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27th March 2017

Dear Sir/Madam

CABINET MEETING

A meeting of the Cabinet has been arranged to take place on **TUESDAY 4 APRIL 2017** at **6.00 PM** in **THE COMMITTEE ROOM, DISTRICT COUNCIL HOUSE, LICHFIELD** to consider the following business.

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

Yours faithfully

Neil Turner BSc (Hons) MSc
Director of Transformation & Resources

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. The Progress on the Move to 100% Business Rates Retention (copy attached)
4. Garden Waste Subscription Service (copy attached)
5. 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"
6. To Approve the Expenditure for Legal Fees (copy attached)

7. Expanding the Local Land Charges Shared Service (copy attached)

(A copy of the Council's 'Strategic Plan at a Glance' is attached for information).

The progress on the move to 100% Business Rates Retention

Cabinet Member for Finance and Democracy

Lichfield district council
www.lichfielddc.gov.uk

CABINET

Date:	4 April 2017
Agenda Item:	3
Contact Officer:	Anthony Thomas
Tel Number:	01543 308012
Email:	Anthony.thomas@lichfielddc.gov.uk
Key Decision?	**YES**
Local Ward Members	Full Council

1. Executive Summary

1.1. In April 2013 Local Government began retaining **50%** or **£10,899m** of the Estimated Business Rates collected of **£21,797m** as a 'local share'.

1.2. The local share together with Revenue Support Grant is the funding provided by Government to fund services provided by each Local Authority.

1.3. In 2015, the Chancellor announced that Local Government as a whole would be able to keep **100%** of Estimated Business Rates collected and by 2020/21 this could be as much as **£13,000m**.

1.4. The Government's aim is to phase out Revenue Support Grant and potentially some other grants, and transfer new responsibilities to Local Government at the same time as it receives additional income from Business Rates. The intention is that the move to 100% Business Rates Retention will be revenue neutral for Local Government financially at the point of transfer.

1.5. The move to 100% retention will mean significant changes will take place between now and 2020 to enable the new framework to be implemented.

1.6. The implementation is being undertaken by the Department of Communities and Local Government together with the Local Government Sector through a series of working groups, consultations and pilots.

1.7. The first consultation contained two papers 'Self Sufficient Local Government: 100% Business Rates Retention' and the 'Fair Funding Review, a call for evidence on need and redistribution' was published in July 2016 and following consultation with the Leader and the Deputy Leader this Council responded to both papers on 26 September 2016.

1.8. A further consultation titled '100% Business Rates Retention further consultation on the design of the reformed system' was published in February 2017 and a response is required by **3 May 2017**.

1.9. The planned changes to the Business Rates Regime (including the move to 100% Business Rate Retention) and the potential financial impact on the Council mean Financial Resilience is identified as a corporate risk for the Council.

2. Recommendations

2.1. To note the progress on the move to 100% Business Rates Retention.

2.2. To delegate to the Cabinet Member for Finance and Democracy and the Head of Finance and Procurement the responsibility for the completion of the Council's consultation response by 3 May 2017 and any other Consultations issued related to the move to 100% Business Rates Retention.

3. Background

The Current System

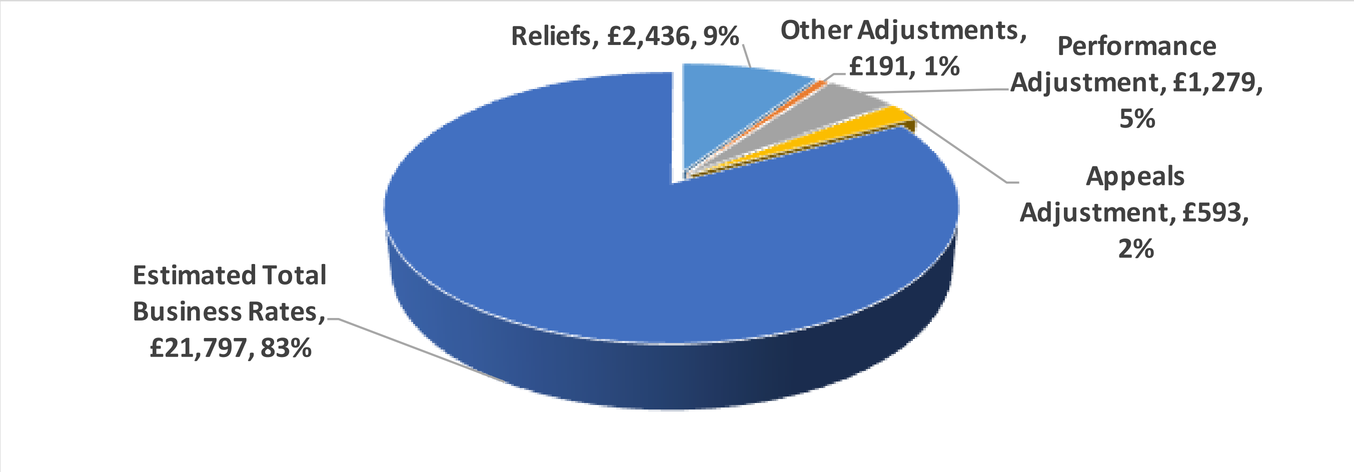
3.1. The current Business Rates framework was introduced from 1 April 2013 and is based around **50%** of Business Rates being retained by Local Government as a 'local' share. The remaining **50%** is retained by Government as the 'central' share and is used to provide financial support to Local Government including the Revenue Support Grant.

3.2. The Government put in place a system to redistribute Business Rate income between Councils to reflect higher need or less capacity to raise their own Business Rates – tariffs and top ups.

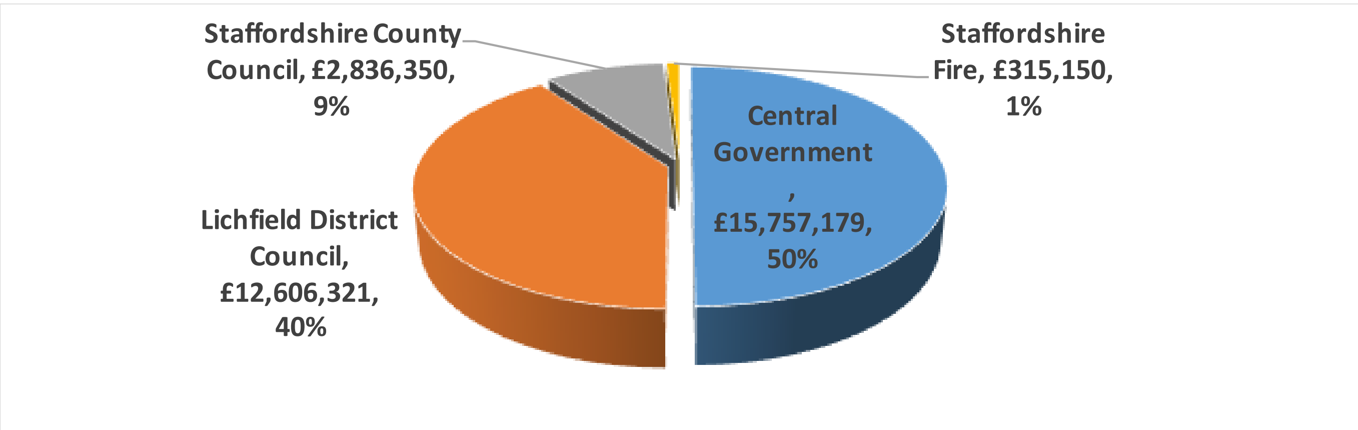
3.3. Individual Councils keep **50%** of any growth in Business Rates in their area above those projected in Government set Baselines. This growth is subject to a levy which is used to fund a safety net for those Councils who experience a significant fall in business rate income. Therefore whilst this Council receives **40%** of Business Rates, after taking account of the levy, the retention level is only **20%**.

The Council's Starting Baselines

3.4. On 1 April 2013 the Government estimated that the total Business Rates in England as **£21,797 million** and therefore the local share was **£10,899 million**. This included a performance adjustment of **£1,279 million** (5.43%) to reflect the difference between estimated and actual business rates between 2007-08 and 2011-12 and an appeals adjustment of **£593 million** (2.65%). This is summarised in the chart below:

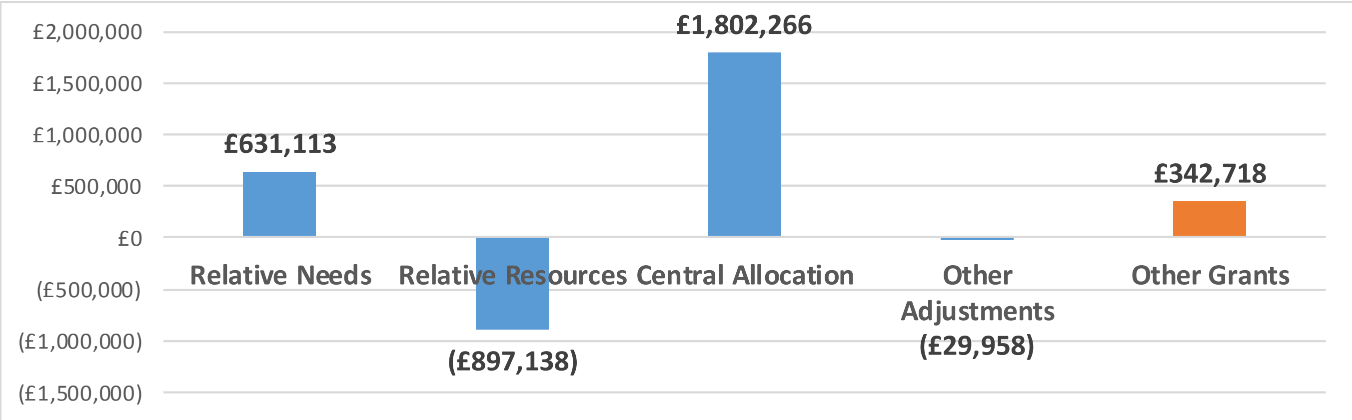


3.5. The local share was split proportionality based on a two year income average in 2010/11 to 2011/12 to each Council and a Business Rates Baseline for Lichfield District was calculated as **£31.515m.** The Business Rates Baseline based on the share of this sum allocated to each organisation using the prescribed split is shown in the chart below (Lichfield District Council's 40% share was **£12.606m)**:



3.6. To reflect need in the system, a Baseline Funding Level was calculated for each Council based on the previous formula grant system 'four block model' (taking account of relative need, relative resources, a central allocation and other adjustments such as limiting the impact of methodology or data changes plus any other grants incorporated).

3.7. The Baseline Funding Level was set at **£1.849m** and is shown in the chart below:



3.8. It is important to note that based on Government Baselines, Lichfield District Council retains **5.9%** of Business Rates in Lichfield District (**14.7%** of the Council's 40% share).

3.9. Where the Business Rates Baseline is higher than the Baseline Funding Level, a tariff is paid and where it is lower a top up is received. The Council had a higher Business Rate Baseline than its Baseline Funding Level (based on need) and therefore is required to pay a tariff that was calculated as **£10.757m**. This is a fixed sum (in-year) and does not alter based on the actual Business Rates collected.

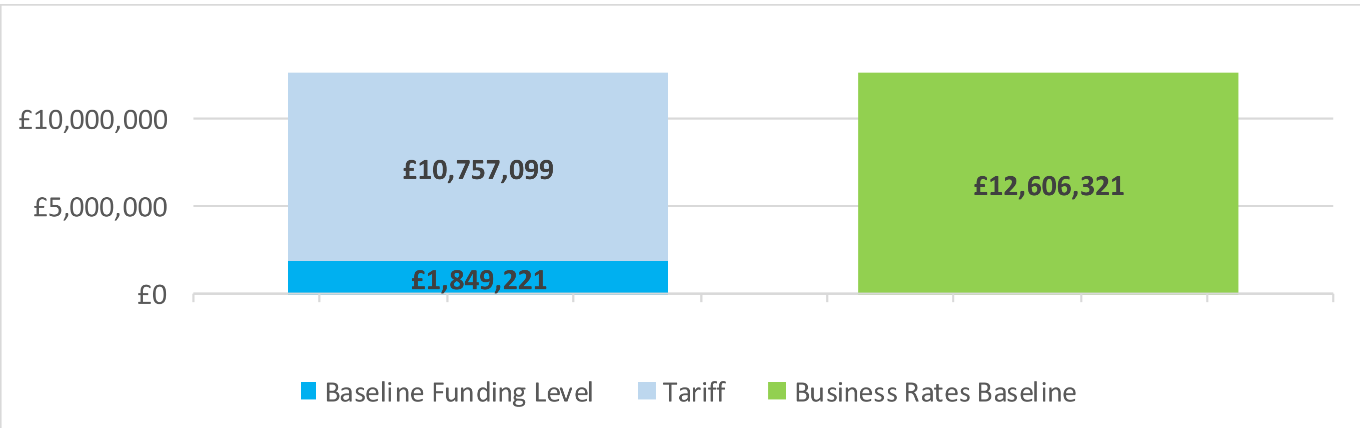
3.10. All Baselines, tariffs and top ups are increased each year by the level of the Retail Price Index in the September of the preceding financial year.

3.11. Where actual Business Rates collected are the same as the Business Rates Baseline, the resources received will be equal to the Baseline Funding Level.

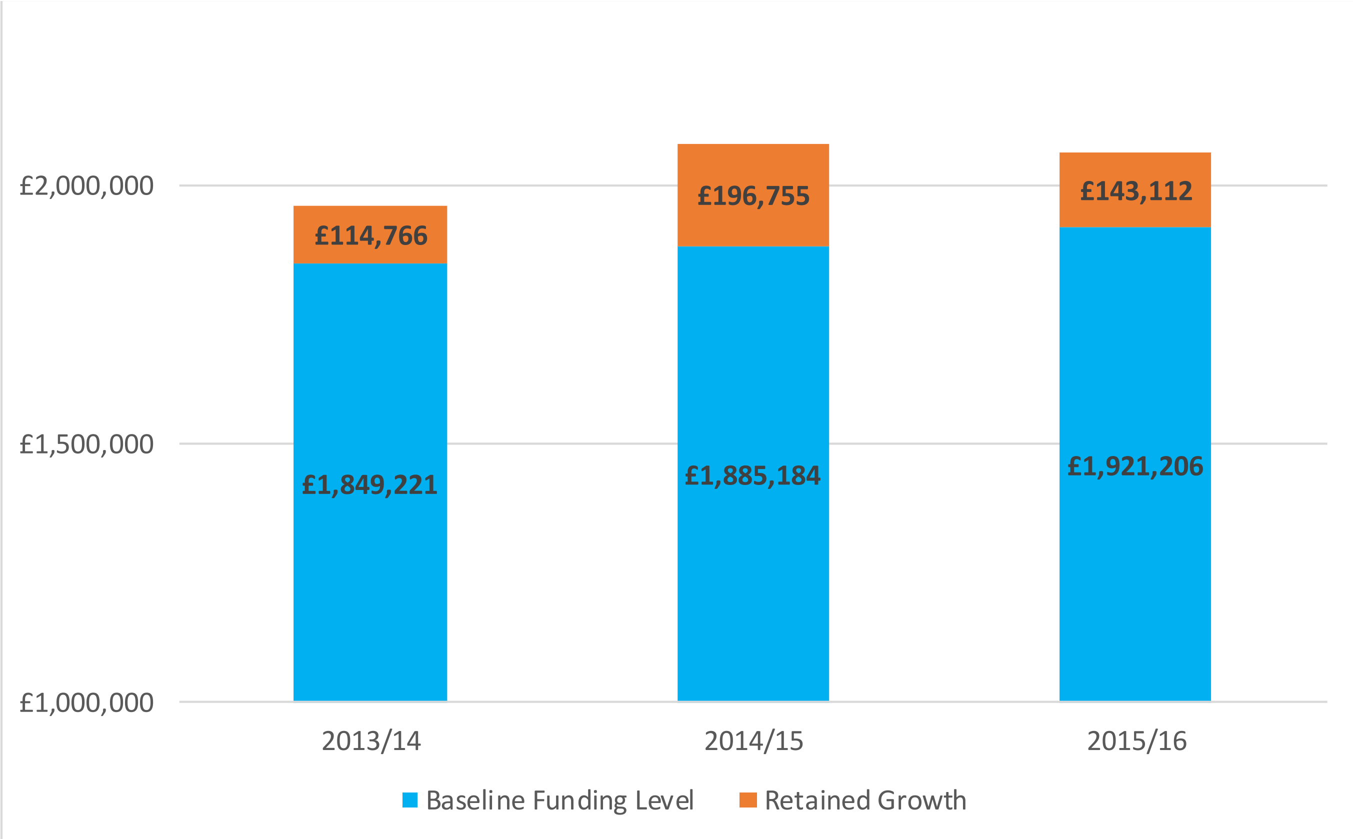
3.12. A safety net set at **92.5%** of the Baseline Funding Level is in place and for Lichfield was initially **£1.711m**. This is the minimum Business Rates the Council will retain, irrespective of the level of Business Rates collected.

3.13. A reset of the Business Rates Baseline is scheduled to take place in April 2019, alongside the introduction of 100% Business Rates Retention and a reassessment of need (and therefore the Baseline Funding Level). The Government is currently consulting on the timetable for future resets.

3.14. The Business Rates Baseline, Baseline Funding Level and Tariff set by the Government for 2013/14 are shown in the graph below:

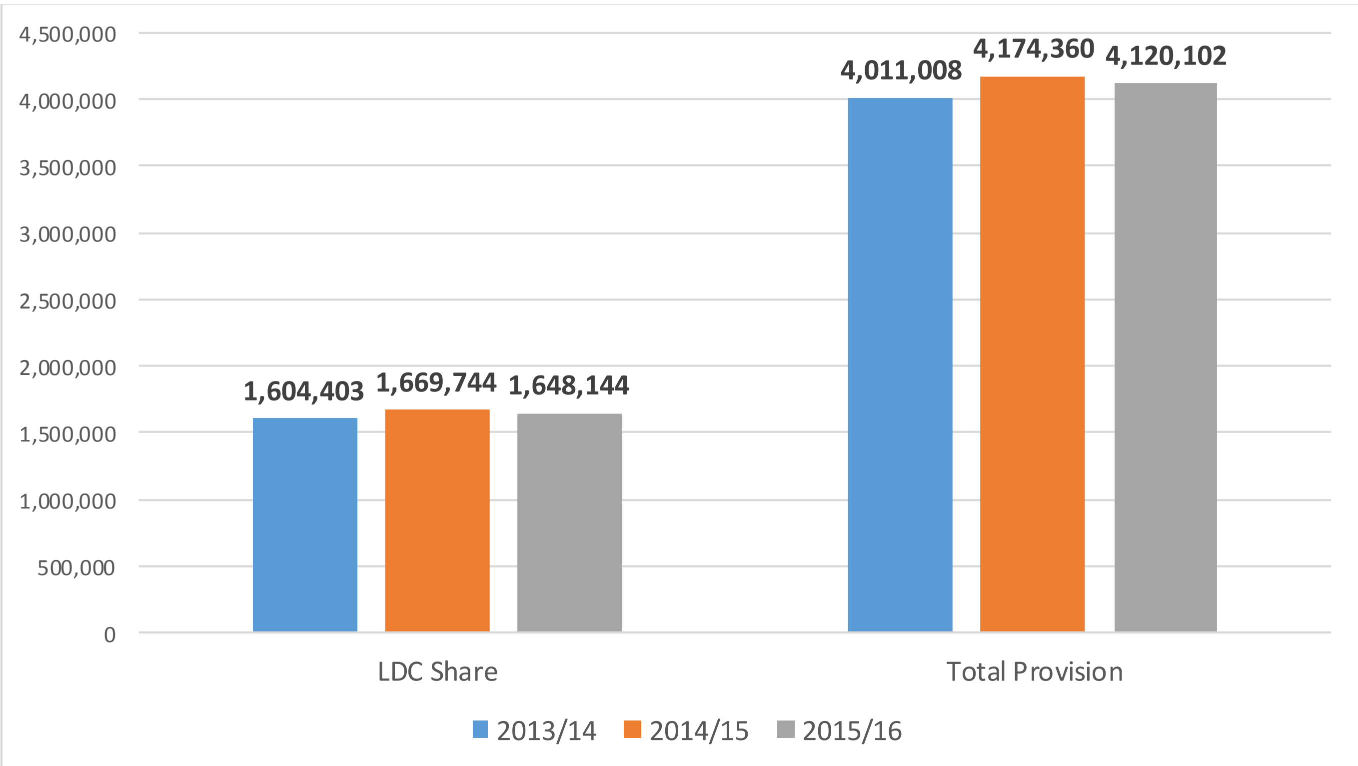


3.15. The Council's actual retained Business Rates compared to the Baseline Funding Level for 2013/14 to 2015/16 is shown in the graph below:



3.16. One of the key reasons why retained growth has been relatively low has been the volatility and risk resulting from Business Rate Appeals. To manage the risk of successful appeals lodged by Businesses, a provision has been established and Business Rate income is reduced to fund the provision.

3.17. The level of the Business Rates Appeals Provision in 2013/14, 2014/15 and 2015/16 in total and Lichfield District Council's 40% share is shown in the chart below:



The First Business Rates Consultation and the Legislative Process

3.18. On 5 July 2016, the Department of Communities and Local Government published the first consultation paper on the proposed move to 100% Business Rates Retention. This consultation was in the form of two papers:

- Self Sufficient Local Government: 100% Business Rates Retention.
- Fair Funding Review: A call for evidence on needs and redistribution.

3.19. This Council responded to both consultation papers on 26 September 2016 and copies of these responses are shown at **APPENDICES A** and **B**.

3.20. On 13 January 2017, the Government published the Local Government Finance Bill 2016-17, with accompanying Explanatory Notes relating to the Bill. This Bill provided for, among other things, the primary legislation to facilitate the move to 100% Business Rates Retention.

3.21. On 31 January 2017, factsheets were published by the Department of Communities and Local Government related to the legislative framework being established to support the introduction of 100% Business Rates Retention.

3.22. The main points we now know are:

- The government is still hoping to introduce 100% Business Rates Retention by **2019/20**;
- The system will **not have a levy on growth**; the existing system of Top Ups and Tariffs will remain and there will be a Safety Net;
- All authorities will be invited to participate as a business rate pilot for 2018/19;
- The government **favours partial resets** of business rates and a redetermination of need **every five years**. Partial resets should allow a proportion of local growth to be retained beyond a reset;
- **Appeals following revaluation will be paid for centrally**, using a top-slice of business rates income;
- Business Rate Pools will be determined by the Secretary of State and will not require local authority approval. Pool membership could include a number of benefits to local authorities, **including Local Growth Zones, which would make elements of growth exempt from Resets**;
- Revenue Support Grant, Rural Services Delivery Grant, Public Health Grant and the Greater London Authority Transport grant will all be funded through 100% Business Rates Retention and will cost circa **£6Bn**. Attendance Allowance will not be devolved. The remaining grants and/or new responsibilities that will devolved and funded from the remaining circa **£6.5Bn** will be determined by Spring 2018.

3.23. The areas still to be decided are:

- **Tier splits in two tier areas**, although the government has indicated its preference of aligning local shares to the proportion of local need (i.e. aligning business rates income and expenditure);
- **How Business Rate Baselines will be determined at the Reset** (i.e. what figures will be used and how many years' worth);
- The workings behind the **£12.5bn** figure that government believe is available and whether the **£1.8Bn** of income from National Infrastructure Assets on the Central List will be incorporated;
- **The level of Safety Net support**, although it would appear that it could be more generous (in cash terms) than the current system;

- **What the new nationalised system of appeals will look like** and how the transition to a nationalised system of appeals will take place. Both of these will have significant financial impact for local authorities;
- The technical details. There is still a huge amount of technical detail that needs to be determined on issues such as how a partial reset could work; progressing future resets of Need; which further grants or responsibilities could be devolved; how much growth could be retained. These technical details will in large determine the financial consequences for individual authorities of the move to 100% Business Rates Retention.

The Second Business Rates Consultation

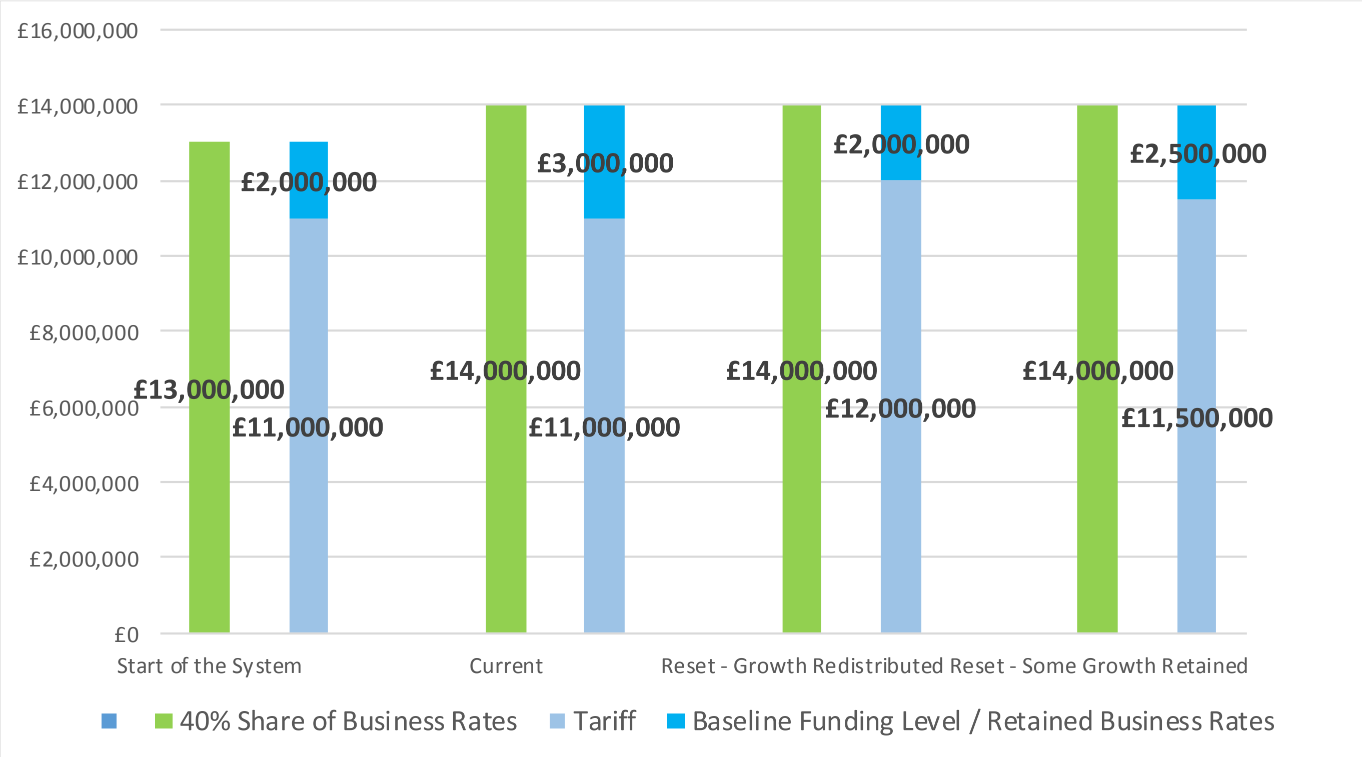
3.24. The Government issued a second consultation in February 2017 and this provides some further useful information such as the timetable that is shown below:

Timeframe	**Event**
Feb 17	Publication of further consultations on design of the 100% Business Rates Retention system and on the Fair Funding Review.
Apr 17	Piloting of the approach to 100% Business Rates Retention begins in Cornwall and the combined authority areas of Greater Manchester, Liverpool City Region, West Midlands, and West of England. In addition, Greater London Authority will take on responsibility for Transport for London capital funding and will receive a higher share of business rates.
Autumn 17	Planned publication of further detail on secondary legislation, including draft regulations where possible.
Apr 18	Further piloting of the approach to 100% Business Rates Retention begins in areas not covered by devolution deals, including two tier areas.
Spring 18	Aim to decide on package of responsibilities to be devolved for the commencement of new 100% Business Rates Retention system.
Summer 18	Planned consultation on new relative needs baseline for new system.
Apr 19	Expected implementation of 100% Business Rates Retention across local government.

3.25. One of the key elements of the new 100% Business Rates Retention system is achieving the balance between redistributing business rates to meet changing relative need and using the system to provide an incentive for growth.

3.26. This balance will be achieved through resets of Business Rate Baselines and Baseline Funding Levels. The reset approach is explained in a simple example (ignoring inflation) for a District Council based on the current Business Rates framework below:

- On 1 April 2013, the Government set the Business Rates Baseline as **£13m**, the Baseline Funding Level as **£2m** and therefore the Tariff payable was **£11m**.
- The Council experiences Business Rates growth and by 1 April 2018, their 40% retained Business Rates is **£14m**, the Tariff payable is **£11m** and therefore the retained Business Rates is **£3m**. This means the Council was retaining **£1m** of growth in excess of the Baseline Funding Level.
- On 1 April 2019, the system is reset and the Business Rates Baseline is reset to the current level of **£14m**.
- In scenario one, the Government reassesses the level of need and the system redistributes all growth. Therefore the level of need and the Baseline Funding Level is reaffirmed as **£2m**, the Tariff increases to **£12m** and the **£1m** of growth is redistributed.
- In scenario two, the Government reassesses the level of need and the system allows as an incentive **50%** of growth to be retained. Therefore, the Baseline Funding Level is set as **£2.5m**, the Tariff increases to **£11.5m** and only **£0.5m** of growth is redistributed.



3.27. This consultation suggests that a **five year reset period** will be used and is in part based on consultation responses and need would also be reassessed as part of this reset. This is likely to mean there will need to be transitional arrangements to avoid significant changes in income between years possibly up to **four years**.

3.28. The consultation also proposes the idea of a **partial reset**, which would allow a proportion of growth by individual authorities to be retained locally beyond a reset period whilst at the same time those experiencing losses would not be expected to carry these forward.

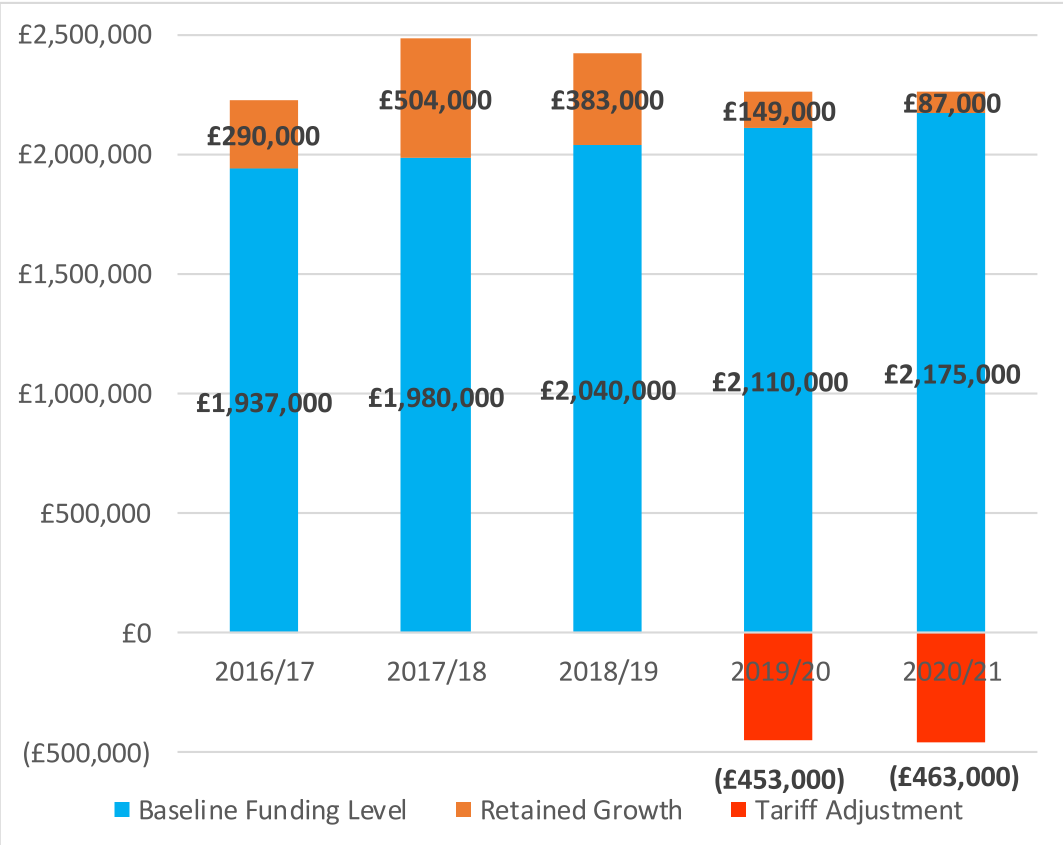
3.29. The second consultation asks a further **seven** questions:

1. Question 1: What are your views on the proposed approach to partial resets?
2. Question 2: What are your views on how we should measure growth in business rates income over a reset period?
3. Question 3: What are your views on the Government's plans for pooling and local growth zones under the 100% Business Rates Retention system?
4. Question 4: How can we best approach moving to a centrally managed appeals risk system?
5. Question 5: What should our approach be to tier splits?
6. Question 6: What are your views on proposals for a future safety net under the 100% Business Rates Retention system?
7. Question 7: What are your views on our proposals for the central list?

3.30. The Council's response to this consultation will be based on those formulated by the District Councils Network and the Society of District Council Treasurers with some localisations to reflect key points this Council would like to make based on local experiences and priorities.

Alternative Options	The Council could choose to not submit a consultation response.

Consultation	The consultation "100% Business Rates Retention, Further consultation on the design of the reformed system" is the second in a series of consultations related to the move to full retention of Business Rates by Local Government.

Financial Implications	1. The Council's Budgeted retained Business Rates income contained in the Approved Medium Term Financial Strategy 2016-21 is shown in the chart below: 

	2. The Medium Term Financial Strategy assumes the 100% Business Rates Retention system commences on **1 April 2019**. 3. As part of the Four Year Funding Settlement, in 2019/20 a Tariff adjustment of **£453,000** has been included and currently the Medium Term Financial Strategy assumes this remains in 2020/21 and is increased by inflation to **£463,000**. 4. There are two scenarios with regard to the Tariff adjustment: • **An optimistic scenario** – the Tariff adjustment is subsumed into the changes resulting from the move to the 100% framework and this does not adversely impact on the Baseline Funding level. • **A pessimistic scenario** - the Tariff adjustment reduces the Baseline Funding level. 5. The Council's retained Business Rates Budgets included in the Medium Term Financial Strategy for 2019/20 and 2020/21 are currently based on the more pessimistic scenario.

Contribution to the Delivery of the Strategic Plan	The report directly links to overall performance and especially the delivery of Lichfield District Council's Strategic Plan 2016-20 and beyond.

Equality, Diversity and Human Rights Implications	These areas are addressed as part of the specific areas of activity prior to being included in Lichfield District Council's Strategic Plan 2016-20.
Crime & Safety Issues	These areas are addressed as part of the specific areas of activity prior to being included in Lichfield District Council's Strategic Plan 2016-20.

	Risk Description	How We Manage It	Severity of Risk (RYG)
A	The impact of the Check, Challenge and Appeals approach for Business Rate Appeals and more frequent revaluations processes.	To closely monitor the level of appeals. An allowance of **4.7%** (in line with the DCLG Allowance) for appeals has been included in the Business Rates Estimates	Red - Severe
B	The Full localisation of Business Rates	To assess the implications of proposed changes and respond to consultations to attempt to influence the policy direction in the Council's favour	Red - Severe

Background documents:

The Medium Term Financial Strategy (Revenue and Capital) 2016-21

Self Sufficient Local Government: 100% Business Rates Retention.

Fair Funding Review: A call for evidence on needs and redistribution.

100% Business Rates Retention: Further Consultation on the design of the reformed system.

Relevant web links

Self Sufficient Local Government: 100% Business Rates Retention

Question 1: Which of these identified grants / responsibilities do you think are the best candidates to be funded from retained business rates?

Question 2: Are there other grants / responsibilities that you consider should be devolved instead of or alongside those identified above?

We believe:

- **There is a need for transparency regarding the amounts rolled in and future years' assumptions regarding these amounts will be critical.**
- **For example, in 2013/14 a number of grants were rolled into the Settlement Funding Assessment, including localised support for council tax. However, in subsequent years, the reductions in local government funding reduced the SFA amount, and with it, elements of the grants rolled in.**
- **The ability to influence and grow the Business Rates base in an area is dependent on a number of factors such as infrastructure, skills, location etc. Therefore grants that enhance our ability to attract and retain businesses should be those considered as priority for devolution such as skills development and private sector support.**

Question 3: Do you have any views on the range of associated budgets that could be pooled at the Combined Authority level?

Question 4: Do you have views on whether some or all of the commitments in existing and future deals could be funded through retained business rates?

We believe:

- **At present Lichfield District Council is not part of a Combined Authority and therefore does not have any specific views on these questions. However, we would emphasise that we believe any system should not disadvantage an Authority that has decided not to be part of a Combined Authority.**

Question 5: Do you agree that we should continue with the new burdens doctrine post-2020?

We believe:

- **Whilst the New Burdens Doctrine is essential in ensuring services transferring to local government are accompanied by sufficient funding, the determination of the initial and future funding levels is key.**
- **To date, the Section 31 Grant issued to compensate for changes affecting business rates income (e.g. 100% Small Business Rate Relief and the cap on the multiplier) has been fair. The objective way in which the amounts could be calculated has been a contributory factor in allowing the grant to be determined with little dispute.**
- **Where new responsibilities are passed over to local government, the nature of these responsibilities and the costs associated need to be fully funded and calculated in a transparent manner.**
- **Where central government policy is seeking to change the nature of these responsibilities, the problem of how the changes are implemented should not be one for local government to address. For example, the transfer of the localised support for council tax required local government to make changes to the existing scheme in order to make up the shortfall in funding that was passed from central to local government.**

Question 6: Do you agree that we should fix reset periods for the system?

We believe:

- **Having a fixed period does allow an authority to know when their current position against the NDR baseline is due to end and therefore allows some degree of financial planning (compared to waiting for a subjective decision from central government). However, it is also important that the process for a Reset is set out in advance and not open to manipulation in future years. For example, changing the number of years the Baseline is calculated on.**

Question 7: What is the right balance in the system between rewarding growth and redistributing to meet changing need?

We believe:

- **Pre 2013/14, there was a fixed amount of resources available to local authorities (i.e. Formula Grant) and therefore for an authority to gain resources others had to lose. So when a shift in Relative Need occurred, resources were moved between authorities. However, since 2013/14 there is now an added dimension i.e. the amount of resources created locally through business rates growth.**
- **Whilst it is acknowledged that Relative Need does need to be recalculated (how often is subject to debate), it does not follow that growth achieved above the national Settlement Funding Amount (SFA) needs to be included in any reassessment of Relative Need. Instead, the amounts with the SFA figure could be re-assessed and growth could be retained outside of the relative need calculation.**
- **Furthermore, whilst for 2020 there is to be a simultaneous "Reset" and reassessment of Local Need, this does not need to be the case in the future. For example, Need (and therefore the Baseline Need amount) could be updated annually, bi-annually or 5 yearly to reflect data change whilst business rates (and the NDR Baseline figure) could be Reset on a different timeline i.e. 5, 10 or 20 years (see Question 8).**

Question 8: Having regard to the balance between rewarding growth and protecting authorities with declining resources, how would you like to see a partial rest work?

We believe:

The purpose of business rates retention is to create an incentive for authorities to promote economic growth. Therefore, by only allowing authorities to retain growth for a limited period limits the incentive and potentially the resources required to allow authorities to finance material sums over a longer timescale sufficient to create the right conditions for sustainable growth.

- **This argument would suggest that growth should be retained on a permanent basis (or over a sufficiently long period). However, the extent to which authorities have created "growth" (if defined by amount collected above NDR Baseline) and the extent to which it is merely a consequence of a particular methodology for setting the NDR Baseline should be recognised.**

Therefore, the most appropriate course of action may be to include a partial reset into the system to ensure:

(i) Windfall gains (from favourable baselines) are restricted to a limited number of years
(ii) Authorities with unfavourable baselines (due to the timing of appeals being settled for example) are not left in the positon of needing safety net support over a prolonged period.

This is opposed to what would be considered a "Full Reset" and "No Reset" i.e.

a) No Reset - NDR Baselines continue to be increase by the increase to the multiplier only and NDR growth is retained indefinitely (with only Baseline Need being updated).
b) Full Reset – the NDR Baseline (and therefore Baseline Need) increases at the reset to reflect the growth achieved between resets. This would either (i) allow central government to roll in more responsibilities into the SFA or (ii) the growth would be redistributed based on Relative Need (i.e. as per the issue in Question 6 above).

- A "Partial Reset" could mean that local government is to keep the gains made above the Baseline (albeit distributed across local government via the NDR Baseline), thereby creating the incentive for the sector. However, the incentive for individual authorities may be significantly weaker if they know that longer term growth elsewhere is a more important factor that local growth.
- A partial reset of this nature would also not differentiate between an authority that has invested significantly (and needs the proceeds of growth to pay for the investment) and those that have merely gained from the Reset methodology.

- The partial reset therefore needs to:

I. Retain growth in local government
II. Allow authorities to retain "real growth" (in order to create the right incentive for investment)
III. Stop longer term windfall gains or unrealistic Baselines that leave authorities below their NDR Baseline / at the safety net, due to the methodology for the Reset only.

- In effect, it needs to allow local authorities to retain the rewards / resources due from actual growth, whilst at the same time ensure funding disparities (through the methodology in determining the NDR Baseline) are kept to a minimum. Potential ways of addressing this could be to allow authorities to ring fence growth from specific sites (as with Enterprise Zones) that would be exempt from Resets. Whilst this would increase complexity, it would provide authorities with confidence that investment is affordable and worthwhile.

- If this ring fencing was in place it would allow Resets to be more frequent, thereby reducing the impact of large gains or losses from the Reset methodology. It would also mean there would be less of a need for any damping / transitional funding, as baseline should not shift by that great an amount.

Question 9: Is the current system of tariffs and top-ups the right one for redistribution between local authorities?

We believe:

- **The current system of tariffs and tops ups allows for the required redistribution of business rates income across the country.**

Question 10: Should we continue to adjust retained incomes for individual local authorities to cancel out the effect of future revaluations?

We believe:

- **The scheme already allows authorities to gain from business rates growth. If revaluation is to remain revenue neutral nationally (through the current practice of adjusting the multiplier value) then gains made by authorities will be at the expense of losses elsewhere. This will mean business rates income becomes a relative amount, with gains dependent on whether local changes in RV are above or below the national average. This will increase the complexity of the system and reduce the incentive to authorities, as local taxbase growth (and the gains that could be expected) may be undermined by changes in RV elsewhere in the country.**

Question 11: Should Mayoral Combined Authority areas have the opportunity to be given additional powers and incentives, as set out above?

We believe:

- **At present Lichfield District Council is not part of a Combined Authority and therefore does not have any specific views on this question. However, not being part of a CA should not result in any negative impacts upon an Authority.**

Question 12: What has your experience been of the tier splits under the current 50% rates retention scheme? What changes would you want to see under 100% rates retention system?

We believe:

- **Tier splits should be based on empiric evidence from research into the contribution each tier makes to economic development in a two tier area rather than being based purely on the tier of Local Government that any grant 'rolled into' the business rates system is attributed to.**
- **As an example, this Council is currently actively working with a private sector development partner to redevelop an area of Lichfield City Centre on a mixed use scheme with a Gross Development Value of £80m. The Council is landowner for significant areas of the development area and following the European Union Referendum result is now also considering funding options. The Council should it agree to fund all or part of the scheme is therefore considering taking on significant financial risk with minimal involvement of the upper tier authority, Staffordshire County Council. In this situation, the reward of retaining Business Rates from the development should reflect the fact that the risks rest with this Council rather than the County Council.**

Question 13: Do you consider that fire funding should be removed from the business rates retention scheme and what might be the advantages and disadvantages of this approach?

We believe:

- **The exclusion of fire funding from the business rates retention scheme would assist in reducing the complexity of the scheme. For the small amounts involved, it creates unnecessary work for billing and precepting authorities in (i) making payments, (ii) communicating budget monitoring and (iii) final accounts.**
- **Having one less preceptor on business rates would reduce this workload.**

Question 14: What are your views on how we could further incentivise growth under a 100% retention scheme? Are there additional incentives for growth that we should consider?

We believe:

- **In order to allow authorities the incentive to invest for growth, the scheme should provide some mechanism to safeguard increased business rate revenues for specified areas (in the same way as Enterprise Zones are currently). This would protect the additional resources forecast from being taken at a partial reset, thereby allowing authorities to take a longer term view on investments. It would also allow Resets to continue to address windfall gains / authorities at the safety net (as per Q8 above).**

Question 15: Would it be helpful to move some of the 'riskier' hereditaments off local lists? If so, what type of hereditaments should be moved?

We believe:

- **The increased risk of large hereditaments, such as power stations, has led to some authorities losing and others gaining; depending on factors such as when the power stations ceased energy production, when the baseline was set and subsequent appeals. These gains and losses are not the result of local actions. For this reason, hereditaments of this nature should be removed from authorities' lists.**
- **The key will be to define what is meant by a 'riskier' hereditament and to make sure an authority is protected when it is taken off a local list.**

Question 16: Would you support the idea of introducing area level lists in Combined Authority areas? If so, what type of properties could sit on these lists, and how should income be used? Could this approach work for other authorities?

We believe:

- **At present Lichfield District Council is not part of a Combined Authority and therefore does not have any specific views on this question.**

Question 17: At what level should risk associated with successful business rates appeals be managed? Do you have a preference for local, area (including Combined Authority), or national level (across all local authorities) management as set out in the options above?

We believe:

- **The management of appeals at a higher level (sub-regional, regional or even at a national level) would reduce the exposure to this risk for individual authorities. However, it could potentially increase the reliance on others for information thereby reducing the ability to forecast local resources and also create delays in the monitoring / accounting process.**
- **If appeals were to be dealt with at a higher level, a national system is perhaps the most appropriate, as this would not lead to regional variations in appeals (compared to the allowance given) leading to shifts in resources. It would also increase the transparency between the allowance made by central government and the actual level of appeals.**
- **However, as per Q18 below, the potential forthcoming changes to the appeals and revaluation processes may reduce the number of value of appeals going forward, thereby not requiring a change in how they are managed.**

Question 18: What would help your local authority better manage risks associated with successful business rates appeals?

We believe:

- **The changes being planned around the appeals process, and potentially the valuation process, should (hopefully) increase the speed of appeals and reduce their number. At present the speed of appeals being dealt with is not acceptable. This results in funding being tied up in the Collection Fund, pending the outcome of appeals.**

Question 19: Would pooling risk, including a pool-area safety net, be attractive to local authorities?

We believe:

- **As per Q17, any pooling at a higher level will increase the need for information flows between authorities and also mean events elsewhere could impact directly on local resources and deliverability of stated goals. This will create delays and also reduce the extent to which an authority can forecast (and account for) its own resources.**

Question 20: What level of income protection should a system aim to provide? Should this be nationally set, or defined at area levels?

We believe:

- **Protection, in the form of a safety net, should be set at a national level and applied at an individual authority level. Where authorities act together, as under the current pooling arrangements, they should be allowed to set their own internal safety net levels (whilst also qualifying for the national safety net at the standard rate).**

Question 21: What are your views on which authority should be able to reduce the multiplier and how the costs should be met?

We believe:

- **Local authorities should have the ability to reduce the multiplier, the costs of which should be shared (based on the relevant proportions) between billing and precepting authorities. Whilst this does create a governance issue in terms of one authority setting a rate that others have to abide by, it needs to be recognised that the authority will be lowering the rate in order to achieve increased business rate revenues in the future.**
- **A similar requirement to the statutory 'Duty to Cooperate' utilised in developing an Authority's Local Development Plan should be considered for inclusion where an adjacent local authority proposes this course of action – in fact it could be something that is included in future Local Development Plan development requirements or similarly in connection with the preparation of Economic Development Strategies given the impact this could have on economic development in neighbouring local authority areas.**

Question 22: What are your views on the interaction between the power to reduce the multiplier and the local discount powers?

We believe:

- **Where reductions / discounts are offered, they will be based on financial and economic reasons that have gone through Officer and Member scrutiny to ensure they are appropriate for the area. Local authorities should therefore have sufficient scope across the two powers to determine the nature of reductions/discounts given i.e. whether by geography, business type, duration and magnitude.**
- **Full Business Rate retention should introduce local accountability arrangements with local business that are similar to those in place for Council Tax. This relationship would influence the Council's approach to discounting, levies and reliefs etc.**

Question 23: What are your views on increasing the multiplier after a reduction?

We believe:

- **How the multiplier is increased, after a reduction, should be set out clearly in the terms when a multiplier is reduced initially. Whether this be in a single year or over a number of years and the amount of notice given.**

Question 24: Do you have views on the above issues or on any other aspects of the power to reduce the multiplier?

We believe:

- **At present Lichfield District Council is not part of a Combined Authority and therefore does not have any specific views on these questions. However, we would emphasise that we believe any system should not disadvantage an Authority that has decided to not be part of a Combined Authority.**

Question 25: What are your views on what flexibility levying authorities should have to set a rateable value threshold for the levy?

Question 26: What are your views on how the infrastructure levy should interact with existing BRS powers?

Question 27: What are your views on the process for obtaining approval for a levy from the LEP?

Question 28: What are your views on arrangements for the duration and review of levies?

Question 29: What are your views on how infrastructure should be defined for the purposes of the levy?

Question 30: What are your views on charging multiple levies, or using a single levy to fund multiple infrastructure projects?

Question 31: Do you have views on the above issues or on any other aspects of the power to introduce an infrastructure levy?

We believe:

- **Any proposals must be based on transparent processes developed with Local Government that reflect the long term nature of infrastructure investment.**
- **They must take into account that some Councils such as Lichfield District Council are members of two LEPs.**
- **Consideration may also need to be included in relation to Business Improvement Districts given these bodies are already applying an additional levy for specific development in a focussed location.**
- **It must be clear what the relationship is between the 'Levy' and the Community Infrastructure Levy operating through the planning system**

Question 32: Do you have any views on how to increase certainty and strengthen local accountability for councils in setting their budgets?

We believe:

- **In establishing the new system, the process for resetting the baseline and timelines involved should be clearly set out. This was not the case when the system was set up in 2013/14.**
- **The majority of Councils now manage their Medium Term Financial Strategies over a three to five year horizon rather than a single year.**

Question 33: Do you have views on where the balance between national and local accountability should fall, and how best to minimise any overlaps in accountability?

We believe:

- **As Councils become less reliant on Central Government Funding and more reliant on locally generated funding, accountability is likely to move in the same direction. However, it is important that local accountability should only relate to decisions taken locally. Where Central Government makes changes that impact on all Councils such as transfers of functions or changes to the remaining Central Government funding streams there should still remain national accountability – this is why we believe the new Burdens doctrine remains a very important part of the accountability equation.**

Question 34: Do you have views on whether the requirement to prepare a Collection Fund Account should remain in the new system?

We believe:

- **The Collection Fund account is vital to the local authorities in damping the impact of income variability in year (for both Council Tax and Business Rates). Whilst income levels do need to be monitored, the Collection Fund account provides a buffer that (i) allows authorities to plan for any changes to its resource levels and (ii) allows preceptors to know their resource levels for the year (and therefore reduces the burden on billing authority and preceptor regarding updates).**
- **One issue that proves difficult in concept for non-finance officers and members is the inconsistency of the accounting treatment of surpluses and deficits on the Collection Fund that take two years to reach the General Fund and that applied to levy and safety net that impacts on the year of account.**

Question 35: Do you have views on how the calculation of a balanced budget may be altered to be better aligned with the way local authorities run their business?

We believe:

- **Local authorities are constrained by the need to set an annual balanced budget. Whilst it is possible the vast majority of authorities would not move away from this practice, even if flexibilities were increased, having the ability to do so may be critical for the limited number with a specific set of circumstances.**
- **There are a number of factors that now mean increased freedoms around budgeting are now more appropriate, including the variability of local authority income and its increasing sensitivity to the economic cycle; alongside the policies such as Business Rate Retention and New Homes Bonus that provide incentives linked to investment.**
- **The majority of Councils now manage their Medium Term Financial Strategies over a three to five year horizon rather than a single year.**

Question 36: Do you have views on how the Business Rates data collection activities may be altered to collect and record information in a more timely and transparent manner?

We believe:

- **The consistency of information and format between the two forms should be improved to streamline the process and make comparison more efficient.**
- **The release timetable for the NNDR3 should reflect the requirement to close the accounts by 31 May from the 2017/18 financial year.**

Fair Funding Review

Question 1 – What is your view on the balance between simple and complex funding formulae?

Question 2 – Are there particular services for which a more detailed formula approach is needed, and – if so – what are these services?

Question 3 – Should expenditure based regression continue to be used to assess councils' funding needs?

Question 4 – What other measures besides councils' spending on services should we consider as a measure of their need to spend?

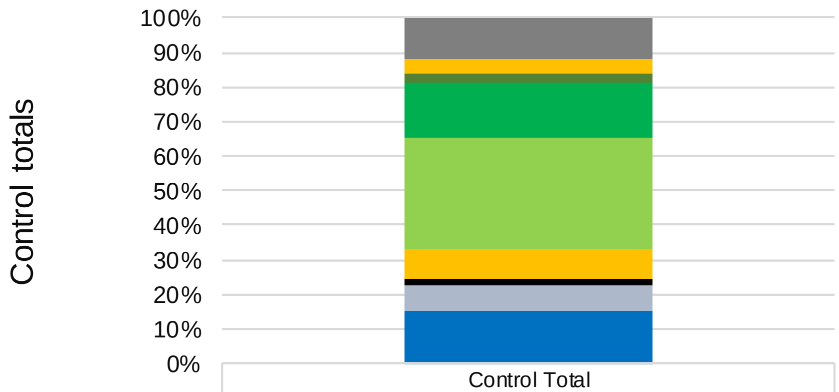
Question 5 – What other statistical techniques besides those mentioned above should be considered for arriving at the formulae for distributing funding?

We believe:

- **The absence of any alternative allocation methods make it impossible to provide a detailed response to these questions.**

Question 6 – What other considerations should we keep in mind when measuring the relative need of authorities?

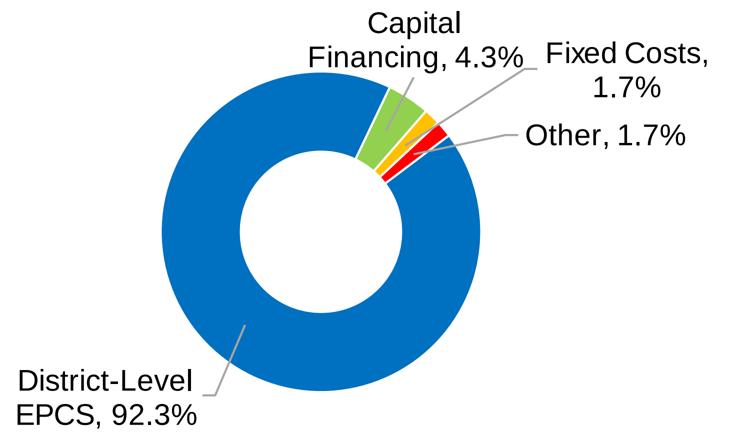
In 2013/14 the control totals allocated notional funding as shown in the chart below:



	Control Total
Police	11.7%
Fire	4.3%
Highways Maintenance	2.9%
Children's Social Services	15.7%
Adult Social Services	32.0%
County-Level EPCS	9.0%
Other	1.9%
Fixed Costs	0.2%
Capital Financing	7.3%
District-Level EPCS	15.1%

Lichfield District Council is classified as a Shire District and therefore assessed needs included in the Relative Needs Formula 2013/14 are related to:

- District Level EPCS **92.3%.**
- Capital Financing **4.3%.**
- Fixed Costs **1.7%**
- Other **1.7%**

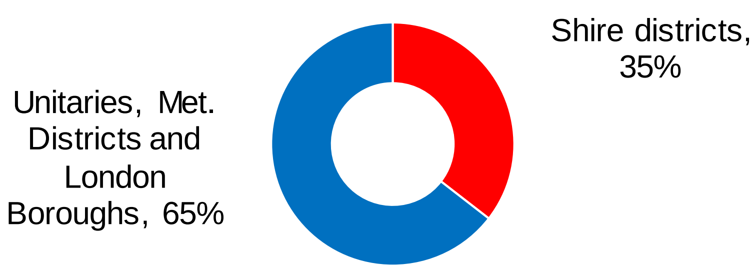


This is allocated as an amount per resident plus top ups to reflect:

- Population density.
- Population sparsity.
- Additional population in the form of commuters and visitors.
- Deprivation measured by income / employment benefits, disability benefits and residents country of birth.
- An area cost adjustment to reflect local variation in wage and salary costs.

Assessed needs for District Level EPCS are also allocated to other Councils that deliver these services such as unitaries, metropolitan districts and London Boroughs.

These non-Shire District receive around **65%** of the total assessed needs for District Level EPCS compared to **35%** received by Shire Districts:



The majority (**92%**) of Shire Districts notional funding is related to the control total assigned to District-Level ECPS. This control total should reflect more accurately the cost pressures facing Rural District Councils as evidenced by the award of Rural Services Delivery Grant (although Lichfield is not currently in receipt of this grant).

The District-Level ECPS formula penalises Shire Districts because we are not able to exploit the same economies of scale as larger authorities. This is partly addressed by the fixed cost component that is set per Council regardless of its size. However, in 2013/14 Fixed Costs accounted for **1.7%** of shire districts total assessed needs, or **0.2%** of assessed needs for all authorities in England.

We believe:

- **The size of the Fixed Costs control total should be increased to reflect the lack of economies of scale available to Shire Districts.**

Question 7 – What is your view on how we should take into account the growth in local taxes since 2013-14?

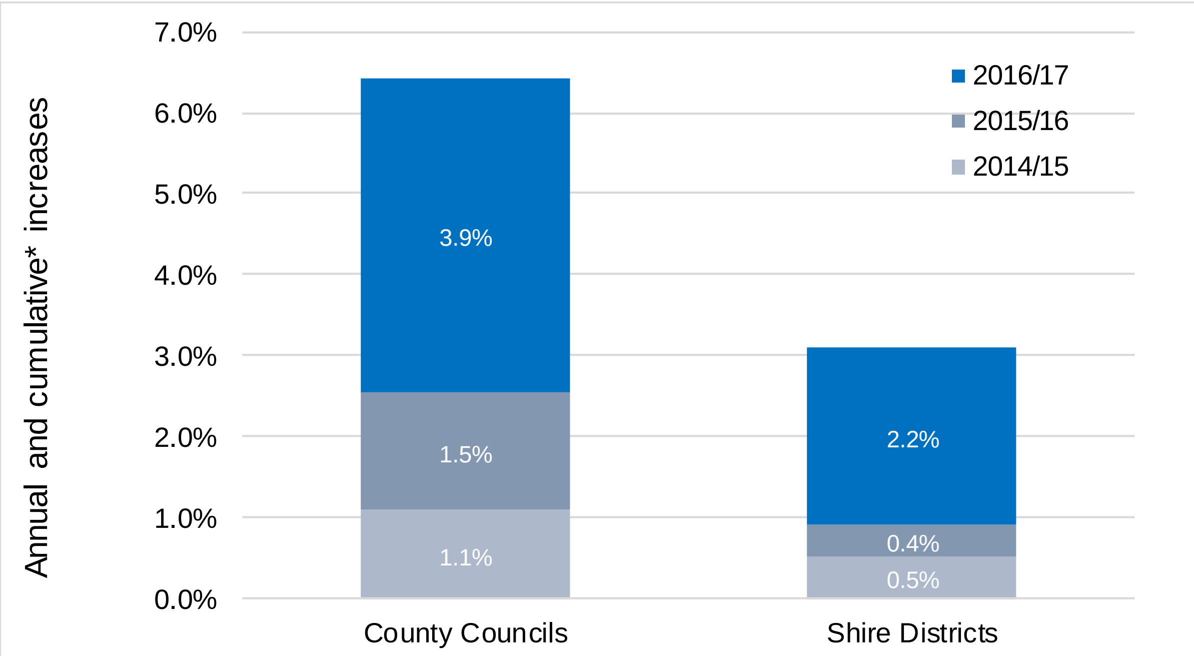
The 2013/14 Formula Funding model deducts notional funding from local authorities on the basis of their *notional* council tax revenue. This reflects the ability to finance service expenditure locally.

This deduction is based on each authority's council tax base, measured in Band-D equivalent properties. For a given geographical area, the tax base is notionally split between the lower-tier (e.g. shire districts), upper-tier (e.g. county councils), fire and police authority.

Of the shares allocated to the lower- and upper-tiers, it is assumed that **15.1%** of the tax revenue is received by the lower-tier / shire district and 84.9% is received by the upper tier / county council.

In 2016/17, the average shire district share was only **12.9%.**

County Councils have increased their average Council Tax rate by at least twice as much as Shire Districts since 2013/14 as shown in the graph below:



We believe:

- **CLG take into account the more rapid growth in counties' council tax rates, as a group, since 2013/14.**
- **CLG update the assumed split in council tax revenue between counties and shire districts. In the current distribution formula, the *assumed* council tax revenue in every two-tier area is split 15.1% / 84.9% between shire districts and county councils, respectively. It has been estimated that in 2016/17, the average shire district's share of council tax revenue was only 12.9%. This is likely to fall further, given the faster growth in counties' council tax rates. This is because counties are able to increase their tax rates by an additional 2% annually in the form of the Adult Social Care precept (in addition to a 2% increase in the basic rate) without recourse to a referendum.**

Question 8 – Should we allow significant step-changes in local authorities' funding following the new needs assessment?

Question 9 – If not, what are your views on how we should transition to a new funding distribution?

We believe:

- **There should be transitional protection for Authorities where funding reduces by more than a set level compared to the previous year with funding provided by 'scaling back' from Authorities that would gain significantly. This would mitigate further significant cost pressures for Shire Districts because of changes to the formulas and data utilised.**

Question 10 – What are your views on a local government finance system that assessed need and distributed funding at a larger geographical areas than the current system – for example, at the Combined Authority level?

Question 11 – How should we arrive at the composition of these areas if we were to introduce such a system?

Question 12 – What other considerations would we need to keep in mind if we were to introduce such a system?

We believe:

- **This proposal would have significant implications from a democratic point of view. The Better Care Fund utilises a similar approach in two tier areas. There continue to be significant ongoing challenges as a result of this approach from a Governance and financial viewpoint specifically in relation to the impact of the Social Care Capital Grant being subsumed into the Disabled Facilities Grant.**
- **Need to be assessed separately at the shire-district level, and to be ring-fenced accordingly. There is likely to be a risk that resources could be diverted from shire districts to other tiers of local government such as those authorities responsible for Adult Social Care.**

Question 13 – What behaviours should the reformed local government finance system incentivise?

Question 14 – How can we build these incentives into the assessment of councils' funding needs?

We believe:

- **In the interests of simplicity and transparency, any such incentive scheme should be developed independently from the assessment of councils' funding needs.**

Garden Waste Subscription Service

Report of Cabinet Member for Waste Management

Date:	4th April 2017
Agenda Item:	4
Contact Officer:	Nigel Harris
Tel Number:	01543 687549
Email:	nigel.harris@lichfielddc.gov.uk
Key Decision?	**YES**
Local Ward Members	All

Lichfield district council
www.lichfielddc.gov.uk

CABINET

1. Executive Summary

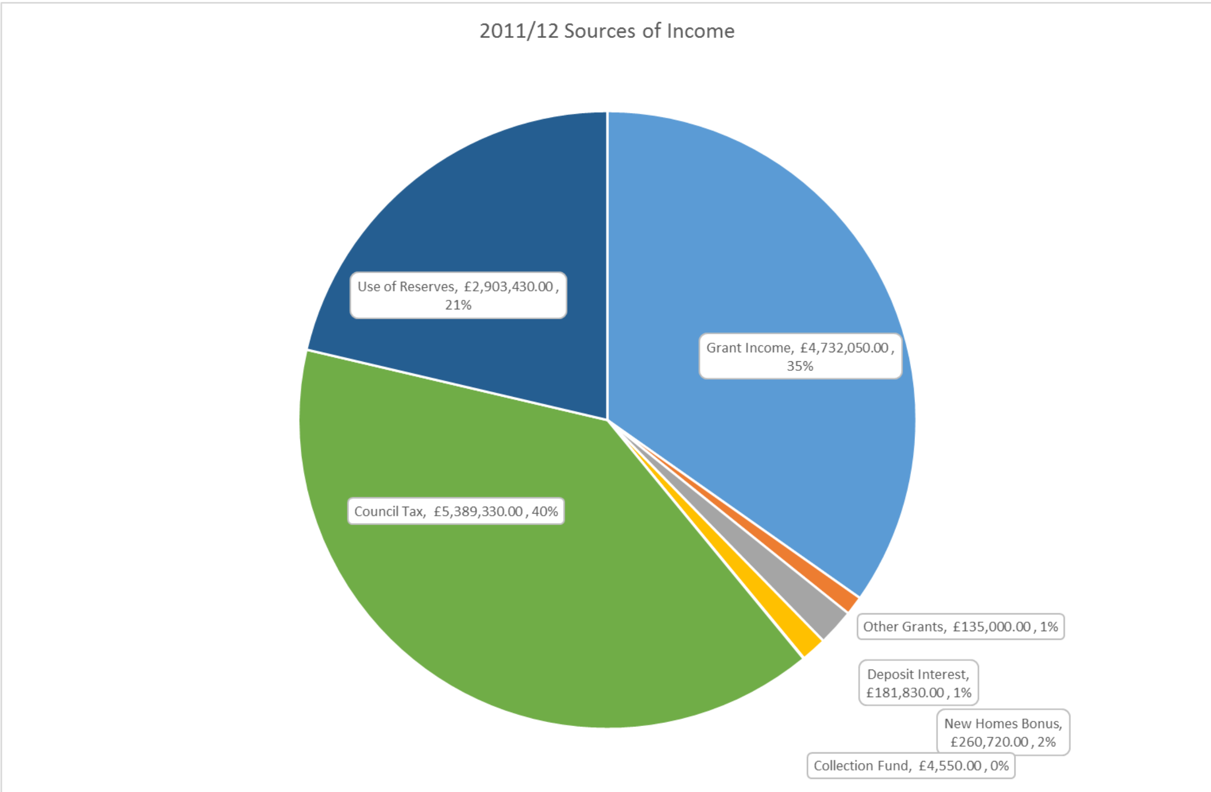
1.1 Currently the provision of services by Lichfield District Council is partly financed by central Government paying local authorities a Revenue Support Grant. The amount of this grant has been reducing every year since 2010 and by the 2018/19 fiscal year it will fall to zero; with a requirement in 2019/20 for Lichfield District Council to make a payment to central Government, rather than receiving any financial support. Other income streams from central Government, such as New Homes Bonus, are also being affected, requiring local authorities to continually review services and how they can pay for these.

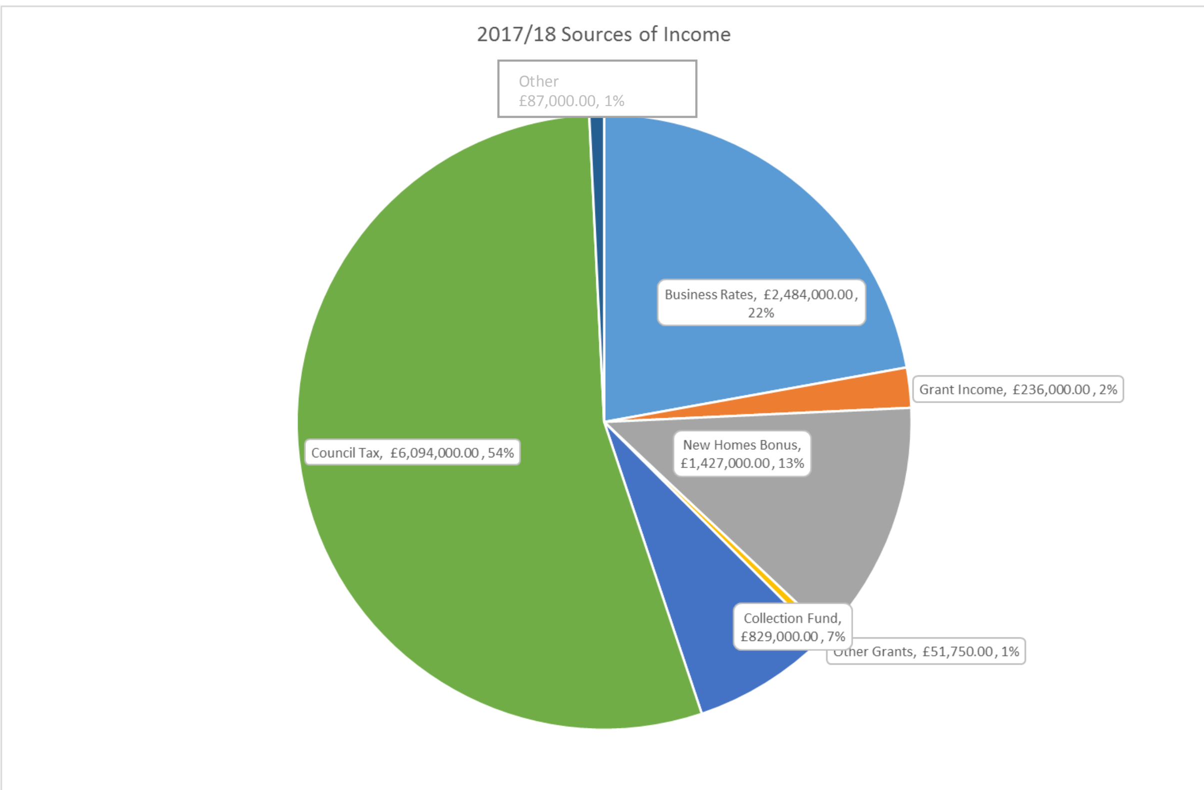
1.2 Against the backdrop of reduced funding to local Government, the changing demographic landscape has seen an increase in the demand for adult social care. Local authorities, such as Staffordshire County Council who are responsible for meeting the adult social care needs of Lichfield District's residents, have acute funding problems as a consequence and are looking to reduce spending wherever possible, so as to try and meet the rising cost of providing this care.

1.3 Staffordshire County Council was intending to make £1.5 million of savings over the course of their 3-year Medium Term Financial Strategy (MTFS) in relation to waste by reducing the amount of Recycling Credit it pays to the district councils for diverting waste from landfill. The Recycling Credit helps meet the cost of collecting and disposing of waste and its reduction would have impacted directly upon the Joint Waste Service, operated as a partnership between Lichfield District Council and Tamworth.

1.4 Whilst Staffordshire County Council has removed the planned waste saving from its current MTFS, this is anticipated to only be temporary and when it is reintroduced it will compound the problem of falling financial settlements from central to local Government. The consequence of the reduced funding from central Government means that where Lichfield District Council was spending £13.6 million on services in 2011/12, it plans to spend £11 million in 2017/18. Lichfield District Council's MTFS has a funding gap of around £2.3m up until 2020/21 indicating that as it stands it cannot afford to pay for all its intended services over the next 3 years. Any reduction in recycling credits from Staffordshire County Council in relation to waste would exacerbate this funding shortfall, as will any negative impact from the upcoming review of how business rates are shared between the different levels of Government and the need to find additional means of funding adult social care.

1.5 Lichfield District Council needs to find further substantial savings in the cost of delivering its services and / or new sources of income, if it is to meet its funding gap. With the cap on increases to Council Tax, without the need to hold a referendum, the ability to increase income is limited. All Council services have therefore been subject to a Fit for the Future review to identify if these could be delivered in a different way at a lower cost. The Joint Waste Service now has to consider how it can continue to deliver waste collection services to residents, appreciating the current MTFS funding gap and also the anticipated reduction in recycling credits from Staffordshire County Council. The graphs below show the changing nature of how Lichfield District Council is financing the services it delivers;





1.6 The Joint Waste Service currently offers a fortnightly kerbside collection of garden waste from properties in both Lichfield and Tamworth. Unlike collecting residual waste or dry recyclate material, collecting garden waste is not a statutory requirement.

1.7 The options to compensate for a reduction in recycling credits from Staffordshire County Council are to either stop collecting garden waste, or, to carry on doing so, but, with the garden waste collection needing to be self-financing as a service. To take monies out of other service areas, so as not to change the current waste collection methods, would impact upon Lichfield District Council's ability to provide its current statutory and discretionary services in other areas.

1.8 The proposal, if approved, would mean that Tamworth and Lichfield are likely to be the first members of the Staffordshire Waste Partnership to introduce a charge for garden waste collections, although other member authorities are understood to be looking at this. The Staffordshire Waste Partnership has recently secured additional funding from the Waste Resources Action Programme (WRAP) to undertake further studies around charging for garden waste, as well as other issues. Previous studies concluded that Staffordshire County Council is operating its disposal function efficiently, whilst only the introduction of a chargeable garden waste service would allow recycling credits to be offset, should these be reduced, as extending the timing of residual waste collections would necessitate the introduction of a weekly food waste collection and this would increase, not reduce, costs. The chair of the JWMB has recently written to all partners asking that they delay making any decisions regarding changes to their waste services until the results of the latest work are published. It has since transpired that WRAP has set a project completion deadline of 31st March 2018 which is far too long to delay the decision taking into consideration both councils financial predicament. The Joint Waste Service position is that the proposal does not fundamentally change the waste service it provides to the residents of both districts. All residents will still have access to a garden waste service albeit they will have to contribute to its cost if they want to continue using it. More importantly our position is strongly supported by the findings from WRAPs initial work which concluded that charging for garden waste is the only option to offset any reduced recycling credits. Should the further study lead to a pan-Staffordshire solution for charging for garden waste, or the administration of such a scheme, the Joint Waste Service would seek to ensure it did not preclude itself from participating.

1.9 The members of the Staffordshire Waste Partnership signed a non-binding Memorandum of Understanding in 2015 and in so doing had the opportunity to record issues each member was not willing to consider. Two districts indicated they would not agree to charging for green waste – and so in one way decisions have already been taken which would impact on any pan-Staffordshire joint approach, unless these authorities were to reverse their positions. We would continue to support the work or the WRAP/JWMB and we would not agree independently with the County Council any change to recycling credits, as that is a collective issue all parties are currently negotiating.

2. Recommendations

2.1 That Cabinet approve the following:

1) The cessation of the current free garden waste service from 31st December 2017.

2) The introduction of a chargeable (opt in) garden waste service from 1st January 2018. The annual charge will be £36 per bin for on line payment and £40 per bin for other forms of payment.

3) To delegate authority to the Director – Place and Community in consultation with the Cabinet Member for Waste Management the setting of the subscription rate for future years and to take all steps necessary to implement the proposal, making any necessary minor amendments as identified during project implementation.

4) To finance all the project start-up costs using the funds held in the Joint Waste Service Reserve and then fully reimburse the Reserve with the receipts from the subscription charge.

3. Background

3.1 The Joint Waste Service between Tamworth Borough Council and Lichfield District Council started on 5th July 2010. The partnership provides all waste collection services to the residents of both authorities including the existing garden waste service.

3.2 Lichfield is facing a funding gap in its MTFS of £2.3m in 2020/21. The situation is anticipated to deteriorate as Staffordshire County Council look to make their own substantial savings in order to prioritise spending on adult social care. The County Council are unable to guarantee that they will be able to continue paying recycling credits at the current rate in future years, despite the fact Districts and Boroughs have already looked to support the County Council by giving up the annual 3% uplift for successive fiscal years.

3.3 With the reduction in funding to local authorities, both Lichfield and Tamworth have undergone a wholesale review of all their services in order to identify where budget savings can be made. Lichfield has had its Fit for Future programme in place since 2012 and Tamworth has undertaken a similar review. At the same time as looking at the cost and need for services, both authorities have looked to consider what they can do differently in the future to become more commercial and replace some of the income they no longer receive from central Government.

3.4 Approximately half of the local authorities in the UK have moved to a chargeable garden waste collection service. This recognises that local authorities have a duty to collect household residual waste under Section 45 of the Environmental Protection Act 1990. However, there is no duty placed on local authorities to provide a separate collection of garden waste.

3.5 Section 46 of the same Act, allows local authorities to specify to the householder how the waste is to be presented and policies associated with waste collection. It also allows for a charge for the provision of waste receptacles either by charging a single payment for the provision or periodical payments.

3.6 Schedule 2 of The Controlled Waste Regulations 1990 (amended in 2012) allows local authorities to make a charge specifically for the collection of garden waste but not for its treatment.

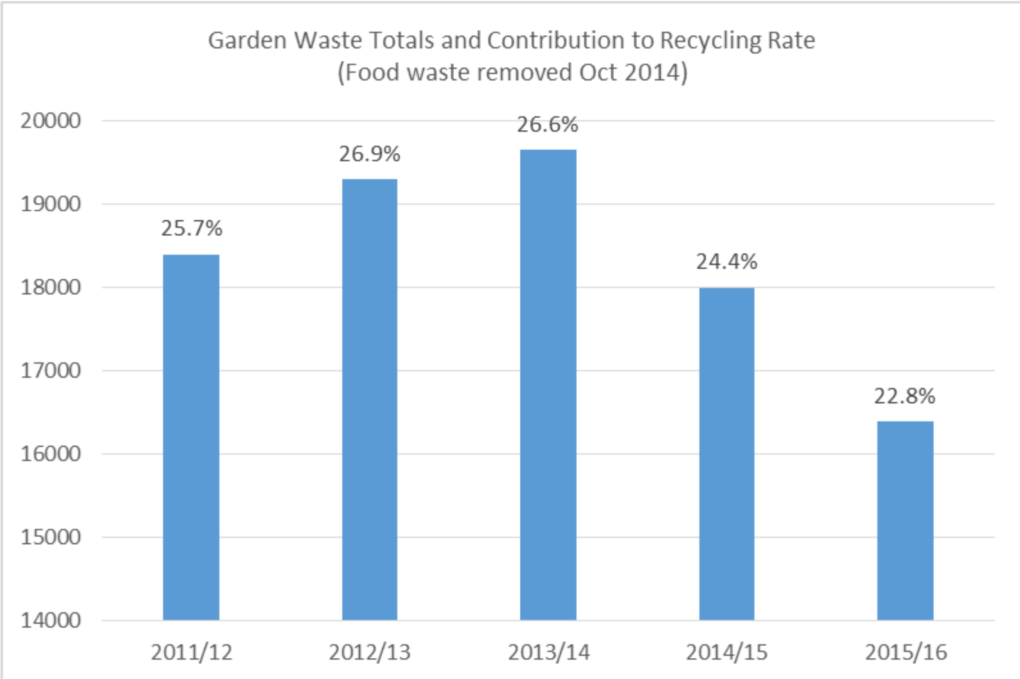
3.7 The implementation of a charging scheme in both Tamworth and Lichfield would help the Joint Waste Service to offset the anticipated reduction in recycling credits from Staffordshire County Council. The subscription scheme would be on an opt in basis which means only those residents who choose to use the garden waste collection service will have to pay for it. Those residents who do not wish to use a chargeable service would still have the option of disposing of their garden waste without charge by taking it to a Household Waste Recycling Centre, or, by home composting.

3.8 The payment of Recycling Credits by the county to the districts is governed by a Memorandum of Understanding (MOU) which all members of the Staffordshire Waste Partnership had to sign in order to facilitate PFI funding for the Four Ashes Energy to Waste project. The conditions contained in the MOU make it clear that the county shall pay an “agreed recycling credit” to a district authority for each tonne of green waste diverted from final disposal and certified as composted. The County Council currently pays a recycling credit of £49.10 per tonne for garden waste and legislation protects its value from being lower than the cost of disposal which is £20.00 per tonne. Unfortunately the MOU does not define the term “agreed recycling credit” nor does it specify the mechanism for reaching agreement. Informal discussions regarding the future direction of the Recycling Credit including the impact of charging for garden waste are due to take place with the County Council in the next few weeks. However should the County decide to act unilaterally and reduce the Recycling Credit without agreement then the only potential course of redress would be to initiate a legal challenge through the courts. The loss of any recycling credit would obviously need to be weighed against the cost of legal proceedings.

Current Service Provision

3.9 The current garden waste service is offered to 31,500 properties in Tamworth and 43,000 properties in Lichfield. The service is funded in part by each council's income and by the recycling credits from Staffordshire County Council. The exception is for additional garden waste bins that Lichfield charges £40 per annum for. This year 1,174 residents have paid for an additional brown bin.

3.10 The graph below shows the garden waste tonnages collected over the last 5 years. The amount of organic garden waste collected is variable as it is dependent on weather conditions.



3.11 The weather is a principal factor in determining the collection infrastructure that is required to provide the garden waste collection service. In the height of the growing season, which tends to be late spring and early summer, up to seven trucks and crews are required. In the winter months the need for collection is reduced and the service is scaled back to three trucks and crews.

3.12 The cost of providing the garden waste collection service will be approximately £1 million in 2016/17. This takes into consideration the value of the Recycling Credit payments from Staffordshire County Council which will be nearly £800k.

Proposal – Charge for the collection of garden waste on an 'Opt in' basis

3.13 Under the proposal of introducing a chargeable garden waste service, residents will use the existing brown garden waste wheelie bins (Green bins in Tamworth) and will be supplied with a sticker stating that they have subscribed. The resident will need to attach the sticker to their bin otherwise they will not receive the service. The subscription list will also be uploaded onto the Bartec System so that the crew will be able to see which residents have paid on the computers in the collection vehicles.

3.14 The subscription period will be for a full calendar year with the chargeable service commencing on 1st January 2018. The service will be suspended for a fortnight over the Christmas and New Year holiday period which is as per the current collection arrangements.

3.15 The charge will be £36 per bin per annum for residents who subscribe to the service on line and £40 per bin per annum for other means of payment. The on line charge is significantly lower than the national average which is currently £41.20 per annum. Research has revealed that there is strong correlation between the charge and the number of residents who subscribe to a scheme. It is hoped that the low charge will result in a higher uptake in both Lichfield and Tamworth.

3.16 Residents will also be able to pay their subscription over the telephone and in person at Council offices and it will be a one off annual payment. The intention is not to offer the option for spreading the cost over the year, so as to reduce the costs of administering the service. Payment by direct debit is an option which will be considered as part of the project implementation plan.

3.17 No discounts will be offered to residents who choose to subscribe after the launch date, or, are in receipt of benefits, elderly or disabled. This is because administering discounts would significantly increase the cost of administering the service and result in a higher level of charge to compensate.

3.18 At the recent Overview & Scrutiny meeting a member suggested that if residents benefit from an assisted collection service, they should also benefit from garden waste collection without charge. There are approximately 1600 residents across both Tamworth and Lichfield that are provided with an assisted collection. The current application process for an assisted collection does not involve any intrusive checks or determination of health. If a chargeable garden waste service was implemented the current system of applying for an assisted collection would need to change, should this be a criteria by which residents could gain a financial benefit of being exempt from having to pay for garden waste collections. The justification for a free service could be based on an assumption that immobile residents are less likely to work and therefore financially disadvantaged. However the authority doesn't have any evidence to support this assumption. In addition it would be difficult and very expensive to administer a free service to residents who receive an assisted collection as it is anticipated this would be a manual process. Burdensome and intrusive checks would have to be introduced so as to ensure the eligibility criteria was met, thus raising issues of sensitivity and confidentiality surrounding each applicant's medical condition. It is proposed therefore that the Joint Waste Service will instead continue to provide assisted collections to those residents who are unable to move bins for themselves under the current application process and no exemptions will be granted from paying for garden waste collections, given other free or lower cost options are open to residents. Another member raised the matter of gardening services and if residents do not subscribe to the chargeable garden waste service, could the County Council be asked to facilitate the disposal of the garden waste at HWRC without charging the person providing the gardening service. A concern was also raised regarding the £4 discount offered for paying on line as this may prejudice the elderly and IT illiterate residents. The Committee were advised that it was standard business practice both in the private and public sector to offer discounts in order to encourage the use of cheaper forms of payment administration.

3.19 Residents will be able to subscribe for additional bins. There will be no discounts offered for the same reasons given in paragraph 3.17.

3.20 Those residents who do not subscribe to the scheme will be asked to retain their garden waste bin. This is because the bin is relevant to the property and needs to be present should there be a change of occupier, who in turn may wish to subscribe to the service. By retaining the brown bin, anyone who does not wish to sign up to the chargeable service at outset will be able to do so at any time and will have a bin at their property to use for this purpose.

3.21 There will be no refunds offered to residents that want to stop using the service after they have paid their subscription or for force majeure. Missed bins will be dealt with in accordance with current service delivery standards. As the service will be subject to an annual renewal, residents can opt out at the next renewal date.

3.22 Residents who move house and remain within either the Tamworth or Lichfield authority areas will be able to transfer the service to their new property for no extra charge.

3.23 A comprehensive Communications Plan will be developed to support the introduction of the chargeable service. The communications will fully explain why the change has had to be introduced, advising residents how they can subscribe to the scheme and highlight alternative methods of disposal.

3.24 Options for how the scheme will be administered are currently being developed. Discussions are due to take place with authorities which have already introduced similar schemes to see whether we can take advantage of joint working or partnership arrangements.

3.25 The introduction of a chargeable service will have an impact on the logistical delivery of the collections. Under the current arrangements the trucks visit every street on their round each collection day because the crews don't know which properties will present bins. With a subscription service we anticipate there will be areas with a high take up rate and also areas with a low take up. This will necessitate an ongoing review of the deployment of resources.

3.26 With a proposed start date of 1st January it is anticipated that subscriptions may be lower at commencement, with additional subscriptions happening once the grass starts to grow. The variations in the number of customers will have to be managed very carefully so as to ensure that the appropriate level of resource is allocated to the service. On one hand we want to make sure that there are enough men and trucks deployed in order to complete collections but on the other hand we don't want to over resource the service as this will be financially inefficient. The efficient management of the resource is going to require a high degree of logistical skill and planning.

3.27 Using an anticipated participation rate of 45% for a chargeable service indicates a modest reduction in the infrastructure required to operate the garden waste service. However, this reduction is difficult to quantify at this stage as it will very much depend on the geographical dispersal pattern of the residents who decide to subscribe to the service and the point in the year when they elect to take out the service. Redundancies are not anticipated as a result of this decision, as any staff not needed to collect garden waste would be used to cover holidays and sickness thus reducing reliance on agency staff.

3.28 A draft Implementation Plan for the introduction of the chargeable garden waste service has been prepared which includes all key milestones and tasks etc. **The draft Plan is attached as Appendix B.**

Alternative routes for garden waste

3.29 Where residents do not wish to opt into the service then the main alternatives are to home compost garden waste or take the material to Household Waste Recycling Centres (HWRCs). It is essential that as part of the communications campaign residents are made aware of the reasons for the change and the importance of making an informed choice as to how they manage their garden waste based on the options explored below.

Home Composting

3.30 Home composting is ideal for grass cuttings, leaves, prunings, weeds and other small items of garden waste. Composting also provides a benefit to the environment by allowing the householder to compost kitchen waste such as fruit and vegetable peelings, tea bags and egg shells, therefore promoting recycling and carbon reduction. It is estimated that the average household can compost up to 250 kg of organic waste per year which is approximately 25% of the total amount of waste generated. The Joint Waste Service will continue to promote the existing home composting campaign named "Get Composting" which enables residents to purchase composting bins at a reduced price.

Household Waste Recycling Centres

3.31 There are two HWRCS in the district of Lichfield (Trent Valley and Burntwood). Tamworth residents have access to a site at Lower House Farm which is situated just over the border in Warwickshire. Residents will be allowed to dispose of their garden waste at these facilities without charge. It is acknowledged that a chargeable garden waste service will increase users at these sites and they will get busier especially at peak times.

Anticipated Environmental Performance

3.32 The introduction of a chargeable service will inevitably have an impact on the recycling performance of the Joint Waste Service. The level of impact will be dependant primarily by the number of residents who subscribe to the service. Research undertaken has suggested that the proposed charge of £36 could result in a participation rate in line with 45%. Modelling of this participation rate has suggested that the amount of garden waste collected will fall by around 6,000 tonnes per annum which is about 35% of current yield. The tonnage won't fall as much as the participation rate because residents generally ensure they use a collection service more effectively if they have to pay for it. National studies indicate that on average subscribers to an opt-in service put out for collection between 300 - 400kgs per household per year. This is a higher figure than we currently achieve through our existing scheme. The loss of 6,000 tonnes of garden waste will result in the headline recycling rate for the Joint waste falling by around 5-6 percentage points. The recycling rate achieved in 2015/16 was 51%.

3.33 The introduction of a chargeable garden waste service could see an increase in the amount of fly tipping in both Lichfield and Tamworth. Experiences of other authorities who have introduced chargeable services is that the anticipated increase does not materialise. Officers currently monitor fly tipping incidents on a monthly basis and they will be able to identify any trends that occur following the introduction of the charge.

3.34 The amount of residual waste in the black bin could increase as some residents may choose to use any spare space in this bin to dispose of garden waste.

Alternative Options	1. The review of alternative options for the Joint Waste Service was considered by the Leisure Parks and Waste Management (Scrutiny and Overview) Committee at its meeting on 1st February 2017. The options included the complete cessation of the garden waste service and reducing the number of weeks it operates. The Committee concluded that charging for garden waste collection was the most appropriate option to investigate further. 2. As referred to in the Medium Term Financial Strategy, Lichfield District Council is facing a funding gap up until 2020/21 of £2.3m. Also this does not allow for the likely reduction in the level of Recycling Credit received. If a new income source is not found the Council would need to cease or reduce services and associated expenditure outside of waste collection in order to address the gap.

Consultation	1. A Communication Plan will be put into place to fully explain why the change in service and charge is being introduced. 2. Consultation will need to take place with Staffordshire County Council, Trade Unions and the disposal contractor for the garden waste. 3. An options appraisal which included charging for garden waste was considered by the Joint Waste Service Committee on 17th October 2016 and the Leisure Parks and Waste Management (Overview and Scrutiny) Committee at its meeting on 1st February 2017. 4. On 8th March 2017 a further meeting of the Leisure Parks and Waste Management (Overview and Scrutiny) Committee considered in detail the proposal to introduce a charge for the garden waste service. The proposal was supported in principle but the committee did ask whether the charge should be waived for disabled residents in receipt of an assisted collection. This request has been addressed within the report. 5. Staffordshire County Council were advised in writing that the proposal was being considered by the Overview and Scrutiny Committee on 8th March. The portfolio holder for waste at the County Council thanked the authority for

	the notification and advised that it was a decision for this council to take.
Financial Implications	1. The Medium Term Financial forecast indicates a funding gap for the Council of £2.3m by 20/21. 2. The amount of additional income that could be generated by charging for the collection of garden waste is very dependent on the number of residents who subscribe to the scheme. A financial model has been developed which predicts the amount of additional income for three different subscription rates namely 35%, 45% and 55%. The amount of additional income for achieving a participation rate of 45% is predicted to be £333,379 per annum for the authority. The model assumes that the value of the Recycling Rate will be reduced to match the cost of disposal. Provisional costs are used for administering the service as solutions to these issues have not been finalised. No costs have been built into the model for mitigating against the risk of increased fly tipping because it is anticipated that this will not be a significant problem. 3. A capital investment of £17,250 would be required to upgrade storage facilities for unwanted garden waste bins at the Burntwood Depot. 4. Delivery of the project will require up front expenditure of approximately £140,000. Finance will be needed to implement the Communications Plan, integrate the back office systems and to prepare for the administration of the scheme. These costs will be fully funded from the subscriptions received from residents but this income stream will not start to flow until 1st December 2017. Therefore it is proposed that the up- front project costs are funded from the Joint Waste Service Reserve which was set up to deal with new property growth. The Reserve will then be refunded once sufficient subscription receipts are received which should be before 31st March 2018. Lichfield holds separate reserves for both authorities in the Joint Waste Service and Tamworth Borough Council has agreed to this proposal. **5. The financial model is attached as Appendix A.**
Contribution to the Delivery of the Strategic Plan	1. The Joint Waste Service plays a key role in assuring we have a clean, green and welcoming place. Being financially stable is a key element of the Council's aspirations to be Fit for the Future.
Equality, Diversity and Human Rights Implications	1. The charge could have a disproportionally higher impact on residents on low income because the proposal does not include any concessions. However, all residents have the option to dispose of their garden waste by other means which do not incur a charge. 2. An Equality Impact Analysis has been completed which has ascertained that there is unlikely to be an adverse impact on specific groups with a protected characteristic.
Crime & Safety Issues	1. There is a concern that if a charge for garden waste is introduced, there could be an increase in fly-tipping, however, it is not anticipated that this would be a significant issue.

	Risk Description	How We Manage It	Severity of Risk (RYG)
A	Adverse publicity given to the Council's proposal to charge for garden waste collection as no charge is currently levied	A communications plan will be devised which will fully explain why the charge has had to be introduced	Yellow (Material)
B	Criticism from our partners on the JWMB for making a decision prior to the publication of WRAPs results	Issue a position statement justifying the decision	Yellow (Material)
C	The Recycling Credit is unilaterally reduced by the County Council in contravention of the Memorandum of Understanding	Legal challenge	Red (Severe)
D	An increase in fly-tipping	The low level of charge is unlikely to lead to a significant increase in the unlawful disposal of garden waste	Yellow (Material)
E	Low participation	It is proposed to introduce a charge at the lower end of potential charges to encourage take-up A discount will be available for on line subscriptions Effective promotion of the service Redeployment of staff to backfill agencies etc.	Yellow (Material)
F	Higher than expected participation	Residents will be encouraged to subscribe on line. Capacity issues will be considered in the Implementation Plan	Yellow (Material)
G	Uneven distribution of participants	Effective promotion of the service Undertake a round review Logistical management of the service	Yellow (Material)
H	Increase in burning of waste	Education of residents Monitoring of complaints Enforcement action	Yellow (Material)
I	Increased residual waste due to residents putting garden waste into their black bin instead of paying for a chargeable service. This could put pressure on the collection infrastructure	Education of residents Consider implementing Section 46 of the EPA and prohibit use of the black bin for garden waste	Yellow (Material)
J	Residents abandon unwanted garden waste bins	Consideration to be given to the issue in the Implementation Plan	Yellow (Material)

K	Reduced tonnage will have a significant financial impact on the disposal contractor and this may jeopardise the viability of the site	Consultation and negotiations with the contractor Consideration to be given to the issue in the Implementation Plan	Yellow (Material)
L	Commercial sector could provide an alternative service	Regular review of charge Promotion of the service	Yellow (Material)
M	Insufficient project support resources	Consideration to be given to the issue in the Implementation Plan	Yellow (Material)

Background documents:
Report to Leisure, Parks and Waste Management (Overview and Scrutiny) Committee on 1st February 2017.
Report to Leisure, Parks and Waste Management (Overview and Scrutiny) Committee on 8th March 2017.

Relevant web links

APPENDIX A

Financial Model - Predicted Income Based on Participation Rates

	Impact on Revenue Budget (Saving)/Pressure 35% Uptake £	Impact on Revenue Budget (Saving)/Pressure 45% Uptake £	Impact on Revenue Budget (Saving)/Pressure 55% Uptake £
Charge for Garden Waste			
£36 charge per bin per annum based on property count 75,000 properties	(945,000)	(1,215,000)	(1,485,000)
Reduction in number of properties paying for a second bin - 250/200/150 properties	10,000	8,000	6,000
Saving on operational infrastructure (vehicles and operatives)	(143,930)	(102,490)	(51,740)
Saving on disposal gate fees (8,000/6,000/4,000 tonnes less garden waste)	(160,000)	(120,000)	(80,000)
Loss of recycling credit on 8,000/6,000/4,000 tonnes of garden waste no longer collected	392,800	294,600	196,400
Recycling credit for garden waste reduced to the actual cost of disposal on 9,000/11,000/13,000 tonnes	261,900	320,100	378,300
Administration of the chargeable service	150,000	160,000	170,000
Promotion of the chargeable service	35,000	35,000	35,000
Logistical support	10,000	10,000	10,000
Dealing with unwanted bins - collection and storage	30,000	30,000	30,000
Totals	**(359,230,)**	**(579,790)**	**(791,040)**
LDC Share	**(206,557)**	**(333,379)**	**(454,848)**
TBC Share	**(152,673)**	**(246,411)**	**(336,192)**

Capital/one off expenditure **£30,000 - LDC Share £17,250 TBC Share £12,750**

APPENDIX B

Garden Waste Subscription Service
Implementation Plan

Date	Milestone	Key Outcomes and Outputs
1st January 2018	Subscription Service Starts	• Crews only empty garden waste bins which have the appropriate permit attached • Crews report any bins which are presented that don't have the benefit of a permit and attach an advisory sticker
24th December 2017	Collection Resource Allocation	• Operational resource matched to customer demand by the Logistics officer • Determine number of trucks and men required to provide service on a day by day basis • Subscribing properties allocated to collection rounds
14th December 2017	Crew Training	Training to include: • Terms and conditions • Collection policy • Permit checking procedures • Reporting procedures • Contamination checks
1st December 2017	Subscription Window Opens	• Residents are able to subscribe to the service by using the agreed methodologies • Residents are informed of their first collection date • Permits are printed and posted together with the terms and conditions of the service • Bartec and other back office systems are updated with all new subscribers
1st November	System Testing	Testing of • Payments system • Integration with back office systems including Bartec and Lagan • Production of permits and instructions
1st October 2017	Logistic Officer Employed	• Dedicated officer employed to plan and supervise the waste collections
1st October 2017	Improvement of Storage Facilities	• Completion of improvement works.
1st August 2017	Appointment of Logistics Officer	• Recruitment and selection • Advertise for post • ELG
1st July 2017	Terms and Conditions	• Develop terms and conditions for the subscription service

1st June 2017	Prepare Communication plan	• Define objectives, audiences and goals • Communication methodologies and tools • Campaign dates • Special initiatives – Garden Waste Club • Member updates
1st June 2017	Procurement	• Commence procurement of administration solution • Procurement methodology
1st June 2017	Hosting of the administration	• Decision on how the administration of the service will be hosted • Approval of Administration Implementation plan and costs including recharges
1st June 2017	Improvement of Bin Storage Facilities	• Obtain quotes for the resurfacing of the storage compound • Appoint a construction contractor
1st May 2017	Business Case for Logistics Officer	• Preparation of Business Case for Logistics Officer • Job Description and Person Specification • Job Evaluation
1st May 2017	Hosting of the administration	• Identify options for hosting the administration of the service • Discussions with potential partners • Procurement issues • Resilience and risk assessment • Determine potential costs • Administration Implementation plan drafted • Identify additional staffing requirements • Identify any recharge implications
1st May 2017	Administration Specification	Determine the administration specification including • Define the customer experience • Subscription methodologies • Payment systems • Assess impact on CRM at Tamworth and Lichfield • Assess impact on support services at Tamworth and Lichfield • Process mapping • Bartec upgrade • Generation of permits and instructions • Integration with back office systems
12th April 2017	Project Team	• Formation of project team • Liaison with Innovation Hubs at Lichfield and Tamworth • Skills assessment • Roles and responsibilities • Governance and reporting
9th April 2017	Formal notification	• Formal notification of approval decision sent to Staffordshire County Council, Joint Waste Management Board, UNISON and Greener Composting (Disposal Contractor)

4th April 2017	Political Approval of Subscription Scheme	• Approval of the subscription scheme by Lichfield's Cabinet and Tamworth's Full Council

our **strategic plan** at **a glance**

Read in full at **www.lichfielddc.gov.uk/strategicplan**

To be a strong, flexible council that delivers good value, quality services and helps to support a **vibrant and prosperous economy, healthy and safe communities** and **clean, green and welcoming places to live**.

What we will do

Between 2016 and 2020 we will place particular importance on:

How we create a vibrant and prosperous economy

- Promoting Lichfield District as a good place to invest through the roll out of the Local Plan.
- Ensuring our district is 'open for business' by welcoming and nurturing new enterprises to start up and succeed in our key business centres and rural areas.
- Delivering support, signposting and networking opportunities to existing businesses to help them thrive.
- Making it easy for businesses to interact with us.
- Understanding, monitoring and adapting to business needs and issues across the district.
- Encouraging increased visitors to our district, increased spend in the local economy and more overnight visitors.
- Delivering good quality and safe car parking in our key retail areas.

How we create healthy and safe communities

- Creating policies and events that promote healthy and active lifestyles for all, including young people – from cycle and safe walking routes, through to events, community activities and more.
- Providing support to help those with disabilities and older people stay healthy and active.
- Creating opportunities to increase the number of residents who are physically active, especially in hard to reach groups.
- Supporting and encouraging the development of clubs and other organisations to increase the quantity and quality of leisure and cultural opportunities across the district.
- Delivering a programme of disabled facilities grants to help people remain living safely at home
- Providing help and advice to prevent homelessness.

How we create clean, green & welcoming places to live

- Implementing our Local Plan which will ensure a controlled and balanced growth of the district.
- Developing supplementary planning guidance which will help to preserve our historic environment, support rural communities, and ensure the district continues to be an attractive place.
- Maintaining our parks and open spaces which encourage residents to enjoy the outdoors.
- Restoring the historic features of Stowe Pool and Fields.
- Our joint waste service continues to help our residents recycle a large percentage of their waste.
- Pursuing opportunities to transfer some open spaces to local organisations who can look after them for the enjoyment of all (e.g. playing fields).

By 2020 there will be:

Vibrant and prosperous economy

- More local jobs and more people in employment.
- More new businesses locate in our district.
- More businesses succeed.
- More visitors and greater visitor spend in our district.
- A regenerated Lichfield City centre and an improved retail offer in Burntwood.

Healthy and safe communities

- More people will be active and healthy.
- More people will be involved in volunteering and community activity.
- Fewer people and families will be homeless.
- More people will feel safer and less worried about crime and anti-social behaviour.
- More people will be living independently at home.

Clean, green & welcoming places to live

- More affordable homes in the district.
- Our heritage and open spaces will be well maintained or enhanced.
- Our streets will be clean and well maintained.
- More people will use parks and open spaces.
- New homes, office, retail and manufacturing spaces will be built or developed in line with our Local Plan and planning guidance.

Our council **By 2020:**

- Our customers will be more satisfied.
- We will continue to be financially responsible.
- Our organisation will have clear corporate values and be committed to openness and transparency.
- More people will interact with us through our website and digital channels.
- We'll be more innovative in how we deliver services and make a difference locally.

This plan sets out the high level outcomes we want to achieve over the next four years. Every year we produce a one-year action plan that sets out the key activities we will deliver to drive forward the priorities set out in this plan in detail, and the measures and targets we use to check how we are doing. Read our actions plans at **www.lichfielddc.gov.uk/actionplans**

Lichfield district council

www.lichfielddc.gov.uk