

26 February 2016

Dear Sir/Madam

CABINET MEETING

A meeting of the Cabinet has been arranged to take place on **TUESDAY 8 MARCH 2016** at **6.30 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: Members of the Cabinet

Councillors: Wilcox (Leader), Pritchard (Deputy Leader), Eadie, Fisher, Greatorex, Pullen, Smith and Spruce.

-
1. Apologies for Absence
 2. Declarations of Interest
 3. Letting of the Pest Control Contract (copy attached)
 4. Empty Homes Policy (copy attached)
 5. Asset Management – Establishing a Limited Liability Partnership (copy attached)
 6. Customer Promise (copy attached)
 7. EXCLUSION OF THE 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”

8. Property at Chase Road, Burntwood (copy attached)
9. Fit for the Future Leisure Review – Leisure Services Options Appraisal (copy attached)



Letting of the Pest Control Contract

Report of: Cabinet Member for Housing and Health

Date: 8th March 2016

Agenda Item: 3

Contact Officer: Gareth Davies

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Email: Gareth.davies@lichfielddc.gov.uk

Key Decision? **YES**

Local Ward Affects all Wards

Members

Lichfield
district council
www.lichfielddc.gov.uk

CABINET

1. Executive Summary

- 1.1 To seek approval from Cabinet to appoint a new supplier of residential pest control services on behalf of the Council.

2. Recommendations

- 2.1 It is recommended that Cabinet approves the letting of the residential pest control contract to Company A.

3. Background

- 3.1 The Prevention of Damage by Pests Act 1949 places the following duties on Councils:-
- to take such steps as may be necessary to secure so far as practicable that their district is kept free from rats and mice;
 - from time to time to carry out such inspections as may be necessary for the purpose aforesaid;
 - to destroy rats and mice on land of which they are the occupier and otherwise to keep such land so far as practicable free from rats and mice;
 - to enforce the requirements of this Act on other owners and occupiers of land.
- 3.2 As can be seen above the Council is not required by statute to provide a pest control service.
- 3.3 Currently the Council delivers a domestic pest control service via a contractor. The contractor does not charge the Council for its services but the contractual relationship enables the Council to monitor the demand for and quality of the service. The service is paid for by the charges levied on the service user, which are detailed in the table below. These charges were agreed by Members when the contract was last let on 1st May 2011.

Type of Pest	Standard Charge (inc VAT)	Concession for Individuals in Receipt of Specified Income Related Benefits
Rats	£36	Free
Mice	£60	£60
Wasps	£60	£60
Others	£60	£60

The charges are not based on a per visit basis but per treatment (which may require several visits to be made). A treatment in the case of rats and mice is limited to a minimum of 2 visits and a maximum of 4.

- 3.4 All customer enquiries and requests for service are directed to the contractor. When a service is booked the contractual relationship is between the resident and the contractor. The Council therefore, does not get involved with the administration of the service and any associated financial matters such as invoicing. Customer satisfaction is checked through postal and phone questionnaires and has remained consistently high throughout the duration of the contract. In addition, the Council manages and monitors the contract and investigates any customer complaints in accordance with corporate complaints procedure.
- 3.5 Demand for the service has fallen significantly throughout the duration of the contract. This is most likely due to the introduction of additional charging. Climatic conditions throughout the year will have an impact on the numbers of pests, particularly things like wasps. The change in demand is detailed below:

Pest	Average annual numbers 2005 to 2009	2013/14	2014/15	2015/16 (April to end of Jan)
Rats	598	196	199	134
Mice	239	51	61	34
Wasps	549	248	229	133
Other	167	31	48	17
Total	1538	526	537	318

- 3.6 Payment concessions for rat treatments are claimed by 22% of service users.
- 3.7 The current contract comes to an end on 30th April 2016. In September 2015, the views of the Community Housing and Health Overview and Scrutiny Committee considered whether the Council should continue to deliver a pest control service and if so on what basis it should be tendered. The preferred option specified by the Committee was used to develop the specification for the tender.
- 3.8 The contract has been tendered for 5 years from the 1st May 2016 – 30th April 2021 (with an option to extend by 1 x 36 month period to 30th April 2024).
- 3.9 The tendering exercise was completed on the 4th February 2016 and six responses have been received.
- 3.10 The evaluation process was undertaken using a method where a maximum score of 75% could be achieved for the price submitted and the remaining 25% was for quality which was made up of the following elements:-
- Previous experience of providing services similar to those required.
 - Details of what resources would be available to meet the timescales (including the emergency response) specified in the contract and how they would achieve them.
 - The experience and technical expertise of the staff who would be delivering the services.
 - Business Continuity Plans – their ability to continue delivering a service when faced with a crisis.
- 3.11 Detailed at Appendix A is a summary of the submissions received.
- 3.12 The prices charged did not increase throughout the term of the previous contract. (1st May 2011 to 30th April 2016) If the recommendation is approved the most significant increase in charges is for rats, which will increase from £36 to £54. The previous tender process restricted the amount which could be charged

for rats, which probably resulted in service charges for other pests cross subsidising this service. The concession for individuals in receipt of income related benefits, to have rats treated for free, still exists.

- 3.13 The three top ranked submissions all came out very close in the overall evaluations. Out of the top three, company A ranked second on price and second on quality, however they still scored very highly on quality. Company A has considerably more experience compared to Company B in delivering these types of contracts and demonstrated more clearly how they would deliver the contract. They also provided more evidence of the technical expertise and experience of their operators. Company C received full marks in terms of quality, but were too expensive.
- 3.14 Company B didn't submit a price in the format requested for fleas, bedbugs and cockroaches. They limited the number of visits they would make to treat this type of pest. If they had finished in first place this would have had to be investigated further as it would be unfair to directly compare their price with others who had complied.
- 3.15 Although there is no direct cost to the Council arising from this contract, the value of the contract to the contractor, based on previous year's fees will exceed £50,000 and therefore, the Procurement Rules require approval by Cabinet before the contract is let.

Alternative Options	<p>4.1 The Community Housing and Health Overview and Scrutiny Committee considered five options for the pest control service including ceasing the service. The report with the details of the options considered can be found via the link at the bottom of the report.</p> <p>4.2 The preferred option was to maintain the current specification and invite contractors to propose their own schedule of charges to result in a zero charge to the council. Members were also of the view that concessions should remain for rat treatments. This option was the basis of the tendering process conducted by Staffordshire County Council procurement team.</p>
Consultation	<ol style="list-style-type: none"> 1. Consultation has been carried out with Community Housing and Health Overview and Scrutiny Committee, in-house staff and existing suppliers. 2. The O&S Committee agreed that the District Council should continue to hold a contract so residents could access a good, safe and trustworthy service.
Financial Implications	<ol style="list-style-type: none"> 1. There is no specific budget for providing this service provision exists within the Public Health budget for: <ul style="list-style-type: none"> • Procuring and managing the contract. • Investigating complaints of rodents on private land. • Taking the appropriate enforcement action to ensure any infestations are adequately controlled. • Treating sewer infestations (this is now likely to be funded entirely by Severn Trent following the recent renegotiation of this agreement) • Treating infestations on pockets of land that have no known owner or where exceptional circumstances exist. 2. The treatment of pests at residents' homes are paid for by the users of the service.

Contribution to the Delivery of the Strategic Plan	The proposal will help to support the council's ambitions to ensure clean, green and welcoming places to live and to have Healthy and Safe Communities.
Equality, Diversity and Human Rights Implications	No equality, diversity or human rights implications or impact on people with protected characteristics have been identified.
Crime & Safety Issues	None identified.

	Risk Description	How We Manage It	Severity of Risk (RYG)
A	Delay in start of new contract	Detailed timeline. Close working with Staffordshire County Council Procurement services. Retain good working relationship with existing supplier.	This is classed as a tolerable risk. Likelihood Low Impact Medium

<p>Background documents</p> <p>Tender Specification</p> <p>Community Housing and Health Overview and Scrutiny Committee report</p> <p>Appendix A – Outcome of Tender exercise matrix</p>
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<p>Relevant web links</p> <p>Community, Housing and Health (Overview & Scrutiny) Committee 07-Sep-2015</p>
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Report to Cabinet - 8th March 2016

APPENDIX A – Pest Control Contract - Summary of all tenders received

Supplier	Charge Rats £'s Inc. VAT	Charge Mice £'s Inc. VAT	Charge Wasps, ants etc. £'s Inc. VAT	Charge Fleas, bedbugs & cockroaches Pests £'s Inc. VAT	Additional Charge for Emergency Call Outs £'s Inc. VAT	Quality % (Max 25%)	Price % (Max 75%)	Overall Score %	Ranking
Company A	54.00	54.00	60.00	78.00	42.00	24.50	69.82	94.32	1
Company B	66.00	66.00	42.00	42.00 - minor non compliance	36.00	19.00	75.00	94.00	2
Company C	61.80	61.80	55.20	79.80	37.80	25.00	67.96	92.96	3
Company D	84.00	84.00	42.00/48.00	102.00	36.00	15.25	62.16	77.41	4
Company E	86.40	86.40	38.40	Non-Compliant	26.40/52.80	15.00	58.04	73.04	5
Company F	Non-Compliant Tender								

Empty Homes Policy

Report of Councillor Colin Greatorex, Cabinet Member for Housing and Health

Date:	8 TH March 2016
Agenda Item:	4
Contact Officer:	Clive Gibbins/Lucy Robinson
Tel Number:	01543 308702/308710
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Key Decision?	YES
Local Ward Members	All, as applies to the whole of Lichfield district.



CABINET

1. Executive Summary

- 1.1 The Empty Homes Policy sets out the key priorities and issues concerning empty homes in Lichfield district and provides a framework for officers to try and bring long term empty homes back into use.
- 1.2 The majority of empty homes in the district have been empty for less than six months and to make the best use of limited resources, it is proposed that the council take a risk based approach to dealing with empties and use a risk assessment tool for targeting action and resources.

2. Recommendations

Cabinet is recommended to

- 2.1 Consider and approve the Empty Homes Policy attached at **Appendix 1**
- 2.2 Delegate authority to the Cabinet Member for Housing and Health in consultation with the Strategic Director -Community, Housing and Health, to agree any future changes to the policy deemed necessary resulting from significant changes to the number of empty homes, council tax regulations or the new homes bonus.

3. Background

- 3.1 Lichfield District Council's Housing Strategy 2013-17 contains an aim to ensure that best use is made of the housing stock in the district. The strategy includes an action to work to minimise the number of long term empty homes and increase the number brought back into use.
- 3.2 In Lichfield district there are approximately 985 empty homes¹, however a third of these are exempt² from council tax as they belong to people with often complex reasons for owning a property that they do not live in, for example, they are owned by deceased persons pending probate. As it is unlikely that we will be able to bring any of these back into use in the short term, our efforts will be concentrated on the remaining 669 empty homes liable for council tax. The majority of these homes have been empty for under 6 months and are only expected to be empty for a brief period as they are in the process of being sold or re-let³. Homes that are left empty for longer periods however can be a magnet for vandals, arsonists and other anti-social behaviour which can cause deterioration to the property and the community in which it's located and it is these longer term empty homes that are the main focus of our policy.

¹ 985 homes were empty according to council tax records at October 2015(Source: Form CTB) of which 316 were empty but exempt from council tax meaning that 669 empty homes were liable for council tax. Of the 669 homes, 386 were empty for under 6 months. 283 had been empty for longer than 6 months, of which 100 had been empty over two years.

² See <https://www.lichfielddc.gov.uk/Residents/Council-tax/Council-tax-discounts-and-exemptions.aspx> for a list of all empty home exemptions and discounts.

³ These are known as transactional empties and will generally be empty for around 6 months.

- 3.3 Unless the owner qualifies for a discount or exemption full council tax will be payable on an empty home, and since April 2013 homes left empty for longer than two years will be charged a premium at 150% of the full charge. If a property is unoccupied and substantially unfurnished, the owner will receive a discount of 100% for up to 2 months and if the property is undergoing structural work a 50% discount will be given for up to 12 months.
- 3.4 To make the best use of limited resources, it is proposed that the council take a risk based approach to tackling empty homes. Advice and assistance will always be offered to the owners first, which in the vast majority of cases will be sufficient. However in more severe cases when owners are not cooperative, cannot be traced, or are unwilling to enter into a voluntary dialogue with us, the council will consider use of the enforcement powers available. For the small number of empty homes found to be at a high risk, the council may decide to take further enforcement action to bring the property back into use and occupation such as compulsory purchase and enforced sale.
- 3.4 Responsibility for taking action on empty properties falls across several council teams: housing strategy, environmental health, planning enforcement and revenues and benefits, with officers from each team forming an Empty Property Working Group (EPWG). As well as the ongoing dialogue between officers, the group meets regularly to ensure that appropriate coordinated action is being taken and will act as the monitoring group for this new policy.

Alternative Options	<ol style="list-style-type: none"> 1. Officers could continue to respond to queries about empty properties and take action on a case by case basis, however this does not demonstrate consistency or transparency in decision making. 2. A significantly more proactive approach could be considered that would include the employment of a dedicated Empty Property Officer, which would require additional resources.
Consultation	<p>The policy was considered by members of the Community Housing and Health committee at its meeting on 20th January 2016. Members acknowledged the often complex situations that result in homes being left empty and the length of time that it can take for homes to become reoccupied. Members were happy with the approach proposed and the emphasis being on advice and guidance for owners, with enforcement action only in the more serious cases that are deemed a medium or high risk. Members agreed that the Risk Assessment scoring method was reasonable with a minor change agreed that the number of points attributed to squatters should be increased to 5 points from 3 due to the potential problems that squatters would cause.</p> <p>A survey of owners of the 100 long term empty homes (vacant for over 2 years) has been carried out to assist in understanding the reasons why properties are left empty, what owners' intentions are and what barriers prevent owners from fulfilling their intentions; this will inform the new policy. Results from the survey are expected later in Spring 2016.</p> <p>The policy has been developed by the housing strategy team with officers on the EPWG from council tax, planning enforcement and private sector housing all being consulted and contributing to its development.</p>
Financial Implications	<ol style="list-style-type: none"> 1. Cases may arise where a high risk assessment score indicates the need to take formal enforcement action. The financial implications and resources required will need to be identified on a case by case basis. 2. Given the number of enquiries we have received in the past year (29) and the volume of long term empties, it is considered that extra work created by the new policy will be managed with the additional support that has been recommended for the Housing Strategy team following the Service Review of Housing.

	3. Any change in the number of homes empty longer than 6 months will affect the calculation of New Homes Bonus. An annual reduction would generate additional income to the council ⁴ .
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Contribution to the Delivery of the Strategic Plan	The draft Strategic Plan 2016-2020 sets out what we want to achieve in four main themes. A reduction in the number of empty homes will contribute to the theme of 'Clean, green and welcoming places to live' where "we want to create great communities where people want to live and can afford to live. We want a good balance of homes, including enough affordable homes."
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Equality, Diversity and Human Rights Implications	A draft equalities impact assessment has been carried out and formal assessment by the Equality Impact Assessment working group will take place in February 2016.
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Crime & Safety Issues	The recommendation(s) will impact positively on our duty to prevent crime and disorder within the District (Section 17 of the Crime and Disorder Act, 1988) as returning empty homes to use and occupation reduces the risks of squatting and vandalism.
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	Risk Description	How We Manage It	Severity of Risk (RAG)
A	Insufficient resources to deliver the actions in the policy (in terms of staff/budget).	Approval of the policy may raise awareness, increase enquiries, and raise expectations around delivery, therefore promotion will be limited until additional staff resources are in place. The 100 empty homes that have been empty for two years or more are currently being surveyed and risk assessed to establish the potential levels of future action required. This will be repeated on an annual basis.	Amber

Background documents: Report to Community Housing and Health Overview and Scrutiny committee 20.1.16 / Cabinet report on 304 Chase Road CPO 10.3.15

Relevant web links: [Lichfield District Housing Strategy 2013-2017](#) [Planning Enforcement Plan 2013](#)

⁴ The current NHB scheme is in place until March 2017, however in the Comprehensive Spending Review November 2015, the government announced that there would be consultation on reforming the New Homes Bonus which will include proposals to reduce the length of payments from 6 to 4 years.



Empty Homes Policy 2016

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1. Executive Summary

In Lichfield district there are approximately 985 empty homes¹, however a third of these are exempt from council tax as they belong to people with various specific and often complex reasons for owning a property that they do not live in, for example, those who have moved into permanent residential care or are owned by deceased persons pending probate. As it is unlikely that we will be able to bring any of these back into use in the short term, our efforts will be concentrated on the remaining 669 homes that are empty.

The majority of the 669 homes are only expected to be empty for a brief period as they are in the process of being sold or re-let². Homes that are left empty for longer periods however can be a magnet for vandals, arsonists and other anti-social behaviour which can cause deterioration to the property and the community in which they are located, and it is these longer term empty homes that are the main focus of our policy.

In the face of a growing population, a challenging housing market, homelessness and pressure on local authorities to make the best use of housing stock in their area, empty homes are a wasted resource and the overall purpose of this policy is therefore to provide a coordinated approach for the council to reduce the number of empty homes in the district.

Lichfield District Council will take a risk based approach to tackling empty homes and when dealing with empty property owners, a voluntary way forward will always be preferred to encourage the owner to improve the condition of the property and facilitate re-occupation. Advice and assistance will always be offered first, which in the vast majority of cases will be sufficient. However in more severe cases when owners are not cooperative, cannot be traced, or are unwilling to enter into a voluntary dialogue with us, the council will consider use of the enforcement powers available to us, such as compulsory purchase and enforced sale.

This policy sets out the key priorities and issues concerning empty homes in the district and provides a framework for council officers to follow to try to bring empty homes back into use.

2. Introduction

The council has developed this policy to try and reduce the number of long term empty homes in the district. By taking action and bringing empty homes back into use, the following can be achieved:

¹ 985 homes were empty according to council tax records at October 2015(Source: Form CTB) of which 316 were empty but exempt from council tax (see <https://www.lichfielddc.gov.uk/Residents/Council-tax/Council-tax-discounts-and-exemptions.aspx> for a list of all empty home exemptions and discounts). This means that 669 empty homes were liable for council tax. Of the 669 homes, 283 were empty for over 6 months and a 100 of these were empty over two years.

² These are known as transactional empties and will generally be empty for up to 6 months. 386 homes were empty for less than 6 months at October 2015. (Source: Form CTB).

For the community: improving neighbourhoods, increasing property values and increasing the likelihood of investment in an area can contribute significantly to residents' pride of place. Reduced (opportunity for) crime and anti-social behaviour (vandalism, arson, fly-tipping, squatting), and reduced dangers to the public (from potentially dangerous buildings and vermin) can increase residents' feelings of community safety and wellbeing. Returning homes to residential use will also create opportunities to meet local housing needs and may reduce homelessness.

For the owners: Helping owners bring an empty property back into use can enable them to generate income (rental yield or capital), increase security on their property, reduce costs and unlock a wasted resource. In some cases, resolving the issue of an empty property can relieve significant stress and anxiety, this in turn would have a positive impact on their demand for health and wellbeing services.

For the local economy: To reduce demand on public services (police, fire, other council departments such as planning enforcement, environmental health, waste services). Returning properties to residential use could also increase opportunities for work and business for local builders and related trades.

Responsibility for taking action on empty properties falls across several council teams: housing strategy, environmental health, planning enforcement and revenues and benefits. As well as the ongoing dialogue between officers, an Empty Property Working Group meets regularly to ensure that appropriate coordinated action is being taken and will act as the monitoring group for this policy.

To be consistent and target resources effectively, the council will take a systematic approach to risk assessing and appraising options for empty properties when informal and voluntary measures are insufficient.

3. Why do we have empty homes?

Homes may be empty for a number of reasons. There will always be a certain number of properties which are unoccupied during a transactional process of sale or re-letting and these are generally not a cause for concern. Long term vacant and/or nuisance properties are the main subject of this policy and the most common reasons for their occurrence are:

- Lack of funds available to enable owners to do repairs or renovation works where the property requires modernisation
- Inheritance issues where new owners may be reluctant to let or sell an inherited property; lengthy probate or legal disputes
- Family/business disputes
- Repossession; repossessed properties can incur complex legal proceedings

- Planning developments; empty properties included in the catchment area of large sites earmarked for re-development often remain empty for the duration of the planning consultation period
- Lack of information, advice or assistance for owners where the owner may not know their options
- Housing market conditions make the property difficult to sell/let
- Land banking, investment/retirement purchases
- Lethargy/indifference: often including owners of multiple properties, where returning the property to use is not a priority
- Obstruction where owners simply refuse to bring their property back into use
- Owners have moved into residential/nursing care

4. National Context

The Department for Communities and Local Government (DCLG) classes “problematic vacancies” as those that are inactive in the housing market and have been empty for more than six months.

There have been several central government publications focused on the problem of empty homes, or that contained references to it. These include the 2003 publication ‘Empty property: Unlocking the Potential’, published by the Office of the Deputy Prime Minister and in 2006, a government White Paper encouraged local authorities to develop positive policies in regard to returning empty homes to use.

The government has placed considerable emphasis on the importance of returning empty homes to use and the 2011 Housing Strategy document, ‘Laying the Foundations’ stated: *‘We are committed to bringing empty homes back into use, as a sustainable way of increasing the overall supply of housing and reducing the negative impact that neglected empty homes can have on communities’*.

New homes bonus: DCLG introduced the New Homes Bonus (NHB) in February 2011 which is designed to create an effective fiscal incentive to encourage local authorities to facilitate housing growth. As well as providing a bonus for new affordable homes being built, the incentive recognises that empty properties returned to use also provide additional accommodation and the number of empty homes at the beginning of October each year is used in the calculation of NHB. The current scheme is in place until March 2017, however in the November 2015 Comprehensive Spending Review the government announced that there would be consultation on reforming the New Homes Bonus which will include proposals to reduce the length of payments from 6 to 4 years.

Planning policy: Paragraph 51 of the National Planning Policy Framework, published in March 2012 highlights the expectation that local authorities will address the empty homes issue locally: *‘Local planning authorities should identify and bring back into residential use empty housing and*

buildings in line with local housing and empty homes strategies and, where appropriate, acquire properties under compulsory purchase powers’.

Council Tax: The Local Government Act 2012 introduced technical reforms to council tax, enabling local authorities to determine local levels of discount for certain classes of dwelling. In January 2013, Lichfield District Council Cabinet decided to grant 50% discount on properties undergoing structural work for up to 12 months, 100% discount for up to 2 months on dwellings which are unoccupied and substantially unfurnished and to levy the maximum allowable premium on properties that have been unoccupied and unfurnished for two or more years. Since April 2013, council tax levels for properties empty for longer than two years has been set at 150%.

VAT: The VAT chargeable on renovation works has been reduced to 5% for properties empty for over two years and 0% on properties empty for over 10 years. The council can provide evidence that a property has been empty from council tax records to owners of an empty home to enable them to claim these VAT discounts.

5. Local and corporate context

As at October 2015, there were 985³ empty homes in Lichfield district, a third of which were exempt from council tax as they belong to people with various specific and often complex reasons for owning a property that they do not live in. For example, those who have moved into permanent residential care, members of the armed forces, properties owned by deceased persons pending probate, those owned by charities, plus a number of unoccupied annexes. As it is unlikely that we will be able to bring any of these back into use in the short term our efforts will be concentrated on the remaining 669 empty homes. Over half⁴ of these had been empty for less than 6 months and are considered transactional i.e. they are in the process of being sold or re-let and only 100 have been empty for longer than 2 years and were subject to the 150% council tax charge.

Between January 2014 and December 2015 there were 29 enquiries or complaints to the council about empty homes in the form of telephone calls, letters and emails from members of the public or their representative councilors. Complaints were mainly about properties being untidy and causing detriment to the amenity of the local area.

There is a significant need for affordable housing provision in Lichfield district; the number of households registered on the waiting list for social housing at 1st April 2015 was 1146. This housing need is not only reflected in the numbers on the housing register but also in property prices which are generally higher in the district compared to others in Staffordshire County and

³ Source: CTB form October 2015. On the CTB return 985 homes were empty, of which 316 were exempt from council tax leaving 669 empty homes liable for council tax.

⁴ Of the 669 homes, 386 were empty for under 6 months and 283 for over 6 months.

to the West Midlands Region as a whole. The average property price in Lichfield district is £268,248⁵ which is unaffordable for many, particularly first time buyers and there is also a smaller than average social housing sector (15%) and private rented sector (10%) which limits housing choice for many people. The relatively small private rented sector also has higher than average rents leading to affordability problems for many households.

A new Strategic Plan for 2016-2020 is currently being developed which contains an emerging priority to have 'clean, green and welcoming places', and minimising the number of empty homes will contribute towards this.

The Lichfield District Housing Strategy 2013-2017 contains an aim "to ensure that best use is made of existing housing stock". To help achieve this the delivery plan contains an action to "work to minimise the number of long term empty homes in the district and increase the number back into use".

The Housing Strategy is supported by a number of other corporate strategies and policies:

- [Lichfield District Homelessness Strategy and Review 2013-2017](#)
- [Planning Enforcement Plan 2013](#)
- Revenues and Benefits Debt Recovery Policy for local taxation
- Environmental Health Enforcement Policy

6. Previous achievements

In September 2015 a company called Capacity Grid assisted the council to help review empty homes that were recorded on the council tax register. Capacity Grid wrote to homeowners asking if their property was occupied or not and where there was no response an inspection of the property was carried out. Capacity Grid found 124 properties which were previously thought to be empty, were in fact occupied and these have now been re-classified giving the opportunity for the council to obtain previously unknown council tax liability and payments.

In March 2015, the Cabinet gave approval for the use of Compulsory Purchase Powers to acquire a property in Burntwood under Part II, s17 of the Housing Act 1985 and bring it back into use after it had stood empty for 13 years. The property had been the subject of a complex legal situation where an owner could not be clearly identified and interested parties were unable to reach a solution independently. The council had made numerous attempts to intervene and officers from multiple departments responded to over 20 enquiries and complaints over 7 years, before it was considered that a compulsory purchase order (CPO) was the most suitable option.

⁵ Source: Hometrack August 2015

Planning enforcement, housing strategy and council tax recovery teams have also worked together previously to bring about the enforced sale of a long-term empty property which was a blight on the landscape, causing distress to local people and whose owner had accrued council tax debts. Pictured below are the before and after images of the house that was brought back into use through enforced sale.



Figure 1 BEFORE



Figure 2 AFTER

7. Our approach and the options available to bring empty homes back into use

Local authorities have a number of legal powers to ensure that empty homes are brought back into use, however there is no statutory duty to do so. We have limited resources available so we must focus our work and prioritise the properties that we target for action. With this in mind our approach will depend on the associated risks and severity of the impact that an empty home is having on those affected by it and the availability of resources to deal with it. The various stages of our approach are as follows:

a) Identification, evidence, awareness and review

Identifying empty properties will be an ongoing process, one that will depend upon the co-operation of the public. Members of the public can report an empty property to the council in various ways, details are available on our website⁶ and on receipt of the enquiry we will check whether the property is on the Empty Homes Register and consider the need for action.

The council will also use the information sources we have available internally, particularly council tax information and links with other services including planning enforcement and environmental health to identify and record evidence relating to empty properties. In planning enforcement, when complaints and enquiries are made relating to untidy sites, those that are found to be about empty homes will be categorised as such to make information sharing with other teams more

⁶ <https://www.lichfielddc.gov.uk/Residents/Housing/Housing-strategy/Empty-properties.aspx>

straightforward. We will establish ownership (where possible) and make contact with owners to decide on action needed and to update the Empty Homes Register accordingly.

Periodic surveys/questionnaires will also be conducted with owners of empty homes to establish reasons why properties are being left empty, to see if any help or advice can be given and encourage owners to bring them back into use.

b) Working with empty property owners

The council will try to give the homeowner every opportunity to bring their property back into use on a voluntary basis. The council will seek to work with the owner to identify the range of options available to them and to help meet their needs and preferences. This may include practical guidance on:

- letting/leasing/custodian schemes
- property valuation
- building regulations and planning
- financial assistance/support that may be available.

If the owner does not respond or implement any agreed option to bring the property back into use, the council will consider options for any enforcement action.

c) Assessing Risk

When we receive a complaint about an empty home we will refer to, or complete a risk assessment (see Annex A and B) which will determine the need for further action in accordance with the level of risk associated with the property. To ensure that the risk assessment is completed with full and current information, officers will undertake all necessary investigations, including obtaining information from the Empty Property Working Group and carrying out site visits.

The housing strategy team will also do a review or complete a risk assessment for all homes on the Empty Homes Register that have been empty for longer than two years and are subject to the 150% premium on an annual basis.

In accordance with the risk assessment, homes will be classified into bands (Low, Medium and High Risk) and action taken as follows:

Low Risk: advice and guidance.

Medium Risk: advice and guidance plus regular communication with the owner. This may include initial enforcement action.

High Risk: advice and guidance as above plus consideration of further enforcement action to bring the property back into use.

It is likely that empty homes, particularly those in the medium/high risk categories will be subject to the various enforcement policies in operation throughout the council, for example planning enforcement for untidy properties or revenues and benefits for recovery of unpaid council tax. The legislation to enable this is detailed in Annex C. Whilst these policies may encourage owners to take greater responsibility for their homes, it is recognised that initial or low level enforcement action will be unlikely to bring homes back into use. For empty homes found to be a high risk according to the risk assessment in this policy, subject to further scrutiny and availability of resources, the council may decide to take further enforcement action to bring the property back to use and occupation.

d) Options for further enforcement action include:

1) Enforced Sale

The Law of Property Act 1925 allows local authorities to recover charges through the sale of the property. Enforced sale is a procedure to recover debt, but can also serve as a way of bringing an empty property back into use. This will be instigated by the Recovery team in the Finance, Revenues and Benefits department at the council.

2) Compulsory Purchase Order (CPO)

Section 17 of the Housing Act 1985 allows for the service of a CPO on a single property. Multiple properties can be subject to a CPO under Section 226 (as amended by the Planning & Compulsory Purchase Act 2004) of the Town & Country Planning Act 1990, for the “provision of housing accommodation or to make a quantitative or qualitative improvement to existing housing for the promotion or improvement of the economic, social or environmental well-being of their area”.

3) Empty Dwelling Management Order (EDMOs)

EDMOs were introduced by the Housing Act 2004⁷ and empower local authorities to take control of the management of an empty property in order to secure its occupation. An application must be made to a Residential Property Tribunal which may authorise a local housing authority to make an interim EDMO in respect of a dwelling.

8. Monitoring and review of this policy

The policy will be monitored by the Empty Property Working Group and an annual summary will be produced which will consider the number of enquiries and complaints about empty homes, the number of empty homes recorded on the CTB annual return and the amount of enforcement action taken. Upon analysis of this, the housing strategy team will consider the need for any revisions to the policy on an annual basis.

⁷ Chapter 2 of Part 4 of the Housing Act 2004 deals with the making of interim and final empty dwelling management orders which may be made by local housing authorities in respect of dwellings which are wholly unoccupied.

9. Annex A: Risk Assessment - Levels of Risk

Band	Risk Assessment	Action
Low	16-30 points	Emphasis will be on advice and information to support and encourage the owner to take voluntary action to bring the property back into use.
Medium	30- 45 points	Regular written communication with the owners setting out advice to encourage the owner to bring the property back into use. This may include initial enforcement action to complete certain improvements but may not bring it back into use.
High	More than 45 points	Actions detailed in the Low and Medium categories above plus consideration of enforcement action, both formal and informal, in every case where appropriate (using a range of legislation available- please refer to Annex C).
Second/holiday homes and other homes empty less than 6 months	Less than 15 points	These properties may be second/holiday homes or homes that have only been empty for a short period of time and the owner will be actively bringing it back into use. No action.

10. Annex B: Risk Assessment – scoring method

1.	Length of time vacant	6 months – 2 years	1
		2- 3 years	2
		3- 5 years	3
		More than 5 years	5
2.	Appearance	Minor detriment to amenity	3
		Major detriment to amenity	5
3.	Dangerous structure	Likely with further deterioration	2
		Yes	5
4.	Nuisance	None	0
		Minor	3
		Significant	5
5.	Overgrown garden	Yes	3
6.	Appearance of surrounding properties	Good	5
		Fair	3
		Poor	2
7.	Marketability/habitability	Saleable in present condition	0
		Needs some improvement/repair	1
		Needs substantial renovation before occupation	3
		Not repairable at reasonable cost	5
8.	Decent home standard / presence of Category 1 Hazards	Meets Decent Home Standard	0
		One Category 1 hazard	3
		Two or more Category 1 hazards	5
9.	Ownership	Contactable and responsive	1
		Contactable but not responsive	3
		Not contactable/unable to trace	5
10.	Owners attitude	Non-compliant/uncooperative	5
		Some cooperation/compliance	3
		Willing and compliant	1
11.	Enforcement history	Some informal action previously	3
		Statutory notice/work in default	5
12.	Social impact	Incidents of arson/fire	5
		Incidents of fly tipping/vandalism	3
		Associated with ASB	5
		Infestation by vermin	3
		Incidents of squatters	5
13.	Housing Need for the property	High housing need	5
		Average housing need	3
		Low housing need	0
14.	Housing Need in relation to size	1 or 2 Bed property	5
		3 Bed property	2
		4 Bed property	2
15.	Number of unique complainants making a complaint within a 12 month period	1	1
		2-4	3
		5+	5
16.	Discretionary points	If there have been multiple incidents resulting in a social impact during a 12 month period or if by taking action, a positive outcome will ensure an identified specific housing need is met (i.e. a home for a disabled resident)	Up to 10

11. Annex C: Relevant Legislation

Housing Act 1985 and Housing Act 2004: The Act allows the local authority to take appropriate enforcement action to remove Category 1 (an implied duty) and Category 2 (a discretionary power) Hazards. This may be achieved by the service of:

- An Improvement Notice (Section 11),
- A Prohibition Order (Section 20),
- A Hazard Awareness Notice (Section 28),
- A Demolition Order (The Housing Act 1985 Section 265); or
- Declaration of a clearance area (The Housing Act 1985 Section 289)

Prevention of Damage by Pests Act 1949: Sections 2-7 allow the local authority to serve a notice requiring an owner to clear any land of vermin, remove waste/deposits/accumulations likely to attract vermin.

Local Government Miscellaneous Provisions Act 1982: Section 29 allows the local authority to undertake any works necessary to prevent unauthorised entry or to prevent the building from becoming a danger to public health.

Environmental Protection Act 1990: Section 80 notice to abate a statutory nuisance - allows the local authority to serve a notice to abate a statutory nuisance. Any accumulation or deposit that is prejudicial to health or a nuisance could be dealt with using this power.

Building Act 1984: Sections 77, 78 and 79 can be used to require the owner to make a ruinous or dilapidated property safe or to enable the local authority to board the property up. Section 59 of the Building Act 1984 enables the local authority to serve notice on the owner to make satisfactory provisions for drainage where not currently in place, includes sewers, drains and rain water pipes that are currently in disrepair or missing.

Town and Country Planning Act 1990: Section 215 allows the local authority to serve a notice requiring an owner to take steps to remedy unsightly land or the external appearance of a property. This can be a significant tool for dealing with vacant and occupied properties that are an eyesore. At the council this legislation is enforced by the Planning enforcement team.

Public Health Act 1936: Section 83 Filthy and Verminous Premises and Section 84 Cleansing or Destruction of Filthy and Verminous Articles enforcement measures are available to a local authority to deal with premises that are in a filthy and unwholesome condition to be prejudicial to health or verminous and also articles that are filthy and verminous respectively.

The Law of Property Act 1925: Provides the power to recover costs incurred through works in default by enabling the sale of a property to organisations committed to ensuring that it is improved and occupied.

Limitation Act 1980: Section 20 powers enabling enforced sale; service of statutory notices under these provisions are most likely to give rise to relevant debts to be pursued by enforced sale.

ASSET MANAGEMENT – ESTABLISHING A LIMITED LIABILITY PARTNERSHIP

Report of the Cabinet Member For Finance, Democratic & Legal Services



Date:	8 March 2016
Agenda Item:	5
Contact Officer:	Richard King
Tel Number:	308060
Email:	richard.king@lichfielddc.gov.uk
Key Decision?	NO
Local Ward Members	N/A

CABINET

1. Executive Summary

- 1.1 At the meeting of the Asset Strategy Group on 16 April 2015 approval was given for discussions to take place with Public Sector Plc (PSP) with a view to setting up a Limited Liability Partnership (LLP).
- 1.2 PSP LLPs are joint ventures between public and private sector partners¹ which can provide opportunities for accessing funding and expertise. The initiative uses the concept of 'relational partnering' whereby a relationship is built between the partners before any contractual commitment is made. Unlike approaches such as Public Finance Initiative or Local Asset Backed Vehicles the partnership is formed without any upfront property or financial commitment by the Council.
- 1.2 The LLP would review the Council's property portfolio and develop any opportunities for revenue savings, increasing revenue income and increasing capital values. The overall aim and purpose would be the achievement of strategic objectives through the effective use of the Council's assets.
- 1.4 Following initial meetings with Officers, PSP has produced a 'prospect review report' (see Appendix A) which sets out initial observations and a high level overview of some potential opportunities.
- 1.5 Any initiatives undertaken must be able to demonstrate added value over and above the Council's existing approaches. The Council has the assurance that it will always receive the current market value for any property asset, whether in terms of revenue income or capital receipts. Any additional income or capital value generated by the LLP is shared between the partners.
- 1.6 It is envisaged that an initial priority for the LLP would be a review of office provision options for the Council.

2. Recommendations

- 2.1 That approval be given to establish a Limited Liability Partnership between the Council and Public Sector Plc.
- 2.2 That authority be delegated to the Leader of the Council and Cabinet Member for Finance and Democracy in consultation with the Strategic Director – Democratic, Development and Legal Services and Director – Finance, Revenues and Benefits to agree the terms of the agreements necessary to establish the Limited Liability Partnership.

¹ LLPs are usually formed with a company called Public Sector Property Facilitating Limited which is a subsidiary of BV Strategies Limited. The Directors of this company include Members of the Pears Group and the Winston Group with the majority shareholder being the Pears Group. PSP is 50% owned by Richard Vernon Smith (founder of PSP) and 50% by PSP Facilitating Limited.

- 2.3 That authority be delegated to the Leader of the Council in consultation with the Strategic Director – Democratic, Development and Legal Services to agree the Council representation on the Limited Liability Partnership Board.

3. Background

- 3.1 The Council is continually seeking to reduce costs and maximise the benefits of its asset portfolio. PSP has been identified as a potential partner for helping to achieve this aim.
- 3.2 On 16 April 2015 approval was given by the Asset Strategy Group for discussions to take place with PSP with a view to setting up a LLP.
- 3.3 Following initial meetings with Officers, PSP produced a ‘prospect review report’ (see Appendix A), and indicated that they would be interested in setting up a LLP with the Council.

Public Sector Plc – Background

- 3.4 The origins of PSP date back to an initiative in 1994 by Portsmouth City Council Business Group to ‘insource’ private sector funding, skills and resources.
- 3.5 Later PSP was selected as one of six private sector led initiatives to trial the Best Value concept and as part of this a network of private and public sector organisations was established to test a number of approaches to public-private partnership.
- 3.6 It also participated in the Government’s Strategic Partnering Task Force which produced a report on alternative forms of public private partnership in 2004.
- 3.7 These initiatives demonstrated that longer term strategic partnerships between public and private sectors could deliver real benefits and provided an alternative to services being delivered entirely in-house or entirely by the private sector.
- 3.8 The approach attracted private sector funding interest from the William Pears Group² and the Winston Group³ who are now shareholders of PSP. The first property PSP LLPs were established in Dudley in 2010 and Dorset in 2011. This has since grown to 10 district, borough, unitary and county councils.
- 3.9 These authorities have formed the Local Government Council Consortium Group which meets on a regular basis to share best practice and oversee the application of the model across the public sector.

LLPs and the Concept of Relational Partnering

- 3.10 PSP LLPs apply the principles of ‘relational partnering’ which focus on creating a culture where ‘public and private sectors develop a trusting, open and honest relationship to realise efficiencies, increase investment returns and generate capital and revenue value from property portfolios’.
- 3.11 The partners work together to analyse the property portfolio and develop property solutions which offer mutually beneficial outcomes. The involvement of a private sector partner provides an opportunity to access both commercial expertise and investment opportunities.
- 3.12 The LLP can focus on operational property, income producing property or a combination of the two.
- 3.13 The profile of public private partnerships and relational partnering has increased recently with the Municipal Journal giving coverage to a round table event held at the House of Lords to discuss the concept and a seminar at the Institute of Directors to discuss the progress that was being made.

Potential Opportunities and Benefits

² The Pears Group was established in 1952 and is 100% owned by the Pears family.

³ The Winston Group was established in 1997. It is involved in a number of joint ventures and seeks to create value through proactive asset management.

- 3.14 LLPs are established on a 'without commitment' basis. This helps create the environment to develop a culture of innovation and openness. Opportunities could include:
- generating more revenue.
 - reviewing operational property to reduce revenue costs.
 - investment and regeneration initiatives.
 - augmenting the existing skill base and accessing new areas of expertise.
 - adding value to surplus land and property through site assembly, infrastructure works, demolitions, change of use, etc.

3.15 The benefits of the LLP approach include:

- a high degree of flexibility.
- the PSP model offers an 'additional option' and does not take away the ability to use other methods or vehicles.
- there is no requirement for any prior property commitment or exclusivity.
- the model enables external finance and resources to be accessed but also allows for the use of internal resources where available.
- projects are allowed to evolve before any commitment is made to their delivery.
- the baseline value remains with the Council. It is the added value that is shared.
- access to private sector funds for projects that are of mutual benefit.

Due Diligence and Legal Compliance

- 3.16 A LLP is a corporate entity in which two or more partners agree to go into partnership with a view to making a profit. LLPs are regulated by legislation in the same way as a company and must file accounts and details of membership with Companies House.
- 3.17 In a LLP the members have the benefit of limited liability – i.e. protection from personal liability for any debts or claims made against the LLP providing they act within the powers of the constitution of the LLP.
- 3.18 To enter into the LLP it would be necessary to enter into a binding partnership agreement with PSP. This agreement together with the more detailed operating agreement that accompanies it, commits both parties to a number of obligations in terms of establishing management and decision making structures. However, it does not commit the Council to make any financial commitment to the LLP.
- 3.19 The proposed duration of the partnership is usually 10 years, with an option for either partner to terminate subject to an agreed period of notice.
- 3.20 There are no EU procurement implications in setting up a LLP since it does not involve any obligation to undertake works or award contracts. Any individual project that the LLP decides to take forward would be assessed to ensure legal compliance.

Governance Arrangements

- 3.21 If the decision is taken to proceed with the Partnership two boards are established, an Operations Board and a Members Board.
- **The Operations Board** is made up of Council officers and private sector partners. It will carry out much of the detailed work on projects and make recommendations to the Members Board.
 - **The Members Board** has equal representation from the Council (usually three Councillors) and PSP nominees (usually PSP Directors).
- 3.22 All decisions taken by the Operations Board and Members Board have to be agreed by the Council and the private sector investor.

3.23 Projects are facilitated through an incremental step-by-step process with its own validation process known as the 4es (explore, examine, evaluate, engage).

Case Studies

Dudley Metropolitan Borough Council

3.24 Dudley Metropolitan Borough Council set up a PSP LLP in 2010 and used the LLP to undertake a town centre rationalisation which involved relocating staff from 12 buildings that were expensive to operate and not fit for purpose to refurbished offices. The programme, which was funded from capital receipts and value added disposals delivered by the LLP, will save £45,000 in running costs, reduce the maintenance backlog by £2.5 million and generate capital receipts of £3.5 million.

Dorset County Council

3.25 Dorset County Council initially used a LLP to add value to surplus property but the number and range of projects has since expanded. In one of the first projects to be completed:

- the LLP obtained planning permission for 43 Executive homes
- the private sector partner provided funding for the acquisition of an adjoining property which significantly increased the viability of the whole project.
- the site was sold for £2.5 million above the value that would otherwise have been achieved.

3.26 The LLP is also constructing new houses on surplus council land with a view to retaining the units within a newly created subsidiary of the LLP. The 'build to let' project will be funded from the added value of the disposals and expects to achieve a return of at least 7% on investment, generating an income of £70,000 per year while providing new high quality housing.

Future Action

3.27 Subject to approval being given to establish a LLP the next phase would involve:

- due diligence.
- consideration of draft legal documents.
- incorporation of the LLP.
- inaugural meeting of Operations Board.
- inaugural meeting of Members Board to consider projects referred from operations board.
- initiation of projects.

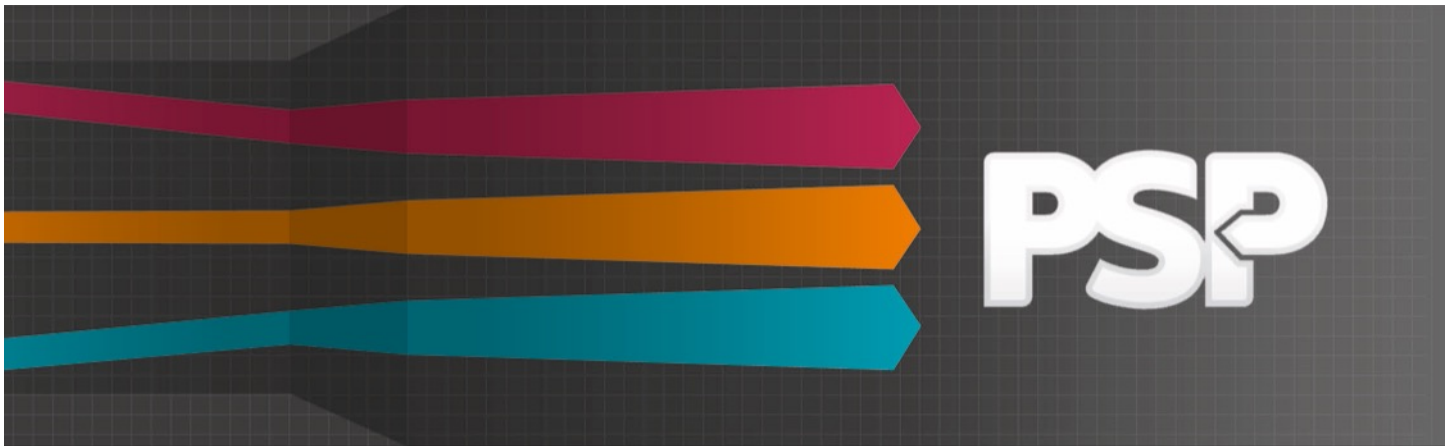
Alternative Options	Creating a LLP would not prevent the Council from investigating or pursuing other options for managing its assets.
Consultation	Any proposals by the LLP would be subject to consultation and scrutiny.
Financial Implications	<ul style="list-style-type: none"> • Apart from officer time there will be no initial financial commitment from the Council. • In the longer term, financial implications will be linked to opportunities identified and agreed upon by the LLP. Projects will only proceed where there is a clear financial benefit to the Authority or they achieve a strategic objective.

Contribution to the Delivery of the Strategic Plan	<ol style="list-style-type: none"> 1. Good asset management helps to maximise performance and efficiency contributing to good quality, better value services and a council that is fit for the future 2. By managing assets to meet local needs and opportunities the Council can encourage and support a vibrant and prosperous economy.
Equality, Diversity and Human Rights Implications	<ol style="list-style-type: none"> 1. There are no equality or diversity implications at this stage.
Crime & Safety Issues	<ul style="list-style-type: none"> • Public and staff safety is a prime issue when considering options for managing and maintaining the Council's assets. • Well managed, well maintained assets help improve neighbourhoods.

	Risk Description	How We Manage It	Severity of Risk (RYG)
A	The LLP does not progress projects beyond initial discussions (each individual project would be subject to its own risk assessments)	Other options for reviewing and maximising the benefits of the Asset Portfolio will be investigated.	Green (tolerable).
B			
C			
D			
E			

Background documents Prospect Review Report

Relevant web links www.publicsectorplc.com



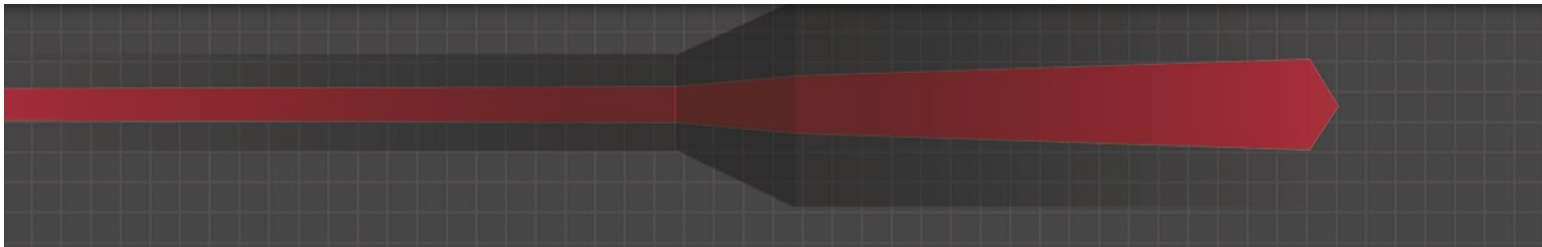
Lichfield District Council

Prospect Review Report

July 2015

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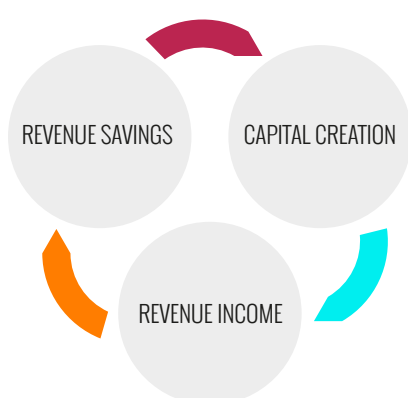
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1. Introduction

This document sets out the initial observations on opportunities available within Lichfield. This follows a preliminary review exercise undertaken after an invitation from the Council to review the potential establishment of a Limited Liability Partnership (LLP) with PSP.

The purpose of the LLP would be to create additional value for the Council from its existing asset base, making use of private sector funding, resource and skills in addition to those available through the Council and paid for



by the LLP. PSP has developed a range of tools which, collectively, are referred to as the Holistic Property Review. Increasingly, this review is being used as a way to improve a Council's overall revenue position by pooling its property assets to maximise the benefits that can be drawn from them, these benefits being revenue savings, revenue income and capital creation.

The principles of the use of such an LLP have been discussed and reviewed with the Council and this document summarises the outcomes of those discussions and the opportunities arising from them.

2. Overview of Public Sector Plc model

Projects are facilitated through the establishment of a Limited Liability Partnership. The governance arrangements for the LLP provide both structure and process to facilitate the delivery of projects. It is a robust and flexible model that is already tried, tested and operational in Dudley, Dorset, Bolton, Southend, Scarborough, Warwick, Cheshire West and Chester, Southampton, South Staffordshire and Daventry. It is not an LABV and does not require the Council to pre-determine which assets it might make available to the LLP, nor to lose control of those assets.

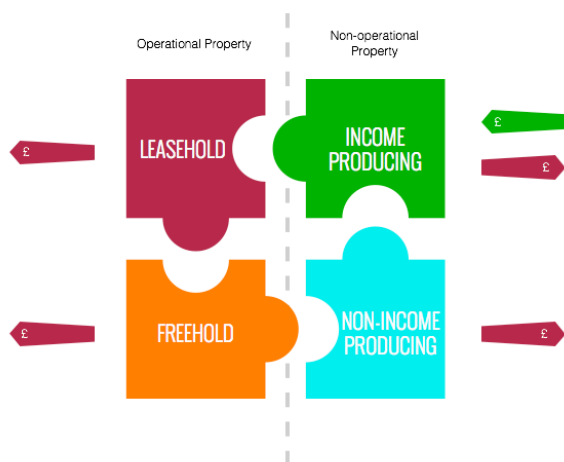
PSP calls this approach 'relational partnering'. The benefits of this model are becoming increasingly apparent and the flexibility offered by it is perceived to be a significant advantage to authorities seeking innovative ways of working with their asset base.

Key facets of the offer include;

- Provides access to substantial private sector funds otherwise not available to the public sector,
- Provides capital receipts and/or revenue income streams to the Council without the need for any expenditure by the Council,
- Provides the Council with sufficient private sector resource and expertise to deliver their long and short term property strategies,
- The Council shares net profits with PSP after deduction of costs and drawn from capital receipts or revenue streams,
- Promotes ‘insourcing’ - the use of council resources on a paid for basis where appropriate, thus producing a further income stream to the Council.

3. The Holistic Property Review

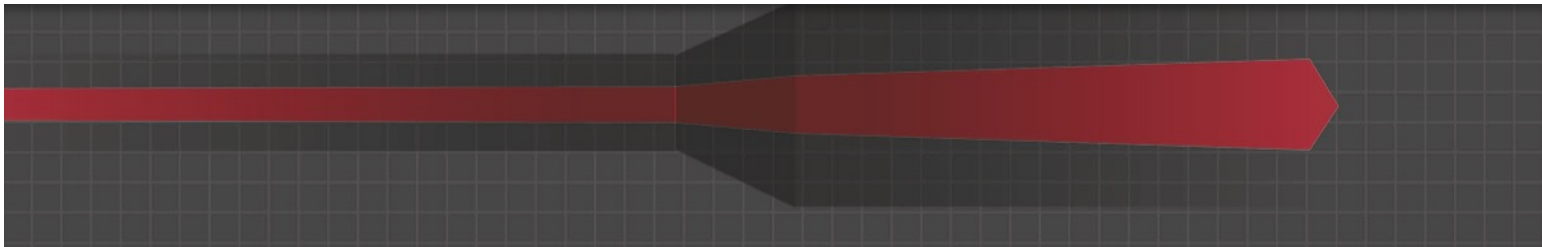
PSP has developed the Holistic Property Review as a result of engagement across the country with its various partnerships and to reflect their increasing desire to generate revenue benefits from their property assets in lieu of further cuts to services.



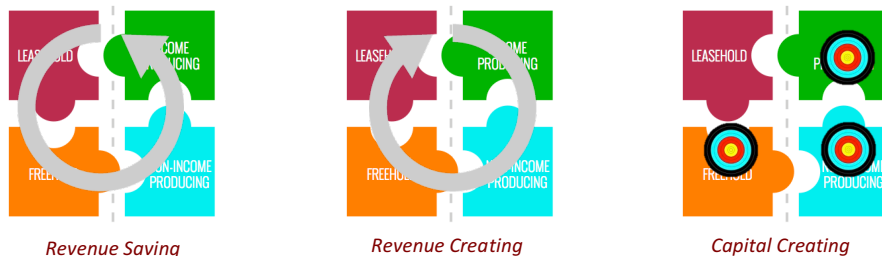
The estate is categorised into one of four types; operational property that is either occupied leasehold or freehold and non-operational property that is either income producing or non-income producing.

These categorisations help to inform the approach that is taken to achieving the overriding objectives of the review. It sets a structure and framework and provides for a clear process to review and prioritise the actions that emerge. Each of these categories costs money and only one produces any income.

The properties discussed thus far fall into each of the categories noted above and, thus, offer significant scope for utilising the full breadth of the review to maximise the desired outcomes.



A series of tools have been established, based upon this categorisation, to achieve the varying objectives sought. These tools sit under one of three areas.



The scope to prioritise actions, seek specific objectives from particular property types and maximise the outcomes that can be achieved is significant. By working assets, creating capital and recycling this capital into revenue savings or revenue creation, a virtuous circle is created that achieves more than the sum of its parts.

The Holistic Property Review can be deployed in its entirety or specific modules or elements within it can be deployed to generate beneficial outcomes for many different property or project types.

4. Market overview

4.1 Area Overview

The Lichfield District area covers some 128 square miles containing a population of circa 102,000 people. Its administrative centre is the city of Lichfield, with Burntwood, to the west, being the next largest settlement with the remainder of the district comprising villages and hamlets. Neighbouring authorities include Burton, Tamworth, Cannock Chase and Stafford.

The city grew initially from its importance as a place of pilgrimage, giving rise to the construction of the Cathedral. The vast majority of the district is rural in character with three clusters of light industrial activity on the west of Burntwood, to the east of Lichfield and at Hilliard's Cross. In the north of the district, the village of Armitage is home to Armitage Shanks, now Ideal Standard, a major producer of sanitary ware. Today, the district is a popular commuter location for those working in nearby Birmingham and elsewhere in the west Midlands.

Strong primary and secondary education provision in the area makes it attractive to residents, with three secondary schools and two independent schools in the district. A campus of Staffordshire University and South

Staffordshire College was opened in Lichfield in 1998, offering further and higher education courses up to masters degree level.

4.2 Transport

The borough is well served by road, with the M6 toll road running through the southern part of the district. There are good links to central London via rail with 2 trains an hour at peak, with journey times ranging from 1.5 hours to 2 hours via either Virgin or London Midland from London Euston Lichfield Trent Valley. A local commuter service links to Birmingham New Street providing frequent services throughout the day. The area is served by two airports; Birmingham Airport, 20 miles to the south and East Midlands Airport 34 miles to the north-east.

4.3 Residential

Last year most property sales in Lichfield involved detached properties which sold for on average £361,281. Terraced properties sold for an average price of £201,331, while flats fetched £134,589.

Lichfield, with an overall average price of £255,840, was similar in terms of sold prices to nearby Whittington (£257,793) and Fradley (£262,867), but was cheaper than Shenstone (£377,423).

During the last year, sold prices in Lichfield were 10% up on the previous year and 11% up on 2007 when the average house price was £229,475.

4.4 Commercial property

There is a small office market, comprising primarily local occupiers, focused on Lichfield and with an average rent of £11.50/sq ft.

As noted previously, the industrial market is stronger, with three primary clusters of industrial activity. Average rents are relatively low ranging from an average of circa £4/sq ft to a high of £7.90/sq ft. The largest occupiers are Tesco, DHL and United Pallet Network. Indeed, Tesco occupy a 700,000 sq ft distribution centre at Hilliard's Cross (the former Fradley Aerodrome/RAF Lichfield) on a 20 year lease granted in 2007. This is, by far, the biggest single occupation in the district.

Being a historic cathedral city, much of the retail space in the city centre is small in nature with a strong emphasis on independent retailing. However, the Three Spires shopping centre on the eastern side of the city centre offers a larger scale retail precinct including Debenhams, Marks and Spencer, Argos, WH Smith and Poundstretcher. Immediately to the south of Three Spires, Friars Gate is being developed by Development

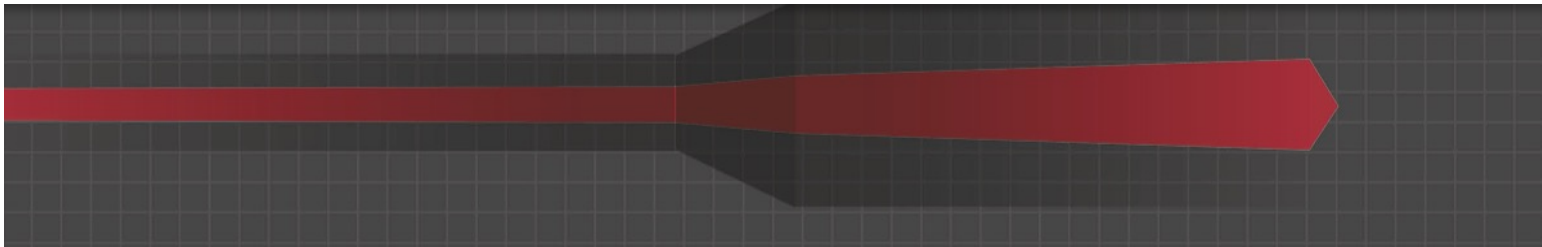
Securities. This is a scheme that has been on the drawing board for some considerable period of time. From an initial scheme of 365,000 sq ft with a significant retail element including a major anchor store, current proposals now total some 258,000 sq ft with a significantly reduced retail element, no anchor store or hotel, but an increase in residential uses. As with many city centre schemes at the current time, a finer grained, more modest scheme is proposed that adopts a more traditional outdoor street pattern integrating more closely with its surroundings. The latest scheme is currently out for public consultation prior to the submission of a fresh planning application.

5. Preliminary review of opportunities

An initial meeting was held with the Council's property team to consider what its objective's for its portfolio might be. In common with many district authorities, the portfolio is relatively modest, however, it does contain some interesting assets. A number of these are earmarked for inclusion within the Friars Gate scheme noted above, however, a number of other opportunities exist. These include the Bird Street car park and the Council's own offices.

The Bird Street car park site is interesting for a number of reasons; firstly, it sits behind two properties acquired by the Council at auction, B&M Bargains and New Look, which sit either side of a passageway connecting the car park to Market Street, secondly, it is adjacent to property owned by the County Council that could, potentially, be joined to the Council's land, lastly, it sits in the core of the historic city centre between the main shopping area and the cathedral. This presents a unique opportunity to create a balance to the Friars Gate development to ensure that trade is not drawn away from the historic core of the city. Its unique location at the foot of the mound on which the cathedral is built and adjacent to the Minster Pool give it a real sense of place.

Clearly, one of the big challenges with sites of this nature is that both the car parking provision and the income from it are important to the town and the Council. Therefore, finding a way to manage replacement car parking and creating sufficient capital upside is one of the big challenges of such a project. The size, at just over 2 acres including the County's property is no so large that it can easily accommodate, say, a decked car park as well as sufficient quantities of developable space to fund the necessary enabling works. First and foremost then, a solution to dealing with the car park must be found. The site is in a fine grained area of the city and it is considered that a scheme with active ground floor uses with high quality residential units above it likely to provide the best mix of suitable and viable space.

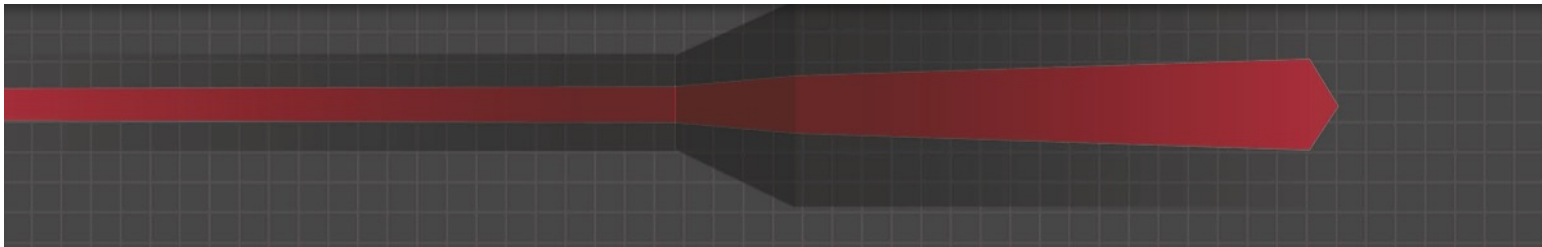


Typically, with a scheme of this nature, the LLP would not seek to undertake the final development, rather, it would seek to capture some of the risk capital sought from a developer by working as a strategic land developer. What this means, in practice, is that the LLP would work to build value into the project and de-risk it such that the finished product is as attractive as possible to as wide a pool of potential purchasers as possible. Steps that could be taken to achieve this might include; further land assembly, selective demolition and enabling works, securing planning permission, addressing complex and and legal issues. The objective would be to create a highly saleable asset at the end of the process, but one that also met the broader objectives of the Council in terms of supporting and sustaining the vibrancy and economic performance of the city.

Typically, a scheme of this nature, where capital receipts are the ultimate outcome, would be appraised within the LLP as follows.

Determined Value	£	This is the open market value of the sites in their current state
Expenditure	£	Agreed budget for works proposed by the LLP
Facilitation Return	£	An agreed return on expenditure to PSP
Partner's resource	£	Allowance for the resource costs of both partners
Total development costs	£	The sum of the above
Realisation Value	£	Sale price of land parcels
Profit	£	Realisation value less development costs
Profit share		
LDC	£	The proportion of profit share is confirmed in the e3 stage
PSP	£	The proportion of profit share is confirmed in the e3 stage

Crucially, and as noted, the outcome of the analysis shown above is tested through the e3 – Evaluate stage. This stage considers the potential returns to the Council from the other options open to it to confirm that the returns proposed meet or exceed the returns forecast from these options. Typically, four scenarios would be assessed; do nothing, the Council acts alone, a market based option and the LLP option.



PSP is developing a number of complex town centre schemes including in Bridport in Dorset, Northwich in Cheshire and Leamington Spa in Warwickshire where complex multi-phased projects are being brought forward to meet a range of differing objectives for their partner councils. The key to achieving successful outcomes from such projects is through true partnership working where the strongest elements of PSP and the Council are brought together to achieve an outcome that exceeds that which might have been achieved if either were acting independently. Similarly, PSP can demonstrate the additional value achieved from live projects where the approach outlined above has delivered substantial value.

Another opportunity that was suggested was to review the office provision for the Council. It is currently housed in a building that combines a historic school house with a fairly plain 1980's office component. Running costs are likely to be substantially higher than for a more straightforward office building and there may be scope to secure operational efficiencies from improved accommodation. This is a recurring theme with other partnerships, indeed, significant achievements have been made with Dudley council in improving their office space and a major project, forming part of the scheme noted above is being explored in Leamington Spa. In both of these instances, the potential redevelopment value of the site that is to be released has a profound effect on the scope to re-provide facilities.

The site of the Council office is relatively small (circa 1 acre) and is further constrained by the presence of the historic school house. However, the latest plans for the Friars Gate scheme propose residential uses at the southern end of the site adjacent to the Council's building. This would point to the redevelopment of the site for residential or care uses as the best way to drive value. Clearly though, no move is possible without first identifying a suitable replacement building. There is no scope for a new office to be constructed from the value released from a disposal of the current site. However, it may be possible to explore opportunities to purchase an existing building. If this could be achieved without it being known that it was for the Council, then this might be secured for a relatively modest price. The challenge of such an approach is that the availability of any suitable second hand building may be highly limited given the shallow depth of the office market.

An alternative approach, which is somewhat more radical, would be to use the strength of the Council's covenant to construct a new office building that could be let to the Council on a commercial basis. This could be arranged in such a way that the freehold of the building might revert to the Council at the end of the agreement. Using such an approach would create a sizeable capital sum once all costs had been met, this sum, together with the capital value of the released site could then be re-invested into revenue generating assets. It is possible that an income stream equal to the rent might be generated, leaving the Council free to benefit from the revenue savings that might be achieved.

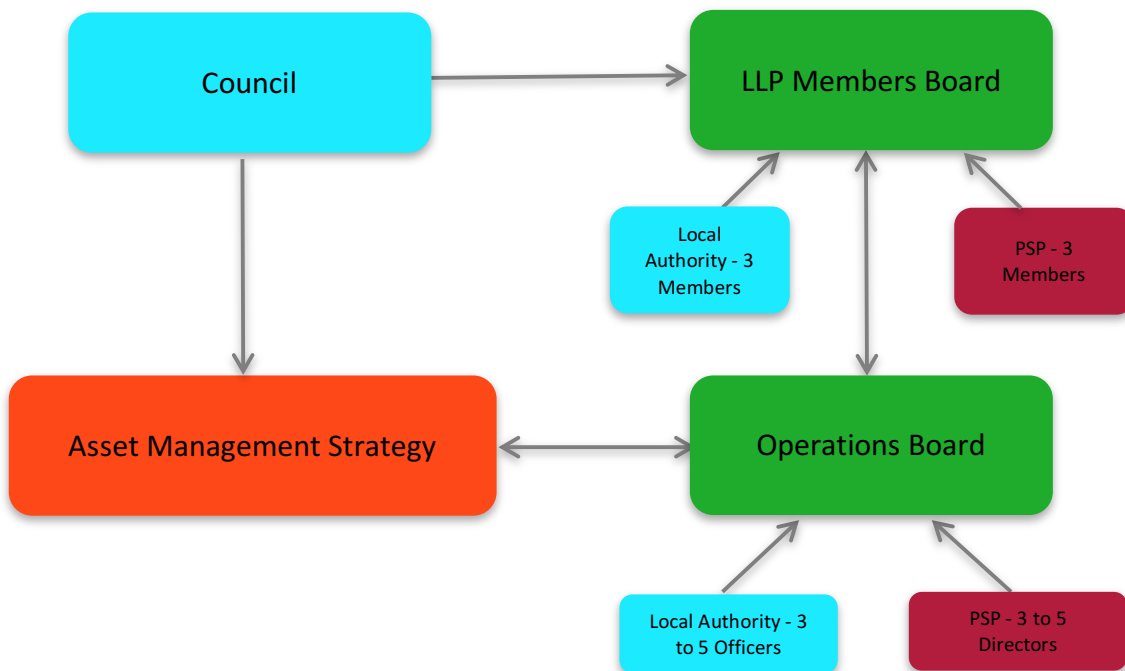
Neither of these options is straightforward, but if the potential gain from operational savings and loss of any maintenance liabilities were great enough then an economic case might be made for such strategies.

Lastly, the Council owns a range of smaller assets that merit further review once an LLP was established to determine whether they offer scope for improvement to generate either capital or revenue opportunities. Such a review would normally be run through the Operations Board and reported back to Members if any interesting ideas emerged.

6. Governance

The PSP model is a combination of structure and process. The governance structure is intended to provide appropriate levels of participation at all relevant points within the Council, thus ensuring that there is a pipeline of projects to be streamed into the LLP for delivery.

A typical partnership structure, showing integration with existing Council structures, is shown in the illustration below;



Once the appropriate structure is agreed and established, the process element of the model provides a template through which the LLP will operate.

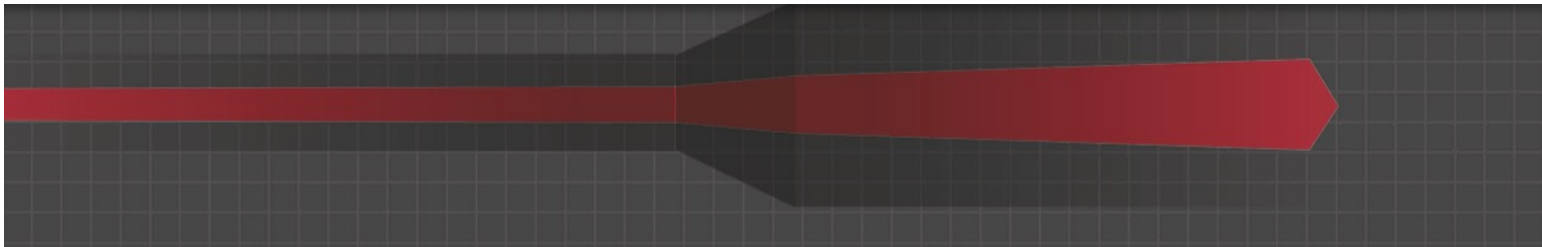
There are several important aspects to note with regard to this structure. Firstly, creating an LLP and establishing the structure do not place an obligation upon either party to put property or funding into the vehicle. Secondly, the structure is created equally and as a deadlocked arrangement. Thus, no one party can force the other party to do something; there is no casting vote and projects only proceed on a unanimous basis. Lastly, the partnership is created in such a way that the commercial partner is responsible for the financial strength of the partnership, thus avoiding creating liabilities for the Council through the use of the LLP.

Typically, the boards are chaired by Council representatives; the Members Board by the leader or a cabinet member and the Operations Board by the head of finance or property. As noted above, the deadlock provisions mean that there is no casting vote for the chair.

The LLP will use PSP's 4e's process to develop proposals and move them through the LLP. Use of the 4e's process will take opportunities from their earliest stages through to delivery in a manner that is compliant with all necessary finance, governance, statutory and procurement rules.

Of these, e3 - Examine is vital since it is the yardstick by which the Council is able to confirm that it is securing value for money and, through the use of Success Criteria can see that the wider objectives of the Council are being delivered through its use of the LLP.

A summary of the steps and key actions is shown below;

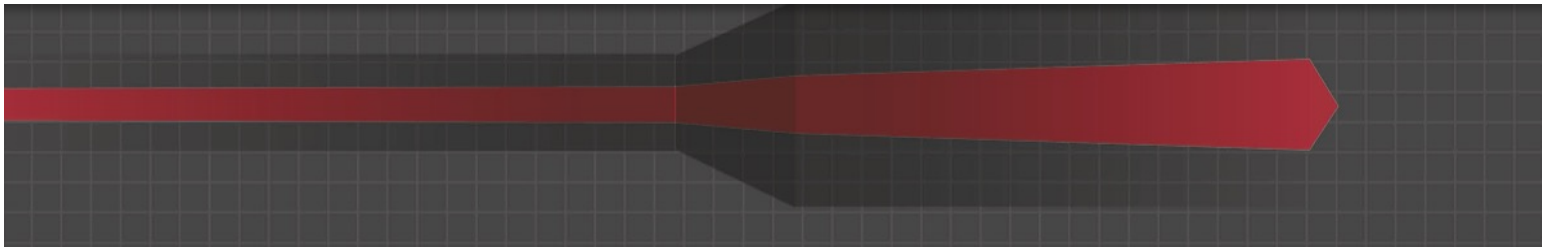


Stage	What	Who	Outcome
e1 Explore	<ul style="list-style-type: none"> Options Feasibility Outline ideas What if's 	<ul style="list-style-type: none"> PSP prepare Ops Board agree Members Board approve 	<ul style="list-style-type: none"> Indication of viability Approval or rejection of opportunity
e2 Examine	<ul style="list-style-type: none"> Initial appraisal Indicative layouts Site assembly options High level strategy Site valuations 	<ul style="list-style-type: none"> PSP prepare Ops Board agree Members Board approve Independent valuers 	<ul style="list-style-type: none"> Forecast returns Agreed project strategy Timetable for delivery
e3 Evaluate	<ul style="list-style-type: none"> Agreement to Success Criteria Demonstration of Value For Money 	<ul style="list-style-type: none"> PSP prepare ACS audit and report to Members Board 	<ul style="list-style-type: none"> Validation report demonstrates achievement of necessary tests
e4 Engage	<ul style="list-style-type: none"> Project delivery Disposal 	<ul style="list-style-type: none"> PSP manage Ops Board oversight of process 	<ul style="list-style-type: none"> Delivery of agreed works Income from disposals

7. Commercial proposition

The PSP model is unique in that it seeks to share net returns equitably between the public and private sector partners in a way that demonstrates value for money and satisfies necessary statutory tests. This is achieved through the creation of a long term partnership rather than a project specific vehicle; 'relational partnering'.

The aim of the LLP would be to generate value using Council assets, which is above and beyond that which the Council would be able to generate for itself. In all cases, the inherent value within a site (the Determined Value) is retained by the Council and established through an independent valuation at the beginning of the project. The LLP seeks only to share in the additional value that it can create from the asset through its own investment. This additional value is created after the base cost of the land and qualifying costs have been deducted from sale receipts (the Realisation Value). The value so created can be recycled into other projects either as enabling investment or in order to generate a revenue income stream.



Revenue projects or more complex multi-faceted projects would be modelled and tested to ensure that they met the objectives of both partners and delivered a commercial return. The key point is that the LLP must always demonstrate the benefits of its proposal over and above any other option in order for the project to proceed.

8. Next steps

Key future dates and actions are as follows;

- To be agreed.

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CUSTOMER PROMISE

Report of the Cabinet Member for Community

Date: 8th March 2016

Agenda Item: 6

Contact Officer: Ysanne Williams / Helen Titterton

Tel Number: 01543 308738 / 308700

Email: Ysanne.Williams@lichfielddc.gov.uk;
Helen.Titterton@lichfielddc.gov.uk

Key Decision? NO

Local Ward Relevant to all wards

Members


Lichfield
district council
www.lichfielddc.gov.uk

CABINET

1. Executive Summary

- 1.1 The District Council has recently completed the development of organisational values; these are reflected within the new Strategic Plan and are in the process of being disseminated throughout the organisation. One of the values is to **'put customers first'** and as part of this commitment, a Customer Promise has been developed which sets out the corporate standards that customers can expect in our dealings with them and equally how customers should treat our staff.
- 1.2 Cabinet Members are being asked to endorse the Promise, promote it within their own portfolio areas/teams, and among Members and the local community.

2. Recommendations

- 2.1 To approve and adopt the Customer Promise attached at **APPENDIX A**.

3. Background

- 3.1 We handle more than 135,000 customer enquiries every year through our Lichfield Connects customer services team. Other teams (leisure centres, revenues, tourism, planning etc.) handle thousands of direct calls, emails and web transactions. The idea of having a Customer Promise originated from the Council's Customer Services Team, and has been developed in conjunction with the Communications Team. The Promise sets out our corporate customer standards to be adopted and rolled out throughout the organisation to accompany the new Strategic Plan 2016 – 2020.
- 3.2 The Customer Promise (attached at **APPENDIX A**) takes on board input from staff across the council given as part of the 2015 staff survey, where good customer service was identified as one of council's key corporate values. The standards have been designed to provide a good level of customer service to our residents and businesses, but also aim to be realistic and reflect the fact we have smaller teams and need to be honest about the level of service we can deliver and maintain. The Promise also sets out the behaviours we expect from our customers and aims to encourage a positive two way relationship. In creating the Customer Promise we researched a number of other councils' approaches and developed what we felt fitted well for our organisation.
- 3.3 There will be a process of embedding the organisational values and standards set out in the Promise across the organisation over the coming months. This may include a range of initiatives to ensure that we are maintaining our performance in our service to customers including:

- **Plain English**

This is particularly important for areas where difficult information needs to be communicated to a wide audience of differing abilities – such as council tax and benefits.

- **Call coaching**

Customer services regularly review phone calls and ‘call coaching’ is carried out regularly with staff to help review real phone calls and identify ways they could improve or where they have done good job.

- **Training**

Ensure training is available to all appropriate staff on customer service standards, dealing with difficult customers and plain English.

- **Website content reviews**

It is proposed that a section is included in each team’s service plan where they are asked to acknowledge that they have checked their web content is up to date and accurate.

3.4 We have considered the options for how we can measure our performance against the Customer Promise. It is proposed that the standards in the Promise should be measured through ongoing mystery shops of our top ten service requests by phone, email, web, letter and face to face. It is also proposed that a mutual mystery shopping arrangement is agreed where each district / borough / county will mystery shop each other and review together. To accommodate this Staffordshire Connects Customer First Group is in the process of agreeing a defined list of criteria and a quality marking sheet that everyone will use for the exercise by which we will be mystery shopped.

Alternative Options	<ol style="list-style-type: none"> 1. There is an option not to have a Customer Promise but given the work undertaken on organisational values, this is an opportune time to define for our staff and our customers how our value to <i>put customers first</i> is taken forward in a practical way. 2. The standards in the Customer Promise could be amended; however, these have been selected following extensive internal and some external consultation and consequently there is a good level of ‘buy in’ to the standards as set out
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Consultation	<p>With residents</p> <p>A session took place on 24 October where 30 residents attended a Focus Group to discuss the draft Strategic Plan. A specific group focused on customer service and standards issues. Most of the feedback was about how we communicate with the community and channel shift issues. However, residents were supportive of the Promise but requested that the language should be plain and the content straightforward.</p> <p>With staff</p> <p>6 sessions have taken place (attended by 71) to discuss the emerging corporate values for the council. The Promise has been discussed at these sessions and copies of the Customer Promise were taken away to share with teams. One of the main concerns expressed was whether the response times could be met – to return messages and respond to enquiries in full. This was a particular concern in small teams – although it should always be possible to forward calls and open post when absences are planned and should be a manager’s responsibility to make arrangements for calls and post when an absence is unplanned</p>
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	<p>With Members</p> <p>A copy of the Promise was included as an Appendix to the report on the Strategic Plan considered by Strategic O&S on 17 November 2015. No adverse comments made relating to the Customer Promise</p>
Financial Implications	There are only minor costs associated with this report eg. for reproducing posters and leaflets and providing staff training; this can be met from within existing budgets. There would be a cost associated with the rollout of Plain English training (although the Communications Team can provide some input in house)
Contribution to the Delivery of the Strategic Plan	<p>The Customer Promise will help the Council work towards and deliver outcomes under the priority '<i>A Council that is fit for the future</i>'; in particular, the implementation of the Promise will help us ensure that our customers are more satisfied, that we live the organisational values and we are committed to openness and transparency in our dealings with customers.</p> <p>A commitment is made within the Annual Action Plan 2016/17 to launch the Customer Promise by May 2016</p>
Equality, Diversity and Human Rights Implications	<p>Making sure that we respond appropriately to the differing needs of our customers is at the heart of the Promise. We pledge to treat customers fairly and with respect, use plain language not jargon and provide information in other languages and large print</p> <p>An equality impact assessment has been carried out on the Promise and feedback taken into account</p>
Crime & Safety Issues	The Promise sets out the District Council's expectations of how residents will treat our staff. This includes 'allowing us to work in a safe environment free from aggressive, abusive or threatening language and behaviour'

	Risk Description	How We Manage It	Severity of Risk (RYG)
A	The Customer Promise is not embedded within the organisation	<p>Internal posters will be developed aligned to the Promise but concentrating on certain parts e.g. one for letters, emails & texts which will also include pointing people to information about how to respond to emails from customers, plain English guide, writing effectively, top tips etc.</p> <p>To be part of Performance and Development Review appraisal process</p>	Green
B	Staff are not equipped with the skills and knowledge to deliver the standards set out in the Promise	Identify what training requirements/opportunities there are to ensure this is embedded with staff.	Green

Background documents

Relevant web links

Our customer promise

We will treat you with respect, keep you informed, make it easy



Letters, emails & texts We will

- respond to your enquiry in full within five working days* or if we can't we will let you know when we can.
- tell you what will happen next and when.
- keep you updated of progress.



Face-to-face We will

- be on time, or let you know if we will be delayed.
- wear name badges or carry official staff photo passes.
- arrange to discuss issues in private if required.
- where appropriate, make other arrangements to see you if you cannot visit us.



Our communications We will

- put your needs at the heart of what we do.
- listen, be helpful, polite and treat you fairly and with respect.
- be open, upfront and explain our decisions.
- use plain language not jargon.
- provide information in other languages or large print if needed.



Keeping you informed We will

- produce information about the council and our services that is accurate, useful and up to date on our website.
- monitor and let you know whether we are meeting our customer standards on a regular basis.
- review our customer standards every year.
- use your feedback to help us make decisions and improve our processes and services.



Telephone We will

- aim to answer your call within 30 seconds.
- tell you who you are speaking to and the name of the service or place you are calling.
- deal with your request the first time you contact us, or as soon as we can.
- take a message, transfer your call, or give you the correct number to phone if we can't help you directly.
- return your messages as soon as possible and within a maximum of three working days.



Our buildings We will

- provide a welcoming, safe and accessible environment.
- aim to greet you within three minutes of arriving.
- provide clear signs in reception areas.
- provide self-service facilities where possible.



Complaints, comments & compliments We will

- make it easy to report a complaint, comment or compliment.
- acknowledge all complaints within three working days.
- provide a full response within 20 working days, or let you know when we will respond in full.
- treat complaints confidentially, while making sure we are fair to everyone concerned.
- let you know how to take your complaint further if you are not satisfied with our response.
- say sorry when we are at fault and do our very best to put things right.
- record complaints, comments and compliments and use them to review and improve our services.

To find out more, read our 'how to make a complaint, suggestion or give us a compliment' leaflet online at www.lichfielddc.gov.uk/complaints

In return, we ask you to



Treat us with respect

- Allow us to work in a safe environment free from aggressive, abusive or threatening language and behaviour.
- If possible, check our website first before ringing or visiting us.
- Give us all the information we need to help you.
- Be patient when you contact us at busy times.



Let us know

- Let us know if you have any specific needs.
- Ask us to explain anything you are not sure of.
- Give us notice if you need to cancel or rearrange an appointment.
- Tell us straightaway if you are unhappy with the service you receive.
- Tell us if you are pleased with the service you receive.

*Freedom of Information requests will be responded to within 20 working days.

If you would like our customer promise in another format, such as large print, please call our Lichfield Connects team on 01543 308000.