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10th November 2014

Dear Sir/Madam

STRATEGIC (OVERVIEW AND SCRUTINY) COMMITTEE

A meeting of the above mentioned Committee has been arranged to take place on **TUESDAY 18th NOVEMBER 2014** at **6.00 pm** in the **Committee Room**, District Council House, Lichfield, to consider the following business.

Access to the Committee Room is via the Members' Entrance.

Yours faithfully



Strategic Director

To: Strategic (Overview and Scrutiny) Committee

Councillors Strachan (Chairman), Norman (Vice-Chairman), Pullen (Vice-Chairman)
Mrs, Arnold, Mrs Barnett, Constable, Derrick, Leytham, Mynott, Powell, Thomas,
Wilson, Mrs. Woodward.



AGENDA

1. Apologies for Absence
2. Declarations of Interest
3. To approve as a correct record the Minutes of the meeting held on the 23rd September 2014 (copy attached)
4. Forward Plan and Work Programme (copy attached)
5. Money Matters 2014/15 Review of Financial Performance against The Financial Strategy (copy attached)
6. Mid Year Performance Report – One Year Action Plan 14/15 (copy attached)
7. Community Consultation 2014 (copy attached)
8. Peer Review (copy attached)

Briefing Papers to be issued separately:

*Briefing Papers were introduced after the Overview and Scrutiny Committee Co-ordinating Group requested that the length and volume of agendas be addressed. Briefing papers, which are intended to provide Members with information on relevant issues, are an alternative to placing items on the Agenda. If Members wish a paper to be discussed it can be included on the Work Programme and scheduled for a future meeting.



STRATEGIC (OVERVIEW AND SCRUTINY) COMMITTEE

23 SEPTEMBER 2014

PRESENT:

Councillors Pullen (Vice-Chairman in the Chair) Norman (Vice-Chairman), Mrs Barnett, Constable, Derrick, Leytham and Mynott.

(In accordance with Council Procedure Rule No.17 Councillors Pritchard and Spruce attended the meeting)

Also Present: Mr G Patterson (Director – Grant Thornton) and Ms H Edmonds (Manager – Grant Thornton)

APOLOGIES FOR ABSENCE were received from Councillors Strachan (Chairman), Mrs Arnold, Powell and Mrs Woodward.

DECLARATIONS OF INTEREST:

No declarations of interest were made.

MINUTES

The Minutes of the Meeting held on 17 June 2014 were taken as read, approved as a correct record and signed by the Chairman.

RESOLVED: That the Minutes of the Meeting held on 17 June 2014 be approved as a correct record.

MONEY MATTERS: 2013/14 REVIEW OF FINANCIAL PERFORMANCE AGAINST THE FINANCIAL STRATEGY

A report was submitted on the Council's financial performance against the Financial Strategy during 2013/14.

It was reported that the budgeted use of General Reserves was £636,930 as approved by Council on 24 February 2014, and the Council's performance during the year had resulted in the use of £143,748 General Reserves. As a consequence the Council's general reserve position improved by £493,182 for the financial year 2013/14 in comparison with the approved budget.

Detailed consideration was given to the revenue budget, capital budget and treasury management. Members asked questions in respect of issues related to the review including the revenue budget underspend and implications of Fit for the Future.

Members noted that the collection of council tax had dropped by 0.4% in line with the national reduction in collection rates and this reflected changes to council tax support and technical changes to council tax.

It was agreed that further information would be provided on the reasons for the increase in sundry debt as highlighted in the sundry debtor performance analysis.

The Committee acknowledged the work of Officers involved in the planning and management of financial resources, including those working to recover debts and collect council tax and

non domestic rates, and highlighted the fact that collection rates were well above the national average.

RESOLVED: That the 2013/14 review of Financial Performance against the Financial Strategy be noted.

MONEY MATTERS: 2014/15 REVIEW OF FINANCIAL PERFORMANCE AGAINST THE FINANCIAL STRATEGY

A report was submitted on the financial performance of the Council during the period April to June 2014 and it was advised that a £91,900 reduction in the contribution from general reserves was currently forecast.

Details were given of the revenue budget, localisation of business rates, the capital programme and treasury management.

Attention was drawn to the Fit for the Future savings that had been incorporated into the Approved Budget for 2014-17 and subsequent years of the Medium Term Financial Strategy (Revenue and Capital) 2014-17.

With regard to the variance for Leisure and Parks it was confirmed that the proposal set out in Fit for the Future Phase 1 to introduce charging for public toilets had not proceeded to date due to issues with the business model and associated data.

Sundry debtor performance was noted and in response to a question details were given of the procedures for writing off debt.

RESOLVED: That the 2014/15 review of Financial Performance against the Financial Strategy be noted.

STATEMENT OF ACCOUNTS 2013/14

Mr G Patterson (Director) and Ms H Edmonds (Manager) from Grant Thornton, the Council's Auditors, were welcomed to the meeting.

Detailed consideration was given to the Statement of Accounts 2013/14. It was advised that The Accounts and Audit (England) Regulations 2011 required Local Authorities to publish an Audited set of accounts by 30 September. Accordingly accounts had been produced in line with the Code of Practice on Local Authority Accounting in the United Kingdom.

Clarification was sought on a number of issues including the classification of 'anti social behaviour' and 'rowdy and inconsiderate behaviour' referred to in the explanatory forward, and in response to a question on the cost, outputs and cost-effectiveness of the District's Work Clubs it was agreed that further information would be provided.

It was confirmed that The Garrick was included in the Cultural and Related Services category in the Comprehensive Income and Expenditure Statement.

Mr Patterson and Ms Edmonds then presented the Audit Findings for the Council and highlighted the key matters arising from the audit of the Council's financial statements.

They reported that based on the review of the Council's arrangements to secure economy, efficiency and effectiveness in its use of resources they proposed to give an unqualified Value for Money conclusion.

Members noted the adjustments referred to in the report. It was also noted that whilst in the view of the auditors the rolling programme of asset valuations did not fully meet the Codes

requirements to value items within a class of property, plant and equipment simultaneously, the Council's decision had been taken on the grounds of efficiency and the carrying amount did not differ materially from the fair value as at 31 March 2014; and the Council's approach was prudent.

Consideration was given to a letter of representation letter to Grant Thornton UK, a copy of which had been circulated to Members of the Committee, for the purpose of expressing an opinion as to whether the financial statements gave a true and fair view in accordance with International Financial Reporting Standards.

The Chairman drew particular attention to paragraphs xii, xv and xvi of the letter and the Committee approved the letter for signing by the Chairman of the meeting, on behalf of the Committee, on 30 September 2014.

RESOLVED: (1) That the Statement of Accounts for 2013/14, the Audit Findings for the District Council and the fact that the Auditors had given an unqualified Opinion on the Statement of accounts be noted.

(2) That the letter of representation, as circulated to Members of the Committee, in connection with the audit of the financial statements of Lichfield District Council be approved.

FORWARD PLAN AND WORK PROGRAMME

Consideration was given to the Forward Plan (including recent amendments) and Work Programme.

RESOLVED: (1) That the Forward plan be noted.

(2) That the results of the 'Your View' District Services Questionnaire and the outcome of the Local Government Association Peer Review be included on the Work Programme for a future meeting.

EXCLUSION OF PUBLIC AND PRESS

RESOLVED: "That as publicity would be prejudicial to the public interest by reason of the confidential nature of the business to be transacted, the public and press be excluded from the meeting for the following items of business, which would involve the likely disclosure of exempt information as defined in Paragraph 3 of Part 1 of Schedule 12A of the Local Government Act 1972"

ASSET STRATEGY REVIEW

Consideration was given to a report submitted to Cabinet on 9 September 2014 relating to the potential disposal of assets held by the District Council, together with the subsequent recommendations made by Cabinet. It was noted that the issue would be considered by Council on 30 September 2014.

Members discussed the Cabinet's recommendations and were in favour of the proposals although Councillor Mynott expressed reservations about disposing of the assets. It was agreed that the information provided be considered by Council without further comment by the Committee.

RESOLVED: That the content of the report be noted.

(COUNCILLOR NORMAN DECLARED A PERSONAL INTEREST IN THE INDUSTRIAL UNITS AT RING ROAD, CHASETOWN AS A CUSTOMER OF ONE OF THE BUSINESSES).

(The Meeting finished at 8.02 p.m.)

CHAIRMAN

LICHFIELD DISTRICT COUNCIL

FORWARD PLAN

Issued: 03.11.2014

Effective for the Period 01.12.2014 – 31.03.2015

Representations in respect of all the matters shown should be sent in writing to the contact officer indicated at Lichfield District Council, District Council House, Frog Lane, Lichfield, Staffs. WS13 6YU

no later than one week before the decision is due to be made.

Copies of documents can also be obtained by contacting the relevant Officer.

Facsimile: 01543 309899; Telephone: 01543 308000

- Key decisions are:
1. A decision made in connection with setting the Council Tax
 2. Expenditure or savings if they exceed £50,000
 3. A decision which significantly affects the community in two or more wards

MATTER FOR KEY DECISION ⁽¹⁾	DECISION EXPECTED TO UNDERTAKE ⁽²⁾	DATE OR PERIOD WHEN DECISION LIKELY ⁽³⁾	CONSULTATION ⁽⁴⁾ INCLUDING CONSULTATION WITH OVERVIEW & SCRUTINY (If no consultation has been undertaken please briefly explain why)	DOCUMENTS AVAILABLE ⁽⁵⁾	WHO WILL MAKE DECISION ⁽⁶⁾	CONTACT OFFICER/CABINET MEMBER ⁽⁷⁾
Money Matters Reports: 1) Council's Financial Performance 2014/15 for first 6 months April to		18/11/2014			Strategic (O&S) Committee	OFFICER: Mrs J Kitchen (01543) 308770 CABINET MEMBER: Councillor C Spruce (01543) 253733

MATTER FOR KEY DECISION ⁽¹⁾	DECISION EXPECTED TO UNDERTAKE ⁽²⁾	DATE OR PERIOD WHEN DECISION LIKELY ⁽³⁾	CONSULTATION ⁽⁴⁾ INCLUDING CONSULTATION WITH OVERVIEW & SCRUTINY (If no consultation has been undertaken please briefly explain why)	DOCUMENTS AVAILABLE ⁽⁵⁾	WHO WILL MAKE DECISION ⁽⁶⁾	CONTACT OFFICER/CABINET MEMBER ⁽⁷⁾
September 2014 2) Treasury Management Performance for first 6 months April to September 2014						
Friarsgate – Future Actions	To agree the future actions regarding the Friarsgate Development	02/12/2014	Presentation to Economic Growth, Environment & Development (O&S) Committee 11/11/2014		Cabinet	OFFICERS: Mr R King (01543) 308060 Miss H Cook (01543) 308252 CABINET MEMBER: Councillor M Wilcox (01283) 791761
Money Matters Reports: 1) Council's Financial Performance 2014/15 for first 6 months April to September 2014 2) Treasury		02/12/2014			Cabinet	OFFICER: Mrs J Kitchen (01543) 308770 CABINET MEMBER: Councillor C Spruce (01543) 253733

MATTER FOR KEY DECISION ⁽¹⁾	DECISION EXPECTED TO UNDERTAKE ⁽²⁾	DATE OR PERIOD WHEN DECISION LIKELY ⁽³⁾	CONSULTATION ⁽⁴⁾ INCLUDING CONSULTATION WITH OVERVIEW & SCRUTINY (If no consultation has been undertaken please briefly explain why)	DOCUMENTS AVAILABLE ⁽⁵⁾	WHO WILL MAKE DECISION ⁽⁶⁾	CONTACT OFFICER/CABINET MEMBER ⁽⁷⁾
Management Performance for first 6 months April to September 2014						
Action on an Empty Property	To consider options available to bring an empty property back into use and determination of the appropriate option.	02/12/2014			Cabinet	OFFICER: Mr C Gibbins (01543) 308072 CABINET MEMBER: Councillor C Greatorex (01543) 416677
Non Domestic Rates – Discretionary rate relief	To approve changes to the existing policy	02/12/2014			Cabinet	OFFICER: Mrs J Kitchen (01543) 308770 CABINET MEMBER: Councillor C Spruce (01543) 253733

MATTER FOR KEY DECISION ⁽¹⁾	DECISION EXPECTED TO UNDERTAKE ⁽²⁾	DATE OR PERIOD WHEN DECISION LIKELY ⁽³⁾	CONSULTATION ⁽⁴⁾ INCLUDING CONSULTATION WITH OVERVIEW & SCRUTINY (If no consultation has been undertaken please briefly explain why)	DOCUMENTS AVAILABLE ⁽⁵⁾	WHO WILL MAKE DECISION ⁽⁶⁾	CONTACT OFFICER/CABINET MEMBER ⁽⁷⁾
Managing the Parks Estate	To consider management arrangements of specific parks and open spaces	02/12/2014	Burntwood Town Council Leisure, Parks and Waste Management (O&S) Committee	Service Review Documents Correspondence with Parish Councils	Cabinet	OFFICER: Mr N Turner (01543) 308761 CABINET MEMBER: Councillor A F Smith (01543) 410685
Insurance Contract	To approve the letting of a contract for the Council's Insurance Policies	03/02/2015	Insurance Broker	Tender documents Tender appraisals	Cabinet	OFFICERS: Mr N Turner (01543) 308761 Mr S Langston (01543) 308107 CABINET MEMBER: Councillor A F Smith (01543) 410685

MATTER FOR KEY DECISION ⁽¹⁾	DECISION EXPECTED TO UNDERTAKE ⁽²⁾	DATE OR PERIOD WHEN DECISION LIKELY ⁽³⁾	CONSULTATION ⁽⁴⁾ INCLUDING CONSULTATION WITH OVERVIEW & SCRUTINY (If no consultation has been undertaken please briefly explain why)	DOCUMENTS AVAILABLE ⁽⁵⁾	WHO WILL MAKE DECISION ⁽⁶⁾	CONTACT OFFICER/CABINET MEMBER ⁽⁷⁾
Sales and Marketing Contract	To approve the letting of a contract for sales and marketing services	03/02/2015		Tender documents Tender appraisals	Cabinet	OFFICERS: Mr N Turner (01543) 308761 Mr S Hoddinott (01543) 308825 CABINET MEMBER: Councillor A F Smith (01543) 410685
Review of Corporate Printers Contract	Award of new contract	03/02/2015	Consultation with business managers		Cabinet	OFFICER: Mr K Sleeman (01543) 308120 CABINET MEMBER: Councillor I Eadie (01543) 268157

MATTER FOR KEY DECISION ⁽¹⁾	DECISION EXPECTED TO UNDERTAKE ⁽²⁾	DATE OR PERIOD WHEN DECISION LIKELY ⁽³⁾	CONSULTATION ⁽⁴⁾ INCLUDING CONSULTATION WITH OVERVIEW & SCRUTINY (If no consultation has been undertaken please briefly explain why)	DOCUMENTS AVAILABLE ⁽⁵⁾	WHO WILL MAKE DECISION ⁽⁶⁾	CONTACT OFFICER/CABINET MEMBER ⁽⁷⁾
Better Care Fund	To endorse progress on the development of the Better Care Fund for Staffordshire	03/02/2015	To be included on the Work Programme for CHH O&S in 14/15	Member decision report (reported to Council in April) Better Care Fund submission	Cabinet	OFFICER: Ms H Titterton (01543) 308700 CABINET MEMBER: Councillor C Greatorex (01543) 416677
Money Matters Reports: 1) Medium Term Financial Strategy 2) Treasury Management Policy and Strategy 3) Council's Tax Resolution 2015/16		17/02/2015			Council	OFFICER: Mrs J Kitchen (01543) 308770 CABINET MEMBER: Councillor C Spruce (01543) 253733

MATTER FOR KEY DECISION ⁽¹⁾	DECISION EXPECTED TO UNDERTAKE ⁽²⁾	DATE OR PERIOD WHEN DECISION LIKELY ⁽³⁾	CONSULTATION ⁽⁴⁾ INCLUDING CONSULTATION WITH OVERVIEW & SCRUTINY (If no consultation has been undertaken please briefly explain why)	DOCUMENTS AVAILABLE ⁽⁵⁾	WHO WILL MAKE DECISION ⁽⁶⁾	CONTACT OFFICER/CABINET MEMBER ⁽⁷⁾
Exception and Exemptions Financial Regulations 2013/14		08/04/2015			Audit Committee	OFFICER: Mrs J Kitchen (01543) 308770 CABINET MEMBER: Councillor C Spruce (01543) 253733

1. The matter in respect of which the decision is to be made
2. What decision the Council will be asked to make
3. A date on which, or period within which, the decision will be made
4. What groups of people and/or organisations will be consulted before the decision is made and how the consultation will be carried out.
5. What background documents will be available to the person or Committee making the decision
6. Who will make the decision, i.e. the Cabinet, an Cabinet Member alone, an Officer under Delegated Powers
7. The Officer or Member who should be contacted regarding the matter under consideration.

MEMBERS OF THE CABINET

Leader of Cabinet and Cabinet Member for Communications
Deputy Leader of Cabinet and
Cabinet Member for Economic Growth, Tourism & Development
Cabinet Member for Leisure and Parks
Cabinet Member for Community, Housing and Health
Cabinet Member for I.T. and Waste Management
Cabinet Member for Finance, Democratic and Legal Services

Councillor M. J. Wilcox

Councillor I. M. P. Pritchard
Councillor A. F. Smith
Councillor C. Greatorex
Councillor I. M. Eadie
Councillor C. J. Spruce

MEMBERS OF THE COUNCIL

Allsopp, Mrs J A
Arnold, Mrs S P
Awty, R J
Bacon, B F
Bacon, Mrs N
Barnett, Mrs S A
Bland, Mrs M P
Boyle, Mrs M G
Constable, Mrs B L
Constable, D H
Cox, R E
Derrick, B W
Drinkwater E N

Eadie, I M
Eagland, Mrs J M
Evans, Mrs C D
Fisher, Mrs H E
Flowith, Mrs L E
Greatorex, C
Hancocks, Mrs R
Heath, H R
Hogan, P
Humphreys, K P
Isaacs, D
Leytham, D J
Marshall, T

Mosson, R C
Mynott, G
Norman, S G
Pearce, A
Perkins, Mrs E C
Powell, J J R
Pritchard, I M P
Pullen, D.R.
Richards, Mrs V
Roberts, N J
Salter, D F
Smedley, D
Smith, A F

Smith, D S
Spruce, C J
Stanhope MBE, Mrs M
Strachan, R W
Taylor, S D
Thomas, T J
Tittley, M.C
Tranter, Mrs H
Walker, J T
Warfield, M A
White, A G
Wilcox, M J
Willis-Croft, K A

Wilson, B
Woodward, Mrs S E
Yeates, B W

STRATEGIC (OVERVIEW AND SCRUTINY) COMMITTEE DRAFT WORK PROGRAMME FOR 2014-15 (v7)

Item	17th June 2014	23 rd Sept 2014	18 th Nov 2014	21 st Jan 2015	Details/Reasons	Link to 2014/15 One Year Action Plan	Officer	Member Lead
Policy Development								
Terms of Reference	✓				To remind the Committee of the terms of reference and suggest any amendments		RK	Cllr Spruce
Compliments and Complaints	✓				To provide members with an overview of the compliments and complaints received corporately during the last financial year and a more detailed analysis of those which are of specific relevance to this Committee	A Well Managed Council - We'll maximise the council's performance, innovation and efficiency, so we use our resources well and deliver good quality and better value services	RK	Cllr Spruce
Fit for Future	BP	BP			This will outline progress on the programme to date and propose budget reductions	A Well Managed Council - We'll keep a tight control and management of the council's finances	DT	Cllr Wilcox
End of Year Performance Overview for 2013/2014	✓				Scrutinise performance against the projects and activities set out in the One Year Action Plan 12/13 which fall within the remit of the Strategic O&S Committee	A Well Managed Council - We'll maximise the council's performance, innovation and efficiency, so we use our resources well and deliver good quality and better value services	HT	Cllr Greatorex

STRATEGIC (OVERVIEW AND SCRUTINY) COMMITTEE DRAFT WORK PROGRAMME FOR 2014-15 (v7)

Item	17th June 2014	23 rd Sept 2014	18 th Nov 2014	21 st Jan 2015	Details/Reasons	Link to 2014/15 One Year Action Plan	Officer	Member Lead
Council's Financial Performance for 2013/14		✓			Scrutinise the Council's performance against the Medium Term Financial Strategy	A Well Managed Council - We'll keep a tight control and management of the council's finances	JK	Cllr Spruce
Statement of Accounts 2013/14		✓			Scrutinise the Statement of Accounts	A Well Managed Council - We'll maximise the council's performance, innovation and efficiency, so we use our resources well and deliver good quality and better value services	JK	Cllr Spruce
Treasury Management Outturn & Prudential Indicators for 2013/14		✓			Scrutinise performance of the Treasury Management Strategy	A Well Managed Council - We'll maximise the council's performance, innovation and efficiency, so we use our resources well and deliver good quality and better value services	JK	Cllr Spruce
Asset Review		✓			Confidential item relating to the potential disposal of assets held by the District Council.		RKK	Cllr Spruce
Half yearly performance report for 2014/15			✓		Scrutinise performance against the projects and activities set out in the One Year Action Plan 13/14 which fall within the remit of the Strategic O&S Committee	A Well Managed Council - We'll maximise the council's performance, innovation and efficiency, so we use our resources well and deliver good quality and better value services	RK	Cllr Spruce

STRATEGIC (OVERVIEW AND SCRUTINY) COMMITTEE DRAFT WORK PROGRAMME FOR 2014-15 (v7)

Item	17th June 2014	23 rd Sept 2014	18 th Nov 2014	21 st Jan 2015	Details/Reasons	Link to 2014/15 One Year Action Plan	Officer	Member Lead
Half-yearly report on financial performance for 2014/15			✓		Monitor the position in relation to the Medium Term Financial Strategy for 2013/2014	A Well Managed Council - We'll keep a tight control and management of the council's finances	JK	Cllr Spruce
Half Year Report on Treasury Management Services and Projected Prudential Indicators 2014/15			✓		Monitor Treasury Management activities and Prudential Indicators	A Well Managed Council - We'll keep a tight control and management of the council's finances	JK	Cllr Spruce
Medium Term Financial Forecast for Revenue /Capital 2012/15				✓	Scrutinise the Council's resource plans in relation to the delivery of the Strategic Plan priorities	A Well Managed Council - We'll keep a tight control and management of the council's finances	JK	Cllr Spruce
Treasury Management Strategy Report				✓	Outline District Council's strategy to manage investments and banking and control risks	A Well Managed Council - We'll keep a tight control and management of the council's finances	JK	Cllr Spruce
One Year Action Plan 2015/16				✓	This will accompany the three year medium term financial forecast for Revenue/Capital and reflect the one year actions needed to deliver the Plan for Lichfield District	A Well Managed Council - We'll maximise the council's performance, innovation and efficiency, so we use our resources well and deliver good quality and better value services	HT	Cllr Greatorex

STRATEGIC (OVERVIEW AND SCRUTINY) COMMITTEE DRAFT WORK PROGRAMME FOR 2014-15 (v7)

Item	17th June 2014	23 rd Sept 2014	18 th Nov 2014	21 st Jan 2015	Details/Reasons	Link to 2014/15 One Year Action Plan	Officer	Member Lead
Third Quarter Review of Performance against Financial Strategy 2014/15				✓	Scrutinise financial performance and the revised estimate for the full year.	A Well Managed Council - We'll keep a tight control and management of the council's finances	JK	Cllr Spruce
Briefing Papers								
Individual Electoral Registration	✓				Update on progress to implement individual electoral registration		RK	Cllr Spruce

SUBMISSION TO STRATEGIC (OVERVIEW AND SCRUTINY) COMMITTEE

Date : 18 November 2014

Agenda Item: 5

Contact Officer: Jane Kitchen

Telephone: 01543 308770

Local Ward Members:
Full Council

SUBMISSION BY CABINET MEMBER FOR FINANCE, DEMOCRATIC AND LEGAL SERVICES

Money Matters : 2014/15 Review of Financial Performance against the Financial Strategy

1. Purpose of Report

- 1.1 To provide Members with the opportunity to scrutinise Lichfield District Council's (LDC) financial performance for the half year April to September 2014 for the financial year 2014/15.
- 1.2 The Revenue Budget on a Net Direct Expenditure basis is shown in the table at 2.14. This table shows that the Approved Net Revenue Expenditure 2014/15 originally required a transfer from General Reserves of **£240,290**.
- 1.3 The projected net operating cost of **£10,551,740** is based on performance to 30 September 2014 and a forecast for the period to the end of March 2015.
- 1.4 There is a reduction in the use of Reserves to balance the Budget of **£269,510¹** compared with the previous Budget projection and this now means that we will transfer **£1,040** to General Reserves rather than transferring **£268,470** from General Reserves.
- 1.5 To seek the views of Members from this Committee to Cabinet at its meeting on 2 December 2014.

2. Background

Revenue Budget

- 2.1 As part of leading the organisation, managers have to account to Members for their management of financial resources and for performance of the organisation, against what the Council has agreed.
- 2.2 '*A Plan for Lichfield District 2012-16*' approved by Council in February 2012, sets out the ambition, focus and priorities for the next four years, covering the life of this Council. This Plan includes milestones for each year, so that we can bring appropriate focus to delivery.
- 2.3 The Leadership Team, together with their Cabinet Members, are responsible for delivering against the milestones for the *Plan for Lichfield District 2012-16* and are required to report progress on this to Cabinet, enabling Cabinet as a whole to review the performance of the organisation.

¹ The transfer from General Reserves Quarter 1 of £268,470 plus the transfer to General Reserves Quarter 2 of £1,040.

- 2.4 The Medium Term Financial Strategy (Revenue and Capital) 2014-17 (MTFS (R&C) 2014-17) sets out the allocation of resources and the policies and parameters within which managers are required to operate. We are required by Law to set a three year balanced budget. The MTFS (R&C) 2014-17, relevant to this report, covers Revenue and Capital expenditure that was approved on 24 February 2014 and covers Revised Estimates 2013/14 and Original Estimates 2014/15 to 2016/17.
- 2.5 Aspects including Community Safety, Human Rights, Financial Implications, Sustainability Issues and Risk Management are all dealt with as part of this report so have not been separately identified.
- 2.6 The level of recent change in Local Government Finance is unprecedented, ranging from the Localisation of Council Tax Support, wider Welfare Reforms and local retention of an element of Non Domestic Rates (NDR). This change introduces some significant additional financial risks, such as a major proportion of LDC's funding being dependant on the level of NDR.
- 2.7 As a consequence, preparation and planning to implement changes and identify strategies that can be used to manage these risks continue during 2014/15. These risks, together with financial successes, challenges and future actions are shown in more detail at **APPENDIX A**.
- 2.8 In future Council is likely to be funded principally by income generated locally through Council Tax (CT), NDR, New Homes Bonus and Fees and Charges. Therefore, the management of CT, NDR and Sundry Income Debt is a key component of the Council's funding and is shown in **APPENDIX B**.
- 2.9 CT collection has decreased by **0.23%**, recovery action was suspended for one month in August 2014 due to the unscheduled direct debit made on 13 August 2014, which will have contributed to a slight drop in collection. Arrears outstanding are lower in this quarter compared to last year.
- 2.10 To date, NDR collection is down by **2.9%**. During this period a new large assessment with a Rateable Value (RV) of £550,000 has been entered into the list and there has been a backdated adjustment to Drayton Manor Park has created a new assessment of £460,000. The option to pay over 12 months in this financial year rather than over the first 10 months of the year has had an impact as 234 companies, including Tesco, have elected to pay this way.
- 2.11 The financial performance covering the period April to September 2014 has been reviewed, and below is our Quarter 2 projection for the full year against the Budget as approved by Council in February 2014.
- 2.12 The Approved F4F savings detailed on page 3, have now been incorporated into the Approved Budget for 2014/15 and subsequent years of the MTFS (R&C) 2014-17 :

Area	2014/15 £	2015/16 £	2016/17 £	Total £
Grants to Outside Bodies	0	(19,200)	(19,200)	(38,400)
Gas Rebate	(5,430)	0	0	(5,430)
Development Services Review	(50,000)	(50,000)	(50,000)	(150,000)
Parks, Grounds Maintenance and Countryside Review	(86,470)	(70,990)	(66,320)	(223,780)
Housing Services Review	0	(4,320)	(4,320)	(8,640)
Internal Audit Review	(17,320)	(17,710)	(21,690)	(56,720)
Asset Strategy Review	0	180,200	23,940	204,140
Phase 1 not achieved related to Public Conveniences	39,140	39,140	39,140	117,420
Sub Total	(120,080)	57,120	(98,450)	(161,410)
Reported in Money Matters Quarter 1	(63,510)	(387,630)	(309,980)	(761,120)
Total Approved Savings	(183,590)	(330,510)	(408,430)	(922,530)
Medium Term Financial Strategy	£0	(£990,300)	(£1,494,270)	(£2,484,570)
Remaining Savings to be Identified	£0	(£659,790)	(£1,085,840)	(£1,745,630)

Lichfield District Council's Projected Collection Fund Surpluses or Deficits (see below) :

CT Surplus	(131,000)
NDR Deficit	59,000
Total	(£72,000)

2.13 Further F4F savings will continue to be identified as service reviews proceed throughout the financial year. When any reviews are approved in the Council, relevant income/savings will be built into the MTFs (R&C) 2014-17.

2.14 The financial performance covering the period April to September 2014 has been reviewed and below we report our Quarter 2 projection for the full year against the Budget.

The Revenue Budget on a Net Direct Expenditure Basis :

Area	2014/15					● = adverse ☑ = favourable
	Original Budget £	Approved Budget £	Year to Date Total £	Projected Outturn £	Projected Variance £	
Chief Executive	888,430	867,100	367,504	836,990	(30,110)	☑
Finance, Revenues and Benefits	2,114,230	2,116,770	1,588,491	2,075,930	(40,840)	☑
Leisure and Parks	3,252,140	3,209,560	1,380,694	3,197,930	(11,630)	☑
Democratic, Development and Legal	639,300	510,160	(232,669)	460,270	(49,890)	☑
Community, Housing and Health	2,251,740	2,250,320	1,003,273	2,211,460	(38,860)	☑
Joint Waste	1,606,350	1,596,490	1,330,676	1,543,460	(53,030)	☑
Net Cost of Services	10,752,190	10,550,400	5,437,969	10,326,040	(224,360)	☑
Net Treasury Position	62,470	79,670	18,715	62,700	(16,970)	☑
Revenue Contributions to the Capital Programme	158,000	163,000	0	163,000	-	
Net Operating Cost	10,972,660	10,793,070	5,456,684	10,551,740	(241,330)	☑
Less: Transfer (from) or to General Reserve	(358,880)	(240,290)	0	1,040	241,330	☑
Add: Transfer to Earmarked Reserves	0	92,000	114,517	92,000	-	
Net Revenue Expenditure	10,613,780	10,644,780	5,571,201	10,644,780	0	
Financed by:						
Revenue Support Grant	(2,116,000)	(2,116,000)	(1,216,883)	(2,116,000)	-	
Retained Business Rates	(2,035,000)	(2,015,000)	(711,251)	(2,015,000)	-	
Business Rates Cap						
Reimbursement	(20,000)	(20,000)	(8,886)	(20,000)	-	
Less Local Council Tax Support paid to Parishes	135,000	135,000	67,348	135,000	-	
New Homes Bonus	(1,202,000)	(1,202,000)	(604,685)	(1,202,000)	-	
Collection Fund (Surplus)Deficit	(63,000)	(63,000)	(31,305)	(63,000)	-	
Total District Council purposes	5,363,780	5,363,780	1,996,263	5,363,780	-	

2.15 The Gross Income and Expenditure to support this table are shown at **APPENDIX C**. This gives members more of an insight into the gross flows of income and expenditure expected to move through the Council within the year.

Key Issues - Budget Monitoring 2nd Quarter 2014/15

2.16 The Net Operating Cost projected outturn at 31 March 2015 is estimated to be better than the Approved Budget by **£241,330**. This has been generated by the following items:

Chief Executive (£30,110) favourable variance:

- (£10,000) Additional income from charging of services to external organisations such as the District Councils Network.
- (£7,720) Employee cost savings
- £9,750 Additional Internal Audit consultants costs
- (£7,240) Reduction in printing contract costs
- (£6,900) Savings in Civic Expenses
- (£5,000) Savings as a result in reduction in Disclosure Barring Services (DBS) checks and medical fees
- (£3,000) Savings in Member training

Finance, Revenues & Benefits (£40,840) favourable variance:

- (£27,000) Savings in employee costs
- (£3,110) Reduction supplies and services
- (£10,730) Additional income and Earmarked Reserve which is no longer required

Leisure and Parks (£11,630) favourable variance:

- (£11,630) Leisure and Parks is broadly performing to budget, however, this is dependent on a number of conditions including trading performance and the weather.

Democratic, Development and Legal Services (£49,890) favourable variance:

- £26,170 Reduction in property rental income
- (£6,500) Additional income - recharge of property insurance to leaseholders
- (£5,360) Reduction in subscription fees
- (£80,900) Savings in employee costs, vacant posts, reduction in hours and Members allowances
- (£14,710) Additional Income from Legal Services, Licences and Planning Fees
- (£15,000) Additional car parks income and reduction in maintenance costs
- £10,000 Insurance excess payment-Bus Station
- £57,000 Reduction in income re Management fees Special Areas of Conservation Cannock Chase
- (£20,590) Section 31 New Burdens Grant - Community Assets Earmarked Reserve no longer required.
The Localism Act 2011 places a duty on District Councils to administer a scheme which will identify assets of community value whether they are in public or private ownership. If assets on the list are put up for sale a moratorium period can be triggered which allows time for the local community to raise funds and prepare a bid for the asset. Private owners may claim compensation for loss and expenses incurred through the asset being listed or previously listed. This includes claims arising from delays caused by the interim or full moratorium period; and for legal expenses incurred in a successful appeal to the Tribunal.

It is deemed that the risk to the authority is very low.

Community, Housing and Health (£38,860) favourable variance:

- (£25,640) Section 31 New Burdens Grant - Community Right to Challenge Earmarked Reserve no longer required.
The Community Right to Challenge requires relevant authorities (including District Councils) to consider expressions of interest in running Council services which may be received from various bodies specified in legislation, and when expressions of interest are accepted, carry out a procurement exercise. there may be requirements for specialist legal, procurement and personnel management advice, as well as support to draft service specifications.
It is deemed that the risk to the authority is very low
- (£3,660) Savings in employee costs, vacant posts less turnover savings
- (£9,560) Additional Income

Joint Waste Service (£53,030) favourable variance:

- (£53,030) Additional trade waste and rental income related to a new lease for the Civic Amenity Site

Net Treasury Position including Investment Interest (£16,970) favourable variance:

2.17 Further details are provided in the Treasury Management section of this report.

Council Tax

2.18 The Local Government Finance Act 1988 as amended by Schedule 10 of the Local Government Act 1992 sets out the statutory provisions concerning the operation of the Collection Fund.

2.19 The Local Authorities (Funds) (England) Regulations 1992 requires the Billing Authority to estimate on 15 January any (surplus)/deficit in their Collection Fund for the year.

2.20 Any such estimated (surplus)/deficit are shared between the Billing Authority and its major precepting authorities. It is apportioned on the basis of the Billing Authority's demand, and each major precepting authority's precept.

2.21 The detailed Collection Fund for 2014/15 is shown in detail at **APPENDIX D**. Latest projections indicates a surplus on the Collection Fund for CT of **£1,005,460**. The reason this surplus is projected is that we estimated a CT base of **35,295** and the projected CT base for 2014/15 is **36,093** this is an increase of **798**. This increase is due to a variety of reasons including changes to discounts and exemptions, new properties and the impact of the Local Council Tax Support Scheme.

2.22 LDC's share of this projected surplus would be **£131,115** and this would be shown in the Budget in 2015/16. The growth in CT base is also likely to be permanent and this means this can also be incorporated into future year's budgets.

Non Domestic Rates

2.23 From 1 April 2013, LDC is able to retain a share of any NDR growth within the area. This is one of a number of significant changes to the way Local Government is funded and whilst it provides opportunities for additional income it also carries some significant risks.

2.24 These risks include the financial implications resulting from business closures. Given the level of financial risk and its potential impact on LDC's Budget it is critical that this area is monitored closely. The budgeted level of NDR was submitted in the NNDR 1 return. The actual position at the end of September 2014 and a projection for the year for the NDR Collection Fund is shown in **APPENDIX D**.

2.25 LDC's share (40%) of the NDR in the Collection Fund plus applicable Section 31 Grants for designated reliefs is used to assess the level of growth or decline in NDR in each financial year. This information is then used to calculate the level of levy payments to or safety net income from the Greater Birmingham and Solihull Business Rates Pool (GBSBP)

2.26 On 30 July 2014, Leaders of the GBSBP agreed to a three year levy distribution basis whereby **32.5%** of levy payable will be returned to the Authority.

2.27 Whilst these initial projections are currently indicating a positive level of retained growth there are two key risks that are difficult to project:

- a) The level of Mandatory Reliefs relating to empty and partly occupied premises;
- b) The level of appeals that are still outstanding and their impact on retained growth.

- 2.28 LDC's Budget for its share of NDR is required under Statute to be based on the estimated income contained in the 2014/15 National Non Domestic Rates 1 (NNDR1) form which is **£12,516,063** not the actual level of income contained within the Collection Fund of **£12,457,548**. Any NDR growth or decline will be included in future financial years as part of the Collection Fund surplus or deficit.
- 2.29 Currently, LDC is looking to maximise the take up of New Empty Property, Long Term Empty Property and Retail Reliefs introduced in the Autumn Statement 2013, to ensure all eligible businesses claim their entitlements from 1 April 2014. Therefore, for the purposes of reporting the second quarter, it has been assumed maximum take up will be achieved on the Retail Relief and the majority of the budget for Long Term Empty Properties.
- 2.30 The NDR Collection Fund is projecting a deficit in 2014/15 of **£146,287** and LDC's share would be **£58,515** and this would be shown in the Budget in 2015/16.

Capital Programme

Managing the Current Budget

- 2.31 The Council approved an original budget for 2014/15 of **£2,422,000** on 24 February 2014.
- 2.32 There was slippage of **£482,500** in the Capital Programme in 2013/14 that has been carried forward to 2014/15.
- 2.33 This has resulted in a revised budget for 2014/15 of **£2,904,500**.
- 2.34 In addition, there have been a number of other changes, such as the allocation of Section 106, re-phasing of some project spend and new grant awards that total **£397,000** that resulted in a current budget of **£3,301,500**.
- 2.35 Below we look at spend by strategic priority for the 2014/15 financial year, focussing on the actual position for the year, compared with the Current Budget.

Priority	Original Budget £	Current Budget £	Year to Date Total £	Projected Outturn £	Projected Variance £	
We'll support local people	750,000	1,148,000	231,980	1,148,000	0	☑
We'll support local places	119,000	294,500	18,772	294,500	0	☑
We'll boost local businesses	413,000	861,000	-24,859	861,000	0	☑
How our core principles help us deliver	1,140,000	1,048,000	443,268	1,048,000	0	☑
Total Capital Expenditure	£2,422,000	£3,301,500	669,161	£3,301,500	£0	

KEY : ☑ Projected actual within **£0.1m** of our current budget ● Projected actual not within **£0.1m** of our current budget

- 2.36 An important element of the Capital Programme relates to asset replacement. The renewals of vehicles, equipment and systems renewals during 2014/15 are shown in detail at **APPENDIX E**.

Capital Investment at Burntwood Leisure Centre - the Sinking Fund

2.37 The Council is required, under the terms of the funding agreement with the National Lottery in relation to the Burntwood Leisure Centre, to set aside resources to be used for the future repair and renewal of the Centre in a 'Sinking Fund'. Both the level of investment and the Centre in terms of LDC's leisure provision is significant, therefore, monitoring information is provided in the table below for all approved projects in 2014/15.

Project Name	Annual Spend in 2014/15		
	Current Budget £	Projected Outturn £	Variance £
Planned maintenance	62,000	62,000	0
TOTAL	£62,000	£62,000	£0

Treasury Management

2.38 The performance of the Treasury Management function should be measured against the investment objectives of Security (the safe return of our monies), Liquidity (making sure we have sufficient money to pay for our services) and Yield (the return on our investments). Details are shown in **APPENDIX F**.

Working Balance, Reserves and Provisions

2.39 The following General Revenue Reserves are available to assist the Council in meeting General Fund expenditure from 2013 to 2016 as part of the Medium Term Financial Strategy :

Detail	2014/2015 £	2015/2016 £	2016/2017 £
General Reserves available as at 1 April	2,810,190	2,811,230	2,811,230
Less: Contribution to Revenue Budget	1,040	0	0
General Reserves balance as at 31 March	2,811,230	2,811,230	2,811,230
Minimum reserves requirement policy	(1,000,000)	(1,000,000)	(1,000,000)
General Reserves available for use	1,811,230	1,811,230	1,811,230

Note: The Approved MTFS (R&C 2014-17 forecasts **£nil** utilisation of General Reserves from 2015/16. However a **£241,330** favourable variance forecast at Quarter 2 together with the brought forward 2013/14 under-spend means the Council has additional reserves of **£1,811,230** to be utilised in MTFS 2015-2018.

3. Recommendation

- 3.1 To note the report and issues raised within.
- 3.2 To note that the Leadership Team with Cabinet Members will continue to closely monitor and manage the Medium Term Financial Strategy and the Capital Financial Strategy 2014-17.

4. Financial Implications

- 4.1 At this halfway stage in the financial year 2014/15, we now forecast a contribution to General Reserves of **£1,040** rather than a budgeted contribution of **£240,290** from General Reserves. This means that at this stage we are forecasting General Reserves will not be needed to support the costs of activities and services for this financial year.
- 4.2 Further detailed analysis on the Financial Performance up to September 2014 is shown in the attached Appendices.

5. Plan for Lichfield District Implications

- 5.1 The MTFS (R&C) 2014-17 underpins the delivery of the '*Plan for Lichfield District 2012-16*'.

6. Community Benefits

- 6.1 The robust management of LDC's budget is seen as a key priority for the Council with a target of being within **£250,000** of the Approved Budget being set.

7. Equality & Diversity Implications

- 7.1 There are no additional equality and diversity implications.

8. Human Rights Issues

- 8.1 There are no Human Rights Issues.

9. Crime and Safety Issues

- 9.1 There are no additional crime and safety issues.

10. Risk Management Issues

	Risk Description	Likelihood / Impact	Status	Countermeasure
A	Management of the Council's Revenue and Capital budget is critical to the successful delivery of key Council's priorities, and control measures need to be in place to manage the re-scheduling or re-profiling of projects and to respond to the changing financial climate.	Medium/ High	Financial	Close monitoring of expenditure. Maximising the potential of efficiency gains. Early identification of any unexpected impact on costs, for example, central Government policy changes, movement in the markets, and changes in the economic climate. Prioritisation of capital expenditure. Project management of projects.
B	Planned Capital receipts are not received.	Medium/ High	Financial	The budget for Capital receipts is monitored as part of the Council's normal budget monitoring procedures.
C	The Performance of the Economy	High/ High	Financial/ Economic/ Environmental/ Social/Legal	Close monitoring of the higher risk key business areas and those areas affected by the downturn. Managers continuously gather and analyse information and are taking action where it is possible to do so.
D	Friary Outer Car Park	Medium/ Low	Financial	Close monitoring of the position as part of the Council's normal Budget monitoring procedures.

Background Documents :

CIPFA Code of Practice for Treasury Management in the Public Services

Money Matters : Medium Term Financial Strategy (Revenue and Capital) 2014-17 – Cabinet 4 February 2014.

Money Matters : 2014/15 Review of Financial Performance against the Financial Strategy (3 months) – Cabinet 9 September 2014

Prudential Code for Capital Finance in Local Authorities

Successes, Risks, Challenges and Future Actions

<p>Financial Successes</p>	<p>Financial Risks</p>
<p>The Leaders of the GBSBRP have agreed a three year (2014/15, 2015/16 and 2016/17) distribution basis for retained levy. The levy will be distributed as follows:</p> <p>Economic Development 40% Safety Net 20% (up to a maximum of £2m) Lichfield District Council and other tariff Authorities 32.5% Birmingham City Council 7.5%</p>	<p>Our Government funding is in part replaced by the retention of business rates meaning we are more financially reliant on local economic growth. This represents a significant change to local Government funding.</p> <p>Car Parking Income potentially could be impacted by a number of external factors such as alternative forms of transport, internet shopping and alternative shopping centres and car parking.</p> <p>The new Dry Recycling contract is currently being finalised and this could potentially impact on the level of expenditure and income in the Joint Waste Service.</p>
<p>Financial Challenges</p>	<p>Finance Future Actions</p>
<p>To ensure businesses claim their entitlements to NDR Reliefs.</p> <p>To ensure the Council's financial performance is within £250,000 of the Approved Revenue Budget.</p> <p>To monitor the impact of the Localisation of Business Rates on the Council's Budget.</p> <p>To monitor the impact of Technical changes and Local Council Tax Support on collection rates and the level of income in the Collection Fund.</p>	<p>F4F is a programme of activities that will be delivered during the MTFS period. It brings together a series of projects that all aim to reduce the expenditure of the Council and also reshape and redesign the Council and its services into one that is fit for the future.</p> <p>To manage the exposure of NDR growth risk by liaising with our local authority partners in the Business Rates Pool.</p> <p>To ensure we help our residents manage the financial impact of Welfare Reform.</p>

APPENDIX B

Sundry Debtor Performance

Details	30th September 2013		30th September 2014		All Debts Change (%)	Variance ● = adverse ☑ = favourable
	All Debts £	Property Debts £	All Debts £	Property Debts £		
Value of sundry income raised	1,850,811	219,609	2,093,081	255,711	13.08%	●
Value of debts written off	7,930	-	13,227	180	66.79%	●
Value of invoices outstanding	1,102,670	120,310	1,523,957	126,081	38.21%	●
% of income raised	59.58%	54.78%	72.81%	49.31%	36.78%	●

Aged Debt Analysis						
Less than 6 months	639,694	102,020	966,529	115,763	51.09%	●
More than 6 months	462,975	18,290	557,428	10,318	20.40%	●

Council Tax and Business Rate Performance

	Council Tax				Non Domestic Rates			
	30th Sept 2013	30th Sept 2014	Change		30th Sept 2013	30th Sept 2014	Change	
Net Collectable in year	£53,302,988	£54,066,872			£34,727,443	£35,234,141		
Amount Collected in year	£31,177,508	£31,496,973			£21,217,748	£20,504,729		
Amount Collected as a %	58.49%	58.26%	0.23%	●	61.10%	58.20%	2.90%	●
In year arrears outstanding at 30 Sept	£988,156	£769,053			£416,005	£281,971		
Previous years arrears at 30 Sept	£707,051	£815,854			£153,619	£283,362		
Total arrears outstanding at 30 Sept	£1,695,207	£1,584,907			£569,624	£565,333		
Write offs as at 30 Sept	£15,460.00	£23,024.00			£10,544.66	£27,609.00		

APPENDIX C

ANALYSIS OF GROSS EXPENDITURE AND INCOME TOGETHER WITH NET EXPENDITURE FOR 2014/2015

Area	Gross Expenditure £	Gross Income £	Net Expenditure £	Projected Outturn £
Chief Executive	1,001,930	(134,830)	867,100	836,990
Finance, Revenues & Benefits	23,330,110	(21,213,340)	2,116,770	2,075,930
Leisure & Parks	6,694,580	(3,485,020)	3,209,560	3,197,930
Democratic, Development & Legal	4,894,490	(4,384,330)	510,160	460,270
Community, Housing & Health	2,619,380	(369,060)	2,250,320	2,211,460
Joint Waste	4,588,860	(2,992,370)	1,596,490	1,543,460
Net Expenditure of Services	43,129,350	(32,578,950)	10,550,400	10,326,040
Net Treasury Position	162,700	(83,030)	79,670	62,700
Revenue Contributions to the Capital Programme	163,000	0	163,000	163,000
Net Operating Cost	43,455,050	(32,661,980)	10,793,070	10,551,740

APPENDIX D (continued)

The Collection Fund

Council Tax

	The Collection Fund in 2014/15			
	Budget	30-Sep-14	Projected Outturn	Projected Variance
	£	£	£	£
Total number of dwellings	43,487	43,727	43,734	247
Average number of band D dwellings	35,295	36,248	36,093	798
Council Tax Liability	(61,988,000)	(62,997,291)	(63,020,950)	(1,032,950)
Exemptions	798,000	805,631	888,400	90,400
Discounts	4,620,000	4,511,856	4,723,930	103,930
Discount-Local Support for Council Tax	4,922,000	4,636,935	4,592,820	(329,180)
Council Tax Due	(51,648,000)	(53,042,869)	(52,815,800)	(1,167,800)
Add-				
Collection Fund(surplus) deficit brought Forward	(488,430)	(476,862)	(476,862)	11,568
Less-				
Impairment provision	0	23,020	150,770	150,770
Declared Council Tax (surplus)/deficit	488,430	488,430	488,430	0
Net Council Tax income	(51,648,000)	(53,008,281)	(52,653,642)	(1,005,462)
Less Precept Demands				
Staffordshire County Council	36,256,867	36,256,867	36,256,867	0
Stoke-on-Trent and Staffordshire Fire and Rescue Authority	2,387,354	2,387,354	2,387,354	0
Office of the Police and Crime Commissioner Staffordshire	6,268,745	6,268,745	6,268,745	0
Lichfield District Council	5,363,780	5,363,780	5,363,780	0
Parish Precepts	1,371,256	1,371,256	1,371,256	0
Total Precept Demands	51,648,002	51,648,002	51,648,002	0
Council Tax Collection Fund(surplus)/deficit	2	(1,360,279)	(1,005,460)	(1,005,462)
Allocation of Council Tax Collection Fund(surplus)/deficit				
Staffordshire County Council	0	(954,915)	(705,832)	(705,832)
Stoke-on-Trent and Staffordshire Fire and Rescue Authority	0	(62,877)	(46,476)	(46,476)
Office of the Police and Crime Commissioner Staffordshire	0	(165,103)	(122,037)	(122,037)
Lichfield District Council	0	(177,384)	(131,115)	(131,115)
Total Council tax (surplus)/deficit allocation	0	(1,360,279)	(1,005,460)	(1,005,460)

Lichfield District Council Projected Collection Fund Surplus in 2014/15 to be included in the 2015/16 Budget	£131,115
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APPENDIX D (continued)

Business Rates

	The Collection Fund in 2014/15			
	Budget NDR 1 £	30-Sep-14 £	Projected Outturn £	Projected Variance £
Gross Business Rates Yield	38,465,166	39,328,145	39,124,522	659,356
Mandatory Reliefs	(3,316,315)	(2,977,207)	(3,532,910)	(216,595)
Discretionary Reliefs	(85,650)	(73,524)	(73,524)	12,126
Small Business Rates Relief	(1,549,094)	(1,761,991)	(2,090,871)	(541,777)
New Empty Properties	0	0	0	0
Long Term Empty Properties	(796,252)	(2,988)	(628,464)	167,788
Retail Relief	(537,000)	(142,292)	(537,000)	0
Estimated Losses on Collection	(321,000)	(339,091)	(339,091)	(18,091)
Business Rate Appeals	(445,000)	(654,093)	(654,093)	(209,093)
Allowance for Cost of Collection	(124,697)	(124,697)	(124,697)	0
Non Domestic Rating Income	31,290,158	33,252,261	31,143,871	(146,287)
Lichfield's Share of NDR Income at 40%	12,516,063	13,300,904	12,457,548	(58,515)

Lichfield District Council (40%)	12,516,063	12,516,063	12,516,063	0
Central Government (50%)	15,645,079	15,645,079	15,645,079	0
Staffordshire County Council (9%)	2,816,114	2,816,114	2,816,114	0
Staffordshire Fire (1%)	312,902	312,902	312,902	0
Total	31,290,158	31,290,158	31,290,158	0
Surplus or (deficit) on the Collection Fund	0	1,962,103	(146,287)	(146,287)

Share of the Surplus or Deficit

Lichfield District Council (40%)	0	784,841	(58,515)	(58,515)
Central Government (50%)	0	981,051	(73,143)	(73,143)
Staffordshire County Council (9%)	0	176,589	(13,166)	(13,166)
Staffordshire Fire (1%)	0	19,621	(1,463)	(1,463)

Lichfield District Council Projected Collection Fund Deficit in 2014/15 to be included in the 2015/16 Budget	(£58,515)
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	Levy / Safety Net Calculation	
	30-Sep-14 £	Projected Outturn £
Lichfield's Share of NDR Income @ 40%	13,300,904	12,457,548
<u>Section 31 Grants (Lichfield's 40% Share)</u>		
Small Business Rates Relief	352,398	418,174
New Empty Properties	0	0
Long Term Empty Properties	1,600	254,400
Retail Relief	57,600	216,800
Less : Tariff Payable	(10,967,000)	(10,967,000)
Retained Business Rates Prior to Levy and Safety Net	2,745,503	2,379,923
Business Rates Baseline	1,885,184	1,885,184

Growth or (Decline) from the Business Rates Baseline	860,319	494,739
Levy Payable @ 50%	(430,159)	(247,369)

APPENDIX D (continued)

	The Council's Budget in 2014/15			
	Budget £	30-Sep-14 £	Projected Outturn £	Projected Variance £
NDR Income based on NNDR 1	12,516,063	12,516,063	12,516,063	0
Collection Fund Deficit in 2013/14	(256,063)	(256,063)	(256,063)	0
Contribution from or (to) Business Rates Reserve	0	0	0	0
<u>Section 31 Grants (Lichfield's 40% Share)</u>				
Small Business Rates Relief	313,000	352,398	418,174	105,174
New Empty Properties	0	0	0	0
Long Term Empty Properties	322,000	1,600	254,400	(67,600)
Retail Relief	217,000	57,600	216,800	(200)
Less : Tariff Payable	(10,967,000)	(10,967,000)	(10,967,000)	0
Less : Levy Payable @ 50%	(130,000)	(430,159)	(247,369)	(117,369)
Retained Business Rates prior to Levy Redistribution	2,015,000	1,274,439	1,935,005	(79,995)
Levy from the Business Rates Pool (32.5%)	0	140,000	80,000	80,000
Retained Business Rates	2,015,000	1,414,439	2,015,005	5

To achieve the Retained NDR Budget for 2014/15 this will require significant sums of Retail Relief and Long Term Empty Properties Relief to be awarded over the forthcoming six months.

APPENDIX E

Vehicle Replacement Programme 2014/15

Area	Vehicle Type	Estimated Replacement Cost	Capital Programme	Progress on procurement during 2014/15
Street Cleansing	TIPPER	£22,000	Yes	Delivered in April 2014
Street Cleansing	TIPPER	£25,000	Yes	
Grounds Maintenance	3 TORO MOWERS	£44,000	Yes	

Treasury Management

Security

Our aim for the risk status of our portfolio was **A-** using the lowest rating from the three credit rating agencies as the basis for assessing the risk status.

The investments outstanding at the 30 September 2014 had a risk status of **A** based on the length of the investment and **AA-** based on the value of the investment, which has a more secure risk status, and this is both compliant with our aim and the recommendations from our Treasury Management advisors. The recent history of the security of our investments is shown in the table below:

Date	The Value of the Investment	The Maturity Date of the Investment
30 September 2013	A+	AA
30 November 2013	AA-	AA-
31 March 2014	AA-	A+
30 June 2014	AA	A+
30 September 2014	AA-	A

In addition, we are currently keeping the length of our investments relatively short term to ensure that we can react to changes in counterparty credit risk very easily. Our Treasury Management advisors recommend for each bank or building society the new investment time limit to manage counterparty credit risk. At the 30 September 2014, the investment time limits were as shown on page 19 :

APPENDIX F (continued)

Bank or Building Society	Country	Investment Time Limit
Santander (UK)	United Kingdom	13 Months
Lloyds	United Kingdom	13 Months
Bank of Scotland	United Kingdom	13 Months
Barclays	United Kingdom	13 Months
HSBC	United Kingdom	13 Months
Nationwide Building Society	United Kingdom	13 Months
Standard Chartered	United Kingdom	13 Months
Close Bros	United Kingdom	100 Days
Australia and New Zealand Banking Group	Australia	13 Months
Commonwealth Bank of Australia	Australia	13 Months
National Australia Bank Ltd	Australia	13 Months
Westpac Banking Corporation	Australia	13 Months
Bank of Montreal	Canada	13 Months
Bank of Nova Scotia	Canada	13 Months
Canadian Imperial Bank of Commerce	Canada	13 Months
Royal Bank of Canada	Canada	13 Months
Toronto Dominion Bank	Canada	13 Months
DBS Bank	Singapore	13 Months
Overseas Chinese Banking Corporation	Singapore	13 Months
United Overseas Bank Ltd	Singapore	13 Months

To manage the interest rate risk where possible we are spreading investment maturities. The average length of investments we have made in 2014/15 is **115 days**.

APPENDIX F (continued)

Liquidity

Measuring the performance in relation to liquidity is a much more difficult task and the easiest way to assess performance is to see how frequently we needed to borrow on a temporary basis during the current financial year. In 2014/15 we have not needed to borrow temporarily. Currently we use call accounts and Money Market Funds for short-term liquidity requirements that gives us same day access to funds if needed.

Yield

To date in 2014/15, we have achieved an average interest rate of **0.57%** and this compares to our performance indicator of the average 7-day London Inter-bank Bid (LIBID) rate that was **0.35%**. In addition, to compare performance with longer-term benchmarks, the average 1 month LIBID rate is **0.37%**, the average 3 month LIBID rate is **0.42%** and the average 6 month LIBID rate is **0.55%**.

The projected overall net treasury position compared with the budget is shown in the table below:

Details	2014/15 Approved Budget	2014/15 Projected Outturn	2014/15 Variance
Average amount we had available to invest (£m)	11.68	16.80	5.12
Average Interest Rate (%)	0.70%	0.57%	(0.13%)

Interest Receipts	(80,000)	(96,000)	(16,000)
Car Loan Interest	(3,030)	(1,000)	2,030
Internal Interest Payments	8,000	5,000	(3,000)
Other Costs	4,500	4,500	0
External Borrowing Interest	0	0	0
Minimum Revenue Provision	150,200	150,200	0
Net Treasury Position	79,670	62,700	(16,970)

SUBMISSION TO STRATEGIC OVERVIEW AND SCRUTINY COMMITTEE

Date: 18 November 2014

Agenda item: 6

Contact officer : Richard King/Jane Kitchen

Telephone : 01543 308060/308770

Local Ward Members:

(If any Wards are particularly affected insert the name of the Ward Members and their Ward. Ensure that the Ward Members have been consulted.)

REPORT OF THE CABINET MEMBER FOR FINANCE, DEMOCRATIC AND LEGAL SERVICES

MID YEAR PERFORMANCE REPORT – ONE YEAR ACTION PLAN 14/15 FOR FINANCE, DEMOCRATIC AND LEGAL DIRECTORATES

1. PURPOSE OF THE REPORT

- 1.1 To advise Members of progress against the activities and projects set out in the Directorates One Year Action Plan for 14/15 as considered by this Committee in January 2014. Statistical information (key performance indicators) relating to activity during the first six months of the year is also included. Both the narrative report and the related statistics reflect performance as at 30th September 2014.
- 1.2 Members are invited to raise questions and comment (or where appropriate, request a more detailed report).

2. BACKGROUND AND RATIONALE

- 2.1 Every autumn, Members and officers develop Service Plans setting out the priorities and budget allocations for the following financial year for each of the teams which make up the totality of Council services. Approximately 14 separate Service Plans are produced and they are all reviewed via the overview and scrutiny process. Members can use this as an opportunity to influence the direction of travel for the coming year and in some cases use the result to influence the Work Programme of the Overview and Scrutiny Committees.
- 2.2 A 'Top 10' is developed for each Directorate / Cabinet Member as a result of this exercise and these were reported to and endorsed by the relevant Overview and Scrutiny Committee in January 2014. The most significant and critical issues from the Directorate Top 10s are collated to form the Corporate Top 10 or Annual Action Plan which was approved by Full Council in February 2014.
- 2.3 The mid year performance against the One Year Action Plan 14/15 which relates to this Committee is attached at **Appendix A**. Some of the Actions set out were deemed to be so significant corporately that they were included in the Corporate To 10 / Annual Action Plan for 14/15; these are indicated by the shaded rows. The key performance indicators are attached at **Appendix B**.
- 2.3 A composite of all the performance reports from the four Overview and Scrutiny Committees was provided to Cabinet in November 2014.

3. PERFORMANCE HIGHLIGHTS

- 3.1 A copy of the six month performance report for the Finance, Democratic and Legal portfolio is attached at **Appendix A**. This Committee has contributed to activities and projects which feature in the Work Programme for the 14/15 Municipal Year such as the review of financial performance against the financial strategy.
- 3.2 Service Managers routinely monitor activity and performance delivered by their teams; progress against key performance indicators is attached at **Appendix B**. Some data is collected monthly, others quarterly. The key performance indicator report highlights the following changes in performance including the progress made in implementing Individual Electoral Registration.

4. RECOMMENDATION

- 4.1 Members are requested to consider and comment on the mid year performance report for 14 / 15 which is attached at **Appendix A** and the statistical analysis attached at **Appendix B**

5. FINANCIAL IMPLICATIONS

- 5.1 None arising directly from this report; the Portfolio outturn at September 2014 was within budget. A detailed report on the projected outturn for 2014/15 based on the first 6 months performance together with projections for the financial year is considered elsewhere on this Agenda.

6. COMMUNITY BENEFITS

- 6.1 The effective scrutiny of performance reports and data drives performance improvement leading to direct benefits for the community through improved services and value for money based on achieving key priorities.

7. EQUALITY & DIVERSITY IMPLICATIONS

- 7.1 None directly related to this report, but regard is had to equality and diversity implications on individual projects.

8. PLAN FOR LICHFIELD DISTRICT IMPLICATIONS

- 8.1 The report identifies some of the key areas of achievement so far during 14 / 15.
- 8.2 Since April 2014, the Fit for the Future programme has impacted on the Democratic and Legal portfolio by reducing the resource within Democratic Services and reviewing the land and property portfolio, to determine which assets should be disposed of.

9. CRIME AND COMMUNITY SAFETY ISSUES

9.1 Crime and Community Safety issues are considered in managing the Council's assets.

10. RISK MANAGEMENT ISSUES

Risk Description	Likelihood / Impact	Status	Risk Category	Countermeasures
Information provided to Members is too 'high level' and inadequate for robust scrutiny	Medium / medium	Material	Reputation	The Cabinet Member, Director and Service Managers are in attendance at the O&S meeting and can elaborate on the content of the report. Members can request further details or a separate report on any item referred to in the report.

2014/15 Finance, Revenues & Benefits and ICT Directorate Top 10:

APPENDIX A

A progress report on the corporate top 10 issues/tasks will be considered by Leadership Team on a quarterly basis on the following dates:

- 23 July (April – June)
- 15 October (July – Sept)
- 21 January (Oct – Dec)
- 15 April (Jan – March 2015)

✓	<i>On Target</i>
=	<i>In Progress</i>
X	<i>Behind Target</i>

Monitor impact of welfare reforms

Actions	Due Date	On Target?	Progress Update
Implement the revised Local Council Tax Support scheme (Councillor Spruce)	30-Apr-2014	✓	Position at June – Scheme implemented and operational from 1 April 2014. No issues. Position at September – Completed
Maximise take up of Discretionary Housing Payments (Councillor Spruce)	31-Mar-2015	✓	Position at June – Following the revision of the scheme, an increased number of people are becoming eligible for an award. Benefit officers are encouraging take up via landlords who identify tenants who are in rent arrears or appear to be having financial difficulties with household costs. As at the end of June 30% of the government funding has been allocated/committed, equalling the amount that was spent for the whole of 2013/14. Officers have done some analysis of applications for the first quarter of 2014/15 and have identified that of the requests for application forms 24% of people do not return it and of those that do, approximately 17%, do not follow up when asked for further information. Further analysis of the reasons for this will be carried out. Position at September – We have had meetings with various agencies such as CAB (particularly as part of the RAFT partnership), Money Advice at Bromford and the DHP form has been sent electronically to several Housing Associations for them to issue to their tenants who may be experiencing financial difficulty. The scheme is on LDC’s website. Lichfield Connects issue forms and give advice to any customer they come across personally who may be struggling financially. The Money Advisor based within the Housing Team at LDC, together with the officers who deal with homelessness have been given advice on our ability to cover deposits and removal expenses for any of their needy customers. Going forward we intend to contact all those Housing Benefit claimants who are affected by the Spare Room Subsidy and who haven’t made a claim for a DHP to make them aware of the scheme.

Implement, monitor and review the capital programme 2014-17

Actions	Due Date	On Target?	Progress Update
Quarterly production of Money Matters Reports for Financial Performance of Council for Revenue and Capital (Councillor Spruce)	Quarterly	✓	Position at June – In Progress Position at September – Quarter 1 Report provided to Cabinet 9 September 2014

Upgrade the ICT infrastructure

Actions	Due Date	On Target?	Progress Update
100% of devices converted to the new IT platform (Councillor Eadie)	31-Mar-2015	✓	Position at June – The project to deploy the new IT infrastructure is underway. The project team has visited North West Leicestershire District Council to learn from their implementation. The preparatory work for the project is being completed with regular highlight reports produced for the Portfolio holder and the Director of Finance, Revenues and Benefits. Position at September – The project to deploy the new IT infrastructure is continuing. The new servers are due to be handed from ANS to LDC on 3 October 2014. This is essential in allowing new services to be started and the old servers to be moved to the new servers. The work on the new Windows 7 desktops is commencing and the lists of applications that are being moved to the new infrastructure are being finalised. Work has started on talking to colleagues on the project and starting to set expectations for when people will get access to the new desktops.
Compliance with government security requirements (Public Sector Network PSN) achieved and maintained (Councillor Eadie)	31-Mar-2015	✓	Position at June – The Council is currently compliant with the requirements of the Public Sector Network and the compliance certificate expires on 11 September 2014. The ICT team are preparing for the next accreditation cycle that commences on 11 August 2014 by implementing the recommendations from the recent IT health check. An internal audit of the Public Sector Network controls is due to commence in late June 2014 in order to assist with the next accreditation cycle. Position at September There are a few points of compliance that need to be resolved before a new certificate can be issued. Working with assessors from the Cabinet Office the points are being addressed ahead of a fresh submission being made by 30 September 2014. The risk of being disconnected is being mitigated through active discussions with the Cabinet Office assessors.

Treasury Management Performance

Actions	Due Date	On Target?	Progress Update
Prompt payment of invoices (Councillor Spruce)	Ongoing	✓	Target for Invoice Payment in 30 days of receipt by IBSS is 100%, with the actual 100%
Achievement of target rate of return for investments (Councillor Spruce)	Quarterly	✓	Quarter 1 Report provided to Cabinet 9 September 2014 projected 0.68%, Approved Budget 0.70%

Unqualified Auditor Opinion on Statement of Accounts 2013/14

Actions	Due Date	On Target?	Progress Update
Annual Audit Letter (Councillor Spruce)	30-Sep-14	✓	Audit Findings Report provided to Strategic Overview and Scrutiny Committee on 23 September 2014.

Processing Times for Benefit Claims

Actions	Due Date	On Target?	Progress Update
Achievement of targets for processing claims and changes in circumstances to claims (Councillor Spruce)	On-going	✓	The target for processing new claims in respect of Housing Benefit and new applications for Local Council Tax Support is 26 days. The target for changes in circumstances for either Housing Benefit or Local Council Tax Support is 12 days. At the end of September 2014, the processing times for new Housing Benefit claims was 19 days and 21 days for Local Council Tax Support applications. For changes in circumstances the processing times were 9 days for Housing Benefit claims and 8 days for Local Council Tax Support applications.

Housing Benefit Fraud Team

Actions	Due Date	On Target?	Progress Update
Achievement of targets for various categories of fraud (Councillor Spruce)	On-going	✓	The annual targets for fraud sanctions are 5 to 10 prosecutions; 10 to 20 administrative penalties and 10 to 20 cautions. As the end of September 2014 the number of fraud sanctions were 14 prosecutions, 12 administrative penalties and 3 cautions. In July 2014 the Investigations Manager left the Authority and his post will not be replaced due to the creation of the Single Fraud Investigation Service. This may affect the targets going forward.

Revenues Collection Rates

Actions	Due Date	On Target?	Progress Update
Achievement of targets for Council Tax and Non Domestic rates (NDR) (Councillor Spruce)	On-going	=	As at the end of September 2014, the in year collection rate for Council Tax was 58.3% and for NDR 58.2%. These are comparable with the figures for the last financial year 2013/14. To date the Council Tax collection rate is down by 0.2% and NDR is down by 2.9%. During this period a new large assessment with a Rateable Value (RV) of £550,000 has been entered into the list and there has been a back dated adjustment to DMP which has created a new assessment of £460,000. The option to pay over 12 months in this financial year rather than over the first 10 months of the year has had an impact as 234 companies, including Tesco, have elected to pay this way.

Implementation of Infrastructure Changes as a Result of Outcome of Review

Actions	Due Date	On Target?	Progress Update
Monitoring performance of the Council's ICT provider (Councillor Eadie)	31-Mar-2015	✓	Monthly monitoring of the contract is in place. The monitoring of the contract was audited between May and July 2014 with the overall audit opinion conclusion that excellent assurance was in place. The performance of the contract is reported on a monthly basis to the Director of Finance, Revenues and Benefits.

Performance of Geographic Information Team as a result of review of asset management

Actions	Due Date	On Target?	Progress Update
Monitoring of number of applications across various categories (Councillor Eadie)	31-Mar-2015	✓	Applications received are reported on a monthly basis to the Director of Finance, Revenues and Benefits. The number of applications received is in line with the expected volumes specified in the service plan. The review of asset management has not reached a conclusion regarding team structures and with the end of the temporary assistant's contract a new job description is being prepared for Leadership Team to consider.

2014/15 Democratic & Legal Services Top 10:

A progress report on the corporate top 10 issues/tasks will be considered by Leadership Team on a quarterly basis on the following dates:

- 23rd July (April – June)
- 15th October (July – Sept)
- 21st January (Oct – Dec)
- 15th April (Jan – March 2015)

✓	<i>On Target</i>
=	<i>In Progress</i>
X	<i>Behind Target</i>

Implement the Boundary Commission Review

Actions	Due Date	On Target?	Progress Update
Number of Members and warding agreed (Councillor Spruce)	14-Oct-2014	✓	<p>Position at June – At the Council Meeting held on 8th July 2014 the District Council determined a submission to be sent to The Local Government Boundary Commission for England. Arrangements are now being made for that submission to be sent before the consultation deadline of 28th July 2014.</p> <p>Position at September – Submission on consultation sent to the Local Government Boundary Commission for England. Date for issue of final recommendations deferred by the Local Government Boundary Commission for England</p>
Implementation of Order made by Parliament (Councillor Spruce)	15-Jan-2015	=	<p>Position at June – Whilst action cannot be completed on this until the finalised proposals are announced on 14th October 2014 preliminary work is being done.</p> <p>Position at September – Preliminary work has started to reflect the subsequent changes that need to be made to the electoral register, with a view to republishing the register early in 2015. At the same time a statutory review of all polling districts, places and stations needs to be undertaken and completed by 31 January 2015.</p>

Prepare for Individual Electoral Registration

Actions	Due Date	On Target?	Progress Update
Complete the traditional canvass under IER (Councillor Spruce)	1-Dec-2014	✓	<p>Position at June and September – Work is ongoing with house to house enquiries due to start towards the end of October. Training of canvassers is scheduled to take place early October. See below:</p>

<p>Publish a new electoral register (including all electors confirmed under individual electoral registration) (Councillor Spruce)</p>	<p>1-Dec-2014</p>	<p>✓</p>	<p>Position at June – The way people register to vote changed on 10 June – all new registrations and any changes to existing registrations since that date are done individually (rather than by household) in accordance with the new legislation. New style registration forms have been designed and released – alternatively electors can now register online. Electoral Management Systems have been developed and are already in place to support the change. The current July electoral register was uploaded to IER Digital Services on Friday 11 July in order for electors to be matched against government records so that they can be confirmed under IER and automatically transferred to the first “IER register” due to be published on 1 December. The results of this exercise – called Confirmation Live Run – are expected around 18 July. Following on from this it is anticipated that electors who’ve successfully matched will receive a letter at the beginning of August to confirm they are registered under the new system and advising them that they do not have to do anything else this year. Any elector who doesn’t match and needs to provide further information will be sent the necessary forms during the period commencing August, with reminders and house-to-house visits scheduled throughout the autumn. Local and national publicity campaigns will be run during this time to coincide with each stage of the transition to IER.</p> <p>Position at September – The results of exercise ‘Confirmation Live Run’ were established on 18 July, and 91.5% of the districts electors who had successfully matched received a letter at the beginning of August to confirm they were registered under the new system and did not have to do anything else this year. Any elector who didn’t match and needed to provide further information was sent the necessary forms during the period commencing August, with reminders and house-to-house visits scheduled throughout the autumn. Local and national publicity campaigns will be run during this time to coincide with each stage of the transition to IER.</p>
<p>Complete targeted activity to invite further missing electors and those who have moved to update their registration (Councillor Spruce)</p>	<p>31-Mar-2015</p>	<p>=</p>	<p>Position at June and September – Using the Public Engagement Strategy, which identifies under-registered groups and low responding areas, work is currently underway with our partners to ensure as many potential electors are invited to register. For instance, contact has been established with the Whittington DMS and Staffs County Council’s Information Governance team so that information on residents at the Barracks and school children, approaching the age by which they can register to vote, is obtained.</p>
<p>Be ready to carry out a full household canvass under the new system (Councillor Spruce)</p>			<p>Position at June and September – Preparatory work has started as outlined above.</p>

Review Resources within Democratic & Legal Services

Actions	Due Date	On Target?	Progress Update
Complete review (Councillor Spruce)	1-Sept-2014	✓	Position at June - Review of resources completed and revised structure in place. Position at September - Review completed and revised structure in place.

Completion of Section 106 Agreements

Actions	Due Date	On Target?	Progress Update
Complete 10 Section 106 Agreements (Councillor Spruce)	31-Mar-2014	✓	Position at June - 3 Section 106 Agreements completed Position at September - 6 Section 106 Agreements completed

Institute Enforcement Action Where Appropriate

Actions	Due Date	On Target?	Progress Update
Complete a minimum of 35 Enforcement Notices (Councillor Spruce)	31-Mar-2014	=	Position at June - 6 Enforcement Notices completed. Position at September - 11 Enforcement Notices served

Review The Statement of Licensing Policy

Actions	Due Date	On Target?	Progress Update
Complete the review of the statement of Licensing Policy (Councillor Spruce)	31-Dec-2014	=	Position at June and September - It has been confirmed that the current policy is in effect until January 2016 (extended by legislation) so this review has been delayed until autumn 2015.

Electoral Payments

Actions	Due Date	On Target?	Progress Update
Implement system of real time information reporting for PAYE for electoral payments (Councillor Spruce)	31-Apr-2014	✓	Position at June - This has been completed and all staff payments for the recent European election in May 2014 and any by-elections since that time are now paid by payroll (rather than by cheque). Position at September - See above

Asset Management Review

Actions	Due Date	On Target?	Progress Update
Complete the Asset Management Service Review and implement agreed recommendations (Councillor Spruce)	31-Mar-2015	✓	<p>Position at June – A meeting of the Asset Strategy Group to take place on Friday 11th July 2014 and decide upon recommendations to Cabinet about the disposal of some property assets.</p> <p>Position at September – Review of Assets undertaken and Council agreed in September 2014 those assets the Council should seek to dispose of. The Review also identified an opportunity to recover insurance monies resulting in additional income of around £9,000.</p>

Venture House, Lichfield

Actions	Due Date	On Target?	Progress Update
Complete lease to Staffordshire County Council for Venture House (Councillor Spruce)	31-Mar-2014	=	<p>Position at June and September – Work continuing in order to complete leasing arrangements as soon as possible</p>

Disposal of Land At Brook End, Fazeley

Actions	Due Date	On Target?	Progress Update
Completion of disposal of land at Brook End, Fazeley (Councillor Spruce)	31-Dec-2014	=	<p>Position at June – Problems with the title to the land have been identified but work being undertaken to overcome them</p> <p>Position at September – Title problems have been resolved and the land will be advertised for sale by auction in December</p>

Finance, Revenues and Benefits, and ICT Performance and Activity Indicators

PI Code & Short Name	Q1 2013/14	Q2 2013/14	2013/14	Q1 2014/15	Q2 2014/15	2014/15
			Annual Achievement			Achieved to date to 30 September 2014
Quarterly Production of Money Matters Reports for Financial Performance of Council for Revenue and Capital	Cabinet 10.9.13	Cabinet 3.12.13	Cabinet 9.9.14	Cabinet 9.9.14	Cabinet 2.12.14	The latest financial performance for the first 6 months of the financial year will be reported to Cabinet on 2 December 2014.
Invoice Payment in 30 days – 100%	100%	99.97%	99.96%	100%	100%	100%
The interest rate for Treasury Management income is set to exceed the average 7 Day London Interbank Bid Rate (LIBID)	Council Rate 0.74% LIBID Rate 0.45%	Council Rate 0.64% LIBID Rate 0.43%	Council Rate 0.62% LIBID Rate 0.41%	Council Rate 0.57% LIBID Rate 0.39%	Council Rate 0.57% LIBID Rate 0.35%	Council Rate 0.57% LIBID Rate 0.35%
Annual Audit Letter and receipt of an unqualified opinion on the Statement of Accounts	Not due in this period	Received in September 2013 for 2012/13	Received in September 2014 for 2012/13	Not due in this period	Received in September 2014 for 2013/14	Received in September 2014 for 2013/14
Processing time for new Housing Benefit (HB) claims and Local Council Tax Support ((LCTS) applications - 26 days	*HB 27	HB 19, LCTS 21	23	HB 18, LCTS 20	HB 19, LCTS 21	HB 19 & LCTS 21
Processing time for changes in circumstances for HB claims and LCTS applications - 12 days	*HB 11	HB 9 LCTS 8	9	HB 9, LCTS 8	HB 9, LCTS 8	HB 9, LCTS 8
Benefit Fraud Prosecutions - 5 to 10	6	8	16	3	14	14
Benefit Fraud Administrative Penalties - 10 to 20	8	11	34	7	12	12
Benefit Fraud Cautions - 10 to 20	2	2	7	1	3	3
Council Tax Collection Rate - 98.5%	29.8%	58.5%	98.9%	30.1% +0.3%	58.3% -0.2%	58.3% -0.2%
Non Domestic Rates (NDR) Collection Rate - 98.5%	34.4%	61.1%	99%	29.5% -4.9%	**58.2% -2.9%	**58.2% -2.9%
Monitoring of Northgate contractual SLAs	In place	In place	In place	In place	In place	In place
Monitoring of number of applications received by GIS Team across various categories	In place	In place	In place	In place	In place	In place

*2013/14 reports for benefit processing times were in a different format in Q1, amended in Q2.

** During this period a new large assessment with a Rateable Value (RV) of £550,000 has been entered into the list and there has been a backdated adjustment to DWP which has created an assessment of £460,000. The option to pay over 12 months in this financial year rather than over the first 10 months of the year has had an impact as 234 companies, including Tesco, have elected to pay this way.

Democratic & Legal Services Performance and Activity Indicators 2014/15

PI Code & Short Name	Q1 2013/14	Q2 2013/14	2013/14	Q1 2014/15	Q2 2014/15	2014/15
	Value	Value	Value			Value
Complete 10 Section 106 Agreements	2	5	7	3	3	6
Agendas & Committee Reports sent out giving 5 days clear notice	100%	100%	100%	100%	100%	100%
Year book is published on the Website within a month of Annual Council	Not recorded quarterly	Not recorded quarterly	Yes	Not recorded quarterly	Not recorded quarterly	Yes
Arranging appropriate training for Members and recording attendance	Not recorded quarterly	Not recorded quarterly	Yes	Not recorded quarterly	Not recorded quarterly	Yes
Occupancy of District Council owned shops	100%	100%	100%	100%	100%	100%
Occupancy of District Council owned industrial units	98%	98%	98%	98%	98%	98%
Be compliant with HMRC Real Time Information reporting for PAYE on electoral payments by 1 April 2014	Not applicable	Not applicable	Not applicable	-	Complete – all staff payments are now made by payroll	Complete – all staff payments are now made by payroll
Administer the European parliamentary elections in May 2014	Not applicable	Not applicable	Not applicable	Complete	Complete	Complete
Complete the transitional canvass under IER and publish a new register on 1 December 2014	Not applicable	Not applicable	Not applicable	Ongoing	Ongoing	Ongoing
Publish a revised Statement of Licensing Policy by January 2015	Not applicable	Not applicable	Not applicable	Re-scheduled for autumn 2015	Re-scheduled for autumn 2015	Re-scheduled for autumn 2015

SUBMISSION TO (OVERVIEW AND SCRUTINY) COMMITTEE

Date: 18 November 2014

Agenda Item: 7

Contact Officer: Diane Tilley

Telephone: 01543

Local Ward Members:

(If any Wards are particularly affected insert the name of the Ward Members and their Ward. Ensure that the Ward Members have been consulted.)

SUBMISSION BY Leader of the Council, Cllr Mike Wilcox

COMMUNITY CONSULTATION 2014

1. Purpose of Report

- 1.1 To present the statistical results of the Community Consultation exercise carried out from 23rd May 2014 to 23rd June 2014.

2. Background

- 2.1 In November 2013 a cross party working group was established to develop and implement a Community consultation exercise. The purpose of the exercise was to:
- Raise awareness of the council, the services it delivers, and the financial challenges it faces
 - Better understand which services people value most
 - Better understand where there is support to reduce service provision
 - Identify opportunities for income generation
- 2.2 The questionnaire was designed by the Member Working Group through discussion with Staffordshire Intelligence Hub, relevant officers and taking into account examples of questionnaires used in other councils.
- 2.3 It was made available on the internet and was delivered to over 40,000 homes directly as an insert in our twice yearly community publication Intouch. Hard copies of the questionnaire were made available at a range of publicly accessible buildings and Councillors and partners assisted in distributing them and promoted the consultation exercise through their links and networks. In addition to ensure a balance face to face street interviews were conducted.
- 2.4 1148 responses were received overall - a statistically robust number of respondents. There were 665 postal survey responses, 321 web survey responses and 162 street interviews. The street interviews were targeted at residents from rural areas and at those under 55 and over 75. These groups were targeted as they had been identified as lower responders in early returns of the survey. Responses were received from all age groups, though the number of responses was underrepresented in the under 35 age bracket and over represented in the over 35 age bracket. Survey responses were received from urban and rural areas, however the largest proportion were received from urban areas (67%) and a smaller proportion from rural areas (33%). The results are representative for other key demographics including gender and ethnicity.

The survey was not a referendum on any specific ideas as to what should be cut or what we should protect. It was designed to give a view from our community on these issues to inform Councillors and to help them make sound decisions in the coming months and years.

2.5 As services are reviewed and proposals made for change this data can be used to inform the relevant business cases and hence the decision making processes.

2.6 All Councillors and staff have received a copy of the Highlights report and the full report giving the data from the Consultation. A press statement was made in September 2014 and copies of the report have been shared with Partners on the District Board and with those respondents who provided contact details. The information has been made available on the web site. It is our intention to report back to the community on what we have done as a result of the information received in 12 months.

3. Recommendation

3.1 That the Committee considers the process of dealing with the consultation results.

4. Financial Implications

4.1 There are no financial implications from the survey or the data it provides. However there may be financial implications of decisions which this data informs as business cases and service reviews come forward for consideration.

5. Plan for Lichfield District Implications

5.1 The views of residents can be used to inform the development of the Council's next Strategic plan.

6. Community Benefits

6.1 The community voice, views and opinions can be fed into business cases and service reviews and in decision making by the Council.

7. Equality & Diversity Implications

7.1 None

8. Human Rights Issues

8.1 None

9. Crime and Safety Issues

9.1 None

10. Risk Management Issues

10.1 None identified

Background Documents: Highlight report on results of the Consultation. Staffordshire Intelligence Hub report on the Consultation exercise, both previously shared with all Councillors

Report checked and approved:

Strategic/Corporate Director

SUBMISSION TO STRATEGIC (OVERVIEW AND SCRUTINY) COMMITTEE

Date: 18th November 2014

Agenda Item: 8

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Local Ward Members: all

(If any Wards are particularly affected
insert the name of the Ward Members and their Ward.
Ensure that the Ward Members have been consulted.)

SUBMISSION BY Cllr M. Wilcox, Leader of the Council

PEER REVIEW REPORT

1. Purpose of Report

1.1 To present the final report following the Peer Review of Lichfield District Council by Local Government Association in July 2014.

2. Background

2.1 The peers who delivered the peer challenge at Lichfield were:

- Antoinette Jackson - Chief Executive, Cambridge City Council
- Councillor Tony Jackson – Leader, East Hertfordshire District Council
- Beverley Smith – Corporate Director, Mansfield District Council
- Kirsty Cole – Deputy Chief Executive, Newark & Sherwood District Council
- Ed Hammond – Head of Programmes (Local Accountability), Centre for Public Scrutiny (CfPS).
- Paul Clarke – Programme Manager (Local Government Support), Local Government Association (LGA)

2.2 The team prepared for the peer challenge by reviewing a range of documents and information in order to ensure they were familiar with the Council and the challenges it is facing. The team then spent 3 days onsite at Lichfield District Council, during which they spoke to more than 80 people including a range of council staff together with councillors and external partners and stakeholders.

2.3 The purpose of asking for a Peer Review was to gain some insight from other people within local government as to their view of the issues that we face as a council. It was not an inspection, and as such there is no requirement for us to produce an agreed action plan or a firm time scale by which we have to acknowledge the recommendations or make progress on delivering against them. What actions we take as a result of the report are a matter for the Council to determine.

2.4 The peer team looked at the areas considered by all LGA corporate peer challenges:

1. Understanding of the local context and priority setting: Does the council understand its local context and has it established a clear set of priorities?
2. Financial planning and viability: Does the council have a financial plan in place to ensure long term viability and is there evidence that it is being implemented successfully?
3. Political and managerial leadership: Does the council have effective political and managerial leadership and is it a constructive partnership?
4. Governance and decision-making: Are effective governance and decision-making arrangements in place to respond to key challenges and manage change, transformation and disinvestment?
5. Organisational capacity: Are organisational capacity and resources focused in the right areas in order to deliver the agreed priorities?

We also asked the peer team to provide feedback on our Overview and Scrutiny arrangements and provide views on your plans for economic development.

- 2.5 The peer review noted that Lichfield District council had a 'good track record' with 'pockets of excellence and good practice'. In their view the Council demonstrated a good awareness and understanding of the immediate priorities, not least the short term financial challenge and that 'rapid and decisive leadership and action' has been taken to manage the immediate budgetary pressures which has 'provided some short term stability and certainty to the council's financial planning'.
- 2.6 A copy of the report from the Peer Assessors is attached at Appendix 1.
- 2.7 There were also a series of recommendations about areas the Council may wish to consider further in order to continue to improve its governance and service delivery. These include:
 - Setting a strategic Vision for the council - whilst the need for this is not in question the Council would need to consider what would be needed, by whom in determining a Vision for the council and to carefully consider the timing of this work given the elections that are taking place in May 2015. We would be preparing a new Corporate Plan then in any event , which would suggest that though some preparatory work could be done now, this should await the new Council before being progressed.
 - Values – this is something that we intend to work with staff on through the next employee survey, and must of course align with the Vision
 - Capacity - we need to consider whether we have the skills sets required to drive through continuous improvement and the Fit for the Future programme
 - Overview and Scrutiny – there is a clear need for an improvement plan and it may be possible to seek further support from the Peer team in how this could be progressed, again bearing in mind the elections in May 2015
 - Economic development – work has already started on a review of this key service area through Fit for the Future and with the support of the peer review team, could be taken forward more quickly.

- Maintaining financial viability - Our peer reviewers highlighted that despite the good progress made, financial viability will continue to be a challenge for us and all of local government. We must be aware of changes in government funding streams that might affect us and carry out careful sensitivity analysis. This will be particularly true as any new government policy emerges following the general election next year

3. Recommendation

- 3.1 That Strategic Overview and Scrutiny consider the content of the Peer review letter from LGA (appendix 1) and any future actions necessary.

4. Financial Implications

- 4.1 No direct financial implications, though actions taken in response to the review may have a resource cost to them

5. Plan for Lichfield District Implications

- 5.1 None from this specific report. This issue will be considered when any actions arising from the Peer Review are considered and taken forward

6. Community Benefits

- 6.1 None from this specific report. This issue will be considered when any actions arising from the Peer Review are considered and taken forward.

7. Equality & Diversity Implications

- 7.1 None from this specific report. This issue will be considered when any actions arising from the Peer Review are considered and taken forward

8. Human Rights Issues

- 8.1 None from this specific report. This issue will be considered when any actions arising from the Peer Review are considered and taken forward

9. Crime and Safety Issues

- 9.1 None from this specific report. This issue will be considered when any actions arising from the Peer Review are considered and taken forward

10. Risk Management Issues

10.1 None from this specific report. This issue will be considered when any actions arising from the Peer Review are considered and taken forward

**Background Documents:
Statement**

Lichfield District Council Peer Review

Report checked and approved:

Strategic/Corporate Director

Diane Tilley
Chief Executive
Lichfield District Council
Frog Lane
Lichfield
Staffordshire
WS13 6YY

October 2014

Dear Diane

Lichfield District Council - Corporate Peer Challenge
9th-11th September 2014

On behalf of the peer team I would like to say what a pleasure and privilege it was to be invited into Lichfield District Council to deliver the recent corporate peer challenge as part of the Local Government Association (LGA) offer to support sector led improvement.

Peer challenges are delivered by experienced elected member and officer peers. The make-up of the peer team reflected your requirements and the focus of the peer challenge. Peers were selected on the basis of their relevant experience and expertise and agreed with you. The peers who delivered the peer challenge at Lichfield were:

- Antoinette Jackson - Chief Executive, Cambridge City Council
- Councillor Tony Jackson – Leader, East Hertfordshire District Council
- Beverley Smith – Corporate Director, Mansfield District Council
- Kirsty Cole – Deputy Chief Executive, Newark & Sherwood District Council
- Ed Hammond – Head of Programmes (Local Accountability), Centre for Public Scrutiny (CfPS)
- Paul Clarke – Programme Manager (Local Government Support), Local Government Association (LGA)

Scope and focus of the peer challenge

You asked the peer team to look at the areas considered by all LGA corporate peer challenges in the context of your plans for the future:

1. Understanding of the local context and priority setting: Does the council understand its local context and has it established a clear set of priorities?

2. Financial planning and viability: Does the council have a financial plan in place to ensure long term viability and is there evidence that it is being implemented successfully?
3. Political and managerial leadership: Does the council have effective political and managerial leadership and is it a constructive partnership?
4. Governance and decision-making: Are effective governance and decision-making arrangements in place to respond to key challenges and manage change, transformation and disinvestment?
5. Organisational capacity: Are organisational capacity and resources focused in the right areas in order to deliver the agreed priorities?

You also asked the peer team to provide feedback on your Overview and Scrutiny arrangements and provide views on your plans for economic development. We have included specific sections on those two areas of additional focus within this letter.

The peer challenge process

It is important to stress that this was not an inspection. Peer challenges are improvement-focussed and tailored to meet individual councils' needs. They are designed to complement and add value to a council's own performance and improvement focus. The peer team used their experience and knowledge of local government to reflect on the information presented to them by people they met, things they saw and material that they read.

The team prepared for the peer challenge by reviewing a range of documents and information in order to ensure they were familiar with the Council and the challenges it is facing. The team then spent 3 days onsite at Lichfield District Council, during which they:

- Spoke to more than 80 people including a range of council staff together with councillors and external partners and stakeholders.
- Gathered information and views from more than 30 meetings and additional research, reading and site visits.
- Collectively spent more than 200 hours to determine their findings – the equivalent of one person spending nearly 6 weeks in Lichfield District Council.

This letter provides a summary of the peer team's findings. It builds on the feedback presentation provided by the peer team at the end of their on-site visit (9th-11th September 2014). In presenting feedback to you, they have done so as fellow local government officers and members, not professional consultants or inspectors. By its nature, the peer challenge is a snapshot in time. We appreciate that some of the feedback may be about things you are already addressing and progressing.

Summary of feedback: overall observations and messages

Lichfield District Council has a good track record and reputation. It has in the past been categorised as 'good' under the Comprehensive Performance Assessment (CPA), and was renowned for impressive performance in specific services such as waste recycling. More recently it has delivered some notable achievements on its economic development agenda, and is undoubtedly punching above its weight in other areas such as its role in public health. The Council is well respected externally by partners, and clearly has a proud workforce and committed councillors who want to do their best for Lichfield district. These will all be crucial elements to utilise and build on as the Council continues to respond to the challenges it faces, and proactively plan for the future operating environment and context.

There is a good awareness and understanding of the immediate priorities, not least the short term financial challenge facing the Council. Rapid and decisive leadership and action has been taken over the last year or so to manage the immediate budgetary pressures and this appears to have provided some short term stability and certainty to the Council's financial planning. However, there did not seem to be a plan to achieve sustainable transformation over the medium to long term. To mitigate this there is an urgent need to focus more on the future and provide a greater clarity of the Council's longer term vision and ambitions. Agreeing the political values and organisational operating principles required to support and deliver the vision and ambitions will provide a better and longer term basis for decision making and priority setting.

There are without doubt pockets of excellence and good practice at Lichfield. But the organisation does not currently have a strong corporate culture or ethos. This is preventing the Council from maximising its efficiency and productivity, and is also potentially increasing the risk of governance issues. Adopting more of a 'one council' approach will enable the organisation to be more productive and ensure it operates in a more consistent and transparent manner. It may also help create and realign capacity and resources to enable and support effective transformation and deliver future priorities. Currently specific support for the 'Fit for the Future' change programme seems light given the ambitious levels of financial savings predicated on it.

It is clear there is an appetite from councillors and officers for effective Overview and Scrutiny at Lichfield, and good levels of engagement in the process. However, much of the scrutiny activity is not strategically focused, and there is limited evidence of it achieving better outcomes. Whilst there is an almost universal desire across those involved in it to improve its effectiveness, the focus is on changing the structure of the function. We strongly advocate that scrutiny improvement must be about culture, and focus on the potential for scrutiny to enhance corporate capacity and make a timely and meaningful contribution to key decision and strategic policy development.

The Council has rightly recognised economic development and growth as a priority for Lichfield. There are a plethora of partnerships and programmes advocating and

achieving economic growth, to which the Council contributes to. But it was not clear to us what the Council's Economic Development Strategy is. The Council needs to develop its own narrative and vision to better enable prioritisation of its diminishing resources within existing partnerships. In particular we suggest a vision and strategy that focusses on one functional economic area may now be needed.

Summary of feedback: priority setting, financial viability, leadership, governance and capacity to deliver future ambitions

Understanding of local context and priority setting

There is a good awareness and understanding across the organisation of the key priorities and challenges, not least the budget situation which has clearly been the dominant issue over the past year and a half. Now that the immediate challenge has been addressed, the attention needs to shift to agreeing a longer term vision. Moving forward there is a need for more clarity about the future shape and style of organisation required to deliver priorities. We suggest this needs to include being clear on the values and principles of the organisation. Political support and drive will be required to create the new operating model and will be essential in guiding how the organisation invests in future shared services, further collaboration and locality commissioning, and to inform workforce development and member support.

Future priorities and ways of working need to be considered in terms of how best to deliver outcomes and meet needs. Currently the emphasis is on service delivery, and the debate about financial savings is centered on reducing discretionary services and protecting statutory ones. There is a risk that this approach will miss opportunities of redesigning current services and interventions to better deliver priority outcomes. It also runs the risk of merely displacing demand, increasing need, or detrimentally impacting on the Council's ability to deliver on priorities through remaining services and activity.

We think the planned Away Days for the Cabinet and Leadership Team over the next few weeks and months are critical opportunities to begin to consider all of the above. They are a chance for senior officers and leading members as the Authority's 'top team' to jointly consider and agree a long term vision, ambition, and priorities, and the operating principles and the organisational development required to deliver these, along with the values and behaviours needed to realise a 'one council' approach. We appreciate the local elections in May 2015 may be seen as a natural watershed for a new Corporate Plan and vision, but given the need to provide a framework for key decisions about the Council's financial strategy and change programme - ensuring they help support and enable an organisation that is fit for the future - we think there is a need for the deliberations to begin before then.

In doing this, we encourage you to be mindful that partners appear keen to be engaged and involved in future plans and design. An outcome and needs led approach will undoubtedly require more joining up across the public sector to pool resource and capacity - something you have already recognised and demonstrated through your emerging local commissioning approach – so the engagement of partners will be important.

We were concerned to come across some pockets of denial about the long term financial context. Some people we spoke to - both councillors and officers - were under the illusion that the financial outlook for the public sector and local government might potentially improve beyond 2015/16. This is extremely unlikely. In communicating the future vision, ambition and priorities it will be important that there is a compelling and clear narrative about the context within which the Council's strategy and development sits, to ensure there is full buy-in and understanding for change across all parts of the organisation.

Financial planning and viability

It was clear to us that rapid and decisive action taken has been taken to manage the £1.7 million revenue budget deficit identified in early 2013. Phase 1 of the 'Fit for the Future' programme has achieved significant savings (£1.3 million) and has helped to put the Council on a firmer financial footing in the short. For example, general reserves are now at a level well above the minimum level you have assessed is required. A staff suggestions scheme, the programme of service reviews (phase 2 of the Fit for the Future) and the recent public consultation exercise on budget savings ideas are all being used to identify and sense check some of the potential service reduction options, and will undoubtedly help inform the next round of future savings decisions required.

The Medium Term Financial Plan includes a clear policy to move away from drawing on reserves to balance the budget. This provides clarity and confidence about the overall strategy. But we question whether all potential options to balance the books and fund the priorities are currently being considered. As mentioned previously, the current emphasis seems to be on identifying the potential to reduce discretionary service provision. We saw little evidence of opportunities for cross cutting and corporate efficiencies being explored. For example, we heard very little about things such as procurement, and other areas where many authorities are successfully realising efficiencies, achieving greater productivity, and reducing cost - such as contract negotiation, commercialisation, income generation, demand management and reviewing staff terms and conditions (albeit we know there is a planned Fit for the Future review of the latter).

We appreciate that the service reviews established as part of 'Fit for the Future' are not designed solely to save money but intended as an exercise to make sure the

Council is delivering services that communities need in the most appropriate and cost efficient way – including an exploration of some of the above. However, with limited corporate capacity to enable internal challenge and support a consistent implementation of the review methodology, some reviews seem to be defaulting to identifying ways of simply reducing the cost base of current services. If the Fit for the Future programme is to make a significant contribution to the £2.48 million savings required by 2016/17 then it may be that further investment is needed to enable the substantial exploration, consideration and appraisal of opportunities for significant transformation (such as a re-design of back office processes, new delivery vehicles, etc.).

The long term financial sustainability of the Council remains a challenge. You have rightly recognised the uncertainty on future Central Government grants, adapting the business rate retention scheme, the Council's capital budget pressures and the sustainability of the New Homes Bonus as key challenges. We identified the latter as a significant risk, given that by 2016/17 you are anticipating £2 million (nearly 20%) of your revenue budget being funded by it.

We strongly encouraged you to ensure there is robust scenario planning and sensitivity analysis of future uncertainties as part of your medium to long term financial planning. We were not clear as to whether there is a 'plan B' should some of the assumptions not materialize (e.g. New Homes Bonus), or whether there would be a political willingness to scale back on capital programme ambitions or explore other means of funding them given the current position on borrowing.

Political and managerial leadership:

The Chief Executive and Leader are both respected and well thought of by staff and external stakeholders and have obviously been instrumental in ensuring the reputation of the Council remains positive. Both are aware of the need for the Council to significantly change and evolve to respond to future challenges, and the Cabinet/Leadership Team Away Day in October will be an important opportunity to consider the narrative and communication that is provided to the wider organisation about this.

Most service managers appear to be up for change but will need clear leadership and narrative about the future vision and direction of travel. A coherent vision of what the council of the future looks and feels like will provide clarity about the shape, style and size of organisation required. It will provide a framework for prioritising, allocating and co-ordinating resources and capacity and for determining who, how and when you work with or influence others to leverage external capacity and deliver your priorities.

Cabinet portfolio holders are providing clear political leadership on a day-to-day basis within their individual areas and obviously have a good grasp of their brief. They will need to build on this to provide more corporate political leadership focused on set of shared outcomes. Moving forward there will need for absolute clarity on the political imperatives and non-negotiables, but also a steer on the operating principles to provide a clear basis for the strategy and decisions on things such as asset transfers, shared services and collaboration, channel shift and commissioning. Currently the strategy seems to be taking advantage of ad hoc opportunities and it may be there is a need for a clearer policy and strategy.

Senior officers have a key role in ensuring that the organisation feels more corporate and collegiate, and has a genuine 'one council' ethos. Currently a lack of operational consistency across the Leadership Team is leading to uncertainty amongst staff depending on where they sit in the organisation. We were told, for example, that the Fit for the Future service reviews were being implemented in different ways and that the pace of these varied significantly from department to department. There are also apparent variances in the implementation of policies such as flexible working across the organisation.

Governance and decision-making

The majority of information to councillors appears to be routed through the Overview and Scrutiny Committees, either through the meeting agendas or related member briefings. We comment specifically on the Overview and Scrutiny arrangements later in this letter, but there is we think a need to consider councillor's needs in the round including the briefing and support provided to them in their various roles and the training and development opportunities offered.

Member-officer relationships generally appear to be positive and based on mutual respect. But it is clear that on occasions these have become too informal, casual, over-familiar and, as many people put it, 'very cosy'. This might well be a consequence of low staff turnover and long serving councillors and the longevity of some key relationships. Whilst this is not an issue in itself, it does risk relationships not being mutually challenging and professional. Moving forward we think it will be crucial to ensure that high ethical standards, transparency, and systematic challenge (internal and external) are a key part of member-officer relationships, but also of governance, decision-making, and organisational culture more generally.

Whilst the key corporate systems and processes one would expect to see to support sound governance (such as regular and robust budget monitoring and risk management,) are in place, some of the key procedures and protocols may be in need of review and refresh – including the constitution which has not been comprehensively reviewed or updated for several years. You have acknowledged this and have made some recent improvements, for example budget monitoring has been

strengthened recently. We understand plans are in place to review the approach to risk management, and to look at the constitution and levels of delegation.

Notwithstanding the recent improvements and planned reviews, there is currently an apparent casual and 'laissez-faire' attitude across the organisation towards compliance with corporate processes. Managers clearly feel they have discretion on how they interpret and implement practice, and appear to be able to opt in or out of using corporate procurement and HR procedures without sanctions.

At best this leads to inconsistency across the organisation and reinforces a siloed culture. At worst it increases the risk of governance issues and failings arising, a risk that is arguably increased by the absence of shared and embedded organisational values and limited corporate capacity to enforce and support compliance. We think this is an important area for the Council to consider further and do more to address. In doing so you should consider awareness raising and training activity for staff and councillors to complement some of the process updates and reinforce the importance of high ethical standards and transparency.

Organisational capacity

As resources have reduced, the Council has shown an appetite to find new and effective ways of delivering services and outcomes. The Council is clearly flexible and receptive to different forms of shared services and collaboration as means by which to increase capacity, build resilience, improve outcomes and reduce costs. You are working with a range of partners and partnerships to enable the delivery of services and outcomes – for example, working with social housing partners to deliver work clubs, your work to pool budgets with other agencies locally, accommodating a County Council officer in the District Council offices, and the economic development work conducted through the Business and Economic Partnership. You are involved in a number of shared service arrangements with neighbouring districts, and the Council is also embracing asset transfers as a means of reducing running costs and empowering communities.

Partners are positive about their relationship with the Council and the contribution it makes to shared agendas and outcomes is recognised. The District Board (as the Local Strategic Partnership) is clearly valued by those who participate in it, along with a mature understanding that the role of the Board may need to evolve, particularly as the locality commissioning approach develops further. It will be important that the dialogue continues as partners, including the County Council, make their choices in response to budget reductions.

Whilst it is creditable that the Council is open to a range of new ideas and ways of working, there is of course a danger that the 'mixed economy' of approaches (albeit driven by whatever delivers the best outcomes for the people of Lichfield) becomes

increasingly diverse and varied, and stretches the capacity and skills of the organisation to effectively support them. There are signs that the Council is already beginning to struggle and we think you need to consider the shape, style and skills of organisation required for the future. As suggested already, clarity on what the council of the future looks like will provide a context and more deliberate strategy for prioritising, allocating and co-ordinating resources and for determining who, how and when you work with or influence. It will also help shape and inform the transformation and organisational development activity required.

More generally, we think the Council needs to decide how it can better resource and develop more capacity in the functions that enable and support good governance, organisational productivity and the transformation required. You have already recognised that ICT has an important role to play, both in terms of better supporting the day-to-day business of the Council but also enabling transformation. But there are other areas that need to be strengthened further to support effective change such as programme and project management.

You will also need to consider how the organisation levers in different skills and expertise at different times to support change and transformation. You will need to ensure that temporary capacity, skills and knowledge are secured through flexible and agile arrangements including for example internal and external secondments, and perhaps support from the sector too.

Summary of feedback: Overview and Scrutiny

Councillors are enthusiastic about Overview and Scrutiny and are very engaged in the process. There is an almost universal consensus that scrutiny as it currently operates 'doesn't work' as well as it might, but little in the way of ideas from members or senior officers about how it might develop further other than changing the way it is structured. We think that the focus needs to be more on the developing the culture, approaches and practice that occur within those existing structures. This should include rethinking what topics scrutiny investigates and reviews, and how it carries out that work, why and when.

Overview and Scrutiny is currently trying to do too much for the resource available. As one person put it, the Council has an 'overactive scrutiny gland'. There is lots of activity, but much of it is superficial and not strategically focused. There has rightly been a push to involve Scrutiny Committees more at the pre-decision stage, recognising that this can help enable better informed decision-making and policy development. But this seems to have resulted in almost everything being routed through the Scrutiny Committees before being submitted to Cabinet, regardless of the potential value that scrutiny could add to those individual decisions. You have sought to address this through the introduction of member briefings, but despite this, there is still a risk that Committee agendas become filled with individual operational decisions,

rather than items focused on challenging and strengthening the policy and strategy guiding those matters.

For example, the meeting of the Leisure, Parks and Waste Management (Overview and Scrutiny) Committee we observed included detailed debate of proposed asset transfers and lengthy discussions of a decision to commit a small amount of leverage/match funding. Time may have been better spent ensuring the Council had a clear, robust and relevant policy, strategy and assessment criteria in place to guide these decisions – leaving officers to get on with progressing these rather than feeling compelled to write a report and engage the Committee each time an opportunity arises.

By focusing Overview and Scrutiny more on policy and strategy, there is greater potential for it to help enhance the corporate capacity of the organisation. As we have alluded to earlier, major debate and decisions about the future of Lichfield are needed in the short and medium term. Active member involvement in those decisions through the scrutiny process in a proportionate way will mean a more integrated scrutiny function that makes a meaningful and timely contribution to the strategic business and direction of the Council. To help facilitate that you might consider a regular dialogue between Cabinet, the Overview and Scrutiny Co-Ordinating Group, and senior officers about broad strategic direction and key policy items for the Scrutiny work programme.

Whilst officers value the opportunity Scrutiny Committees allow to seek reassurance and endorsement for their proposals or decisions, we question whether that makes the most of councillor's enthusiasm and commitment, and the value that they could bring in offering a different perspective on major decisions.

This issue is accentuated by the fact that councillors are essentially 'passive recipients' of officer information. Information tends not to be gathered from alternative sources such as from frontline staff, members of the public, partners or elsewhere. This derives in part from the diffuse way in which officer support is provided to scrutiny committees, which at the moment places too much emphasis on the role of chief officers in service departments, and not enough on the need for a central policy resource for scrutiny. This creates an inability to triangulate evidence presented by officers with other independent sources in order to effectively challenge the Authority. Consequently, the return on investment in scrutiny is currently limited.

As such, and given an apparent pre-occupation with the cost of the scrutiny function, we think more thought needs to go into long-term investment in scrutiny based on its potential value for corporate improvement. The Council should – alongside broader steps to enhance corporate capacity – take some time to experiment with different approaches and methods on scrutiny. This should focus on developing more outcome-driven task and finish work, a more intelligent approach to pre-decision scrutiny which focuses on quality rather quantity and a more directed and forensic use of performance, finance and risk information.

This development work should focus on a culture change as regards the position, profile and value of scrutiny within the organisation. This culture change will require an acceptance by councillors that they will not – as at present – be able to receive, at committee, frequent updates on all council business on a regular basis. A proportionate approach to member briefing should help to allay any concerns that this approach may bring about.

Councillors should be engaged and involved in designing and evaluating the different approaches taken and deciding what, if any, permanent change should be made to how scrutiny operates once a variety of different methods have been attempted, perhaps over the course of the next year. Structural change to scrutiny can follow on from this evaluation, if it is felt that it is required. The Leadership Team will need to collectively help drive it forward as part of the wider corporate governance improvements.

Understanding that a revitalised Overview and Scrutiny function will bring significant value to corporate decision-making we think helps to make the case for a temporary increase in the specialist resourcing/support made available to scrutiny, at least until the evaluation we have suggested has taken place and a longer-term solution can be implemented. We know this is not easy, but think the investment that you make in scrutiny has to be seen as part and parcel of the broader investment we suggested earlier that you need to make in transformation.

Summary of feedback: Economic Development

The Council has a good track record and reputation for delivery on its economic development agenda. The recent development scheme at The Friary, the securing of High Street Innovation Fund in Burntwood, the ongoing work to develop a Business Improvement District (BID) for Lichfield and the Lichfield City Town Team initiative are all good examples of delivery on the ground. The shared service arrangement with Tamworth appears to be operating effectively, and is considered to be punching above its weight. Built on a mature relationship between members at Tamworth and Lichfield it is enabling some notable successes – such as Defence Medical Services where business location within the functional economic area was not constrained by district council boundaries, benefitting communities from both District areas.

Notwithstanding these successes, and your long standing strategic ambition and headway to deliver the Friarsgate scheme, we were not clear what Council's own Economic Development Strategy is. We appreciate the need to work through the shared economic development service arrangements with Tamworth, and the various sub-regional and regional partnerships and shared agendas. But we think to do this effectively and efficiently Lichfield needs to develop its own narrative and vision – so you are clear on where you see economic growth occurring (sector and area) and

how Council services are helping to contribute to the economic development of the district.

This will better enable prioritisation of diminishing resources within existing partnerships and inform your consideration of the organisational capacity required to contribute effectively to the growth agenda, and support the initiatives and projects most critical to the needs of businesses and the priority outcomes sought. We questioned, for example, where the capacity currently provided through the Southern Staffordshire Partnership will come from when that body is disbanded next year.

The development of a BID for Lichfield is a positive opportunity, but you will need to ensure Council services (e.g. regulatory functions) can respond to the requirements of it and make sure it supports the needs of local businesses. There will need to be a clear political will to facilitate an 'open for business' ethos across all parts of the organisation, enabling it to engage with most influential businesses. We also saw a need to further develop the information and intelligence you have on businesses across the district. There is limited direct engagement and relationships with key businesses. More analysis and understanding is required, for example about the biggest employers and their expansion plans, to ensure the Council is well positioned to proactively respond to needs.

The Council is clearly doing some excellent place marketing through its Tourism service. Whilst strategies exist, there is a need we think to ensure economic development and tourism are better linked. Currently they seem to be separate and disparate services and strategies. Given the array of advantages and assets the district has to offer as a place (transport links, location, availability of business spaces, cultural and destination assets, etc.) we think the Council needs to promote the offer more – both nationally and regionally – to attract more inward investment into the district. An inward investment programme can be enhanced through closer working relationships with the major employers in the District to act as Ambassadors promoting Lichfield as a place to live and do business.

We questioned whether a continued role in two Local Enterprise Partnerships (LEPs) is sustainable for the Council. We understand and appreciate why the Council has chosen this position to date. But we think it will become increasingly difficult for the Council to maintain a meaningful presence in both of the Partnerships given the increasingly complex economic development landscape and the organisational capacity required to effectively contribute to two LEPs – in particular the ability for the Council to be 'strategically ready' to respond to requirements to bid for funding, and have 'shovel ready' schemes ready to go. There is also the need to consider the implications of combined authorities – something that many LEPs are looking at – and whether their governance arrangements will enable you to be a member of more than one Partnership.

Based on what we saw, heard and read, Lichfield's functional economic area is obviously Birmingham (especially in terms of travel to work and transport links) and there is therefore a compelling economic rationale to be a member of the Greater Birmingham and Solihull LEP. This alignment has already reaped an array of benefits for the district including funding for 'Capacity Development Programme', research on fast-growth SMEs, close working relationship with Marketing Birmingham, Birmingham Business Support Programme, and £28million ring-fenced for South Staffordshire.

There is less of an economic rationale for the Council's membership of the Stoke-on-Trent and Staffordshire LEP, albeit we understand the political rationale and motivation to be part of it. But that is not to say the Council can't continue to maintain a productive working relationship with the LEP and can still engage and benefit without being a member. Indeed, our understanding is that both Tamworth (with whom you share an economic development service) and East Staffordshire are effectively doing just that. So it would not be without precedent.

Our key recommendations and suggestions

The peer team developed some key suggestions for you to consider. These are based on what we saw, heard and read. Drawing on our experience of the sector and knowledge of local government improvement, we have made several suggestions throughout the letter of things you may wish to consider. The following are the key things we think you should consider and take forward:

1. Begin to consider, develop and agree a longer term vision, ambition, priorities for the Council, including the operating principles and organisational development required, and the values and behaviours (One Council) needed.
2. Use the learning to date to build on and develop the Fit for the Future programme to:
 - Ensure there is a robust, effective review methodology including programme/project management, that is followed consistently across the organisation
 - Extend the scope beyond service reviews into a wider transformational agenda, building on the thematic reviews already identified
 - Ensure reviews are prioritised in alignment with the vision and priorities
3. Further develop your longer term financial strategy, including sensitivity and risk analysis, and scenario planning. Look at what other authorities are doing.
4. Consider how you resource and develop more capacity in the functions that enable and support good governance, organisational productivity and transformation.

5. Review and refresh the way Overview and Scrutiny operates focusing on culture and behaviours (rather than structures) so that it:
 - Has a clarity and consensus of purpose
 - Is more strategically focused and outcome driven
 - Makes more forensic use of performance, finance and risk information
6. Develop a clearer narrative on the Council's economic development aspirations. This will then help inform a review of the operational and strategic capacity required to ensure you are able to play a full role in the growth agenda for Lichfield
7. Consider aligning only with the Greater Birmingham and Solihull LEP (whilst still maintaining a relationship with the Staffordshire and Stoke-on-Trent LEP)

Next steps

You will undoubtedly wish to reflect on these findings and suggestions made with your senior managerial and political leadership before determining how the Council wishes to take things forward. As part of the peer challenge process, there is an offer of continued activity to support this and we would be happy to discuss this further. In the meantime we are keen to continue the relationship we have formed with you and colleagues through the peer challenge to date. We will endeavour to provide further information and signposting on the above to help inform your ongoing consideration and thinking.

I thought it helpful to provide contact details for Howard Davis who, as you know, is our Principal Adviser (West Midlands). Howard can be contacted via email at howard.davis@local.gov.uk (or tel. 07920 061197). He is the main contact between your authority and the Local Government Association. Hopefully this provides you with a convenient and continued route of access to the Local Government Association, its resources and any further support.

All of us connected with the peer challenge would like to wish you every success going forward. Once again, many thanks to you and your colleagues for inviting the peer challenge and to everyone involved for their participation.

Paul Clarke - Programme Manager (Local Government Support)
Local Government Association
On behalf of the peer challenge team