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Monday, 30 September 2019

Dear Sir/Madam

CABINET

A meeting of the Cabinet has been arranged to take place on **TUESDAY, 8TH OCTOBER, 2019 at 6.00 PM IN THE COMMITTEE ROOM** District Council House, Lichfield to consider the following business.

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

Yours faithfully

A handwritten signature in black ink, appearing to read 'Neil Turner', written in a cursive style.

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

To: Members of Cabinet

Councillors Pullen (Chairman), Eadie (Vice-Chair), E Little, Lax, Smith, Strachan and A Yeates



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AGENDA

1. Apologies for Absence
2. Declarations of Interest
3. Medium Term Financial Strategy (Revenue and Capital) 2019-24 3 - 20
4. Replacement Combined Heat and Power Unit at Burntwood Leisure Centre 21 - 26
5. Lichfield District Council Museum Collection Policies 27 - 46



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

Cabinet Member for Finance and Procurement Councillor Strachan

Date: 8 October 2019

Agenda Item: 3

Contact Officer: Anthony Thomas

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Key Decision? YES

Local Ward Members Full Council



Cabinet

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. Notes the budget timetable for the preparation and approval of the MTFS.
- 2.2. Considers the latest MTFS projections and the potential impact of the Spending Round 2019 predominantly on the 2020/21 Revenue Budget.
- 2.3. 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).
- 2.4. Delegates 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.

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 Quarter 1 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 Infrastructure Levy	255	45			300
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
<p>Local Government Funding</p> <p>Additional funding was made available including:</p> <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. 	<p>Flexible Housing Grant (£0)</p> <p>Previous Financial Years:</p> <p>2017/18 (£99,178)</p> <p>2018/19 (£108,711)</p> <p>2019/20 (£118,023)</p>	<p>The Ministry of Housing, Communities and Local Government have stated they expect to provide funding allocations by early December 2019.</p>
<p>Local Government Finance System</p> <p>The Government has delayed the introduction of the Fair Funding Review and the 75% Business Rates retention until 1 April 2021.</p>	<p>Total (£1,726,700)</p> <p>Business Rates Baseline (£2,125,000)</p> <p>Negative Revenue Support Grant £466,000</p> <p>Business Rates Growth assumed the majority of growth would be redistributed (£64,700)</p>	<p>Likely to be significantly higher if Negative Revenue Support Grant is abated and Business Rate Growth is retained.</p>
<p>New Homes Bonus</p> <p>Funding for legacy payments i.e. payments awarded in previous financial years has been provided for in the spending round.</p> <p>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.</p>	<p>Total (£1,055,000)</p> <p>Base Budget (£600,000)</p> <p>Transfer to General Reserves (£455,000)</p>	<p>Legacy payments are (£939,000)</p>
<p>Council Tax</p> <p>The referendum threshold is proposed to be 2% which is a lower level than the current higher of 3% or £5 level.</p>	<p>Total (£6,920,000)</p> <p>Modelled Council Tax increase 3% generating (£202,000) of income</p> <p>Projected Council Taxbase growth of 1% generating (£61,000) of income</p>	<p>A Council Tax increase of 2% and using approved budget growth would generate (£135,000) of income</p> <p>Projected Council Taxbase growth is likely to be higher than projected.</p>
<p>Business Rates Pilots</p> <p>The Government have indicated that they do not intend to operate or extend any of the current 75% Business Rate Pilots into 2020/21.</p>	<p>Total (£568,000)</p> <p>Transferred to Earmarked Reserves to fund economic growth / income generating activities.</p>	<p>The extension of a Business Rate Pilot would lead to retention of similar levels of income.</p> <p>A Business Rates Pool would require the payment of a levy potentially at a reduced level.</p> <p>No Pilot or Pool would lead to the full payment of levy reducing Business Rate growth.</p>

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

	Cabinet Report	2020/21 £000	2021/22 £000	2022/23 £000	2023/24 £000
Original Funding Gap		£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)							Total £000	Corporate £000
	Actual £000	2019/20 £000	2020/21 £000	2021/22 £000	2022/23 £000	2023/24 £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)							Corporate £000
	Actual £000	2019/20 £000	2020/21 £000	2021/22 £000	2022/23 £000	2023/24 £000	Total £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						Total £000
	2019/20 £000	2020/21 £000	2021/22 £000	2022/23 £000	2023/24 £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 (PWLb))

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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Replacement CHP at Burntwood Leisure Centre

Councillor Eadie Deputy Leader and Cabinet Member For Investment, Economic Growth and Tourism



Date:	8 October 2019
Agenda Item:	4
Contact Officer:	Sarah Sleigh John Smith
Tel Number:	01543 308772 – 01543 308016
Email:	sarah.sleigh@lichfielddc.gov.uk john.smith@lichfielddc.gov.uk
Key Decision?	YES
Local Ward Members	Burntwood Leisure Centre is situated in the Ward of Chasetown and Ward members include: Cllr Ennis and Cllr Tapper.

CABINET

1. Executive Summary

- 1.1 The 17 year old Combined Heat and Power Unit (CHP) at Burntwood Leisure Centre is at the end of its economic life and has been deemed obsolete by energy specialists.
- 1.2 As Landlord of the facility it is the Council’s responsibility to replace the CHP.
- 1.3 There is a £235,000 sinking fund for BLC and there is an assumption in the Capital Programme that LDC will fund projects in 2019/20 using this sum.
- 1.4 The Council has appointed Townsend and Renaudon (T&R) as Project Manager and Contract Administrator. T&R have completed a procurement exercise and are helping to identify a preferred contractor.

2. Recommendations

- 2.1 To approve the release of funding from the 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.
- 2.2 To award the contract for installation of the CHP unit at Burntwood Leisure Centre, following the due diligence referred to in paragraphs 3.12 and 3.13.

3. Background

What is a Combined Heat and Power Unit?

- 3.1 A Combined Heat and Power Unit CHP is an energy efficiency piece of plant that burns gas to both generate electricity and to heat air and water.
- 3.2 Advantages of having a CHP:
 - CHP maximises the benefit of the energy created from burning gas
 - Operators typically save around 20% on energy bills
 - Operators can save up to 30% on carbon emissions
 - Transmission and distribution losses are reduced
 - Increases fuel supply security

<https://www.gov.uk/guidance/combined-heat-and-power> for further information.

- 3.3 The CHP unit installed at Burntwood Leisure Centre is over 17 years old and has 99621 running hours. The unit has already had at least one rebuild. Most parts of this unit are now obsolete and the unit is at the end of its economic life. The CHP at BLC was installed when the building was constructed in 2002. It operates for 17hrs per day generating approx. 90kwh of electricity and has a heat recirculation system to supply heat to the boilers. The CHP saves approximately £42k per year in electricity when operational
- 3.4 The existing CHP is a Cogenco, 90kwh unit and a recent high-level investigation has highlighted that the unit may be greater than required and that a slightly smaller unit may result in a better economic output.
- 3.5 The CHP unit has been non-operational since November 2018 following a series of significant breakdowns during 2018, which included generator synchronisation issues, the unit seizing and/or failing to start.
- 3.6 Veolia CHP UK Ltd who are responsible under a contract novated to FL from LDC for servicing and maintaining the CHP have advised us that there are major component failures and the replacement parts for this model are now obsolete and that the CHP unit requires replacing.
- 3.7 Currently Freedom Leisure are absorbing approximately £3,500 extra per month on energy costs. These costs are likely to increase over the course of the next year because of inflation. Freedom Leisure expect LDC to replace the CHP because it is clearly stated in the contract that as Landlord it is LDC's responsibility to provide the CHP.
- 3.8 Alternative options have been considered and are detailed in the options section below. Replacement is the preferred option because the financial element is predictable and more controlled; the revenue liabilities and costs for energy usage are quickly returned to FL; there is no long term agreement that ties LDC into a fluctuating cost, high risk situation; there's no requirement for variation of the contract with FL and long term, it's the cheapest solution. However it will draw down the majority of what remains in the BLC sinking fund.
- 3.9 Other renewable energy solutions were considered but due to the additional costs being incurred by Freedom Leisure the preferred preference was to replace the CHP unit. Since becoming the building operators, Freedom Leisure have already completed works to introduce new energy efficiencies.
- 3.10 T&R, a contract specialist, were appointed, via an NHS Framework Agreement, to prepare the specification and procurement documents, to run the tender process, to evaluate tenders and to project manage the contractor installing the CHP Unit on behalf of LDC, at a cost of £15,000. (This was funded through the BLC sinking fund).

Cost of replacement

- 3.11 In August T&R issued a Tender brief to the market. The deadline for Tender returns was Monday 23 September.

Result of tender process

- 3.12 The selection process took place on Tuesday 24 September with the involvement of T&R and shortlisting was based upon price.
- 3.13 The results from the tender exercise are as follows:
Four companies were invited to submit a tender and two companies did submit. Due to anomalies in both submissions, officers asked T&R to further interrogate the tenders and to seek post tender clarifications from both submissions, to ensure that best value is achieved with the most effective solution.
- 3.14 This post tender clarification is underway and will be completed in time for the Cabinet meeting.
- 3.15 Once this process is complete, we anticipate that both tenders price will still be within the remaining sink fund budget of £220,000 and the final tender prices will be reported to the meeting.

The CHP replacement cost is:

Details	Cost
Project management including an allowance for associated sub-contractor costs from start to completion and execution of contract	£15,000
CHP Unit (No more than)	£220,000
Total net cost Maximum	£235,000

Cost not to replace

3.16 Any alternative systems are unlikely to yield better results and would take time to explore and delay the project. This would mean Freedom would continue to incur the additional £3,500 extra utility costs per month and would expect the council to compensate this within the management fee.

Alternative Options	The Contract with Freedom Leisure Clearly states that the responsibility for replacing the CHP lies with LDC. There are 2 alternative options that were considered as part of this process:			
	1) To compensate FL through the contract based on the additional Utility costs incurred by not replacing the CHP unit			
	<table border="1"> <thead> <tr> <th>Advantages</th> <th>Disadvantages</th> </tr> </thead> <tbody> <tr> <td> <ul style="list-style-type: none"> The Sink Fund for BLC will remain available for other projects. </td> <td> <ul style="list-style-type: none"> Financial risks are not predictable and less controlled. Based on current utility prices and these are expected to increase by 20-40%. This is a long term agreement that ties LDC into fluctuating costs, and carries higher risk. A variation of the contract is required. </td> </tr> </tbody> </table>	Advantages	Disadvantages	<ul style="list-style-type: none"> The Sink Fund for BLC will remain available for other projects.
Advantages	Disadvantages			
<ul style="list-style-type: none"> The Sink Fund for BLC will remain available for other projects. 	<ul style="list-style-type: none"> Financial risks are not predictable and less controlled. Based on current utility prices and these are expected to increase by 20-40%. This is a long term agreement that ties LDC into fluctuating costs, and carries higher risk. A variation of the contract is required. 			

If the decision was taken not to replace the CHP, a variation to the Freedom contract management fee would need to incorporate the additional utility costs associated with not having a CHP. The £3,500 per month is based on current unit price. Freedom have informed the council that their utility contract is due to expire in September and they are working with a broker to secure the best deal and strategy moving forward; but they have been advised that they should expect an increase of between 20-40%. Freedom would expect regular utility benchmarking and adjustments for the remainder of the contract. For the contract period the cost to LDC is £318,500 which is considerably in excess of the £235,000.

2) To ask FL to replace the CHP unit based on a fixed additional monthly sum to be paid by LDC for the contract period.

Advantages	Disadvantages
<ul style="list-style-type: none"> The Sink Fund for BLC will remain available for other projects. Financial risks are predictable and more controlled. Revenue liabilities and costs are quickly returned to FL. There is no long term agreement that ties LDC into a fluctuating cost, high risk situation. 	<ul style="list-style-type: none"> It's more expensive over the longer term than recommended option. This option doesn't currently take account of inflation. A variation to the contract is required

Another option would be for Freedom to undertake the works and be responsible for the cost in return for a variation to the contract that increases the payment by £3,500 per month or £42,000 per year (excluding any increase for inflation) we have undertaken a Net Present Value calculation (calculating the future value of money today). The assumptions we have used are:

- Commences from 1 July 2019 so year 1 is 2019/20 for 9 months.
- Ends 31 January 2027 year 8.
- No inflation.
- Discount rates of 4% (our desired net yield from Property Investment) 6% (median) and 8% the rate used by Cushman in a previous scheme.

	A	B	C	D	E	F	G
1							
2					4%	6%	8%
3	£ per M	Months	Year				
4	3500	9	1	£31,500	£30,288	£29,717	£29,167
5	3500	12	2	£42,000	£38,831	£37,380	£36,008
6	3500	12	3	£42,000	£37,338	£35,264	£33,341
7	3500	12	4	£42,000	£35,902	£33,268	£30,871
8	3500	12	5	£42,000	£34,521	£31,385	£28,584
9	3500	12	6	£42,000	£33,193	£29,608	£26,467
10	3500	12	7	£42,000	£31,917	£27,932	£24,507
11	3500	10	8	£35,000	£25,574	£21,959	£18,909
12				£318,500	£267,564	£246,514	£227,855
13							

In all of these scenarios even excluding any inflationary impact on the fee, the Net Present Value is in excess of £235,000 apart from inflationary impact at 8% where it could be £7k over.

Consultation

- Freedom leisure have been consulted and are supportive of the proposal to replace the CHP unit.
- During the CHP replacement works, there will be very little if any disturbance to customers using the facility. LDC and FL will jointly prepare a communications plan to inform customers of the works taking place.

Financial Implications	<ol style="list-style-type: none"> 1. There is a £235,000 sinking fund for BLC and there is an assumption in the Capital Programme that LDC will fund projects in 2019/20 using this sum. 2. If the decision is not to replace the CHP the council will incur a continued annual unbudgeted pressure.
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Contribution to the Delivery of the Strategic Plan	<ol style="list-style-type: none"> 1. The Council's Strategic Plan describes a council that is fit for the future and that we will continue to be financially responsible. 2. The replacement of the CHP will result in a more energy efficient solution.
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Equality, Diversity and Human Rights Implications	<ol style="list-style-type: none"> 1. Not applicable.
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Crime & Safety Issues	<ol style="list-style-type: none"> 1. The Leisure centre presents opportunities for activities diverting people from anti-social behaviour.
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GDPR/Privacy Impact Assessment	<ol style="list-style-type: none"> 1. There are no GDPR implications arising from the proposals.
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	Risk Description	How We Manage It	Severity of Risk (RYG)
A	Project exceeds budget	By ensuring the project is closely monitored and contingencies are planned for with the appointment of T&R as Contract Administrator.	Green
B	Project Delay, which will have further financial pressures on the freedom contract.	By ensuring the project is properly managed.	Green
C	Legal challenge to tender process	T&R appointed as Contract Administrator. LDC manage the decision process.	Green
D			
E			

Background documents
Evaluation Documents.

Relevant web links

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Lichfield District Council Museum Collection Policies



Councillor Iain Eadie, Cabinet Member for Investment, Economic Growth and Tourism

Date:	10 th October 2019
Contact Officer:	Lisa Clemson
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Email:	Lisa.clemson@lichfielddc.gov.uk
Key Decision?	NO
Local Ward Members	N/A

Cabinet

1. Executive Summary

- 1.1 Lichfield District Council is in possession of a museum collection numbering roughly 900 objects and artworks. A significant amount of this material is related directly to the history of Lichfield. These objects either tell the story of Lichfield itself, or were collected and donated to the city by prominent individuals from Lichfield's past.
- 1.2 The collection and its documentation has recently been reviewed by a professional in this field, part of this work was to review the policies for loans, acquisitions and disposals as well as updating the loans out agreement form.

2. Recommendations

2. That the Cabinet considers approving the acquisitions, disposal and loans policies, and the loan out agreement form as set out in APPENDIX A to this report for implementation.

3. Background

- 3.1 Lichfield District Council is in possession of a museum collection numbering roughly 900 objects and artworks.
- 3.2 A significant amount of this material is related directly to the history of Lichfield. These objects either tell the story of Lichfield itself, or were collected and donated to the city by prominent individuals from Lichfield's past.
- 3.3 Many of the objects in the collection link into the wider history of Staffordshire and of Britain as a whole.
- 3.4 The vast majority of the collection was previously stored and displayed at St Mary's Heritage Centre in Lichfield City Centre. The closure of this site resulted in the collection being placed in storage at the District Council Offices in Frog Lane.
- 3.5 A full review of the District Council's Museum Collection has now been undertaken, the work included checking the condition of the collection, updating the inventory and on-line library and reviewing our policies for acquisitions, disposals, loans and the loans out agreement form.
- 3.6 A number of objects from the collection are currently on loan to various museums and institutions around Lichfield. These objects are being cared for to an acceptable level and are largely on display to the public.

- 3.7 These loans are currently issued on a five year basis, and are reviewed and re-issued at the end of these periods.
- 3.8 The existing loan agreements for objects between Lichfield District Council and organisations within Lichfield are now out of date and will need to be renewed if the council, wishes to continue loaning the objects.
- 3.9 The recent work to review the collection included reviewing the loans out agreement form, the acquisitions, disposal and loans policies.
- 3.10 If the policies and loan agreement forms are approved the council could re-issue the agreements and have clear policies with regards to managing the collection.

Alternative Options	1. That the cabinet recommend that the current documentation is retained, this is not recommended as the documentation is in need of updating.
Consultation	1. Consultation has taken place with Leadership Team and an expert from the Museums service at Staffordshire County Council.
Financial Implications	1. There will be no cost implications with regard to implementing these policies.
Contribution to the Delivery of the Strategic Plan	1. Supports the priority of a vibrant and prosperous economy.
Equality, Diversity and Human Rights Implications	1. None
Crime & Safety Issues	1. None
GDPR/Privacy Impact Assessment	1. A privacy impact assessment has been undertaken.

	Risk Description	How We Manage It	Severity of Risk (RYG)
A	The loan agreements are now out of date and need to be updated to ensure the care of the objects.	Ensure the loan agreements are renewed every 5 years.	y
B	Loan, acquisitions and disposal policies are required to help manage the collection in a professional manner.	The policies are referred with regards to the sale, loan or disposal of any objects.	y

Background documents

Relevant web links

Appendix A – October 2019 Cabinet Meeting
Museum Collection Policies

**LICHFIELD DISTRICT COUNCIL MUSEUM COLLECTION –
ACQUISITION POLICY**

September 2019

Approved by:	
Approval date:	
Author/owner:	Martin Hasted/Lisa Clemson
Review frequency:	Every 5 years
Next review date:	July 2024
Location:	Frog Lane

Introduction

Lichfield District Council is in possession of a museum collection numbering roughly 900 objects and artworks. A significant amount of the material is related directly to the history of Lichfield. These objects either tell the story of Lichfield itself, or were collected and donated to the City by prominent individuals from Lichfield's past. Many of the other objects in the collection link into the wider history of Staffordshire and of Britain as a whole. A small amount of the collection is also currently on loan to other museums within Lichfield.

1. Purpose of policy

The purpose of this Policy is to enable Lichfield District Council to control the way and what objects it may acquire into its museum collection.

2. Scope of policy

The District Council recognises its responsibility in acquiring additions to its collections, to ensure that, to the best of its abilities, care of collections, documentation arrangements and use of collections will meet the official requirements of the museum industry's Accreditation Standards

3. How it relates to/underpins our strategic ambitions

The policy relates to the councils ambitions for a vibrant and prosperous economy, encouraging increased visitors, greater spend in the district.

4. Policy details

Lichfield District Council is in possession of a museum collection. The District Council shall administer to the collection with the following aims:

- To maintain the collection in order to protect and preserve the material and cultural heritage of Lichfield and the surrounding area.
- To act as custodians of the collection on behalf of the current and future residents of the local district.
- To make the collection as accessible as possible to all members of the local community. This will be accomplished by:
 - Actively seeking to place as much of the collection on display within Lichfield as is practicable.
 - Promoting active engagement with the collection by education and community groups.
 - Making the collection available via loan to local museums, with particular focus upon Lichfield Cathedral, Samuel Johnson Birthplace Museum, Erasmus Darwin House and the Staffordshire Regiment Museum.
 - Ensuring the collection remains available to view online.
 - Provide open information and access on all objects, whether held in storage, on display or on loan.
- To ensure the collection is effectively managed in line with the guidance on ethics, policy and legislation used by the museums sector, and to ensure that policy, status of loans and the condition of the collection are routinely monitored.

The museum collection passed into the direct care of Lichfield District Council following the permanent closure of Lichfield's Museum in 1988. The collection was largely assembled in the late 19th and early 20th century and relates mainly to the history of Lichfield and the surrounding area.

The Museum collection covers multiple time periods, and has been divided into the following sub-divisions:

- Coins and Medals
- Paintings and Prints
- Arms and Armour
- Sculpture
- Glassware
- Miscellaneous

Lichfield District Council's museum collection currently consists of roughly 900 objects. A small amount of this is currently on loan across Lichfield, whilst the vast majority is currently in storage within Lichfield District Council's Frog Lane offices.

4.1 Limitations on Collecting:

The District Council recognises its responsibility in acquiring additions to its collections, to ensure that, to the best of its abilities, care of collections, documentation arrangements and use of collections will meet the official requirements of the museum industry's Accreditation Standards.

The District Council does not have access to a dedicated museum in which to display its collection, and has limited access to adequate storage facilities. Whilst this remains the situation, the District Council recognises that it is not in a position to uphold the correct standards for object care.

Whilst the District Council continues to not have access to adequate storage, the collection will be considered to no longer be an acquiring one. The District Council will not actively seek to add new objects to its museum collection.

4.2 Collection in Exceptional Circumstances:

Despite not actively seeking to add new objects to its collection, the District Council recognises that on occasion objects will be offered or become available to the collection. Despite a preference away from acquisition, the District Council accepts that in exceptional circumstances a decision may be made to acquire the object. When this occurs, the following acquisition criteria will be applied:

Acquisition Criteria:

The Council may acquire, by gift, purchase, bequest, or loan an object:

- That relates to Lichfield District's history.
- That does not relate to Lichfield District's history, but that compliments, enhances, or celebrates the District.
- And where failure to collect the object will result in a loss to the District's culture and heritage.
- The added benefit of acquiring an item should be considered against any extra cost that maybe incurred by the council, if it were to accept an item.

Collecting Policies of Other Museums:

The District Council will take account of the collecting policies of other museums and other organisations before an object is acquired. It will consult with organisations which collect in the same, or related areas or subject fields as the object being considered for acquisition.

The District Council will operate under the assumption that accredited museums will be more suited than the Council to the acquisition of an object. The District Council will only acquire an object where it meets the Council's acquisition criteria, and where no museum or suitable organisation is able to acquire it.

Specific attention will be paid to the collection policies of museums within Lichfield, including:

- Samuel Johnson Birthplace Museum
- Erasmus Darwin House
- Staffordshire Regimental Museum

The District Council also recognises that other towns within Staffordshire have their own specialist museums, art galleries and art collections, which would likely be more suitable collectors of any object relating to the wider geographical area of the county.

Storage Limitations:

Storage for the existing collection is extremely limited and not suitable for many objects. There is limited space for the District Council to store any new acquisitions to the collection. The District Council will therefore not collect objects where resources are insufficient to ensure an appropriate level of care.

Condition:

The District Council will avoid acquiring any object which is in a very poor condition, or in need of immediate conservation work to prevent further deterioration. The District Council recognises that it is not able to offer remedial conservation, whilst preventive conservation is also limited.

The District Council accepts that in some exceptional circumstances, objects in a poor condition may be accepted into the collection where they are deemed to be particularly important to the history of the District.

4.3 Acquisition Procedure:

If, in the exceptional circumstances listed above, the District Council considers the acquisition of an object, the following procedure will apply:

: Objects should be acquired by means of gift, bequest or purchase by which ownership and transfer of title of the object(s) passes to the District Council. A document recording the object's entry into the District Council's museum collection should be completed, signed and dated by the donor and a representative from the District Council.

: The District Council will reserve the right to conserve, research, display, store and dispose of acquired objects as it sees fit within its relevant policies. This should be made clear to depositors or vendors.

: All object depositors should receive a formal letter of acknowledgement from the District Council, confirming transference of title from the depositor to the District Council.

: Objects should be entered into the District Council's museum collection inventory within four weeks of receipt. It is the responsibility of the officer responsible for the District Council's museum collection to ensure that each object is recorded with its own individual inventory number, object title, brief description, nature of acquisition and details of the source of acquisition, and the provenance of the object.

: The District Council will exercise due diligence and make every effort not to acquire, whether by purchase, gift, bequest or exchange, any object unless the Head of Service for Economic Growth is satisfied that the District Council can acquire a valid title to the item in question.

: In particular, the District Council will not acquire any object unless it is satisfied that the object has not been acquired in, or exported from, its country of origin (or any intermediate country in which it may have been legally owned) in violation of that country's laws. (For the purposes of this paragraph 'country of origin' includes the United Kingdom).

: In accordance with the provisions of the UNESCO 1970 Convention on the Means of Prohibiting and Preventing the Illicit Import, Export and Transfer of Ownership of Cultural Property, which the UK ratified with effect from November 1 2002, and the Dealing in Cultural Objects (Offences) Act 2003 the District Council will reject any objects that have been illicitly traded. The District Council will be guided by the national guidance on the responsible acquisition of cultural property issued by the Department for Culture, Media and Sport in 2005.

: The District Council will not acquire archaeological antiquities (including excavated ceramics) in any case where the responsible officer has any suspicion that the circumstances of their recovery involved a failure to follow the appropriate legal procedures.

: In England, Northern Ireland and Wales the procedures include reporting finds to the landowner or occupier of the land and to the proper authorities in the case of possible treasure as defined by the Treasure Act 1996

: Any exceptions to the above clauses will only be made because the District Council is either:

- Acting as an externally approved repository of last resort for material of local origin; or
- Acquiring an item of minor importance that lacks secure ownership history but in the best judgement of experts in the field concerned has not been illicitly traded; or
- Acting with the permission of authorities with the requisite jurisdiction in the country of origin; or
- In possession of reliable documentary evidence that the object was exported from its country of origin before 1970.

In these cases the District Council will be open and transparent in the way it makes decisions and will act only with the express consent of an appropriate outside authority.

: The District Council does not hold any human remains within its museum collection, and does not intend to acquire human remains.

4.4. Spoliation:

The District Council will use the statement of principles 'Spoliation of Works of Art during the Nazi, Holocaust and World War II period', issued for non-national museums in 1999 by the Museums and Galleries Commission.

4.5 Policy Review Procedure:

The Acquisition Policy will be reviewed at least once every five years. The date when the policy is next due for review is July 2024.

5. Related policies and procedures

The Lichfield Museum Collection also has the following policies in place - Disposal Policy, Loans Out Policy and Loan out agreement form

ENDS

LICHFIELD DISTRICT COUNCIL MUSEUM COLLECTION
Disposal POLICY
September 2019

Approved by:	
Approval date:	
Author/owner:	Martin Hasted/Lisa Clemson
Review frequency:	Every 5 years
Next review date:	July 2024
Location:	Frog Lane

Introduction

Lichfield District Council is in possession of a museum collection numbering roughly 900 objects and artworks. A significant amount of the material is related directly to the history of Lichfield. These objects either tell the story of Lichfield itself, or were collected and donated to the City by prominent individuals from Lichfield's past. Many of the other objects in the collection link into the wider history of Staffordshire and of Britain as a whole. A small amount of the collection is also currently on loan to other museums within Lichfield

6. Purpose of policy

The purpose of this Policy is to enable Lichfield District Council to control the way in which it may dispose of any objects in the collection and ensure it adheres to best practice.

7. Scope of policy

The Policy applies to the disposal of accessioned objects in the Council's museum collection from each of the following collection groups:

- a. Coins and Medallions
- b. Sculpture and Parian Ware
- c. Arms and Armour
- d. Miscellaneous
- e. Paintings, Maps and Drawings
- f. Glassware

Disposal is the permanent removal of an object in the museum collection from the ownership of the District Council by the process of gift, sale, exchange or planned destruction.

8. How it relates to/underpins our strategic ambitions

The policy relates to the councils ambitions for a vibrant and prosperous economy, encouraging increased visitors, greater spend in the district

9. Policy details

Disposal is the permanent removal of an object in the museum collection from the ownership of the District Council by the process of gift, sale, exchange or planned destruction.

Disposal Body

- a. Any decision relating to disposal from the museum collection should be authorised by a disposals body. This body should consist of the officer responsible for the collection, an appropriate head of service and should receive the consent of the cabinet member. The disposals document will be required to be signed by the 3 members of the disposals body.
- b. The decision to dispose of any object from the museum collection should not be undertaken unilaterally by a single individual.

Disposal preliminaries

- c. The disposal body will ensure that the disposal process is carried out openly and with transparency. The body shall ensure that documentation occurs at every stage of the disposal procedure.

- d. The museum collection has a long-term set of aims relating to the preservation of Lichfield's heritage. It holds much of the museum collection in trust for the District in relation to these aims. The District Council recognises that sound, justifiable and ethical reasons for disposal must be established before consideration is given to the disposal of any object from the museum collection.
- e. The District Council will confirm that it is the sole legal owner of an object and is legally free to dispose of an object. Previous agreements on disposal made with donors of objects will be taken into account and honoured.
- f. When disposal of a museum object is being considered, the District Council will establish if the object was acquired with the aid of an external funding organisation. In such cases, any conditions attached to the original grant will be followed. This may include repayment of the original grant and a proportion of the proceeds if the object is disposed of by sale.

Motivation for disposal

- g. The District Council will not undertake the disposal of an object for the purpose of financial gain.
- h. The motivation for disposal should occur for sound curatorial reasons. Such as where the District Council feels that an object is not serving the purpose of the museum collection or where an object can no longer be adequately maintained by the Council.

The Disposal decision-making process

- i. The decision to dispose of an object from the museum collection will be taken by the disposal body only after full consideration of the reasons for disposal. A decision of disposal will be considered with regards to the aims of the collection and the Council's ability to adequately maintain the collection.
- j. The Council's disposal body will also consider additional factors including the condition of an object and conservation costs, public benefit of disposal against maintaining ownership of an object, the implications of a disposal on the collection's future, a consideration of the collections held by museums and other organisations collecting the same material or in related fields.
- k. The Council's disposal body will also consider external expert advice where necessary, as well as consulting relevant parties who would be affected by an object disposal such as donors, researchers, and the local community.

Means of Disposal

- l. An Object will be removed from the District Council's museum collection through the methods of gift, sale, approach to buy or in extreme cases destruction. The process of disposal through gift, sale or approach to buy are outlined in paragraphs m-q. The process of disposal through destruction is outlined below*

Disposal by Gift, Sale or Approach to Buy

- m. Once a decision has been taken to remove an object from the collection, priority will be given to retaining the object within the public domain and within the local area. The object will therefore be offered in the first instance, by gift or sale, directly to Accredited Museums within the Lichfield area.
- n. Where no accredited museum in the Lichfield area wishes to acquire an object, this object will be offered, by gift or sale, to other accredited museums who may have an interest in acquiring the object (such as where a museum's acquisition policy encompasses the particular object).
- o. If the object is not acquired by any Accredited Museum to which it was offered directly as a gift or for sale, then the museum community at large will be advised of the District Council's intention to dispose of the object, normally through an announcement on the Museums Association's website, and on other relevant platforms where appropriate.
- p. The announcement relating to gift or sale will indicate the number and nature of objects involved, and the basis on which the object will be transferred to another institution. Preference will be given to expressions of interest from other Accredited Museums. A period of at least two months will be allowed for an interest in acquiring the object to be expressed. At the end of this period, if no expressions of interest have been received, the museum may consider disposing of the material to other interested individuals and organisations giving priority to organisations in the public domain.

- q. If the council receives an approach to buy an item, this will be considered by the disposals body.
- r. Each item will be considered on an individual basis to determine the best option.

Disposal by Private Sale

Where all options to maintain an object within the public domain have been exhausted, the District Council will consider disposal through private sale. Before such a sale, the District Council will revisit its own position with regards to maintaining ownership of the object, to ensure that a sale into private hands is a last resort.

Use of Proceeds of Sale

The proceeds from the sale of an object will be applied in the first instance to the benefit of the remaining museum collection. This may include steps to improve the display, care or maintenance of the collection. Where the application of sale proceeds to the collection is not feasible, the District Council will look to use the proceeds to improve its heritage and cultural offering.

The District Council will ensure that the use of any proceeds of sale will be planned before the sale takes place. Where this is not the case, the proceeds of a sale will be ring-fenced so it can be demonstrated that they are spent in a manner compatible with the disposal policy.

Disposal by Destruction*

In certain, extreme circumstances, the District Council may seek to dispose of an object from the museum collection through the process of destruction. This will occur only when:

- a. An object poses a serious conservation threat to other items in the collection and cannot be countered by treatment or isolation from other objects;
- b. Where an object creates a serious Health & Safety risk to staff, volunteers or the public which cannot be overcome in an acceptable way;
- c. Where an object has deteriorated or become broken beyond reasonable repair, and no part or sample has any identifiable use or viability;
- d. Where the District Council has had no interest shown by another organisation or interested individual after advertisement, and the object is unsaleable.

Documenting Disposal

Full records will be kept of all decisions on disposals and the objects involved and proper arrangements made for the preservation and/or transfer, as appropriate, of the documentation relating to the items concerned, including photographic records where practicable in accordance with SPECTRUM museum standards for Procedure on deaccession and disposal.

Policy Review Procedure:

The Disposal Policy will be reviewed at least once every five years. The date when the policy is next due for review is July 2024.

10. Related policies and procedures

The Lichfield Museum Collection also has the following policies in place - Acquisitions Policy, Loans Out Policy and Loan out agreement form

ENDS.

LICHFIELD DISTRICT COUNCIL MUSEUM COLLECTION
Loan out POLICY
September 2019

Approved by:	
Approval date:	
Author/owner:	Martin Hasted/Lisa Clemson
Review frequency:	Every 5 years
Next review date:	July 2024
Location:	Frog Lane

Introduction

Lichfield District Council is in possession of a museum collection numbering roughly 900 objects and artworks. A significant amount of the material is related directly to the history of Lichfield. These objects either tell the story of Lichfield itself, or were collected and donated to the City by prominent individuals from Lichfield's past. Many of the other objects in the collection link into the wider history of Staffordshire and of Britain as a whole. A small amount of the collection is also currently on loan to other museums within Lichfield

11. Purpose of policy

The purpose of this Policy is to enable Lichfield District Council to be accountable for objects it lends and to control the process of lending to Borrowers. It therefore defines the permitted purposes, circumstances, authorisation levels and minimum documentation required for loans out. Throughout this Policy, "the Council" refers to Lichfield District Council, not to a Borrower who may also be a council or council run organisation.

12. Scope of policy

The Policy applies to the loan of accessioned objects in the Council's museum collection from each of the following collection groups:

- a. Coins and Medallions
- b. Sculpture and Parian Ware
- c. Arms and Armour
- d. Miscellaneous
- e. Paintings, Maps and Drawings
- f. Glassware

13. How it relates to/underpins our strategic ambitions

The policy relates to the councils ambitions for a vibrant and prosperous economy, encouraging increased visitors, greater spend in the district

14. Policy details

The Policy applies to the loan of accessioned objects in the Council's museum collection from each of the following collection groups:

- a. Coins and Medallions
- b. Sculpture and Parian Ware
- c. Arms and Armour
- d. Miscellaneous
- e. Paintings, Maps and Drawings
- f. Glassware

REASONS FOR LENDING:

- Objects will be considered for loan where a loan would be deemed to fulfil the strategic objectives of the council's museum collection.
- A loan will therefore be considered where it achieves one of the following aims:
 - "Make the collection as accessible as possible to all members of the local community"

- “Actively seeking to place as much of the collection on display within Lichfield as is practicable.”
- “Promoting active engagement with the collection by education and community groups.”
- “Making the collection available via loan to local museums, with particular focus upon Lichfield Cathedral, Samuel Johnson Birthplace Museum, Erasmus Darwin House and the Staffordshire Regiment Museum.”
- The decision to lend will be determined by the Council reviewing each loan request on its individual merits to ensure that it supports the Council’s strategic aims and also complies with the further conditions outlined in this policy. The Council must also determine if it has the resources available to accommodate the loan.

AVAILABILITY:

- The aim of the loans policy is to make objects available for loan to institutions within Lichfield and the immediate area. The policy is aimed at loaning to museums, galleries and public bodies, however other locations in Lichfield will be considered where they meet the collection’s strategic aims as well as satisfy the conditions laid out in this policy.
- Objects may also be loaned to public bodies, museums and institutions nationwide, where display of an object would suit the strategic aims of the collection.
- Objects considered for loan outside of the Lichfield region will concern (although not exclusively limited to) those objects in the collection which are considered to have no connection or relationship to Lichfield and the surrounding region.
- Objects will not be loaned to private individuals or companies unless in exceptional circumstances.

EXCLUSION:

- The loan of an object may be refused for a number of reasons, they include but are not limited to the following:
 - An object may be considered too fragile for loan, whereby movement would cause unacceptable risk of damage.
 - Where an object will not be placed on display or made accessible to the public by the Borrower.
 - The Borrower’s proposed use of the object is considered inappropriate by the Council.
 - The Borrower is unable to satisfactorily fulfil the environmental controls or security conditions required by the Council.
 - The Borrower is unable to satisfactorily provide evidence of acceptable insurance or indemnification of the loan.
- Certain objects within the collection are considered as being not available for loan, regardless of the Borrower satisfying all loan requirements. Reasons for considering objects as unavailable for loan include the following reasons:
 - The object is not owned by the Council, or where the Council is not the sole owner of the object.
 - The object has not been formally accessioned into the Council’s collection.
 - The object is considered to be too fragile or delicate for transportation or display.
 - The object is considered to be subject to ethical or other exceptional circumstances which would limit the appropriateness of its loaning or display.

LENGTH OF LOANS:

- All loans out will be for a fixed period with the possibility of renewal.
 - The minimum loan length will be for a period of 3 months. However particular circumstances may allow for a loan of a shorter period where Council resources are available to accommodate this.
 - The maximum loan length will be for a period of 5 years, with the possibility of a loan renewal at the end of this period.
 - Prior to the end date of a long-term loan out, the Museum will write to the Borrower advising if the object can be renewed for a further fixed period or must be returned.
 - In the case of loans for temporary exhibition, the loan period will be the period of the exhibition plus whatever time is reasonably required for transport, preparation, installation, de-installation, packing and return transport. The length of this period will be agreed in advance of the loan.

TERMINATION OF LOAN:

- Lichfield District Council reserves the right to recall any loan item at any time in the event of some compelling and/or unforeseen circumstance. In this event, 3 months written notice will be given unless this would place a loan object at excessive risk.
- The Council also reserves the right to terminate a loan if the conditions of loan are not being met. In this event, 2 months written notice will be given, unless this would place a loan object at excessive risk. If an object is in excessive risk, the Council reserves the right to remove it immediately.

INSURANCE:

- The Borrower must arrange at their expense, all risks insurance cover for items acquired, including transportation, for the whole of the loan period.
- The Council reserves the right to inspect insurance documentation for confirmation of compliance.
 - Provision of adequate insurance documents will be a provision of the Council's acceptance or refusal of a loan.

TRANSPORT AND PACKAGING:

- The Borrower will provide their own transport, both collecting and returning, unless explicitly agreed otherwise by the Council.
 - The Council reserves the right to withhold a loan if they consider the transport to be unsuitable.
- The borrower must ensure that the driver of the recipient's transport has a letter of introduction, or some other form of identification, at the time of collection.
- The Council will package all items before dispatch.
- The Council would expect all items to be similarly packaged on return journeys at the end of the loan period.
 - The council reserves the right to inspect the packaging of returns, before they are dispatched from the borrower back to Lichfield District Council.
- The unpacking and installation and repackaging must be carried out by an experienced member of staff at either destination.

MONITORING:

- During the length of a loan, the Council will require an annual condition report, to be completed either by a Council employee or a member of staff of the borrowing institution.
- During the loan the Council will also require annual confirmation that acceptable environmental conditions are being maintained by the borrowing institution.
- The Council will require confirmation of the loaned object's location during the length of the loan. Any intention of the Borrower to permanently remove the object from display will need communicating to the Council.

CARE:

- The Borrower must take adequate security arrangements to ensure the safe keeping of all objects acquired throughout the loan period and during transit.
 - The Council will refuse the loan of an object if it considers that adequate security arrangements have not been made.
- All loans out will be condition-checked prior to packing and transport at the Council's premises by an experienced person from the museum field, who will be bought in as and when required.
- All loans out will be condition-checked on arrival at the Borrower's premises, upon exit at the end of the loan period and at appropriate intervals during the loan period.
 - Records of condition checks will be stored by the Council and kept on the loan file. Condition reports will include photography and a written report, a copy of which will be submitted to the Borrower.
- Loss of, or damage to any loaned object must be reported immediately to Lichfield District Council. No attempt should be made to effect repairs to broken or damaged objects without the written permission of the Council.

- In the event of such negligence the Borrower is responsible for the cost of repair or any reduction in the value of the object.

RIGHTS AND DISPLAY:

- The Council retains photographic rights on all items within the collection.
- Loan objects must not be individually photographed, filmed, televised or reproduced, without prior consent of the Council although there is no objection to general views of an exhibition being taken for press and publicity purposes. All permitted photographs of the loan object must be credited "Lichfield District Council".
- All loaned objects on display by a Borrower must be labelled with an acknowledgement that the object is on loan from Lichfield District Council.
- Under no circumstance may the Borrower loan or transfer any object acquired from the Council's collection to a third party.

AUTHORISATION:

- Authorisation of loans will require a written application for the loan of an object to be received from the Borrower at least 3 months before the expected loan start date. Shorter periods may be accepted where the Council's resources can accommodate this.
- Loans of objects with a value beneath £10,000 may be authorised by the officer or individual responsible for administering the Council's collection.
- Loans of objects with a value above £10,000 will require the permission of an appropriate head of service.

15. Related policies and procedures

The Lichfield Museum Collection also has the following policies in place - Disposal Policy and Acquisitions Policy. The Loan out agreement form can be found in appendix 1 below and is available as a separate document.

ENDS

Appendix 1 – please see below.

Appendix 1

LICHFIELD DISTRICT COUNCIL MUSEUM COLLECTION – LOAN OUT AGREEMENT FORM

ACQUIRING ORGANISATION:		
Name of Organisation		
Address		
Contact Name and Position		
Telephone		
Email		
LOAN DETAILS:		
Length of Loan	Start Date:	
	End Date:	
<p><i>This loan may be renewed subject to a satisfactory review prior to the loan end date. Lichfield District Council will contact the Borrower three months prior to the loan end date to arrange a review, or to arrange return of the object(s).</i></p>		
Purpose of Loan		
OBJECT(S) LOANED:		
Accession Number	Object(s) Name	
<p><i>Conditions of loan for the object(s) detailed above are enclosed overleaf. The authorised signatories below undertake to ensure that staff and agents contracted by their institutions understand and adhere to these conditions.</i></p>		

Conditions of Loan

The Borrower is the institution named on page one of the accompanying Loan out Agreement. "The Council" refers to Lichfield District Council. Loans out will only proceed where the Borrower is prepared to accept the Council's Terms and Conditions, as outlined in the following paragraphs.

1. All loans out will be for a fixed period with the possibility of renewal. The initial loan period will be between three months and five years. The loan may be renewed subject to satisfactory review prior to the loan end date. The Council will contact the Borrower three months prior to the end date to arrange a review, or to arrange return of the object(s).
2. Prior arrangements must be made to confirm the time and date of collection of object(s).
3. Lichfield District Council reserves the right to recall any loan object(s) at any time, and will only do so in the event of some compelling and/or unforeseen circumstance. In this event, 3 months written notice will be given unless this would place a loan object at excessive risk.
4. Lichfield District Council also reserves the right to recall any loan object(s) at any time, if the conditions of loan are not being met. In this event, 2 months written notice will be given, unless this would place a loan object at excessive risk. If an object is in excessive risk, Lichfield District Council reserves the right to remove it immediately.
5. The Borrower will provide reasonable access to loan object(s) to staff or agents of the Council, for example for inspection or conservation. Visits will be arranged in advance with consideration of the convenience of all parties.
6. Insurance - The recipient must arrange at their expense, all risk insurance cover for loaned objects, including transportation, for the whole of the loan period. Lichfield District Council reserves the right to inspect insurance documentation for confirmation of compliance.
7. Cost - Unless a specific agreement has been made, the Borrower will bare all direct costs of borrowing including: cost of transport, photography, conservation, display preparation (material costs), insurance of the loaned object(s).
8. Transport – Unless a specific agreement has been made, the Borrower will provide their own transport, both collecting and returning. Lichfield District Council reserves the right to withhold a loan if they consider the transport to be unsuitable.
9. The Borrower must ensure that the driver of the Borrower's transport has a letter of introduction, or some other form of identification, at the time of collection.
10. Packaging, installation and return - Unless a specific agreement has been made, the Council will package all objects before dispatch. The Council would expect all objects to be similarly packaged on return journeys at the end of the loan period. The Council reserves the right to inspect the packaging of returns, before they are dispatched from the Borrower back to Lichfield District Council. The unpacking, installation and repackaging must be carried out by an experienced member of staff at either destination.
11. Security - The recipient must take adequate security arrangements to ensure the safe keeping of all objects acquired throughout the loan period and during transit. Lichfield District Council reserves the right to refuse or terminate the loan of an object if, in the opinion of the Council, adequate security arrangements have not been made.
12. Care - Condition reports for the object(s) on loan will be completed before and after transport to and from the loan venue by Lichfield District Council. For artefacts on long-term loan, condition reports will also take place annually and be conducted by Lichfield District Council or a suitable member of the borrowing institution's staff. Condition reports will include photography and a written report, a copy of which will be submitted to the Borrower.
13. Loss of, or damage to any loaned object(s) must be reported immediately to Lichfield District Council. No attempt should be made to effect repairs to broken or damaged object(s) without the written permission of the Council.
14. In the event of such negligence the Borrower is responsible for the cost of repair or any reduction in the value of the object(s).
15. All loan objects are borrowed in their current condition. If the Borrower requires the condition of objects to be improved, they will agree to undertake any restoration or conservation at their own expense. Any works would need to be approved in writing by Lichfield District Council, and should be carried out by a recognised practitioner. As the

owner of the object(s) Lichfield District Council retains any increased value in the object(s) post conservation or restoration. No value will remain with the Borrower.

16. Display - All loaned objects on display must be appropriately labelled with an acknowledgment that the object(s) is on loan from Lichfield District Council.

17. Under no circumstance may the Borrower loan any object(s) on loan from Lichfield District Council's Museum Collection to a third party.

18. Copyright - Lichfield District Council retains photographic rights on all object(s) within its Museum Collection. Loan object(s) must not be individually photographed, filmed, televised or reproduced, without prior consent of Lichfield District Council although there is no objection to general views of an exhibition being taken for press and publicity purposes. All permitted photographs of the loan object(s) must be credited "Lichfield District Council".

19. Lichfield District Council reserves the right to monitor throughout the period of the loan: The loan object(s) condition annually; the environmental and display condition annually; Insurance and indemnity policies on or before the renewal date.

Additional Conditions:

Lichfield District Council hereby declares that it is the Sole Owner of the Object(s) listed in this Agreement and hereby agrees to lend the Object(s) to the above named Borrower for the stated period. The Borrower has read the Terms and Conditions attached to this Agreement and agrees to be bound by them. Lichfield District Council agrees to honour these conditions.

Signed on Behalf of Lichfield District Council		Signed on Behalf of the Borrower	
Signed		Signed	
Name		Name	
Date		Date	
Position		Position	

Ends