

3 July 2017

Dear Sir/Madam

CABINET MEETING

A meeting of the Cabinet has been arranged to take place on **TUESDAY 11 JULY 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, Pullen, Smith and Spruce.

1. Apologies for Absence
2. Declarations of Interest
3. End of Year Performance Report – One Year Action Plan 2016/17 (copy attached)
4. Funding the Community and Voluntary Sector (copy attached)
5. Policy for the Application of New Homes Bonus Funding in the Medium Term Financial Strategy (copy attached)
6. Business Rate Relief Schemes (copy attached)
7. EXCLUSION OF THE PUBLIC AND PRESS

RESOLVED: "That as publicity would be prejudicial to the public interest by reason of the confidential nature of the business to be transacted, the public and press be excluded from the meeting for the following items of business, which would involve the likely disclosure of exempt information as



defined in Paragraph 3 of Part 1 of Schedule 12A of the Local Government Act 1972”

8. Procuring a Customer Facing IT System (copy attached)
9. Tourist Information Service Relocation (copy attached)
10. Friarsgate: Variations to the Development Agreement (copy attached)
11. To receive the Minutes of the Asset Strategy Group Meeting held on 1 June 2017. (copy attached)

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



END OF YEAR PERFORMANCE REPORT – ONE YEAR ACTION PLAN 16/17



Report of: Cllr Andy Smith, Cabinet Member for Corporate & Customer Services, Revenues & Benefits

Date: 11th July 2017
Agenda Item: 3
Contact Officers: Neil Turner/ Christie Tims
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**CABINET
REPORT**

Key Decision? **NO**
Local Ward Not applicable
Members

1. Executive Summary

- 1.1 To provide Cabinet with a summary of progress against the actions and milestone highlighted in the 2016/17 Corporate Annual Action Plan. The Performance Report is attached at **Appendix A**.
- 1.2 Members are invited to raise questions and comment on the Performance Report.

2. Recommendation

- 2.1 To note the end of year Performance Report at **Appendix A**

3. Statement of Reasons

- 3.1 Each year, the Council adopts a One Year Action Plan which sets out the key activities and projects, measures and targets the Council intends to deliver over the coming twelve months. The Plan is adopted by Council in February of each year at the same time the budget is approved. This has been the first full year of progress towards the delivery of the 2016-2020 Strategic Plan which underpins our vision to support a vibrant and prosperous economy, healthy and safe communities, clean, green and welcoming places to live and to ensure that we are a council that is fit for the future. The Corporate Annual Action Plan 2016/17 (CAAP) sets out the first targets on our journey to deliver our vision following a period of transition and restructuring to ensure our future sustainability as a Council.
- 3.2 As well as being informed by the Strategic Plan, the Corporate Annual Action Plan is fed from individual directorate Annual Action Plans which were developed by each directorate and their respective Cabinet Members. These were considered by the Overview and Scrutiny Committees during the January 2016 round of meetings.
- 3.3 The Corporate Annual Action Plan consists of the most critical issues for the Council and the communities of the district and is comprised of elements from the directorate annual action plans, which in turn are underpinned by service plans and key performance indicators (KPI's) and Performance Development Reviews (PDRs).
- 3.4 Overall, progress against last year's CAAP has been good. Of particular note has been the following:
 - AAP1 – a robust retail economy with relatively low levels of vacant floor space in our two main urban centres.

- AAP2 Dev2 – strong indicators that tourism is continuing to grow following the launch of the City Centre Development Partnership Strategy and the implementation of a strong festivals and events programme.
 - AAP4 CHH2 – 93% of the DFG budget has been spent compared to 52% the previous year. The grant funded 103 grants to provide those with disabilities the facilities that they need to remain in their own home.
 - AAP6 CHH5 – a total of 28 units of affordable housing were completed which is below the target of 32 however around 100 units are expected to complete in 2017/18.
- AAP7 Dev7 – the upward trend of increased car parking is continuing following the introduction of the Car Parking Strategy.
- AAP9 FRB04 – net operating costs were below budget by £399,015, the Efficiency Plan target of £350,000 was overachieved by £1,220.

3.5 The Top Ten performance factors are broken down into 34 objectives (target dates for deliverables or tasks which must be undertaken) and measures (which are tracked and counted). A breakdown of the performance of these factors is listed in the table below.

End of year position	Total	Red	Amber	Green	Data not available ¹	Not in our direct control ²
Objectives	22	2	8	12	0	0
Measures	12	2	4	4	1	1
Total	34	4	12	16	1	1

¹ **Data not available** at the time of reporting, this is a manual count that is undertaken once each year.

² **Not in our direct control.** This is a wider context measure that we cannot influence therefore it is not attributed in our Red, Amber or Green reporting.

Whilst the council has adopted a CAAP for 2017/18 work is underway to ensure that future performance plans are focused so that they better align with the timescales described in the Strategic Plan (to 2020) and the Medium Term Financial Strategy (MTFS) allowing us to track overall progress against the term of the whole strategic plan. This will allow for objectives which go beyond the current financial year.

3.6 This monitoring report ensures that Directors and Cabinet Members can be held accountable for the performance of their Directorates and also ensures that we are monitoring our performance in a transparent and accountable manner.

Alternative Options	None.
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Consultation	<p>The Annual Action Plan is influenced by the directorate annual action plans for 2016/17 which are developed by each Directorate / Cabinet Member relevant to their respective portfolio area. These were considered by the Overview and Scrutiny Committees during the January 2016 round of meetings. Detailed briefing notes will be provided to the relevant Overview & Scrutiny Committee (O& S) in due course.</p> <p>There has been no consultation specifically about this Performance Report. However, there has been a consultative element to several of the Actions set out. For example, consultation was undertaken in relation to the draft Physical Activity and Sport Strategy.</p>
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Financial Implications	<p>None arising directly from this report. However, one of the top ten priorities is to balance the budget within the Medium Term Financial Strategy and progress against this objective is included within the report.</p>
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Contribution to the Delivery of the Strategic Plan	<p>This report details progress towards the achievement of the Strategic Plan</p>
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Sustainability Issues	<p>Referred to where appropriate in the Appendix, for example the Fit for the Future Service Reviews are in part about ensuring future sustainability for Council Services and for assets which are of community benefit.</p>
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Crime & Safety Issues	<p>Crime and safety issues are dealt with at an appropriate time in the delivery of the action; for example the Locality Commissioning Board has prioritised 'a safe community' and investments have been made in supporting victims and witnesses (Pathway Project), early intervention for young people (Positive Futures), support for victims of anti social behaviour (Victim Support) etc.</p>
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4. Risk Management

	Risk Description	Likelihood / Impact	Status	Countermeasure
A	Information provided to Members is too 'high level' and inadequate for robust scrutiny	Low/Low	tolerable	Members can request further details or a separate report on any item referred to in the report

Background documents

Performance reports

Relevant web links

Corporate Annual Action Plan – Top Ten Performance Report End of Year 2016/17

APPENDIX A





O = Objective
M = Measure




Vibrant and prosperous economy

Reference	What will success look like	Progress Update
<p>AAP1 Dev1</p> <p>Improve and enhance the health and viability of Lichfield City Centre and Burntwood</p>	<p>Planning application for Friarsgate considered by April 2016. (O) </p> <p>Friarsgate scheme under construction. (O) </p> <p>Planning application brought forward for an improved retail offer in Burntwood. (O) </p> <p>Property vacancy rates reduced by 1% to 8.2% in Lichfield City. (M) </p> <p>Property vacancy rates reduced by 1% to 3.6% in Burntwood town baseline at December 2015 (M) </p>	<p>Position year end</p> <p>Planning permission granted for Friarsgate scheme in Q1.</p> <p>Start on site deferred until q4 2017/18 but work continued to agreed revised timescales to implement consented scheme for Friarsgate. Retail pre lets have been secured well in excess of 60% by floor area. Design and procurement activity is well progressed to short list contractors in readiness for invitation to tender for the construction works</p> <p>Planning permission granted for retail development at Milestone Way, Burntwood in q4. Development to include 7,259sqm of retail floorspace comprising 3 pod units (499 sqm in total) for use within Classes A1, A2, A3 & A5 and up to 9 units (6,461 sqm) for use within Class A1 retail together with a drive thru restaurant (Use Classes A3 & A5) (299 sqm) together with associated access, car parking, servicing, landscaping and associated works.</p> <p>Vacancy rates in the city centre went from 8.2% in December 2015 to 8.61% in June 2016 to 6.29% in December 2016; the lowest record since January 2009 albeit that some floorspace is taken by seasonal shops. Burntwood went from 3.6% in December 2015 to 4.55% in June 2016 to 4.47% in December 2016. The national average for retail vacancy currently stands at 12.3% (Nov 2016– Local Data Company).</p>

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Reference	What will success look like	Progress Update
AAP2 Dev2 Encourage visitors to our District	Lichfield City Centre Development Partnership Strategy launched by April 2016. (O)  Visitor numbers increased across the District by at least 1% (from 2,853,000) (M) 	Position Year End The City Centre Development Strategy was launched in q2. The annual survey in June suggested that the district had attracted an increase in visitor numbers of approximately 18% (3.34m, spending an estimated £110m). The study further suggests the district enjoyed a 4.8% growth in day visitor numbers/value and a 1.2% increase in the value of overnight stays, (Source Enjoy Staffs). Key events held during year included the Bower, Sir Tom Jones concert and the Staffordshire Ironman Lichfield Arts Festival, the Food Festival, Burntwood Wakes and Lichfield Proms in Beacon Park, the St Giles Solstice Walk and the Lichfield 10k. Car parking usage and income also saw significant increases further evidencing a growth in visitor numbers.

Healthy and Safe Communities





Reference	What will success look like	Progress Update
AAP3 CHH3 Prevent Homelessness and rehouse eligible households who become homeless	At least 200 homelessness preventions. (M)  Homes identified within the district for up to 5 refugee families. (M) 	Position at Year End 190 interventions to prevent incidences of homelessness were completed, comprising of 111 by the council and 79 by CASES (included due to locality commissioning funding of CASES). This is lower than the anticipated 200 target figure because the reduction of housing options (other providers and support mechanisms) available within the district means prevention is not possible in many cases. There was no requirement or requests to accommodate any refugee families in the district.
AAP4 CHH2 Deliver a programme of disabled facilities grants and help people to remain in their own homes	100% of budget for disabled facilities grants spent. (M) 	Position at Year End 92.6% of the budget was spent by the year end which is much improved to last year's performance of 52.10 %. 103 grants were approved compared with 70 in the previous year.

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Reference	What will success look like	Progress Update
AAP5 CHH4 Develop and implement a Strategy for Prevent (anti-terrorism)	Strategy approved by June 2016. (O) 	Position at Year End The Prevent Strategy was endorsed by the CHH O&S Committee and the District Board in q1. It was implemented through the Community Safety Partnership and the Joint Operations Group. Training was provided to key local organisation including Pathway (q3) and 23 Members (q4).

Clean, green and welcoming places to live

Reference	What will success look like	Progress Update
AAP6 Dev3 Implement the adopted Local Plan	<p>Pre application discussions in relation to Deans Slade and Cricket Lane, Lichfield (major allocated development sites) underway (O) </p> <p>Draft Site Allocations Plan prepared and submitted for examination (O) </p> <p>A 20% increase in dwellings delivered in 2016/17 (compared to 204 gross, 200 net in 2015/16) (M) </p> <p>Revised planning proposal for Liberty Park (13 hectares) considered (O) </p>	<p>Position at Year End</p> <p>Pre-application discussions are continuing with the respective landowners/developers of these key sites.</p> <p>A draft of the Local Plan Allocations was presented to and considered by EGED (O&S) Committee and duly reported to Cabinet when it was approved for the purposes of consultation. Consultation commenced in March and will continue until May after which the results will be assessed and reported back to members.</p> <p>Net data for 2016/17 not currently available but will be shortly as part of housing monitoring update.</p> <p>A planning application for revised scheme at Liberty Park was submitted for consideration.</p>

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Reference	What will success look like	Progress Update
AAP6 CHH5	Implement the adopted Local Plan – Deliver affordable housing	32 Units of affordable Housing delivered. (M) 
		<p>Position at Year End</p> <p>We are under the target of 32 with a total of 28 completions for the year. Affordable units are currently on site at East of Burntwood Bypass, Wheelhouse Road, Streethay and Browns Lane (Tamworth) with c100 units expected to complete in 2017/18.</p>

A council that is fit for the future








Reference	What will success look like	Progress Update
AAP7 Dev8	Continue to implement Fit for the Future programme	Delivery Plan developed and implemented for the following review <ul style="list-style-type: none"> • Economic Development Service (O) 
		<p>Position at Year End</p> <p>The provisions of the Economic Development Strategy and related Action Plan are being implemented. The main delivery vehicle is via the Council's shared service arrangement with Tamworth Borough Council supplemented by actions undertaken by key service areas within the Council e.g. Planning, Environmental Health, Tourism etc. Discussions are taking place to see where and how service specific actions and more corporate working can take place to assist in delivering the ED Strategy.</p>
AAP7 Dev9	Continue to implement Fit for the Future programme	Delivery Plan developed and implemented for the following review <ul style="list-style-type: none"> • Car Parking (O) 
		<p>Position at Year End</p> <p>The Council has approved a new Car Parking Strategy and revised charges which were introduced in August 2016. Efforts are now being made to see how the customer experience of using the Council's car parks can be enhanced including adopting easier payment methods. The trial with the Check In Check Out system is underway at Lombard Street car park. It will not be possible to formally collate results until the end of the trial. Arrangements are also being made to agree a new enforcement contract for the Council's car parks which it is hoped will realise some financial savings.</p>
AAP7 FRB 07	Continue to implement Fit for the Future programme	Delivery Plan developed and implemented for the following review <ul style="list-style-type: none"> • Revenues and Benefits (O) 
		<p>Position at Year End</p> <p>The final report on the review was presented to the Strategic (Overview & Scrutiny) Committee on 9 June 2016 and Cabinet on 5th July which agreed the recommendations to keep the service in house and improve it.</p>





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Reference	What will success look like	Progress Update
		<p>The management of customer services and revenues and benefits was bought together via the management restructure and the post holder has been in place from 1 October 2016.</p> <p>A Service review action plan including all of the recommendations from consultants is being progressed. A programme board has adopted and is implementing an action plan to complete tasks and identify the owners of these tasks. Work has started training Lichfield Connects staff to deal with some revenues enquires at first point of contacts.</p>
<p>AAP7 L&P8</p> <p>Continue to implement Fit for the Future programme</p>	<p>Delivery Plan developed and implemented for the following review</p> <ul style="list-style-type: none"> Leisure (O)  	<p>Position at Year End</p> <p>Notice given to School/county council to withdraw from King Edward VI Leisure Centre. Physical Activity and Sport Strategy (PASS) was formally adopted in Quarter 2 Cabinet on 1st November 2016 confirmed the publication of tender documents to further consider the potential to outsource the running of the remaining leisure centres. 3 organisations bidding for the option to operate the leisure centres on behalf of LDC.</p>
<p>AAP7 L&P9</p> <p>Implement the recommendations of the Fit for the Future Parks and Open Spaces Review</p>	<p>Delivery Plan developed and implemented for the following review</p> <ul style="list-style-type: none"> Parks and Open Space (O)  	<p>Position at Year End</p> <p>Incidental open space at Whittington transferred to parish council. The lease for Hospital Road has been signed by 2 out of the 3 party's and completion is expected by May 2017. Lichfield canal line areas are with solicitors for completion by end of 2017. Asset Strategy Group have identified potential sites for development in Burntwood and Lichfield and these are being progressed through the asset team. Charter Place developer is looking to secure adoption within 12 months and the commuted sum has been calculated and paid. The developer for Darwin Park is investigating the reasons why Phase 1 has not fully progressed. Phase 2 and 3 ready for solicitors, now awaiting confirmation on title to land, phase 4 developer is not ready for transfer. Hawksyard is unlikely to come forward for adoption for several years.</p>
<p>AAP8</p> <p>Implement outcomes of the Corporate Council Review</p>	<p>New organisational structure in place. (O) </p> <p>Code of Conduct launched by May 2016. (O) </p>	<p>Position at Year End</p> <p>The Council approved the implementation of a new structure (two Directors, nine Heads of Service) at a Special Meeting in June 2016. Recruitment was successful with all Heads of Service in place from April 2017.</p>

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Reference	What will success look like	Progress Update
	<p>Customer promise and organisational values launched by May 2016. (O) </p> <p>Terms and conditions review completed and recommendations implemented by May 2016.(O) </p>	<p>The Customer Promise was launched in May 2016 and a range of measures identified to publicise and embed the Promise within the organisation.</p> <p>The Code of Conduct and 5 new / revised HR policies were formally adopted by the Council in Q4 and associated contractual terms and conditions were amended. The terms and conditions review remains work in progress.</p>
<p>AAP9 FRB04</p> <p>Ensure Revenue and Capital Budgets are managed efficiently and effectively</p>	<p>Outturn to be +/- £250,000 of the revised Revenue Budget (O) </p> <p>Quarterly Money Matters reports produced and approved by O&S and Cabinet (O) </p> <p>Unqualified Audited Accounts and Value for Money conclusion for 2015/16, approved by September 2016 (O) </p> <p>98.5% of Council Tax collected (M) </p> <p>98.5% of Council Tax and Business Rates collected (M) </p>	<p>Position at Year End</p> <p>The Statement of Accounts was scrutinised by Strategic (overview and Scrutiny) Committee on 7 September 2016 and the Audit Findings Report was also presented to the Committee at this meeting.</p> <p>The Audit Findings Report identified an Audit Opinion on the Statement of Accounts of: We have not identified any adjustments affecting the Council's reported financial position (details are recorded in section two of this report). We have recommended some adjustments to improve the presentation of the financial statements. The key messages arising from our audit of the Council's financial statements are:</p> <p>a) Draft statement of accounts and working papers were of a good quality and finance staff were very responsive to subsequent audit requests b) The statement of accounts was produced earlier than in previous years and the audit was substantially complete on 5 August.</p> <p>We anticipate providing an unqualified audit opinion in respect of the financial statements.</p> <p>The Audit Findings Report also identified a value for money conclusion of: We concluded that the Council had proper arrangements in all significant respects to ensure it delivered value for money in its use of resources.</p> <p>The Money Matters Report to Cabinet on 13 June 2017 relating to the financial year 2016/17 identified the following:</p>

Reference	What will success look like	Progress Update
		<ul style="list-style-type: none"> • Net Operating Cost was below budget by (£399,015). • The Efficiency Plan target of £350,000 was overachieved by £1,220 in 2016/17. • £692,606 was transferred to general reserves compared to an original budgeted transfer to general reserves of £8,560. • The Capital Programme was (£379,080) below budget. • Capital receipts were (£734,553) higher than the approved budget. • The Council's share of the Council Tax Collection Fund surplus is (£36,008). • The Council is paying £27,966 of net levy for Business Rates growth than the Approved Budget. • The Council's share of the Business Rates Collection Fund surplus is (£1,080,452). • The Council's investments had a more secure status than the aim of A- and the yield exceeded all four industry standard benchmarks. • Council tax collection was 98.81% (this is the 'in year target' figure which is reported nationally) • Business rates collection was 97.51% (this is the 'in year target' figure which is reported nationally) <p>Quarterly Money Matters reports were approved by O&S and Cabinet.</p>
<p>AAP10 FRB10</p> <p>Develop and implement a Strategy to encourage and enable customers to meet their service requests on line</p>	<p>Direct customers of Revenues & Benefits Service (RBS) able to self-serve on line (O) </p> <p>Landlord portal introduced within RBS (O) </p> <p>On line billing introduced for RBS customers (O) </p>	<p>Position at Year End</p> <p>Northgate Revenues and Benefits software contract has been reviewed and extended. The landlord portal has been purchased and is being installed. This will allow the publication of e-forms to allow customers to self-serve and access to an on-line system which supports billing. This has also attracted LGA funding which must provide usable forms by March 2018. A programme of development is being delivered.</p>
<p>AAP10 CHH10</p> <p>Develop and Implement a Strategy to encourage customers to meet their service requests</p>	<p>At least 4 new services to be accessible to customers via the mobile app (O) </p>	<p>Position at Year End</p> <p>Pollution services (complaints about noise, dust and odour) on line and the number of downloads of the mobile app has increased to 1,314 (over 6 months).</p>

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Reference	What will success look like	Progress Update
on line – Customer service on line	Increased downloads of mobile app by Lichfield residents from 459 (@ December 2015) to 3000 (M) 	Abandoned vehicle, fly tipping and noise nuisance are all accessible. Waste services have been prioritised and additional bin and assisted collection requests, along with missed bin reports are now also accessible.
AAP10 FRB08 Develop and implement a Strategy to encourage and enable customers to meet their service requests on line. Core IT systems reliability.	Our critical IT systems are available for at least 99.96% of the time (M) 	Position at Year End Annual uptime to 99.98%, which exceeds both the target of 99.96% and the previous year's performance of 99.6% demonstrating the stability of the infrastructure.
AAP10 D&L10 Develop and implement a strategy to encourage and enable customers to meet their service requests online	There is an increasing expectation that customers can conduct their business with the Council online; better and more convenient for customers and offers opportunities to improve the efficiency of service delivery (O) 	Position at Year End A business case is being refined to introduce a committee management system to improve version control and document management of reports, as well as providing a convenient way for users to access papers.
AAP10 Develop and implement a Strategy to encourage and enable customers to meet their service requests on line	Introduce on-line booking capability for sports facilities for members (O) 	Position at Year End The Active Lichfield website was softly launched in March 2017 along with online bookings. During March there was 90 bookings made using the facility across the 3 leisure centres. Publicity is now being increased using promotional literature, which includes postcards and posters as well as printed t-shirts for staff to wear.
AAP10 Dev7 Develop and implement a Strategy to encourage and enable customers to	Implementation of agreed action plan on recommendations of the Development Management process review (O) 	Position at Year End A review of electronic transactions has formed part of the Development Management Process Review that has been independently carried out by the Planning Officers Society (POSe). All Cabinet papers are now being distributed electronically.

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Reference	What will success look like	Progress Update
meet their service requests online		The Planning Officer Society report and process maps was received on 23 March 2017. They have mapped current application handling through receipt and validation, case management, decision making, compliance monitoring and enforcement to eventual archiving. An action plan is being drafted to implement its recommendations and will be reported to EGED O&S Committee later this year.

FUNDING THE COMMUNITY AND VOLUNTARY SECTOR

REPORT OF THE CABINET MEMBER FOR REGULATORY SERVICES, HOUSING & WELLBEING

Date: 11th July 2017
Agenda Item: 4
Contact Officer: Clive Gibbins/Susan Bamford
Tel Number: 01543 308702/01543 308170
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Key Decision? YES
Local Ward Applicable to all Wards.
Members

CABINET

1. Executive Summary

- 1.1 Each year, this Council invests in the community and voluntary sector within the District, enabling a wide range of social / wellbeing, environmental, leisure activities and support services to be provided to our residents, particularly those who need additional help and support.
- 1.2 The District Council agreed to contribute £177k per year to be allocated by the Locality Commissioning Board to be invested in the community and voluntary sector for the period 2015 to 2018. Plans therefore now need to be made regarding the level and nature of future investment in the community and voluntary sector beyond 2018.
- 1.3 The Community Housing & Health Overview & Scrutiny Committee in March 2017 established a short life Member Task Group to consider the council's support of the community and voluntary sector- specifically the future levels of investment, the required outcomes for this investment and the process that should be used to make any future investment with reduced levels of funding available from other public sector partners.
- 1.4 This Task Group reported their findings and recommendations to the Community Housing & Health Overview & Scrutiny Committee in May 2017 which resulted in the committee making the following recommendations to the Cabinet Member:
 - To consider maintaining a budget of £177k per annum for investment in the community and voluntary sector, with a 3 year outline commitment
 - That the funding priorities for funding the Community & Voluntary Sector should be as detailed in **Appendix A**
 - That consideration be given to continuing with a partnership approach for future commissioning.

2. Recommendations

- 2.1 That Cabinet agree to maintaining a budget of £177k per annum for investment in the community and voluntary sector with a 3 year outline commitment.
- 2.2 That the funding priorities for funding the Community & Voluntary Sector should be as detailed in **Appendix A**.
- 2.3 That the decision of the Locality Commissioning Board to no longer undertake future commissioning is noted and that Cabinet delegates authority to the Cabinet Member for Regulatory Services, Housing & Wellbeing in consultation with the Head of Regulatory Services, Housing & Wellbeing to take decisions on the investment of the District Council's budget for community and voluntary sector funding.

3. Background

- 3.1 A thriving and diverse voluntary and community sector is an important component of what makes Lichfield District a good place to live, work and visit. A wide range of activities, services and events are planned, organised and delivered with consequent benefits to individuals (who need help to live safely and independently at home) to the community at large (who can enjoy sport and arts events and festivals). There are currently around 450 voluntary organisations and an estimated 12,000 residents volunteering with groups, clubs or organisations. We know from the Staffordshire Observatory that we have an above-average percentage of residents who are willing to volunteer, and we are keen to harness the immense good that the third sector can bring to our community.
- 3.2 The council agreed to contribute £177k per year of investment in the community and voluntary sector for 2015-18 and delegated authority to the Locality Commissioning Board (LCB) to take decisions on the investment of the District Council's budget for community and voluntary sector funding. Plans now need to be made regarding the level and nature of future investment in the voluntary and community sector so that arrangements can be put in place for funding beyond April 2018.
- 3.3 The Community Housing & Health Overview & Scrutiny Committee established a task group to consider this in detail. The Task Group considered and reviewed:
- the range and type of outcomes and activities that the District Council had funded and how they met the District Council's priorities
 - previous performance information received from the organisations with service level agreements directly funded by the District Council
 - the level of funding that the District Council should invest in the Community and Voluntary Sector and what the funding priorities should be
 - the Locality Commissioning process.
- 3.4 Overall, Members of the Task Group were satisfied that the investment made had achieved successful outcomes and represented good value for tax payers' money. They therefore agreed that the District Council should continue to make an investment in the local community and voluntary sector.
- 3.5 The Task Group agreed that they would like to see the current level of funding maintained but achieve more and make it work harder. They also wished to ensure that the funding makes a positive impact on improving lives, particularly for people who are vulnerable and disadvantaged.
- 3.6 Members reviewed the existing funding outcomes against the Strategic Plan 2016-2020 outcomes, together with the value of funding and organisations funded for each priority, as detailed in **Appendix B**. Members felt that the Strategic Plan priorities and supporting evidence base should provide the basis for the funding priorities and considered each of the Strategic Priorities as follows:
- Vibrant and Prosperous Economy – Members recognised the importance of this priority but considered that the BID and LEPs were able to make the key contribution to help fund this priority, as opposed to the community and voluntary sector
 - Healthy and Safe Communities - Members wished to see the community and voluntary sector funding support targeted at the Healthy and Safe Communities Strategic Plan priority as this would focus the funding towards those who experience disadvantage and are vulnerable and where the community and voluntary sector plays a key role
 - Clean, green and welcoming places – Members felt that the community and voluntary sector had a limited role in contributing towards the clean, green and welcoming places to live priority and this could be delivered in other ways.

In addition, Members wished to explore the development of cross cutting priorities and to use the Strategic Plan evidence base to identify specific needs, sub criteria and outcomes.

- 3.7 The options for the use of funding were discussed including new projects, the development of existing projects and core funding considered. Whilst core funding is sometimes needed by organisations, this can encourage dependency and make it difficult to reduce or end funding at a later stage if required. There is however the opportunity to focus existing resources (including staff) at delivering against the agreed outcomes. To this end, it was felt that funding should focus on outcomes rather than activities

and that the specific apportionment of funding across specific outcomes was not appropriate as Members were keen on adopting a more flexible approach.

- 3.8 Task Group Members considered the Locality Commissioning process and the resources involved in the management and administration of the process for the council as the Accountable Body. Members felt that the performance management process was not always proportionate to the level of funding as it was universally applied across all funding agreements regardless. Members recognised the valuable contribution of partners but also recognised that two of the lead partners, the county council and the CCG were currently not able to commit further funding and it is currently uncertain as to whether they will be able to continue to commit any officer resource. However, there was a view that there is merit in maintaining some partner contribution to the commissioning process, whilst at the same time ensuring that this does not place any additional administrative burden on the council. Partner contribution to the process could include:
- contribution to the development of the prospectus
 - involvement in award panels
 - finalising funding agreements
 - performance managing specific agreements
 - contributing to the Locality Commissioning Board.
- 3.9 Whilst there are clearly benefits in partner involvement in terms of bringing expertise and helping deliver a joined up approach, there are risks in developing a partnership process that relies on the ongoing commitment of partner resource if this cannot be guaranteed.
- 3.10 The findings and recommendations of the Task Group were reported to the Community Housing & Health Overview & Scrutiny Committee in May 2017 and the Committee recommended to the Cabinet Member:
- To consider maintaining a budget of £177k per annum for investment in the community and voluntary sector, with a 3 year outline commitment
 - That the funding priorities for funding the Community & Voluntary Sector should be as detailed in **Appendix A**
 - That consideration be given to continuing with a partnership approach for future commissioning.
- 3.11 As Cabinet Member I support the views of the Task Group and wish to endorse the following benefits:
- Enabling community and voluntary sector organisations to make a contribution to the council's Strategic Plan outcomes and have a positive impact on local communities
 - Tapping into our volunteering community means that third sector organisations can achieve more for less and deliver increased value for money
 - Volunteering itself has a positive impact on the individual and local community
 - Community and voluntary organisations are close to communities and well placed to support those who are vulnerable and disadvantaged
 - There is evidence that individuals who are experiencing difficulties tend to approach community and voluntary organisations earlier than statutory organisations
 - Going forward, a focus on healthy and safe communities will mean that the funding achieves more for those who are vulnerable and experiencing disadvantage and needs the most help.
- 3.12 Whilst locality commissioning has no doubt delivered benefits to public sector organisations, community and voluntary sector groups and local communities, the reductions in the availability of partners funding and the reducing resources available to support the Locality Commission process have required partners to review its ongoing sustainability. Partner budget pressures and changing priorities in respect of commissioning public health activities have meant that the only funding stream continuing is the PCC funding and LDC community and voluntary sector funding.
- 3.2 The future sustainability for Locality Commissioning was considered by the Locality Commissioning Board (LCB) at its meeting on 14th June 2017 and the following agreed:
- That future commissioning of Voluntary & Community Sector organisations would no longer be undertaken by the LCB and it would be for individual partners to develop their own processes seeking partner involvement as appropriate. This was because of diminishing partner

resources and funding to continue to operate and support the Locality Commissioning Process

- That the LCB would continue to operate in connection with the existing funding agreements which run to 31 March 2018, in particular for performance management arrangements with a minimum of a further 3 meetings required.

Alternative Options	That Cabinet approve a different amount of funding of the Community & Voluntary sector That alternative funding priorities are agreed That funding of the Community & Voluntary sector is ceased or reduced
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Consultation	The Member Task Group has formed part of the consultation process
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Financial Implications	The District Council provides funding to the Community and Voluntary Sector to the value of £177,000 per year until March 2018. The report recommends that this funding be continued for a further 3 years. The decision on the approach to future commissioning may impact on the level resources required to deliver the commissioning and performance management requirements
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Contribution to the Delivery of the Strategic Plan	Locality Commissioning supports the strategic priorities of <ol style="list-style-type: none"> 1. Vibrant and Prosperous Communities by supporting our local economy, jobs and training and contributing towards visitor numbers. 2. Healthy and Safe Communities by helping people to be active and continue to live independently and be involved in volunteering. 3. Clean, Green, Welcoming places to live by supporting residents and organisations to be environmentally responsible and contributing towards protecting our heritage and looking after green spaces.
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Equality, Diversity and Human Rights Implications	Voluntary and community groups provide support to a range of groups and in particular children, older people and people with disabilities. An Equality Impact Assessment will be completed once the priorities and any changes are identified.
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Crime & Safety Issues	A number of the priorities contribute towards community safety including supporting victims and witnesses of domestic abuse and support for victims of anti-social behaviour.
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	Risk Description	How We Manage It	Severity of Risk (RYG)
A	Insufficient engagement / consultation with community and voluntary sector	Engagement and consultation with the community and voluntary sector	Yellow
B			
C			
D			
E			

Background documents Report of Chairman of Member Task Group to CHH O&S Committee 30th May 2017

Relevant web links

Member Task Group Views			
1. Amount of Funding	Rationale	Options	Issues
Funding maintained at £177k	Added value of community & voluntary sector Contribution make to delivery of council's strategic priorities recognised in the Strategic Plan 2016-2020	Some outcomes will be impacted upon by partner funding reductions Could explore crowd funding and setting up local lottery but these have resource implications	Any significant reduction in funding will have impact on delivery of outcomes
2. Priorities	Rationale	Options : Strategic Plan Outcomes	Apportionment of Funding
Funding aligned to Strategic Plan priority 'Healthy & Safe Communities' & Strategic Plan outcomes	Strategic Plan priorities and supporting evidence base provide strong basis for the funding priorities. BID and LEPs make key contribution to help fund Vibrant and Prosperous Economy priority and levels of unemployment have reduced significantly. Limited role of community and voluntary sector in contributing towards the clean, green and welcoming places to live priority	<ul style="list-style-type: none"> • 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 Outcomes that also can show contribution to 'Vibrant and Prosperous Economy' and/or 'Clean, green and welcoming places' to be given additional score.	Flexible approach recommended, with no specific funding allocated against an outcome No funding level or banding given so that organisations determine amount needed No maximum funding given so that amount determined by outcome to be delivered, with minimum of £5k to enable scale and scope of delivery and impact
3. Process	Rationale	Options	Issues
Maintain some partner contribution to the process	Added value of partnership working Partners may bring specialist knowledge Helps avoid duplication	Seek partners involvement in allocation of funding Explore ongoing engagement	Prospectus key to ensure quality and appropriate applications Need to balance any partner contribution against any additional administrative demands Partners may not be able to engage when not contributing any funding Degree of partner influence over LDC funding

LICHFIELD DISTRICT COUNCIL PRIORITIES FOR FUNDING THE COMMUNITY & VOLUNTARY SECTOR 2015-18

Lichfield District Council Priority	Strategic Plan 2016-2020 Priority	Organisations Funded	LDC Funding 2015-18	Total Locality Commissioning Funding
Help local people to maximise their income and manage / reduce debt	Healthy & Safe communities	South East Staffordshire Citizens Advice Bureau	£160,408	£160,408
Support new and existing local voluntary organisations to enable them to succeed and get maximum benefit from volunteers	Healthy & Safe communities	Support Staffordshire, Lichfield and District	£170,746	£170,746
Prevent homelessness and support those who are homeless	Healthy & Safe communities		£0	£0
Help Vulnerable People Remain Healthy, Safe And Independent Within Their Own Homes And Neighbourhoods	Healthy & Safe communities	Minster Consortium Live at Home Victim Support SE Staffordshire CAB	£70,442	£234,907
Support to help lessen the damage from domestic abuse and help individuals and families rebuild their lives	Healthy & Safe communities	The Pathway Project	£41,345	£65,354
Enrich the lives of people living, working and visiting the District through cultural activity and maximise the visitor contribution to the local economy	Vibrant & Prosperous Economy	Lichfield Arts and Cultural Organisations:	£68,030	£68,030
Create opportunities for training, volunteering and employment	Vibrant & Prosperous Economy	Bromford Business Development Services (BDS) Note- Funding was for one year only	£23,136	£30,000
		Total	£534,107	£729,445

Policy for the Application of New Homes Bonus funding in the Medium Term Financial Strategy

Cabinet Member for Finance and Democracy

Date: 11 July 2017
Agenda Item: 5
Contact Officer: Anthony Thomas
Tel Number: 01543 308012
Email: Anthony.thomas@lichfielddc.gov.uk
Key Decision? YES
Local Ward Members : Full Council



Cabinet

1. Executive Summary

- 1.1 New Homes Bonus was introduced in 2011/12 and the system financially rewards each Council for each new home that is built or where empty properties are reduced within their area. The aim of the system was to incentivise local authorities to encourage housing growth.
- 1.2 **The Council's policy has been to utilise all of the income received from New Homes Bonus as core funding in its base budget.**
- 1.3 A consultation titled "sharpening the incentive" was issued in December 2015 and the Government's preferred option was to create savings "of at least £800m" for Social Care.
- 1.4 The results of the Consultation were announced in the Finance Settlement on 15 December 2016.
- 1.5 The previous New Homes Bonus Regime clearly linked housing growth with financial reward and the reward was stable and predictable. The main financial risk was related to the level of growth delivered compared to the targets set by the Council.
- 1.6 The revised New Homes Bonus Regime introduced the National Baseline (deadweight) currently set at **0.40%** and growth below this level does not attract reward. The Government has also reserved the right to alter the National Baseline (deadweight) in the event of significant or unforeseen housing growth to remain within with the National 'Cash Limited' Budget.
- 1.7 New Homes Bonus has been classified as a severe risk to the Medium Term Financial Strategy because of changes incorporated within the revised scheme and further changes that could be made.
- 1.8 In addition to the financial risks to the scheme, there has always been an inherent risk that the scheme could be withdrawn or replaced at some time and as a consequence the Local Government element of the funding would be allocated based on an alternative methodology.
- 1.9 A number of Councils have managed both the financial and inherent risks associated with the New Homes Bonus regime by only allocating an element of reward as core funding in the Base Budget.
- 1.10 It is recommended that for New Homes Bonus Reward used as core funding, a 'cash limit' is established with any income received in excess of that limit being transferred to reserves.

2. Recommendations

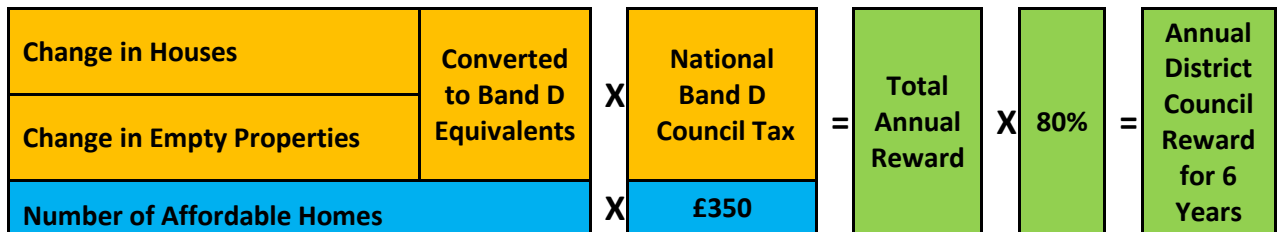
- 2.1 To approve the implementation of a 'cash limit' of **£800,000** in 2018/19, **£700,000** in 2019/20 and **£600,000** in 2020/21 on the New Homes Bonus reward utilised as core funding to reflect the increasing risk related to this revenue stream.
- 2.2 To approve the transfer of any New Homes Bonus reward received in excess of the 'cash limit' to reserves for future investment.
- 2.3 That Cabinet continue to monitor the level of risk to the Council's Medium Term Financial Strategy of any further changes to the New Homes Bonus scheme.

3. Background

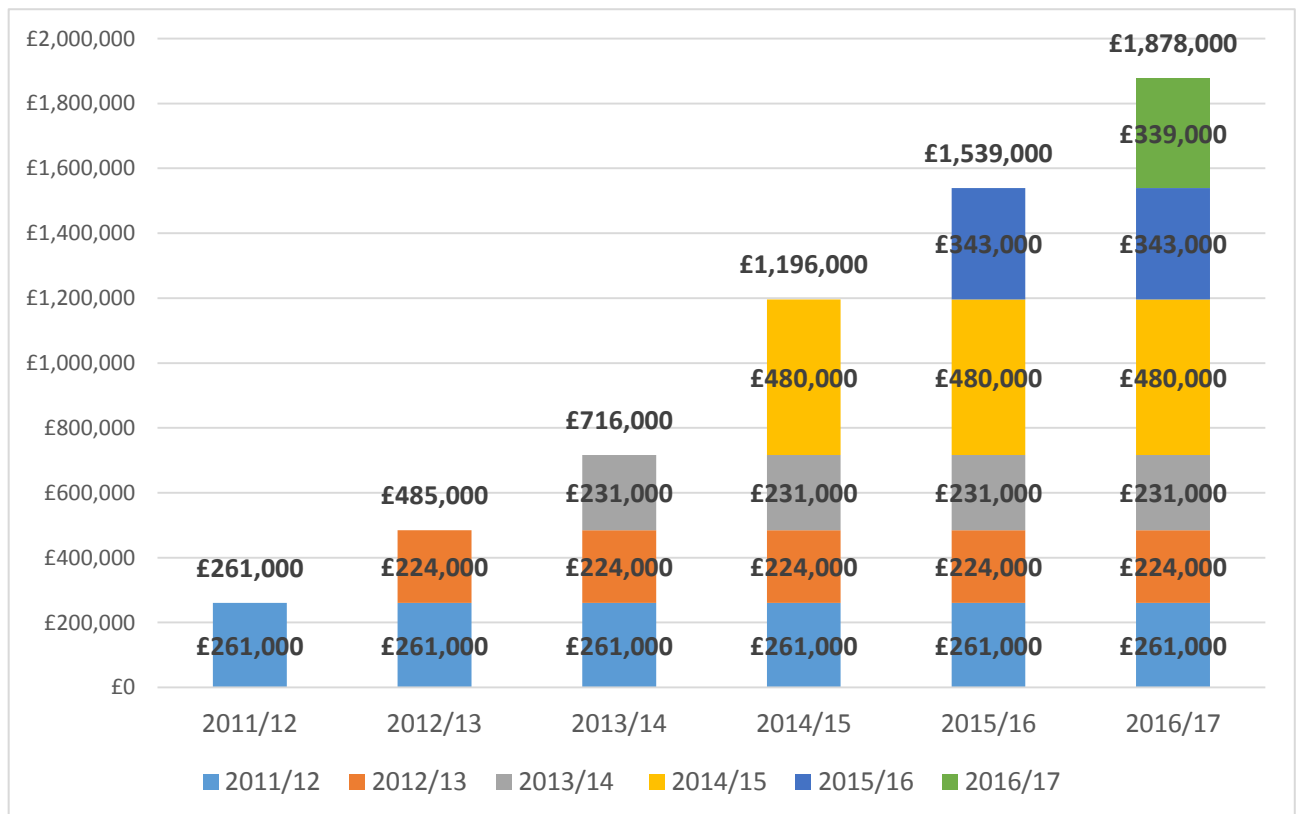
The Previous New Homes Bonus System

- 3.1. New Homes Bonus was introduced in 2011/12 and financially rewards each Council for each new home that is built or reductions in empty properties within their area.
- 3.2. The aim of the system was to incentivise local authorities to encourage housing supply growth.
- 3.3. **The Council’s policy has been to utilise all of the income received from New Homes Bonus as core funding in its base budget.**
- 3.4. The previous New Homes Bonus system provided a financial reward based on:
 - The change in houses and empty properties (converted to Band D equivalents) multiplied by The National Band D Council Tax level.
 - The number of new affordable homes multiplied by a supplementary payment of £350.
 - In two tier areas, the total annual reward is split 80% to District Councils and 20% to County Councils.
 - The annual reward being for a six year period.

3.5. The calculation under the previous system for a District Council is shown below:

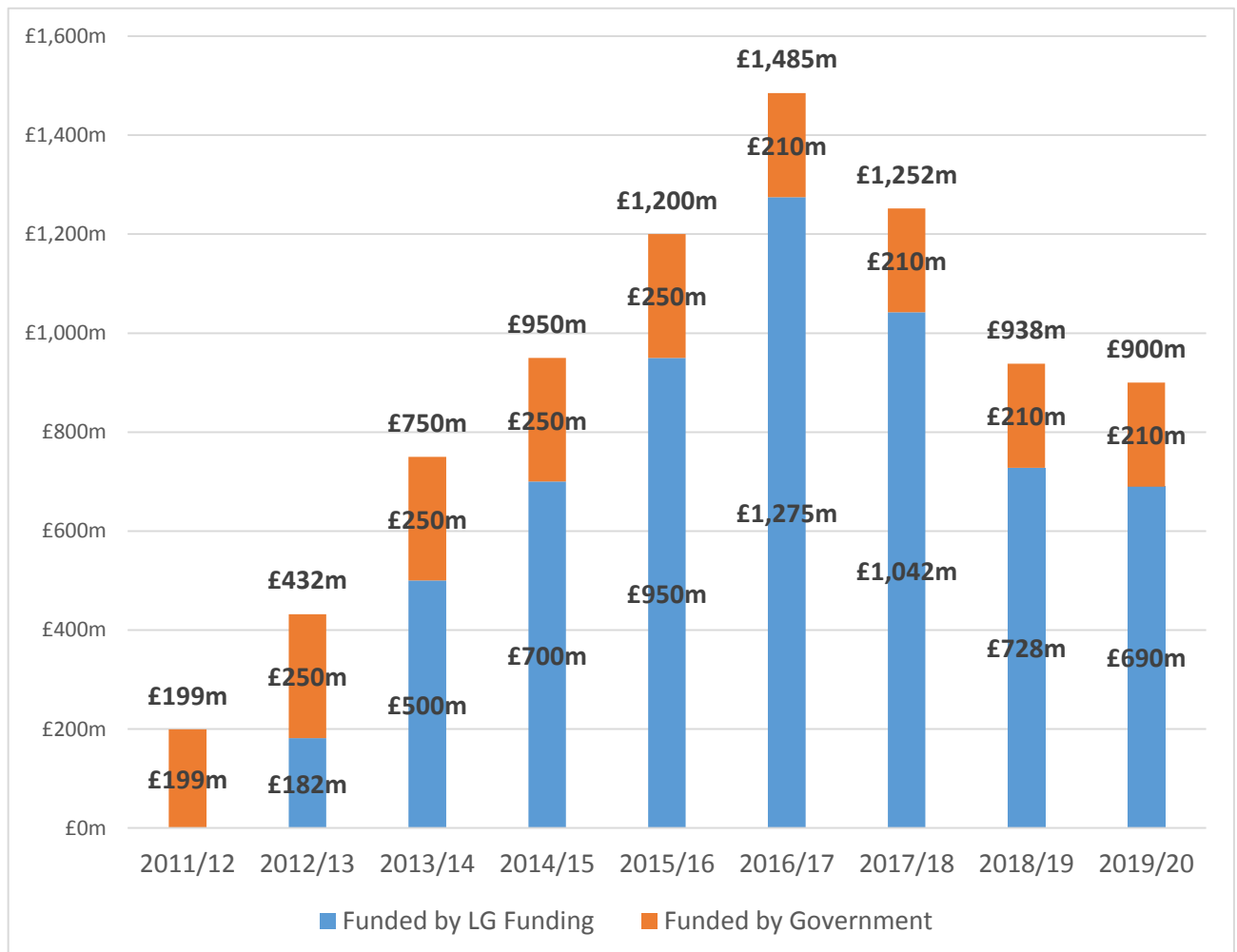


3.6. The annual and total reward received by the District Council under the previous system from 2011/12 to 2016/17 is shown in detail at **APPENDIX A** and in the chart below:



The New System Following the Consultation

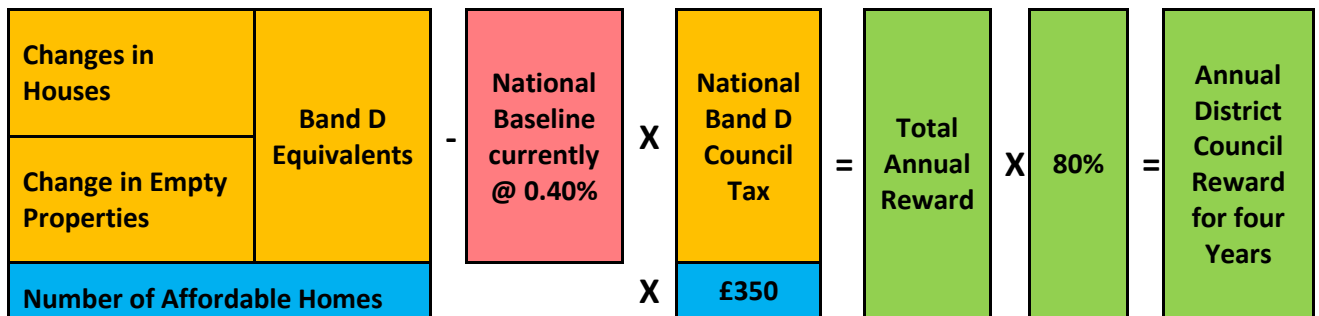
- 3.7. A consultation titled “sharpening the incentive” was issued in December 2015 and the Government planned to create savings “of at least £800m” for Social Care. To achieve this aim, the Government identified a number of preferred options as part of the consultation including:
- Reducing the reward from six to four years.
 - Introducing a baseline known as the deadweight below which reward would not be paid and in the consultation a potential level of **0.25%** of the existing housing stock was identified
 - Withholding payment where no local plan had been produced.
 - Reducing payments for homes allowed on appeal.
- 3.8. The results of the Consultation were announced as part of the Local Government Finance Settlement on 15 December 2016 with the proposed changes detailed below:
- Payments were reduced from **six years to five** in 2017/18 and to **four years** from 2018/19.
 - A National baseline (deadweight) for growth of **0.4%** was introduced. Only growth in excess of the baseline will attract New Homes Bonus. **The Government has reserved the right to alter the level in the event of significant or unforeseen housing growth.**
 - Additional conditions such as withholding payment where there is no Local Plan or where houses are built after an appeal will be subject to further consultation.
- 3.9. The national cost of the reward, the funding from the Department of Communities and Local Government (DCLG) and the ‘top slice’ from Local Government Funding are shown in the chart below:



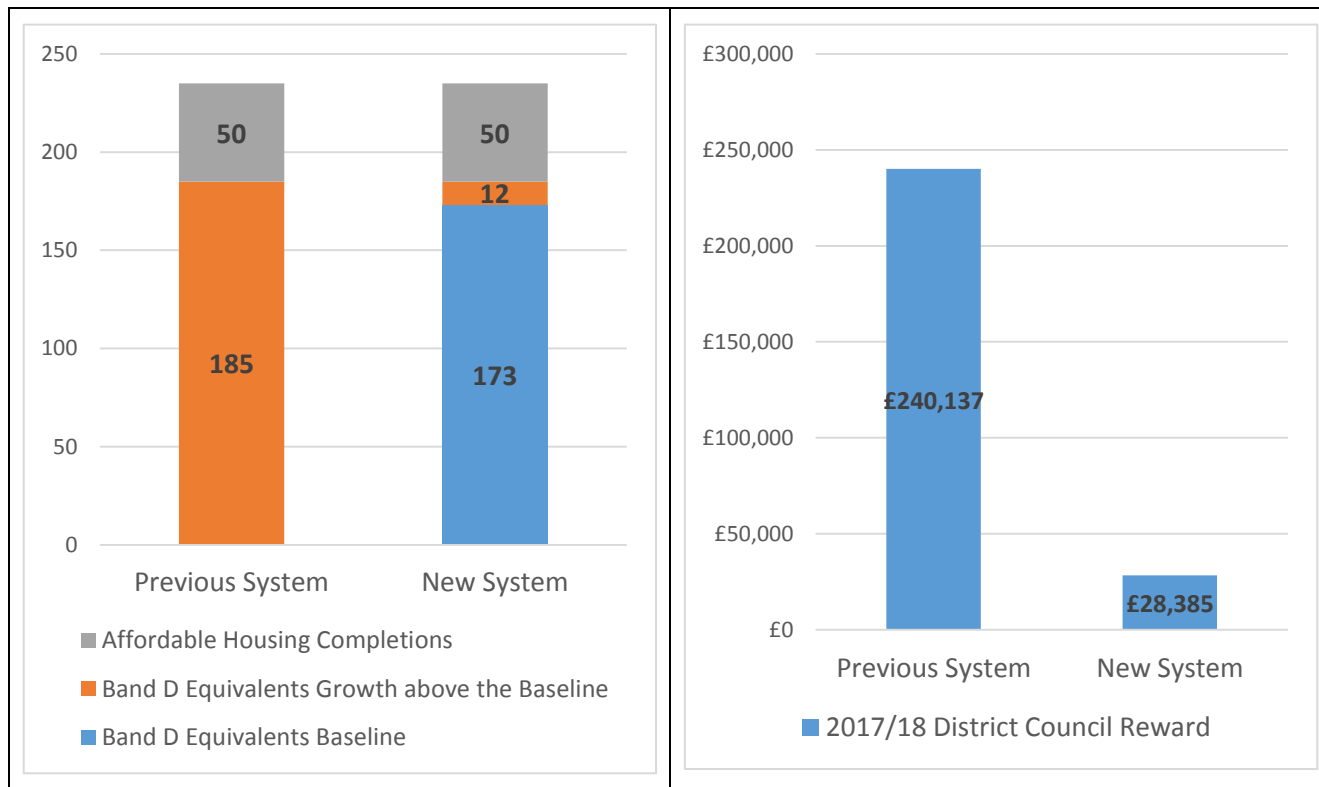
- 3.10. The chart shows total payments have increased from **£199m** in 2011/12 to **£1,485m** in 2016/17 under the previous scheme.
- 3.11. The introduction of the revised scheme from 2017/18 leads to a reduction in payments to produce the Government's £800m savings target by 2019/20. This means that the budget at a National Level is now effectively 'cash limited' and each Council's ability to increase its share of reward will be based on relative performance.
- 3.12. The Government can adjust the National Baseline (deadweight) currently set at **0.40%** to ensure the budget is not exceeded. This means that there is no longer a direct link between the growth in housing supply and the level of reward the Council will receive.

New Homes Bonus received in 2017/18 and the Medium Term Financial Strategy

- 3.13. The revised calculation with the inclusion of the National Baseline (deadweight) under the revised scheme is shown in the diagram below:

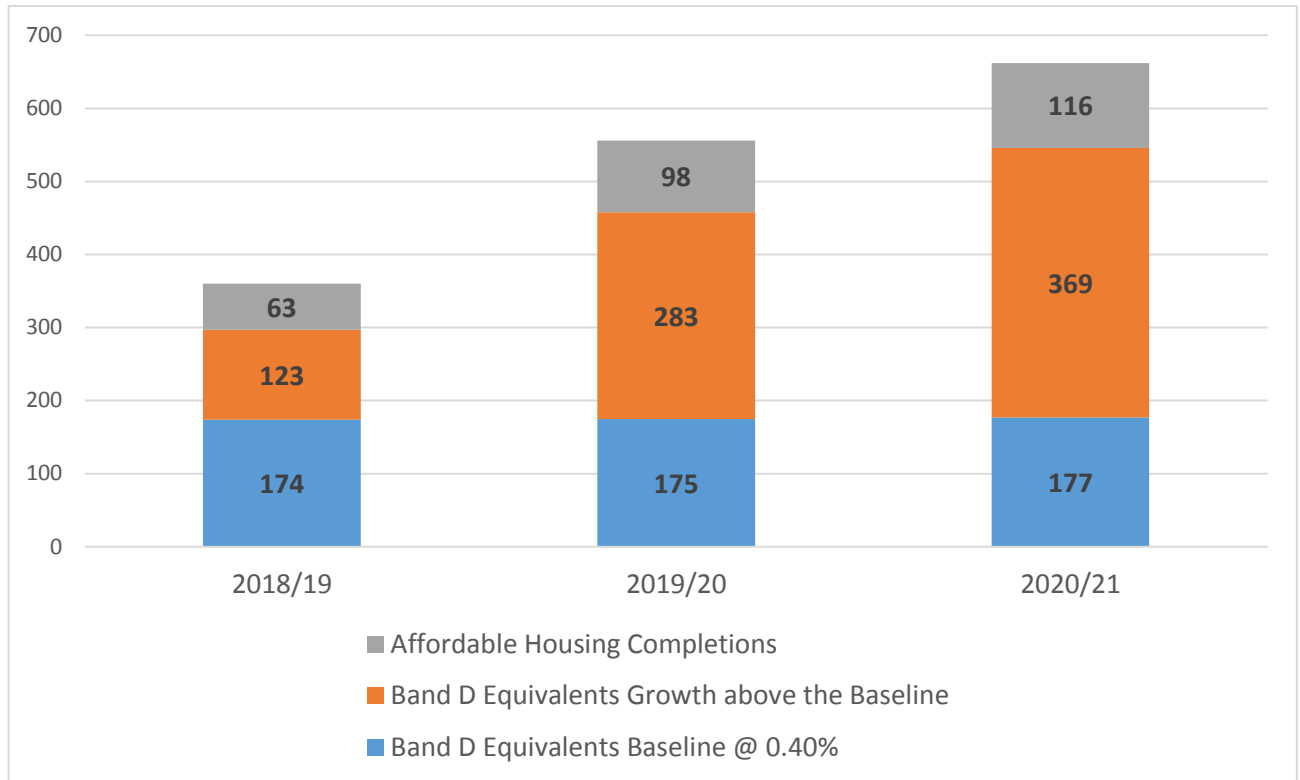


- 3.14. The change in housing supply and the District Council's reward for 2017/18 under the previous and revised systems is shown in detail at **APPENDIX B** and in the charts below:

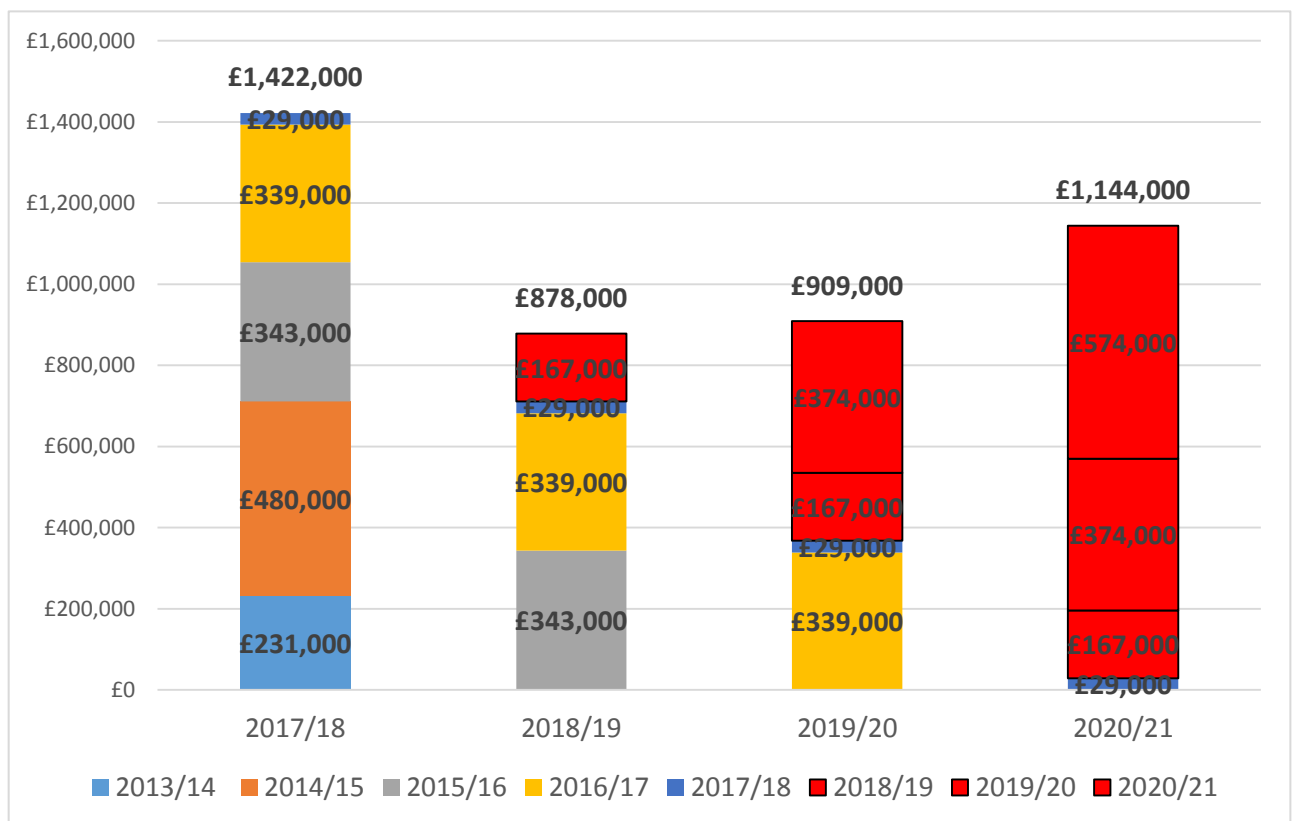


- 3.15. This chart shows that the inclusion of the National Baseline (deadweight) of **0.40%** means:
- The reward was based on **12** properties rather than **185** under the previous system.
 - The reduction in reward for **173** properties equates to **£212,000** in 2017/18 and **£848,000** over the four year period.

3.16. The Medium Term Financial Strategy Band D equivalent growth projections for the projected Baseline (deadweight) at **0.40%**, growth above the baseline and Affordable Housing Completions are shown in the graph below:



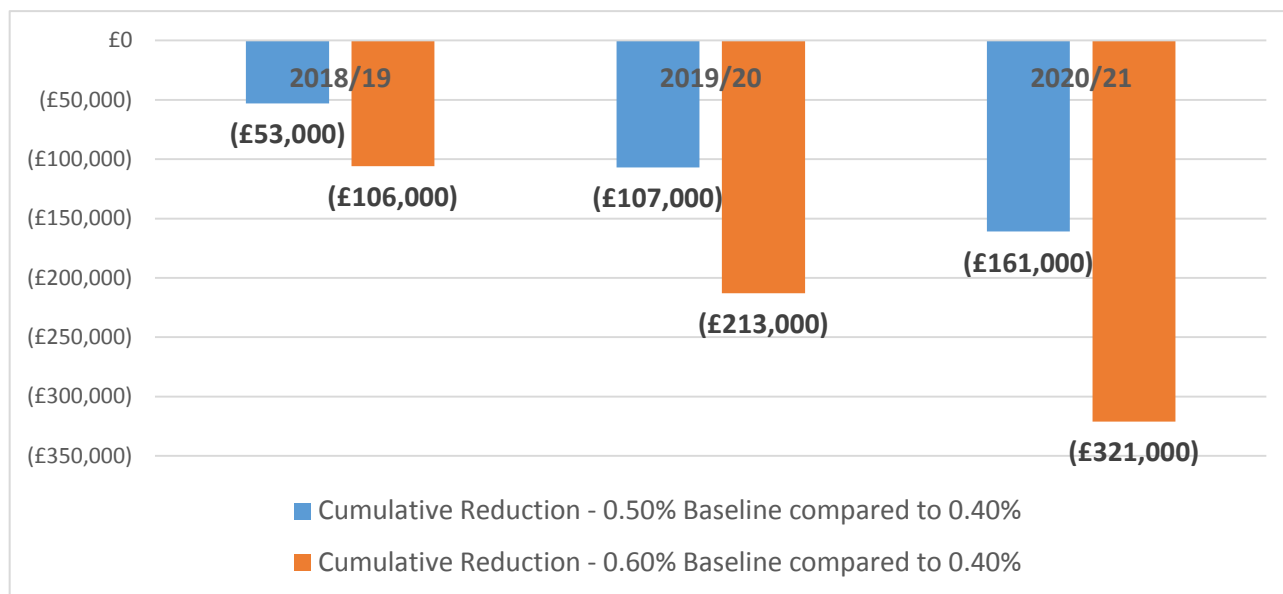
3.17. The actual and estimated levels of reward contained in the Medium Term Financial Strategy (with estimated rewards in red) are shown in the chart below:



3.18. The chart at paragraph 3.16 shows that the Council will need to achieve Band D equivalent property growth of **297** in 2018/19, **458** in 2019/20 and **546** in 2020/21 to achieve the targets set in its current Medium Term Financial Strategy assuming a National Baseline (deadweight) of **0.40%** remains.

The Revised New Homes Bonus Regime and its Risk

- 3.19. The previous New Homes Bonus Regime clearly linked housing growth with financial reward and the reward was relatively stable and predictable. The main financial risk related to the actual level of growth delivered compared to the targets set by the Council.
- 3.20. The revised New Homes Bonus Regime introduces further financial risk because the Government has indicated that the National Baseline (deadweight) will be adjusted from **0.40%** to remain within the national cash limited budget in the event there is significant additional housing growth.
- 3.21. The chart below and **APPENDIX C** shows the cumulative reduction in New Homes Bonus if the National Baseline was increased to **0.50%** and **0.60%** because housing growth was higher than the Government had projected and would mean the 'cash limit' for the National Budget was exceeded (assuming all other factors remained as projected):



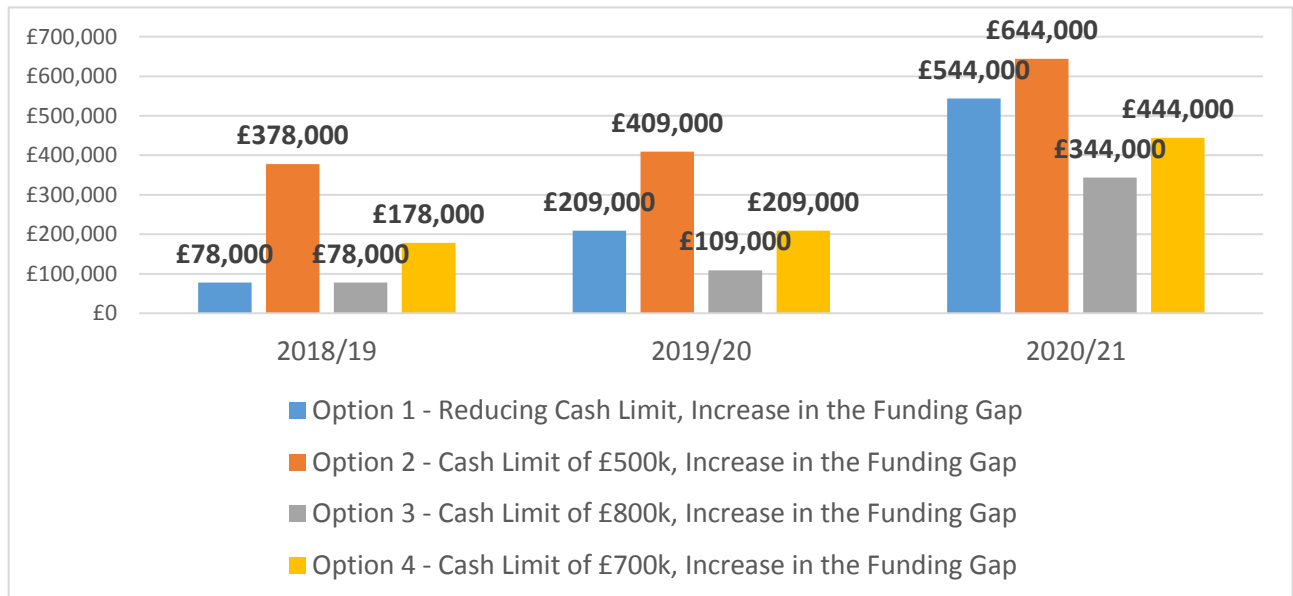
Managing the Risk of the Revised New Homes Bonus Regime

- 3.22. In addition to the financial and housing delivery risks within the scheme, there has always been an inherent risk that the scheme could be significantly changed (as witnessed by the consultation) or replaced at some time. This would mean that the Local Government element of the funding would be allocated based on an alternative methodology.
- 3.23. A number of Councils have managed both the financial and inherent risks associated with the New Homes Bonus regime by only allocating an element of reward as core funding in the Base Budget.
- 3.24. The revised New Homes Bonus Regime introduces further financial risk to the Council through the National Baseline (deadweight) and its interaction with the National 'Cash Limited' Budget.
- 3.25. The Council needs to consider how it manages the additional risk related to the Revised New Homes Bonus Regime. It is recommended that the following actions be approved:
- To more closely monitor the actual number of housing completions including those related to Affordable Housing within the District to identify trends and manage risks and take all available options to promote delivery and remove barriers to growth.
 - To more closely monitor the level of Empty Properties within the District and to carry out an exercise to bring back properties into use.
 - To 'cash limit' the level of New Homes Bonus utilised as core funding in the Base Budget. This cash limit will need to be established at a level that in the event the scheme is replaced or further reformed any resulting shortfall in funding could be managed in a sustainable way.

3.26. Four options for a 'cash limit' are shown in detail at **APPENDIX C** and are summarised below:

- A reducing 'cash limit' commencing at **£800,000** in 2018/19 and reducing to **£700,000** in 2019/20 and **£600,000** in 2020/21.
- A 'cash limit' of **£500,000** based on the National Funding Level.
- A 'cash limit' of **£800,000** based on an increase in the National Baseline (deadweight) to **0.50%**.
- A 'cash limit' of **£700,000** based on an increase in the National Baseline (deadweight) to **0.60%**.

3.27. The implementation of a 'cash limit' will reduce the level of New Homes Bonus income utilised as core funding and will increase the Funding Gap. The chart below shows the impact on the Funding Gap of the three potential 'cash limits':



3.28. It is recommended that a 'cash limit' is established for New Homes Bonus Reward used as core funding from 2018/19 onwards.

3.29. This 'cash limit' would be reduced in a sustainable way over the period of the Medium Term Financial Strategy to reflect the increasing level of risk. This approach would remain in place until such time as further changes made to the scheme or additional risks are identified when it would be subject to further review.

3.30. It is recommended any New Homes Bonus reward received in excess of the 'cash limit' is transferred to reserves for future investment in order to support growth including actions at 3.25.

Alternative Options

The Council could consider several alternative options:

- To continue with the current Approved Policy where all of the New Homes Bonus income is treated as core funding and any shortfalls would be managed through general reserves and accelerated savings programmes. Treating the income in this way could understate the underlying Funding Gap because of the short term nature of the income and the risks related to relative performance, the level of funding available, and any other potential policy changes to the scheme including it ceasing.
- The Recommended Cash Limit could be set at a different level to that recommended in paragraph 3.28.

Consultation	Consultation is undertaken as part of the Strategic Plan 2016-20 and with Leadership Team.		
Financial Implications	<ul style="list-style-type: none"> • The approval of a 'cash limit' on the New Homes Bonus reward income at a level lower than the Approved Budget will increase the Funding Gap. • Any sums received in excess of this level would increase the level of reserves. 		
Contribution to the Delivery of the Strategic Plan	The MTFS underpins the delivery of the Strategic Plan 2016-20.		
Equality, Diversity and Human Rights Implications	There are no additional Equality, Diversity or Human Rights implications.		
Crime & Safety Issues	There are no additional Crime and Safety Issues.		
	Risk Description	How We Manage It	Severity of Risk
A	The National 'cash limited' budget and its interaction with the National Baseline (deadweight) mean New Homes Bonus reward is significantly lower than projected.	<ul style="list-style-type: none"> • To continue to project New Homes Bonus based on risk adjusted completions in the Annual Monitoring Report prepared by the Spatial Strategy Team. • To more closely monitor housing completions and the level of Empty Properties to identify shortfalls at an early stage. • To set a 'cash limit' on the New Homes Bonus reward income budget that means there is a contingency for shortfalls and further changes to the scheme within the Base Budget. • Any income in excess of the 'cash limit' would be transferred to reserves. 	Red - Severe
B	New Homes Bonus is replaced or significantly changed. This would include removing reward for houses granted on Appeal etc.	<ul style="list-style-type: none"> • To assess the implications of any proposed changes and respond to consultations to attempt to influence the policy direction in the Council's favour. 	Red - Severe
Background Documents	<ul style="list-style-type: none"> • Money Matters : The Medium Term Financial Strategy (Revenue and Capital) 2016-21 (MTFS) – Cabinet 7 February 2017 		
Relevant web link			

**New Homes Bonus Reward under the Previous System
2011/12 to 2016/17**

	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17
Change in Houses	202	216	166	330	240	190
Change in Empty Properties	18	(19)	38	94	58	62
Band D Equivalents	226	186	192	398	273	278
National Band D	£1,439	£1,439	£1,444	£1,456	£1,468	£1,484
District Council Share	£325,854	£267,334	£276,927	£580,135	£401,090	£412,057
Number of Affordable Homes	0	40	35	57	78	31
Affordable Homes Supplement	£350	£350	£350	£350	£350	£350
District Council Share	£0	£14,000	£12,250	£19,950	£27,300	£10,850
Total Annual Reward	£325,854	£281,334	£289,177	£600,085	£428,390	£422,907
Annual District Council Reward @ 80%	£260,683	£225,067	£231,342	£480,068	£342,712	£338,326

New Homes Bonus in 2017/18 under the new System compared to the Previous System

Details	Previous System		New System	
	Housing Units & Empty Properties	Affordable Housing	Housing Units & Empty Properties	Affordable Housing
Equivalent Band D Units	185	50	185	50
Less : Baseline @ 0.40%	0		173	
Growth above the Baseline and Subject to Reward	185		12	
Rate per Unit	£1,530	£350	£1,530	£350
Total Annual Reward	£282,671	£17,500	£17,981	£17,500
District Council Element (80%)	£226,137	£14,000	£14,385	£14,000
Annual District Council Reward	£240,137		£28,385	

New Homes Bonus contained in the Medium Term Financial Strategy

	2018/19	2019/20	2020/21
Housing Completions	633	976	1,164
Risk Allowance	50%	50%	50%
Change in Houses	317	488	582
Friarsgate	0	0	37
Change in Empty Properties	0	0	0
Band D Equivalentents	297	458	619
Less : Baseline @ 0.40%	(174)	(175)	(177)
Growth above the Baseline	123	283	442
National Band D	£1,530	£1,530	£1,530
Sub Total : Annual Reward	£188,190	£432,990	£675,495
Number of Affordable Homes	63	98	116
Affordable Homes Supplement	£350	£350	£350
Sub Total : Annual Reward	£22,050	£34,300	£40,600
Total Annual Reward	£210,240	£467,290	£716,095
Annual District Council Reward @ 80%	£169,000	£374,000	£574,000
Cumulative Reward	£169,000	£543,000	£1,117,000

Revised New Homes Bonus Regime
Impact of Changes in the National Baseline (Deadweight)

	2018/19	2019/20	2020/21
Housing Completions	633	976	1,164
Risk Allowance	50%	50%	50%
Change in Houses	317	488	582
Friarsgate	0	0	37
Change in Empty Properties	0	0	0
Band D Equivalentents	297	458	619
Less : Baseline @ 0.50%	(218)	(219)	(221)
Growth above the Baseline	80	239	397
National Band D	£1,530	£1,530	£1,530
Sub Total : Annual Reward	£121,635	£366,053	£607,793
Number of Affordable Homes	63	98	116
Affordable Homes Supplement	£350	£350	£350
Sub Total : Annual Reward	£22,050	£34,300	£40,600
Total Annual Reward	£143,685	£400,353	£648,393
Annual District Council Reward @ 80%	£116,000	£320,000	£520,000
Cumulative Reward	£116,000	£436,000	£956,000

	2018/19	2019/20	2020/21
Housing Completions	633	976	1,164
Risk Allowance	50%	50%	50%
Change in Houses	317	488	582
Friarsgate	0	0	37
Change in Empty Properties	0	0	0
Band D Equivalentents	297	458	619
Less : Baseline @ 0.60%	(261)	(263)	(266)
Growth above the Baseline	36	196	353
National Band D	£1,530	£1,530	£1,530
Sub Total : Annual Reward	£55,080	£299,115	£540,090
Number of Affordable Homes	63	98	116
Affordable Homes Supplement	£350	£350	£350
Sub Total : Annual Reward	£22,050	£34,300	£40,600
Total Annual Reward	£77,130	£333,415	£580,690
Annual District Council Reward @ 80%	£63,000	£267,000	£466,000
Cumulative Reward	£63,000	£330,000	£796,000

APPENDIX C

Cumulative Reward	2018/19	2019/20	2020/21
Baseline @ 0.40%	£169,000	£543,000	£1,117,000
Baseline @ 0.50%	£116,000	£436,000	£956,000
Baseline @ 0.60%	£63,000	£330,000	£796,000

	2018/19	2019/20	2020/21
Cumulative Reduction - 0.50% Baseline compared to 0.40%	(£53,000)	(£107,000)	(£161,000)
Cumulative Reduction - 0.60% Baseline compared to 0.40%	(£106,000)	(£213,000)	(£321,000)

Potential Options for a New Homes Bonus reward 'Cash Limit'

	2017/18	2018/19	2019/20	2020/21
National Funding	£1,252m	£938m	£900m	£900m
Annual Reduction		(25%)	(4%)	0%
Approved Budget	£1,422,000	£878,000	£909,000	£1,144,000

<u>Option 1 - reducing level</u>				
Cash Limit		£800,000	£700,000	£600,000

<u>Option 2 - in line with National Funding</u>		£521,000	£500,000	£500,000
Cash Limit			£500,000	

<u>Option 3 - Baseline increases to 0.50%</u>		£825,000	£802,000	£983,000
Cash Limit			£800,000	

<u>Option 4 - Baseline increases to 0.60%</u>		£772,000	£696,000	£823,000
Cash Limit			£700,000	

BUSINESS RATE RELIEF SCHEMES

Councillor Andy Smith

Date: 8 July 2017

Agenda Item: 6

Contact Officer: Pat Leybourne

Tel Number: 01543 308921

Email: Pat.leybourne@lichfielddc.gov.uk

Key Decision? YES

Local Ward

Members



CABINET

1. Executive Summary

- 1.1 In the Spring Budget, the Chancellor announced that new schemes of business rates relief would be made available to those rate payers facing large increases in their business rates, as a result of the loss of small business rate relief and rural rate relief, due the revaluation.
- 1.2 In addition, the Chancellor confirmed that government would provide up to £300 million over 4 years to support businesses that face the steepest increases in their business rates bills as a result of the revaluation.
- 1.3 Local Authorities have been given the responsibility of designing a scheme to distribute their share of the funding to those ratepayers that face the most significant increases in bill and those occupying lower value properties.
- 1.4 The scheme would be an addendum to the existing Non Domestic Rates Discretionary Rate Relief Policy.

2. Recommendations

- 2.1 Cabinet are asked to approve
 - The principles for the scheme at appendix A.
 - Delegated powers to the Cabinet Member for Corporate Services and Customer Services, Revenues and Benefits, the Cabinet Member for Finance and Democratic Services and the Head of Customer Services, Revenues and Benefits to design, approve and review a final scheme within the £445,000 allocation made by government.
 - Delegation to managers within the revenues team to make awards.

3. Background

- 3.1 Business rates may be reduced where the property is eligible for business rate relief. There are different types of relief that may be awarded based on criteria laid down in the Local Government Finance Act (LGFA) 1988 and subsequent statutory instruments.
- 3.2 In addition to mandatory reliefs, the Local Authority (LA) has the discretion to award additional relief, using discretionary powers under section 47 of the LGFA. Where new reliefs are introduced by the government, they will use section 47 to apply them wherever it is appropriate to do so, rather than introducing new legislation.

3.3 Income from business rates is split 50/50 between central and local government. The District Council retains 40% of the business rates with 9% going to Staffordshire County Council and 1% to the Fire Authority. However in some cases, particularly where the relief is being provided as a consequence of government policy, the government will reimburse councils using grants paid via the Local Government Act 2003, section 31.

3.4 The Budget announced that there are 3 new relief schemes to be administered via section 47 and funded, in the main, by section 31 grant.

Supporting Small Business relief

This will help ratepayers who, as a consequence of the revaluation, have lost some or all of their previous relief, awarded under the small business rate relief or rural rate relief schemes. The criteria for this has been set out in guidance and the award is fully funded by section 31 grant.

Public House relief

This is a one off business rate discount for public houses of up to £1,000 for the year 2017/18. Again this is fully funded by section 31 grant.

Locally administered Business Rate Relief

The rateable value of a business is usually reviewed every 5 years. With each revaluation, a transitional scheme is introduced to limit the increase or decrease in business rates payable. The most recent revaluation came into effect on 1 April 2017. Whilst some businesses had a decrease in their bill, some had sharp increases. The transitional scheme for 2017 did not provide fully for the effects of the revaluation and large properties (those with a rateable value of £100,001 and above) faced greater increases. Following the revaluation in 2010, the increases were limited to no more than 12.5% but in the 2017 transitional relief scheme, large businesses may face increases of up to 42%.

This relief is for those businesses who have the most significant increases in bills and ratepayers who are occupying lower value properties, following the revaluation. It is only awarded after all other reliefs have been applied.

3.5 It is proposed that every qualifying business for supporting small business rate relief and public house relief is granted it.

3.6 The locally administered business rate relief is not fully funded by section 31 grant. The government has only provided for £300 million in section 31 grant, allocated over the next 4 years as follows:

£300 million

2017-18	2018-19	2019-20	2020-21
175	85	35	5

For the purpose of calculating the grant funding, the government worked out the total increase in bills (excluding the impact of reliefs) for every rateable property in the local authority’s area using the following conditions

- (i) The rateable value for 2017/18 is less than £200,000
- (ii) The increase in the RV for 2017/18 is more than 12.5% compared the 2016/17 bill.

The criteria for allocating the funding was

$$\frac{\text{The total funding available for the year} \times \text{the total increase in bills in an individual authority’s area}}{\text{The sum of the total increase in bills in all local authority areas}}$$

Lichfield's allocation is:

£445,000

2017-18	2018-19	2019-20	2020-21
260,000	126,000	52,000	7,000

- 3.7 The local authority can award discretionary relief over and above the section 31 grant but 40% of any award would be funded by them.
- 3.8 Analysis of all the businesses affected by the revaluation, who do not qualify for any other relief, has been undertaken to inform a scheme of allocation of the section 31 grant. The principles of the scheme are at Appendix A.
- 3.9 Whilst the government has emphasised that schemes are designed by LAs, they have specified that the LA **must** consult with the precepting authorities about their schemes.
- 3.10 Representatives from LAs across Staffordshire have discussed adopting broadly similar schemes, to include all the relevant legislation, and provide a framework to work within.

Alternative Options	1. The LA could choose not to have a scheme to allocate available section 31 grant; however this could lead to financial hardship for businesses and detriment to the local economy.
Consultation	1. Leadership Team have been consulted on the design of the scheme and the precepting authorities will be consulted as required.
Financial Implications	<ol style="list-style-type: none"> 1. Section 31 grant is being paid to the authority on a quarterly basis. If it is not used it must be repaid. 2. Failure to have a scheme that is aligned to the section 31 grant may result in greater expenditure with Lichfield losing 40% of the business rate income for any awards above the section 31 grant. 3. Maximising the awards to businesses may reduce any arrears on accounts and support the collection of business rates.
Contribution to the Delivery of the Strategic Plan	1. The policy would support our strategic priority of a vibrant and prosperous economy. The scheme would strengthen our local economy by financially assisting local business, helping them to thrive.
Equality, Diversity and Human Rights Implications	1. There are no equality, diversity and human rights implications.
Crime & Safety Issues	1. There are no crime and safety issues.

	Risk Description	How We Manage It	Severity of Risk (RYG)
A	More relief is awarded than is provided via the section 31 grant.	Monitor the scheme and review if necessary.	Green
B	Major precepts do not agree to the scheme.	Consider feedback from consultation and reinforce the positive effects on businesses.	Green

Background documents

Relevant web links <https://www.gov.uk/government/publications/42017-spring-budget-update>

Proposed framework for Staffordshire District/Borough Councils

Listed are the main points that Staffordshire Authorities agree would form a common framework, along with the *rationale* for each point.

- Ratepayer in occupation as at 31st March 2017 and
- Ratepayer in occupation as at 1st April 2017

Any new occupiers after the 1st April 2017 would not be awarded any relief, as they would not effectively have had an increase in the rates payable at that property.

- Increase in net rates from 2016 to 2017

*Comparing rates **paid** in each year and applying the reduction to the increase only, not to the rates payable figure.*

- All other mandatory and discretionary reliefs have been applied

A prerequisite to the award, laid down by the Department for Communities and Local Government.

- Properties not subject to empty rates relief

Authorities would seek to encourage occupation of property.

- Ratepayer required to make an application for the relief
- Ratepayers are required to inform the LA of any change in circumstance which would affect the amount of relief awarded, e.g., vacating the property

Relief is awarded subject to state aid and authorities do not hold this information on individual businesses. Furthermore an application would inform the ratepayer of their duty to contact the local authority with relevant changes in circumstances.

- Ability to delegate approvals to officer level

To ensure that decisions can be made quickly.

- Ability to review the scheme year on year

The funding reduces year on year and the scheme would require revision.

In addition to the above, Staffordshire Authorities will apply their own formulaic reduction to the increase in business rates, being aware of their section 31 grant.

At Lichfield, after applying the above criteria it is proposed:

- Not to apply any relief to increases that are at or below £600 a year

This is in line with criteria laid down in the Supporting Small Business relief.

- Apply a fixed percentage reduction to the net increase experienced by a business

This would result in a simple scheme to administer and keep expenditure within section 31 grant.

- To reserve the right to review the scheme in year

This is to enable the authority to monitor expenditure and revise the percentage reduction if necessary.

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.**

How we create a vibrant and prosperous economy

How we create healthy and safe communities

How we create clean, green & welcoming places to live

What we will do

Between 2016 and 2020 we will place particular importance on:

- 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.

- 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.

- 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:

- 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.

- 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.

- 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