e.g. World of Glass

town centre

doesn’t look like a main town

retail parks are better

needs modernising

poor quality market

lower demographic producing lower quality

town centre, positives

events

bustling

college

more to do than you think

railway station

bus station

canal, living opportunities

town centre experience

not safe

beggars, homeless people (aggressive)

not controlled

skateboarders

undefined gateways

dwell areas are lacking

signage

is St Helens …

	Y(%)	N (%)	DK (%)
Modern	6	94	0
Vibrant	6	94	0
Desirable	12	88	0
Contemporary	0	100	0
Independent	53	47	0
Quiet	47	53	0
For visitors	0	100	0
Pessimistic	65	35	0
Boring	59	35	6
Poor	82	18	0

	Y(%)	N (%)	DK (%)
Historic	82	18	0
Sleepy	59	41	0
Functional	59	41	0
Traditional	88	12	0
Generic	65	35	0
Busy	47	53	0
For locals	94	6	0
Optimistic	18	82	0
Exciting	12	88	0
Rich	12	88	0

town centres admired

Warrington; experience, invested & ongoing investment

Widnes; compact free parking & quality of offer

things to change

consolidate

night time offer

town centre living (using the canal)

public realm

family focus

things to change

gateways

increased use Town Hall & St Mary's Square’s

access via car

balance of offer

wraps/hoardings/pop up shops

competing towns

retail parks

Wigan, Widnes, Warrington

what’s important?

assets on periphery

World of Glass	Theatre
Cinema	Town Hall Square
Station	Bus Station
Citadel	Transport Museum
Rugby stadium	College

linking assets town centre & beyond

business engagement & leadership

Liverpool & Manchester

building on Great Exhibition of the North bid

thinking ‘bigger and wider’

maximising location

cultivating culture and creativity

making use of ‘glass’

making use of DREAM

themes for St Helens

if St Helens is to succeed what should be the key themes to focus on to change its image and drive its transformation?

what are they?

differentiation

direction

strategic

‘engine’

drive expression

influence experience

town centre aspiration

‘stand out’

increase dwell time

improve relevance

change demographic

compete

attract families

‘shrink and link’

make best use of existing assets

connect to town centre

consolidate retail

retail retention strategy

complementary development to periphery

town centre living, utilise water

public realm & signage

animated experience

make better use of ‘space’

annual events programme

BID

promote ‘café culture’

street theatre

use architectural back-drop

attract sub-region audience

W of G, Citadel, Heart of Glass; consolidate

link to event programme

link to college courses

create arts space, empty shops etc.

link to Shakespeare of the North

link to Manchester & Liverpool arts venues

create sculptural link to DREAM

build on Arts Council interest and support

implement elements Greater Exhibition bid

highlight innovation

utilise the ‘spaces’

retail / leisure / living

college ‘spending power’

theme

culturally centered

education quality especially post 16

family

town centre living & assets

Haydock Park, Rugby League, Safari Park

attracting young professionals

wider offer

Liverpool & Manchester

events, art, attractions

good value

connected

choice of places to live

housing developments

logistics, Parkside, SuperPort

civic pride

theme

the educated choice

big idea

what you are about
what you stand for
what you believe in

clarity, consistency, self-awareness

thinkingplace
10 years

an emotive, ‘strategic signature’ and statement of intent big idea

St Helens: from industry to ingenuity

manufacturing glass, coal etc. to smaller knowledge businesses

arts

culture

spirit of enterprise and entrepreneurship

diverse

digital

SME’s

use of space

innovation

inventiveness

creative industry

logistics potential

skilled young people

reinvent innovation, heritage

big idea and themes

St Helens: from industry to ingenuity

culturally centred

the educated choice

7th December, 8.10am


dilapidated
rubbish
welcoming
average
scruffy
uninspiring
rundown
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decent
rough
tierd
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dying
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