

Public Document Pack

LICHFIELD DISTRICT COUNCIL

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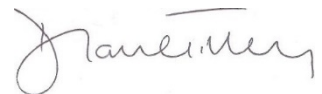
7 October 2019

To: Members of the Lichfield District Council

In accordance with Paragraph 4(2) of Part 1 of Schedule 12 to the Local Government Act 1972, you are hereby summoned to attend the meeting of the Lichfield District Council which will be held in the Council Chamber, District Council House, Frog Lane Lichfield on **TUESDAY, 15 OCTOBER 2019 at 6.00 pm.**

Prayers will be said by Reverend L Collins.

Access to the Council Chamber is via the Members' Entrance or the main door to the vestibule.



Chief Executive

A G E N D A

1. Apologies for absence (if any)
2. Declarations of interest
3. To approve as a correct record the Minutes of the previous meeting (*pages 5 – 16*)
4. Chairman's Announcements
5. Friary Grange Leisure Centre
To approve the recommendations made at the Cabinet meeting on 7 October 2019 (report attached, pages 17 - 40)
6. Report of the Leader of the Council on Cabinet Decisions from the Meetings held on 10 September, 7 October and 8 October 2019 and Cabinet Member Decisions (*pages 41 – 44*)
7. Minutes of the Meeting of Strategic (Overview & Scrutiny) Committee (*pages 45 – 46*)
8. Minutes of the Meeting of Economic Growth, Environment and Development (Overview & Scrutiny) Committee (*pages 47 – 50*)
9. Minutes of the Meeting of Leisure, Parks and Waste Management (Overview & Scrutiny) Committee (*pages 51 – 54*)
10. The Chairmen indicated below to move that the proceedings of the following committees be received and, where necessary, approved and adopted (*pages 55 – 74*)

Committee	2019	Chairman
Audit & Member Standards	24 July	C. Greateorex
Planning	29 July	T. Marshall
Planning	2 September	T. Marshall
Employment	24 September	K. P Humphreys
Planning	30 September	T. Marshall

11. Money Matters 2019/20 - Review of Financial Performance against the Financial Strategy

To approve the Cabinet recommendations made at the meeting held on 10 September 2019 (report attached, pages 75 – 102)

12. Birmingham Road Enabling Works - Update to the Medium Term Financial Strategy

To approve the Cabinet recommendations made at the meeting held on 10 September 2019 (report attached, pages 103 – 110)

13. Medium Term Financial Strategy - Budget Assumptions and Budget Principles

To approve the Cabinet recommendations made at the meeting held on 8 October 2019 (report attached, pages 111 - 128)

14. Designation of Monitoring Officer

To approve the designation of Christie Tims, Head of Corporate Services as the Monitoring Officer (report attached, pages 129 - 132).

15. Amendments to the Contract Procedure Rules

To approve the adoption of updated Contract Procedure Rules (report attached, pages 133 – 178).

16. Membership of Committees and Outside Bodies (pages 179 – 180)

(i) That Councillor Tapper be appointed as Vice-Chairman of Strategic (Overview & Scrutiny) Committee.

(ii) To approve a replacement for Councillor Ray on the Lichfield Garrick Trust.

17. Motions on Notice

The following Motion has been submitted by Councillor Robertson:

“This Council asks Scrutiny and Cabinet members to look into the possibility of developing a local procurement policy to support Small and Medium Enterprises based within the District Council’s boundary.

The current Economic Development Strategy and the Strategic Plan both have references to supporting local businesses and related matters. However, they do not include the direct help the Council could be to the district economy if it had a local procurement policy and we call upon the Council to investigate the merits of such a policy for our local businesses in Lichfield District.”

18. Questions

To answer any questions under Procedure Rule 11.2

19. Exclusion of Public and Press

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

IN PRIVATE

20. Confidential Minutes of Strategic (Overview & Scrutiny) Committee

These Minutes are to be considered in private since they contain exempt information (as defined by Paragraph 3 of Part 1 of Schedule 12A of the Local Government Act 1972) relating to the financial and business affairs of the authority and another business (*pages 181 – 182*)

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COUNCIL

16 JULY 2019

J J R Powell (Chairman)

PRESENT:

Ball C. J.
Baker, D. F.
Barnett, S. A.
Binney N. D.
Birch R. J.
Brown B. J.
Checkland J.
Cox, R. E.
Eadie, I.M.
Eagland, J. M.
Ennis D. M. O.
Ennis L. J.
Evans, C. D.
Grange, J. K.

Greatorex, C.
Gwilt B. J.
Ho W.
Humphreys, K. P.
Lax, A. C.
Leytham, D. J.
Little, A. M.
Little, E. A.
Marshall, T.
Matthews, T. R.
Norman S. G.
Parton-Hughes J. A.
Powell, J. J. R.
Pullen, D.R.

Ray, P. W. W.
Robertson D. C.
Salter, D. F.
Silvester-Hall J.
Smith, A. F.
Spruce, C. J.
Strachan, R. W.
Tapper S. J.
Warburton H. A.
Warfield, M. A.
Westwood B.
White, A. G.
Yeates, A.
Yeates, B. W.

2 APOLOGIES FOR ABSENCE

Apologies for absence were received from Councillors Anketell, Banevicius, Cross, M Wilcox and S Wilcox.

3 DECLARATIONS OF INTEREST

Councillor Checkland declared an interest in Friary Grange Leisure Centre as Chairman of the Governors of The Friary School

Cllr Eagland declared an interest in Friary Grange Leisure Centre as a Member of Staffordshire County Council

Councillor Greatorex declared a disclosable pecuniary interest in Friary Grange Leisure Centre as a Member of Staffordshire County Council

Councillor Pullen declared an interest in Friary Grange Leisure Centre as his wife is a Member of Staffordshire County Council

Councillor Norman declared an interest in Friary Grange Leisure Centre as his wife is a Member of Staffordshire County Council

Councillor A Little declared an interest in Friary Grange Leisure Centre as a Member of Staffordshire County Council

Councillor E Little declared an interest in Friary Grange Leisure Centre as her husband is a Member of Staffordshire County Council.

4 TO APPROVE AS A CORRECT RECORD THE MINUTES OF THE PREVIOUS MEETING

The Minutes of the meeting held on 21 May were approved as a correct record subject to the final line of Minute 16 (i) being amended to read 'it was seconded *by Councillor Cox*'

5 MOTION WITHOUT NOTICE

It was moved by Councillor Pullen, seconded by Councillor Eadie and

RESOLVED: that in view of the public interest the order of the Agenda be changed to consider Item 20 (Friary Grange Leisure Centre) at the beginning of the meeting.

The Council's Monitoring Officer advised that due to the public interest and the fact that confidential matters in connection with Friary Grange Leisure Centre had now been discussed with the relevant third parties, the report on Friary Grange Leisure Centre, the Report of the Leader on confidential Cabinet decisions from the meeting held on 9 July 2019 (item 18) and the confidential Minutes of the Leisure, Parks and Waste Management (Overview & Scrutiny) Committee (item 19) would be received in public.

6 FRIARY GRANGE LEISURE CENTRE

It was moved by Councillor Strachan and seconded by Councillor Eadie:

'That in recognition of the public response to the closure announcement no further decision be made in relation to the Friary Grange Leisure Centre until the petition has been debated by Cabinet in public.'

Councillor Norman referred to the joint press statement issued by the District Council and County Council on 12 July, which he said made clear that the original plan was to close the Leisure Centre. He said there had not been enough scrutiny and questions needed to be asked about the options. Councillor Norman said the issue should be considered in the light of responses from the public and users, and the impact on Burntwood Leisure Centre needed to be investigated.

Councillor Grange noted that the Petition in connection with the Leisure Centre had already reached over 4,100 signatures and the quickly arranged public meeting had been attended by over 150 people.

She said the closure announcement had been slipped out on a Friday afternoon and referring to subsequent press coverage and social media activity Councillor Grange said Members should not underestimate the strength of public feeling.

Councillor Grange noted that the Staffordshire Health and Community Service had identified four areas of need in the District and two of these, the wards of Chadsmead and Curborough, were in the direct catchment area of the Leisure Centre.

Additionally the Council's Local Plan Review Sustainability Appraisal identified Chadsmead together with Chasetown in Burntwood as being in the 20% most deprived wards nationally. The same document reported that life expectancy was lower in these areas and Chadsmead had a high proportion of children compared to other wards in the District.

Referring to publications by Public Health England Councillor Grange spoke of the impact of deprivation on health, and the impact of health inequality on life expectancy.

Councillor Grange noted that Councils around the country had sought to address health inequalities in different ways, including the 'Refresh' programme introduced in Blackburn and Darwen which aimed to make leisure services as affordable as possible and resulted in a 50% increase in physical activity.

Councillor Grange said the County Council and District Council should be ashamed if they could not make a clear link between identified needs and the provision of public access leisure centres.

She advised that it was important for the Council to see the bigger picture, rather than focus purely on the financial aspects of the decision; noting that there would be further opportunities to talk about the impact on anti-social behaviour, educational achievement, mental health, the obesity crisis, disability access, cardiac rehabilitation and the environmental impact of travelling to Burntwood Leisure Centre and other oversubscribed alternatives.

Indicating her support for the Motion, Councillor Grange said the decision to leave the City without a public access leisure centre for any period of time, was short-sighted and needed to be overturned following sensible debate and scrutiny.

Councillor Ray noted that he had voted against the recommendation of the Leisure, Parks and Waste Management (Overview & Scrutiny) Committee regarding the closure of the Centre. He thanked Councillors Pullen, Eadie and E Little for attending the public meeting and committing to review the decision in an open and transparent way.

Councillor Ray said there needed to be a genuine search for alternatives and negotiations with the County Council needed to continue. He said the Birmingham Road site offered a potential solution and asked that this be kept on the table. Councillor Ray stated that the Leisure Centre should remain open in the short to medium term with a new facility provided in the future.

Councillor Robertson spoke about the strength of local feeling and stressed that listening was essential because thousands of people in Lichfield would be affected by the decision and those who could not afford to pay for alternative facilities would be worst hit. He thanked the Members who had attended the public meeting and said he hoped there was a will on both sides of the Chamber to reach a solution that ensured no one would miss out.

Councillor Cox referred to the strength of feeling and anxiety of people across the District. He mentioned that a young resident of Armitage with Handsacre who used the swimming pool was now taking part in the National Championships in Glasgow.

Councillor Cox welcomed the opportunity to examine the options, noting that not everyone could afford private leisure facilities and it was important to consider the knock on effects including the impact on rehabilitation, the Healthy Staffordshire initiative etc.

Councillor Birch spoke about deaths by drowning, including two in the Burntwood and Lichfield area in recent weeks. With 263 people losing their lives in accidental drownings in 2018 he said it was incumbent on the Authority to care for the health and safety of young people and ensure they had the skills needed to keep themselves safe near water.

Councillor Birch said he understood there were financial problems but this did not mean the Council shouldn't explore all options to ensure continued provision for Lichfield residents.

Councillor Ball said he welcomed the motion to defer the decision. He advised that he had attended a meeting on the Strategic Plan the previous evening where finding a solution to Friary Grange Leisure Centre was identified as a top priority. He hoped the Cabinet would listen carefully and called for the existing facility to be kept open until a new one was in place.

Councillor Pullen agreed with the benefits of having a swimming pool. He acknowledged that Staffordshire County Council faced huge budget pressures in adult social care but said it was quite right that top tier authorities invested in leisure facilities. He noted that Blackburn and Darwen was a top tier authority and he was unable to speak on their behalf regarding the allocation of budgets.

Councillor Pullen emphasised his commitment to dealing with the issue in an open and transparent way, which he hoped had been demonstrated by his attendance together with other Cabinet Members at the recent community meeting, the decision to bring previously confidential information into the public domain and the decision to allow members of the public to speak at the Cabinet meeting that would be arranged to consider the issue.

Councillor Pullen noted that a report on the issue had already been considered by the relevant Overview & Scrutiny Committee. He confirmed that no option was off the table and there would be a genuine search for alternatives with further talks taking place with the County Council and Friary School.

Councillor Eadie said he hoped all Members of the Council recognised that the Cabinet decision had been through all the appropriate channels of the Council and debate had taken place at Overview and Scrutiny.

He advised that the timing of the closure statement was due to the fact that the Council had sought to agree a joint position with the County Council. This had delayed the release and meant it was published later in the day than the Council would have preferred.

Councillor Eadie confirmed that there had been ongoing discussions with Staffordshire County Council. With regard to the Birmingham Road site, a process was underway to commission a master planning exercise. He said the Council was very aware of the Local Plan and the infrastructure delivery obligations including the need to have leisure provision. He said this could be provided in different ways, noting that public access leisure facilities in Tamworth were operated by the private sector.

Councillor Eadie emphasised that the District Council had not asked to be put in the current position and he was grateful that recent press coverage had put more information in the public realm. He noted that the proposed arrangements between the County Council and the School offered a much diminished facility and this was partly behind the thinking to date.

Councillor Eadie said he hoped the County would work with the District going forward, and a short to medium term solution could be found that ensured swimming provision for the people of Lichfield. He said he wanted the Council to deliver more to help the inactive and less active in the District.

Councillor Strachan acknowledged that the Leisure Centre was a much loved and needed facility and it was necessary to remedy any loss or at least mitigate it as much as possible.

He said it was a challenging position between a school that wanted to become an academy and make the most of its facilities; a county council that wanted to support this in the context of its own financial difficulties and the District Council's difficulty in maintaining the asset given the amount of investment needed and its own funding gap.

Councillor Strachan spoke of the scale of the public response and said the time available should be used wisely to explore options and allow everyone affected by the decision to have their say.

It was then

RESOLVED: In recognition of the public response to the closure announcement no further decision be made in relation to the Friary Grange Leisure Centre until the petition has been debated by Cabinet in public.

(COUNCILLORS EAGLAND AND GREATORREX HAVING DECLARED INTERESTS LEFT THE CHAMBER AND WERE NOT PRESENT DURING THE CONSIDERATION OF THIS ITEM)

(COUNCILLOR CHECKLAND HAVING DECLARED AN INTEREST LEFT THE CHAMBER DURING CONSIDERATION OF THIS ITEM)

(COUNCILLOR WHITE ARRIVED FOLLOWING CONSIDERATION OF THIS ITEM)

7 CHAIRMAN'S ANNOUNCEMENTS

1. Chaplain

The Chairman said he was pleased to announce that the Reverend Bateman would be the Council's Chaplain for his term of office.

2. Civic Service

The Chairman advised that the Civic Service would take place in the Cathedral on 29 September 2019 and invited all Members to attend.

8 REPORT OF THE LEADER OF THE COUNCIL ON CABINET DECISIONS FROM THE MEETINGS HELD ON 13 JUNE AND 9 JULY 2019 AND CABINET MEMBER DECISIONS

The report of the Leader of the Council was received.

9 MINUTES OF THE MEETING OF THE LEISURE, PARKS AND WASTE MANAGEMENT (OVERVIEW & SCRUTINY) COMMITTEE

Councillor Matthews submitted the Minutes of the Leisure, Parks and Waste Management (Overview and Scrutiny) Committee held on 12 June 2019.

10 MINUTES OF THE MEETING OF THE ECONOMIC GROWTH, ENVIRONMENT AND DEVELOPMENT (OVERVIEW & SCRUTINY) COMMITTEE

Councillor Cox submitted the Minutes of the Economic Growth, Environment and Development (Overview & Scrutiny) Committee held on 20 June 2019 and answered questions about issues discussed by the Committee.

In response to a question from Councillor Ball, Councillor Cox confirmed he would be putting the possible establishment of a 'S106 and Affordable Housing Task Group' on the work programme.

11 MINUTES OF THE MEETING OF THE STRATEGIC (OVERVIEW & SCRUTINY) COMMITTEE

Councillor A Little submitted the Minutes of the Strategic (Overview and Scrutiny) Committee held on 24 June 2019.

12 MINUTES OF THE COMMUNITY, HOUSING AND HEALTH (OVERVIEW & SCRUTINY) COMMITTEE

Councillor Gwilt submitted the Minutes of the Community, Housing and Health (Overview and Scrutiny) Committee held on 26 June 2019 and answered Members questions about issues considered by the Committee.

7 - Engagement Plans for George Byran Centre

Councillor Ball called for the NHS to write to people who had used the Centre in the past to seek permission to use their data. He said this needed to be recorded in the Minutes and followed up. Councillor Cox highlighted the role of families and carers and said he was concerned that GDPR was sometimes used as an excuse.

Councillor Evans said it was essential that the NHS came back to tell the Overview and Scrutiny about its plans.

8 – Jigsaw Funding Agreement

Councillor Robertson said the Jigsaw project had been positive and the Council should look to see what else could be done to help organisations that benefited local communities.

(COUNCILLORS BALL, NORMAN AND ROBERTSON DECLARED PERSONAL INTERESTS IN FUSION CREDIT UNION)

9 – Update on the Health and Wellbeing Strategy Delivery Plan 2018 – 2020

The importance of engaging with GPs was emphasised.

(COUNCILLOR WHITE DECLARED AN INTEREST IN THIS ITEM AS CO-CHAIRMAN OF THE STAFFORDSHIRE HEALTH AND WELLBEING BOARD)

10 – Delivery of Disabled Facilities Grants

Councillor Norman said people were being told by social workers that there was no money available and were being blocked from accessing the system.

Councillor Evans said there had been high hopes for improved performance and the problems needed to be resolved since vulnerable people wanted to remain in their own houses.

Councillor A Yeats advised that he was working on the issues raised and asked Members to inform him of any problems they were aware of.

Councillor Pullen noted that there had been an improvement since Millbrook took over the contract and he was grateful that Councillor Yeats was working to ensure further improvements.

(COUNCILLOR PULLEN DECLARED AN INTEREST IN THIS ITEM AS A DISABLED FACILITIES GRANT APPLICATION HAD BEEN MADE FOR A MEMBER OF HIS FAMILY)

(COUNCILLOR LEYTHAM DECLARED AN INTEREST IN THIS ITEM AS HIS WIFE WAS A RECIPIENT OF A WARMER HOMES GRANT)

(COUNCILLOR WHITE DECLARED AN INTEREST IN THIS ITEM AS STAFFORDSHIRE COUNTY COUNCIL CABINET MEMBER FOR HEALTH, CARE AND WELLBEING)

13 THE CHAIRMEN INDICATED BELOW TO MOVE THAT THE PROCEEDINGS OF THE FOLLOWING COMMITTEES (VOLUME 47 PART 1 MINUTE BOOK) BE RECEIVED AND, WHERE NECESSARY, APPROVED AND ADOPTED.

(a) Planning Committee – 3 June 2019

It was proposed by Councillor Marshall “that the Minutes of the Meeting of the Planning Committee held on 3 June 2019 be approved and adopted.”

RESOLVED: That the Minutes of the Meeting of the Planning Committee held on 3 June 2019 be approved and adopted.

(b) Strategic Asset Management Committee – 11 June 2019

It was proposed by Councillor Eadie “that the Minutes of the Meeting of the Strategic Asset Management Committee held on 11 June 2019 be approved and adopted.”

In response to questions about the property investment strategy Councillor Eadie advised that no investments had been made to date and training had been arranged which would provide an opportunity for further discussion. With regard to housing, he advised that the property company and had recently been formed.

RESOLVED: That the Minutes of the Meeting of the Strategic Asset Management Committee held on 11 June 2019 be approved and adopted.

(c) Planning Committee – 1 July 2019

It was proposed by Councillor Marshall “that the Minutes of the Meeting of the Planning Committee held on 1 July 2019 be approved and adopted.”

RESOLVED: That the Minutes of the Meeting of the Planning Committee held on 1 July 2019 be approved and adopted.

(d) Employment Committee – 2 July 2019

It was proposed by Councillor Humphreys “that the Minutes of the Meeting of the Employment Committee held on 2 July 2019 be approved and adopted.”

Councillor Ball emphasised the importance of training and said attendance should be monitored.

Councillor Robertson highlighted the importance of the buddy system, noting that peer to peer training was an excellent way of building professional capacity.

RESOLVED: That the Minutes of the Meeting of the Employment Committee held on 2 July 2019 be approved and adopted.

(e) Regulatory and Licensing Committee – 4 July 2019

It was proposed by Councillor B Yeates “that the Minutes of the Meeting of the Regulatory and Licensing Committee held on 4 July 2019 be approved and adopted” subject to his name being added to the list of those present.

RESOLVED: That the Minutes of the Meeting of the Regulatory and Licensing Committee held on 4 July 2019 be approved and adopted subject to the addition of Cllr B Yeates to the list of those present.

14 MONEY MATTERS: 2018/19 - PRUDENTIAL INDICATORS AND INVESTMENT LIMIT

It was moved by Councillor Strachan, seconded by Councillor Eadie and

RESOLVED: (1) That the actual 2018/19 Prudential Indicators as set out in the Council report be approved.

(2) The Investment Limit, for any group of pooled funds under the same management, be increased from £4m per manager to £9m per manager.

15 CHARITABLE COLLECTIONS LICENSING POLICY

Consideration was given to the Charitable Collections Licensing Policy 2019.

Councillor Ball asked about the consultation responses and Councillor B Yeates said a copy would be provided.

It was then proposed by Councillor B Yeates, duly seconded and

RESOLVED: That the new charitable collections policy be approved for adoption to commence on 17 July 2019.

16 LOCAL PLAN ALLOCATIONS ADOPTION

Members were advised that the Council was in receipt of the Inspector's final report in respect of the Local Plan Allocations. The Council now needed to determine whether it wished to adopt the Local Plan Allocations, which would require the Council to accept the Inspector's Main Modifications.

The Council would then have a complete Local Plan in place consisting of the Local Plan Strategy (2015) and the Local Plan Allocations (2019). The Council's saved policies from the 1998 Local Plan would be deleted.

It was advised that there would be a six week period for legal challenge following the adoption of the Local Plan Allocations.

Councillors Marshall and Norman thanks officers for their work. It was proposed by Councillor Eadie, seconded by Councillor Marshall and

RESOLVED: (1) That the content of the Lichfield Local Plan Allocations Inspector's Report and Schedule of Main Modifications be noted.

(2) That the content of the Lichfield Local Plan Allocations Inspector's Report and Schedule of Main Modifications be noted.

(3) That the Local Plan Allocations as submitted and subsequently amended by the main and minor modifications be adopted.

(4) That the Council adopt the Local Plan policy map which was submitted alongside the submission version of the Local Plan Allocations and subsequently amended by the main and minor modifications.

(5) That the final versions of the Strategic Environmental Assessment (SEA) / Sustainability Appraisal (SA) and Habitat Regulations Assessments (HRA) which accompany the final version of the Local Plan Allocations be noted.

(6) That the accompanying Local Plan adoption statement and Sustainability Appraisal adoption statement be noted.

(7) That the list of policies being deleted from the 1998 Local Plan be noted.

17 HS2 DRAFT PLANNING MEMORANDUM - DECISION ON QUALIFYING AUTHORITY STATUS

Consideration was given to a proposal to change the Council's Constitution to ensure the appropriate delegated authority and procedures were in place to deal with requests for the approval of detailed design and external appearance of buildings and structures along the route of Phase 2a of HS2.

It was proposed by Councillor Lax, seconded by Councillor Marshall and

RESOLVED: That approval be given for the Constitution to be amended to include the determination of all planning matters submitted under Schedule 17 (the Planning Conditions Schedule) of the Bill, in line with the current provisions that already exist for Phase 1 of HS2 matters under Schedule 17 of the High Speed Rail (London – West Midlands) Act 2017 as set out in the Appendix attached to the report.

18 APPOINTMENTS TO COMMITTEES

It was proposed by Councillor Pullen, duly seconded and

RESOLVED: That Councillor Eagland be appointed Chairman of Community, Housing and Health (Overview & Scrutiny) Committee.

19 QUESTIONS

Q1. Question from Councillor Westwood to the Leader of the Council

‘What practical plans does the Leader have to honour the commitment that he made in the Lichfield Mercury some weeks ago about seeing the need for extra investment in Burntwood and the District's rural areas?’

Response from Leader of the Council

‘Parity across the District was discussed in my very first meetings with senior officers and Cabinet - and it is a principle which we are all aligned on.

So far, we have accelerated meetings with developers to bring forward undeveloped sites, increased support for a BID feasibility study should the local Burntwood Business

Community have the appetite for one and given a strong steer to ensure that the Local Plan review proactively addresses key challenges faced by Burntwood.

Whilst appreciating that these are small steps, I hope that our immediacy in addressing these challenges gives Councillor Westwood some hope that our efforts will continue to ensure parity across our great District.'

Q2 Question from Councillor Ball to the Cabinet Member for Finance and Procurement

'What percentage of District Council procurement goes to genuinely local businesses and what plans has he to maximise this to help support local businesses and our community, along the lines of Labour controlled Oldham and Preston Councils?'

Response from the Cabinet Member for Finance and Procurement

'Previously, we have not analysed procurement spend by location, although the information is being compiled and can be made available following completion of the Statement of Accounts. Once I have it I shall ensure that it is shared with all Members of the Council.

On the subject of future procurement, the Council has recently entered into an arrangement with Wolverhampton City Council to provide support and advice to the Council in relation to its procurement activity. In this arrangement the Council will retain responsibility for setting procurement policy including the criteria we use for assessing procurement bids. To date these criteria have centred around quality, capability and value for money. Nevertheless, I would be prepared to consider local economic benefit to be one of these criteria, where it is appropriate to do so. I would expect this to be on a project-by-project basis.

The Public Services (Local Value) Act of 2012 places a duty on Local Authorities to consider "how what is proposed to be procured might improve the economic, social and environmental well-being of the relevant area, and how, in conducting the process of procurement, it might act with a view to securing that improvement". Councillor Ball is right that this has been extended by Preston Council, along with a number of other Councils across the political spectrum, into the concept of community wealth building.

As we develop and improve our approach to procurement with Wolverhampton City Council we will consider best procurement practice, and therefore I will be seeking routes to incorporate community wealth building into this process, subject to compliance with European Union procurement rules.'

Q3 Question from Councillor Ball for the Deputy Leader and Cabinet Member for Investment, Economic Growth & Tourism

'Given the opportunity, would the Cabinet member recommend borrowing £50m for the Council to fund BRS development?'

Response from the Deputy Leader and Cabinet Member for Investment, Economic Growth & Tourism

'The Council's Property Investment Strategy was approved by Cabinet in December 2017, which then led to Council approving the 'Delivering the Property Investment Strategy Report' in October 2018.

This strategy, as represented in the Council's Medium Term Financial Strategy makes provision for the Council to borrow £45m over the coming 4 years for investment in strategic assets (property) to deliver additional income, address local needs, and support broader place shaping agendas.

The principles on which any decision will be taken to invest, based on borrowing, are defined in the Property Investment Strategy as;

- Local – property will be within the District of Lichfield, or within the economic geography (i.e. Local Enterprise Partnership, or LEP, Boundaries). It should be close enough to allow it to be effectively managed and maintained, as well as being appealing to tenants or purchasers now and in the future.
- Diversified – property investment will be diversified to broaden the portfolio and so reduce the risk, with a focus given to particular groups, such as housing and offices, when justification is clear and evidenced
- Strategic – property investment should be for the long-term and be regularly rebalanced to support our strategic priorities as well as being acceptable to our community
- Prudent – property investment will be appropriately risk assessed. Where acquisition is being considered, the current tenancy should offer some security in relation to the length of tenure, strength of the covenant and ongoing viability of the tenant. Where development is being considered, likely tenancies and pre-lets would need to be leveraged to support any financial assessment.
- Profitable – property investment will provide a return on investment, either through lettings or sales. The yield on the property should exceed the ongoing costs for management, maintenance and borrowing, while considering the full costs of acquisition or development (e.g. Stamp Duty, legal fees, external valuations and structural surveys).

Any decision to invest using borrowed funds will therefore be made based upon these principles.'

Councillor Ball asked the following Supplementary Question:

'Would investing in Friary Grange Leisure Centre meet the strategic principles set out in the answer?'

The Deputy Leader and Cabinet Member for Investment, Economic Growth & Tourism responded:

'I would refer Councillor Ball to the criteria set. If it meets the criteria we will look at it'.

Q4 Question from Councillor Robertson for the Cabinet Member for Communities and Housing

'What progress has the Cabinet Member made in convincing his cabinet colleagues that the new housing company should build new genuinely affordable homes for those in need, rather than housing for sale, as he indicated to Members at a previous meeting of the Community, Housing and Health (O&S) Committee?'

Response from the Cabinet Member for Communities and Housing

'One of the long term ambitions of the Property Investment Strategy is to be in a position to provide additional affordable housing. That was the decision of the previous Cabinet and that is still the thinking of this Cabinet.'

Councillor Robertson asked the following supplementary question

‘A lot of money is spent on housing support; has modelling taken place and is that modelling on affordable housing for rent, its impact on housing support and how it would affect profitability?’

The Cabinet Member for Communities and Housing responded

‘I will refer the question to the Deputy Leader and Cabinet Member for Investment, Economic Growth & Tourism but note that 235 affordable homes were built last year’

The Deputy Leader and Cabinet Member for Investment, Economic Growth & Tourism noted that a training session had been arranged in connection with the Investment Company and suggested the matter be discussed further then.

Q5 Question from Councillor Grange to the Cabinet Member for Finance and Procurement

‘In response to Question 2 at the meeting of 16 April 2019 in which Councillor Woodward asked about the term ‘opportunity costs’ the answer that was given was that this is not a term that was recognised or used. Whilst recognising that there has been a change in the cabinet member I think it is important to revisit this point because opportunity costs (e.g. revenue lost when one course of action is chosen over another) are frequently key to investment and financial decisions.

Can assurance be provided that opportunity costs are considered and factored into (e.g.) investment decisions where relevant?’

Response from the Cabinet Member for Finance and Procurement

‘I can reassure Councillor Grange that although it may not be a term that is used, the concept is familiar to this Authority and we are acutely aware that we have a finite amount of money to use either for investment or to fund capital projects. It is simply common sense to recognise that to spend on one item reduces the power to spend on others, unless that spend is covered by an immediate return. The countermeasure to this is to form a comprehensive Medium Term Financial Strategy, accompanied by a capital programme and Treasury Management Plan, delivering on the Council's priorities while making best use of the public money that we are entrusted with.’

(The Meeting closed at 7.20 pm)

CHAIRMAN

FRIARY GRANGE LEISURE CENTRE

Cllr Elizabeth Little, Cabinet Member for Recycling and Leisure

Date: 15 October 2019

Agenda Item: 5

Contact Officer: Richard King

Tel Number: 01543 308060

Email: Richard.king@lichfielddc.gov.uk

Key Decision? YES

Local Ward Cllr Grange and Cllr Ray

Members



COUNCIL

1. Executive Summary

- 1.1 A petition was set up by a local resident to campaign against Cabinet's decision to close Friary Grange Leisure Centre from 1 April 2020. This had been signed by 11,000 people and in line with council policy, the petition needed to be considered by Cabinet.
- 1.2 On 7 October, Cabinet met in order to formally receive and consider the petition. As described in the Friary Grange Cabinet Report at **Appendix 1**, material changes since the original decision included a more favourable and flexible lease being offered by Staffordshire County Council, the ability to use S106 funds to part pay for refurbishment works and the high level of public feeling wanting Friary Grange Leisure Centre to remain open.
- 1.3 Cabinet was held at the Garrick Theatre in order to allow as many members of the public as possible to witness the debate and have an opportunity to have their say prior to Cabinet discussion, with 19 speakers taking the opportunity to address Cabinet and the audience.
- 1.4 Cabinet took on board these comments and then reviewed the revised report and discussed any material changes since the original decision. Cabinet also considered comments, contributions and complaints received from residents, customers and stakeholders during the period between Cabinet meetings.
- 1.5 Following discussion, Cabinet decided that it should keep Friary Grange Leisure Centre open for up to 5 years based on a cap in capital budget of £695k until such a time that a replacement facility could be built with a capital budget of £5million being allocated to facilitate this.

2. Recommendations

- 2.1 Council is asked to approve and update the Medium Term Financial Strategy to:
 1. To add a project to refurbish the Friary Grange Leisure Centre to the Capital Programme up to a capped level of £695,000. The funding will be provided by £153,000 of eligible Section 106, an Earmarked Reserve – Sinking Fund of £17,000 and an Earmarked Reserve – VAT Repayment of £525,000.
 2. Add the revenue implications totalling £828,000 with funding provided by the Earmarked Reserve – VAT Repayment of £120,000 and the Revenue Budget of £708,000.
 3. Add a project for the contribution of £5,000,000 to the Capital Programme to provide for future leisure facilities. The funding will be provided by borrowing with relevant Prudential Indicators being updated as part of the refresh of the Medium Term Financial Strategy.
 4. Add the revenue implications to the Revenue Budget for the ongoing cost of borrowing of £294,000.
- 2.2 Council is asked to approve delegated authority to the Cabinet Member for Recycling and Leisure and the Director of Place and Community:
 1. To approve a new 7-year lease with Staffordshire County Council for future use of FGLC.
 2. To approve compliance contracts for the continued safe operation of FGLC from May 2020.
 3. To approve a new agreement with Greywood Multi-schools Trust for the shared parts of FGLC.
 4. To approve a contract for the refurbishment works at FGLC.

5. To approve an amended contract with Freedom Leisure based on the removal of the sports hall and all weather pitch.
6. To Commission services / works to progress with the leisure centre options appraisal.

Background documents:

Appendix 1 – FGLC – Cabinet Report

FRIARY GRANGE LEISURE CENTRE

Cllr Elizabeth Little, Cabinet Member for Recycling and Leisure

Date: 7 October 2019

Agenda Item: 3

Contact Officer: Richard King

Tel Number: 01543 308060

Email: Richard.king@lichfielddc.gov.uk

Key Decision? YES

Local Ward Cllr Grange and Cllr Ray

Members



CABINET

1. Executive Summary

- 1.1 Following a decision to close Friary Grange Leisure Centre (FGLC) from 1 April 2020, taken by Lichfield District Council's (LDC) Cabinet on 9 July 2019, a petition was set up by a local resident. In line with council policy the petition must be considered by Cabinet. The council therefore took the decision to review the closure decision and look again at all options for the continuation of the leisure centre, considering the impact on the community as well as the financial impact.
- 1.2 The council has reviewed the financial implications of the options set out in the original Cabinet Report (9 July 2019). The main material change from when the decision was taken is that Staffordshire County Council (SCC) are now prepared to offer the council a lease of less than 10 years, on significantly more favourable terms and conditions. This gives more flexibility and reduces the financial risk the council would be exposed to if it were to continue to occupy the premises post April 2020. The implications for this have been assessed at option 2 (see section 4).
- 1.3 Other changes include the potential for S106 income (generated as a result of development in the district) that could be used to support any refurbishment, and the potential removal of the threat of repayment of a Sports England grant, if the council if the council continues to operate FGLC until a new facility is available.
- 1.4 The council has considered all options for the future provision of services at the leisure centre including in discussion with Staffordshire County Council (SCC), The Friary School, Lichfield Swimming Club and other interested parties.
- 1.5 The council has also considered comments, contributions and complaints received from residents, customers and stakeholders. These are summarised under key themes set out in paragraph 3.7 and responded to (see Appendix A - Feedback on customer comments).
- 1.6 Two viable options have emerged and are assessed in this report and will be considered by Cabinet (see section 4). Option one is to stop operating Friary Grange Leisure Centre and hand the property back to Staffordshire County Council in May 2020, with any future provision being addressed through the Local Plan process. Option two is to keep the leisure centre open, with a new lease, but without those facilities that are to be handed to The Friary School (all-weather pitch and sports hall), whilst a new facility can be built.

2. Recommendations

- 2.1 That Cabinet formally receives and consider the petition.
- 2.2 That Cabinet consider the options set out at section 4.
- 2.3 That Cabinet recommends to Full Council to amend the council's Medium Term Financial Strategy (MTFS) in line with the financial implications of the option (see Section 4) that is selected by Cabinet.
- 2.4 That Cabinet recommends to Full Council to amend the MTFS further by adding a contribution of £5m to the capital programme to provide for future leisure facilities in Lichfield.

3. Background

- 3.1 At its meeting on 12 June 2019, the council's Leisure Parks and Waste (Overview and Scrutiny) Committee considered a report on FGLC that described the situation as follows:
- FGLC is nearly 50 years old and is getting to the end of its economic life and is in need of significant investment in order to keep it safe and weathertight for up to five years.
 - SCC has stated that it does not intend to invest in the fabric of FGLC and issued LDC with 12 months' notice of the 1971 Joint User Agreement (JUA) from 30 April 2019 with a termination date of 30 April 2020 in order to facilitate the academisation process for The Friary School.
 - LDC issued Freedom Leisure (FL) with notice for the same period, in order to comply with its contractual requirements.
 - SCC presented LDC with draft Heads of Terms for a 10-year lease, which was not favourable to LDC, in order to continue to use certain aspects of the leisure facility from May 2020 onwards.
 - The change in the way the property was to be managed and maintained from May 2020 would have led to additional revenue costs for LDC, if it was to continue to operate the leisure facility.
 - The additional cost to LDC of keeping FGLC open for a five year period was approximately £948,000, with a likelihood that additional costs might be incurred despite this investment.
 - The net revenue cost to LDC of a permanent closure of FGLC over the next 5 years was estimated at £419,198.
- 3.2 The Overview and Scrutiny Committee recommended to Cabinet as follows:
- Lichfield District Council should exit the building by April 2020 because of the unfavourable terms of a new lease being proposed by SCC, the current poor condition of the building and the level of investment that would be required to make good the building.
 - That the council should work with FL to manage an orderly withdrawal of the leisure service at Friary Grange Leisure Centre by the end of April 2020.
 - That the council should identify any possible alternative provision for leisure centre users and consider how a transition to these could be facilitated.
 - To develop a proposal within the next 12 months for how current and future leisure needs for the District could be met.
 - That the committee should be kept apprised on the mitigation strategy and work on future leisure provision.
- 3.3 Following the recommendation from O&S, on 9 July 2019 Cabinet decided to exit FGLC by April 2020 and made recommendation to Full Council to amend the MTFS accordingly. In addition, it asked officers to work with FL to manage an orderly withdrawal of the leisure service, identify any possible alternative provision for leisure centre users, and consider how a transition to these could be facilitated. Cabinet also requested the development of proposals within 12 months for how current and future leisure needs for the district could be met.

Petition

- 3.4 Petitions offer residents a chance to shape their area and influence decisions and the council is committed to accepting and publishing all related petitions, as long as they comply with its terms and conditions. The council was notified about the online petition to 'Save the Friary Grange Leisure centre in Lichfield' on Sunday 14 July 2019. The petition had received over 1,000 signatures, so it was formally recognised and triggered the need for a report to be considered by Cabinet. The petition was formally accepted by the Cabinet member and Leader of the Council from the petition organisers on the 27 September 2019. The petition can be viewed at: <https://www.lichfielddc.gov.uk/friarypublicmeeting>.
- 3.5 On 16 July 2019, a meeting of Full Council decided not to seek to amend the Medium Term Financial Strategy in line with the FGLC decision, until cabinet had considered the petition. A special public Cabinet meeting was arranged for Monday 7 October 2019 to consider the petition and feedback from residents and users of the facility for which this report has been prepared.

Appendix 1 - FGLC - Cabinet Report

Consultation feedback, FOIs & correspondence

3.6 Following the decision to close FGLC, the council received feedback and comments from the public.

3.7 There are a number of themes that have emerged and these are summarised under the headings:

- Health and wellbeing
- Children and young people
- Swimming
- Alternative options
- Future provision
- Partner roles

The issues raised are considered and responded to in **Appendix A** - Feedback on customer comments.

3.8 The council received a number of Freedom of Information requests relating to FGLC, including usage and participation rates, income levels and any cost savings generated through outsourcing to the council's leisure partner Freedom Leisure (FL), the building's condition survey, any health and safety reports and equality impact assessments, and any Councillor interests.

3.9 In order to allow everyone access to the information and not just the requester, the council published these FOI requests and its responses to www.lichfielddc.gov.uk/friaryfoi

Alternative options

- 3.10 A number of organisations have approached the council about whether opportunities could be explored to provide alternative arrangements for the continued use of FGLC. These included Planet Ice, Lichfield Swimming Club and BTIC.
- 3.11 Each opportunity was explored, however after careful scrutiny it was decided that the council could not enter into projects with additional partners at a site with such complexities. We also explored whether we could lease part of the leisure centre, but the loss in operating revenue meant this would have increased the net cost to the council. Many of the issues regarding value for money and increased liabilities for the council remained and as such these proposals were deemed not viable.

All weather pitch and sports hall

- 3.12 SCC transferred the all-weather pitch and sports hall to Greywood Multi-Schools Trust (GMT), which now incorporates The Friary School, on 1 September 2019 on a 125-year lease. As part of this agreement, the trust is required to make these facilities available for community use during non-school hours, but there is no specification of what this use will comprise or the cost.
- 3.13 The facilities transferred to the trust will not be available to LDC after April 2020, which means the contract between LDC and FL needs to be renegotiated. FL has indicated that it would be prepared to continue to operate FGLC (under option 2) from May 2020 onwards without the all-weather pitch and sports hall, but would require compensating for the impact of loss of income.
- 3.14 With the transfer of the all-weather pitch and the sports hall, the estimated loss of income to FL is £90,000 per year, set against a saving of £5,000 overheads (£85,000 net). This revenue cost implication has not changed since being reported previously, and would be £425,000 in total for the five year period identified (2020-2025).

Sport England Grant

- 3.15 Recent investment in FGLC pool (wet side) changing rooms was supported through a £200,400 Sport England (SE) grant in July 2013. According to the grant requirements, it needs to be repaid if FGLC ceases to operate within a period of 21 years. LDC has been liaising with SE regarding the closure of FGLC, and seeking support in terms of what the districts future leisure options might be. SE has verbally confirmed that if the council continues to operate FGLC until a new facility is available, the grant may not have to be repaid.
- 3.16 SE have confirmed that if FGLC was to close with no ambition for a direct replacement, they would seek clawback of the full grant.

Appendix 1 - FGLC - Cabinet Report

- 3.17 In assessing the cost implications of the options it is assumed any closure of FGLC, in advance of another pool being available, would result in repayment of the grant (i.e. worst case scenario), however if progress on a new facility was advanced this may be negotiable.

Agreements with SCC and school for future operation post April 2020

- 3.18 Since July, SCC has revisited its offer to LDC in terms of the leisure centre site. To help LDC to attempt to keep the facility open to the public they have offered a more flexible lease that has a shorter duration and three-month break clause, with no dilapidations clauses. This is fundamentally more favourable to LDC because it reduces the likely capital expenditure requirements over the longer term and allows flexibility for any future exit plan.
- 3.19 Heads of terms are in the process of being agreed with Greywood Multi-Schools Trust (GMT), should the council continue occupation of the facility beyond April 2020. In this circumstance, Lichfield District Council would be responsible for all operating costs relating to the facilities within the retained portion of the leisure centre, including compliance and a contribution to any shared costs with the school through a joint-use agreement. FL contribute £150,000 towards running costs, which are expected to increase to £200,000 per annum, due to additional compliance requirements. Within option two, £50,000 has been incorporated within the revenue budget to cover all potential increased costs for the district council, including the maintenance costs for the external areas.
- 3.20 If FGLC remains open (option two), LDC would need to complete a number of actions within a short time period, including confirming a lease arrangement with SCC for the next five years, ensuring a joint use agreement with GMT is in place from May 2020 onwards, ensuring that FL agree to continue to operate the centre under the proposed options, and withdrawing its termination notice. In addition it would need to appoint contractors to complete the essential capital works to ensure that the building remains safe, water tight and weather proof.
- 3.21 In respect of the capital works the most suitable project delivery model would be to appoint one main contractor, with a quantity surveyor (QS) appointed on behalf of LDC. The main contractor would be site manager with subcontracts for the various works, which would be completed in phases. In order to keep the facility open and minimise impact on customers, work could be completed during non-opening hours or at the very least minimising closure periods. It is estimated that this would take 40 weeks, including carrying out a tender process and the appointment of contractors to carry out the work.

Equalities Impact Assessment (EIA)

- 3.22 The Equality Impact Assessments (EIA) carried out both identified that the closure of FGLC would have a negative impact on the Penguins' Disability Swimming Club, which currently uses the facility.
- David Lloyd has indicated that whilst its facility is currently at capacity, particularly its swimming pool, it might be able to accommodate the Penguins' Disability Swimming Club, but there are limited timeslots available and these might not be compatible with the club's needs.

The EIA also identified the council's target groups who benefit most from using FGLC as being:

- People on low income
- People experiencing mental health problems
- Young people who are already or are in danger of being involved with ASB and crime.
- People who are physically inactive
- Child and adults who are classified as obese
- People who are socially isolated
- Adults with cardiac health problems

Mitigation strategy for closure

- 3.23 The risk of closure identified swimming pool users are those most likely to be affected and the council has talked to private operators within the district to understand whether there is availability and capacity at their pools, but no firm arrangements have yet been secured. The council has been informed that FL will be revising its time slots at Burntwood Leisure Centre to provide some additional capacity, but the facility is already facing demand pressures.

Appendix 1 - FGLC - Cabinet Report

3.24 The majority of other non-swim users could be accommodated through:

- Facilities elsewhere within the city or by utilising Burntwood Leisure Centre.
- The sports hall and all weather pitch will still be available for public use from May 2020 onwards, albeit managed through GMT. This is likely to be through contract bookings, but no details are yet available.
- There are a number of local gyms within Lichfield that could be accessed as an alternative for gym users.

3.25 It is recommended that a provisional sum of £75,000 is set aside to support any mitigation proposals that are introduced to help support those affected by any closure.

Visitor Numbers

3.26 During the period April 2018 – March 2019 FGLC had 131,476 active attendances. From information we've acquired from FL and local sports clubs, we identified the following usage:

- 350 individual gym members.
- 1033 individual casual users taking part in swimming and aerobics classes.
- 24 cardiac rehab participants.
- Lichfield Swimming Club has 110 members
- Penguins Disability Swimming Club has 40-50 members.
- Approximately 500 children attending the Learn to Swim Programme.
- 25 local primary schools attending swimming lessons.
- Approximately 25 local sports clubs using the facilities for training and competition.

3.27 The table below demonstrates the footfall in four key areas of the leisure centre. Swimming and fitness classes have stayed relatively static over the last five years but there has been a significant decrease in gym usage and swimming lessons. The gym numbers could have been impacted by the number of new gyms opening up locally in Lichfield recently.

	01/4/2014- 31/3/2015	01/4/2015- 31/3/2016	01/4/2016- 31/3/2017	01/4/2017- 31/3/2018	01/4/2018- 31/3/2019
Public swimming	26587	27360	28204	25676	22768
Gym	21104	16426	12674	19985	16452
Classes	8781	10224	12901	17097	17695
Swim lessons	23184	23777	23363	27008	22359

Reference to policy issues including social value of leisure.

3.28 Social, physical and environmental considerations, often referred to as the social determinants of health, can often have a far greater impact than direct medical care on how long people live and how well people live, and the council would want to create healthy and sustainable places to live.

3.29 Whilst independent legal advice confirms there is no duty or legislative requirement on LDC to provide leisure centres or facilities, the council's own health and wellbeing strategy is wide and varied and is discharged in a number of ways. They are not purely related to physical exercise or the provision of leisure facilities.

3.30 LDC needs to take into account the cost benefit of spending public money on a physical resource. Evidence suggests that the majority of activity and leisure pursuits are conducted outside of leisure centres.

Future needs post Friary Grange Leisure Centre

3.31 Future needs for leisure should be identified and pursued through the refresh of the Local Plan which is currently underway. It is through this strategic and legally required plan that a council identifies the demand for such facilities, along with other infrastructure needs, to support the growth proposed.

3.32 In order to meet the need in the timeframe given LDC would have to accept responsibility, both for planning and evidencing need, procuring and providing a facility and a sum of money set aside in budget for this project work to be undertaken and for, at least, a capital contribution to the facility itself.

Appendix 1 - FGLC - Cabinet Report

- 3.33 There are a range of options open to the council in terms of **what is provided** (from a pool only through to a fully equipped centre with multiple sporting offers) **how it is financed and operated** (by the council, a partnership approach with the leisure market, or developer provided etc.) and **where it is based** (council owned land, third party land). It would be inappropriate within this report timeframe to have determined a long-term solution - expenditure of that level requires careful consideration and there would need to be consultation about what should be provided. Hence a sum of capital expenditure would be needed to meet the minimum requirements (£5 million), or by a contribution to a larger project, rather than a specific defined project.
- 3.34 LDC would seek all available grant monies in support of a new facility, but these are not guaranteed, can come with specific and onerous grant conditions and can be time consuming to complete.
- 3.35 Under current development agreements, Section 106 contributions have been agreed for the purpose of refurbishing the existing centre and the development of a new one.
- 3.36 These in no way cover the full costs of either scenario, and are subject to thresholds of development being reached, but present calculations and analysis show from a total £571,038 which is associated with leisure facilities at FGLC, only £347,752 of this could be used to support the refurbishment of facilities at FGLC. We expect to receive £153,164 imminently that could be used for refurbishment. Of the remaining payments, due on completions of development and not yet received, a further £194,588 could be used for refurbishment if they were received in time. For the purposes of this report the £153,164 S106 monies have been budgeted for.
- 3.37 In the event that the FGLC is closed, the monies for refurbishment (£347,752) could be lost if we were not able to agree another option with the developers who made these contributions.
- 3.38 Any monies received that could be used to offset the future refurbishment or future provision would be used. This could potentially reduce the budget pressure to the council by up to £347,752 for capital refurbishment costs. There is a time limit on when the monies can be spent (i.e. often within five years of receipt). In addition, it is expected that £223,286 of developer monies set aside for new or additional facilities at FGLC would need variations to their S106 agreements in order to be used as a capital contribution to fund any replacement facility.

Risk assessment of the building works required and the project budget (option two)

- 3.39 Officers and the council's quantity surveyor (QS) revisited FGLC, re-evaluated the original condition survey and re-calculated the likely costs for option two in order to:
- Understand further the level of risk and the elements of the maintenance and repair where uncertainty/risk was present.
 - Ensure that the project budget for these works was robust, reflects risks and is contained.
- 3.40 The council's QS has produced a costed budget for works of **£353,000**. This budget has a number of areas of uncertainty/risk that could impact on the level of expenditure.
- 3.41 The risks identified by the QS have been assessed using the council's risk management approach (likelihood and impact) to determine the level of risk severity.
- 3.42 The potential impact on the budgets where the uncertainty/risk has been assessed as being material or severe has been calculated using a range of uplifts to determine the potential impact on the budget.
- 3.43 These uplifts range from **£79,210** (uplift of 40%) to **£396,050** (uplift of 200%) although these can only be indicative because they are based on a visual inspection of the building.
- 3.44 Taking into account the QS budget of **£353,000**, professional fees **£45,000** and risk assessed project contingency produces an overall project budget that ranges from **£477,210** (40%) to **£794,050** (200%).
- 3.45 If option two is selected, it is recommended a capped project budget is set at the 150% level of **£695,000** including project contingency of **£297,000**. This is a large contingency provision, but LDC cannot write an open cheque, and there is a limit to the funds that can be made available. Therefore, if the maintenance cap is reached, and additional works need doing, it is likely that FGLC, including the pool, will close regardless of how far the council is into building a new facility. The detailed risk assessment is attached at **Appendix B - Quantity Survey Budget and Risk Assessment**.

4. Analysis of options

4.1 There are 2 options available to LDC as follows:

- 1) To continue with Cabinet's decision to stop operating FGLC and hand the property back to SCC at the end of April 2020. Future provision of any required leisure facilities would be addressed through the Local Plan process.
- 2) To keep FGLC open without the all weather pitch and sports hall with a new lease with SCC with a view to replacing FGLC with a new facility as soon as possible, subject to a cap in capital expenditure on FGLC of £695,000 for the five year period.

Option 1	To continue with Cabinet's decision to stop operating FGLC and hand the property back to SCC at the end of April 2020. Future provision of any required leisure facilities would be addressed through the Local Plan process.	
Advantages		Disadvantages
<ul style="list-style-type: none"> Financial risks are predictable and more controlled. All liabilities associated with an ageing building are limited to May 2020. There is no long term agreement that ties LDC into a high cost, high risk situation. The saving in the FL contract payment could be used as part of the mitigation plan to support priority users. 		<ul style="list-style-type: none"> It will negatively impact users of the centre. It will have an impact on the delivery of targeted activities including poor health prevention and management, preventing social isolation, diversionary ASB activities, healthy lifestyles and people with disabilities. It will reduce the number of affordable facilities and usable options for people and clubs in Lichfield. It is likely that up to 42 posts will be made redundant. It is likely to result in the repayment of the SE grant. Potential loss of Section 106 monies totalling £347,752.

For option 1, the net cost to the council is £476,000 and the detail of this is shown in the finance section below.

Option 2	To keep FGLC open without the all weather pitch and sports hall with a new lease with SCC with a view to replacing FGLC with a new facility as soon as possible, subject to a cap in capital expenditure on FGLC of £695,000 for the five year period.	
Advantages		Disadvantages
<ul style="list-style-type: none"> Affordable facilities and usable options for people and clubs remain available in Lichfield city until a replacement facility is provided for. The proposed lease is now more favourable because it doesn't require a minimum five year term and will allow acceptable timescales for closure should the need arise. It is unlikely any posts will be made redundant. It will contribute to the delivery of targeted activities including poor health prevention and management, preventing social isolation, diversionary ASB activities, healthy lifestyles and people with disabilities. It will avoid repayment of the SE grant. Potential to utilise Section 106 monies towards FGLC refurbishment. 		<ul style="list-style-type: none"> There is no definitive quantifiable outcome to managing the condition of the building for up to five years, unless a financial cut off is imposed. The current estimates are built on the visual survey only and there is a risk costs will escalate as work begins. It provides uncertainty for financial modelling and imposes more financial risk to the council. The risk of increasing revenue and capital budget pressures is significant and could worsen. Increased LDC officer involvement and revenue costs to manage works programme and future needs project. The building could still close at some point in the future despite any investment given the age and condition of the building. Potential loss of Section 106 monies totalling £223,286.

For option 2, the net revenue cost is £708,000 and the total capital cost is £695,000 the detail of this is shown in the Finance section below.

Alternative Options	<ol style="list-style-type: none"> 1. The council has had discussions with the school, SCC, Planet Ice, BTIC and Lichfield Swimming Club to see if there are any other potential solutions. We also explored through potential partial closures whether we could operate and or lease specific parts of the leisure centre such as just the swimming pool. However no viable alternatives to those proposed herein have been identified.
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Consultation	<ol style="list-style-type: none"> 1. Consultation has taken place with FL, Friary School, SCC and SE. 2. The Leisure Parks and Waste (Overview and Scrutiny) Committee at its meeting on 12 June 2019 considered a report on this matter. 3. Cabinet took a decision to exit from FGLC on 9 July 2019. 4. Cabinet members attended a public meeting at Curborough Community centre with residents and users who opposed the closure decision. 5. The council accepted a petition to save FGLC on 14 July 2019. 6. The council received a number of complaints, suggestions, and FOI requests.
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Financial Implications

It is important to note that in terms of the council's Approved Medium Term Financial Strategy:

- The council currently has a current projected Revenue Budget Funding Gap in 2020/21 of **£612,000** that increases to **£1,099,000** in 2023/24.
- There is an uncommitted earmarked reserve of **(£896,940)** resulting from a VAT repayment in 2018/19 for leisure activities that could be utilised to fund one off or short term costs. The use of the earmarked reserve would mean alternative investment needs could not be funded from this source.
- It is inadvisable and contrary to best practice to use reserves to fund additional ongoing revenue costs.
- The future funding position of the Council is very uncertain with the delay in the Fair Funding Review and the implementation of 75% Business Rates being delayed until 1 April 2021.
- In terms of any replacement facility, it is assumed this will be funded by borrowing given the current lack of available funding. The cost or contribution towards a new facility is shown below:

Replacement Facility							
	2019/20 £000	2020/21 £000	2021/22 £000	2022/23 £000	2023/24 £000	2024/25 £000	TOTAL £000
Capital Programme - Long Term Replacement							
Additional Cost to the Council	38	164	189	2,349	2,260	0	5,000

Revenue Implications							
Additional Cost / (Saving) to the Council	0	0	0	0	0	294	294

- In this option, there is a total capital cost over the six year period of **£5,000,000**. This includes:
 - A budget to facilitate or deliver a long term replacement of **£5,000,000** funded by borrowing.
 - The annual cost of financing the Long Term Replacement of **£294,000** in year 1.
 - At this stage, it is assumed that beyond the financing cost, the facility would not require further subsidy from the Council for its ongoing operation. However this assumption would need to be considered in more detail as part of the options for delivering the long term replacement facility.

In terms of the two options being considered, the capital and revenue costs are detailed below:

Option 1								
	Type	2019/20 £000	2020/21 £000	2021/22 £000	2022/23 £000	2023/24 £000	2024/25 £000	TOTAL £000
Revenue Implications								
Redundancy	Reserve		280					280
Sport England Grant	Reserve		200					200
Exit Costs	Reserve		40					40
Existing Contract	Recurring			(52)	(27)	(22)	(18)	(119)
Mitigation Strategy	Recurring			28	25	22		75
Total:		0	520	(24)	(2)	0	(18)	476

Funding:								
Earmarked Reserve - VAT	Reserve	0	(520)	0	0	0	0	(520)
Additional Cost / (Saving) to the Council	Recurring	0	0	(24)	(2)	0	(18)	(44)

- In this option, there are net revenue costs over the six year period of **£476,000**. This includes:
 - One off revenue costs of **£520,000** (redundancy, Sport England Grant and exit costs) and it is recommended that these are funded through the VAT repayment earmarked reserve.
 - Revenue savings of **(£44,000)** relating to savings in the contract with Freedom Leisure of (£119,000) less the cost of the three year mitigation strategy of £75,000.

Option 2							
	2019/20 £000	2020/21 £000	2021/22 £000	2022/23 £000	2023/24 £000	2024/25 £000	TOTAL £000
Capital Programme - Short Term Refurbishment							
Project Budget	174	521	0	0	0	0	695
Less available Funding:							
Eligible Section 106	0	(153)					(153)
Earmarked Reserve - Sinking Fund	(17)						(17)
Earmarked Reserve - VAT Repayment	(157)	(368)					(525)
Additional Cost to the Council	0	0	0	0	0	0	0

Revenue Implications							
Ongoing Costs	33	135	135	135	135	135	708
Short Term Costs	20	50	30	10	10		120
Earmarked Reserve - VAT Repayment	(20)	(50)	(30)	(10)	(10)	0	(120)
Additional Cost / (Saving) to the Council	33	135	135	135	135	135	708

- In this option, there is a total capital cost over the six year period of **£695,000**. This includes:
 - The cost to the Council of refurbishing Friary Grange Leisure Centre of **£695,000** related to the risk assessed project budget.
 - Available funding from Eligible Section 106 and a sinking fund of **(£170,000)**.
 - It is recommended that the remaining cost of **£525,000** is funded through the VAT repayment earmarked reserve.

- In this option, there are net revenue costs over the six year period of **£708,000**. This includes:
 - Ongoing additional costs of **£708,000** related to operating Friary Grange Leisure Centre until closure. At this stage, given these are ongoing costs until closure, it is not recommended that they are funded through the use of reserves and therefore they would increase the funding gap.
 - Short term costs of **£120,000**. It is recommended these costs are funded through the VAT repayment earmarked reserve resulting in £252,000 remaining available to fund other investment needs within the council.

Contribution to the Delivery of the Strategic Plan

1. The Council's Strategic Plan describes healthy and safe communities as a corporate priority. In particular, the plan states that 'we want local people to have access to opportunities to be active and live healthy, fulfilled lives'.
2. Furthermore an analysis of all strategies and policies of the council has been undertaken. Reference is made in the Physical Activity and Sports Strategy (PASS) 2016 – 2020 to provision of leisure facilities as follows:

Objective 3 Places to be active – To provide good quality, accessible and sustainable places to be active.

 - a. Ensuring that there is sufficient supply of leisure facilities to meet demand.
 - b. Ensuring that leisure facilities are well run and sustainable.
 - c. Maximising the use of non-traditional or informal spaces for sport and physical active.
 - d. Capitalising on opportunities through parks and outdoors including Chasewater.
3. Clearly there would be a partial impact on the achievement of this ambition if FGLC were to close. BLC would remain open. The PASS is, however, due for review in 2020.

Equality, Diversity and Human Rights Implications

1. A Full Equality Impact Assessment was completed in July and have been published as part of the [FGLC FOIs](#). This is still valid for option one. This identified that a closure of Friary Grange Leisure Centre would result in a loss of leisure facilities that would impact on the health and wellbeing of people of all ages.
2. If the centre does close, a mitigation plan would identify alternative provision for existing leisure centre users and consider how a transition to other facilities and activities could be facilitated. It also identified that certain users could not be re-accommodated elsewhere. A summary of the EIA and mitigation measures investigated to date is detailed in paragraphs 3.21 to 3.24. There have been no changes in circumstances which would alter the EIA for Option 1 as publicised through the FOI request.
3. As option 2 would result in all services continuing there would be no requirement for an EIA.

Crime & Safety Issues

1. FGLC presents opportunities for activities diverting young people away from anti-social behaviour. Other measures to address ASB across the district would still take place.

GDPR/Privacy Impact Assessment

1. An evaluation has been completed which determined that a Privacy Impact Assessment does not need to be undertaken.

Risk Analysis

When the risks were first assessed this resulted in a rating as set out in the second column below but following work by officers and other parties the risks have been re-assessed to show that post mitigation they will be rated as set out in the fourth column.

Option 1

	Risk Description	Original Severity / Likelihood	How We Manage It	Post Mitigation Severity / Likelihood
A	Closure is completed in a disorganised way that affects the reputation of the council.	H/H	<ul style="list-style-type: none"> Develop a Withdrawal Plan. Plan communication work Existing staff needs to be considered. Notify key partners such as SE. Robust Communication Plan in place. Explaining the closure to the community. 	M/M
B	Friary closes due to unmitigated Health and Safety risk within the next 12 months.	M/H	<ul style="list-style-type: none"> Some limited investment works have been undertaken to prevent this type of occurrence but there's no guarantee of preventing a closure due to the condition of the building. 	M/M
C	Lack of proper communication regarding any further closures.	M/H	<ul style="list-style-type: none"> Ensure the Communications Plan is robust and deals with the known range of issues and our reasons. 	M/M
D	Financial forecasting isn't fully predictable due to the complexities of contracts, conditions of assets and 3 rd party involvement.	H/H	<ul style="list-style-type: none"> The most up to date budgets are provided with updated versions on a continual basis. 	M/M
E	It is likely to result in the repayment of the SE Grant.	H/H	<ul style="list-style-type: none"> SE have confirmed that if FGLC was to close with no ambition for a direct replacement they would seek clawback of the grant. 	H/H
F	Potential loss of Section 106 monies totalling £347,752.	H/H	<ul style="list-style-type: none"> The council would need to repay these monies to developers under the terms of the S106 agreements. 	H/M

Option 2

	Risk Description	Original Severity / Likelihood	How We Manage It	Post Mitigation Severity / Likelihood
G	FL issue notice to LDC for FGLC and withdraw from the facility.	M/H	<ul style="list-style-type: none"> Recent discussions have provided some surety that FL would continue to operate the facility if the capital investment is made and that FL are compensated for their loss of income as a result of facilities being withdrawn from use. If FL did withdraw, the council would have to TUPE staff and could continue to operate the facility itself. 	L/L

Appendix 1 - FGLC - Cabinet Report

H	LDC complete works that are abortive due to not having agreements in place with SCC or Greywood Multi-schools Trust.	M/H	<ul style="list-style-type: none"> Ensure that the position and agreement with SCC is agreed and in place prior to any investment taking place. Enter into a lease with SCC and dual use agreement with Greywood Multi-schools Trust prior to any works taking place. 	L/L
I	Significant failure from known risks cause injury.	H/L	<ul style="list-style-type: none"> Deliver specific investment project if the centre is to remain open. No known serious H&S risks are known of at the moment. 	H/L
J	Financial forecasting isn't fully predictable due to the complexities of contracts, conditions of assets and 3 rd party involvement.	M/H	<ul style="list-style-type: none"> The most up to date budgets are provided with updated versions on a continual basis. A range of costs including contingencies have been included to reflect a variety of scenarios. 	M/M
K	The cost of maintaining the building could escalate out of control due to the condition of the building.	H/H	<ul style="list-style-type: none"> Set a financial threshold for the level of investment committed to the capital programme for FGLC. Once this is reached, no further works will be carried out and the centre will have to close. A range of costs including contingencies have been included to reflect a variety of scenarios. 	M/M
L	It provides uncertainty for financial modelling and imposes more financial risk to the council.	H/H	<ul style="list-style-type: none"> Continue to assess the condition of the building and highlight material risks. A range of costs including contingencies have been included to reflect a variety of scenarios. A cap has been set and once this is reached, no further works will be carried out and the centre will have to close. 	M/M
M	The risk of increasing revenue and capital budget pressures is significant and could worsen.	H/H	<ul style="list-style-type: none"> Continue to assess the condition of the building and highlight material risks. Continue to work with GMT and FL to manage costs and increase income to alleviate pressures. 	M/M
N	Increased LDC officer involvement meaning that other work is not being carried out.	M/M	<ul style="list-style-type: none"> Identify the revenue costs resource needed to manage FGLC works programme and any future facility requirements. Implement a project team for the delivery of capital project and building compliance work. 	M/M
O	The building could still close at some point in the future despite any investment given the age and condition of the building.	H/M	<ul style="list-style-type: none"> A condition survey and set of proposed works have been completed and a significant contingency level provided to allow for any future issues. Continue to assess the condition of the building and highlight material risks. 	H/M
P	Section 106 monies for refurbishment of FGLC are not received or are ineligible.	M/M	<ul style="list-style-type: none"> Monitoring of development sites undertaken on a regular basis to determine S106 funds due. 	M/M

Appendix 1 - FGLC - Cabinet Report

			<ul style="list-style-type: none"> Negotiations to take place with developers to re-allocate any sums due or collected as a contribution to FGLC refurbishment or new build. 	
Replacement Facility				
	Risk Description	Original Severity / Likelihood	How We Manage It	Post Mitigation Severity / Likelihood
Q	The future funding position of the Council is very uncertain with the delay in the Fair Funding Review and the implementation of 75% Business Rates being delayed until 1 April 2021.	H/H	<ul style="list-style-type: none"> To ensure the Medium Term Financial Strategy is based on prudent assumptions including appropriate levels of reserves to mitigate financial risks. 	H/H
R	The Council Breaches its Partial Exemption Limit as a result of the provision and operation of a new facility.	M/H	<ul style="list-style-type: none"> This will be monitored as the options are refined and specialist VAT advice will be obtained to manage the risk. 	M/M

Background documents:

Appendix A - Feedback on customer comments

Appendix B - Quantity Survey Budget and Risk Assessment

Relevant web links:

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Appendix A Feedback on customer comments

This document summarised issues raised in 12 complaint letters received by Lichfield District Council following the decision to close Friary Grange Leisure Centre. The document aims to provide a summary response to each issue raised.

Health and wellbeing

Issues raised	Comment/response from Lichfield District Council
<ul style="list-style-type: none"> • Importance of the opportunity to exercise and its impact on quality of life • Legal responsibility of the council • Obesity crisis • Undertakings in Health and Wellbeing Strategy • Impact of exercise on physical and mental health • Importance of preventative measures to reduce demand on NHS and social care 	<p>Lichfield District Council fully appreciates and agrees with all comments/observations that relate to the importance of physical activity in helping to keep minds and bodies healthy, as a preventative measure against obesity and other health related issues, and in relation to improving quality of life, and reducing costs/demands on NHS and social care services. It is important to note however that Lichfield District Council has no statutory duty or legislative requirement to address such issues in the community, or to provide leisure centres. The public health budget sits with Staffordshire County Council. Lichfield District Council has no access to NHS budgets, irrespective of any preventative measures it could deliver. Equally no government grants are allocated for the running of leisure centres or delivery of health initiatives.</p> <p>Local government funding is under severe pressure and choices about what discretionary services can be delivered, and in what way, are being made by councils across the country.</p> <p>Lichfield District Council's Strategic Plan 2016-2020 includes an aim to support a healthy community. The council's Health and Wellbeing Strategy shows the multitude of activities the council undertakes to support and encourage healthier lifestyles, in addition to the provision of leisure centres – including maintaining local pitches, providing local parks and more.</p> <p>One way the council can support healthy lifestyles is through the provision of a leisure centre/swimming pool, however it is well documented nationally that the majority of leisure pursuits people undertake are done outside of a leisure centre, whether that's walking or running in local streets/parks, cycling or team sports to name but a few. This is echoed in Lichfield District, where based on current evidence around 4% of the district's total population (approximately 3,500 people) use Friary Grange Leisure Centre regularly, with some using it multiple times a week.</p> <p>Should the leisure centre close, the cardiac rehabilitation programme that supports 24 customers will be provided elsewhere in the district as part of the proposed mitigation strategy.</p>

Appendix A Feedback on customer comments

Children and young people

Issues raised	Comment/response from Lichfield District Council
<ul style="list-style-type: none"> • Provision of activities • Prevention and reduction of anti-social behaviour (ASB) • Health and wellbeing of young people • Safety – learning to swim 	<p>Lichfield District Council recognises that providing activities for children and young people is a challenge for all councils in all areas of the country. Just as traditionally district councils have been a provider of leisure centres, county councils have had the responsibility for provision of youth services, including youth centres and activities to prevent ASB. Many of these have now closed across the country.</p> <p>As part of the partnership work on community safety Lichfield District Council invests in work to address ASB and provide activities for young people.</p> <p>Some of this work is also funded by the Office of the Police, Fire & Crime Commissioner (OPFCC). It includes projects such as Getin2it and Mediation. A budget of £59,000 is provided by OPFCC, which also needs to address other community safety issues such as alcohol misuse, domestic violence and public reassurance. Lichfield District Council also receives £21,000 from the OPFCC to run SPACE activities in the school holidays which are fundamentally diversionary activities. There were 81 SPACE participants in 2019.</p> <p>Lichfield District Council recognises and supports the aspiration for a cinema/other leisure based activities in Lichfield city and the potential opportunity for this is being assessed through the masterplan for Lichfield city centre.</p> <p>Issues relating to health and wellbeing of young people and water safety are addressed in the swimming section (see overleaf).</p>

Appendix A Feedback on customer comments

Swimming

Issues raised	Comment/response from Lichfield District Council
<ul style="list-style-type: none"> • Importance of learning to swim • Importance for Health and wellbeing • Continuity and access for swimming club • Impact on schools 	<p>Lichfield District Council fully recognises the significant local concern about the loss of a swimming pool in Lichfield city were the centre to close. Swimming is one of the few sports/activities that requires a specific setting/facility and providing and maintaining a pool is very costly.</p> <p>The council also recognises the vital role swimming lessons play in preventing tragic loss of life. That said, it is not a district council responsibility to provide swimming and water safety lessons – this is a responsibility of the Staffordshire County Council (the local education authority) and such lessons are part of the national curriculum for primary school aged children. It is the only sport included in the national curriculum. Staffordshire County Council have confirmed there will be no issue for schools continuing to provide swimming and water safety lessons at alternative facilities should the leisure centre close.</p> <p>Lichfield Swimming Club members account for over half the attendance numbers for swimming at Friary Grange Leisure Centre. The club has about 150 members, some swimming up to eight times a week. The council fully appreciates the closure of the pool will be a damaging blow to Lichfield Swimming Club and its members. It also recognises there are limited practical opportunities to relocate the club activities, especially given the desire for more pool time to be set aside for the club under the existing arrangements.</p> <p>The council fully recognises the health and wellbeing benefits Lichfield Swimming Club delivers, as well as the support network and development opportunities it provides to its members. It also recognises the dedication of the many volunteers who give their own time freely to support the club. The council also fully acknowledges the difference the club has made to the lives of many local young people on an individual/personal level.</p> <p>The council has worked with Lichfield Swimming Club to explore alternative options should the council withdraw from the running of the leisure centre. Whilst the council fully recognises the club's ambitions to achieve independent management of the pool, the enquiry was explored but after careful scrutiny it was decided that the council could not enter into a project with the club at a site with such complexities.</p>

Appendix A Feedback on customer comments

Alternative options

Issues raised	Comment/response from Lichfield District Council
<ul style="list-style-type: none"> Distance to other facilities Impact of travelling on environment Availability of public transport Lack of skilled cardiac support elsewhere Affordability of other options for users Keeping all activities together to allow cross subsidisation 	<p>Lichfield District Council fully recognises Lichfield city residents naturally expect a leisure centre/pool facility to be provided locally, as it is a facility that has been provided to date. However, it is important to recognise that residents living outside of Lichfield and Burntwood have to travel a significant distance to access a pool/leisure facility – whether that’s Friary Grange or Burntwood leisure centre, or a private facility.</p> <p>The council fully appreciates that facilities located close to key centres (such as Lichfield and Burntwood) are more accessible and help to reduce car journeys. The council fully acknowledges that closure of Friary Grange Leisure Centre could lead to increased car journeys/carbon footprint.</p> <p>The council recognises that not all members of the community can choose to use a private gym as an alternative, where membership fees can be prohibitive. Whilst the council explored ways to enable local residents to access private facilities in the district at a subsidised rate as part of its mitigation plan, this has not been possible.</p> <p>Public transport is available from Lichfield Bus station to Chasetown, this is via National Express West Midland 10A which has buses running roughly every 30 minutes.</p> <p>We understand that the sports hall and astro turf pitches at Friary Grange Leisure Centre will be made available to the public outside of school hours and will be operated by the schools trust from April 2020.</p> <p>As part of the mitigation plan, should the centre close a new location for cardiac rehab with qualified and suitably trained support will be provided elsewhere in the district.</p>

Appendix A Feedback on customer comments

Future provision

Issues raised	Comment/response from Lichfield District Council
<ul style="list-style-type: none"> • Use Birmingham Road site to provide a new pool • More houses will lead to increased demand for leisure centre • LDC have £29m in reserve and have more than enough money 	<p>Lichfield District Council acknowledges suggestions to use the vacant Birmingham Road site for a new leisure centre. The future of this site and its role in ensuring the continued vibrancy and economic success of Lichfield city centre is currently under review. Any decision about the use of the site for leisure provision would need to be supported by sound evidence that it is the best site for such facilities, and the financial impact/opportunity costs would need to be fully understood before any such decision could be taken.</p> <p>The council is currently reviewing its Local Plan and, as part of this, it will consider the districts infrastructure needs, including leisure facilities. The requirement to meet current and future needs will be clearly identified, and this will become part of the package of measures that developers will be asked to support as new sites in the district are developed. This process will not however guarantee the provision of a new leisure centre, and not within the next five years.</p> <p>It has been suggested that the council has adequate funds to repair Friary Grange Leisure Centre and develop a new one. The council's financial position is very challenging. Whilst the council has £4.3m in available reserves, this funding needs to full range of council projects and services and not just the leisure centre/the provision of leisure. The council is also facing a revenue funding gap of £612,000 2020/2021 which will rise to £1.099m in 2023/2024. As with any investment, the council must consider the percentage of its population that will benefit from any discretionary investment.</p>

Appendix A Feedback on customer comments

Partner roles

Issues raised	Comment/response from Lichfield District Council
<ul style="list-style-type: none"> County Council position – reference made to their responsibilities and then options for involvement in future provision School position- reference made to the impact of Academisation Support from NHS family in respect of preventative activity Freedom Leisure (FL) – some expressions of concern about performance of the operators 	<p>Lichfield District Council has worked with Staffordshire County Council as the landlord and owner of the building to secure an option for a shorter term lease for elements of Friary Grange Leisure Centre (not including sports hall and astro turf pitches) from April 2020, with acceptable break clauses and no liability for the existing condition of the building (although necessary works to keep the building safe/compliant will still need to be undertaken). This option is analysed further in the body of the report.</p> <p>In addition, the council asked Staffordshire County Council how they propose to meet the primary school swimming provision if Friary Grange Leisure Centre closes. We were hopeful they could offer some financial support to maintain the pool in the short term to enable swimming lesson provision to continue on site. However they have responded that :</p> <ul style="list-style-type: none"> <i>Each school makes their own arrangements for swimming as part of their individual curriculum planning. Some do this directly with providers of swimming pools, others do it collectively through Entrust's school swimming team. If a decision is made to close the pool, schools will need to find alternative provision, either individually or collectively. As a comparison there is no council managed swimming pool in Tamworth and schools are still able to discharge their responsibilities.</i> <i>Transport costs are already incurred by each school as every school using the pool at Friary, with the exception of Friary themselves, arrive by coach. SCC does not fund the transport costs directly and therefore there is no "saving" that could be transferred to the District Council.</i> <p>We also asked Staffordshire County Council how they view their Public Health responsibilities. They responded:</p> <ul style="list-style-type: none"> <i>The county council has a programme to improve and protect health and well-being including information, advice and guidance; growing and signposting to community assets; commissioning specialist services; modifying the environment; and ensuring coverage and quality of immunisation and screening programmes.</i> <p>The Friary School has confirmed they will make the sports hall and astro turf pitch available to the public through their own arrangements from April 2020. They have confirmed they do not want to work jointly with the council to operate the leisure centre.</p> <p>The council has worked closely with Freedom Leisure. The way in which staff were briefed has been addressed with them and dependent on the outcome of the Cabinet meeting, further consultation with staff will take place. Issues relating to use of the pool by the swimming club and the ability for more income by allowing more club time has been raised with Freedom Leisure. In respect of the contract Freedom Leisure have with Lichfield District Council, there has been no breaches and performance is satisfactory. Freedom Leisure have confirmed they will continue to operate the pool, gym and squash courts, under the current contract, should a decision be taken to keep the facilities open.</p>

Appendix B - Quantity Survey Budget and Risk Assessment

[illegible]

Appendix B - Quantity Survey Budget and Risk Assessment

	QS Budget including Contingency				Risk Assessment			Material and Severe Risk Level additional Contingency					
	Base Budget	Base Contingency	M&E Contingency	Total Budget	Likelihood	Impact	Risk Level	40%	60%	80%	100%	150%	200%
Pool Water Filtration	£0	£1,163	£444	£1,607	High	High	Severe	£643	£964	£1,286	£1,607	£2,411	£3,214
Asbestos	£0	£1,163	£444	£1,607	High	High	Severe	£643	£964	£1,286	£1,607	£2,411	£3,214
Service Duct	£0	£1,163	£444	£1,607	High	High	Severe	£643	£964	£1,286	£1,607	£2,411	£3,214
Toilets	£0	£1,163	£444	£1,607	High	High	Severe	£643	£964	£1,286	£1,607	£2,411	£3,214
<u>Ventilation</u>													
Pool AHU System	£0	£1,163	£444	£1,607	High	Medium	Severe	£643	£964	£1,286	£1,607	£2,411	£3,214
Changing Area for pool area	£0	£1,163	£444	£1,607	Low	Low	Tolerate	£0	£0	£0	£0	£0	£0
Squash Courts	£3,500	£1,163	£0	£4,663	Medium	Low	Tolerate	£0	£0	£0	£0	£0	£0
Cooling Equipment - Dance Areas	£15,000	£1,163	£0	£16,163	Low	Low	Tolerate	£0	£0	£0	£0	£0	£0
<u>Electrical</u>													
Electrical Test Certificate													
Test Implications	£0	£1,163	£444	£1,607	High	Significant	Severe	£643	£964	£1,286	£1,607	£2,411	£3,214
Incomers	£4,000	£1,163	£0	£5,163	Low	Medium	Tolerate	£0	£0	£0	£0	£0	£0
Switchgear/Distribution Board	£0	£1,163	£444	£1,607	Low	Medium	Tolerate	£0	£0	£0	£0	£0	£0
LV Power	£0	£1,163	£444	£1,607	High	Medium	Severe	£643	£964	£1,286	£1,607	£2,411	£3,214
Lighting	£0	£1,163	£444	£1,607	Low	Significant	Material	£643	£964	£1,286	£1,607	£2,411	£3,214
Emergency Lighting	£0	£1,163	£444	£1,607	Low	High	Material	£643	£964	£1,286	£1,607	£2,411	£3,214
Fire Alarm	£0	£1,163	£444	£1,607	Low	High	Material	£643	£964	£1,286	£1,607	£2,411	£3,214
Access & I/Coms	£0	£1,163	£444	£1,607	Low	Significant	Material	£643	£964	£1,286	£1,607	£2,411	£3,214
Security	£0	£1,163	£444	£1,607	Low	Medium	Tolerate	£0	£0	£0	£0	£0	£0
Lift	£0	£1,163	£444	£1,607	High	Medium	Severe	£643	£964	£1,286	£1,607	£2,411	£3,214
Contingency													
Mechanical and Electrical	£108,500	£29,070	£8,000	£145,570				£45,904	£68,856	£91,808	£114,760	£172,140	£229,519
Sub Total	£295,000	£50,000	£8,000	£353,000				£79,210	£118,815	£158,420	£198,025	£297,037	£396,050
General Contingency								£353,000	£353,000	£353,000	£353,000	£353,000	£353,000
Professional Fees				£45,000				£45,000	£45,000	£45,000	£45,000	£45,000	£45,000
Total				£398,000				£477,210	£516,815	£556,420	£596,025	£695,037	£794,050

Note: Sports Hall Excluded in Report

**FOR COUNCIL
15 October 2019**

REPORT OF THE LEADER OF THE COUNCIL

CABINET DECISIONS – 10 SEPTEMBER 2019

1. Money Matters 2019/20: Review of the Financial Performance against the Financial Strategy

The Cabinet:

- 1.1 Noted the report and issues raised within and that Leadership Team with Cabinet Members will continue to closely monitor and manage the Medium Term Financial Strategy.
- 1.2 Recommended to Council to approve and update the Medium Term Financial Strategy:
 - To increase the Economic Growth Budget by £50,000 in 2019/20 and £100,000 in each subsequent year to reflect the inclusion of three new posts to support this Council priority.
 - To increase the Disabled Facilities Grants budget in 2019/20 from £1,714,000 to £1,948,000 with the additional spend funded by £234,000 of additional external grant.
 - To increase the Affordable Housing budget in 2019/20 from £400,000 to £614,000 with the additional spend funded by £214,000 of Section 106.
 - To reduce the Stowe Pool Improvements project from £1,000,000 to £50,000 to reflect the removal of the Heritage Lottery Grant of £950,000.
- 1.3 Recommended to Council to approve and update the Medium Term Financial Strategy:
 - To reduce the loan to the Company from £900,000 to £675,000 (no change to the period of 5 years).
 - To undertake a £225,000 equity investment in the Company.
 - To charge 4% rate of interest on the loan to the Company to enable compliance with State Aid.
- 1.4 Recommended to Council to approve:
 - (i) The 'Buy Out' of the remaining Actuarial Strain Payments during 2019/20.
 - (ii) The funding of the cost of the 'Buy Out' of £468,000 is provided by the earmarked reserve established for this purpose.

- (iii) An update to the Medium Term Financial Strategy based on the information included in the financial implications section of this report.

2. Local Development Scheme 2019

- 2.1 The Cabinet approved the revised Local Development Scheme as set out in the Cabinet report and agreed to its publication.

3. Lease of Tennis Courts, Beacon Park to Beacon Park Tennis Charitable Incorporated Organisation

- 3.1 The Cabinet agreed to a 21 year lease arrangement with Beacon Park Tennis Charitable Incorporated Organisation for the tennis courts in Beacon Park.

4. Birmingham Road, Lichfield Enabling Works - Selection of Tender

The Cabinet:

- 4.1 Agreed that Coleman & Company be awarded the contract to undertake the commission for the tendered sum of £599,991.
- 4.2 Approved the awarding of a contract to Healthmatic for the provision and maintenance of temporary toilet facilities for a 3 year period for the tendered sum of £90,000.
- 4.3 Delegated to the Cabinet Member for Investment, Economic Growth and Tourism in consultation with the Head of Economic Growth the authority to sign the contractual agreements and to authorise any minor variations in the contractual arrangements subject to the costs being within the agreed budget.
- 4.4 Recommended that Council approve and update the Medium Term Financial Strategy to increase the Project Budget for the Birmingham Road Site by £185,000 from £2,995,000 to £3,180,000 with funding of £182,000 provided by the Earmarked Reserve and £3,000 from the Revenue Budget.

CABINET DECISIONS – 7 OCTOBER 2019

5. Friary Grange Leisure Centre

The Cabinet agreed:

- 5.1 That the petition be formally received.
- 5.2 That option 2 as set out in the Cabinet report be approved: to keep Friary Grange Leisure Centre (FGLC) open without the all weather pitch and sports hall with a new lease with Staffordshire County Council with a view to replacing FGLC with a new facility as soon as possible, subject to a cap in capital expenditure on FGLC of £695,000 for the five year period.

- 5.3 That Cabinet recommends to Full Council to amend the Council's Medium Term Financial Strategy (MTFS) in line with the financial implications set out in the Cabinet report.
- 5.4 That Cabinet recommends to Full Council to amend the MTFS further by adding a contribution of £5m to the capital programme to provide for future leisure facilities in Lichfield.

(COUNCILLOR PULLEN DECLARED A DISCLOSABLE PECUNIARY INTEREST IN THIS ITEM AS HIS WIFE WAS A COUNTY COUNCILLOR AND NOTED THAT HE HAD BEEN GRANTED A DISPENSATION TO CONSIDER THE MATTER BY THE MONITORING OFFICER)

(COUNCILLOR LITTLE DECLARED A DISCLOSABLE PECUNIARY INTEREST IN THIS ITEM AS HER HUSBAND WAS A COUNTY COUNCILLOR AND NOTED THAT SHE HAD BEEN GRANTED A DISPENSATION TO CONSIDER THE MATTER BY THE MONITORING OFFICER)

(MR C N TURNER DECLARED AN INTEREST IN THIS ITEM AS A MEMBER OF HIS FAMILY WAS A MEMBER OF LICHFIELD SWIMMING CLUB).

CABINET DECISIONS – 8 OCTOBER 2019

6. Medium Term Financial Strategy (Revenue and Capital) 2019-24

The Cabinet:

- 6.1 Noted the budget timetable for the preparation and approval of the Medium Term Financial Strategy (MTFS).
- 6.2 Considered the latest MTFS projections and the potential impact of the Spending Round 2019 predominantly on the 2020/21 Revenue Budget.
- 6.3 Recommended to Council the budget assumptions and the budget principles for the Medium Term Financial Strategy.
- 6.4 Delegated authority to the Council's Chief Executive and Section 151 Officer (in consultation with the Leader and the Cabinet Member for Finance and Procurement) to formalise Lichfield District Council's sign-off for either a Business Rate Pilot or a Business Rate Pool for 2020/21 depending on Government announcements.

7. Replacement Combined Heat and Power Unit at Burntwood Leisure Centre

The Cabinet:

- 7.1 Approved the release of funding from the Burntwood Leisure Centre (BLC) sinking fund up to the approved budget available of £235,000, to replace the Combined Heat and Power Unit (CHP) at Burntwood Leisure Centre.

- 7.2 Granted delegated authority for the Deputy Leader and Cabinet Member For Investment, Economic Growth and Tourism and the Director of Place and Community to appoint Visessmann (Tender 2) to complete the replacement of the CHP Unit at Burntwood Leisure, subject to the receipt of an appropriate construction site plan, insurance and financial checks being provided.

8. Lichfield District Council Museum Collection Policies

- 8.1 The Cabinet approved the acquisitions, disposal and loans policies, and the loan out agreement form as set out in the appendix of the Cabinet report.

**DOUG PULLEN
LEADER OF THE COUNCIL**

STRATEGIC (OVERVIEW AND SCRUTINY) COMMITTEE

12 SEPTEMBER 2019

PRESENT:

Councillors A Little (Chairman), Norman (Vice-Chair), Ball, Banevicius, Grange, Greatorex, Matthews, Spruce, Warfield and White.

(In accordance with Council Procedure Rule No.17 Councillors Eadie, Pullen and Strachan attended the meeting).

8 APOLOGIES FOR ABSENCE

Apologies were received from Councillors Checkland, Tapper and S. Wilcox

9 DECLARATIONS OF INTEREST

There were no declarations of interest

10 MINUTES OF THE PREVIOUS MEETING

The minutes of the previous meeting were signed as a correct record.

11 WORK PROGRAMME

It was noted that the Revenues and Benefits Fundamental Review item had been moved to be considered at the November meeting. It was reported more accurate figures had been obtained and preliminary findings were showing that the service was running well with a leading collection rate. It had also found that the IT infrastructure was ok however more efficiencies could be realised. It was asked if the service could be offered to other Local Authorities and it was reported that it would be part of the review.

The Committee also noted that there would be a special meeting in October to consider the Strategic Plan.

RESOLVED: That the work programme be noted.

12 COMMERCIAL PROPERTY ACQUISITION

Prior to the consideration of the Commercial Property Acquisition, the Committee discussed the Property Investment Strategy (PIS). It was asked what the progress of the PIS had been to date and it was reported that it was approved in 2017 with the delivery process adopted in 2018. It was also reported that although in place, no properties had met the criteria until now. Following this, it was asked if it was felt whether this suggested that the target set in the PIS was unrealistic and it was noted that it was a fair observation and the MTFS could be amended if this became the case.

It was then asked if the current level of gross and net yield as approved in the PIS was now too ambitious and it was reported that it could be considered the case however as a property had been found, it suggested that that the Strategy was still satisfactory. When asked, it was also confirmed that the matrix used to test the viability was appropriate for Lichfield's needs.

It was suggested that the PIS could benefit from a review to investigate whether and changes were required to reflect the current climate.

It was noted by the Committee that a report on confidentiality and access to information would be considered by the Audit and Member Standards Committee.

13 EXCLUSION OF PRESS AND PUBLIC

RESOLVED: That, as publicity would be prejudicial to 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 item 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 as amended.

IN PRIVATE

14 COMMERCIAL PROPERTY ACQUISITION

This item was confidential and considered in private.

(The Meeting closed at 7.20 pm)

CHAIRMAN

**ECONOMIC GROWTH, ENVIRONMENT AND DEVELOPMENT (OVERVIEW
& SCRUTINY) COMMITTEE**

18 SEPTEMBER 2019

PRESENT:

Councillors Cox (Chairman), Ball (Vice-Chair), S Wilcox (Vice-Chair), Binney, A Little, Marshall, Warburton and Westwood.

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

8 APOLOGIES FOR ABSENCE

Apologies for absence were received from Councillors Ennis, Ho, Parton-Hughes and Ray

9 DECLARATIONS OF INTEREST

Councillor A. Little declared a personal interest in item 6 – Amendments to Local List of Buildings of Local Architectural and Historic Interest as he owned a property on the list.

10 MINUTES OF THE PREVIOUS MEETING

The minutes of the meeting were signed as a correct record. It was asked if the consideration of electric vehicle (EV) charging could be extended to wider areas than Lichfield City. It was confirmed that it would be discussed further in the work programme.

11 WORK PROGRAMME

The work programme was considered. It was discussed and agreed to set up a task and finish group to consider Sunday car park charging. The chairman suggested that the group could also address the issue of policy in respect of EV charging points. In this regard it was noted that the city master planning exercise would be looking at EV charging options and this needed to be borne in mind.

It was noted that there had been no further information received regarding the LEP review however the Chairman would be attending the GBSLEP Scrutiny meeting and would report back if he heard anything there.

It was noted that Councillor Ray had requested a standing item on the environmental impact of economic growth in the district and it was agreed to look at this further.

Members noted the special meeting scheduled for December 2019 to consider the Master planning report.

RESOLVED: That the work programme be noted and updated where required.

12 REVIEW OF THE OPERATION OF THE PLANNING COMMITTEE

The Committee received a report setting out a 12 month review of the performance and operation of the revised Planning Committee arrangements. It was reported that changes were made including the reduction to 15 Members on the Committee, the use of the

Committee Room rather than the Chamber when lower public attendance is anticipated and three further Members trained to act as replacements if vacancies were to arise.

On the issue of meetings, it was asked if these could be held outside of Frog Lane and across the district as it would make it more accessible and desirable for the public to attend. It was reported that there would be many factors to take into account including costs of hiring venues and potential loss of money if the meetings were to be cancelled which has happened in the past. It was also noted that there could be logistic issues in moving equipment if required along with access to case files.

The location of meetings at Frog Lane was then discussed and the Chairman of the Planning Committee, Councillor Marshall stated that he preferred the Council Chamber as there were no concerns regarding seating for the public that attend. However this was not withstanding that the presentation and audio equipment there needed updating to be more useful for the public attending. The Principle Planning Officer was asked his thoughts on the rooms used to hold Committee meetings and he reported that the Committee Room did make for better discussions but meetings were more formal in the Council Chamber which was better for consideration of larger planning applications.

The number of Committee members on the Planning Committee was considered and it was agreed that 15 Members worked well and was the optimum number. It was also agreed that attendance was important and this should be emphasised to the Committee Members. It was agreed that attendance also applied to planning training. It was asked if there was some merit into considering sharing training opportunities with neighbouring authorities and it was agreed to investigate this further.

The cycle of meetings was discussed and there was some feeling that moving to four weekly had made the agendas congested and applications were being considered quicker than was appropriate. It was reported that the previous three weekly cycle put more pressure on officers as there was no break in producing reports for the next Committee agenda. It was also noted that there was pressure on the Parish Council's to consider applications within their meeting cycles.

The Cabinet Member agreed to take all comments on board and investigate points raised further.

RESOLVED: (1) That the size of the Planning Committee remain at 15 Members; and

(2) That the layout of the Committee Room be given further consideration to maximise capacity of the public gallery, where possible, so it may continue to be used on occasion, whilst continuing with use of the Council Chamber for the majority of Committees particularly when larger public galleries are anticipated.

(3) That consideration be given to the potential enhancement of the presentation equipment available within the Council Chamber going forward.

13 AMENDMENTS TO LOCAL LIST OF BUILDINGS OF LOCAL ARCHITECTURAL AND HISTORIC INTEREST

The Committee received a report on the results of the public consultation on the proposed amendments to the Council's List of Buildings of Local Architectural and Historic Interest and seeking support for the final, amended proposals and their recommendations for approval to the Cabinet and Full Council.

The Committee was pleased to note that this was a phased programme to include areas outside the Conservation Areas to ensure all heritage assets were included on the list. As the programme would be based on parishes, it was suggested taking it to Parish Forum as that

input could be invaluable. When asked, it was confirmed that Development Management Officers did check if a building was one or should be considered to be added when planning applications were received.

It was also noted and agreed that War memorials would be removed from the local list as they were designated as listed buildings.

The Committee also noted the high response rate from the consultation and the valuable comments made. The Committee were also pleased to see the number of properties linked to St Matthews Hospital in Burntwood as it was a great example of building in the Victorian era. It was also agreed that it was correct to remove the Squash Club at Spinney Lane as there had been a great loss in architectural merit through redevelopment.

There was some discussion regarding tenants of properties responding and it was asked if this was appropriate as they were not the owners. It was reported that the consultation was sent to properties addressed to owner/occupier and it was agreed that this should be made clearer in the future that it is for owners/landlords or management companies only.

RESOLVED: That the Committee notes the results of the consultation, supports the final proposed amendments to the Council's List of Buildings of Local Architectural and Historic Interest and recommend they be submitted to the Cabinet and Full Council for approval.

14 LOCAL PLAN UPDATE

The Committee received a report updating the Committee on the Local Plan and it was reported that the period for legal challenge to the Local Plan Allocations had passed with none received and so the Council now had a complete and up to date Local Plan.

There was significant debate regarding infrastructure and the Committee had concerns that there was greater need to address this and specifically before development. There were concerns with not just highway pressures but also environmental issues including air quality and the impact this was having on residents as well as health provision and access to basic retail. Highway infrastructure was discussed further and there were concerns that the County Council did not take into account the knock on effect of numerous developments when giving advice and their representations to the Development Management department. It was suggested that the Committee may wish to invite SCC Highways representatives to a future meeting to discuss their rationale in these situations. It was noted that CIL could be used if required to help develop infrastructure if required. Rail infrastructure was debated and it was noted that without good rail access, economic benefits would be lost to other areas. It was reported that the leader and Deputy Leader of the Council would be meeting with West Midlands Rail representatives to discuss this further.

The green belt was discussed and it was noted that there may be a need to lose it in some areas and designate new areas to accommodate growth or new settlements. The Committee stated that the Local Plan Sub Group had received much information on this area and had worked hard in producing documents regarding this subject.

Housing growth was then discussed and it was noted that the need for housing was growing with the population and without housing it would be a loss of Council tax which was greatly needed.

Officers were thanked for their continued hard work on Spatial Policy. Special mention was given to Ashley Baldwin, Spatial Policy Manager as it was reported that he would be leaving the Authority to take up a new post. The Committee expressed their gratitude for all his advice and input to the Committee and noted his presence would be missed.

RESOLVED: (1) That the progress associated with the Local Plan Review be noted;

- (2) That the potential scale and distribution of growth identified within the report be noted;
- (3) That the minutes of the Local Plan Sub Group be noted; and
- (4) That the consultation proposals be recommended to Cabinet

(The Meeting closed at 7.40 pm)

CHAIRMAN

LEISURE, PARKS & WASTE MANAGEMENT (OVERVIEW AND SCRUTINY) COMMITTEE

25 SEPTEMBER 2019

PRESENT:

Councillors Matthews (Chairman), Banevicius (Vice-Chair), Silvester-Hall (Vice-Chair), Barnett, L Ennis, Ray, Salter, Tapper, Warfield, Westwood, M Wilcox and B Yeates.

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

8 APOLOGIES FOR ABSENCE

An apology was received from Councillor Baker

9 DECLARATIONS OF INTERESTS

There were no declarations of interests.

10 MINUTES OF THE PREVIOUS MEETING

The minutes of the previous meeting were signed as a correct record.

11 WORK PROGRAMME

The work programme was considered. It was suggested and agreed to consider the Review of the Garrick CSA at the March meeting. It was also agreed to consider the Friary Grange Leisure Centre at the January 2020 meeting. It was then noted that there would be a special Meeting on the 18th Nov to consider the consultant's report for the F4F Waste Service Review.

RESOLVED: That the work programme be noted and updated as agreed.

12 RESOURCES AND WASTE STRATEGY FOR ENGLAND

The Committee received a report on the national Resources and Waste Strategy as published by the Department for Environment, Food and Rural Affairs (DEFRA). It was reported that the strategy set out the government's long term vision for resource management with the expectation to set higher targets and requiring producers to cover the cost of dealing with certain packaging materials.

It was then reported that there had been a number of accompanying consultations on consistency of collection, deposit return schemes, extended producer responsibility and plastics tax. It was noted that the Council had responded to these consultations as part of a wider Staffordshire representation.

It was reported that there were a number of proposals from the strategy that would have a significant impact on local authority operations and these were mandatory food waste collections, greater separation of dry recyclables and deposit return schemes. It was noted that there had been no decision as yet to whether garden waste collection would become statutory.

The Committee discussed these implications and it was noted that food waste collection would require new vehicles and bins as well as more frequent collections. It was reported that logistics of collections from flats/apartments would have to be thought out.

Deposit Return Schemes (DRS) were also discussed and it was reported that the materials that would be covered were the ones that gave the best return in recycling income for the Council and so it could have a financial impact. It was also reported that there had been a pilot in London. Members agreed that there was also a risk of a 'womble' culture where people could go through bins to take these materials to make profit. It was asked if the Council could have their own sites or get involved in collections at deposit sites and it was reported that any commercial opportunity would be explored.

It was confirmed that having one bin for recycling was not how the industry prefer to receive materials as it leads to quality issues and takes time to sort.

It was asked if communal waste collection could be investigated as it had proved successful in other countries and it was reported that it could lead to opportunities for flytipping and would take a lot of education to separate materials. It was then asked if black bags could be used and charged for non-recyclable waste like in Germany and it was noted that there could be some negative feedback that there is Council Tax to cover this service.

The Committee did have concerns that the Government strategy would add to an already very financially stretched situation for the Council. It was felt that it would be difficult with the loss of the Revenue Support Grant, the potential loss of around £1.4m from garden waste, the potential loss from some recycling income from DRS but the need to introduce food waste collections and greater separation of recycling. It was reported that the WMLGA were lobbying the government about this situation and as noted the Council had responded to the consultations but it was agreed for the Chairman to speak to the Leader of the Council with a view to discussing this further with the local MPs and other bodies if required.

RESOLVED: That the proposals contained in the Government's Resource and Waste Strategy and the potential impact they may have on the Joint Waste Service, if adopted, be noted.

13 JOINT WASTE SERVICE FIT FOR FUTURE REVIEW - APPROACH

The Committee received a report giving an update to the fundamental review of the Joint Waste service. It was reported that consultants had been appointed and their initial findings were that the service was currently operating with good performance and was efficient and safe. It was also reported that despite this, it was still good to conduct the review and investigate other options as well as any opportunities including trade waste.

It was noted that the review was due to be completed by December 2019 and Members would consider the consultants findings report at the special meeting in November 2019. It was confirmed that any options would have the national strategy in mind.

When discussed, it was noted that contracts of employment were part of the review and it was important to ensure the right terms and conditions were being offered. It was reported that there was a current national shortage of HGV drivers and this was being encountered with the Joint Waste Service with recruitment difficulties. It was also reported that there was a high number of agency staff being used and although the cost was the same, it would be preferred to have in house staff.

It was asked if a Member Task Group could be of use to help feed in ideas and it was agreed to defer this until after the special meeting.

RESOLVED: That the approach that has been taken for the fundamental reviews of the Joint Waste Service and Lichfield's Trade Service be noted.

(The Meeting closed at 7.00 p.m.)

CHAIRMAN

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AUDIT AND MEMBER STANDARDS COMMITTEE

24 JULY 2019

PRESENT:

Councillors Greateorex (Chairman), Ho (Vice-Chair), Checkland, Grange, A Little, Norman, Robertson, Spruce and White

Observer: Councillor Strachan (Cabinet Member of Finance & Procurement)

Officers In Attendance: Mrs K Beavis, Miss W Johnson, Mrs A Swift, Mr A Thomas, Ms C Tims and Mrs D Tilley

Also Present: Ms Laurelin Griffiths (Grant Thornton UK LLP) (External Auditor) and Mr Phil W Jones (Grant Thornton UK LLP) (External Auditor)

1 APOLOGIES FOR ABSENCE

No apologies for absence were received.

2 DECLARATIONS OF INTEREST

Councillor Grange declared a personal interest in agenda item no 4 as she had been the complainant before she was an elected member.

Councillor Checkland declared a personal interest as he was a Governor at Friary Grange School.

3 MINUTES OF THE PREVIOUS MEETING

The Minutes of the Meeting held on 24 April 2019, as printed and previously circulated, were taken as read and approved as a correct record.

4 MINUTES OF THE ASSESSMENT SUB-COMMITTEE MEETING - 01.07.19

The Minutes of the Assessment Sub-Committee meeting held on 1 July 2019, as printed and previously circulated, were taken as read and approved as a correct record.

5 ANNUAL TREASURY MANAGEMENT REPORT

Cllr Strachan, as Cabinet Member for Finance and Procurement, introduced the Annual Treasury Management Report for the financial year 2018/19. He said the headlines were in the Executive Summary of Mr Thomas's report and as members had previously found presentations a useful way to explain the finances, he introduced the Head of Finance & Procurement, Mr Thomas, who delivered a presentation.

Mr Thomas explained the purpose of the report and explained the overall responsibility remained with the Council. Mr Thomas summarised the Capital Programme which showed the original, revised and actual figures with spend on non-current assets. Examples were of property and Revenue Expenditure Funded from Capital under Statute (REFCUS), which was mainly Disabled Facilities Grants. The main variances to the budgets were illustrated, such as

acquiring the Police Station. Under performance on Disabled Facilities Grants and the “no spend” on the Property Investment Strategy were the main reasons for slippage over the year. Mr Thomas said the capital receipts were higher than planned predominantly due to our share of extra receipts from Bromford for Right to Buy. Mr Thomas highlighted the balance sheet, trends, the level of investments and sources of cash and the borrowing need and its financing. It was noted that the balance sheet had reduced on total assets less liabilities and reserves due to an increase in the pension liability and the statutory reserve.

The Internal borrowing need was explained and the investments could be seen as spread across banks and diversified funds.

The Property Fund investment was our first higher risk, higher return investment. The value had increased to approach that of the initial investment, due to underlying property asset values increasing.

The yield of our investments were comparable to other authorities and an independent review of treasury management by Internal Audit of the systems and processes used had received “substantial assurance” at the highest level. Mr Thomas said there had also been a temporary increase to the Operational Bank Account Limit during 2018/19 – by £65,288 for one day. This had been due to the limited options available and Council approved the increase to a Treasury Management limit, which enabled increased investment diversification in higher return investments whilst providing future options with a UK domiciled Money Market Fund.

Mr Thomas said the report confirmed the Council was compliant with all treasury limits and prudential indicators for 2018/19.

A number of questions were raised by Members and answered focusing on leases and debt, investments and the actual Balance Sheet compared to the Budget.

RESOLVED:- (1) The Committee reviewed the report and issues raised within;
(2) The Committee reviewed the actual 2018/19 Prudential Indicators contained within the report.

6 STATEMENT OF ACCOUNTS

Members considered the Statement of Accounts and Mr Thomas delivered a presentation to explain the report in more detail. He said for the benefit of all new members, the Statement of Accounts has to be produced in line with the Code of Practice on Local Authority accounting in the UK. The Accounts and the Audit (England) Regulations now required a Local Authority to certify its set of accounts by 31 May and publish an audited set of its accounts by 31 July each year. Mr Thomas explained that the Constitution assigns the responsibility for considering and approving the Annual Statement of Accounts to this Audit & Member Standards Committee to enable sign-off by the Chairman and said this committee had a specific role outlined in the CIPFA publication “Audit Committee: Practical Guidance”.

Mr Thomas said that really we are trying to satisfy two financial reporting requirements; financial performance based on both accounting standards and legislation. He added that the previous committee, under last year’s Council, had already approved the Annual Governance Statement together with the accounting policies in the accounts and this was felt appropriate as they had been in office at the end of the financial year.

The Financial reporting timeline and responsibilities at the Council were graphed to show the Audit & Member Standards committee’s responsibilities.

The Revenue Financial Performance in 2018/19, under both accounting standards and legislation, was explained and the differences and the reasons why they occurred were explained.

The need for the Letter of Representation was explained as the External Auditor was required to obtain written confirmation from the Council's Management that we had disclosed all matters that could affect the Council's position. This confirmation was in the form of a letter which is approved by the Audit & Member Standards Committee and is signed by the Chairman, Chief Executive and Section 151 Officer.

Mr Thomas talked through the initiatives, looking forward to 2019/20 and beyond. Particular attention was drawn to the establishment of a Local Authority owned company.

The External Auditors advised that with their Audit Findings, there were aspects of work to be completed but these were very close to being finished.

- RESOLVED:-** (1) The Committee approved the Letter of Representation;
(2) The Committee approved the Council's Statement of Accounts for 2018/19.

7 AUDIT FINDINGS REPORT FOR LICHFIELD DISTRICT COUNCIL 2018/19

Grant Thornton (External Auditors) presented the Audit Findings for Lichfield District Council and detailed the key findings and other matters arising from the statutory audit in the preparation of the Council's financial statements for the year ended 31 March 2019.

The report detailed the audit risks and the work performed to address these. The commentaries were discussed and Grant Thornton stated that the only non-trivial adjustment to the financial statements related to the valuation of pension fund's net liability. They explained that the adjustment to the pension liability on the balance sheet had been a culmination of three issues:-

1. The initial actual valuation was based on an estimated asset return at December 2018 as provided by the pension fund officers. The actual asset return for the pension fund for the year to 31 March 2019 was significantly different;
2. The impact of the McCloud judgement, a legal ruling around age discrimination in the police force and fire service. As at the end of the financial year there was still uncertainty: the Council's actuary had omitted this from their valuation but, in fact, at the end of June, the Government's application to appeal the ruling was denied;
3. Liabilities for guaranteed minimum pensions relating to gender discrimination.

Grant Thornton explained that none of these issues individually were material but the three added together had a material impact on the Council's liability.

They also highlighted their assessment and comments related to the property fund investment and IFRS9. It was explained that this was the first year of IFRS9 and the Council had elected to present changes in fair value in other comprehensive income. Grant Thornton, as a firm, did not agree with this approach. However, the difference was trivial at this stage: it amounts to a very small figure in the accounts (circa £45,000) although it needed highlighting in case it became material in the future.

Mr Thomas agreed that it was seen to be a technical accounting matter and not all audit firms were taking the same approach. Grant Thornton assured the committee that significant discussions were being held between the finance team and themselves on this issue. It was immaterial at the moment but could become material in time. In the meantime, it was shown in the report as an agreed difference.

The Committee indicated that they would like to see a resolution to the issue before the next set of Financial Statements were completed.

The reference to “going concern” in the Audit Findings Report was queried and Grant Thornton explained that this had become an area of greater focus in recent years following issues experienced by some bodies in the sector. They also explained that it was different to the assessment made in the private sector, as the focus of the assessment was on any possible risks to the continued delivery of service.

Mr Thomas stated that the Strategic Plan looked four years ahead at self-sustainability, the Council had a healthy position and were addressing the funding gap. He explained that most authorities had a gap, and we attempted to be proactive.

Grant Thornton said the Value for Money assessment came out unqualified and they wanted to highlight a couple of points:-

1. On Friarsgate, Grant Thornton will monitor the scheme going forward, as part of their value for money;
2. While it was positive in analysis of financial sustainability, it was important that the Council carried out appropriate diligence on plans relating to the property investment strategy, including the company progressing to ensure that financial risk was minimised and advantages to the local community were maximised.

Grant Thornton thanked Mr Thomas and the finance team for their hard work and this reassured the committee. However, additional time had been needed for further discussions with the finance team especially around pensions and this may involve an increase in the audit fee for 2018/19, which the committee noted.

8 PLANNED AUDIT FEE 2019/20

Grant Thornton (External Auditors) presented the Planned Audit fee letter for 2019/20 which the committee agreed to sign-off. The scale fee had been set by PSAA at £35,412, the same as that for the previous year. It was confirmed there were no changes to the new work programme and the scale fee covered the outline audit timetable in the letter.

9 ANNUAL REPORT FOR INTERNAL AUDIT

Mrs Kerry Beavis, Interim Audit Manager, presented the Internal Audit Annual Report including Progress Report for January to March 2019, which reported on the activity and performance of the Internal Audit section for the 2018/19 financial year. The conclusions were that Internal Audit staff had worked with staff of the Council to ensure internal control was properly maintained and that systems were appraised, and where appropriate, improved. Mrs Beavis advised that the Internal Audit section had made good progress this year in relation to achieving all of the targets, which were monitored. She said they had achieved 96% of the revised Internal Audit programme and 94 recommendations had been made during the year, 95% of which have been agreed by management for implementation. She said this exceeds the performance indicator included in the services performance targets (90%). Mrs Beavis explained that Annex A illustrated the Audit Plan 18/19 status and Annex B illustrated the implementation reviews status 18/19.

Discussions took place around the audit reports and the customer satisfaction questionnaires return. There was a little unease on the latter, as only 8 were returned and conversations took place around a desire to improve the reply rate.

It was asked how many recommendations had dropped off the system after a second follow-up audit had been carried out and the recommendations had not been implemented and if this was acceptable. Mrs Beavis explained that the recommendations do not drop off the system

but the internal audit protocol only requires two follow-up reviews to be undertaken. Mrs Tilley gave assurance that she did not let any disappear but there were some recommendations made where management decide not to take any action.

(Mrs Beavis agreed to report back on this issue).

Members asked about Internal Audit Reports going to the portfolio holder in the first instance. Mrs Beavis confirmed that the portfolio holder did get a copy of the final Internal Audit reports, as did all the Audit & Member Standards committee members, but it was up to those individuals to discuss with the relevant managers how they dealt with them. Mrs Beavis advised that when a follow-up report identified an assurance level of limited or no assurance, further consideration was recommended to be carried out by this committee.

RESOLVED:- That the Annual Report of Internal Audit for 2018/19 be noted.

10 RISK MANAGEMENT UPDATE

Mrs Beavis, Interim Audit Manager, updated members on the management of the Corporate Risk Register and she highlighted the 8 corporate risks in the report. The details of these risks including the potential causes, consequences and the risk treatments measures in place were detailed in an appendix.

The Interim Audit Manager advised that there was only one corporate project risk now. The end of the ICT Support Contract had previously been identified as a project risk, but now the ICT Support had been transferred to an in-house service, the project had been completed and the risk had been removed from the register. As such, the one project risk remaining was the Friary Grange Leisure Centre and she recommended that this was monitored through this committee.

Discussions took place around peer support and whether the LGA or neighbouring authorities could be consulted. Mrs Diane Tilley, Chief Executive, advised that we had had a recent peer review which did not significantly change our approach and that we do work with many of our neighbouring authorities, especially as our Interim Internal Audit Manager also worked as Principal Auditor at Tamworth Borough Council. Mr Thomas also advised that he observed a number of other authorities and he saw that a lot of the risks were consistent across all councils, especially financial sustainability.

RESOLVED:- The Committee noted the work being undertaken to ensure the Risk Management Policy was adhered to and the actions taking place to manage the Council's most significant risks.

11 COUNTER FRAUD UPDATE REPORT INCLUDING COUNTER FRAUD & CORRUPTION AND WHISTLEBLOWING POLICIES

Mrs Beavis, Interim Audit Manager, provided members with an update on the counter fraud work completed to date during the financial year 2018/19. She advised that all amendments had been highlighted and said that there were only minor amendments recommended, the main one being the change to the definition of corruption in the counter fraud and corruption policy.

RESOLVED:- (1) The Committee approved the Counter Fraud and Corruption Policy Statement, Strategy & Guidance Notes as drafted;
(2) The Committee approved the Confidential Reporting (Whistleblowing) Policy as drafted;
(3) The Committee endorsed the Fraud & Corruption Risk

Register.

12 OVERVIEW OF THE COUNCIL'S CONSTITUTION IN RESPECT OF CONTRACT PROCEDURE RULES

Ms Tims, Interim Monitoring Officer, advised that in spring 2019 the Council appointed the Wolverhampton City Council Procurement team to provide procurement support and advice to increase efficiency and value for money across the Council.

As a result of this support and an internal assessment of procurement procedures, a review of Part 4 Section 7 of the Constitution – Contract Procedure Rules had been undertaken and the changes recommended to these procedures were detailed in the report and appendix. This would go forward to the next meeting of the Full Council for adoption.

A concern was raised as to whether there would be an inherited risk of duplicated spend. Mr Thomas said this had been taken into account in the support provided by Wolverhampton, which was to be more proactive and would consolidate spending, where appropriate. He also added that Internal Audit could look at this aspect at any time.

Members also expressed concern regarding the extending of existing contracts, which could amount to a very large amount of money but where the Constitution specified only to “notify” to Cabinet. Ms Tims advised that such extensions would only be possible within existing budget and member approvals to the overall contract spend limit were still in place.

The Constitution wording was recommended to be amended to make the requirement to notify Cabinet clearer in contract extension.

RESOLVED:- The Committee approved and recommended to full Council the adoption of the updated Contract Procedure Rules as Part 4 Section 7 of Lichfield District Council's Constitution with an amendment to Section T – Changing and Extending Contracts as suggested above.

13 WORK PROGRAMME

The Chairman introduced the Audit & Member Standards Committee Work Programme for 2019/20 and asked for comments as this was a rolling programme for this committee. As there seemed to be a lot on the programme for the next meeting, the Chairman agreed to meet with the Vice-Chairman to review whether anything could be removed or rescheduled.

(The Meeting closed at 7.40 pm)

CHAIRMAN

PLANNING COMMITTEE

29 JULY 2019

PRESENT:

Councillors Marshall (Chairman), Baker (Vice-Chair), Anketell, Barnett, Birch, Brown, Checkland, Eagland, Evans, Humphreys, Leytham and Tapper

6 APOLOGIES FOR ABSENCE

Apologies were received from Councillors Cox and Matthews.

7 DECLARATIONS OF INTEREST

Councillor Baker declared a personal interest in application no. 18/01484/OUTM as the Lichfield and Hatherton Canals Restoration Trust was the Mayor's Charity of the Year and she is the Mayor at Lichfield City Council.

Councillor Leytham declared a personal interest in application no. 18/01484/OUTM as he knew a resident who lived on the boundary of Tamworth Road.

Councillor Eagland declared a personal interest in application no. 18/01484/OUTM as the Lichfield and Hatherton Canal runs on to her district division and ward at Boley Park, Lichfield.

8 MINUTES OF PREVIOUS MEETING

The Minutes of the Meeting held on 1 July 2019 previously circulated were taken as read, approved as a correct record and signed by the Chairman,

9 PLANNING APPLICATIONS

Applications for permission for development were considered with the recommendations of the Director of Place and Community and any letters of representation and petitions of observations/representations together with a supplementary report of observations/representations received since the publication of the agenda in association with Planning Applications 18/01484/OUTM, 19/00294/FUL & 19/00260/FULM.

18/01484/OUTM - Erection of 28no dwellings with ancillary parking and private amenity space; provision of public open space area; site infrastructure and landscaping (outline application relating to access)

Land South of Tamworth Road, Lichfield

For: J & J Properties

RESOLVED:- That planning permission be approved subject to the conditions in the report of the Director of Place and Community and:

- (1) Subject to the owners/applicants first entering into a Section 106 Legal Agreement under the Town and Country Planning Act (as amended) to secure contributions/planning obligations towards:

1. 35% Affordable Housing;
2. Education Contribution for Primary School Places;
3. Travel Plan Contribution, and;
4. The formation of a maintenance management company to maintain the Open Space; and

- (2) If the Section 106 Legal Agreement is not signed/completed by the 31 October 2019 or the expiration of any further agreed extension of time, then powers be delegated to officers to refuse planning permission based on the unacceptability of the development without the required contributions and undertakings as outlined in the report.

(Prior to consideration of the application, representations were made by Chontell Buchanan of First City Limited (Applicant's Agent))

19/00294/FUL - Erection of 1no two bedroom single storey dwelling
355 Lichfield Street, Fazeley, Tamworth, Staffordshire
For: Mr D Dawson

RESOLVED:- That planning permission be approved subject to the conditions in the report of the Director of Place and Community.

(Prior to consideration of the application, representations were made by Mr Barry Hines (Objector) and Mr David O'Connor of Neptune Planning (Applicant's Agent))

19/00260/FULM - Demolition of existing Police Station buildings and Bus Station kiosk/toilet buildings, remodelling of bus station including provision of coach parking, creation of car park, replacement bus shelters, temporary toilet facilities and associated landscaping works
Central Bus Station, Birmingham Road, Lichfield, Staffordshire
For: Mr C Jordan

RESOLVED:- That planning permission be approved subject to the conditions in the report of the Director of Place and Community and an amendment to condition 19 that there shall be interim toilet facilities installed upon demolition of the existing public toilet facilities.

(Prior to consideration of the application, representations were made by Mrs Joy Chittock (Objector))

(The Meeting closed at 7.50 pm)

CHAIRMAN

PLANNING COMMITTEE

2 SEPTEMBER 2019

PRESENT:

Councillors Marshall (Chairman), Baker (Vice-Chair), Anketell, Barnett, Birch, Brown, Checkland, Cox, Eagland, Evans, Ho, Humphreys, Leytham, Matthews and Tapper

10 APOLOGIES FOR ABSENCE

There were no apologies for absence.

11 DECLARATIONS OF INTEREST

The Chairman, Councillor Marshall, declared a personal interest in application no. 18/00078/OUTMEI as the Applicant, Mr J T Leavesley, is known to him as did Councillors Anketell, Baker, Birch, Brown, Eagland, Evans and Leytham.

Councillor Baker declared a personal interest in application no. 19/00053/FULM as the Lichfield & Hatherton Canals Restoration Trust was the Mayor's Charity of the Year and she is the Mayor at Lichfield City Council.

Councillor Eagland declared a personal interest in application no. 19/00339/FUL as the Ward Member and on the advice of the Committee Solicitor had no further involvement in the consideration of this application.

Councillor Cox declared a personal interest in application no. 19/00339/FUL as the objector is known to him.

Councillor Ho declared a personal interest in application no 19/00936/COU as close friends live off Ironstone Road.

All Members present declared a personal interest in application no. 19/00936/COU as Councillor Sue Woodward (Objector) is known to all as she was a District Councillor and is a Staffordshire County Councillor for Burntwood North and is a Member of Burntwood Town Council.

12 MINUTES OF PREVIOUS MEETING

The Minutes of the Meeting held on 29 July 2019 previously circulated were taken as read, approved as a correct record and signed by the Chairman.

13 PLANNING APPLICATIONS

Applications for permission for development were considered with the recommendations of the Director of Place and Community and any letters of representation and petitions of observations/representations together with a supplementary report of observations/representations received since the publication of the agenda in association with Planning Applications 18/00078/OUTMEI, 19/00053/FULM, 19/00339/FUL, 19/00550/FUL, 19/00936/COU and 19/00931/COU.

18/00078/OUTMEI – Outline application for a mixed use development comprising of 184 residential dwellings (Class C3) including self-build properties and independent living, 122 care and assisted living dwellings (Class C2), and the creation of a 2,699 sq m. Neighbourhood Centre, including a retail unit (Class A1), Public House/Café (Class A4/A3), Gym (Class D2), Medical Facilities (Class D1) and Day Nursery (Class D1) with associated works (Outline: all matters reserved except access).

Midland Pig Producers Ltd, Hay End Lane, Fradley, Lichfield

For: Mr J T Leavesley

RESOLVED:- That planning permission be REFUSED for the following reasons:

1. The site lies in the countryside, outside settlement boundary for the village of Fradley and is not allocated for residential development. The proposal is therefore contrary to the spatial delivery requirements of the Lichfield District Local Plan Strategy. Furthermore, by reason of its scale and location, the proposal would constitute an unsustainable form of development. As such, the proposal is contrary to Core Policies 1 (The Spatial Strategy), 3 (Delivering Sustainable Development), and 6 (Housing Delivery), and Policy Frad4 (Fradley Housing) of the Lichfield District Local Plan Strategy; Policy F1 (Fradley Housing Land Allocations) of the Local Plan Allocations Document; Policy FRANP1 of the Fradley Neighbourhood Plan; and, the National Policy Framework.
2. The proposed development by reason of its potential siting and scale would cause less than substantial harm to the setting of the adjacent Coventry Canal, a non-designated heritage asset, contrary to the requirements of Core Policies 1 (The Spatial Strategy), 13 (Our Natural Resources) and 14 (Our Built and Historic Environment) and Policy BE1 (High Quality Development) of the Lichfield District Local Plan Strategy (2015), Policy BE2 (Heritage Assets) of the Local Plan Allocations Document, the adopted Supplementary Planning Document: Historic Environment and the National Planning Policy Framework.
3. The applicant has failed to submit a Sequential Test to demonstrate that the main town centre uses proposed within the development are acceptable within this location, and that there are no other sequentially preferable sites for those uses. Furthermore, as submitted, there is concern that the proposal may have an adverse impact upon the vitality and viability of the existing neighbourhood shopping and community facilities within Fradley and therefore, the development is contrary to the requirements of Core Policies 1 (The Spatial Strategy) and 8 (Our Centres) of the Local Plan Strategy and the National Planning Policy Framework.

(Prior to consideration of the application, representations were made by Councillor Derick Cross (Ward Councillor) and Mr Stephen Stoney of Wardell Armstrong LLP (Applicant's Agent))

19/00053/FULM – Construction of link road to form part of Lichfield Southern Bypass on Land between Birmingham Road and London Road, Lichfield

Land South of Shortbutts Lane, Lichfield, Staffordshire

For: Persimmon Homes

RESOLVED:- That planning permission be approved subject to the conditions in the report of the Director of Place and Community.

(Prior to consideration of the application, representations were made by Mr Robin Hawley (Objector) and Mr Alistair Stewart of Persimmon Homes West Midlands (Applicant))

19/00339/FUL – Retention of a 13.7m (45ft) Telescopic Pole and Antenna
18 Curlew Close, Lichfield, Staffordshire. W14 9UL
For: Mr David Clift

RESOLVED:- That planning permission be REFUSED for the following reasons:

1. The proposed development would have a detrimental impact on the visual amenity of surrounding area. The development would therefore be contrary to Core Policy 3 (Delivering Sustainable Development) and Policy BE1 (High Quality Development) of the Lichfield District Local Plan Strategy (2015) and the National Planning Policy Framework (2019).
2. The proposed development, by virtue of its overbearing impact, would have a detrimental impact on neighbouring residential amenity. The development would therefore be contrary to Core Policy 3 (Delivering Sustainable Development) and Policy BE1 (High Quality Development) of the Lichfield District Local Plan Strategy 2015 and the National Planning Policy Framework (2019).

(Prior to consideration of the application, representations were made by Mr Paul Baldwyn (Objector))

19/00550/FUL – Erection of 3 sets of security gates, CCTV and associated facilities (junctions of Keepers Road with Walsall Road, Endwood Drive with Rosemary Hill Road and Park Drive with Rosemary Hill Road)
Little Aston Park, Little Aston, Sutton Coldfield, Staffordshire
For: LAPRA Ltd.

RESOLVED:- That planning permission be REFUSED for the following reason:

The proposed development would create a gated community which would have a detrimental impact on social cohesion by creating social segregation in conflict with Paragraph 91 of the National Planning Policy Framework. The development would therefore be contrary to Core Policy 2 (Presumption in Favour of Sustainable Development), Core Policy 3 (Delivering Sustainable Development) and Policy BE1 (High Quality Development) of the Lichfield District Local Plan Strategy (2015) and the National Planning Policy Framework (2019).

(Prior to consideration of the application, representations were made by Mrs Valerie Thomas (Objector) and Mr Paul Harris of Cerda Planning (Applicant's Agent))

19/00936/COU – Change of use of outbuilding from office to residential bedsit
60 Ironstone Road, Burntwood, Staffordshire. WS7 1LY
For: Advance Housing

RESOLVED:- That planning permission be REFUSED for the following reasons:

1. The proposed development fails to provide sufficient off-street parking and it is therefore considered this would have a detrimental impact on highway safety, contrary to Core Policy 5 (Sustainable Transport), Policy ST2 (Parking Provision) of the Local Plan Strategy; the Sustainable Design Supplementary Planning Document and the National Planning Policy Framework (2019).
2. The proposed development would have a detrimental impact on neighbouring amenity by way of noise and disturbance. Therefore, it is considered that the proposal would

be contrary to Core Policy 3 (Delivering Sustainable Development) and Policy BE1 (High Quality Development) of the Lichfield District Local Plan Strategy (2015) and the National Planning Policy Framework (2019).

(Prior to consideration of the application, representations were made by Councillor Sue Woodward (Staffordshire County Councillor for Burntwood North and Burntwood Town Councillor))

19/00931/COU – Conversion from residential/office to a 3 bedroom dwelling and associated works

Gardeners Cottage, Beacon Park, Swan Road, Lichfield

For: Lichfield District Council

RESOLVED:- That planning permission be approved subject to the conditions in the report of the Director of Place and Community.

(The Meeting closed at 9.38 pm)

CHAIRMAN

EMPLOYMENT COMMITTEE

24 SEPTEMBER 2019

PRESENT:

Councillors Barnett, Birch, Grange, Greateorex, Humphreys, Robertson, Silvester-Hall and Warburton

7 APOLOGIES FOR ABSENCE

Apologies were received from Councillors Gwilt and S. Wilcox

8 DECLARATIONS OF INTEREST

There were no declarations of interests.

9 MINUTES OF THE PREVIOUS MEETING

The minutes of the last meeting were signed as a correct record.

10 PEOPLE STRATEGY

The Committee received the final draft of the People Strategy and were notified that approval had been given for the first year along with funding. It was reported that it was a high level document and the first year would focus on developing understanding of the strategy and help plan taking it forward.

It was reported that it was recognised that there was a limit to the resources available and other key projects being undertaken so the strategy was not too ambitious but still aspirational. It was noted that Staff engagement had been good so far.

Staff turnover was discussed and it was noted that it was average to the industry. It was reported that there were still casual and temporary officers which was the majority of the turnover but this may change in the future.

The Committee suggested that it could be advantageous to remove any quantitative outcomes from the strategy as it could lead to pressure being put on Officers to reach those targets to the detriment of other outcomes not being met. It was recognised that not having a goal to reach could result in loss of focus, it was agreed to look at this further.

The culture of the organisation was discussed by the Committee and it was felt that there was a big piece of work needed around this area. It was reported that there had been engagement over the past 18 months and there was now more defined competencies for managers and officers and would form part of the PDR process. It was noted that it was envisioned to have a more business type of environment. PDRs were discussed further and it was reported that there had been a big drive to increase the number undertaken with a clear message of their importance to managers from the Chief Executive. It was noted that there had not previously been a clear vision for what the Council wanted the culture to be and this has prevented development and sometimes hampered performance. It was hoped that now having this vision and sharing it with Officers would help to have a more 'one council' business led organisation.

Vacancies and succession planning was discussed and it was noted that the structure may need review in light of recent resignations.. It was reported the strategy would give the opportunity to develop staff to operate differently. The Committee agreed that there may be a need to prioritise succession planning to before year three of the strategy. The Committee also noted that there was still a challenge to attract younger people into the public sector without offering real career opportunities for them

It was asked what Members could do to help regarding relationships with staff and it was reported that there was a clear policy on working relationships but training may be forthcoming to assist Members to ensure focus and challenge was encouraged by Officers.

It was suggested for the strategy to be on fewer pages to aid buy in from Officers and it was reported that there would be a comprehensive communications plan that sat behind the document and would be broken in to smaller sections. Staff surveys were considered and it was noted that there had been high return rates at times however not a constant and so more targeted means were being investigated including through the PDR process.

It was noted that there would now be a dashboard developed to track the outcomes of the strategy and it was agreed to bring updates to the Committee in the future.

RESOLVED: That the information given be noted.

11 GENDER PAY REPORTING

The Committee received a report on the gender pay gap at the authority as of the 31st March 2019. It was reported that it was an annual requirement to publish this report.

It was reported that Lichfield District Council fared well compared to others nationally and locally.

It was then reported that some of the gap was due to the joint waste service which by the nature of the work was predominantly male and although work had been done to attract women to join that department it was not policy to positively discriminate when appointing to vacancies as this would sit outside of the current recruitment policies.

It was reported and noted that although the percentage of mean gender pay gap had increased since last year, it was due to one male officer only. Generally fulltime women in the organisation are paid more than men.

Members were pleased to note that there was a 0% Median gender pay gap due to the job evaluation system and distribution of our roles against it.

Members were pleased with the report and felt it was a reflection of choice and society which was actually a positive not a negative. It was confirmed that the balance between genders had changed in the higher tiers of management but that was due to recent resignations and the small size of organisation

RESOLVED: That the report be noted.

12 APPRENTICESHIPS

The Committee received an update on apprenticeships at the Council and it was reported that it had been a challenge to get and retain them due to capacities to train on the job. It was also reported that the available frameworks were not adapting quickly enough to meet the need of the authority.

It was reported however that there would still be a push to meet targets. It was felt that there was a need to get younger people to join the workforce but this did require an element of pastoral care to support them. It was noted that many other authorities were in a similar situation and it had been discussed whether collaboration was an option to progress

It was noted that the Council was required to publish a report on Apprenticeships and this would be forthcoming.

RESOLVED: That the information given be noted.

(The Meeting closed at 7.12 pm)

CHAIRMAN

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PLANNING COMMITTEE

30 SEPTEMBER 2019

PRESENT:

Councillors Marshall (Chairman), Anketell, Barnett, Birch, Brown, Cox, Eagland, Evans, Leytham and Matthews

14 APOLOGIES FOR ABSENCE

Apologies were received from Councillors Baker, Checkland, Ho, Humphreys and Tapper.

15 DECLARATIONS OF INTEREST

Councillor Anketell declared a personal interest in application no. 19/00301/FUL as he is a Member on the Lichfield City Council's Planning Committee.

Councillor Birch declared a personal interest in application no. 19/0106/FUH as he is the Chair of Burntwood Town Council Planning Committee and called this application in for consideration.

Councillor Brown declared a personal interest in application no.19/0106/FUH as he is a Member on the Burntwood Town Council Planning Committee.

Councillor Eagland declared a personal interest in application no. 19/00301/FUL as she is a Member on the Lichfield City Council's Planning Committee.

Councillor Leytham declared a personal interest in application no. 19/00033/FULM as he is a personal friend of the Commanding Officer.

Councillor Matthews declared a personal interest in application no. 19/00301/FUL as he is a Member on the Lichfield City Council's Planning Committee.

Councillors Marshall, Barnett, Birch, Brown, Cox, Eagland, Evans, Leytham and Matthews declared a personal interest in application no. 19/01061/FUH as Mr Keith Willis-Croft (Objector) was known to them as he had been a District Councillor and is a Burntwood Town Councillor.

16 MINUTES OF PREVIOUS MEETING

The Minutes of the Meeting held on 2 September 2019 previously circulated were taken as read, approved as a correct record and signed by the Chairman.

17 PLANNING APPLICATIONS

Applications for permission for development were considered with the recommendations of the Director of Place and Community and any letters of representation and petitions of observations/representations together with a supplementary report of observations/representations received since the publication of the agenda in association with

Planning Applications 19/00301/FUL, 19/00033/FUL, 19/01061/FUH, 19/01055/FUH & 19/01093/FUL.

19/00301/FUL – Variation of Condition 2 of application 17/01629/FUL (demolition of existing bungalow and erection of 1no replacement dwelling with single storey garden room)
15 Gaiafields Road, Lichfield.
For: Mr A Garratt

RESOLVED:- That this application be deferred to allow sufficient time for the consideration of the additional information received since the publication of the committee report.

19/00033/FULM – Erection of a two/three storey office building and creation of a 230 space car parking area and all associated landscape works including the relocation of sports pitches and appropriate safety lighting
Joint Medical Command Defence, Tamworth Road, Whittington Heath, Lichfield.
For: Defence Infrastructure Organisation

RESOLVED:- That planning permission be approved subject to the conditions in the report of the Director of Place and Community, including those amended by the supplementary report.

19/01061/FUH – Erection of outbuilding to form single storey residential annexe for dependent child
215 Rugeley Road, Chase Terrace, Burntwood, Staffordshire.
For: Mr and Mrs Thompson

RESOLVED:- That planning permission be approved subject to the conditions in the report of the Director of Place and Community.

(Prior to consideration of the application, representations were made by Councillor Keith Willis-Croft (Objector) and Mrs Rachel Thompson (Applicant)).

19/01055/FUH – Single storey extension to rear including demolition of existing conservatory
91 London Road, Canwell, Staffordshire.
For: Mr A Yeates

RESOLVED:- That planning permission be approved subject to the conditions in the report of the Director of Place and Community.

19/01093/FUL – Variation of condition no 1 of application 14/00892/FUL in relation to the retention of a two storey modular building for NHS Walk in Health Clinic
Burntwood Leisure Centre, High Street, Chasetown, Burntwood.
For: Mr A Hutchinson

RESOLVED:- That planning permission be approved subject to the conditions in the report of the Director of Place and Community.

18 TREE PRESERVATION ORDER NO. 434-2019 AT 19 RECTORY LANE, ARMITAGE

Confirmation of Tree Preservation Order No. 434-2019 – Trees at 19 Rectory Lane, Armitage

RESOLVED: - That the Planning Committee confirm the Tree Preservation Order with modifications.

(Prior to consideration of the application, representations were made by Mr Stephen Locke (Objector's Agent))

(The Meeting closed at 7.38 pm)

CHAIRMAN

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Money Matters : 2019/20 Review of Financial Performance against the Financial Strategy

Agenda Item 11



Cabinet Member for Finance and Procurement

Date: 15 October 2019
Agenda Item: 11
Contact Officer: Anthony Thomas
Tel Number: 01543 308012
Email: Anthony.thomas@lichfielddc.gov.uk
Key Decision? YES
Local Ward Members : Full Council

Council

1. Executive Summary

- 1.1 The report covers the financial performance from April to June (Quarter One) for 2019/20.
- 1.2 The Original Budget estimated a transfer to general reserves of **£148,860**. At the three month stage it is projected that a contribution of **£662,740** will be made to general reserves, an increase of **£489,230**.
- 1.3 The Capital Programme is projected to be **(£805,000)** lower than the Approved budget.
- 1.4 Capital Receipts are projected to be higher than the Approved Budget by **(£331,000)** due to Bromford RTB Sales and higher projected receipts for asset sales.
- 1.5 In terms of Council Tax, Business Rates, Sundry Debtors and Supplier Performance:
 - Council Tax collection performance was **28.86%** and total arrears were **£2,471,695**.
 - The **Council Tax Collection Fund** is projected to be in surplus, with the Council's 13% share being **(£166,990)** compared to the Approved Budget of **(£34,600)** in 2020/21.
 - Sundry Debt for income to be collected in 2019/20 has reduced by **(£30,215)** compared to 2018/19 and the value outstanding at 30 June 2019 has increased by **£1,183,491**.
 - **Retained Business Rate Income** is projected to be **(£2,829,210)** compared to the Approved Budget of **(£2,525,800)**. This is additional income of **(£303,410)** and is due to additional Section 31 grants.
 - The **Business Rates Collection Fund** is projected to be in surplus with the Council's 40% share being **(£197,000)** compared to the Approved Budget of **£0** in 2020/21.
 - Business Rates collection performance was **28.09%** and total arrears were **£628,268**.
 - The payment of suppliers within 30 days was **84.54%** and remains below our **90%** target.
- 1.6 The Council's investments achieved a risk status of **AA-** that was more secure than the aim of **A-** and yield exceeded all four of the industry standard London Interbank (LIBID) yield benchmarks.

2. Recommendations

- 2.1 Cabinet recommend to Council to approve and update the Medium Term Financial Strategy:
 - To increase the Economic Growth Budget by **£50,000** in 2019/20 and **£100,000** in each subsequent year to reflect the inclusion of three new posts to support this Council priority.
 - To increase the Disabled Facilities Grants budget in 2019/20 from **£1,714,000** to **£1,948,000** with the additional spend funded by **£234,000** of additional external grant.
 - To increase the Affordable Housing budget in 2019/20 from **£400,000** to **£614,000** with the additional spend funded by **£214,000** of Section 106.

- To reduce the Stowe Pool Improvements project from **£1,000,000** to **£50,000** to reflect the removal of the Heritage Lottery Grant of **£950,000**.

2.2 Cabinet recommend to Council to approve and update the Medium Term Financial Strategy:

- To reduce the loan to the Company from **£900,000** to **£675,000** (no change to the period of 5 years).
- To undertake a **£225,000** equity investment in the Company.
- To charge **4%** rate of interest on the loan to the Company to enable compliance with State Aid.

2.3 Cabinet recommend to Council to approve:

- The 'Buy Out' of the remaining Actuarial Strain Payments during 2019/20.
- The funding of the cost of the 'Buy Out' of **£468,000** is provided by the earmarked reserve established for this purpose.
- An update to the Medium Term Financial Strategy based on the information included in the financial implications section of this report.

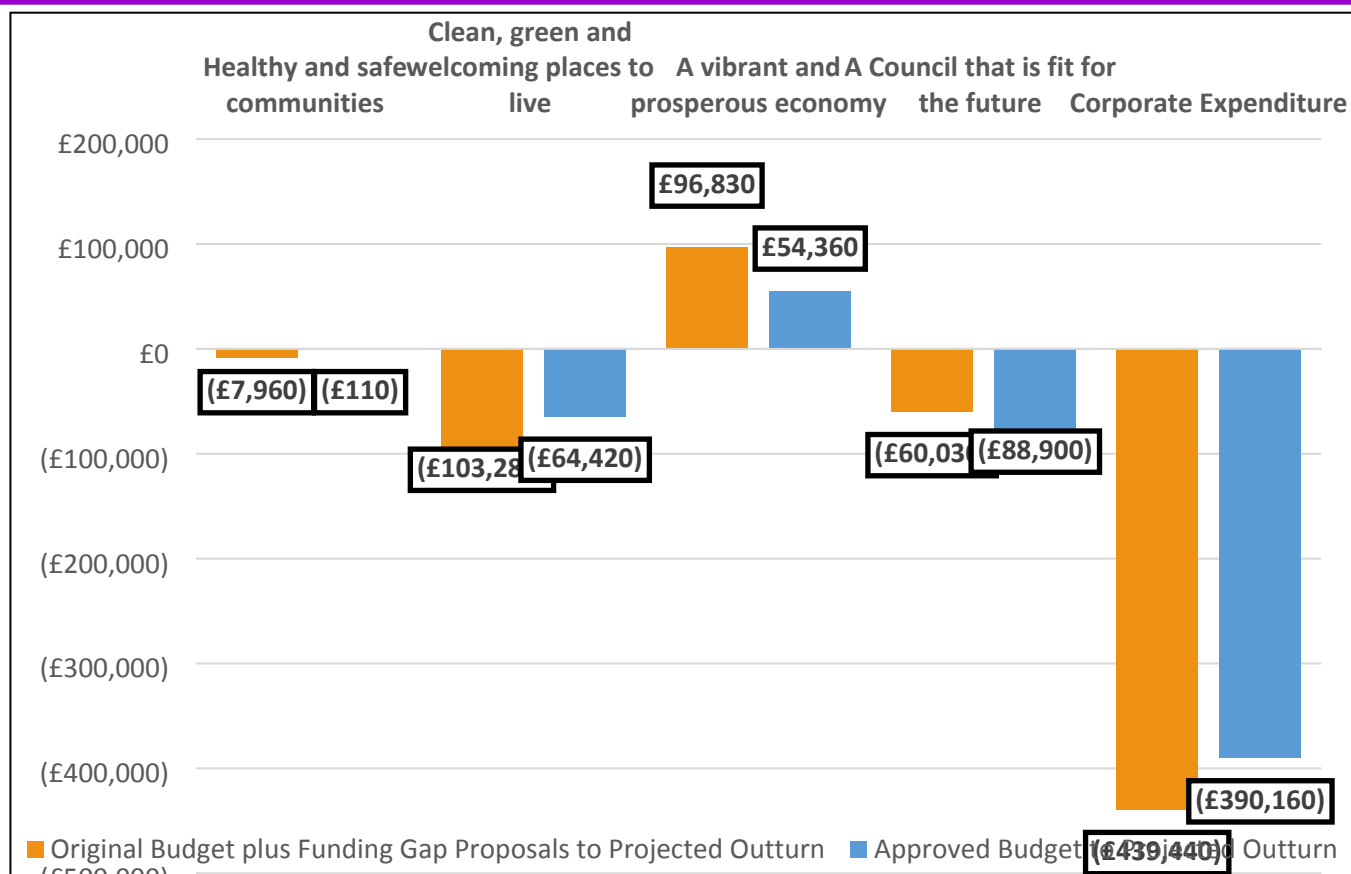
3. Background

Budget Management

- 1.1. The MTFS 2018-23 approved by Council on 19 February 2019 included the Original Budget for 2019/20 and set out the allocation of resources and the policies and parameters within which managers are required to operate.
- 1.2. Throughout the financial year, Money Matters reports are provided to both Cabinet and Strategic (Overview and Scrutiny) Committee at three, six and eight month intervals to monitor performance.
- 1.3. The Money Matters reports update the Approved Budget for latest projections and the eight month report will form the basis of the Revised Approved Budget for 2019/20 and will be approved by Council on 18 February 2020.

The Revenue Budget

- 1.4. Financial performance is shown in detail at **APPENDIX A** and in summary by Strategic Priority below:



Performance compared to the Approved Budget

1.5. The variance is shown in summary below and in detail at **APPENDIX B** by Service Area:

	Variance	
	Virement	Other Variances
Healthily and safe communities	(110)	
• Transfers		
Clean, green and welcoming places to live	(11,220)	(53,200)
• Earmarked Reserve No Longer Required (see below)		
• Transfers		
A vibrant and prosperous economy	7,450	(3,090)
• Additional savings from removal of Arts Development Post		50,000
• Economic Growth posts		
• Transfers		
A council that is fit for the future	3,880	34,410
• Insurance Premium Increase due to property value increase		(54,900)
• National Living Wage - actual scale points lower than projected		(2,640)
• Chair and Vice Chair allowance underspend from previous term		(69,650)
• Earmarked Reserve No Longer Required (see below)		
• Transfers		
Total - Net Cost of Services	0	(99,070)
Corporate Expenditure		
Net Treasury - increased interest receipts due to higher level of balances		(50,000)
Net Operating Cost		(149,070)
Earmarked Reserves		
• Lower Business Rate payments for Council Property following transition		(36,750)
Funding		
• Additional Business Rates - Section 31 Grants		(303,410)

Earmarked Reserves

- 1.6. The earmarked reserves scheduled to be returned to General Reserves in 2019/20 under the three year time limit contained in the approved policy are detailed below along with updates where appropriate:

Reserve Name	Balance 30-Jun-19 £	Earmarked Reserves No longer required £	Comments
Employee Benefits	£0	£69,650	
Digitisation Programme	(£115,200)		To be reviewed at quarter 2
Revenues & Benefits Service	(£195,190)		Awaiting outcome of the Revenues & Benefits Review
Individual Electoral Registration	(£50,716)		Expenditure plan in place to spend during 2019/20
Elections Additional Support	(£24,999)		Expenditure plan in place to spend during 2019/20
Inward Investment and Marketing	£0		
CCTV Sinking Fund	(£60,996)		Awaiting outcome of CCTV consultancy report findings
Historic Building Grants	£0		
Building Safer Communities	(£6,703)		To be reviewed at quarter 2
Stock Condition Survey	(£32,000)	£33,000	Balance to be spent during 2019/20
Employee Benefits - LDC Share	£0	£20,200	
Total Earmarked Reserves	(£485,804)	£122,850	

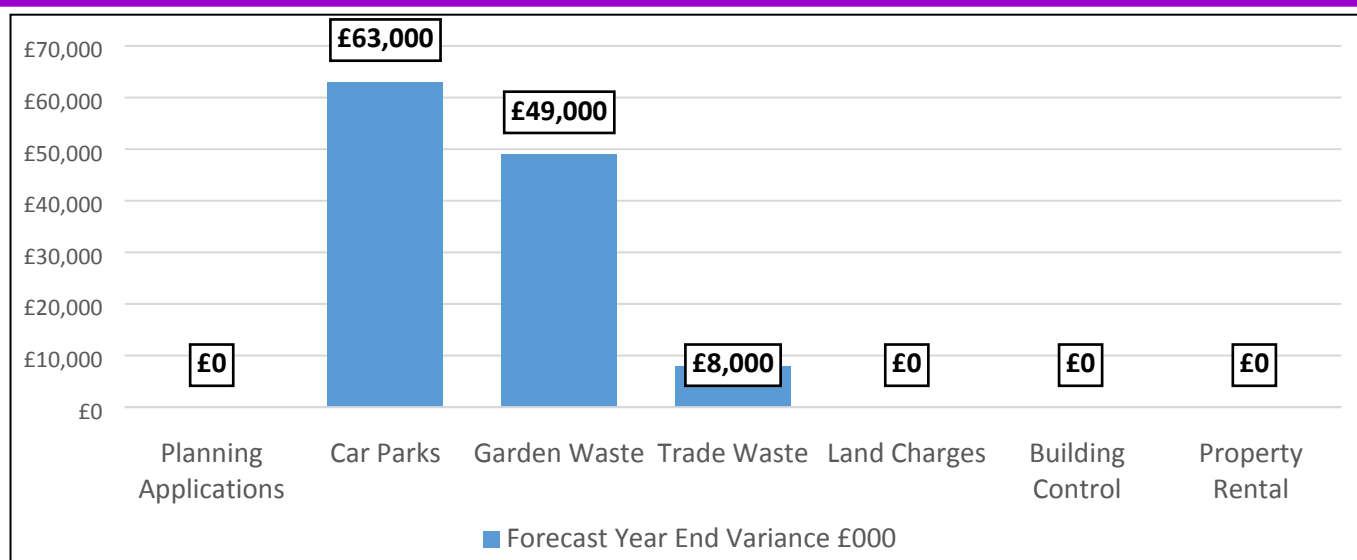
- 1.7. The Finance department is working with Services to determine if there are Business Cases that justify the retention beyond the three year limit.

Pensions Repayment

- 1.8. Cabinet on 13 June 2019, as part of the Money Matters Review of Financial Performance for 2018/19, approved the establishment of an earmarked reserve of **£468,000** for the early payment of pensions.
- 1.9. In addition to pension contributions set by the Pension Fund Actuary, the Council has agreed over a number of years to fund the shortfall on pension payments for certain exit packages through actuarial strain payments.
- 1.10. These actuarial strain payments were agreed to be paid over a **20 year** period at an interest rate of **78.25%**.
- 1.11. The Pension Fund has since withdrawn this facility and actuarial strain payments must now be accounted for in the year the employee leaves the Council (although payments can be made over 5 years).
- 1.12. There is the potential to 'buy out' the remaining sums outstanding at a discounted level thereby reducing the annual cost and also reducing the Funding Gap in the relevant years.
- 1.13. The detailed financial implications are shown in the financial implications section of this report.
- 1.14. It is recommended that the outstanding payments to the Pension Fund, estimated to be **£468,000**, are repaid early to produce annual savings of **(£57,970)** per annum.

Fees and Charges

- 1.15. The gross fees and charges budgets for 2019/20 together with actual income achieved over the last five years are shown in detail at **APPENDIX B**. The projected variance to Budget for those with the highest value are shown below:



1.16. The reasons for any significant variances are:

- **Car Parks** – April to June income shows an increased performance against budget of **£63,000**, although there is additional expenditure of **£13,000** against budget to collect this income and a further **12%** will be subject to income sharing arrangements.
- **Garden Waste** – income received to date shows an increase in subscriptions against budgets, although **42.16%** of this is payable to Tamworth Borough Council.

Closing the Funding Gap Progress

1.17. The progress to date (excluding any recommendations contained in this report) on closing the Funding Gap is summarised below:

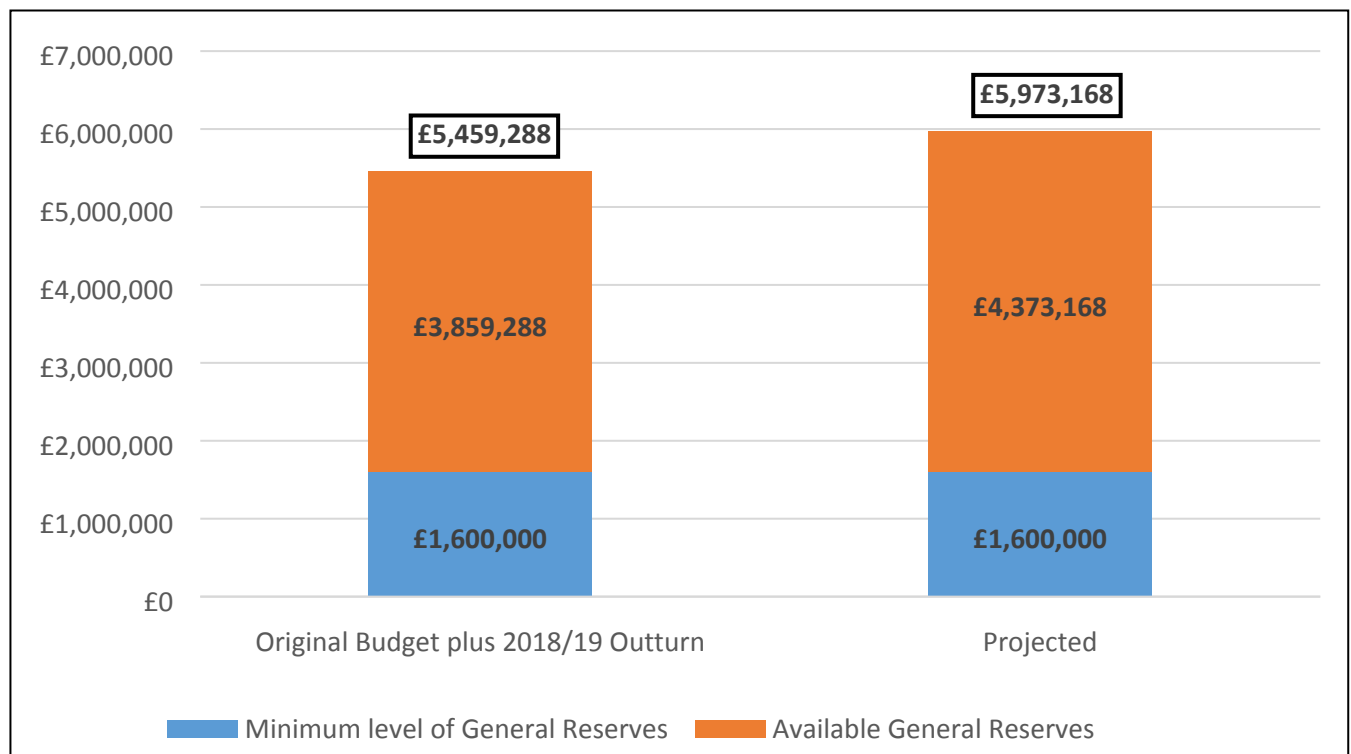
	Cabinet Report	2020/21	2021/22	2022/23	2023/24
Original Funding Gap		£841,620	£917,360	£1,012,070	£1,338,700
Upfront pension payment with savings	12/03/2019	4,420	(72,940)	(114,480)	(114,480)
Outturn 2018/19 Members Allowances	13/06/2019	(10,000)	(10,000)	(10,000)	(10,000)
Jigsaw Funding Agreement	09/07/2019	(9,660)	(9,660)	(9,660)	(9,660)
Higher Insurance - higher property values	10/09/2019	34,410	34,410	34,410	34,410
Lower Business Rate payments for Council Property following transitional arrangements		(36,750)	(36,750)	(36,750)	(36,750)
National Living Wage - scale points lower than projected		(54,900)	(54,900)	(54,900)	(54,900)
Additional Pensions – revised projections		(8,470)	(8,730)	(11,620)	(14,820)
Arts Development Residue Savings		(3,090)	(3,090)	(3,090)	(3,090)
Treasury Management - Increased Interest		(50,000)	(50,000)	(50,000)	(50,000)
Economic Growth Posts		100,000	100,000	100,000	100,000
Revised Funding Gap		£807,580	£805,700	£855,980	£1,179,410

1.18. The Finance Settlement could significantly influence the scale of the Funding Gap although initiatives, such as the recommended pension repayment to generate ongoing savings, continue to be pursued.

1.19. The progress on closing the Funding Gap will be monitored throughout the year.

Revenue General Reserves

1.20. The Original Budget estimated a contribution to general reserves of **£148,860**, the Approved Budget a contribution to General Reserves of **£173,510** and this report shows a projected contribution of **£662,740**, an increase of **£489,230** compared to Approved Budget.



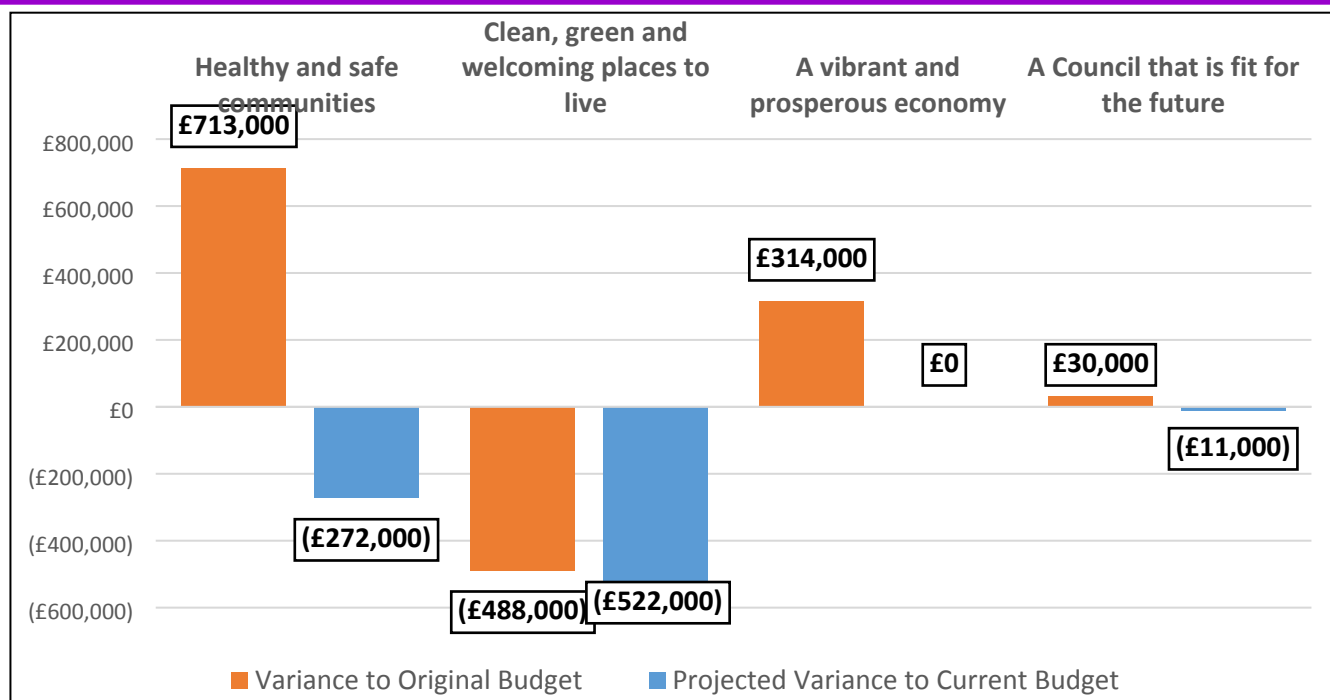
The Capital Programme

1.21. The Original Budget of **£11,618,000** was approved by Council on 19 February 2019. There have been three updates to this budget during 2019/20:

- Allocation of Community Infrastructure Levy of **£255,000** approved by Cabinet on 12 March 2019.
- Multi Storey Car Park refurbishment of **£300,000** approved by Council on 16 April 2019.
- Slippage from 2018/19 of **£819,000** approved by Cabinet on 13 June 2019.

1.22. The Approved Budget is therefore **£12,992,000**.

1.23. The Capital Programme performance is projected to be below budget by **(£805,000)** or **6%** compared to the Approved Budget. This below budget performance compared to both the Original and the Approved Budgets, is shown by Strategic Plan's Priority below and in detail at **APPENDIX C**:



Performance compared to the Approved Budget

1.24. There are projected variances compared to the approved budget related to:-

	Approved Budget Variance
Healthy and Safe Communities <ul style="list-style-type: none"> Disabled Facilities Grants – New Grant of £234,446 and re-profiling of (£448,000) S106 Affordable Housing Monies – New income of £284,000 and re-profiling of (£342,000) 	(£214,000) (£58,000)
Clean, Green and Welcoming Places to Live <ul style="list-style-type: none"> Darnford Park (S106) – Slipped to 2020/21 Staffordshire Countryside Explorer (CIL) – Slipped to 2020/21 Vehicle Replacement Programme – Car Parks vehicle purchase slipped to 2020/21 Stowe Pool Improvements – Lottery Grant bid postponed Cannock Chase Special Areas of Conservation – More income than budgeted 	(£13,000) (£24,000) (£15,000) (£500,000) £30,000
A Council that is Fit for the Future <ul style="list-style-type: none"> Depot Sinking Fund – Slipped to 2020/21 	(£11,000)
Total Projected Variance	(£805,000)

1.25. Disabled Facilities Grants

- The Council's Better Care Fund award for 2019/20 is **(£977,562)** compared to the original budget of **(£906,000)**, an increase of **(£72,000)**.
- In addition, the Council has been allocated a further **(£162,446)** of additional Better Care Fund from Partners.
- The Revised Budget is recommended to be increased by **£234,000** from **£1,714,000** to **£1,948,000**.
- It is projected that spend for 2019/20 based on actual delivery levels will be **£1,500,000**.

1.26. Affordable Housing

- The Council has received **(£284,000)** in additional S106 Affordable Housing monies from Former What Store, Cross Keys and Derry Farm, Shenstone.
- The Revised Budget is recommended to increase by **£284,000** from **£400,000** to **£684,000**.

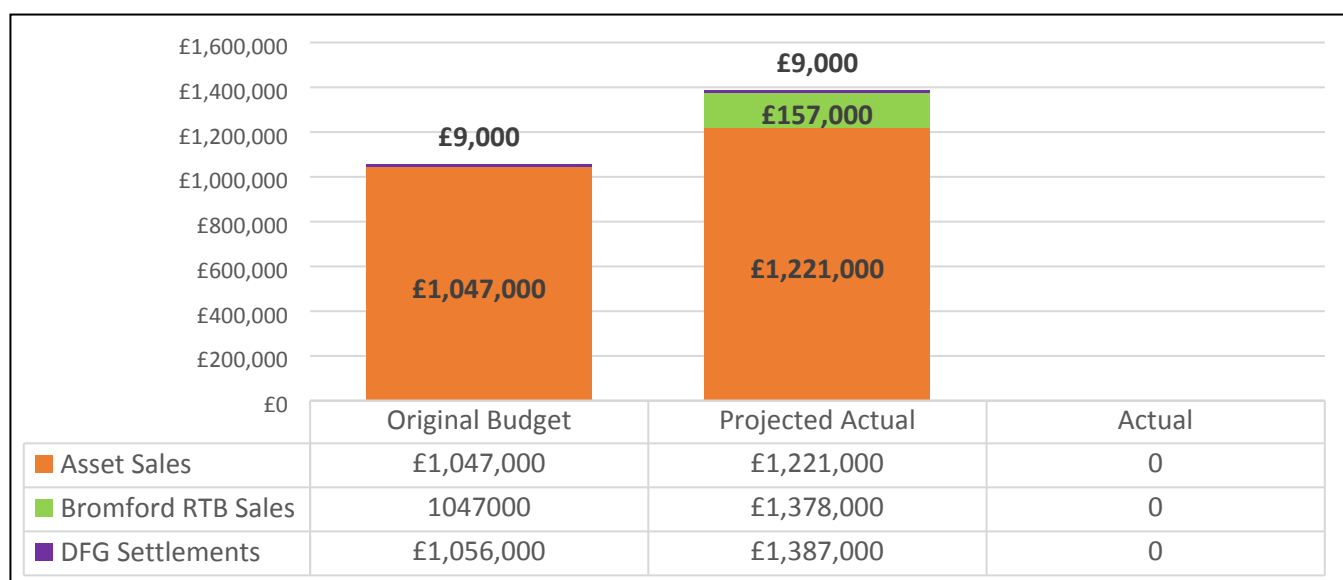
- The outreach service for rough sleepers by Spring housing has been slightly delayed and is due to commence from September onwards. This project will provide the Council with the housing needs analysis needed to inform our purchase of properties for the project.
- It is projected that spend for 2019/20 will be **£342,000**.

1.27. Stowe Pool Improvements

- This project was added to the Capital Programme in 2012 and an updated capital bid of **£1,000,000** (£550,000 in 2019/20 and £450,000 in 2020/21) was submitted in 2018 that was included in the Approved Capital Programme.
- This Bid was to be funded by **£950,000** from the Heritage Lottery Fund, **£45,000** Section 106 and **£5,000** capital receipts.
- However changes to the funding requirements in the grant application process mean that Lottery funding for this project is not being pursued at this time.
- The Revised Budget is recommended to reduce by **£500,000** from **£550,000** to **£50,000** in 2019/20 and by **£450,000** from **£450,000** to **£0** in 2020/21.
- It is projected that spend for 2019/20 will be **£50,000** to purchase additional new play equipment, to enhance the existing play provision, and also to install an improved safety surface to the play area at Stowe Fields.

Capital Receipts

1.28. The Original Budget, projected and actual capital receipts received are:



1.29. Projected adjustments to the Original Budget include -

- **Bromford RTB Sales:** 3 properties have been sold with the Council's share being **£157,000**.
- **Asset Sales:** The sale of the Beacon Park Cottage and the release of the covenant at Guardian House are projected, subject to planning permission, to result in capital receipts that will be **£174,000** higher than the Budget.

The Local Authority Company

1.30. Council on 16 October 2018 approved the Report Delivering the Property Investment Strategy. This report approved a loan of up to £900,000 to the local authority company for a period of 5 years.

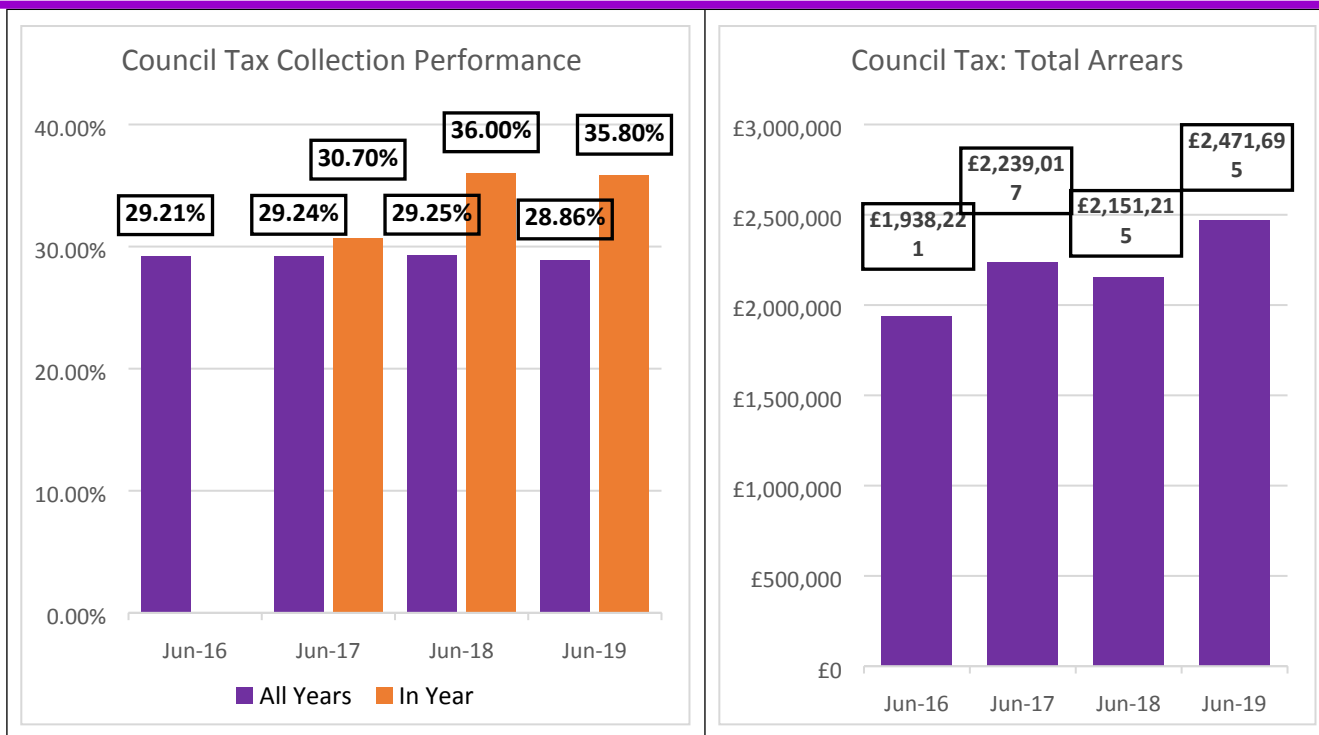
1.31. The Report also anticipated that the company would be funded through 75% borrowing and 25% equity.

- 1.32. The funding objective was to be achieved through a combination of the loan plus transfers of land from the Council to the Company in return for equity.
- 1.33. Since this report was approved, further financial modelling has been undertaken and the advice of Arlingclose has been obtained.
- 1.34. The aim of the modelling and the advice has been to optimise the funding of the Company and ensure the rate of interest charged on the loan is State Aid Compliant.
- 1.35. The recommendations are:
- To maintain the financial support to the Company at **£900,000** with any subsequent transfers of land to the Company treated as disposals by the Council and acquisitions by the Company.
 - The funding of the Company is a **£675,000** (75%) loan for a period of 5 years and a **£225,000** (25%) equity investment with the loan secured on the assets of the Company.
 - A loan rate of **4%** is charged on the **£675,000** loan to the Company based on the Market Economic Operator Principle and with a Loan to Value (LTV) of less than 90%.
 - Loan payments are made in stages in line with the Company's development proposals.
 - The Council will receive income for the period of the loan together with dividends for the equity investment.
 - The Medium Term Financial Strategy is recommended to be updated to reflect these financial implications.

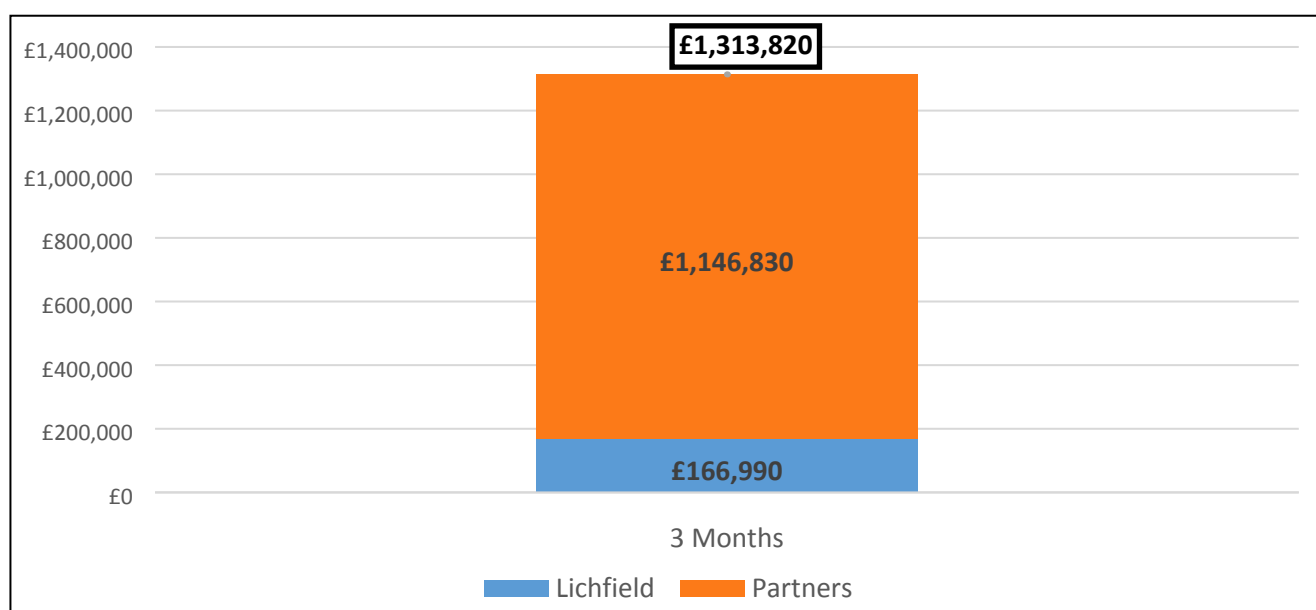
Council Tax

- 1.36. The collection performance for Council Tax debt is shown below:¹

¹ The in year council tax collection performance data has been collated since 2017 only



1.37. The Council Tax Collection Fund is projected to be in surplus and the Council's share is **(£166,990)** based on Lichfield's (including Parishes) current share of Council Tax of **13%**:

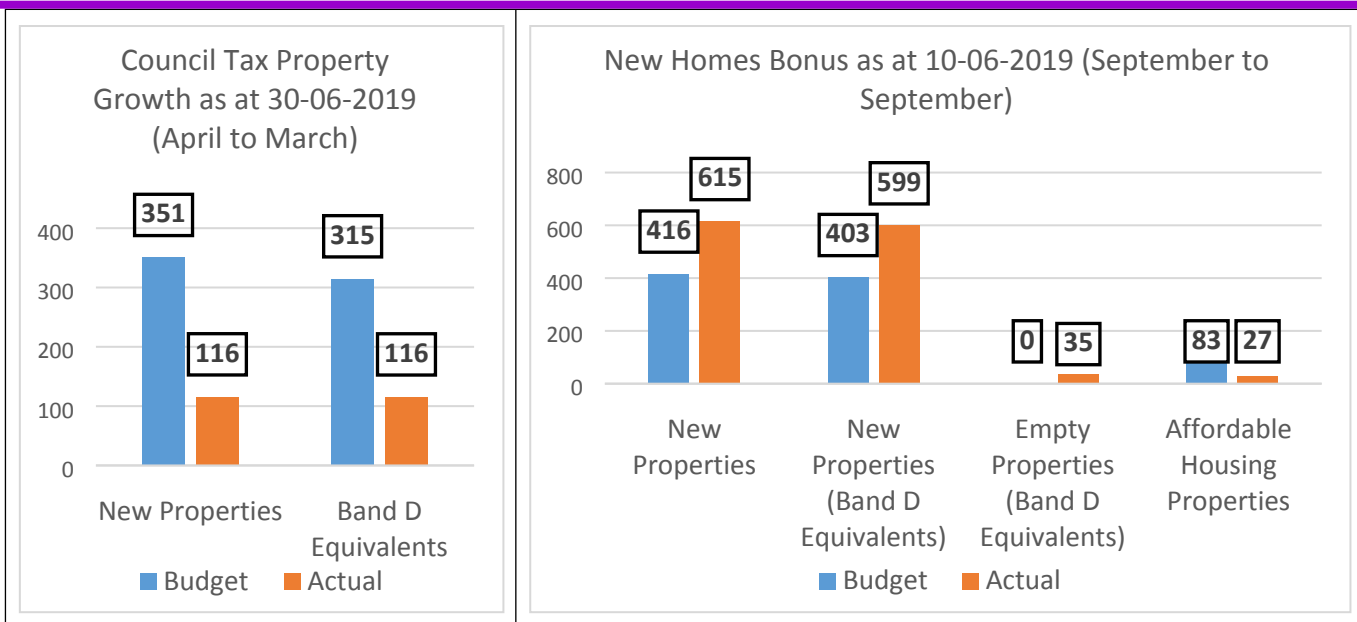


1.38. The main reasons for the surplus compared to the Approved Budget are:

- There was a higher surplus than projected in 2018/19 of **(£591,225)** due primarily to a lower level of bad debt provision.
- The projected net yield (after allowing for discounts and changes to the bad debt provision) from Council Tax in 2019/20 is **(£722,595)** higher than estimated. The Report to Cabinet on 13 June 2019 identified that Housing Supply had exceeded the Budget by **291** dwellings (68%) or **312** Band D equivalents (81%). This growth is projected to continue in 2019/20 (see Housing Supply below).

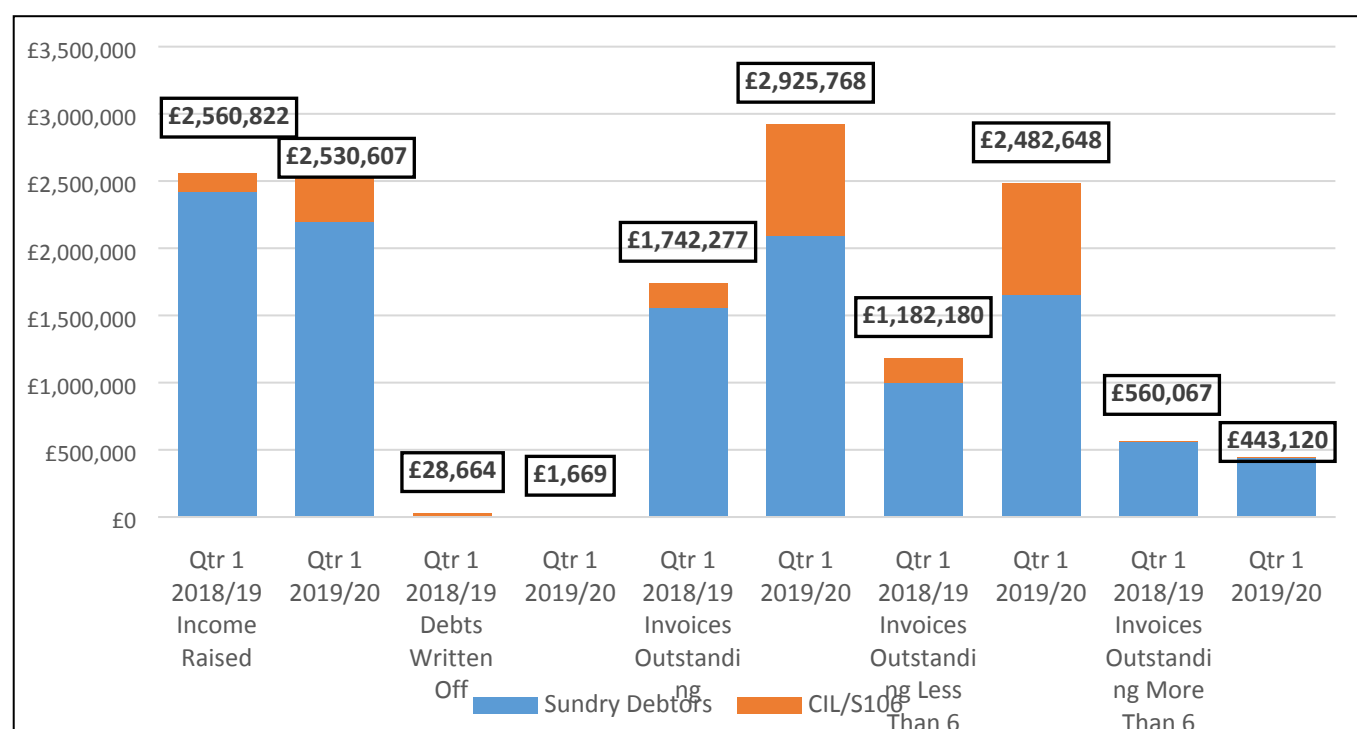
Housing Supply

1.39. The completions for Council Tax (left hand chart) from April 2019 to June 2019 and New Homes Bonus (right hand chart) from September 2018 to June 2019 are shown below:



Sundry Debtors (including Community Infrastructure Levy (CIL) and Section 106 (S106))

1.40. The transaction levels and collection performance in 2019/20 compared to 2018/19 is shown below:



1.41. The Sundry Debtors, CIL and Section 106 performance main variances are related to:

- **Invoices / Demands Issued (Income Raised):** a reduction of (£30,215).
- **Invoices / Demands Outstanding:** an increase in the total of £1,183,491 with Invoices Outstanding for less than 6 Months increasing by £1,300,468 and those more than 6 months reducing by (£116,947).

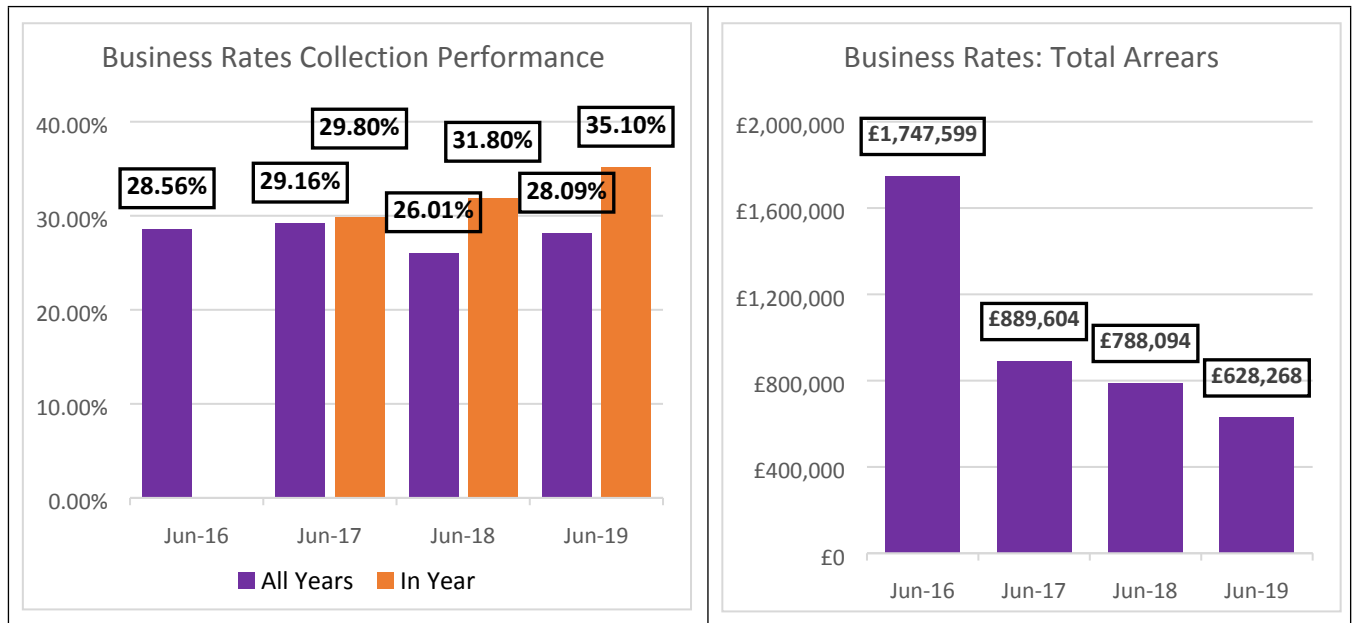
1.42. These increases are mainly related to CIL and Section 106 due as development triggers are reached.

Business Rates

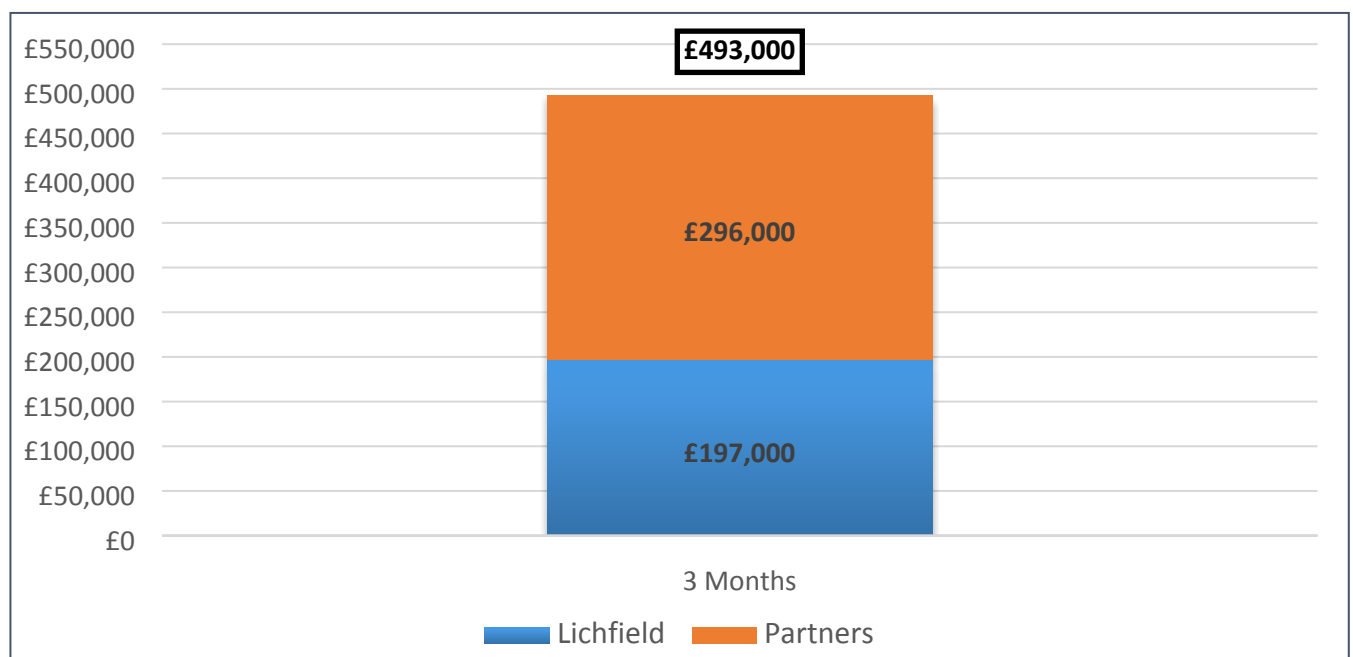
1.43. The Retained Business Rate income is projected to be (£2,829,210) compared to the Approved Budget of (£2,525,800), additional income of (£303,410). This additional income is related to additional Section 31 Grants of (£303,410). These grants are a reimbursement of the Council's share of Government set

reliefs awarded in the Collection Fund covered by the New Burdens doctrine. The reliefs are awarded in 2019/20 but under legislative requirements the budgetary impact will not occur until 2021/22.

1.44. The collection performance for Business Rates is shown below:²



1.45. The Business Rates Collection Fund is projected to be in surplus with the Council's share being (£197,000) based on our 40% share of Business Rates:



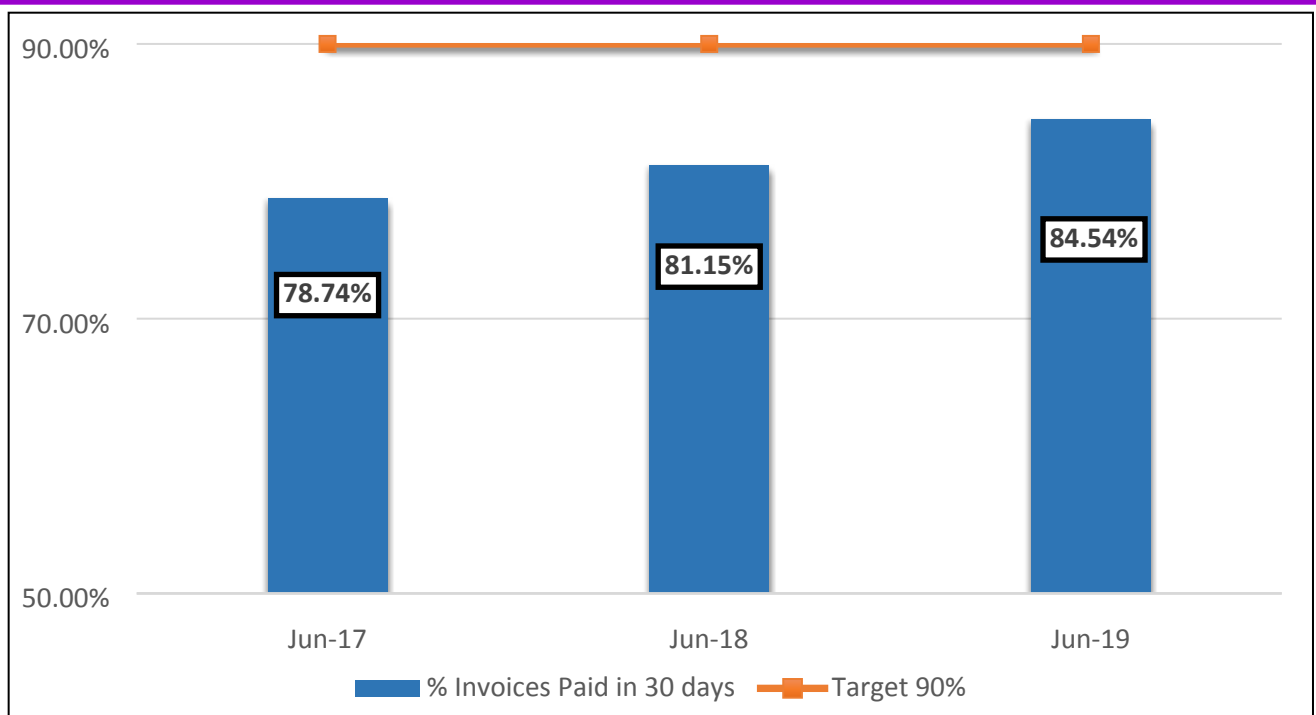
1.46. The main reasons for the projected surplus are:

- A higher than projected surplus in 2018/19 of (£67,000) and;
- A higher than projected surplus in 2019/20 by (£426,000) mainly due to lower appeals projections.

Supplier Payment Performance

1.47. The performance of invoice payments to suppliers within 30 days for the last three years is:

² The in year business rates collection performance data has been collated since 2017 only



1.48. There are initiatives taking place, including the improvements to procurement detailed below, wider use of payment cards for low value transactions and analysis of the performance by Service Area, that are aimed at improving payment performance.

Procurement Activity

- 1.49. In this financial year to date advice and guidance has been provided on 7 procurements with ongoing support to 3 procurements from the previous year.
- 1.50. Two of the new procurements were above the £25,000 limit and were managed through our new process and system and have been published on the Government's Contract's Finder website.
- 1.51. The detail of procurement activity in 2019/20 supported under the new arrangement is provided at **APPENDIX D**.

Investment Strategy

- 1.52. The Council undertakes investments for three broad purposes:

- It approves the support of public services by lending or buying shares in other organisations – **Service Investments.**
- To earn investment income – **Commercial Investments.**
- It has surplus cash, as a result of its day to day activities, when income is received in advance of expenditure or where it holds cash on behalf of another body ready for payment in the future – **Treasury Management Investments.**

1.53. The Government has recognised in recent Ministry of Housing, Community and Local Government (MHCLG) guidance, as a result of increased commercial activity, that the principles included in Statutory Guidance requiring that all investments should prioritise security and liquidity over yield must also be applied to service and commercial investments.

1.54. The MHCLG Guidance requires the approval by Council of an Investment Strategy Report to increase the transparency around service and commercial investment activity. The Council approved its Investment Strategy Report on **19 February 2019.**

Service Investments

1.55. There are three approved investments of a service nature (the loan to the LA Company is shown at the approved level where no income to the Council was assumed). The investment and net return included in the Approved Budget is detailed below:

	Approved Budget				
	2019/20	2020/21	2021/22	2022/23	2023/24
Approved Loan to the Local Authority Company	£900,000	£900,000	£900,000	£900,000	£900,000
Net Income	£0	£0	£0	£0	£0
Net Return	0.00%	0.00%	0.00%	0.00%	0.00%
Investment in Burntwood Leisure Centre	£1,395,000	£1,395,000	£1,395,000	£1,395,000	£1,395,000
Net Income (after loan repayments)	£38,000	£38,000	£38,000	£38,000	£38,000
Net Return	2.72%	2.72%	2.72%	2.72%	2.72%
ICT Cloud	£25,000	£125,000	£125,000	£125,000	£125,000
Net Income	£30,000	£100,000	£150,000	£150,000	£150,000
Net Return	120.00%	80.00%	120.00%	120.00%	120.00%
Total Investment	£2,320,000	£2,420,000	£2,420,000	£2,420,000	£2,420,000
Total Net Income	£68,000	£138,000	£188,000	£188,000	£188,000
Net Return	2.93%	5.70%	7.77%	7.77%	7.77%

1.56. To date, only the investment in Burntwood Leisure Centre has taken place and is generating net income.

Commercial Investments

1.57. The only commercial investment currently planned relates to the Property Investment Strategy and the investment and net return in the Approved Budget is detailed below:

	Approved Budget				
	2019/20	2020/21	2021/22	2022/23	2023/24
Property Investment	£6,000,000	£19,000,000	£32,000,000	£45,000,000	£45,000,000
Net Income		£56,000	£180,000	£303,000	£427,000
Net Return		0.93%	0.95%	0.95%	0.95%

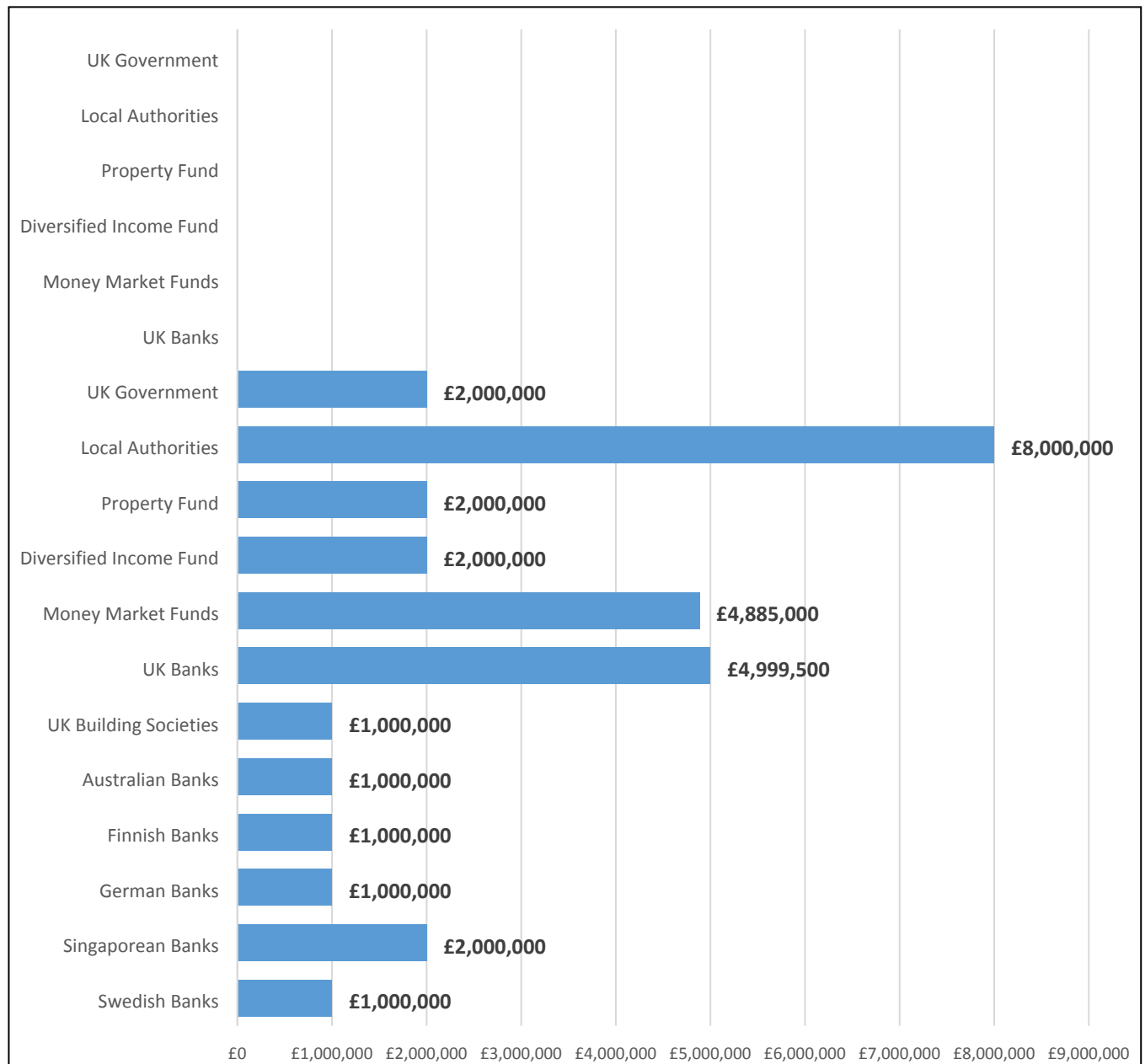
1.58. To date, no property investment has taken place and therefore the budgeted net income is not currently being generated.

Treasury Management Investments

- 1.59. The performance of the Treasury Management function should be measured against the investment objectives of Security (the safe return of our monies), Liquidity (making sure we have sufficient money to pay for our services) and Yield (the return on our investments).
- 1.60. In addition, external borrowing is considered against the objectives of it being affordable (the impact on the budget and Council Tax), prudent and sustainable (over the whole life).

The Security of Our Investments

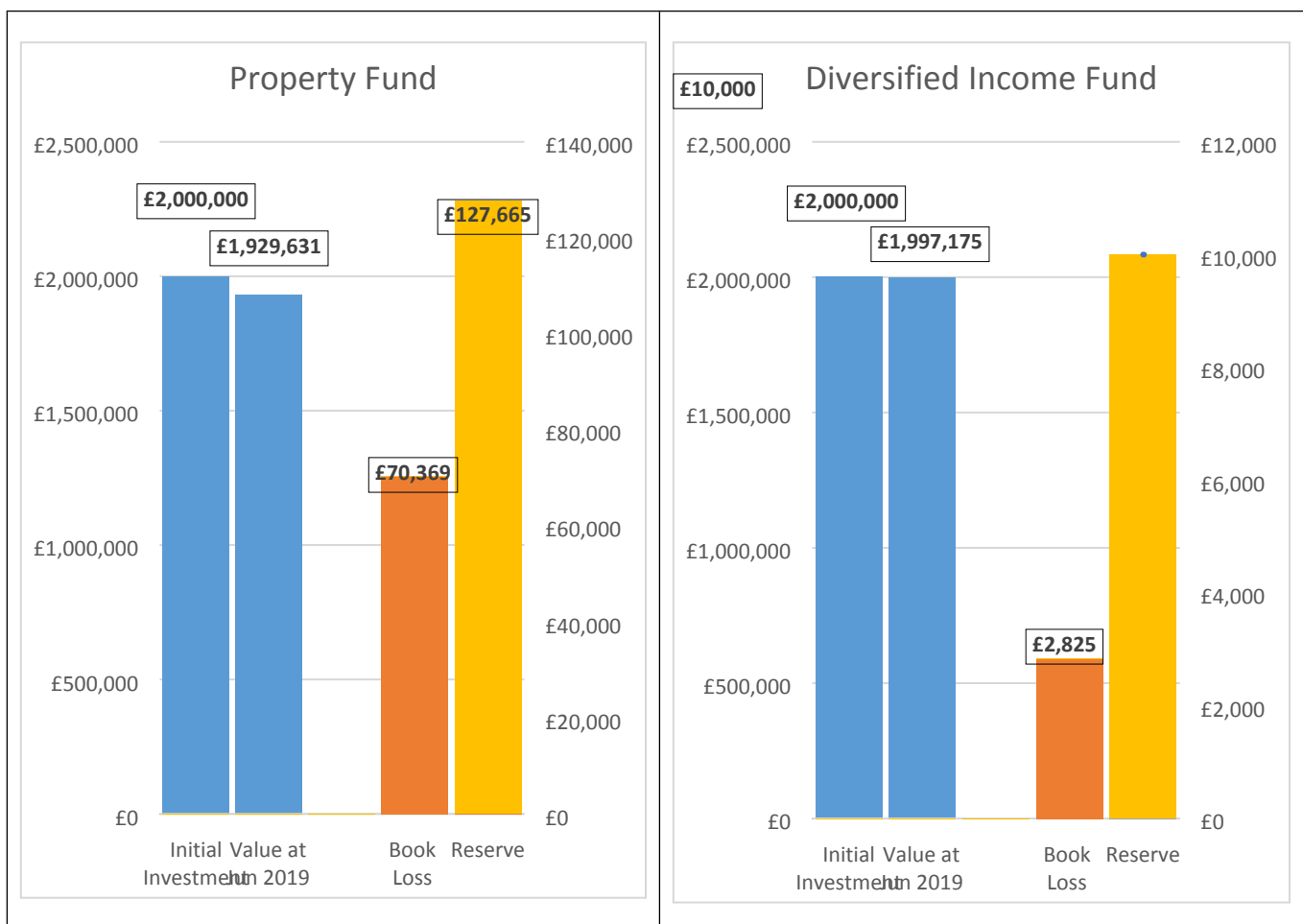
- 1.61. The investments the Council had at the 30 June 2019 of **£30.88m** (with the Property and Diversified Income Fund valued at original investment of **£2m** that was undertaken on 23 May 2019) by type and Country are summarised below and in detail at **APPENDIX D**:



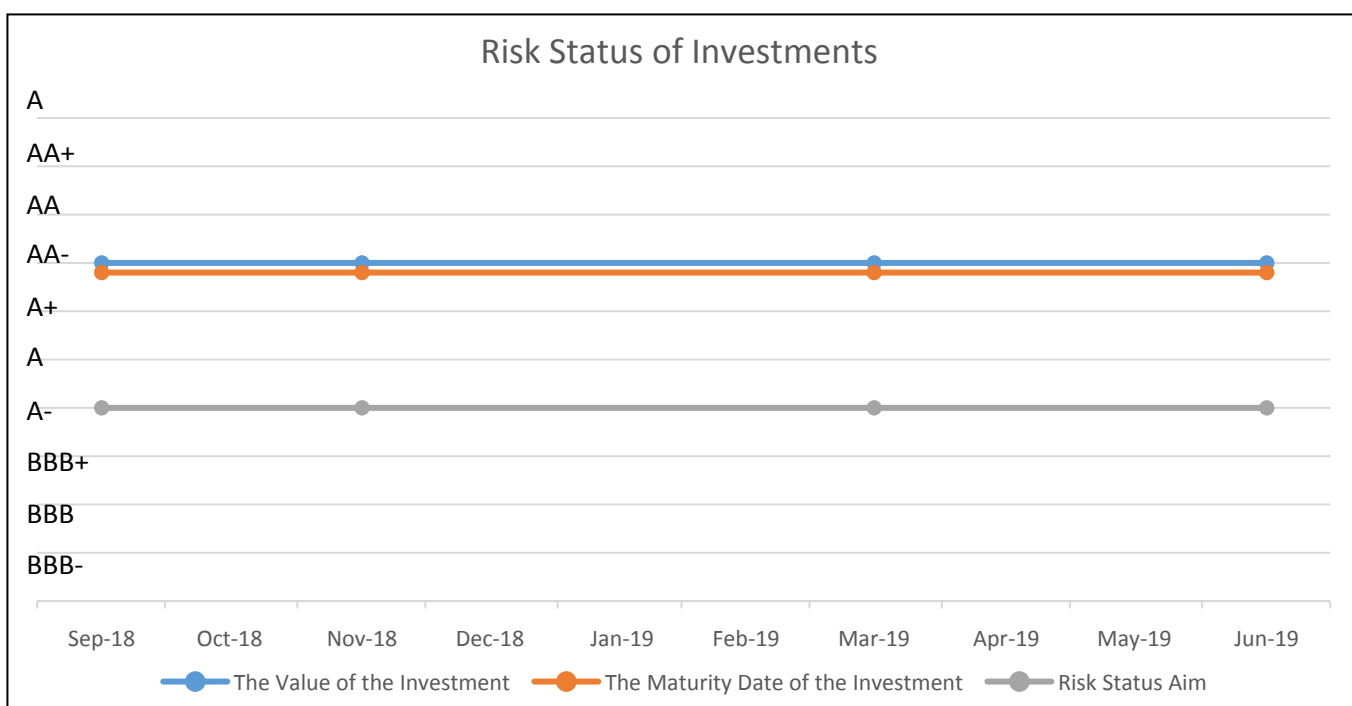
1.62. The Council's portfolio size (with the Property and Diversified Income Fund valued at its current value of **£3.9m**), average credit score, diversification and exposure to 'Bail in' risk compared to Arlingclose Clients is shown below:



1.63. The current value of the Property Fund and the new Diversified Income Fund together with the projected value of the earmarked reserves in 2019/20 intended to offset reductions in value (these are a book loss until the investment is sold and they become actual) are shown below:

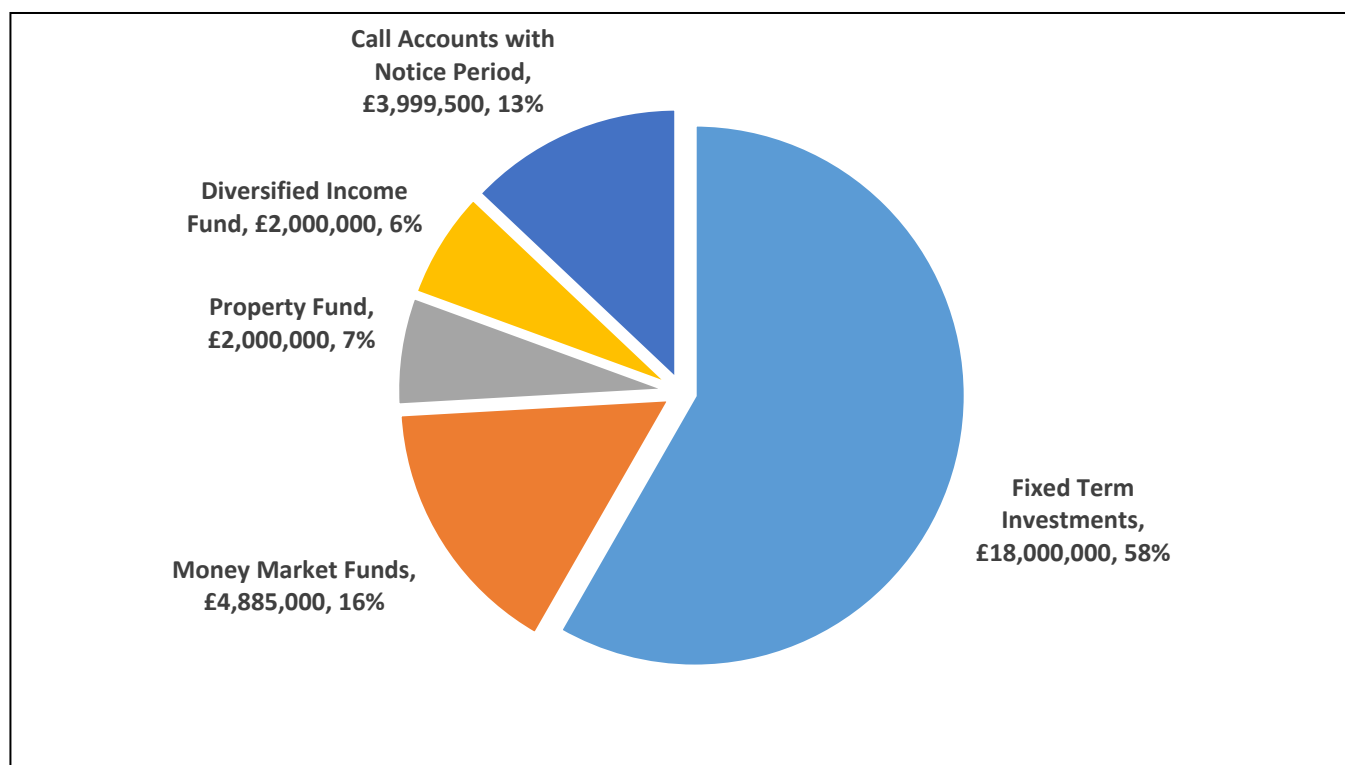


1.64. Our aim for the risk status of our investments was **A-** or higher. The risk status based on the length of the investment and the value for a 9 month period is summarised in the graph below:

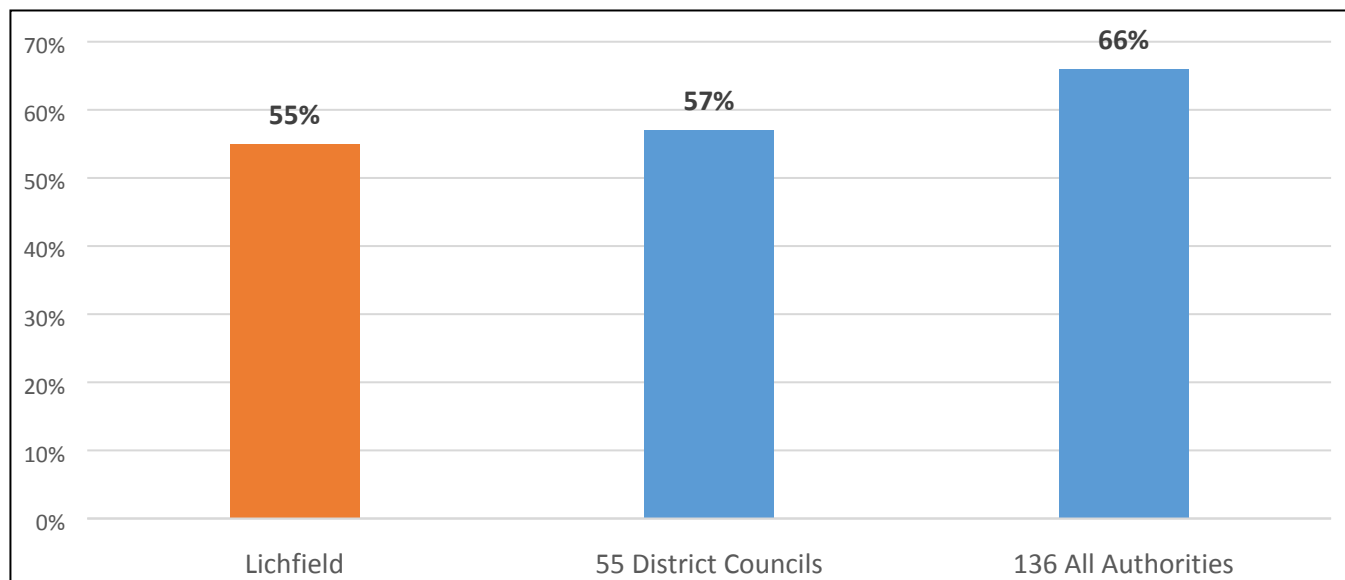


The Liquidity of our Investments

1.65. The Council has not had to temporarily borrow during 2019/20 and retains a proportion of its investments in instant access Money Market Fund investments to ensure there is sufficient cash available to pay for goods and services. The investments by type are shown below:

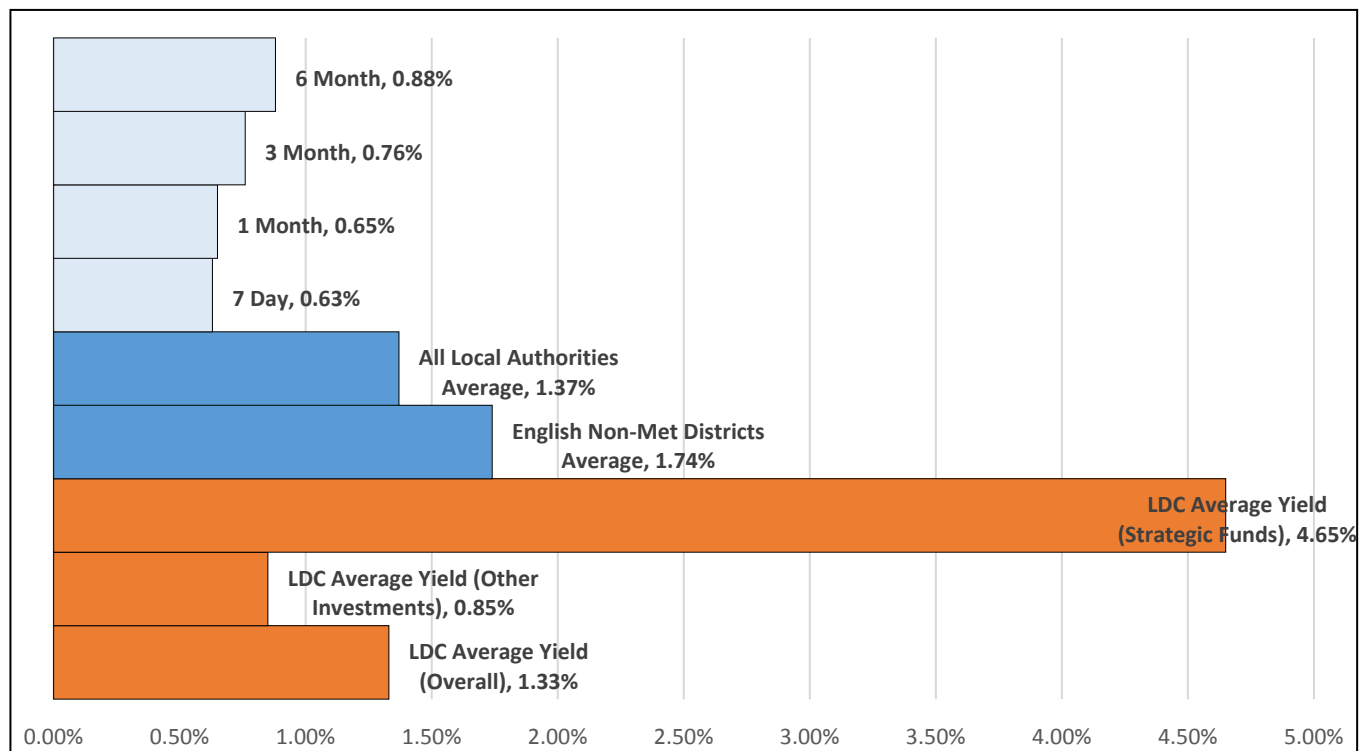


1.66. The proportion of the investment portfolio available within 100 days compared to all Arlingclose clients is shown below:



The Return or Yield of our Investments

1.67. The yield the Council achieved compared to a number of industry standard benchmarks (including our preferred benchmark of the seven day LIBID rate) and all Arlingclose clients is shown below:



1.68. The investment activity during the financial year is projected to generate **(£341,000)** of gross investment income compared to a budget of **(£291,000)**.

The External Borrowing Portfolio

1.69. The Council's external borrowing portfolio including the premiums for early repayment is shown below:

	Principal	Average Rate	Years to Final Maturity	(Premium) /Discount
PWLB Fixed Maturity	£0	-	-	£0
PWLB Fixed Equal Instalment of Principal (EIP)	£1,278,480	2.59%	20.6	(£272,260)
PWLB Fixed Annuity	£1,265,944	1.71%	8.8	(£86,733)
PWLB Variable Maturity	£0	-	-	£0
PWLB Variable EIP	£0	-	-	£0
TOTAL PWLB	£2,544,424	2.15%	14.7	(£358,993)
Lender Option Borrower Option (LOBO) Loans	£0	-	-	£0
Other Loans	£0	-	-	£0
TOTAL BORROWING	£2,544,424	2.15%	14.7	(£358,993)

Alternative Options

The approach to Treasury Management is currently being reviewed.

Consultation

Consultation is undertaken as part of the Strategic Plan 2016-20 and with Leadership Team.

Financial Implications

General Reserves

At this three months stage in the year, for the period up to June 2019, we forecast a contribution to general reserves of **£662,740** will be made, against a budgeted contribution of **£148,860** (£38,860 related to the Revenue Budget plus £110,000 of New Homes Bonus in excess of the 'cap') to general reserves.

Pensions Repayment

The profile of current Actuarial Strain Payments, their status in the Approved Medium Term Financial Strategy (MTFS) and the Net Present Value taking account the time value of money at **8%** is shown below:

Year	MTFS	Strain	Interest	Total	Net Present Value
2019/20	Budget	£32,524	£25,450	£57,974	£53,680
2020/21	Budget	£32,524	£25,450	£57,974	£49,703
2021/22	Budget	£32,524	£25,450	£57,974	£46,022
2022/23	Budget	£32,524	£25,450	£57,974	£42,613
2023/24	Projection	£32,524	£25,450	£57,974	£39,456
2024/25	Projection	£32,524	£25,450	£57,974	£36,534
2025/26	Projection	£32,524	£25,450	£57,974	£33,827
2026/27	Projection	£32,524	£25,450	£57,974	£31,322
2027/28	Projection	£32,524	£25,450	£57,974	£29,001
2028/29	Projection	£32,524	£25,450	£57,974	£26,853
2029/30	Projection	£32,524	£25,450	£57,974	£24,864
2030/31	Projection	£32,524	£25,450	£57,974	£23,022
2031/32	Projection	£32,254	£25,239	£57,493	£21,140
2032/33	Projection	£19,753	£15,457	£35,210	£11,988
2033/34	Projection	£15,432	£12,076	£27,508	£8,672
2034/35	Projection	£3,353	£2,623	£5,976	£1,744
Total		£461,081	£360,796	£821,877	£480,441

The cost of 'buying out' these payments has been estimated by the SCC Pensions Team as circa **£468,000**.

The 'buy out' would result in an annual saving of **(£57,970)** per annum throughout the period of the Approved Medium Term Financial Strategy and beyond.

The investment ratios that can be used to assess the 'Buy Out' are shown below:

Buyout Value	£467,590
Net Present Value of Payments using 8%	£480,441
Payback Period (years)	8
Rate of Return (Average)	11%

Further detailed analysis on the Financial Performance up to June 2019 is shown in the attached Appendices.

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	Achievement of The Council's key Council priorities.	Close monitoring of performance and expenditure; maximising the potential of efficiency gains; early identification of any unexpected impact on costs including Central Government Policy changes, movement in the markets, and changes in the economic climate.	Green - Tolerable

	Risk Description	How We Manage It	Severity of Risk
B	Implementation of the Check, Challenge and Appeal Business Rates Appeals and more frequent revaluations.	To closely monitor the level of appeals. An allowance of 4.7% (in line with the MHCLG Allowance) for appeals has been included in the Business Rate Estimates.	Red - Severe
C	The review of the New Homes Bonus regime in 2020/21.	Not all of the projected New Homes Bonus is included as core funding in the Base Budget. In 2020/21 £600,000 is included and this is then being reduced by £100,000 per annum.	Red - Severe
D	The increased Localisation of Business Rates and the Fair Funding Review in 2020/2021.	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
E	The affordability and risk associated with the Capital Strategy.		Yellow - Material
E1	Planned Capital Receipts are not received.	The budget for capital receipts will be monitored as part of the Council's normal budget monitoring procedures.	Yellow - Material
E2	Slippage Occurs in the Capital Spend	Spend will be monitored through normal budget monitoring procedures with budgets updated to reflect latest plans and projections.	Yellow - Material
E3	Actual cash flows differ planned cash flows	Cash flow is monitored on a daily basis through normal Treasury Management processes.	Green Tolerable
F	The affordability and risk associated with the Property Investment Strategy.		Yellow - Material
F1	Slippage occurs in the Capital Spend	Spend will be monitored through normal budget monitoring procedures with budgets updated to reflect latest plans and projections.	Yellow - Material
F2	Change in Government Policy including Regulatory Change	To monitor proposed changes to policy and regulation and seek to influence in the Council's favour.	Yellow - Material
F3	The form of exit from the EU adversely impacts on the UK economy including the Property Market and Borrowing Costs	To monitor the situation and where possible identify alternative options.	Red - Severe
F4	There is a cyclical 'downturn' in the wider markets	To monitor the wider markets and where possible adapt plans to minimise the Council's risk exposure.	Yellow - Material
F5	There is insufficient expertise to implement the Property Investment Strategy	Recruit an estates management team to provide professional expertise and advice in relation to the Property Investment Strategy.	Yellow - Material
F6	Inability to acquire or dispose of assets due to good opportunities not being identified	To utilise Property Agents to identify opportunities for potential acquisitions and disposals.	Red - Severe
Background Documents		<ul style="list-style-type: none"> • CIPFA Code of Practice for Treasury Management in the Public Services • The Prudential Code for Capital Finance in Local Authorities • Money Matters: Medium Term Financial Strategy (Revenue and Capital) 2018-23 – Cabinet 12 February 2019. • Money Matters: 2018/19 Review of Financial Performance against the Financial Strategy – Cabinet 13 June 2019. 	

Relevant web link	
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Revenue Financial Performance – Variance to Budget 2019/20

Area	2019/20						
	Original Budget plus Funding Gap Proposals £	Approved Budget £	Projected Outturn £	Projected Variance £	● = adverse ☑ = favourable	Variance to Original Budget £	2019/20 Target Variance (+/-) £
Healthy and safe communities	1,529,270	1,521,420	1,521,310	(110)	☑	(7,960)	
Clean, green and welcoming places to live	3,258,720	3,219,860	3,155,440	(64,420)	☑	(103,280)	
A vibrant and prosperous economy	(1,079,200)	(1,036,730)	(982,370)	54,360	●	96,830	
A council that is fit for the future	6,184,720	6,213,590	6,124,690	(88,900)	☑	(60,030)	
Net Cost of Services	9,893,510	9,918,140	9,819,070	(99,070)		(74,440)	
Chief Executive	459,650	458,300	388,650	(69,650)	☑	(71,000)	4,000
Finance and Procurement	1,764,980	1,810,950	1,756,050	(54,900)	☑	(8,930)	15,000
Legal, Property and Democratic Services	348,790	337,040	334,400	(2,640)	☑	(14,390)	18,000
Revenues, Benefits and Customer Services	761,530	757,240	757,240	-		(4,290)	17,000
Corporate Services	2,609,180	2,605,210	2,639,620	34,410	●	30,440	23,000
Leisure & Operational Services	2,142,850	2,126,880	2,123,790	(3,090)	☑	(19,060)	27,000
Regulatory Services, Housing & Wellbeing	1,300,670	1,292,390	1,259,390	(33,000)	☑	(41,280)	16,000
Development Services	(25,550)	(26,930)	(26,930)	-		(1,380)	32,000
Economic Growth	(248,500)	(194,330)	(144,330)	50,000	●	104,170	34,000
Waste Services	779,910	751,390	731,190	(20,200)	☑	(48,720)	64,000
Net Cost of Services	9,893,510	9,918,140	9,819,070	(99,070)		(74,440)	250,000
Net Treasury Position	(6,000)	(6,000)	(56,000)	(50,000)			
Net Operating Cost	9,887,510	9,912,140	9,763,070	(149,070)			
Transfer (from) / to General Reserve	148,860	173,510	662,740	489,230			
Transfer (from) / to Earmarked Reserves	1,335,030	1,285,750	1,249,000	(36,750)			
Net Revenue Expenditure	11,371,400	11,371,400	11,674,810	303,410			
Financed by:							
Retained Business Rates	(2,525,800)	(2,525,800)	(2,829,210)	(303,410)			
Business Rates Cap	(68,000)	(68,000)	(68,000)	-			
Business Rates Pilot	(568,000)	(568,000)	(568,000)	-			
New Homes Bonus	(1,278,000)	(1,278,000)	(1,278,000)	-			
Business Rates Collection Fund (Surplus)/Deficit	(213,000)	(213,000)	(213,000)	-			
Council Tax Collection Fund (Surplus)/Deficit	(63,600)	(63,600)	(63,600)	-			
Council Tax	(6,655,000)	(6,655,000)	(6,655,000)	-			

Reasons for the Outturn Budget Performance by Service Area

Projected Variance £		Expenditure		Income	
		One Off £	Recurring £	One Off £	Recurring £
(69,650)	Chief Executive	(69,650)	-	-	-
(54,900)	Finance and Procurement	-	(54,900)	-	-
(2,640)	Legal, Property and Democratic Services	(2,640)	-	-	-
-	Revenues, Benefits and Customer Services	-	-	-	-
34,410	Corporate Services	-	34,410	-	-
(3,090)	Leisure & Operational Services	-	(3,090)	-	-
(33,000)	Regulatory Services, Housing & Wellbeing	-	-	(33,000)	-
-	Development Services	-	-	-	-
50,000	Economic Growth	-	50,000	-	-
(20,200)	Waste Services	(20,200)	-	-	-
(50,000)	Net Treasury Position	-	-	-	(50,000)
-	Efficiency Plan	-	-	-	-
(£149,070)	Net Operating Cost	(£92,490)	£26,420	(£33,000)	(£50,000)
(36,750)	Earmarked Reserves	-	(36,750)	-	-
(£185,820)	Net Operating Cost	(£92,490)	(£10,330)	(£33,000)	(£50,000)
(£303,410)	Funding	-	-	(£303,410)	-
(£489,230)	Transfer (to)/from General Reserves	(£92,490)	(£10,330)	(£336,410)	(£50,000)

Chief Executive

Projected Variance £	Reason	Expenditure		Income	
		One Off £	Recurring £	One Off £	Recurring £
(69,650)	Employee benefits earmarked reserve no longer required	(69,650)			
(£69,650)	Total	(£69,650)	-	-	-

Finance and Procurement

Projected Variance £	Reason	Expenditure		Income	
		One Off £	Recurring £	One Off £	Recurring £
(54,900)	National Living Wage savings		(54,900)		
(£54,900)	Total	-	(£54,900)	-	-

Legal, Property and Democratic Services

Projected Variance £	Reason	Expenditure		Income	
		One Off £	Recurring £	One Off £	Recurring £
(2,640)	Chair and Vice Chair allowance remaining from 2018/19 year	(2,640)			
(£2,640)	Total	(£2,640)	-	-	-

Corporate Services

Projected Variance £	Reason	Expenditure		Income	
		One Off £	Recurring £	One Off £	Recurring £
34,410	Insurance policy pressure		34,410		
£34,410	Total	-	£34,410	-	-

Leisure & Operational Services

Projected Variance £	Reason	Expenditure		Income	
		One Off £	Recurring £	One Off £	Recurring £
(3,090)	Additional savings from Arts Development Post		(3,090)		
(3,090)	Total	-	(3,090)	-	-

Regulatory Services, Housing & Wellbeing

Projected Variance £	Reason	Expenditure		Income	
		One Off £	Recurring £	One Off £	Recurring £
(33,000)	Stock Condition Survey reserve balance not required			(33,000)	
(£33,000)	Total	-	-	(£33,000)	-

Economic Growth

Projected Variance £	Reason	Expenditure		Income	
		One Off £	Recurring £	One Off £	Recurring £
50,000	Economic Growth posts		50,000		
£50,000	Total	-	£50,000	-	-

Waste Services

Projected Variance £	Reason	Expenditure		Income	
		One Off £	Recurring £	One Off £	Recurring £
(20,200)	Employee benefits earmarked reserve no longer required	(20,200)			
(£20,200)	Total	(£20,000)	-	-	-

Net Treasury Position

Projected Variance £	Reason	Expenditure		Income	
		One Off £	Recurring £	One Off £	Recurring £
(50,000)	Increased interest receipts				(50,000)
(£50,000)	Total	-	-	-	(£50,000)

Funding

Projected Variance £	Reason	Expenditure		Income	
		One Off £	Recurring £	One Off £	Recurring £
(303,410)	Additional Business Rates			(303,410)	
(£303,410)	Total	-	-	(£303,410)	-

Fees and Charges

Income Type	Annual Budget £000	Forecast	Forecast
		Year End	Year End
		Q1 £000	Variance £000
Planning Applications	781	781	0
Car Parks	2,110	2,173	63
Garden Waste	1,351	1,400	49
Trade Waste	440	448	8
Land Charges	283	283	0
Building Control ³	869	869	0
Property Rental	845	845	0
Total of Highest Value Fees & Charges	6,680	6,799	120
Other Income			
Licensing			
Leisure Centres ⁴			
VAT Claim ⁵			
Court Costs			
Recycling			
Grounds Maintenance			
Other			
Total Income			

Annual Trend				
2014/15	2015/16	2016/17	2017/18	2018/19
Actual	Actual	Actual	Actual	Actual
£000	£000	£000	£000	£000
771	629	1,030	824	797
1,746	1,748	1,986	2,078	2,198
0	0	0	231	1,495
338	390	407	415	443
183	297	312	279	286
454	507	557	547	553
644	681	687	729	839
4,134	4,251	4,980	5,102	6,611
217	185	236	224	241
1,782	1,819	1,879	1,629	183
0	0	0	0	1,103
252	233	218	198	214
14	347	439	463	331
162	161	168	195	217
1,839	1,139	1,319	1,124	1,057
8,400	8,136	9,239	8,936	9,957

³ The shared service has expanded in 2019/20.

⁴ Responsibility transferred to Freedom Leisure from February 2018.

⁵ Gross income before the deduction of related expenditure.

Capital Programme Performance in 2019/20

Project	Original Budget	Approved Budget	Actual to Date	Projected Actual	Projected Variance
Burntwood Leisure Centre CHP Unit	235,000	235,000	0	235,000	0
Leisure Review: Capital Investment	0	30,000	20,360	30,000	0
Replacement of Play Equipment at Hill Ridware Village Hall	71,000	30,000	30,000	30,000	0
New Build Parish Office/Community Hub	92,000	92,000	0	92,000	0
Fradley Village Heating & CCTV	0	5,000	0	5,000	0
Fradley Youth & Community Centre Cladding & Porch	0	15,000	10,000	15,000	0
Armitage with Handsacre Village Hall heating upgrade	0	5,000	0	5,000	0
Armitage with Handsacre Village Hall storage container	0	6,000	0	6,000	0
Re-siting/improvement of Armitage War Memorial	40,000	120,000	0	120,000	0
Canopy and installation of artificial grass at Armitage	0	13,000	5,000	13,000	0
Westgate Practice Refurbishment (CIL)	0	120,000	0	120,000	0
King Edwards VI School (CIL)	0	101,000	0	101,000	0
Accessible Homes (Disabled Facilities Grants)	1,104,000	1,714,000	660,449	1,500,000	(214,000)
Home Repair Assistance Grants	15,000	28,000	0	28,000	0
Decent Homes Standard	197,000	197,000	0	197,000	0
Energy Insulation Programme	10,000	38,000	0	38,000	0
DCLG Monies	212,000	212,000	0	212,000	0
Unallocated S106 Affordable Housing Monies	400,000	400,000	0	342,000	(58,000)
Healthy and Safe Communities	£2,376,000	£3,361,000	£725,809	£3,089,000	(£272,000)
Darnford Park	13,000	13,000	0	0	(13,000)
Canal Towpath Improvements (Brereton & Ravenhill)	211,000	211,000	0	211,000	0
Loan to Council Dev Co.	900,000	900,000	0	900,000	0
Lichfield St Johns Community Link (CIL)	0	10,000	0	10,000	0
Staffordshire Countryside Explorer (CIL)	0	24,000	0	0	(24,000)
Vehicle Replacement Programme	140,000	140,000	0	140,000	0
Vehicle Replacement Programme	301,000	301,000	0	286,000	(15,000)
Shortbutts Park, Lichfield	23,000	23,000	0	23,000	0
Env. Improvements - Upper St John St & Birmingham Road	7,000	7,000	0	7,000	0
Stowe Pool Improvements	550,000	550,000	0	50,000	(500,000)
The Leomansley Area Improvement Project	0	3,000	0	3,000	0
Cannock Chase SAC	13,000	10,000	38,852	40,000	30,000
Clean, Green and Welcoming Places to Live	£2,158,000	£2,192,000	£38,852	£1,670,000	(£522,000)
Multi Storey Car Park Refurbishment	0	300,000	0	300,000	0
Birmingham Road Site - Coach Park	238,000	236,000	0	236,000	0
Birmingham Road Site - Short Term Redevelopment	353,000	353,000	0	353,000	0
Car Parks Variable Message Signing	32,000	32,000	0	32,000	0
Old Mining College - Refurbish access and signs	0	13,000	0	13,000	0
Erasmus Darwin Lunar Legacy (Lichfield City Art Fund)	0	3,000	3,000	3,000	0
St. Chads Sculpture (Lichfield City Art Fund)	50,000	50,000	0	50,000	0
A Vibrant and Prosperous Economy	£673,000	£987,000	£3,000	£987,000	0
Property Investment Strategy	6,000,000	6,000,000	0	6,000,000	0
Depot Sinking Fund	11,000	11,000	0	0	(11,000)
IT Infrastructure	105,000	105,000	0	105,000	0
IT Cloud	25,000	25,000	0	25,000	0
IT Innovation	167,000	200,000	5,400	200,000	0
District Council House Repair Programme	103,000	111,000	0	111,000	0
A Council that is Fit for the Future	£6,411,000	£6,452,000	£5,400	£6,441,000	(£11,000)
Grand Total	£11,618,000	£12,992,000	£773,061	£12,187,000	(£805,000)

Funding	Original Budget	Approved Budget	Projected Actual	Variance
Capital Receipts	976,000	957,000	728,000	(229,000)
Borrowing Need	6,000,000	6,030,000	6,030,000	£0
Finance Leases	140,000	140,000	140,000	£0
Capital Grants and Contributions	2,769,000	3,749,000	3,188,000	(£561,000)
Reserves and Sinking Funds	1,733,000	2,116,000	2,101,000	(£15,000)
Total Funding	£11,618,000	£12,992,000	£12,187,000	(£805,000)

Procurement Activity in 2019/20

Reference	Procurement	Procurement	Advice Only	Advice & LDC Led Procurement	Advice & WCC Led Procurement	Type
LDC19015	Independent Living Research	Services		24,000		One-off
LDC19016	Homelessness database, Housing register & Choice based lettings system	Services	17,000			One-off
LDC19017	Birmingham Road Enabling Works	Works		600,000		One-off
LDC19018	GDPR Case Management	Services				One-off
LDC19019	Amazon for Business	Services				Recurring
LDC19020	Target Hardening Scheme	Services	5,000			Recurring
LDC19021	CHP System for Burntwood Leisure Centre	Works		200,000		One-off
Continued from Previous Year						
LDC18001	Rough Sleeper Housing First	Services			500,000	One-off
LDC19006	Playing Pitch Strategy	Services		30,000		One-off
LDC19013	Birmingham Road Master Planning	Services		60,000		One-off

Note

- **One Off** – relates to project related activity either funded by revenue or capital.
- **Recurring** – relates to annual revenue projects.

Investments in the 2019/20 Financial Year

The table below shows a breakdown of our investments at the end of June 2019:

Counterparty	Principal	Matures	Days to Maturity	Rate	Credit Rating	Non-UK Organisation
Money Market Funds						
Federated	£4,885,000	01-Jul-19	Instant Access	0.72%	AAAMMF	N/A
Strategic Funds						
CCLA Property Fund	£2,000,000	N/A	N/A	3.92%	N/A	No
CCLA Diversified Income Fund	£2,000,000	N/A	N/A	3.82%	N/A	No
Fixed Term Investments						
Highland Council	£2,000,000	29-Jul-19	29	0.93%	LOCAL	No
Merthyr Tydfil Council	£2,000,000	22-Jul-19	22	0.95%	LOCAL	No
DBS Bank	£1,000,000	19-Sep-19	81	0.99%	AA-	Yes
Lloyds	£1,000,000	15-Nov-19	138	1.00%	A+	No
Coventry Building Society	£1,000,000	04-Oct-19	96	0.93%	A-	No
Landesbank Hessen-Thüringen (Helaba)	£1,000,000	09-Oct-19	101	0.89%	A	Yes
Fife Council	£2,000,000	07-Feb-20	222	1.00%	LOCAL	No
United Overseas Bank	£1,000,000	18-Nov-19	141	0.86%	AA-	Yes
Surrey Heath Borough Council	£2,000,000	13-Dec-19	166	0.80%	LOCAL	No
Australia and New Zealand Banking Group	£1,000,000	12-Dec-19	165	0.92%	AA-UK	Yes
Treasury Bills	£2,000,000	22-Jul-19	22	0.64%	Government	No
Call Accounts with Notice Period						
Santander	£1,000,000	27-Dec-19	180	0.95%	A	No
Goldman Sachs International Bank	£1,000,000	03-Oct-19	95	0.89%	A	No
Handelsbanken	£1,000,000	04-Aug-19	35	0.65%	AA-	No
HSBC	£999,500	31-Jul-19	31	0.85%	AA-	No
Certificates of Deposit						
Standard Chartered	£1,000,000	04-Oct-19	96	0.98%	A	No
Nordea Bank AB	£1,000,000	17-Oct-19	109	0.85%	AA-	Yes
Total Investments	£30,884,500					

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Birmingham Road, Lichfield Enabling Works

Report of the Director of Place and Community

Date: 15th October 2019

Agenda Item: 12

Contact Officer: Craig Jordan

Tel Number: 01543 308202

Email: craig.jordan@lichfielddc.gov.uk

Key Decision? YES

Local Ward ALL

Members



Council

1. Executive Summary

- 1.1 Planning permission was granted by the District Council acting as local planning authority on the 29th July 2019 for enabling works on Birmingham Road, Lichfield pending a long term re-development proposal coming forward. The permission, subject to the discharge of conditions, provides for the demolition of existing police station buildings and bus station kiosk/toilet buildings, consent for car parking on the police station site, and in addition the remodelling of the existing bus station to include additional coach parking, the erection of replacement bus shelters, temporary toilet facilities and associated landscaping works.
- 1.2 A tender process was followed to appoint a contractor to undertake the above works and Cabinet at its meeting on the 10th September determined that this should be awarded to Coleman and Company. Attached at **Appendix A** is a detailed report.
- 1.3 As the reports states due to additional costs being incurred over and above previously agreed budgets to facilitate implementation of the enabling works scheme there is a requirement to increase the project budget and update accordingly the MTFs, Council is asked to approve this.

2. Recommendations

- 2.4 Council is asked to approve and update the Medium Term Financial Strategy to increase the Project Budget for the Birmingham Road Site by **£185,000** from **£2,995,000** to **£3,180,000** with funding of **£182,000** provided by the Earmarked Reserve and **£3,000** from the Revenue Budget.

3. Background

- 3.1 Please refer to the report attached at **Appendix A**.

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Birmingham Road, Lichfield Enabling Works – Selection of Tender

Confidential Report of the Cabinet Member for Investment, Environment & Tourism
Development Services: Councillor I. Eadie

Date: 10th September 2019
Agenda Item: 6
Contact Officer: Stephen Stray/ Craig Jordan
Tel Number: 01543 308760/ 308202
Email: stephen.stray@lichfielddc.gov.uk/
craig.jordan@lichfielddc.gov.uk
Key Decision? YES
Local Ward ALL
Members

APPENDIX A



CABINET

1. Executive Summary

- 1.1 A tender exercise for enabling works including the redevelopment of the former police station site on Frog Lane and the associated re-modelling of the adjacent bus station off the Birmingham Road has been undertaken. Five bids were received to carry out the works.
- 1.2 The tenders were all appraised against defined criteria set out in the tender specification covering price and quality. The price has been carefully considered in respect of detailed costings for the various aspects of the works which the tenderers were asked to set out. The quality of the tenders has been considered in relation to five aspects: i) minimising impact on the bus station service, ii) a method statement as to how the contractor will liaise effectively with key stakeholders throughout the works, iii) the relevant skills and experience to deliver a project of this size and nature, iv) a method statement as to how the existing buildings will be safely demolished within a busy residential and commercial area and finally v) the relevant experience of those undertaking the demolition.
- 1.3 The contractor will deliver the works granted planning permission on the 29th July 2019. This includes the demolition of existing police station buildings and bus station kiosk/toilet buildings, a 5 year temporary consent for car parking on the police station site, and in addition the remodelling of the existing bus station to include additional coach parking, the erection of replacement bus shelters, temporary toilet facilities and associated landscaping works.
- 1.4 In the assessment process, Coleman & Company provided a good standard of response supported by comprehensive evidence to demonstrate they could meet the quality requirements with a reasoned justification for the price submitted.

2. Recommendations

- 2.1 That the Cabinet agrees to the recommendation that Coleman & Company be awarded the contract to undertake the commission for the tendered sum of **£599,991**.
- 2.2 That the Cabinet approve the awarding of a contract to Healthmatic for the provision and maintenance of temporary toilet facilities for a 3 year period for the tendered sum of **£90,000**.
- 2.3 That the Cabinet delegates to the Cabinet member for Investment, Economic Growth and Tourism in consultation with the Head of Economic Growth the authority to sign the contractual agreements and to authorise any minor variations in the contractual arrangements subject to the costs being within the agreed budget.

- 2.4 Cabinet recommend to Council to approve and update the Medium Term Financial Strategy to increase the Project Budget for the Birmingham Road Site by **£185,000** from **£2,995,000** to **£3,180,000** with funding of **£182,000** provided by the Earmarked Reserve and **£3,000** from the Revenue Budget.

3. Background

- 3.1 Members will be aware of the decision of the District Council not to fund the Friarsgate scheme and the consequent demise of that project in 2018. Since then the Council has determined to bring forward alternative proposals for the Birmingham Road site.
- 3.2 In the above context, members will be aware of the recent decision to appoint David Lock Associates (DLA) following a tendering exercise to prepare a City Centre Masterplan which will include the preparation of longer term proposals for the Birmingham Road site. DLA has now commenced its work.
- 3.3 At the same time as wishing to bring forward plans for the longer term use of the Birmingham Road site, the Council has also recognised a need to address issues pertaining to the land which it acquired as part of the former Friarsgate project. A scheme of enabling works was duly prepared and was the subject of a planning application to the Authority earlier this year.
- 3.4 There is now a need to deliver on the enabling works set out in planning application 19/00260/FULM which was approved by the Council's Planning Committee on the 29th July 2019. That is for the demolition of existing police station buildings and bus station kiosk/toilet buildings, a 5 year temporary consent for car parking on the police station site, and in addition the remodelling of the existing bus station to include additional coach parking, the erection of replacement bus shelters, temporary toilet facilities and associated landscaping works. The works are intended to provide an improvement to the town centre over the next 5 years whilst the longer term proposals for Birmingham Road are considered through the master planning exercise and will also prime the site for when the delivery of the longer term scheme can be achieved.
- 3.5 Alongside the submission of planning proposals, the Council initiated a tender exercise to appoint contractors to undertake the said works subject to the necessary consents being confirmed. At the conclusion of the period for submission of tenders 5 had been submitted to the Council.
- 3.6 All submissions have been appraised in detail against the criteria set out in the tender specification. Because, the works are planned for a temporary period only, price was a significant factor in the determination process making up 70% of the awarded mark with the remaining 30% of the mark on the quality of the proposals. The overall budget set aside for the enabling works is approximately £541,000.
- 3.7 The five tenders were fully judged in relation to a series of mandatory criteria including in relation to their compliance with statutory regulations, declaration of any past actions against them and then a detailed assessment of their proposed price by analysis of their costs breakdown and the five quality elements of:
- i) Minimising impact of works on the bus station services,
 - ii) A method statement as to how the contractor will liaise effectively with key stakeholders throughout the works,
 - iii) The relevant skills and experience to deliver a project of this size and nature,
 - iv) A method statement as to how the existing buildings will be safely demolished within a busy residential and commercial area; and, finally
 - v) The relevant experience of those undertaking the demolition.

- 3.8 Judged on the above criteria, three of the five tenders scored well in respect of quality. In respect of the other two tenders, one tender did not comply with the tender specification, in particular it only covered the demolition aspect of the tender specification and did not set out any proposals for the public realm improvements including the remodelling of the bus station and additional coach and car parking. The other tenderer did submit bid proposals at a significantly lower price covering both demolition and the relevant public realm improvement works to the bus station and creation of car parking on the police station site. However, concerns were identified in respect of gaps in their detailed costs break down that could not be fully substantiated. Concerns were also identified over the credibility of their work programme and project methodology which could impact on the operation of the bus station and service.
- 3.9 In respect of the three remaining tenders that all scored well in respect of quality, one of the proposed bids came in at significantly above the budget price and another bid whilst not as high was also over budget price by a significant amount and therefore they did not score as well when compared to the third bid which came in again over budget but not to the extent of the aforementioned two.
- 3.10 Taking price and quality of bid together, it is recommended following assessment of the tenders that Coleman & Company is commissioned to undertake the work at a price of **£599,991**. This would provide for a budgetary pressure of **£60,000** which can be accommodated. With any project of this kind there is the potential for additional costs to be incurred and therefore it is suggested that any additional budget includes a contingency to cover supplementary justifiable works and associated fees - **£60,000**.
- 3.11 In agreeing to progress an interim scheme pending agreement of longer term proposals for the Birmingham Road site, members had previously indicated that they wished to see replacement toilet provision made in response to the loss of the existing toilet facilities adjacent the bus station. Officers have duly engaged with potential suppliers of such facilities and discussed the different offers available and associated costs. A proposal to supply and maintain a toilet facility for 3 years at a confirmed price of **£30,000** per annum from company Healthmatic is deemed acceptable and is recommended to members. This cost would be **£6,000** above budget.
- 3.12 With the appointment of a contractor it is hoped to commence the works as soon as is possible. This will occur once the conditions of the planning permission are formally discharged. This work is in progress however the timing of the planned demolition works is an issue in terms of potential business rate liabilities to the Council and additional budget provision is required to ensure liabilities can be duly met - **£36,000**.
- 3.13 The hoardings around the former Tempest Ford garage site whilst functionally appropriate in maintaining site security and protecting the safety of the public, do not present an aesthetically pleasing image. Officers have been asked to take forward a scheme which would introduce an enhanced set of hoardings using suitable designs. This would complement the aforementioned enabling works. This has been costed at approximately **£23,000**.
- 3.14 In summary, the preferred tender has come in approximately £60,000 over the approved budget of £540,000 and replacement toilets at a cost of £90,000 over 3 years (supply and maintenance contract) £6,000 above the agreed budget of £84,000. Outside the previously agreed budgets new and additional costs would include a contingency, payment of business rates whilst the Police Station remains in situ and improvements to the hoardings equating to £119,000.

Item	Approved Budget	Cost	Difference
Enabling works	£540,000	£599,991	£59,991
Replacement toilets	£84,000	£90,000	£6,000
Contingency	£0	£60,000	£60,000
Business rates	£0	£36,000	£36,000
Hoardings	£0	£23,000	£23,000

Alternative Options

1. Cabinet could decide to choose another tender however as shown these are either significantly over the allocated budget for the project or deemed not able to show with sufficient evidence deliverability against the tender specification.
2. There are no other alternative options apparent should the Council wish to carry out the enabling works other than to go out to tender again.

Consultation

1. The tender evaluation process has been undertaken with support from Greenwoods Projects, Lichfield in respect of contract sum analysis and evaluation of the quality of the tenders.

Financial Implications

1. The Approved Budget for the Birmingham Road Site was approved by Council on 19 February 2019 and totalled **£2,995,000** for the acquisitions of the Police Station, Coach Park and professional support (£2,299,000) plus enabling works and future options appraisal (£696,000).
2. The Approved Budget assumed that the Police Station would be demolished during 2018/19 and no enhancement would be made to the hoardings surrounding the former Garage site.
3. The project has progressed and the following cost pressures have been identified:
 - **Business Rates for the Police Station** – the demolition of the Police Station is scheduled to take place later this year as a result of the need to comply with planning requirements. This means the Council will be required to pay nine months of Business Rates of **£36,000 (a)**.
 - **Artwork to the Hoardings** – the hoardings do not present an attractive impression to visitors and therefore it is recommended that artwork is added with a cost of **£23,000 (b)** (£3,000 can be funded from existing revenue funding).
4. The preferred tender bid by Coleman and Company of **£599,991** and given the Approved Budget for the enabling works is **£541,000** (in green below) there is a cost pressure of circa **£60,000 (c)**.
5. The provision and maintenance of temporary toilet facilities for a 3 year period will cost **£90,000** and this is **£6,000 (d)** above the Approved Budget of **£84,000**.
6. It is also recommended that a contingency sum of **£60,000 (e)** is included in the project budget to reflect known risks and uncertainties with the enabling works.
7. The Approved Budget, Recommended Budget Changes and Project funding including the element from the Earmarked Reserve established for the Project is shown in the tables below:

BRS - Short Term Redevelopment and Future Options Appraisal (2018/19 to 2021/22)				
Details	Approved Budgets		Recommended Budget Changes	Project Budget
	BRS Site	Short Term Development		
Support	£143,000			£143,000
Police Station Acquisition	£1,805,000			£1,805,000
Coach Park Acquisition	£243,000			£243,000
Bus Station Works		£167,000		£167,000
Landscaping Works		£111,000		£111,000
Other Works		£30,000	£60,000 (c)	£90,000
Fees		£45,000		£45,000
Contingency			£60,000 (e)	£60,000
Sub Total Capital Programme	£2,191,000	£353,000	£120,000	£2,664,000
Fees		£66,000		£66,000
Temporary Toilets		£84,000	£6,000 (d)	£90,000
Master Planning		£60,000		£60,000
Hoardings			£23,000 (b)	£23,000
Police Station Acquisition - Other	£8,000			£8,000
Police Station - Business Rates			£36,000 (a)	£36,000
Demolitions	£100,000	£133,000		£233,000
Sub Total Revenue Budget	£108,000	£343,000	£65,000	£516,000
Total Approved Budget	£2,299,000	£696,000	£185,000	£3,180,000

BRS Project Funding (2018/19 to 2021/22)				
Funded by:				
Corporate Capital Resources	(£2,062,000)			(£2,062,000)
Revenue Funding			(£3,000)	(£3,000)
Earmarked Reserve - Condition Survey	(£39,000)			(£39,000)
Earmarked Reserve - BRS	(£198,000)	(£696,000)	(£182,000)	(£1,076,000)
Total Funding	(£2,299,000)	(£696,000)	(£185,000)	(£3,180,000)

Please note, in terms of the Earmarked Reserve – BRS of the £1,076,000 shown in the table above, £147,000 related to budgeted spend in 2018/19 (actual was £145,738). This means £929,000 is budgeted to be funded from the Earmarked Reserve for 2019/20 to 2021/22 and this is shown in the table below.

Projected Birmingham Road Site Earmarked Reserve				
	2019/20	2020/21	2021/22	Total
Opening Balance	(£1,160,550)	(£280,340)	(£238,700)	(£1,160,550)
Actual / Budgeted Spend in Year	£869,000	£30,000	£30,000	£929,000
Major Projects Team	£11,210	£11,640		£22,850
Closing Balance	(£280,340)	(£238,700)	(£208,700)	(£208,700)

Contribution to the Delivery of the Strategic Plan

1. The tender selection process has been carried out to ensure a scheme of enabling works is selected that provides value for money and in ensuring Lichfield is a vibrant and prosperous place, is a clean, green and welcoming place and provides for a healthy and safe community by removing derelict and potentially dangerous eye-sore buildings and vacant land on a key through route into the town centre for residents, businesses, shoppers and tourists.

Equality, Diversity and Human Rights Implications

1. The procurement process has required all tenderers to comply with relevant legislation. There are no equality, diversity and human right implications associated with the award of the contract. Therefore an equality impact assessment has not been necessary.

Crime & Safety Issues	1. The award of the contract itself will not have an impact on crime and safety issues. The enabling works should assist in addressing problems that can be associated with derelict and vacant land and buildings.
GDPR/Privacy Impact Assessment	1. A Privacy Impact Assessment has not been undertaken because the contractor will not be handling any personal data. Greenwoods and relevant officers of the District Council have signed relevant confidentially clauses to not disclose sensitive information provided by the tenderers in their bid documents.

	Risk Description	How We Manage It	Severity of Risk (RYG)
A	The appointed contractor fails to deliver the required level of service	Robust contract specification and monitoring with regular contract review meetings will ensure the project is delivered to the quality required by the tender specification.	Yellow
B	The appointed contractor ceases trading	Robust contract specification and monitoring with regular contract review meetings. A commitment for a performance bond has been required to be provided by the contractor.	Yellow
C	The required works to meet with the approved planning consent and contract specification results in costs above the Approved Budget	Robust evaluation of the tenders received, contract specification and monitoring with regular meetings should ensure the project remains within acceptable budget limits. A contingency sum of £60,000 has been included in the project budget.	Yellow

Background documents Tender Specification
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Relevant web links N/A

Medium Term Financial Strategy (Revenue and Capital) 2019-24

Cabinet Member for Finance and Procurement Councillor Strachan

Date: 15 October 2019

Agenda Item: 13

Contact Officer: Anthony Thomas

Tel Number: 01543 308012

Email: Anthony.thomas@lichfielddc.gov.uk

Key Decision? YES

Local Ward Full Council

Members



Council

1. Executive Summary

The Medium Term Financial Strategy (MTFS)

- 1.1 The ability to deliver the outcomes set out in the **Lichfield District Council Strategic Plan 2016-20** and beyond is dependent on the resources available in the MTFS.
- 1.2 This report considers some preliminary matters relating to the Medium Term Financial Strategy development including:
 - A timetable for the budget process including proposals for scrutiny of the draft MTFS and budget consultation.
 - The assumptions that will be used to develop the MTFS.
 - A draft set of principles that will be established to guide the preparation and management of the Medium Term Financial Strategy.
 - The key issues from the Government's recent Spending Round 2019 and the potential impact on the Council's draft MTFS.
 - Details of the new process for submitting and prioritising capital and 'windfall' income bids.

Business Rates Pilot or Business Rates Pool for 2020/21

- 1.3 The report also seeks delegated authority for a Business Rate Pilot or Business Rates Pool for 2020/21 (should the opportunity become available).

2. Recommendations

That Cabinet:

- 2.1. Recommends to Council the budget assumptions (para 3.7) and the budget principles for the Medium Term Financial Strategy (paras 3.8 to 3.9).

3. Background

The Timetable for the Budget Process

- 3.1. As part of the development of the new Strategic Plan, the Council will undertake consultation on service priorities including options for the level of the potential Council Tax increase in 2020/21.
- 3.2. The timetable for consideration of the various elements of the Medium Term Financial Strategy is detailed in the table below:

Date	Meeting	Topics
08/10/2019	Cabinet	Budget timetable, Budget Principles, MTFS Update, Budget Consultation and Budget Assumptions for 2020/21
Strategic Plan Consultation including Budget Consultation 13/11/2019 to 13/12/2019		
21/11/2019	Strategic (OS) Committee	To review the MTFS and decisions of Cabinet on 8 October 2019
03/12/2019	Council Taxbase	To set the Council Taxbase for 2020/21
28/01/2020	Strategic (OS) Committee	To review the Draft Medium Term Financial Strategy
05/02/2020	Audit and Member Standards Committee	To review the Treasury Management Strategy Statement
11/02/2020	Cabinet	To recommend the Medium Term Financial Strategy and Council Tax increase to Council
18/02/2020	Council	Approve the Medium Term Financial Strategy and set the Council Tax

The Revenue Budget

- 3.3. The Approved Revenue Budget with a transfer to general reserves in 2019/20 and projected Funding Gaps in later years is shown in detail at **APPENDIX A** and below:

	2019/20 Original Budget ¹ £000	2019/20 Approved Budget Q1 £000	2020/21 £000	2021/22 £000	2022/23 £000	2023/24 £000
LEVEL OF UNCERTAINTY / RISK	LOW	LOW	MEDIUM	HIGH	HIGH	HIGH
Healthy and safe communities	1,529	1,521	1,356	1,343	1,337	1,362
Clean, green and welcoming places to live	3,259	3,155	3,278	3,510	3,679	3,777
A vibrant and prosperous economy	(1,079)	(1,032)	(1,332)	(2,116)	(2,854)	(2,785)
A council that is fit for the future	6,185	6,125	6,380	6,521	6,701	6,977
Corporate expenditure	1,329	1,193	503	981	1,694	1,694
Total Expenditure	11,223	10,962	10,185	10,239	10,557	11,025
Funding:						
Retained Business Rates	(2,526)	(2,829)	(1,727)	(1,780)	(1,836)	(1,794)
New Homes Bonus	(1,278)	(1,278)	(1,055)	(1,227)	(1,386)	(1,096)
Collection Fund and one off funding ²	(913)	(913)	(364)	(35)	(35)	(35)
Council Tax	(6,655)	(6,655)	(6,920)	(7,219)	(7,531)	(7,817)
Total Funding	(11,372)	(11,675)	(10,066)	(10,261)	(10,788)	(10,742)
Transfer to or (from) general reserves	39	603	0	0	0	0
New Homes Bonus (Transfer to general reserves)	110	110	455	727	986	796
Approved Funding Gap	0	0	574	705	755	1,079
<u>Recommended Changes to Council 15/10/2019</u>						
Economic Growth	0	50	100	100	100	100
Interest receivable from loan	0	0	(4)	(18)	(22)	(22)
Actuarial Strain Repayment	0	(58)	(58)	(58)	(58)	(58)
Projected Funding Gap / (general reserves)	0	(8)	612	729	775	1,099
Minimum Level	1,600	1,600	1,600	1,600	1,600	1,600
Cumulative New Homes Bonus above the 'cap'	110	110	565	1,292	2,278	3,074
Available Reserves	3,749	4,263	4,263	4,263	4,263	4,263
Total General Reserves	5,459	5,973	6,428	7,155	8,141	8,937

¹ Reflects Funding Gap Proposals

² Includes projected Collection Fund Surpluses in the Quarterly Money Matters to Cabinet on 10 September 2019.

- 3.4. The Approved Revenue Budget has been updated to reflect actual financial performance in 2018/19, projected financial performance in 2019/20 and now incorporates the financial year 2023/24.
- 3.5. The current projected Funding Gaps (excluding financial implications of Friary Grange Leisure Centre) compared to those in the Original Budget are detailed in **APPENDIX A** and are summarised below:

	2020/21	2021/22	2022/23	2023/24
	£000	£000	£000	£000
Original Funding Gap	£842	£917	£1,012	£1,339
Approved Changes	(135)	(212)	(257)	(260)
Recommended Changes to Council 15/10/2019	38	24	20	20
Projected Changes Reported in Money Matters 2019/20 3 months	(133)	0	0	0
Projected Funding Gap	£612	£729	£775	£1,099

- 3.6. The Council updates its Budget forecasts at 3, 6 and 8 month intervals and therefore work is already underway to prepare the Revised Budget for 2019/20 and Original Budgets for future years.
- 3.7. To inform this work, it would be helpful to decide on certain budget assumptions for 2020/21. These are detailed below:

Key Assumptions	Financial Year				
	2019/20	2020/21	2021/22	2022/23	2023/24
Pay Award	2%	2%	2%	2%	2%
Employers National Insurance Rate (average)	9.26%	9.34%	9.44%	9.53%	9.64%
Employers Pension (%)	16.20%	16.20%	16.20%	16.20%	16.20%
Employers Pension (Actuary Past Service Element)	777,270	1,000,420	1,102,060	1,206,520	1,316,520
Employers Pension (Other)	103,820	106,120	109,300	109,950	110,400
Non contractual inflation	2%	2%	2%	2%	2%
Applicable fees and charges inflation	2%	2%	2%	2%	2%
Base Rate (for borrowing and investment)	0.75%	0.75%	0.75%	0.75%	0.75%

- 3.8. In addition, it would assist in preparing the Medium Term Financial Strategy that a set of principles are established to guide the preparation and management of the MTFS.
- 3.9. A recommended set of principles are identified below:

- Council will consider the medium term outlook when setting the level of Council Tax to ensure that a sustainable budget position is maintained;
- Council will prioritise funding for statutory and regulatory responsibilities to ensure these are delivered in a way that meets our legal requirements and customer needs;
- Council will continue to seek continuous improvement to enable further savings, efficiencies and income gains and provide budgets that are appropriate to service needs;
- Council will ensure that all growth in the staffing establishment will be fully understood through robust business cases in order to ensure our resources match service and customer needs. Growth will usually be allowed where costs are offset by external funding, savings or additional income.
- Council will not add to other ongoing revenue budgets unless there are unavoidable costs or corresponding savings are identified elsewhere.
- Council will use robust business cases to prioritise capital funding so that we have a sustainable Capital Programme that meets statutory responsibilities, benefits the Council's overall revenue budget position, and ensures that existing assets are properly maintained.
- Council will maintain an overall level of revenue reserves that are appropriate for the overall level of risks that the organisation faces, in order to overcome any foreseeable financial impact.

The Capital Programme

3.10. The Approved Capital Programme is shown at **APPENDIX B** and is summarised in the table below:

Project	Updated Capital Programme					
	2019/20 £000	2020/21 £000	2021/22 £000	2022/23 £000	Total £000	Corporate £000
Healthy & Safe Communities	2,641	1,695	975	975	6,286	352
Clean, Green and Welcoming Places to Live	2,620	263	332	3,100	6,315	351
A Vibrant and Prosperous Economy	987	0	0	0	987	289
A Council that is Fit For the Future	6,441	13,329	13,159	13,175	46,104	961
Approved Budget	12,689	15,287	14,466	17,250	59,692	1,953
Recommended Changes to Council 15/10/2019	(382)	0	0	0	(382)	0
Updated Capital Programme	12,307	15,287	14,466	17,250	59,310	1,953
Funded by:						
Usable Capital Receipts	728	593	413	219	1,953	
Other Sources	5,549	1,694	1,053	4,031	12,327	
Borrowing	6,030	13,000	13,000	13,000	45,030	

Usable Capital Receipts	(2,663)	(2,079)	(1,675)	(1,465)	(1,474)
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3.11. The change in the Approved Capital Programme compared to the Original Budget is summarised in the table below:

Approvals	2019/20 £000	2020/21 £000	2021/22 £000	2022/23 £000	Total £000
Council 19/02/2019	11,618	14,909	14,466	17,250	58,243
Approved Changes					
Slippage	819				819
Allocation of Strategic Community	255	45			300
Infrastructure Levy					
Multi-Storey Car Park Refurbishment	300				300
Quarter 1 Money Matters	(303)	333			30
Approved Budget	12,689	15,287	14,466	17,250	59,692
Recommended Changes to Council 15/10/2019					
Cabinet Report - Quarter 1 Money Matters	(502)				(502)
Cabinet Report – Birmingham Road Enabling Works	120				120
Updated Capital Programme	12,307	15,287	14,466	17,250	59,310

3.12. The revenue Implications of the Approved Capital Programme is summarised below:

Revenue Implications	Approved Budget					
	2019/20 £000	2020/21 £000	2021/22 £000	2022/23 £000	2023/24 £000	Total £000
Leisure Outsourcing	(38)	(38)	(38)	(38)	(38)	(190)
Leisure Outsourcing - VAT Benefit	(19)	(20)	(23)	(25)	(25)	(112)
Sub Total	(57)	(58)	(61)	(63)	(63)	(302)
Property Investment Strategy	0	(56)	(180)	(303)	(303)	(842)
Digital Strategy	50	(30)	(100)	(150)	(150)	(380)
Chasewater and Friary Outer etc.	87	86	87	85	85	430
Approved Budget	80	(58)	(254)	(431)	(431)	(1,094)
Recommended changes to Council 15/10/2019						
Interest on Loan to the LA Company	0	(4)	(18)	(22)	(22)	(66)
Updated Budget	80	(62)	(272)	(453)	(453)	(1,160)

The Capital Strategy

- 3.13. The Capital Strategy included brief details of our current capital prioritisation process together with a diagram of how the Capital Programme integrates with the Infrastructure Delivery Plan, Regulation 123 List and funding from planning obligations.
- 3.14. The current prioritisation process is focused only on capital need and reflected that resources available normally exceed capital investment proposals and therefore prioritisation of proposals was not a necessity.
- 3.15. Additionally, as the Council becomes more commercial and Asset Management Plans are developed, it is probable that capital needs will be identified that exceed resources available thus necessitating a more transparent and robust process to inform Members during the development of the Medium Term Financial Strategy.
- 3.16. It is also desirable to apply the principles of the process to other one off and 'windfall' funding, such as the recent VAT refund.
- 3.17. This process has been designed to ensure consistency, objectivity, equity and transparency to the prioritisation and allocation of capital funding, while ensuring we get maximum value for money from all resources.
- 3.18. A summary of the process is identified below with more detail at **APPENDIX C**:
- Service identifies a budget requirement and consults with the Finance and Procurement Team.
 - Service requests funding by completing and submitting a funding bid form.
 - Service completes a funding bid financial profile form and submits this with their bid.
 - Service completes a funding bid assessment form and submits this with their bid.
 - The Finance and Procurement Team reviews all bids and assessments and requests clarification where required.
 - The Finance and Procurement Team reviews bids using the assessment criteria and submits a report to Leadership Team.
 - Leadership Team review all bids and recommend changes before recommending the allocation of funding either through a Cabinet Report or through the Medium Term Financial Strategy.
 - Finance and Procurement monitor funding allocations and spend, reporting to Leadership Team as part of Money Matters Reports.
 - Service completes work / project outlined within the bid and undertakes a review (i.e. post-project review) within 6 months of work being completed, providing this to Finance and Procurement to include in report to Leadership Team.
- 3.19. Leadership Team have been requested to submit new or additional capital bids for consideration in the Medium Term Financial Strategy.

The Spending Round 2019

3.20. The key elements of the Chancellor's statement of 4 September 2019, are detailed below:

Key Element	Approved relevant MTFs assumption for 2020/21	Potential implications in 2020/21 only
Local Government Funding Additional funding was made available including: <ul style="list-style-type: none"> £1bn new social care funding; £700m new funding for children and young people; Additional funding to help tackle housing and homelessness. 	Flexible Housing Grant (£0) Previous Financial Years: 2017/18 (£99,178) 2018/19 (£108,711) 2019/20 (£118,023)	The Ministry of Housing, Communities and Local Government have stated they expect to provide funding allocations by early December 2019.
Local Government Finance System The Government has delayed the introduction of the Fair Funding Review and the 75% Business Rates retention until 1 April 2021.	Total (£1,726,700) Business Rates Baseline (£2,125,000) Negative Revenue Support Grant £466,000 Business Rates Growth assumed the majority of growth would be redistributed (£64,700)	Likely to be significantly higher if Negative Revenue Support Grant is abated and Business Rate Growth is retained.
New Homes Bonus Funding for legacy payments i.e. payments awarded in previous financial years has been provided for in the spending round. Funding has also been confirmed for a scheme to continue to operate in 2020/21 – although they have not yet confirmed what the details of the scheme are.	Total (£1,055,000) Base Budget (£600,000) Transfer to General Reserves (£455,000)	Legacy payments are (£939,000)
Council Tax The referendum threshold is proposed to be 2% which is a lower level than the current higher of 3% or £5 level.	Total (£6,920,000) Modelled Council Tax increase 3% generating (£202,000) of income Projected Council Taxbase growth of 1% generating (£61,000) of income	A Council Tax increase of 2% and using approved budget growth would generate (£135,000) of income Projected Council Taxbase growth is likely to be higher than projected.
Business Rates Pilots The Government have indicated that they do not intend to operate or extend any of the current 75% Business Rate Pilots into 2020/21.	Total (£568,000) Transferred to Earmarked Reserves to fund economic growth / income generating activities.	The extension of a Business Rate Pilot would lead to retention of similar levels of income. A Business Rates Pool would require the payment of a levy potentially at a reduced level. No Pilot or Pool would lead to the full payment of levy reducing Business Rate growth.

3.21. The Government also announced that a technical consultation would be issued on this year's Local Government Finance Settlement setting out further details.

Business Rate Pilots or Pools for 2020/21

- 3.22. The current Business Rates Retention Scheme took effect from 1 April 2013 and allowed authorities that experience growth in business rates income (above baselines set by the Government) to retain some of the growth after the payment of a levy to Government.
- 3.23. In 2012 Lichfield joined the Greater Birmingham and Solihull Business Rates Pool. This pool enabled the pool members to retain more funding because the 'levy' that must be paid to the Government is lower in a Business Rates pool.
- 3.24. The Government has provided an opportunity for authorities to work together to 'road test' elements of the proposed new 75% Business Rates regime as Pilots. These Pilots are able to retain even more of the growth generated locally.
- 3.25. Staffordshire and Stoke on Trent authorities submitted a bid in 2018 to be a Pilot for 2019/20 that would mean if the bid was successful, that the Greater Birmingham and Solihull Business Rates Pool would be dissolved.
- 3.26. The Staffordshire and Stoke on Trent Pilot was notified in December 2018, as part of the Local Government Finance Settlement for 2019/20, that it had been successfully selected to be a pilot.
- 3.27. The Medium Term Financial Strategy assumed additional income of **(£568,000)** from the Business Rate Pilot in 2019/20. Latest projections indicate growth is likely to exceed this budgeted level, although there remains a high level of uncertainty due to appeals and reliefs etc.
- 3.28. If an opportunity exists to continue to be a Pilot for 2020/21, Cabinet are requested to delegate authority to the Council's Chief Executive and the Section 151 Officer, in consultation with the Leader and Cabinet Member for Finance and Procurement, to formalise Lichfield District Council's sign off of a Pilot Bid for 75% Business Rates retention in 2020/21.
- 3.29. If there were no pilots in 2020/21, Cabinet are requested to delegate authority to the Council's Chief Executive and the Section 151 Officer, in consultation with the Leader and Cabinet Member for Finance and Procurement, to agree to Membership of a Business Rates Pool in 2020/21.

Alternative Options	Where alternative options exist, they are identified within the background section of the report.
Consultation	<p>The Council is required under S65 Local Government Finance Act 1992 to consult ratepayers (or bodies appearing to represent ratepayers) about proposed expenditure.</p> <p>The Council is already planning to undertake a consultation exercise in relation to the development of the new Strategic Plan. This exercise will provide information on priorities and can therefore be used for budget consultation purposes.</p> <p>Strategic (Overview and Scrutiny) Committee at its meeting on 21 November 2019 will scrutinise the Draft MTFS. The Chair will provide feedback to Cabinet, as appropriate.</p> <p>Audit and Member Standards Committee will scrutinise the Treasury Management Strategy Statement and the Prudential Indicators at its meeting on 5 February 2020 and the Chair will provide feedback to Cabinet, as appropriate.</p> <p>Strategic (Overview and Scrutiny) Committee at its meeting on 28 January 2020 will scrutinise the MTFS 2019-24 and the Chair will provide feedback to Cabinet, as appropriate.</p>
Financial Implications	These are detailed in the background section and the APPENDICES .

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.
GDPR/Privacy Impact Assessment	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
A	Achievement of The Council's key Council priorities	Close monitoring of performance and expenditure; maximising the potential of efficiency gains; early identification of any unexpected impact on costs including Central Government Policy changes, movement in the markets, and changes in the economic climate.	Green - Tolerable
B	Implementation of the Check, Challenge and Appeal Business Rates Appeals and more frequent revaluations	To closely monitor the level of appeals. An allowance of 4.7% (in line with the MHCLG Allowance) for appeals has been included in the Business Rate Estimates.	Red - Severe
C	The review of the New Homes Bonus regime in 2020/21	Not all of the projected New Homes Bonus is included as core funding in the Base Budget. In 2020/21 £600,000 is included and this is then being reduced by £100,000 per annum.	Red - Severe
D	The increased Localisation of Business Rates and the Fair Funding Review in 2021/2022	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
E	The affordability and risk associated with the Capital Strategy		Yellow - Material
E1	Planned Capital Receipts are not received	The budget for capital receipts will be monitored as part of the Council's normal budget monitoring procedures.	Yellow - Material
E2	Slippage Occurs in the Capital Spend	Spend will be monitored through normal budget monitoring procedures with budgets updated to reflect latest plans and projections.	Yellow - Material
E3	Actual cash flows differ from planned cash flows	Cash flow is monitored on a daily basis through normal Treasury Management processes.	Green - Tolerable
F	The affordability and risk associated with the Property Investment Strategy		Yellow - Material
F1	Slippage occurs in the Capital Spend	Spend will be monitored through normal budget monitoring procedures with budgets updated to reflect latest plans and projections.	Yellow - Material
F2	Change in Government Policy including Regulatory Change	To monitor proposed changes to policy and regulation and seek to influence in the Council's favour.	Red - Severe
F3	The form of exit from the EU adversely impacts on the UK economy including the Property Market and Borrowing Costs	To monitor the situation and where possible identify alternative options.	Red - Severe
F4	There is a cyclical 'downturn' in	To monitor the wider markets and where possible adapt	Yellow - Material

	Risk Description	How We Manage It	Severity of Risk
	the wider markets	plans to minimise the Council's risk exposure.	
F5	There is insufficient expertise to implement the Property Investment Strategy	An estates management team is being recruited to provide professional expertise and advice in relation to the Property Investment Strategy.	Yellow - Material
F6	Inability to acquire or dispose of assets due to good opportunities not being identified	To utilise Property Agents to identify opportunities for potential acquisitions and disposals.	Red - Severe

Approved Revenue Budget (excluding Friary Grange implications)

	2019/20 Original Budget ³ £000	2019/20 Approved Budget Q1 £000	2020/21 £000	2021/22 £000	2022/23 £000	2023/24 £000
LEVEL OF UNCERTAINTY / RISK	LOW	LOW	MEDIUM	HIGH	HIGH	HIGH
Healthy and safe communities	1,529	1,521	1,356	1,343	1,337	1,362
Clean, green and welcoming places to live	3,259	3,155	3,278	3,510	3,679	3,777
A vibrant and prosperous economy	(1,079)	(1,032)	(1,332)	(2,116)	(2,854)	(2,785)
A council that is fit for the future	6,185	6,125	6,380	6,521	6,701	6,977
Corporate expenditure	1,329	1,193	503	981	1,694	1,694
Total Expenditure	11,223	10,962	10,185	10,239	10,557	11,025
Funding:						
Retained Business Rates Baseline less negative RSG	(2,083)	(2,083)	(1,662)	(1,691)	(1,720)	(1,680)
Retained Business Rates Growth	(443)	(746)	(65)	(89)	(116)	(114)
Business Rates Cap	(68)	(68)	0	0	0	0
Business Rates Pilot	(568)	(568)	0	0	0	0
New Homes Bonus Base Budget	(700)	(700)	(600)	(500)	(400)	(300)
New Homes Bonus - transfer to Earmarked Reserve	(468)	(468)	0	0	0	0
New Homes Bonus - transfer to General Reserve	(110)	(110)	(455)	(727)	(986)	(796)
Collection Fund (Surplus)/Deficit	(277)	(277)	(364)	(35)	(35)	(35)
Council Tax	(6,655)	(6,655)	(6,920)	(7,219)	(7,531)	(7,817)
Total Funding	(11,372)	(11,675)	(10,066)	(10,261)	(10,788)	(10,742)
Transfer to or (from) general reserves	39	603	0	0	0	0
New Homes Bonus (Transfer to general reserves)	110	110	455	727	986	796
Approved Funding Gap	0	0	574	705	755	1,079
<u>Recommended Changes to Council 15/10/2019</u>						
Economic Growth	0	50	100	100	100	100
Interest receivable from loan	0	0	(4)	(18)	(22)	(22)
Actuarial Strain Repayment	0	(58)	(58)	(58)	(58)	(58)
Birmingham Road additional spend	0	65	0	0	0	0
Birmingham Road funding from earmarked reserve	0	(62)	0	0	0	0
Birmingham Road funding from existing resource	0	(3)	0	0	0	0
Updated Funding Gap / (general reserves)	0	(8)	612	729	775	1,099

		2020/21 £000	2021/22 £000	2022/23 £000	2023/24 £000
Original Funding Gap	Cabinet Report	£842	£917	£1,012	£1,339
Pension Triennial Valuation - upfront payment with confirmed savings	12/03/2019	4	(72)	(114)	(114)
Outturn 2018/19 Members Allowances	13/06/2019	(10)	(10)	(10)	(10)
Jigsaw Funding Agreement	09/07/2019	(10)	(10)	(10)	(10)
Higher Insurance Premiums due to property values increase	10/09/2019	34	34	34	34
Lower Business Rate payments for Council Property	10/09/2019	(37)	(37)	(37)	(37)
National Living Wage - actual scale points lower than projected	10/09/2019	(55)	(55)	(55)	(55)
Additional Pensions updated projections	10/09/2019	(8)	(9)	(12)	(15)
Arts Development Residue Savings	10/09/2019	(3)	(3)	(3)	(3)
Treasury Management - Increased Interest	10/09/2019	(50)	(50)	(50)	(50)
<u>Recommended Changes to Council 15/10/2019</u>					
Additional Economic Growth Posts	10/09/2019	100	100	100	100
Interest Receivable - Loan to the LA Company of £675,000	10/09/2019	(4)	(18)	(22)	(22)
Actuarial Strain Repayment - Invest to Save Project	10/09/2019	(58)	(58)	(58)	(58)
<u>Projected Changes Reported in Money Matters 2019/20 3 months</u>					
Higher Collection Fund Council Tax Surplus than Budget	10/09/2019	(133)			
Collection Fund Business Rates Surplus	10/09/2019	(197)			
Collection Fund Business Rates Surplus (Earmarked Reserve)	10/09/2019	197			
Projected Funding Gap		£612	£729	£775	£1,099

³ Reflects funding gap proposals

Approved Capital Programme (excluding Friary Grange implications)

Project	Updated Capital Programme (R=>£500k, A= £250k to £500k and G = <£250k)							
	Actual £000	2019/20 £000	2020/21 £000	2021/22 £000	2022/23 £000	2023/24 £000	Total £000	Corporate £000
Burntwood Leisure Centre CHP Unit	0	235	0	0	0	0	235	0
Leisure Review: Capital Investment	25	30	0	0	0	0	30	0
Play Equipment at Hill Ridware Village Hall	30	30	0	0	0	0	30	0
New Build Parish Office/Community Hub	0	92	0	0	0	0	92	0
Fradley Village Heating & CCTV	0	5	0	0	0	0	5	0
Fradley Youth & Community Centre Cladding etc	10	15	0	0	0	0	15	0
Armitage with Handsacre Village Hall heating	5	5	0	0	0	0	5	0
Armitage with Handsacre Village Hall storage	0	6	0	0	0	0	6	0
Armitage War Memorial and surrounding area	0	120	0	0	0	0	120	0
Canopy and artificial grass at Armitage	5	13	0	0	0	0	13	0
Westgate Practice Refurbishment (CIL)	0	120	0	0	0	0	120	0
King Edwards VI School (CIL)	0	101	0	0	0	0	101	0
Accessible Homes (Disabled Facilities Grants)	660	1,266	1,398	950	950	0	4,564	352
Home Repair Assistance Grants	0	28	15	15	15	0	73	0
Decent Homes Standard	0	197	0	0	0	0	197	0
Energy Insulation Programme	0	38	10	10	10	0	68	0
DCLG Monies	0	212	0	0	0	0	212	0
Unallocated S106 Affordable Housing Monies	0	128	272	0	0	0	400	0
Healthy & Safe Communities Total	735	2,641	1,695	975	975	0	6,286	352
Darnford Park (S106)	0	0	13	0	0	0	13	0
Canal Towpath Improvements	0	211	0	0	0	0	211	0
Loan to Council Dev Co.	0	900	0	0	0	0	900	116
Lichfield St Johns Community Link (CIL)	0	10	25	0	0	0	35	0
Staffordshire Countryside Explorer (CIL)	0	0	44	0	0	0	44	0
Vehicle Replacement Programme	0	140	25	0	3,080	0	3,245	0
Vehicle Replacement Programme	0	286	134	307	20	0	747	210
Shortbutts Park, Lichfield	0	23	0	0	0	0	23	20
Env. Improvements - St John St & Birm. Road	0	7	0	0	0	0	7	0
Stowe Pool Improvements	0	1,000	0	0	0	0	1,000	5
The Leomansley Area Improvement Project	0	3	0	0	0	0	3	0
Cannock Chase SAC	39	40	22	25	0	0	87	0
Clean, Green and Welcoming Places to Live Total	39	2,620	263	332	3,100	0	6,315	351
Multi Storey Car Park Refurbishment Project	0	300	0	0	0	0	300	0
Birmingham Road Site - Coach Park	0	236	0	0	0	0	236	236
Birmingham Road Site - Short Term Redevelopment	0	353	0	0	0	0	353	0
Car Parks Variable Message Signing	0	32	0	0	0	0	32	0
Old Mining College - Refurbish access and signs	0	13	0	0	0	0	13	0
Erasmus Darwin Legacy (Lichfield City Art Fund)	3	3	0	0	0	0	3	3
St. Chads Sculpture (Lichfield City Art Fund)	45	50	0	0	0	0	50	50
A Vibrant and Prosperous Economy Total	48	987	0	0	0	0	987	289
Property Investment Strategy	0	6,000	13,000	13,000	13,000	0	45,000	0
Depot Sinking Fund	0	0	11	0	0	0	11	11
IT Infrastructure	0	105	55	35	15	0	210	210
IT Cloud	0	25	100	0	0	0	125	125
IT Innovation	5	200	110	50	50	0	410	305
District Council House Repair Programme	0	111	53	74	110	0	348	310
A Council that is Fit For the Future Total	5	6,441	13,329	13,159	13,175	0	46,104	961
Approved Budget	827	12,689	15,287	14,466	17,250	0	59,692	1,953

APPENDIX B

Project	Updated Capital Programme (R=>£500k, A= £250k to £500k and G = <£250k)							
	Actual £000	2019/20 £000	2020/21 £000	2021/22 £000	2022/23 £000	2023/24 £000	Total £000	Corporate £000
<u>Recommend Changes to Council 15/10/2019</u>								
Accessible Homes (Disabled Facilities Grants)		234					234	
Unallocated S106 Affordable Housing Monies		214					214	
Stowe Pool Improvements		(950)					(950)	
Birmingham Road Site - Short Term Redevelopment		120					120	
Loan to Council Dev Co.		(225)					(225)	
Equity in Council Dev Co.		225					225	
Updated Capital Programme	827	12,307	15,287	14,466	17,250	0	59,310	1,953

Funding Source	Updated Capital Programme						
	2019/20 £000	2020/21 £000	2021/22 £000	2022/23 £000	2023/24 £000	Total £000	
Usable Capital Receipts	728	593	413	219	0	1,953	
Corporate Council Sources	728	593	413	219	0	1,953	
External Grants and Contributions	1,975	1,159	931	931	0	4,996	
Section 106	982	307	25	0	0	1,314	
CIL	231	69	0	0	0	300	
Earmarked Reserves	1,986	134	97	20	0	2,237	
Sinking Fund	235	0	0	0	0	235	
Finance Leases	140	25	0	3,080	0	3,245	
Total	6,277	2,287	1,466	4,250	0	14,280	
In Year FUNDING GAP (Borrowing Need)	6,030	13,000	13,000	13,000	0	45,030	
Grand Total	12,307	15,287	14,466	17,250	0	59,310	

Capital Receipts	2019/20 £000	2020/21 £000	2021/22 £000	2022/23 £000	2023/24 £000	Total £000
Opening Balance	(2,004)	(2,663)	(2,079)	(1,675)	(1,465)	(2,004)
Guardian House Covenant	(329)					(329)
Sale of Beacon Cottage	(365)					(365)
Sale of land at Netherstowe and Leyfields	(527)					(527)
Right to Buy Receipts	(157)					(157)
Other Receipts	(9)	(9)	(9)	(9)	(9)	(45)
Utilised in Year	728	593	413	219	0	1,953
Closing Balance	(2,663)	(2,079)	(1,675)	(1,465)	(1,474)	(1,474)

Capital Budget Setting Process

Capital expenditure relates to money spent on the acquisition or creation of assets, or money that is used to enhance, add to the life, or add value to, an existing asset (such as investment in; land, property, vehicles, hardware or software) or where expenditure is defined as capital by statute (such as Disabled Facilities Grants).

The capital budget is currently planned over a rolling five-year period and is reviewed annually as part of the budget setting process, as set out in our financial procedure rules, and considers not only the capital expenditure required but also any revenue implications that may exist.

Capital expenditure is normally for higher value activity (the Council has a minimum threshold of £10,000) that is needed for planned investment or opportunistic projects. When viewed across the organisation, these capital projects are collectively known as the capital programme, and delivery is monitored regularly along with expenditure.

Given the nature of the work it is expected that there will be appropriate governance (including compliance with the key decision limit) and project management methodology used to deliver capital investment schemes.

This process has been designed to ensure consistency, objectivity, equity and transparency to the prioritisation and allocation of capital funding, while ensuring we get maximum value for money from all resources.

Please note: this funding could form part funding for bigger projects or accompany reserves bids.

Sources of Capital Funding

Capital funding can be obtained from a variety of sources, which include:

- Capital receipts (e.g. from the sale of land or property)
- External opportunities (e.g. grants and s106)
- Revenue budgets (e.g. using earmarked reserves to fund capital activity)
- Borrowing (e.g. loans from banks or Public Works Loans Board (PWLBB))

The capital budget will often include a range of sources, which will normally be determined by the opportunities available as well as the project being undertaken.

Section 106 and Community Infrastructure Levy (CIL) Funding

Through the planning process, money is often received from new developments to support infrastructure works (including; roads etc. as well as social and community facilities). This is normally spent in line with the Infrastructure Delivery Plan (IDP) but there remains an element of discretion on how they are allocated.

As this is a significant source of funding, it is inevitable that the capital programme will include a number of projects that are to be funded in this way. However, it should be noted that such projects will often have a significant level of interest from the community.

Requesting Capital Funds

Given the nature of the funding, and the existence of investment plans (such as asset management or replacement plans), requirements for capital expenditure should be known and requested well in advance.

The availability of capital funds is limited and so the standard process involves allocation through an annual bidding process.

All bids should be submitted using the Capital Budget Bid Form. The bid will need to provide an overview of the proposals that require funding along with a clear business case for the investment, which should also include a financial profile (including cashable and non-cashable considerations) that outlines the capital and revenue implications for up to a five-year period.

Bids for capital expenditure are received and assessed using specific criteria aimed at delivering our strategic ambitions and meeting legislative requirements. This assessment will permit the bids to be prioritised and funding to be appropriately allocated.

Where projects are assessed as low priority, or where there is insufficient funding to resource all bids, then those deemed to be of lower priority will not be supported.

Assessing Capital Bids

All bids for capital expenditure should be initially assessed, and scored, by the service applying for the funding. Once submitted, this will be reviewed by the finance service to ensure compliance and accuracy. The assessment will be required to use the following criteria:

- Priorities - contribution to strategic priorities
- Compliance - achievement of statutory or regulatory requirements
- Investment – maintenance or enhancement of assets
- Opportunity - availability of external funding
- Saving - reduction in total costs
- Income – to create or protect income streams

The criteria demonstrates the commitment to new projects while recognising the importance of ongoing investment in our existing assets to ensure the overall costs are decreased and their useful life is extended.

Once checked by the finance service, the bids will then be prioritised based on the assessment results. The outcome will be reported to Leadership Team who will discuss the bids, review prioritisation and recommend changes before confirming the allocation of funding.

Monitoring Bids

When all capital bids are reviewed and agreed, they will be collated in to a capital programme. This will be monitored through the normal budget monitoring processes (such as in Money Matters reports to Cabinet and Strategic Overview and Scrutiny Committee).

A review will be expected at the end of the work or project to consider the impact and outcomes from the use of the funding. This must be done within 6-months of the work or project ending. These reviews will be submitted to Leadership Team, as part of the capital budget monitoring and reporting processes, and used to help assess the return on investment of the funding provided.

Guide to Reserves Funding and Bids

The council holds a variety of revenue budgets, mainly allocated to service delivery, however reserves are also held either for specific reasons (earmarked reserves), for investment purposes, or to act as a buffer to mitigate financial risk (general reserves).

The council is expected to undertake prudent financial management and therefore will maintain an adequate 'working balance' or Minimum Level of reserves. A risk assessment approach in line with Best Practice is used to determine the required Minimum Level and the level of general and earmarked reserves.

For a variety of reasons, the level of reserves may be higher than the Minimum Level. This could be due to service under-spending, unexpected income or variations in the assumptions made in financial planning.

Where this is then case, there is an opportunity to use these reserves to act as opportunistic funding, for example; to undertake projects that lead to savings, income, efficiencies or reduce risk. Where these are identified, officers can bid for such funding using the outlined process.

This process has been designed to ensure consistency, objectivity, equity and transparency to the prioritisation and allocation of capital funding, while ensuring we get maximum value for money from all resources.

Please note: this funding could form part funding for bigger projects or accompany capital bids.

Requesting Funding

Given the nature of the funding it is anticipated that the need for funding may be reactive to newly identified opportunities or issues, as well as responsive to customer feedback or new and emerging technology.

The availability of reserve funds is limited and so the standard process involves allocation through an annual bidding process. All bids should be submitted using the Funding Bid Form and should provide an overview of the proposals that require funding along with a clear business case for the investment, which should also include a financial profile (including cashable and non-cashable considerations) that outlines the capital and revenue implications for up to a five-year period.

Bids are received and assessed using specific criteria aimed at delivering our strategic ambitions and meeting legislative requirements. This assessment will permit the bids to be prioritised and funding to be appropriately allocated.

Where projects are assessed as low priority, or where there is insufficient funding to resource all bids, then they will not generally be allocated funding.

Assessing Bids

All bids for capital expenditure should be initially assessed, and scored, by the service applying for the funding. Once submitted, this will be reviewed by the finance service to ensure compliance and accuracy. The assessment will be required to use the following criteria:

- Priorities - contribution to strategic priorities
- Compliance - achievement of statutory or regulatory requirements

- Investment – maintenance or enhancement of assets
- Opportunity - availability of external funding
- Saving - reduction in total costs
- Income – to create or protect income streams

The criteria demonstrates the commitment to new projects while recognising the importance of ongoing investment in existing services to improve or decrease costs.

Once checked by the finance service, the bids will then be prioritised based on the assessment results. The outcome of this will be reported to Leadership Team who will discuss the bids, review prioritisation and recommend changes before confirming the allocation of funding.

Monitoring Bids

All bids will be collated in to a programme of activity, which will be monitored as part of the normal budget monitoring and reporting processes (such as in Money Matters reports to Cabinet and Strategic Overview and Scrutiny Committee).

A review will be expected at the end of the work or project to consider the impact and outcomes from the use of the funding. This must be done within 6-months of the work or project ending. These reviews will be submitted to Leadership Team, as part of the normal budget monitoring and reporting processes, and used to help assess the return on investment of the funding provided.

Guide to Post-Project Reviews

Post-project, or post-implementation, reviews are there to ensure that we take an opportunity to reflect on how well a project delivered the anticipated outcomes, as well as taking time to learn lessons from the work that was done to help inform and improve future projects or activity.

To measure success it is important for the review to reflect on a number of different aspects including the financial and non-financial outcomes and benefits. In projects terms, this is about the realisation (delivery) of the benefits (outcomes) that were anticipated at the start of the project. To do this, fundamental questions need to be answered;

1. Did the project solve their problem it was designed to address?
2. Can we take things further and deliver even bigger benefits?
3. What lessons are there to learn from the project to help future projects be more successful?

The review process

The views from those involved within the project, as well as those who experience the outcomes (such as customers), should be pulled together in a focused and structured way. This is often done through a post-project or lessons-learned event, or alternatively through the electronic response to structure questions.

The views need to be provided in an open and transparent way, with everyone being honest about what worked and what didn't.

Constructive criticism as well as objective praise should be welcome. Things should be well documented to capture both the statements as well as any sentiments that sit behind the observations.

It is also important to attempt to demonstrate the view presented with objective information, and analysis, including any key performance indicators or measurable outcomes. This can help emphasis areas of success or potential areas of improvement.

When to undertake a review

Once collated, these views can be used to create the post-project review.

The best time to undertake the review is soon after the project has been delivered as it will still be fresh in the minds of those involved, and can consider all those issues or problems that may still be being overcome.

This means it is normal for the review to be done a few weeks to a few months after the project has been completed.

What to include within a review

A review should provide information that allows the review to demonstrate;

- Was the project delivered as planned? (i.e. within time and budget tolerances)
- Were the project goals achieved? (i.e. as outlined in the project scope or brief)
- What gaps exist? (i.e. how closely the project results match the original objectives)
- How satisfied are customers and stakeholders? (i.e. how well it met people's needs)
- What were the project costs?
- What are the opportunities for further development or improvement?
- What lessons can be learned from the project? (i.e. governance and outcomes)
- What are the recommendations from the review?

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Designation of Monitoring Officer

Report of Angela Lax, Cabinet Member for Legal & Regulatory Services

Date:	15 October 2019
Agenda Item:	14
Contact Officer:	Neil Turner, Director of Transformation and Resources
Tel Number:	01543 308761
Email:	neil.turner@lichfielddc.gov.uk
Key Decision?	NO
Local Ward Members	None



Council

1. Executive Summary

- 1.1 The Local Government and Housing Act (1989) obliges the Council to nominate one of its officers as its Monitoring Officer.
- 1.2 The previous Monitoring Officer, the former Head of Legal, Property and Democratic Services, left the employment of the Council on the 14 April 2019 and Christie Tims, Head of Corporate Services was appointed as Interim Monitoring Officer in April 2019.
- 1.3 Following amendments to the Head of Corporate Services post, we now seek the formal appointment of Ms Tims to the role of Monitoring Officer.

2. Recommendations

- 2.1 It is recommended that Council approves the designation of Christie Tims, Head of Corporate Services as the Monitoring Officer.

3. Background

- 3.1 Legislation specific to local government obliges councils to appoint three 'statutory officers': a Head of Paid Service (here that is Diane Tilley), a S151 Officer (Anthony Thomas) and a Monitoring Officer.
- 3.2 Section 5 of the Local Government and Housing Act 1989 says that 'shall be every duty of every [council] to designate one of their officers (to be known as 'The Monitoring Officer').
- 3.3 The council is obliged to provide The Monitoring Officer with the staff, accommodation and other resources as required for the duties of The Monitoring Officer to be undertaken.
- 3.4 The Monitoring Officer has three main roles:
 - To report to Council on matters, decisions and actions that they believe are, or are likely to be, illegal or amount to maladministration;
 - To be responsible for matters relating to the conduct of Councillors and officers, in accordance with the Codes of Conduct for Members and for officers.
 - To be responsible for the maintenance and operation of the council's Constitution.
- 3.5 The role of the Monitoring Officer, as described by the Constitution, is attached at Appendix A.
- 3.6 The Council has designated a Deputy Monitoring Officer, who can support the Monitoring Officer and has the authority to act in their absence.
- 3.7 Members will also be aware that the Council had three vacant Heads of Service positions. One of the roles has been merged with an existing Head of Service to create the Head of Economic Growth and

Development. Another is currently being advertised, Head of Operational Services. The Head of Legal, Property and Democratic Services has been deleted and the duties have been relocated elsewhere in the establishment.

- 3.8 Christie Tims has carried out the role for the last 6 months effectively. Following the review of the duties for the Head of Corporate Services it is now recommended that Council designates Christie Tims, as the Council's Monitoring Officer.

Alternative Options	Before appointing Ms Tims as Interim Monitoring Officer, all members of Leadership Team were considered for the position as was as was sharing a Monitoring Officer with another council. But it is felt that the Monitoring Officer should be one of our own staff and a member of Leadership Team so that they are at the centre of the decision formulating process and can advise in a timely manner.
Consultation	Leadership Team has been consulted on this proposal.
Financial Implications	There are no additional financial implications arising from this report.
Contribution to the Delivery of the Strategic Plan	Designating the Monitoring Officer is a statutory duty of the Council.
Equality, Diversity and Human Rights Implications	There are no such implications arising from this report.
Crime & Safety Issues	There are no such implications arising from this report.
GDPR/Privacy Impact Assessment	There is no requirement to complete a Privacy Impact Assessment because of this report.

	Risk Description	How We Manage It	Severity of Risk (RYG)
A	The Council does not appoint a Monitoring Officer	The Council is being asked to designate a Monitoring Officer so that we comply with our obligations.	Green

Background documents Local Government and Housing Act 1989 Lichfield District Council Constitution
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Appendix A

The Role of the Monitoring Officer

(a) Maintaining the Constitution

The Monitoring Officer will maintain an up to date version of the Constitution and ensure that it is widely available for consultation by members, officers, and the public.

(b) Ensuring Lawfulness and Fairness of Decision Making

After consulting the Head of Paid Service and Chief Finance Officer, the Monitoring Officer will report to the Council (in relation to a non-executive function) and to the Cabinet in relation to an executive function if he/she considers that any proposal, decision, or omission will give rise to unlawfulness or any decision or omission has given rise to maladministration. Such a report will have the effect of preventing the proposal or decision from being implemented until the report has been considered.

(c) Supporting the Audit and Member Standards Committee

The Monitoring Officer will contribute to the promotion and maintenance of high standards of conduct through provision of support to the Audit and Member Standards Committee.

Notwithstanding any duty of confidentiality, the Monitoring Officer shall be at liberty to disclose any information relating to the Council's affairs, and provide copies of any records or documents belonging to the Council to the Audit and Member Standards Committee, for the purposes of investigation or determination of an allegation that a Councillor has failed to comply with the Code of Conduct for Members.

(d) Receiving Reports

The Monitoring Officer will receive and act on reports made by the Council's Audit and Member Standards Committee.

(e) Conducting Investigations

The Monitoring Officer will conduct investigations into matters as directed by or which fall within the jurisdiction of the Audit and Member Standards Committee and the Monitoring Officer and make reports or recommendations in respect of the same to the Audit and Member Standards Committee, in so doing the Monitoring Officer shall comply with any arrangements for such investigations as may be adopted by the Council.

(f) Proper Officer for Access to Information

The Monitoring Officer will ensure that decisions, together with the reasons for those decisions, and relevant reports and background papers are made publicly available in accordance with legislation.

(g) Advising whether Cabinet Decisions are within the Budget and Policy Framework.

The Monitoring Officer will advise whether the decisions of the Cabinet are in accordance with the Council's budget and policy framework.

(h) Providing Advice

The Monitoring Officer will provide advice on the scope of powers and authority to take decisions, maladministration, financial impropriety, probity and budget and policy framework issues to all Councillors.

(i) Restrictions on Post

The Monitoring Officer cannot be the Chief Finance Officer or the Head of Paid Service.

AMENDMENTS TO THE CONTRACT PROCEDURE RULES



Report of Angela Lax, Cabinet Member for Legal & Regulatory Services

Date: 15 October 2019

Officer Title: Agenda Item 15

Officer Title: Christie Tims – Head of Corporate Services and Interim
Monitoring Officer

Local Ward
Members N/A

Council

1. Executive Summary

- 1.1 The Lichfield District Council Constitution was comprehensively reviewed in 2018 and updated to reflect recent changes in legislation, clarify delegations and process and also to make it easier to navigate.
- 1.2 Part 4 Section 7 details the Contract Procedure Rules, which govern how we procure works, goods and services to achieve best value. These have been reviewed to increase efficiency and be in line with best practice.
- 1.3 The changes recommended to these procedures are detailed in **Appendix A**. These have been reviewed by Audit and Member Standards Committee, who have also recommended the clarification of approvals required for extensions to contract

2. Recommendations

- 2.1 To approve the adoption of updated Contract Procedure Rules as part 4 section 7 of Lichfield District Council's Constitution.

3. Background

- 3.1 The Constitution consists of 7 parts: Summary and Explanation, Articles, Responsibility for Functions, Rules of Procedure, Codes and Protocols, Councillors Remuneration Scheme and Governance Structure.
- 3.2 Part 4 details Rules of Procedure and Section 7 details the Council's Contract Procedure Rules. Amendments are summarised as:
 - Recognising the provision and advice offered by the Procurement Service to alleviate pressure on the Monitoring Officer in determining procurements
 - Clarifying the publication of the contract (and the values that this will apply to)
 - Allowing the use of procurement cards for low value transactions (below £1,000)
 - Streamlining the process of moderate and intermediate spend (£1,000 to £75,000)
 - Clarify the use of frameworks
 - Clarify the requirement for Cabinet member approval for extensions to contracts that fall over the key decision limit but remain within budget
- 3.3 These changes are to ensure the clarification and efficiency of procedure rules.

Alternative Options	Not to update the Constitution in line with recommendations from the Procurement Service. To not do so could lead to inefficiency and confusion.
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Consultation	All changes to CPRs have been agreed by the Audit and Members Standards Committee to keep in line with prevailing legislation and the needs of the organisation.
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Financial Implications	None; there are no implications for the changes themselves.
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Contribution to the Delivery of the Strategic Plan	Proposals will assist with compliance with the legal requirements and efficiency thus the Council's ability to deliver the services required and Fit for the Future.
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Equality, Diversity and Human Rights Implications	None
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Crime & Safety Issues	None
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GDPR/Privacy Impact Assessment	Yes – all data collected and collated in the preparation and operation of the constitution has been impact assessed with the appropriate controls in place.
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	Risk Description	How We Manage It	Severity of Risk (RYG)
			State if risk is Red (severe), Yellow (material) or Green (tolerable) as determined by the Likelihood and Impact Assessment (post intervention).
1	Legal challenge as constitution is not up to date	Update Constitution	Green

Background documents Current and revised draft Constitution
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Relevant web links https://democracy.lichfielddc.gov.uk/ieListDocuments.aspx?CId=190&MId=304&Ver=4&info=1

SECTION 7

CONTRACT PROCEDURE RULES

Summary of the main controls and procedures shown in these Contract Procedure Rules (“CPRs”)

THESE CONTRACT PROCEDURE RULES MUST BE READ IN ACCORDANCE WITH THE COUNCIL’S CURRENT PROCUREMENT PLAN

- **Do the rules apply?** Check the guidance on the Council’s Intranet and in the event of any doubt you can contact the **Procurement Service about whether these CPRs apply to a specific contract. If there is any doubt then the Monitoring Officer should be contacted as they are responsible for making the final decision in ensuring the proposed route is in line with the constitution and law.**
- **Responsibility** - Individual Heads of Service will be responsible for governing the procurement process, **deciding whether we should buy anything** and if so ensuring that there is budget for the proposed purchase. **If the rules are breached it is potentially a matter for disciplinary action** (see Rule C11).
- **Joint Procurement** – Heads of Service must look at options for joint procurement and use of Framework agreements (See Rule C11 and Section F).
- **Compliance with other policies including equality, health and safety-** When buying anything for us, you have to consider the importance and effect of our other policies, for example, the relevant Health and Safety Policy and the Council’s Equality Statement (See Rules B3 and D3).
- **Conflicts** - If you are involved in the procurement process or manage any contracts, you must declare any possible conflict of interest to your manager and the Monitoring Officer. **If in doubt then it should be declared (See Rules C2 - C4).**
- **Contract Value** - The contract value does not just mean its yearly value but all payments over the length of the contract (including any extensions – even if those extensions are never activated) – special rules apply if there is no set length for the contract (see Rules C7-8 and H1-3).
- **Record Retention** - You must keep all tender-related documents in line with our policies on keeping documents and to satisfy audit requirements. You must also place **all contracts over £5,000 on the Contract Register (see Rule N1-N3).**
- **Publicising the Contract** – All invitations to tender for contracts with a value of £25,000 and over, that are to be advertised must also be placed on the Government’s Contract Finder website. In addition, all awarded contracts valued at £5,000 or over must be entered on to the Council’s contract register and all awarded contracts with a value of £25,000 and over must also be placed on the Government’s Contract Finder website. (See Rules N4, F10 and F13).
- **Delegations** - Staff involved in the procurement process must act in line with the Scheme of Delegation. Heads of Service and Members of Leadership Team have authority to sign contracts up to £75,000. Contracts of £75,000 and above must have the authority of a Member of Leadership team and a member of Cabinet (see rule F10).

- **Follow the process carefully** - You must follow the correct tendering process – this will depend on the value of the contract and the extent to which a framework agreement is already in place.
- **Higher Value Contracts** - For all contracts over £75,000, you must consult the **Procurement Service before buying what is needed** (See Rule F9 - 10).
- **Electronic Procurement** - Electronic procurement (including e-tendering) is a developing area and one the Council is keen to encourage. However it is important that you discuss this with the **Procurement Service** to ensure compliance with the Council's rules (See Rules F16 and 17).
- **Tender Evaluation** - When you evaluate a tender using MEAT (most economically advantageous tender), you must use the tender evaluation methodology referred to in these CPRs (See Rules M1 and M2).
- **Financial Appraisal** - You cannot accept a tender or appoint a provider for a contract worth over £25,000 which meet certain criteria, unless you have carried out a financial check in line with the supplier financial appraisal strategy (see Rule F10 and Annex 2).
- **Waivers from the Rules – Only applicable to non EU procurement contracts** - In certain situations, we allow an exception to below EU threshold contracts under these CPRs as long as you fill in a waiver form and this is authorised (See Rule U1).
- **Monitoring the Contract** – Once the contract is awarded the work does not stop; the Head of Service must ensure that compliance with the contract including with any policies such as Health and Safety and Equality is monitored (See Section V).

Options available for the tendering process

Low-value transactions	Up to £,999	<ul style="list-style-type: none"> • No obligation to obtain more than one quote. • For one-off transactions a corporate credit card should be used wherever possible.
Moderate-value transactions	£1,000 and up to £24,999	<ul style="list-style-type: none"> • A framework agreement if it exists and if it meets the requirements of the service. • A minimum of two written quotations invited • If no framework option – decide whether a bespoke contract is needed or whether the Council's standard terms and conditions will suffice. • Contracts above £5,000 must be added to the Contract Register
Intermediate-value transactions	£25,000 and up to £74,999	<ul style="list-style-type: none"> • A framework agreement if it exists and if it meets the requirements of the service. • A minimum of three written quotations invited • If no framework option – decide whether a bespoke contract is needed or whether the Council's standard terms and conditions will suffice. • If the opportunity is to be publicised then it must also be placed on the Government's Contract Finder • Awarded contracts must be added to the Contract Register and must also be placed on the Government's Contract Finder. •
High-value transactions	£75,000 and up to EU transactions limit	<ul style="list-style-type: none"> • A framework agreement if it exists and if it meets the requirements of the service. • Publicised on the Government's Contract Finder. • A minimum of three written tenders

		<p>invitedIf no framework option – decide whether a bespoke contract is needed or whether the Council’s standard terms and conditions will suffice</p> <ul style="list-style-type: none"> • If the opportunity is to be publicised then it must also be placed on the Government’s Contract Finder • Awarded contracts must be added to the Contract Register and must also be placed on the Government’s Contract Finder.
EU transactions	<p>Goods and Services over £181,302</p> <p>Works over £4,551,413</p>	<ul style="list-style-type: none"> • Special rules apply – see guidance from the Procurement Service.

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A Introduction

- A1 These CPRs are part of our Constitution and are our procedural regulations for buying items for us. They do not apply to buying items or services from within the Council. In addition the Council's procurement plan and any relevant financial regulations must also be met.
- A2 We explain the difference between goods, work and services in the glossary of terms at the end of these CPRs.
- A3 The CPRs apply to any contract that results in us making a payment and contracts where a service is being provided for us which results in some income being generated for us.
- A4 The CPRs also apply if we are acting as the lead organisation in partnership or other joint arrangement or if we appoint a subcontractor in connection with any contract.
- A5 The CPRs do not cover grants which we may receive or make (unless the grant is part of a contract for services).

KEY DIFFERENCES BETWEEN GRANTS & CONTRACTS

1) Contracts – the essential elements of a contract are that there is a mutual bargain with consideration paid. A contract contains reciprocal obligations and the payment may be subject to VAT, depending on the service being supplied. Generally all contracts are subject to EU Procurement Rules to some degree whereas a grant is not.

2) Grants - the grant funder is subsidising a service it considers necessary, but which the grant recipient does not otherwise have the resources to deliver on a self-sustaining basis.

The essential elements of a grant are that the funds must be freely given and the donor receives nothing in return. Unless the grant agreement is a Deed, there is no obligation to pay and a grant is also outside the scope of VAT.

3) The “grey area” between Grants and Contracts - restricted grants and contracts for services can sometimes operate in a similar way.

For example, a local authority could give a grant to a childcare organisation to enable it to provide a certain number of subsidised places. Alternatively, the local authority could contract with the childcare organisation to purchase a certain number of childcare places on behalf of service users. To avoid any doubt it is important to make it clear whether the arrangement is a grant or a contract and that the drafting does not include any ambiguous language.

4) Appropriate Agreement - once it has been decided whether the payment is a grant or for contracted services, careful drafting of the Agreement is important.

For example, invoices are raised under a contract, but a grant is usually 'claimed' or 'drawn down'. "Clawback" provisions are used in the drafting of a Grant Agreement to enable funders to reclaim funding if the terms of a grant are not complied with.

With a contract, there should be no mention of clawback as the funder's remedy for any breach is to sue for damages. If in any doubt seek the guidance of the **Monitoring Officer** who will provide you with an appropriate Agreement for your intended use.

A6 The CPRs do not apply to:

- contracts of employment;
- contracts relating to interest in land (also known as property);
- contracts placed by the Chief Finance Officer for treasury management purposes "or in the course of Treasury management activities"
- contracts relating to selling or otherwise disposing of our assets.
- Instructions to Counsel

A7 If you are in any doubt about whether the CPRs apply, you must always check with the guidance issued by the **Procurement Service**.

A8 Our 'best value duty' is very important. It means that we must always consider how each procurement meets our duty to secure continuous improvement in what we do after taking account of economy, efficiency, effectiveness and outcomes. **As a result, we need to question whether we should be buying anything at all and, if we do, whether we can buy it best ourselves or jointly, or if we should rely on someone else to get better value.**

A9 Government and EU public procurement regulations require that we must allow, and be seen to be allowing, freedom of opportunity to trade and to be open and clear about how we do things.

A10 If we fail in this duty, a provider could make a complaint against us which could result in them claiming damages and even suspension of the contract.

A11 The most important principles are being clear, open and providing fair competition. Whenever we are buying goods and services for the council, we

must always act to promote competition and to achieve value for money. However we must also ensure that we try and be innovative in the ways in which we procure services. This is critical for us to achieve our ambition. If you think that any part of the rules are stifling this then you should contact the Procurement Service so that they can consider a suitable amendment to the rules and raise this with the Monitoring Officer.

A12 The CPRs have three main aims. These are to:

- keep to the obligations that govern spending public money, such as the EU procurement directives (reflected in the Public Contracts Regulations 2015);
- get best value in the way we spend money, so that we may in turn offer better and more cost-effective services to the public; and
- protect people who follow the CPRs.

A13 The CPRs:

- are written in plain English; and
- help decisions to be made by the right people at the right level in the council.

A14 With regard to below EU threshold contracts these CPRs may be suspended if the Chief Executive decides that it is appropriate to do so, see heading U6, for details.

A15 The rules are **automatically complied with** if we are entering into a framework agreement negotiated by another public organisation or you are buying something jointly with one or more public organisations and you are following their procurement processes or any of the other situations covered in U7;

A16 These CPRs apply to all contracts for goods, or for work, services or utilities for us or which we provide (other than those stated above) or you have a valid waiver under the section headed 'Exceptions from the CPRs'.

A17 **These rules must be followed and breach of them is potentially a matter for disciplinary action.**

B Context

B1 The European Union sets down (through a treaty) what obligations are placed on us when we are buying. The main principle is to make sure that everyone in the marketplace who could provide the goods, work or services to us has the opportunity to do so.

- B2 We all now need to think about the way we arrange this, for example, e-auctions, e-tendering, or setting up a framework or placing a supply contract. More and more, councils are working collaboratively through joint procurements (in other words, buying the goods and services you need with another service area or another council or councils and sometimes other public organisations).
- B3 When you are buying anything for us, you **must** consider the importance and effect of our other policies on what you are buying. For example, this could include the Strategic Plan, the Corporate Equality Statement, the Council's Health and Safety Policies, the Council's Safeguarding Children and Vulnerable Adults Policy and economic aspirations.
- B4 If you are buying larger or expensive goods, work or services, remember that the Public Contracts Regulations 2015 for higher value orders and contracts are stricter than for those of lower value. This is so that the benefits of a more thorough, complicated process are not outweighed by the price compared to the value of the Goods, Services or Works in question.
- B5 At the highest end of the value scale, we **must** follow full EU public procurement directives, which say that we must keep to certain other procedures. In these cases, you **must** consult the Procurement Service.

C Before we start

Making sure we keep to law and policies

- C1 When making or proposing a contract on our behalf, the Head of Service will:
- keep to all relevant legal requirements including EU procurement regulations, relevant health and safety, environmental and equalities and discrimination law;
 - comply with these CPRs; and
 - keep to our financial regulations.

Honesty and conflicts of interest

- C2 Every officer who takes any decision or has any influence about a contract must keep to our local code of conduct for employees.
- C3 Every officer who has a financial interest in a contract must contact the Monitoring Officer who will make a record in a book we will keep for the purpose, under Section 117 of the Local Government Act 1972.
- C4 You **must** tell the Monitoring Officer if you are dealing with a contract for the council and have been offered a gift or hospitality. You can get more advice and guidance on the Council's Intranet in relation to Gifts and hospitality.

The competitive process

- C5 EU directives, UK law and Government policy says that we **must** always make sure that we are offering the opportunity to provide goods, work or services to the whole market to make sure there is fair competition.
- C6 If your contract is a high you **must** follow the section on high-value procurements.
- C7 The value of a contract means the estimated total value over the length of time it will apply, including any extension options (**not the yearly value**), before VAT.
- If the contract is for buying a single item, which is not related to buying other items, the contract is worth the price, or estimated price, referred to in that contract.
 - If the contract is for buying a related group of items, the contract is worth the total price, or estimated total price, of the group.
- C8 If there is no set length of time for the contract, **this is the estimated value of the contract over a period of four years**. You should not split contracts to avoid the values, either by item or length.

Who can buy goods and services?

- C9 Heads of Service should make sure that any buying is carried out by an authorised person who can prove they have the skills and knowledge appropriate for buying the goods, work and services. These people should already have authority under our scheme of delegation for procurement. If not, they need to be granted authority from the relevant person or organisation.
- C10 Each Head of Service **must** make sure that we do not go over the limits in the scheme of delegation.
- C11 Before starting a procurement process, you need to make sure that you have carefully identified the need and fully assessed the options for meeting it.

Before you start, you **must** consider the following.

- **Do we need to spend the money?** Is there a clear business need, supported by appropriate evidence and a budget in place?
- **What is important to the council in this procurement?** Do you just need the goods, work or services? Or are there other things you want to bring about (for example, improved environmental performance, new jobs) or added social value. It is important that we consider whether we can obtain social value through the contract that is improving the social, environmental or

economic wellbeing of our area (by virtue of the Public Services (Social Value) Act 2012. This allows commissioners to achieve broader aims but you **must** consider the guidance issued by the **Procurement Service**.

- **Can you buy what you need with another council or public authority?** If you think you could save us money or achieve other advantages if you bought what you need with someone else, consider whether there is an existing framework arrangement or contract you can use. This framework or contract could be one already set up by another council or joint-purchasing organisation or run centrally by the Government (such as the Government Procurement Service).
- **Can we use a purchasing consortium?** Is there some kind of recognised purchasing group in place (often referred to as a buying consortium) where members can use the purchasing arrangements to buy goods or services? If there is a group in place, you do not have to keep to these regulations. However, you can only buy the goods or services that are covered by the group arrangements. If the goods or services are outside the scope of the group arrangements, you must use some other method of procurement in line with these regulations.

Employment issues and TUPE (Transfer of Undertaking Protection of Employment Regulations)

- C12 Entering into new contractual arrangements or changing existing contractual arrangements can give rise to TUPE implications. It is not always obvious that there are TUPE implications (for example, when a contract with another supplier comes to an end and is to be put out to tender again). So, **if in any doubt, you must get the** advice of HR to make sure that any relevant TUPE arrangements are in place.
- C13 Where it has been decided that goods, work or services should be bought from an external source, you **must** consider the effects this may have on the existing in-house team and the possibility of staff transferring to the new provider under TUPE.
- C14 These contracts **must** contain conditions to make sure appropriate workforce (and other) information will be made available in enough time when that contract is due to end to make sure that we can fulfil TUPE obligations.
- C15 TUPE situations will almost always give rise to pensions issues. You can get advice on this from the County Council's Pensions Section – this will be arranged by HR. You will need an actuarial statement on pension information for any proposed TUPE transfers. It is the responsibility of the person managing the tender process to get this. Sometimes, we may need a pension admissions agreement.

C16 You can get more information on TUPE from www.acas.org.uk.

The main contracts

C17 For high value contracts a Director must get further relevant approval from the relevant Cabinet Member before a contract is to be awarded.

C18 The Director **must** consider if members should be involved in decisions during the tender process on High Value Contracts, for example by deciding on the conditions for awarding the contract.

Other

C19 A Director or Head of Service will not, without approval from the Chief Finance Officer enter into a contract for supplying goods or services under any operating lease, hire, rental or any other credit arrangements.

C20 Heads of Service and Directors must make sure all contracts and related records are kept, so they can be inspected, for a period of 10 years. This includes decisions to suspend these regulations and using any delegated powers.

C21 The Monitoring Officer may make arrangements under these CPRs about keeping records for certain types of contracts.

C22 Any interim contractor or consultant who is responsible to us for preparing or supervising a contract on our behalf must do the following. They must:

- keep to these regulations as though they were a Director, though the procedure may be modified so that inviting, opening and accepting tenders can be approved beforehand by the Director concerned;
- if the Chief Finance Officer or any officer we have authorised asks, produce all the records they keep in relation to the contract; and
- at the end of a contract, send all records, documents and so on relating to the contract to the Director concerned.

D Defining the need

D1 At the least, you **must** clearly and carefully specify the goods, work or services to be supplied, the agreed programme for delivery and the terms for payment together with all other terms and conditions. You also need to make sure that you will have the funds in the budget to pay for them.

D2 This means you **must** decide before beginning the procurement process the size, scope, and specification of the goods, work or services needed. If you are buying with someone else, you **must** decide this scope with your partners first.

- D3 You **must** keep to any other council policies which could apply to what you want to buy including the Council equality statement and the Council's Health and Safety Policy and Safeguarding Policy.
- D4 When identifying and defining the need, you should make sure you have involved a wider range of organisations relevant to the goods, work or services to be supplied. By knowing the market and encouraging a wider supply base, you have more chance to find the right providers and achieve the right services at the right price.

E Contract strategy

- E1 Once you have decided on the need, you **must** decide on your strategy for buying the goods, work or services. This means taking a step back from the traditional procurement process and assessing the purchasing options particularly when purchasing services.
- E2 You **must** consider options for delivering goods, work or services. The options for goods, works or services are:
- not buying the goods, having the work done or providing the services at all;
 - providing the goods, work or services ourselves (for example, by taking spare goods from another directorate or using their staff);
 - getting someone else to provide the ongoing goods, work or service (using the 'voluntary sector' or another local authority or public organisation); or
 - providing the goods, work or services with someone else (the private or 'third' sector or another local authority or public organisation).

F How we buy the goods and services we need

Framework agreements (including the Crown Commercial Services (CCS), ESPO, WMS)

- F1 You **must** use framework agreements for goods, work and services (including approved lists) for contracts with a value of £1,000 **if they exist and if they meet your requirements.**
- F2 Framework agreements are arrangements with providers for providing goods, work or services on agreed terms for a set period for estimated quantities against which orders may be placed if and when needed during the contract period. They offer benefits of pre-negotiated terms, bulk-buying, improved

services and reduced administration costs over the period of the arrangement.

- F3 A framework agreement may also have the option for you to hold a mini-competition with all the capable providers on the framework when you come to buy for us. Care must be taken to follow the rules set out in the framework agreement.
- F4 You **must** investigate whether call-off contracts or frameworks are relevant in your own case. You could get better value for us by using an existing framework agreement (and if relevant the central government agreements). **You also need to check if legally you can use them.**
- F5 Countywide arrangements for routine goods and services and directorate-specific contracts, for example, maintaining premises (such as gas servicing) and terms of tenders for highways maintenance would fall into the definition of a framework.

Full tender procedures (over the EU thresholds)

- F7 If you are inviting tenders for contracts over EU procurement thresholds, you **must** decide on the procedure to follow before you advertise and it **must** be one of the following.
- **Open procedure** (Regulation 27) - all interested providers send us a tender in response to an advertisement.
 - **Restricted procedure** (Regulation 28) - expressions of interest from interested providers in response to an advertisement, with us inviting a selection of those providers to send us a tender.
 - **Competitive procedure with negotiation** (Regulation 29) – a procurement procedure under which contracting authorities may award a contract following evaluation of the bidders' initial tenders. However, they may also conduct the procedure in successive stages and carry out negotiations on the initial and any subsequent tenders. Only use this procedure if it is agreed by the Corporate Director Governance.
 - **Competitive Dialogue procedure** (Regulation 30) - where the purpose of the procurement is known but not the solution. Only use this procedure if it is agreed by the Corporate Director Governance.
 - **Innovation Partnership** (Regulation 31) – this new procedure is aimed at encouraging the development of innovative products, services or works, which are not already available on the market. A problem for companies which want to provide such new approaches is the cost of investing in the development of innovative products or services, without any likelihood that these could be taken through to final production or delivery unless there

were further procurement processes after an initial R&D services contract.

- F8 For all transactions valued above the EU threshold, and for all transactions over £75,000 (not including VAT), you **must contact the Procurement Service and follow the process and advice they provide.**

Full tender procedures for high-value transactions

- F9 For transactions valued at over £75,000 (not including VAT) but below the EU thresholds, you must carry out a formal tender process in line with the following principles.

- Openness
- Transparency
- Visibility
- Value for money
- In the best interests of the council
- Competition

- F10 It is a requirement of these CPRs that any contract at £75,000 or over which is to be advertised must also then be advertised on the Government's Contracts Finder website to comply with the Public Contracts Regulations 2015. High Value Contracts require approval from the relevant Cabinet member before they can formally be awarded. In addition a financial appraisal must be carried out if it is appropriate in accordance with the financial appraisal strategy at Annex 2.

The award of contracts with a value of £75,000 or over, must also be recorded on the Government's Contracts Finder website and added to our contract register

Intermediate-value transaction

- F11 For transactions valued over £25,000 but at or below £75,000 (not including VAT), you **must** seek three written quotations before you issue a purchase order or contract. This must set out prices, our terms and conditions of contract and terms of payment, unless a framework already exists and this must show value for money. If there is a framework, you **must** follow the procedure as set out in the framework.
- F12 Your order must contain our standard terms and conditions of contract between us and the provider. A quotation and a purchase order will create a legally binding contract. We use the purchase order to formalise the terms of the contract. The award of contracts over £25,000 must also be recorded on the Government's Contracts Finder website **and added to our contract register.**

It is a requirement of these CPRs that any contract value of £25,000 or over which is to be advertised, must also then be advertised on the Government's Contracts Finder website.

The award of contracts with a value of £25,000 or over, must also be recorded on the Government's Contracts Finder website and added to our contract register.

Moderate Value Transactions

F13 For transactions valued over £1,000 but below £25,000 you **must** seek a minimum of two written quotations before you issue a purchase order or contract. This must set out prices, our terms and conditions of contract and terms of payment, unless a framework already exists and this must show value for money. If there is a framework, you **must** follow the procedure as set out in the framework. Annex 3 should be referred to.

F14 Your purchase order **must** contain our standard terms and conditions of contract between us and the provider. A quotation and a purchase order will create a legally binding contract. We use the purchase order to formalise the terms of the contract. The award of contracts over £5,000 must be added to our contract register.

The award of contracts valued at £5,000 and over must be added to our contract register.

Low-value transactions

F154 For transactions valued up to £1,000 (not including VAT), there is no obligation to obtain more than one quote before you can purchase the goods, services or works. However you must issue a formal purchase order (unless using a corporate credit card) specifying the goods, work or services and setting out prices and terms of payment. For one-off purchases, a corporate credit card or other electronic payment should be used wherever possible.

F16 Your purchase order **must** contain our standard terms and conditions of contract between us and the provider. A quotation and a purchase order will create a legally binding contract. We use the purchase order to formalise the terms of the contract.

Electronic procurement and emailed quotations

F17 You should always aim to use electronic procurement (or e-procurement) systems rather than paper systems. If you are going to use e-tendering provided by another organisation, this must be agreed by the **Procurement Service**. Using e-tendering may disadvantage some smaller

providers. You should make it clear that paper systems can still be used, so that we attract the widest range of providers.

F18 If you accept electronic quotations, these **must** be:

- sent to a specific email address;
- opened at a set time;
- opened in the presence of a duly authorised officer;
- logged under the price given; and
- kept on the relevant file.

G The EU directives

Extra requirements for transactions valued over EU limits

G1 Below are the contract values above which you must follow procedures governed by the EU directives.

For goods and services (including goods and consultancy services)	£181,302
For work	£4,551,413 (from January 2018)

These limits are changed in January every two years. You **must** check the latest limits before you go ahead.

H Adding contracts together

H1 You **must never** deliberately split down the value of contracts.

H2 Wherever possible, we should make our purchases in the form of a single large contract rather than a series of smaller contracts. However, there will be circumstances where using lots of (smaller) contracts, is appropriate.

H3 You **must** add together the value of the separate contracts of the same type over a short period so you can decide whether the value of the contract falls within the limits.

I Procedures governed by the EU directives

I1 If your contract has a value over the current EU threshold for Goods, Services or Works, you **must** comply with the UK Public Contracts Regulations 2015. **EU treaty**

rules (reflected in the Public Contracts Regulations 2015) only apply in full to non-Schedule 3 services.

Schedule 3 services are described in Annex 4 and where their contract value is above the current Schedule 3 'light touch regime' threshold of **£589,148** you must:

- Post in the OJEU a contract notice - or a Prior Information Notice - making known the intention to award a contract for any Schedule 3 service **above** the 'light touch regime' threshold (Annex 4) – thereby, by definition, inviting expressions of interest.
- Thereafter, by definition, hold some sort of (competitive) award process following this.
- Ensure that their award procedures are at least sufficient to ensure compliance with the principles of equal treatment and transparency.
- Run the process in conformity with the information in the call for competition (but may depart from it in certain circumstances which would not result in breach equal treatment and transparency).
- Allow reasonable and proportionate time and time-limits for the whole process.
- Publish a contract award notice (once awarded – these can be grouped for publication quarterly).

An OJEU call for competition (Contract Notice or PIN) can be dispensed with only where:

- The contract is below-threshold.
- The "negotiated procedure without notice" can be used – ie, where a procurer can legitimately approach one provider direct.
- There is some other reason why the EU rules don't require a competition (perhaps because what might otherwise have been a procurement is instead an in-house arrangement, or a public-to-public co-operation).

12 The Public Procurement Regulations 2015 contain conditions relating to providing notices and other documents electronically.

13 You **must** tender the contract under one of the procurement options listed at F1 above (for particularly complicated contracts). This Council would only consider the use of the Competitive Procedure with Negotiation in exceptional circumstances.

14 EU directives and the Public Procurement Regulations 2015 are very detailed and we can only give details of the main ones here. If in doubt, you should get the guidelines and advice from a procurement advisor.

- 15 For each contract, unless we say differently below, you must publish a contract notice in the Supplement to the Official Journal of the European Union (OJEU). **Great care must be taken in filling out the information in the OJEU notice to make sure that the information is accurate.** Advertisements you publish as well as this **must not**:
- appear in any form before we have sent a contract notice to OJEU; and
 - contain any information on top of that in the contract notice in OJEU.
- 16 You **must** always follow the minimum timescales relating to tender procedures governed by the EU directives. The timescales given for completing and returning tenders are only the minimum, so there is flexibility to extend timescales to encourage bids from smaller providers or consortiums. If procurement falls under Schedule 3 services or is under the EU procurement limits, there is no formal time limit. Similarly, when faced with short timescales within which to use the funds, you should still make sure the process used is fair, clear and accessible to all.
- 17 If you have sent a prior information notice (PIN) announcing a forthcoming contract notice to OJEU between 52 and 365 days before you have sent the contract notice, reduced timescales may apply.
- 18 You must also, now under the Public Services (Social Value) Act 2012 consider:
- How what is proposed to be procured could seek to improve the economic, social and environmental well-being of the area.
 - How the Council may through the contracting process seek to secure improvement in the economic, social and environmental well-being in conducting the process of procurement.
 - Whether any consultation with the local community is necessary to establish how the contract being procured may improve the economic, social and environmental well-being of the area.

J Tender documents

- J1 Every above EU threshold invitation to tender using a Pre-Qualification Questionnaire (PQQ) should include:
- the nature and purpose and, if it applies, the proposed length of the contract;
 - an outline of the goods, work or services to be supplied or carried out;
 - a statement on our procedures for getting tenders;

- a requirement for the applicant to provide information about their technical, commercial and financial standing if we do not already have the information;
- a closing date for receiving applications;
- the evaluation criteria (with weightings) to include in any tender process (see regulation 13);
- an outline process and timetable;
- a statement that we do not have to accept the lowest or any tender; and
- a named Individual to deal with from the Council (or its agent).

J2 Unless we change it every **invitation to tender should** include:

- the nature, purpose, start date and period of the contract;
- the detailed specification and quantities of goods, work or services to be supplied or carried out;
- the times at, or within which, and the places at which the goods, work or services are to be supplied or performed;
- a copy of the conditions of contract which the successful contractors will have to keep to;
- information on TUPE;
- the evaluation criteria (with weightings) for awarding the contract
- a statement that we do not have to accept the lowest or any tender;
- the closing time and date, and address for receiving tenders;

NOTE: Pre-Qualification Questionnaires are no longer allowed in below EU threshold procurement

K Getting tenders

K1 The Head of Service must send to every person who wants to give us a tender any documents which the Council considers are necessary to fully inform their proposed tender. This includes a returnable tender form or other document which tells each company wanting to tender to:

- include their offer price (or prices) for the goods, work, services or utilities;
- include their signature or seal;
- return the filled-in tender form to the Manager concerned at the address given by a certain date and time;
- where returning by post send the filled-in tender in an envelope with the word 'TENDER' addressed to the relevant Director at the Council followed by the subject the tender relates to and the closing date and time for receiving tenders;
- be told that, depending on procurement regulations relating to e-tendering arrangements, we will not consider tenders sent in only by fax or email.

L Receiving and opening tenders and PQQs (pre-qualification questionnaires)

L1 Every response to a PQQ or an invitation to tender should be delivered:

- no later than the time given for sending us the tender in the invitation to tender (and addressed to the relevant Director at the place shown in the invitation to tender (or e-mail address)); or
- on a read-only CD-ROM clearly labelled with the tenderer's name and contract reference, or via email (or provided in hard copy as a last resort);

There should be no other labelling or markings on the packet that identifies who is providing the tender.

L2 The Head of Service **must** keep the tenders secure until the time we have given for their opening. These are to be kept in the safe held by Land Charges. We will not open tenders before the closing date and time. Two officers **must** open all tenders at the same time. They **must** not be involved in the tender evaluation and award.

L3 We **must** list the opened tenders on a list of tenders. Tenders must be signed and dated by the people opening them. Pages with prices in them do not need to be signed, only the total price page.

L4 Email tenders **must** be stored in a specific address which is secure and which meets our audit requirements.

L5 We will not open a tender if it is received late and after we have opened other tenders for that contract.

L6 If the circumstances mean it is appropriate, the Director or the Monitoring Officer may postpone, for a reasonable period, the closing time and date for receiving

tenders. This applies as long as we have let everyone know, in the same way, who we have asked for tenders from and that tenders have not been opened.

M Evaluating tenders and quotations

- M1 If we have asked for written quotations for contracts valued at or below £75,000 (not including VAT), unless otherwise decided by the Director or Head of Service the contract shall be awarded based on identifying the most economically advantageous tender (MEAT).
- M2 For contracts valued over £75,000 (not including VAT) and for all contracts governed by EU directives, the contract shall be awarded based on identifying the most economically advantageous tender (MEAT). However, there are some situations where using MEAT will not be an appropriate method of evaluation. This is usually if the only obvious difference between products or solutions will be that of price (for example, if you are buying stationery or other standard items). It is unlikely that you could choose providers for services or work on price alone as these will often need wider evaluation techniques. When deciding on how we evaluate tenders, we need to be careful that using a lowest-price method of evaluation rather than MEAT is appropriate for the procurement.
- M3 This evaluation involves scoring tenders fairly by an officer or panel of officers or independent experts using criteria which **must**:
- be already set out in the invitation to tender documents in order of importance;
 - be strictly kept to at all times throughout the tender process;
 - reflect the principles of best value;
 - include price;
 - consider whole-life costing, particularly in the case of capital equipment where the full cost of maintenance and so on should be taken into account;
 - be able to be assessed independently;
 - be weighted according to importance;
 - show wider social value if this has been included in the specification; and
 - avoid discrimination on the basis of nationality, or other cause which goes against any of our policies.
- M4 If you use this evaluation method, you must award the contract to the company which sends us the most economically advantageous tender. (In other words, the tender that achieves the highest score in the independent assessment.)

N Awarding contracts and audit trails

- N1 You **must** record in writing the results of the tender-evaluation process and the decision to award a contract.
- N2 You **must** only award a contract if you are authorised to do so. You **must** make sure that the appropriate budget holder has the funds in place before you make the award.
- N3 Heads of Service and Directors should make sure that proper records of all procurement activity are kept in electronic or hard-copy format as appropriate. This is in line with our policy on keeping documents.
- N4 All contracts awarded with a value over £5,000 or over must be recorded on the Council's contract register (via the Intranet) unless the Monitoring Officer agrees otherwise. This is critical to allow for the Council to carefully monitor its spend and to allow the public to view the way in which the Council spends its resources. In addition, the award of contracts with a value of £25,000 or over must also be recorded on the Government's Contracts Finder website.
- N5 We cannot accept any tender which breaks EU procurement regulations.
- N6 We cannot accept any tender unless, where required, we have carried out a financial check in line with our supplier financial appraisal strategy (Annex 2).

O Standstill period (for EU tenders only)

- O1 For all contracts tendered under EU directives, we **must** have a 'standstill period' between the decision to award and the actual award of the contract. The minimum standstill period is calculated depending on the means of communication used to transmit the standstill notice:

At least 10 calendar days, when the notice is communicated using electronic means (e.g fax, email); or

When using non-electronic means, there is a choice between either 15 days from date of sending or 10 days from date of receipt.

Once we have made the decision to award a contract, we must write to each company that provided a tender with the outcome of the tender process. This notice **must** include:

- details of the criteria for awarding the contract;

- if possible, the score or ranking the company achieved against those criteria;
- if possible, the score or ranking the winning company achieved; and
- the name of the winning company

O2 There **must** be at least 10 calendar days between sending this notice and the end of the contract. Special rules apply if a company asks us for a debrief on the tender process. Even if a company asks for a debrief outside of the standstill period, we **must** still provide this. In this instance, you must get advice from the appointed procurement advisor as soon as possible. The appointed procurement advisor will be a person with legal or procurement qualifications.

P Contract award notice (EU contracts only)

P1 We **must** announce all contracts awarded under the EU directive using a contract award notice in OJEU which must be sent no later than 48 calendar days after the date we award the contract.

P2 Awards of all contracts for £25,000 and over must be recorded on the Government's Contract Finder Website.

Q Conditions of contract

Q1 There must be written evidence of every contract and all contracts must be in a form agreed with the Monitoring Officer.

Q2 All transactions **must** use an appropriate model form of contract approved by the Monitoring Officer (or a form decided by the Director after consulting the Monitoring Officer).

Q3 For all contracts for services estimated at a value over £75,000 (not including VAT), if the model conditions of contract are not suitable, you **must** consult the Monitoring Officer to produce a suitable set of conditions of contract (with other advisors if necessary) before inviting tenders.

Q4 The Monitoring Officer **must**:

- keep a record or list of all model sets of conditions of contract that gives details of when the conditions were last updated, who is responsible for updating them, any changes and contact references;
- keep all current model conditions of contract under review;
- monitor and review conditions of contract issued by other organisations; and

make sure that information is sent to directorates and access is given to available framework agreements and contracts, local or joint framework agreements and call-off contracts.

R Insurance

- R1 Insurance conditions will be contained in the conditions of contract. In terms of insurance, we will normally need the successful contractor to have the following types and minimum limits of cover. These figures can be varied by agreement of the Council's Section 151 Officer (the Officer with responsibility for finance matters)

	Works Contracts	Goods and services Contracts
Public Liability	£25 million	£5 million
Employers Liability	£5 million	£5 million
Professional Indemnity	£2 million	£2 million

- R2 The above limits relate to each claim. For public liability and employers' liability, the cover must be in place throughout the period covered by the contract. For professional indemnity, the conditions are more complicated. Not only must the cover be in place throughout the period covered by the contract but also for another six years after the end of the contract (or 12 years if the contract is executed as a Deed). For certain types of services, for example, financial advice, the amount of professional indemnity insurance cover will need to be higher to protect us in case anyone gives inappropriate advice.
- R3 When providing goods and services, the above limits may not be appropriate for small and medium enterprises (SMTs) and sole suppliers. In these instances, we can reduce these limits after carrying out a risk assessment and filling in the relevant sections of the waiver form (Annex 1) after consulting the Chief Finance Officer.

S Transferring contracts

- S1 In appropriate circumstances we may agree to transfer a contract, by novation or assignment. You must ask for advice on how to transfer a contract from the Monitoring Officer, **before** any contract is transferred.
- S2 The Monitoring Officer **must** take this decision and it must be notified to the Cabinet.

T Changing and extending contracts

- T1 Depending on any legal restrictions and the need to keep to these CPRs, a Director may authorise the following extensions and changes to an existing contract.

- An extension for a particular period under the terms and conditions of the contract (but depending on the satisfactory performance when monitoring the contract).
- A single extension of the contract by up to half the contract term as long as this would not place the contract over the EU limit or break any law.
- Any other change, and if relevant a resulting change in price, decided in line with the contract terms.

T2 Any extension to the contract period cannot be longer than the original length of the original contract. Any extension or change to the contract must be notified to the Cabinet and approved by the relevant Cabinet member if over the key decision limit.

T3 You **cannot** extend or change contracts arranged under the EU regulations without consulting the procurement service.

U Exceptions from the regulations

U1 An exception to these CPRs means we give permission to agree a below EU threshold contract without keeping to one or more of these CPRs. We may grant an exception under conditions set out below. We cannot grant an exception if to do so would mean breaking any laws on public procurement or other relevant legislation.

U2 **An exemption will automatically apply where we decide to use a framework agreement or to jointly contract with another public authority acting as the lead authority (see Rule A15).**

U3 The Chief Executive may grant an exception to these CPRs as detailed below. If you want an exception (other than those automatically covered which are listed below at paragraph U7 or at A14), you must apply in writing using the request for waiver form (Annex 1 of these CPRs) and send it to the Monitoring Officer. Please include the exception you want and your reasons for it.

U4 The Monitoring Officer will keep a register of all exceptions to these CPRs.

U5 We will not agree an application for an exception unless you have a good reason. We do not consider a lack of time caused by poor forward planning as a good reason and so will not allow it.

Exceptions which involve the request for waiver form (Annex 1 of these regulations)

Note: the Council cannot give an exception for above EU threshold value contracts that are covered by the Public Contracts Regulations 2015.

General contracts

U6 We may grant an exception in the following circumstances.

- If there is an unexpected emergency involving danger to life or health or serious damage to property, if the goods, work or services are needed more urgently than would be possible if we followed the tender or quotation procedure.
- If, for technical reasons, the goods, work or services can be bought from only one provider and this can be justified.
- If the proposed contract is an extension or change to the scope of an existing contract with a value (including the change or extension) that is below the relevant EU threshold. However, this does not apply if the existing contract provides for an extension.
- If we can achieve value for money by buying used vehicles, equipment or materials.
- To develop our aims to develop the economy, whilst complying with the Public Contracts Regulations 2015.

U7 You will, as detailed in A14 and A15, not need separate authorisation in the following circumstances:

- If you place an order with a single provider under an existing corporate contract or framework agreement.
- If you place an order through a buying consortium of which we are a member.
- As part of a partnering contract that involves a series of contracts with one provider.
- you are buying something jointly with one or more public organisations and you are following their procurement processes
- If any law says we must contract differently from these standing orders.
- If you place an order under an arrangement, of which we are a member that has gone through a competitive process which meets EU conditions, for example, Crown Commercial Services.
- For goods, work or services which must be provided by a public utility or a local authority other than us under their legal powers.

V Monitoring the Contract

- V1 Once the contract has been awarded and recorded it is important that we do not simply ignore the contract until it comes round to retender. The contract must be properly monitored and checked to ensure that the contract is being properly performed and that the Council continues to obtain best value. It is the Heads of Service responsibility to ensure that this happens.

**Request for 'Waiver' (exception)
From Contract Procedure Rules**

LICHFIELD DISTRICT COUNCIL

NOTES:

- Please see the Contract Procedure Rules, regarding requests for waivers
- Waivers cannot be approved that would place the Council in breach of national legislation or EU procurement law
- Requests may be made by email. Requests for waivers must be made **prior to commencement of any procurement activity**
- This form is to be completed and passed to the relevant officer authorised under the constitution to sign/seal the Contract/Framework Agreement, prior to entering into any Contract/Framework Agreement

Compliance with certain EU Regulations (reflected in the Public Contracts Regulations 2015) is still required even if a waiver is granted. Please seek the advice of a Procurement Advisor for the following procurements:-

Schedule 3 services and single supplier procurements that are over the EU threshold are not exempt from EU procurement law but are merely partially exempt

- A copy of the completed waiver form duly signed by all parties indicated should be placed on the contract file and a copy must be sent to the Monitoring Officer for filing on the council's waiver database – send to:
monitoringofficer@lichfielddc.gov.uk
- This waiver request must not be completed or signed by any individual who has a direct or indirect interest in the request.

		INFORMATION TO BE INSERTED
1	TITLE of Contract/Framework Agreement	
2	Description of Goods/Works/Services	
3	NAME of proposed provider, if known	
4	<u>Duration and Value of Contract</u>	
4.1	Duration of Contract/Framework Agreement (include initial term and any options to extend) <u>Note</u> Framework Agreement should not generally be for more than four years years
4.2	If Contract/Framework Agreement duration is in excess of 4 years provide justification for extended period	
4.3	If proposed Contract has been renewed or extended previously with the same provider/group of companies please indicate (this may affect the aggregated value of the Contract).	
4.4	Have there been any previous waivers in respect of this contract?	<div> <input type="checkbox"/> YES <input type="checkbox"/> NO </div> If <input type="checkbox"/> YES please provide details of <ul style="list-style-type: none"> (i) date and value of Contract (ii) date(s) and values of any previous waivers and any limitations attached to previous waivers (iii) value of this waiver request

		INFORMATION TO BE INSERTED
4.5	<p>Total VALUE (excluding VAT) of proposed Contract/Framework Agreement include any amounts specified at 4.4 TOTAL VALUE should be value over entire duration including any extension period</p> <p><u>Note</u></p> <p>Include <u>all</u> anticipated ancillary matters such as maintenance support, licences, training, expenses etc.</p>	
4.6	If unable to determine value, please provide brief explanation	
5	<u>Budget</u>	
5.1	Is there a budget available for the total value of Contract?	<input type="text" value="YES"/> <input type="text" value="NO"/>
5.2	If reply to 5.1 is <input type="text" value="NO"/> how is funding to be sourced?	
5.3	Is funding conditional?	<input type="text" value="YES"/> <input type="text" value="NO"/>
		If <input type="text" value="YES"/> include brief summary of funding conditions
6	<p><u>Evidence of Value for Money</u></p> <p><u>Note</u></p> <p>If a formal tendering process is not to be undertaken value for money must be evidenced (without exception)</p>	Details of value for money:
7	<p><u>EU Thresholds</u></p> <p>Is Contract over EU Thresholds?</p> <p>EU Thresholds as at January 2018:</p> <ul style="list-style-type: none"> works £4,551,413 + 	<input type="text" value="YES"/> <input type="text" value="NO"/>
		<input type="text" value="YES"/> complete Point 13

		INFORMATION TO BE INSERTED
	<ul style="list-style-type: none">• goods & services £181,302	

		INFORMATION TO BE INSERTED
8	<p><u>Procurement Route</u></p> <p>If the Contract is over £75K (excluding VAT) Monitoring Officer to sign confirmation that there is not a more suitable alternative procurement route</p>	<p>Signature</p> <p>Monitoring Officer</p>
9	<p><u>Reason for Request</u></p> <p>Brief description why waiver is being requested</p> <p><u>Note</u></p> <p>There is a general presumption that all Contracts/Framework Agreements will be formally tendered. If this is not the case, the reasons must be explained along with the actual procurement route to be taken.</p>	
10	<p><u>Risks</u></p>	
10.1	<p>Details of any material risks e.g.</p> <ul style="list-style-type: none"> • Variation to standard contract clauses (Legal) • DBS Disclosures (HR) • Non-standard Insurance limits (Public Liability/Employers Liability/Professional Indemnity Insurances) • Financial vetting revealing significant risk • Other (please specify) 	
10.2	<p>Why is the council assuming any material risks?</p>	
11	<p><u>Other Information</u></p> <p>Other relevant information (if applicable)</p>	
12	<p><u>Exit Plan</u></p> <p>What are the plans for the provision of goods/works/services upon the expiry of the Contract e.g. re-tender/one-off project?</p>	

CONTRACTS OVER THE EU THRESHOLD		
13	Does the request for waiver fall within one of the following categories? Contract for:	<div>YES</div> <div>NO</div> <p><u>Note</u></p> <p>If <div>NO</div> the request for waiver is likely to be refused if over the EU Threshold</p>
13.1	Acquisition or development of material for broadcasting	
13.2	Arbitration or conciliation services	
13.3	Financial services in connection with the issue, purchase, sale or transfer of securities	
13.4	Central bank services	
13.5	Employment and other contracts of service	
13.6	Research and development services, unless solely for the benefit of the council and paid for by the council	
		INFORMATION TO BE INSERTED
13.7	Services, where the council has the <u>exclusive</u> right to provide the service	
13.8	EU Services under Schedule 3 or EU directive 14 exemption	
SUBMISSION BY REQUESTING OFFICER		
14	For completion by requesting officer only	

	<p>I confirm that the information set out above is correct.</p> <p>Contract Officer's signature:</p> <p>Name.....</p> <p>Post</p> <p>Tel No.....</p> <p>Date.....</p> <p><i>(either type name or use signature)</i></p>	
<p>WAIVER AUTHORISATION</p> <p>NOTE: FOR ALL CONTRACTS EXEMPTION CAN ONLY BE GIVEN BY THE CHIEF EXECUTIVE</p>		
15	<div>APPROVED</div> <div>REFUSED</div>	
16	Comments and Restrictions/Limitations to approval/reasons for refusal (if any)	
17	<p>Name/signed</p> <p>Chief Executive</p> <p>Date</p>	

Supplier financial appraisal strategy

Aim

The aim of the supplier financial appraisal strategy is to reduce as far as possible the effect of a business failure on the most vulnerable in the community.

Principles

The strategy is based on:

- the need to help the Council make the right decision for all main critical contracts;
- promoting competition when buying goods, work, services and utilities;
- choosing the most suitable suppliers of goods, work, services and utilities based on a set of financial and market measures;
- the need to take account of the level of risk associated with the supply, service or supplier; and
- the ongoing assessment of the supplier's financial strength.

The main responsibilities

While the final decision to reject an applicant for financial reasons rests with the Chief Finance Officer the emphasis will be based on a partnership approach.

Internal Audit will monitor how we follow this strategy through their planned procurement audit assignments carried out each year.

Method

The following method applies for all contracts awarded using a tendering procedure or waiver.

For contracts with a value of **less than £75,000** you do not need to carry out a financial appraisal before awarding a contract.

For contracts with a value over **£75,000 but less than £1 million** the Head of Service, the relevant Director and the Chief Finance Officer will decide whether a financial appraisal is needed, before the contract is awarded.

The basic assessment involves four questions as shown below.

- Is the type of supply or service being bought 'routinely' rather than as a one-off purchase?
- Is the supply or service readily available from a number of other suppliers?
- Can the supply or service be easily substituted?
- Are contract payments only made once we have received the supply or service?

If you answer no to any of the four questions, you will normally carry out a financial appraisal using the same process and a choice of those factors (1 to 8) shown below.

The procurement officer, lead commissioning manager and a representative from the relevant joint finance unit will decide on the need to carry out a financial appraisal for each year of the contract.

We will carry out detailed financial appraisals:

- for all tendering exercises **over £1 million**;

Pre-contract award

Factors to be discussed

- 1 We will take account of output from financial checks carried out using the financial assessors N2Check, Dunn & Bradstreet and Experian (based on those accounts lodged with Companies House).
- 2 We will analyse the latest set of accounts (if not lodged with Companies House).
- 3 We will carry out financial checks on the parent company (if there is one).
- 4 We will analyse the contract value when compared to:
 - the recommended total yearly contract value as defined by Dunn & Bradstreet;
 - the market standard of no more than 25% of turnover; and
 - the current total spending with the tender applicant.
- 5 In terms of the nature of the contract, we will look at:

- the type of supply or service (for example, regular or one-off);
 - the extent of competition within the market (for example, how easy to source the contract); and
 - the payment terms (for example, payment in advance or payment once the goods or services are received).
- 6 We will also look at information from suppliers gathered through current arrangements for managing services or from other sources.
 - 7 We will check the movement in share prices (if this applies).
 - 8 For sole traders and partnerships, we need to change certain factors. For example, we will replace factors 1 and 2 with the requirement for tender applicants to fill in a financial assessment in a format set by the Chief Finance Officer. This will show certain information on trading accounts for the last three years. The assessment will automatically work out the average liquidity score.

Following on from the above, we will assess whether to reject the tender for financial reasons. Before we reject it, we will consider the need to get (where appropriate) a banker's reference or parent company guarantee. We will record and keep the result of this assessment (including the reasons behind it).

Post-contract award

In assessing the ongoing financial strength of suppliers, we will repeat the above process for each year of the contract within one month of the anniversary of the contract award date. This will help us manage contracts effectively.

Glossary of terms

Approved contractors list is a list of suitably accredited and qualified providers from which we ask for quotations or tenders without the need to advertise the procurement.

Crown Commercial Services is an executive agency and trading fund of the Cabinet Office of the UK Government. The CCS is responsible for improving government commercial and procurement activity and bringing together policy, advice and direct buying; providing commercial services to the public sector and saving money for the taxpayer

Competitive dialogue procedure is used when we cannot provide a precise specification and where there is scope to negotiate about what services companies can provide. The purpose of this procedure is to negotiate on the specification of the project and not on the price.

Consortium means an association of several business organisations who are legally bound together to work towards a commonly held aim. .

Contract means any agreement where we agree to carry out or to buy or sell any goods, work, services or utilities for payment or otherwise.

Electronic procurement means procurement using the internet, including online e-auctions and buying portals on the internet. You can take advantage of reduced minimum time periods when you arrange your contracts under the EU procurement regime and send your documents electronically. You can get advice and guidance on this from a procurement advisor.

EU procurement regulations means the Public Contract Regulations 2015 together with relevant EU directives, case law and guidance issued.

Framework agreement means an agreement or other arrangement which sets the terms (in particular the price and, where appropriate, quality) under which the provider will enter into one or more contracts or a series of contracts with us. This may also be referred to as a continuous contract or a standing offer.

‘Lowest tender in price terms’ for accepting a tender means either the lowest cost or, if the evaluation is not just based on price, the most economically advantageous tender score after an evaluation.

Open procedure This means an advert will be placed in OJEU and relevant press and trade journals. The tender will be open to anyone who shows an interest.

Public organisation includes any organisation which may award a public contract under the Public Contract Regulations 2015.

Public services contract is one under which we employ a person to provide services.

Public works contract is a contract to buy goods (not land or the product of an activity); or hire goods, whether or not we install them. Public works contract is a contract for carrying out work under which we employ a person to do the work.

Restricted procedure means an advert will be placed in OJEU, and the relevant press and trade journals. Organisations which express an interest will have to fill in a pre-qualification questionnaire (PQQ). We will evaluate the PQQs and produce a shortlist of suitable organisations which we will then invite to tender.

‘Signing’ a contract includes arrangements for formally accepting a tender, if this is covered in the procurement regulations.

Standstill period is the period of time between giving notice of our plan to award the contract and the confirmation of the award of the contract which is needed under the EU procurement regulations (reflected in the Public Contracts Regulations 2015). This gives unsuccessful companies the chance to ask for a debriefing and to challenge an award of a contract.

‘Supply’ includes buying, leasing, hiring or renting goods or services or arranging any form of credit for them (this can also include when we do not pay anything for those goods or services).

‘Tendering’ means a formal procedure for getting written offers (tenders) for supply.

‘Third sector’ means non-governmental organisations that are driven by value and which mainly reinvest any profit to further social, environmental or cultural aims. The sector includes voluntary and community organisations, charities, social enterprises, faith groups, housing associations and co-operatives and mutuals.

‘Value for money’ is not the lowest price but the best combination of whole-life costs and quality to meet users’ needs. You should always assess value for money over the whole life of the contract and you should take into account all costs and benefits to society as a whole including the environmental and social benefits and costs, not just those directly relevant to us. (OGC 2008).

Works are defined as including:

- building and civil engineering work;
- installing, for example, heating and electrical equipment or ICT equipment;
- carrying out work such as tiling and papering; and
- maintaining buildings.

We may also treat the following activities as a contract for **work**.

- A contract where we employ a provider to act as our agent when letting contracts.
- An agreement where a developer constructs a building on their own land (according to our needs) and then transfers the land and structure to us at a later date.

SCHEDULE 3 SERVICES

NOTE: Under the Public Contract Regulations 2015 ('PCR'), the distinction between Part A and Part B Services has been removed and replaced by what has become known as the "Light Touch Regime" ('LTR'). Details of this regime are at Regulation 74 onwards of the PCR.

A services contract will fall within the scope of the LTR if it is for the certain types of health, social and other services listed at Schedule 3 of the PCR (see H3 and Annex 4). For these LTR contracts, a higher threshold than that for ordinary service contracts will apply, before the LTR is applicable. This threshold is currently set at **£589,148**

Bear in mind that the services listed at Schedule 3 of the PCR do not exactly mirror what used to be categorised as Part B Services under the PCR 2006; if a service is not listed at Schedule 3 of the PCR it will be subject to the full EU procurement regime rather than only the LTR.

While the LTR is not prescriptive as to how contracting authorities design their procurement process for LTR services contracts, it does for the first time require that services contracts that fall within the LTR are advertised.

The services listed below are found at Schedule 3 to the PCR. These include the following services:

Health, social and related services	Administrative social, educational, healthcare and cultural services
Compulsory social security services	Benefit services
Other community, social and personal services including services furnished by trade unions, political organisations, youth associations and other membership organisation services	Religious services Hotel and restaurant services
Legal services, to the extent not excluded by regulation 10(1)(d)	Other administrative services and government services
Provision of services to the community	Prison related services, public security and rescue services to the extent not excluded by regulation 10(1)(h)
Investigation and security services	International services
Postal services	Miscellaneous services

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**FOR: COUNCIL
25 October 2019**

MEMBERSHIP OF COMMITTEES AND OUTSIDE BODIES

Committee/Group/Outside Body	Recommendation
Strategic (Overview and Scrutiny) Committee	To appoint Cllr Tapper as Vice-Chairman
Lichfield Garrick Trust	To approve a replacement for Councillor Ray
Community Infrastructure Levy Joint Member Officer Group	To appoint Cllrs Cox, Barnett, Birch and Matthews

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By virtue of paragraph(s) 3 of Part 1 of Schedule 12A
of the Local Government Act 1972.

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