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District Council House, Frog Lane Lichfield, Staffordshire WS136YU

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Monday, 29 August 2016

Dear Sir/Madam

CABINET

A meeting of the Cabinet has been arranged to take place on **TUESDAY**, 6TH SEPTEMBER, 2016 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

Netture

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

To: **Members of Cabinet**

Councillors











- 1. Apologies for Absence
- 2. Declarations of Interest
- Money Matters 2015/16: Review of Financial Performance Against 3 40 the Financial Strategy
- 4. Money Matters 2016/17: Review of Financial Performance Against 41 64 the Financial Strategy April to June 2016
- 5. Fit for the Future Community Transport Review 65 70
- 6. Local Development Scheme 71 104
- 7. Shenstone Neighbourhood Plan Referral to Referendum 105 108
- 8. To Receive the Minutes of the Asset Strategy Group Meeting held 109 112 on 9 August 2016
- 9. To Receive the Minutes of the Parish Forum held on 14 July 2016 113 116

10. EXCLUSION OF THE PUBLIC AND PRESS

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

11. Confidential Appendix to Agenda Item 5 - Fit for the Future 117 - 118 Community Transport Review









Money Matter	enda Item 3	
Performance a	district V council	
Cabinet Member for Fin	ance and Democracy	www.lichfielddc.gov.uk
Date:	6 September 2016	
Agenda Item:	3	
Contact Officer:	Anthony Thomas	
Tel Number:	01543 308012	Cabinet
Email:	Anthony.thomas@lichfielddc.gov.uk	Casillet
Key Decision?	YES	
Local Ward Members :	Full Council	

1. Executive Summary

- 1.1 The report covers the financial performance for the financial year 2015/16.
- 1.2 The Revenue Budget was below budget by (£194,755) at the service level and this is within the target of £250,000. Overall the Revenue Budget was below budget by (£157,065) compared to the Revised Approved Budget and this sum will be transferred to General reserves.
- 1.3 The budgeted transfer <u>from</u> general reserves was (£400,450) as approved by Council on 17 February 2015. The Council's performance in the year resulted in £1,281,475 being transferred <u>to</u> general reserves. This means the Council's general reserves improved by £1,681,925 for the financial year 2015/16 in comparison with the Original Budget.
- 1.4 Total revenue reserves held at 31 March 2016 amount to **£9,936,226**: this is made up of general reserves of **£4,279,145** and earmarked reserves of **£5,657,081**.
- 1.5 The Capital Programme was below budget by **(£930,658)**; recommendation 2.3 below is for slippage of **£1,123,000** in 2015/16 to be carried forward to 2016/17.
- 1.6 The Council has received additional capital receipts of (£186,224) compared to the Approved Budget.
- 1.7 In terms of Council Tax and Business Rates:
 - The Council's collection performance based on debt raised in the year is **98.79%** and is much higher than comparable Councils and for debts covering all years it has remained consistent.
 - There is a lower than estimated surplus for Council Tax of **£16,809** and this will be included in the 2017/18 Budget as reduced income.
 - The Council will for the first time will be paying Business Rate levy of **£578,305** to the GBS pool and will receive **(£187,949)** of returned levy. This is **£22,356** more net levy than the Revised Approved Budget after taking account of the budgeted volatility allowance.
 - Overall Retained Business Rate Income was **£40,682** lower than the Revised Approved Budget.
 - The Council's collection performance based on debt raised in the year is **97.50%** and is lower than comparable Councils due to several one off items and an agreed payment deferral. In terms of debts covering all years it has remained consistent.
 - There is a lower than estimated deficit for Business Rates of **(£498,123)** and this will be included in the 2017/18 Budget as additional income.
- 1.8 The Council's investments achieved a risk status that was more secure than the aim of **A** and yield exceeded three of the four industry standard LIBID yield benchmarks.
- 1.9 The Treasury Management function received the second highest assurance of **Substantial Assurance** from Internal Audit and has complied with all of the Prudential Indicators.

2. Recommendations

- 2.1 To note the report and issues raised within.
- 2.2 To note that Leadership Team with Cabinet Members will continue to closely monitor and manage the Medium Term Financial Strategy (Revenue and Capital) 2016-20 (MTFS (R&C) 2016-20).
- 2.3 To approve **£1,123,000** of Capital Programme slippage related to 2015/16 being added to the Approved Budget in 2016/17 as outlined at **APPENDIX B**.

That Cabinet recommends to Council :

2.4 To approve the actual 2015/16 Prudential Indicators contained within the report.

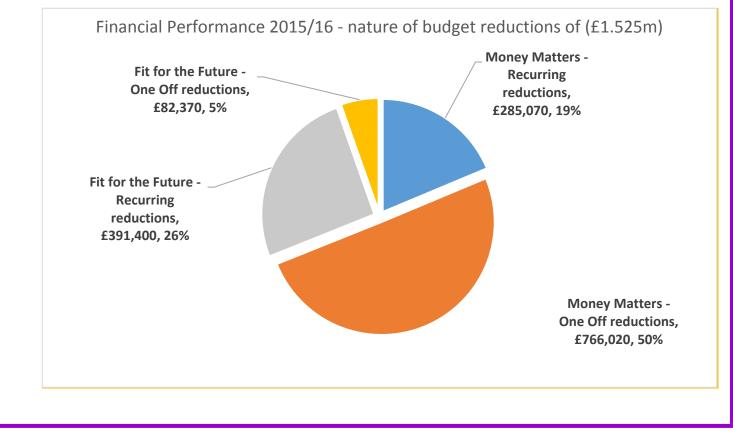
3. Background

Budget Management

- 1.1. The MTFS (R&C) 2015-18 approved by Council on 17 February 2015 included the Original Budget for 2015/16 and set out the allocation of resources and the policies and parameters within which managers are required to operate.
- 1.2. Throughout the financial year, Money Matters reports are provided to both Cabinet and Strategic (Overview and Scrutiny) Committee at 3, 6 and 8 months intervals to monitor financial performance.
- 1.3. The Money Matters reports update the Approved Budget to reflect latest projections and the 8 month Money Matters report formed the basis of the Revised Approved Budget for 2015/16 approved by Council on 23 February 2016.

The Revenue Budget

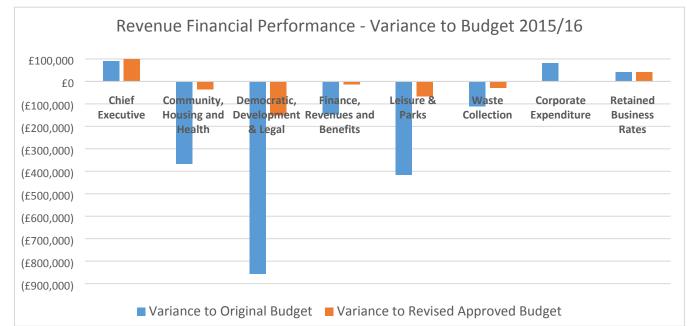
1.4. The budgetary changes throughout the financial year meant that rather than a contribution <u>from</u> General reserves of (£400,450) approved in the Original Budget that a contribution <u>to</u> General reserves of £1,124,410 would occur in the Revised Approved Budget. A summary of the budgetary changes totalling (£1,524,860) is shown in the graph below:



3.5 In terms of financial performance, compared to the Revised Approved Budget, the key points to note are:

- Net cost of services was below budget by (£194,755) and this is within the set target of £250,000.
- Corporate expenditure including the net treasury position was below budget by (£2,374).
- Funding had a shortfall of **£40,064** with the Business Rates element being **£40,682**.
- Overall the financial performance was below budget by (£157,065). The level of General reserves has improved by £1,681,925 (£400,450 transfer not required plus savings identified throughout the year of £1,124,410 plus actual year end performance of £157,065) compared to the Original Budget.

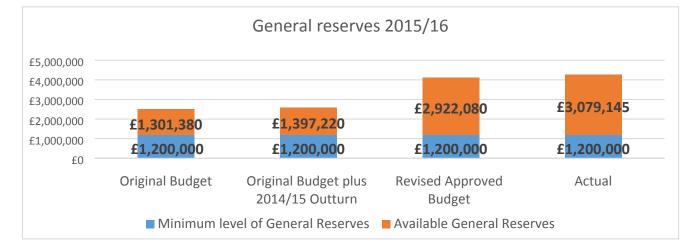
A summary of the financial performance compared to both the Original Budget and the Revised Approved Budget is shown in the graph below. The detail related to these figures is shown at APPENDIX A together with the gross expenditure and gross income for each Service area.



- 3.7 In order to understand the reasons for this below budget performance of **(£157,065)**, analysis work has been undertaken and the details are shown in **APPENDIX A**. In summary, the budget variance falls into two categories :
 - One-off net savings (additional expenditure offset by additional income) of (£127,375).
 - Ongoing savings/additional income of (£29,690).
- 3.8 The ongoing savings/additional income will be incorporated into the Council's MTFS (R&C).

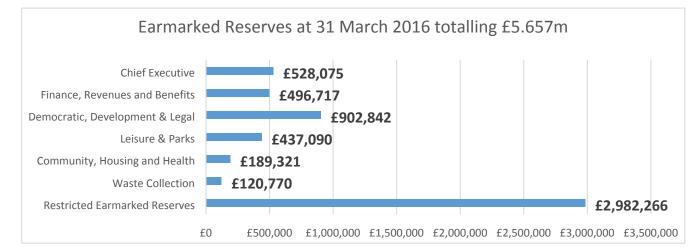
Revenue General Reserves and Earmarked Reserves

3.9 The following Revenue general reserves are available to assist the Council in meeting General Fund expenditure as part of the MTFS:



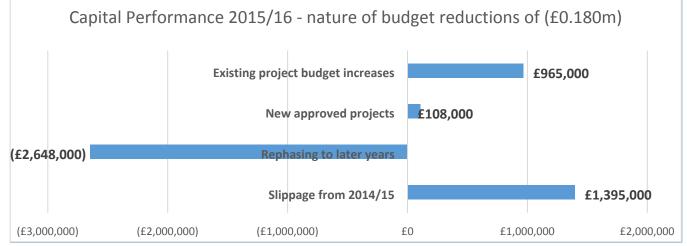
3.10 Earmarked reserves are classified into unrestricted reserves where there are no restrictions over their use and restricted reserves where their establishment or use is determined by a legal or partnership agreement such as the car park reserve. We are currently reviewing our earmarked reserves approach to ensure reserves are managed in the most effective way.

3.11 A summary of earmarked reserves is shown in the chart below and in detail at **APPENDIX A**.

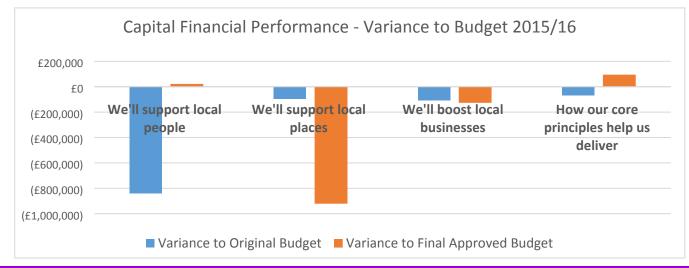


The Capital Programme

3.12. A summary of the budgetary changes from the Original Budget of £5,051,000 to the Final Approved Budget of £4,871,000 undertaken throughout the financial year totalling (£180,000) is shown in the graph below:

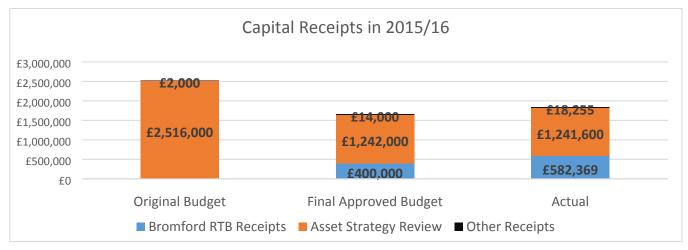


3.13. This below budget performance compared to both the Original Budget and the Final Approved Budget of **(£930,658)** or **19%** is shown in the graph below and in detail at **APPENDIX B**:



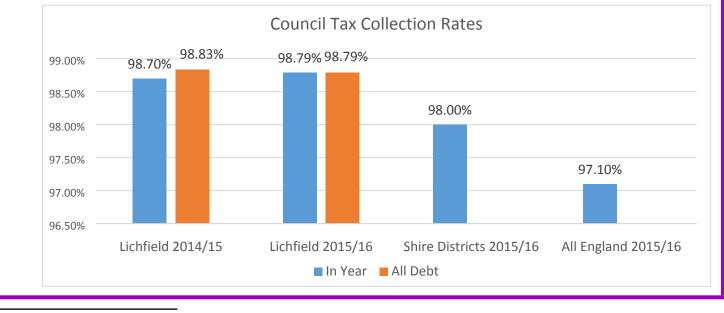
Page 6

- 1.1. The reason for the significant variance on we'll support local places relates to the waste collection vehicle replacement programme. This contract hire arrangement must be treated as capital expenditure funded by a leasing obligation because the risks and rewards of ownership have been assessed as transferring to the Council¹. A below budget spend has occurred of **(£872,000)** because a number of vehicles originally planned to be procured during 2015/16 will now be procured in later financial years.
- 1.2. The below budget performance of (£930,658) can be categorised as:
 - Delays in spend taking place which is known as slippage of (£1,123,000).
 - Technical adjustments including new finance leases of £226,000.
 - Other adjustments including project underspends of (£33,658).
- 1.3. The slippage in 2015/16 of **£1,123,000** is recommended to be added to the Capital Programme in 2016/17 when this delayed spend is planned to take place. The slippage together with the Revised Budget for 2016/17 is shown in **APPENDIX B.**
- 1.4. The actual capital receipts of **(£1,842,224)** received during 2015/16 compared to the Original **(£2,518,000)** and Revised Approved Budgets **(£1,656,000)** are shown in the graph below:



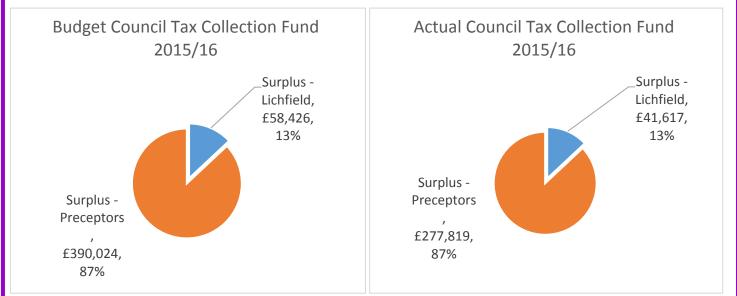
Council Tax

- 1.5. The Council was responsible for the collection of Council Tax for all precepting authorities in 2015/16 totalling **£54m**.
- 3.19 The collection performance for Council Tax in 2014/15 and 2015/16 compared to the overall in year performance in 2015/16 for shire districts and England is shown in the graph below:



¹ Cabinet Report 8 September 2015.

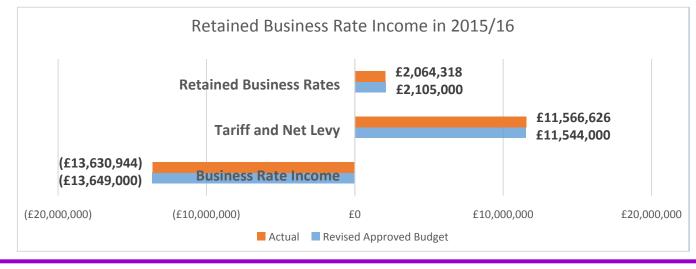
- 3.20 The collection performance has improved from 2014/15 and remains significantly higher than the average for Shire Districts and England.
- 3.21 A summary of the budgeted and actual Council Tax Collection Fund performance is shown in the graph below with detail shown at **APPENDIX C** and is based on Lichfield's (including Parishes) current share of Council Tax of **13%**:

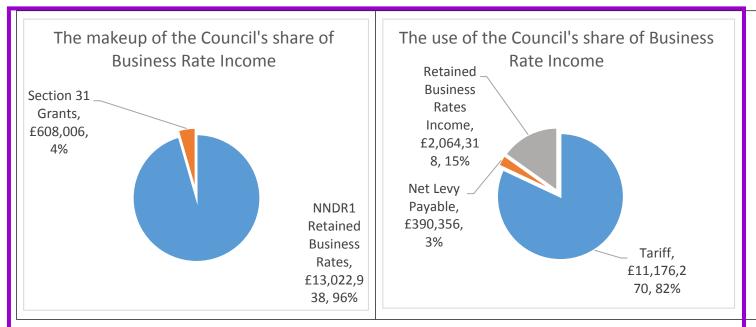


- 3.22 The main reason the surplus is lower than estimated is because despite improved collection performance in 2015/16 the Corporate Debt Team has assessed that a higher transfer to the bad debt provision is required to reflect the current risk on non-collection of arrears.
- 3.23 The reduction in the Council's share of the surplus of **£16,809** will be included in the 2017/18 Budget.

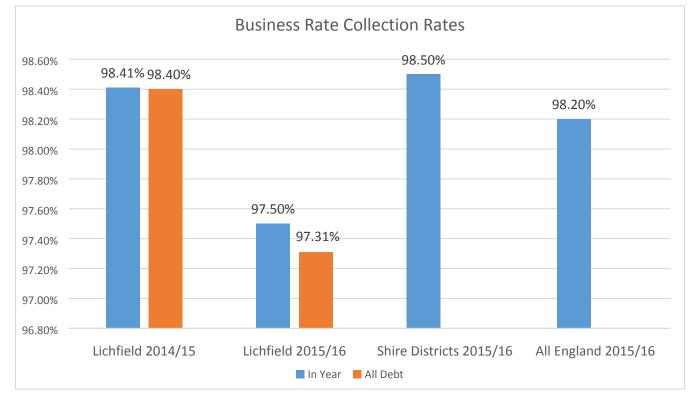
Business Rates

- 3.24 The Council collected Business Rates for all partners in 2015/16 totalling **£34m**.
- 3.25 The Council receives a **40%** share of Business Rates income. The Council's share included in its budget is based on the NNDR 1 estimated level together with Section 31 grants for certain reliefs granted. The Council must then pay the Government set tariff and any net levy based on growth above the Government set baseline (or receive safety net in the event of business rates have reduced more than a set percentage below the baseline).
- 3.26 The Retained Business Rate income for 2015/16 was (£2,064,318) compared to the Revised Approved Budget of (£2,105,000), a shortfall of £40,682. The detail of the Council's actual and budgeted share of Business Rates income, the tariff and net levy and retained Business Rates in 2015/16 is shown in detail at APPENDIX C and in the graphs below:

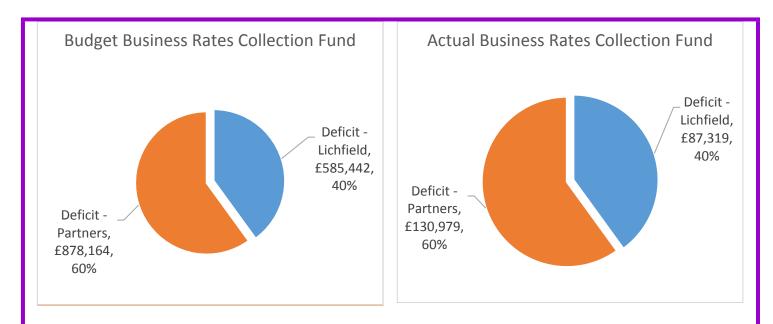




3.27 The collection performance for Business Rates in 2014/15 and 2015/16 compared to the overall in year performance in 2015/16 for shire districts and England is shown in the graph below:



- 3.28 In year debt collection performance has deteriorated from 2014/15 and is now lower than the average for Shire Districts and England. The reason for the reduction in performance (reported previously in Money Matters Reports) for both in year and all debt was as a result of:
 - The amount of collectable debt has increased from **£35.1m** to **£36.4m**.
 - New rating assessments, appeals and other changes equating to a (0.88%) reduction in the collection rate.
 - A payment deferral as part of the Council's support for economic development in the District equating to a **(0.17%)** reduction in the collection rate.
- 3.29 A summary of the budgeted Business Rates Collection Fund performance is shown in the graphs below with detail shown at **APPENDIX C** and is based Lichfield's prescribed share of **40%**:

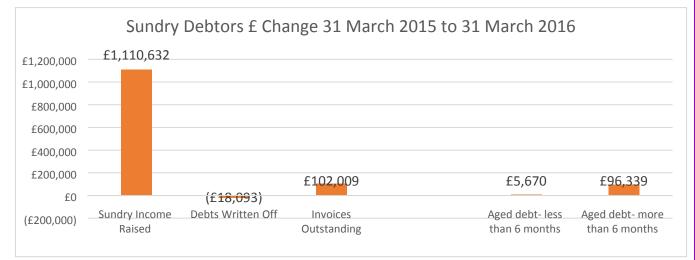


3.30 The main reasons the deficit is lower than estimated of (£1,245,308) are:

- The Corporate Debt Team has assessed that a lower transfer to the bad debt provision is required to reflect the current risk on non-collection (£252,722).
- The level of provision for business rate appeals is lower than estimated (£374,174).
- There has been lower relief granted to empty properties than estimated (£901,189).
- Other reasons **£282,777**.
- 3.31 The reduction in the Council's share of the deficit of (**£498,123**) will be included in the 2017/18 Budget.

Sundry Debtors

3.32 A summary of key transactions levels and collection performance for Sundry Debtors in 2015/16 compared to 2014/15 is shown in the graph below:



3.33 The collection performance is shown in detail at **APPENDIX D** and is summarised below:

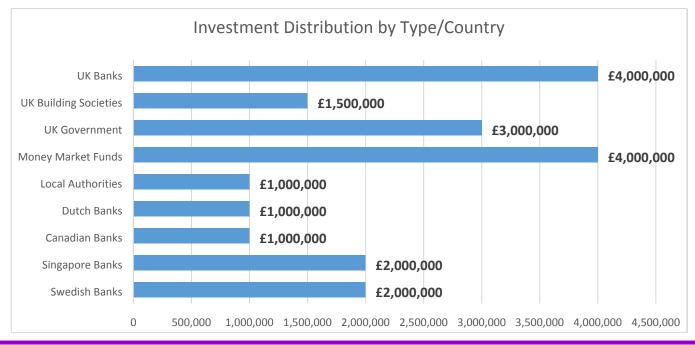
- The collection of sundry debts has remained consistent throughout 2015/16.
- The value of income raised has increased by £1,110,632 or 16.22% and the value of write offs has reduced by (£18,093) or (28.70%).
- Overall invoices outstanding has increased by £5,670 or 5.87% with an increase in those outstanding for more than 6 months by £96,339 or 19.52% due to an increase in housing benefit overpayment debts that take longer to collect. The introduction of Real Time Information (RTI) has contributed to more overpayments being identified related to unreported changes in circumstances (such as income not declared, savings not declared).

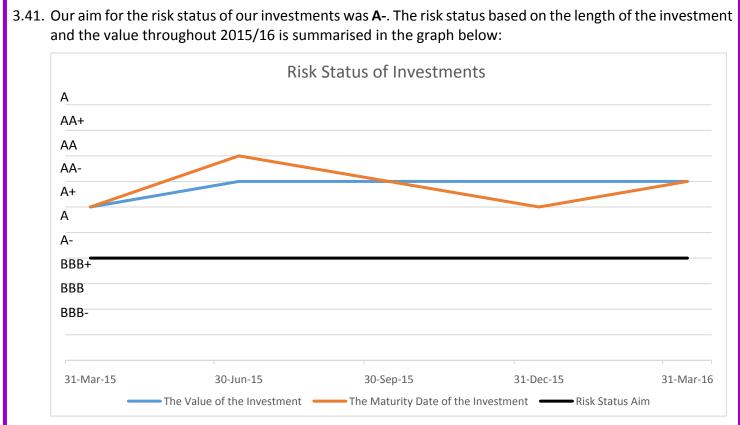
Treasury Management

- 3.34 This Annual Treasury Report is a requirement of the Council's reporting procedures. It covers the Treasury activity during 2015/16 and the actual Prudential Indicators for 2015/16.
- 3.35 Our Treasury Management activity is underpinned by CIPFA's Code of Practice on Treasury Management ("the Code"), which requires local authorities to produce annually Prudential Indicators and a Treasury Management Strategy Statement on the likely financing and investment activity. The Code also recommends that members be informed of treasury management activities at least twice a year. We report quarterly to the Cabinet and Strategic Overview and Scrutiny Committee on Treasury policy; strategy and activity.
- 3.36 Treasury Management is defined as: "The management of the local authority's investments and cash flows, its banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks."
- 3.37 Overall responsibility for Treasury Management remains with the Council. No Treasury Management activity is without risk; the effective identification and management of risk are integral to our Treasury Management objectives.
- 3.38 This report is prepared in accordance with the revised CIPFA Treasury Management Code and the revised Prudential code and
 - a) presents details of capital spend, capital financing, borrowing and investment transactions;
 - b) reports on the risk implications of Treasury decisions and transactions;
 - c) gives details of the outturn position on Treasury Management transactions in 2015/16;
 - d) confirms compliance with Treasury limits and Prudential Indicators and
 - e) provides details of the results of recent reviews undertaken in relation to Treasury Management Activity to provide assurance that systems and controls work as expected.
- 3.39. The report is to full Council and in addition is also submitted to the Strategic Overview and Scrutiny Committee who are responsible for scrutiny of the Treasury Management function.

The Security of Our Investments

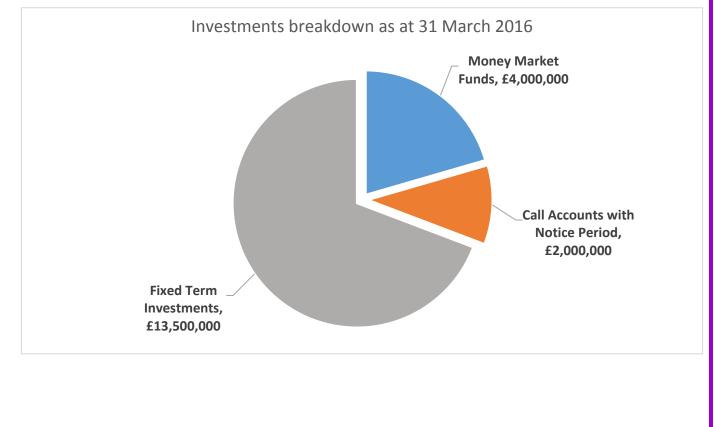
3.40. The investments the Council had at the 31 March 2016 of **£19,500,000** by type and Country are summarised in the graph below and in more detail at **APPENDIX E**:

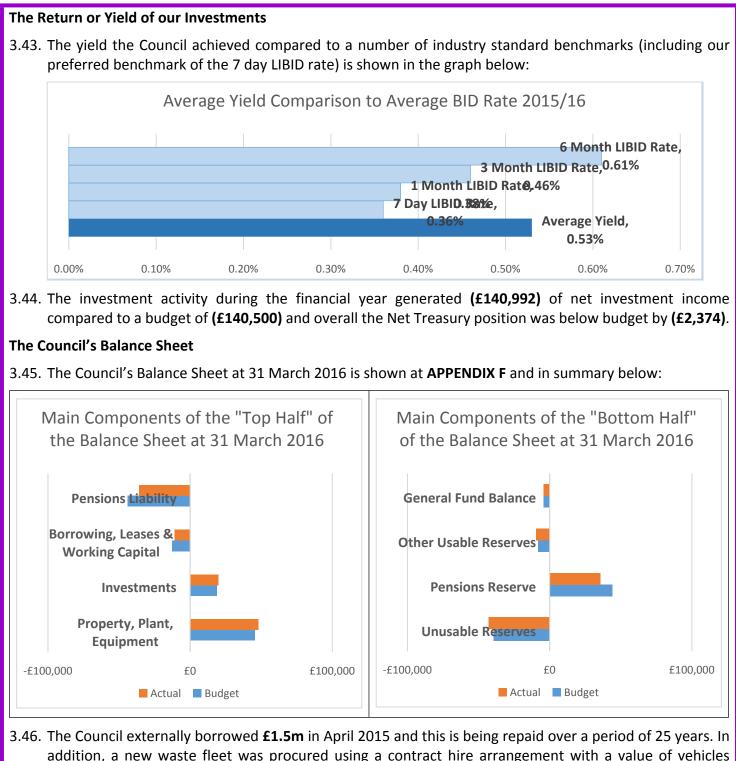




The Liquidity of our Investments

3.42. The Council has not had to temporarily borrow during 2015/16 and retains a proportion of its investments in instant access Money Market Fund investments to ensure there is sufficient cash available to pay for goods and services. The proportion of investments of this type is shown in the graph below:





- addition, a new waste fleet was procured using a contract hire arrangement with a value of vehicles received in 2015/16 totalling **£2.2m.** This arrangement has been assessed as being a finance lease and therefore the assets and liabilities appear on the Council's Balance Sheet.
- 3.47. There is a variance of **£13.3m** between the budgeted and actual Balance Sheets and the main reasons are detailed below:
 - The actuary's valuation of the pension fund liability in the "Top Half" of the Balance Sheet is **£8.2m** lower than last year's valuation due to changes in the assumptions used. The impact of the pensions fund liability is reversed under statutory arrangements via a pensions reserve in the "Bottom Half" of the Balance Sheet.
 - The value of property, plant and equipment is higher by **£2.1m** mainly due to revaluations by the District Valuer of the Leisure Centres and the Lichfield Garrick. These increases in valuation reflect the valuation method used that is based on the cost of replacement.



Treasury Management Assurance

3.49. As part of the Council's assurance framework, Internal Audit undertake periodic reviews of the Treasury Management function. A review was undertaken in 2015/16 and the Council received the second highest level of assurance known as Substantial Assurance². The detail of the results of the review findings are shown at APPENDIX G.

Alternative Options	There are no alternative options.
Consultation	Consultation is undertaken as part of the 'Plan for Lichfield District' and with Leadership Team.

² The Council's Internal Audit assurance levels are: Excellent, Substantial, Adequate, Limited and Poor.

Financial Implications	• W 20 20	ential indicators (PI) 2015/16: /e can confirm that the Council has complied wit 015/16; these were originally approved by Council 015 and were fully revised and approved by Council ne Council's Treasury Management Strategy Stateme	at its mee on 23 Febr	ting on 17	7 February
	• In pi	compliance with the requirements of the CIPFA rovides members with a Summary Report of the uring 2015/16.	A Code of		-
	ha ar	one of the other Prudential Indicators have been broas been taking in relation to investment activity with nd liquidity over yield. The Prudential Indicators are nd are summarised in the table below :	n priority be	eing given	to security
	PI	Details	2015/16 Final Budget	2015/16 Actual	Compliant
	1	Capital Expenditure (£)	£4.871m	£3.940m	
	2	Ratio of Financing Costs to Net Revenue Stream (%)	2%	3%	
	3	Capital Financing Requirement (£)	£5.448m	£4.664m	
		Net external borrowing does not exceed the Capital Financing			
	4	Requirement in the current year plus the next two years Incremental impact of capital investment decisions on Band D Council Tax (£)	True (£0.28)	True (£0.18)	
	6	Authorised Limit (£)	£13.732m	£4.587m	
	7	Operational Boundary (£)	£5.405m	£4.587m	
	8	Adoption of the CIPFA Code of Practice in Treasury Management	Yes	Yes	
	9	Is our gross debt in excess of our Capital Financing Requirement and are we therefore borrowing in advance of need?	No	No	\mathbf{i}
	10	Upper limit for investments fixed interest rate exposure (Highest)	(100%)	(87%)	
	10	Upper limit for investments variable interest rate exposure (Highest)	100%	100%	
	11	Upper limit for borrowings fixed interest rate exposure (Highest)	(100%)	(43%)	\checkmark
	11	Upper limit for borrowings variable interest rate exposure (Highest)	30%	0%	\checkmark
	12	urity Structure of Fixed Rate Borrowing (upper limit) (%)	100%	5.17%	
	12	12 months and within 24 months	100%	5.08%	
	12	24 months and within 5 years	100%	12.24%	
	12	5 years and within 10 years	100%	20.40%	
	12	10 years and within 20 years	100%	40.80%	\sim
	12	20 years and within 30 years	100%	16.32%	
	12 12	30 years and within 40 years	100% 100%	0%	
	12	40 years and within 50 years 50 years and above	100% 100%	0% 0%	
	13	Principal Sums invested > 364 days (£m)	£2.300m	£1.000m	
	14	Credit Risk	We conside yield, in th	er security; liq at order, whe stment decisio	n making
		etailed analysis of the Financial Performance f PPENDICES attached.	or 2015/1	6 is shov	vn in the

Contribution to the Delivery of the Strategic Plan	The MTFS underpins the delivery of the 'Plan for Lichfield District 2012-16'.
Equality Divorsity and	

Equality, Diversity and	
Human Rights	There are no additional Equality, Diversity or Human Rights implications.
Implications	

Crime & Safety Issues

There are no additional Crime and Safety Issues.

	Risk Description	How We Manage It	Severity of Risk (RYG)
А	Management of the Council's Revenue and Capital budget is critical to the successful delivery of key Council's priorities, and control measures need to be in place to manage the re-scheduling or re- profiling of projects and to respond to the changing financial climate	Close monitoring of expenditure. Maximising the potential of efficiency gains. Early identification of any unexpected impact on costs, for example, central Government policy, movement in the markets, and changes in the economic climate. Prioritisation of capital expenditure. Project management of projects.	Red - Severe
В	Counterparty default	A new Annual Investment Strategy was approved by Cabinet on 7 April 2015. This new Strategy utilises more counterparties and financial instruments to diversify the portfolio and reduce this risk.	Yellow - Material
С	The Performance of the Economy in light of the EU Referendum	Close monitoring of the higher risk key business areas and those areas affected by the downturn. Managers continuously gather and analyse information and are taking action where it is possible to do so.	Red - Severe
D	Actual cash flows are different to those that are planned	The Council maintains a comprehensive cash flow model that is updated on a daily basis to reflect actual and planned cash flows. An element of the Council's investment portfolio will be invested in instant access accounts.	Yellow - Material
E	Planned capital receipts are not received	The Council plans to dispose of a number of assets to fund capital investment including Industrial Units and Shops. Two of these sales have been completed and the remaining one is being monitored closely to ensure any subsequent financial implications are included in the MTFS.	Red - Severe
F	New Government policies including the level of cuts to Communities and Local Government	To ensure any new policies such as those related to Business Rates and New Homes Bonus are evaluated and the impact is incorporated into the MTFS.	Red - Severe

Background Documents	 CIPFA Code of Practice for Treasury Management in the Public Services Money Matters : Medium Term Financial Strategy (Revenue and Capital) 2015- 18 Cabinet 3 February 2015.
	 Money Matters : 2015/16 Review of Financial Performance against the Financial Strategy (3 months) - Cabinet 8 September 2015
	 Money Matters : 2015/16 Review of Financial Performance against the Financial Strategy (6 months) - Cabinet 1 December 2015
	 Money Matters : 2015/16 Review of Financial Performance against the Financial Strategy (8 months) - Cabinet 9 February 2016
	The Prudential Code for Capital Finance in Local Authorities

Relevant web link	Cabinet - Lichfield District Council

The Revenue Budget

	Original Budget (£)		Approved Budget (£)	Actual Outturn (£)	2015/16 Variance (£)	2015/16 Target Variance (+/-) (£)
Chief Executive	772,460	1	765,030	863,554	98,524	6,000
Community, Housing & Health	2,217,360		1,885,810	1,850,605	(35,205)	20,000
Democratic, Development & Legal	1,097,170		392,170	241,745	(150,425)	61,000
Finance, Revenues & Benefits	2,428,290		2,294,110	2,281,698	(12,412)	31,000
Leisure & Parks	3,167,270		2,818,790	2,752,471	(66,319)	71,000
Waste Collection	1,311,000		1,228,930	1,200,013	(28,917)	61,000
Net cost of services	10,993,550		9,384,840	9,190,085	(194,755)	250,000
Net Treasury Position	74,900		(39,500)	(41,874)	(2,374)	
Revenue Contributions to the Capital Programme	154,000		154,000	154,000	0	
Net Revenue Expenditure	11,222,450		9,499,340	9,302,211	(197,129)	
Approved Earmarked reserves	92,000		290,250	290,250	0	
Cost of local services met by local and national		1				
taxes	11,314,450		9,789,590	9,592,461	(197,129)	
How we plan to fund this						
Local Taxes	(5,620,560)		(5,620,560)	(5,620,560)	0	
Grants and Business Rates	(5,293,440)		(5,293,440)	(5,253,376)	40,064	
Funding Sub Total	(10,914,000)		(10,914,000)	(10,873,936)	40,064	
Sub Total	400,450		(1,124,410)	(1,281,475)	(157,065)	
General Reserve	(400,450)		1,124,410	1,281,475	157,065	
Net Expenditure	0		0	0	0	

Analysis of gross expenditure, income and net expenditure for 2015/2016

Area	Actual Gross Expenditure	Actual Gross Income	Actual Net Expenditure
	£	£	£
Chief Executive	906,139	(42,585)	863,554
Community, Housing & Health	2,493,407	(642,802)	1,850,605
Democratic, Development & Legal	4,833,278	(4,591,533)	241,745
Finance, Revenues & Benefits	22,966,601	(20,684,903)	2,281,698
Leisure & Parks	6,094,896	(3,342,426)	2,752,471
Waste Collection	5,148,830	(3,948,817)	1,200,013
Net cost of services	42,443,151	(33,253,066)	9,190,085
Net Treasury Position	106,438	(148,312)	(41,874)
Revenue Contributions to the Capital Programme	154,000	0	154,000
Net Revenue Expenditure	£42,703,589	(£33,401,378)	£9,302,211

APPENDIX A

Reasons for the end of year below Budget Performance

	Variance	Ī	Expend	diture	Inco	me
		ſ	One Off	Recurring	One Off	Recurring
	(£)	ļ	(£)	(£)	(£)	(£)
Chief Executive	()		((2, 2, -)	
Communications and Information - additional income for services	(3,523)		(306)		(3,217)	
Minor Balance	(953)		1,275	0	(2,228)	0
Approved at Leadership Team Earmarked reserves	103,000		103,000		0	
Chief Executive Total	£98,524	╞	£103,969	£0	(£5,445)	£0
Community, Housing & Health						
Homelessness Service - bad debt provision 7.7k and courses 750, B&B overspent. Over recovered storage and B&B income budgets Homelessness Prevention - Grant received from Shropshire Council	5,980		9,017		(3,037)	
put into reserve, small underspend other fees (homeless prevention) and bad debt over provided for	(9,332)		(1,037)		(8,295)	
Private Sector Housing - reduction in Warmer Healthier Homes Healthier People payments	(4,178)		(4,179)		1	
Building Safer Communities - some expenditure has no budget but was Grant funded or covered by reserve	(4,197)		7,503		(11,700)	
Food Safety - Rate my Place income (no budget)	(6,554)		161		(6,715)	
Repossession Prevention Fund -3 loans awarded and bad debt provision 8.5K (no budget), income covers 3 loans awarded	6,051		13,551		(7,500)	
Prevention Assistance Fund - loan underwritten but bad debt over provided for	(4,036)		(4,035)		(1)	
Housing Strategy and the Enabling Role - reserve given up (EARM no longer required CHH 033), small income balance	(30,430)		(30,399)		(31)	
Minor Balance	1,409		20,353	0	(18,944)	0
Approved at Leadership Team Earmarked reserves	10,083		10,083			
Community, Housing & Health Total	(£35,205)		£21,017	£0	(£56,222)	£0
Democratic, Development & Legal						
District Council House - additional Repairs and Maintenance	9,429		9,484		(55)	
Democratic Services - savings in employee cost/supplies & Services	(9,012)		(7,349)		(1,664)	
Legal Services - savings in employee cost, Legal fees and additional Legal fees income	(23,939)		(17,129)		(6,810)	
Other Land and Property - savings in professional fees and additional freehold sales income	(14,516)		(4,934)		(9,582)	
Countryside Projects-Earmarked Reserve No Longer Required	(23,252)		(23,252)		0	
Business Support and Investment-Earmarked Reserve Not Required	(34,628)		(34,628)		0	
District Highways - underspends on street name plates and unadopted roads	(11,521)		(3,521)	(8,000)	0	
Multi Storey car park	(19,754)		(3,646)		(5,108)	(11,000)
Parking Enforcement	15,416		3,581		835	11,000
Lichfield Car Parks - vandalism repairs offset with insurance claims	491		12,340		(11,850)	
Conservation and Listed Buildings – Earmarked Reserve No Longer Required and reduction in Shared Service income	(40,582)		(42,372)		469	1,320
Minor Balance	(832)		(12,273)	0	11,441	0
Approved at Leadership Team Earmarked reserves	2,276		2,276			
Democratic, Development & Legal Total	(£150,425)	ŀ	(£121,422)	(£8,000)	(£22,793)	£1,320
Finance Revenues & Renefits						
Finance, Revenues & Benefits Additional New Burdens Grant received for Revenues & Benefits	(5,409)		(319)		(5,090)	
Street Naming and Numbering - additional income	(5,409) (7,051)		(319)		(5,090) (7,691)	
Director - Finance Revenues & Benefits - additional income	(2,597)		640 (2,537)		(7,691) (60)	
			(2,537) 59		(60)	(6 700)
Lichfield BID - additional income for administering the BID	(6,641)					(6,700)
Housing Benefit Payments - actual Subsidy Claim reflected	(260)		951,213	1 350	(951,473) (26,770)	0
Minor Balance	(3,616)		31,904 12,160	1,250	(36,770)	0
Approved Earmarked reserves	13,160	┝	13,160			
Finance, Revenues & Benefits Total	(£12,412)		£994,121	£1,250	(£1,001,083)	(£6,700)

	Variance	Expen	diture	Inco	me
	(£)	One Off (£)	Recurring (£)	One Off (£)	Recurring (£)
Leisure & Parks					
Administration Budget - Saving in relation to marketing, office					
expenditure/ printing/ equipment and lower employee costs	(8,962)	(8,889)		(73)	
Health & Safety- minor balance	(3,101)	(3,757)		656	
Sports Development and Positive Futures - Some projects started later					
than anticipated resulting in lower costs versus budget and income	(19,490)	18,431		(21,150)	
received later in year Parks and Open Spaces - Overspends on tree works and premises					
maintenance at Beacon Park partly offset by over performance on					
income from core activities. Pressures at Burntwood Parks in	20 542	65 700		(27.247)	
particular due to the works on Hospital Road and the reduction in	28,513	65,729		(37,217)	
income from the lease and that at St Matthews. Unplanned income					
received for Wharf Lane close to year end so could not be utilised					
Friary Grange Leisure Centre – Over performance on income following the refurbishment and upgrade of facilities. The charge from SCC for	(34,505)	(13,765)	440	(8,180)	(13,000)
the Joint User Agreement was significantly less than budget	(54,505)	(15,705)	440	(0,100)	(15,000)
King Edward VI Leisure Centre - Savings on employees due to leavers	()		()	(
and utilities due to mild winter and efficient usage	(9,066)	12,285	(25,000)	(16,351)	20,000
Burntwood Leisure Centre – Underspending on marketing budget,					
other supplies and services lines and employee costs and premises	(32,935)	(32,833)		(102)	
(utilities)	(10.010)	(10.010)			
Garrick – Repairs to ventilation system slipped so reserve for £15k	(12,218)	(12,218)		0	
Insurance - Savings on consultant fees, commission to brokers and course fees	(3,367)	(3,387)		21	
Streetscene - Grounds Maintenance - Expenditure includes capital					
purchase of equipment to be moved to asset register, income includes	4.004	24.025		(47 744)	
part exchange allowance for this equipment. Ad hoc higher than	4,081	21,825		(17,744)	
budget for external contracts					
Public Conveniences – Minor balance	(2,096)	(2,131)		35	
Streetscene Management - Minor balance	(2,145)	(2,145)		0	
Street Cleansing Approved Earmarked reserves – trunk road cleansing Leisure & Parks Total	28,971 (£66,319)	28,971 £68,116	(£24,560)	(£116,876)	£7,000
	(100,313)	103,110	(124,500)	(1110,870)	17,000
Waste Collection					
Joint Waste - Q4 saw increase in recycling tonnages after a fall over					
the first 3 quarters. Due to milder winter hence more organic waste	(0.1 - 1 - 1)			(00 - 00)	
and also increase in dry recycling. This affects both expenditure (gate fee) and income (recycling credit and sale proceeds from dry	(21,715)	67,883		(89,598)	
recycling)					
Other Waste - increased 2nd brown bin income and bulky income	(1,399)	0		(1,399)	
Trade Waste - new customers hence increased disposal costs and					
income	(5,062)	9,020		(14,082)	
Minor Balance	(741)	1,928	0	(2,669)	0
Waste Collection Total	(£28,917)	£78,830	£0	(£107,747)	£0
Net Tracture Desition					
<u>Net Treasury Position</u> Treasury Management – lower internal interest payments.	(2,374)	(4,062)		1,688	0
Net Treasury Position Total	(£2,374)	(±4,062)	£0	£1,688	£0
	(,0,7,1)	(2.1,002)			
Local Taxes					
Minor Balance	0	499	0	(499)	0
Local Taxes Total	0	499	0	(499)	0
Grants					
Section 31 grants are lower than forecast and additional net levy on	40,064	254,190	0	(214,126)	0
Business Rate Growth	,				
Grants Total	£40,064	£254,190	£0	(£214,126)	£0
Total	(£157,065)	£1,395,259	(£31,310)	(£1,522,634)	£1,620

Initial 1 April 2015 31 March				
Reserve Name	Set Up Year	£	£	
Web Site Development	2008/09	(31,000)	(40,200)	
Fit for the Future	2013/14	(321,925)	(418,225)	
Fit for the Future	2013/14	(25,730)	0	
IAS 19 - Employee Benefits	2014/15	(69,650)	(69,650)	
Chief Executive Total		(448,305)	(528,075)	
SMBC Refresh Costs	2010/11	(12,000)	0	
Benefits - New Burdens Grant	2014/15	(96,320)	(185,380)	
Public Access Upgrade	2014/15	(6,000)	0	
IT Health check	2014/15	(30,500)	0	
Spend Analysis - Prospend in 2016/17 & 2017/18	2014/15	(8,198)	(16,298)	
Business Rates	2014/15	(162,379)	(275,039)	
Payment Kiosk	2014/15	(20,000)	(20,000)	
Finance, Revenues & Benefits Total		(335,397)	(496,717)	
	2011/12	(27,663)	0	
City Centre Pedestrianisation Sinking Fund Inward Investment and Place Marketing	2011/12	(60,000)	(44,000)	
High Street Innovation Fund - Lichfield	2010/11	(6,650)	(44,000)	
-	2012/13		0	
High Street Innovation Fund - Burntwood	2012/13	(2,594) (66,000)		
Three Spires Head Lease Rent			(33,000)	
Individual Electoral Registration	2014/15	(35,850)	(33,270)	
Lichfield District Council Election	1984/85	(97,469)	(14,000)	
Grant Aid -Development Historic Building Grants	1982/83	(39,649)	(9,600)	
Grant Aid -Development Nature Conservation Fund	1982/83	(19,284)	(10,000)	
Canal Culvert at Huddlesford	2013/14	(4,200)	0	
Refurbishment of Bird Street Car Park	2013/14	(116,912)	0	
HS2	2013/14	(50,930)	(44,806)	
Judicial Review/Planning Appeals	2013/14	(266,139)	(199,160)	
Friarsgate	2014/15	(92,000)	(382,250)	
Arts Development	2014/15	(600)	(1,026)	
Tourism Strategy	2014/15	(8,067)	0	
Tourism System Upgrade	2015/16		(15,700)	
Elections Additional Support	2015/16		(114,780)	
Spatial Policy Office Expenses	2015/16		(1,250)	
Democratic, Development & Legal Total		(894,008)	(902,842)	
Wharf Lane	2007/08	(24,217)	(4,314)	
Comprehensive Tree Survey	2012/13	(34,280)	(32,280)	
Beacon Park Composting Bays	2011/12	(2,836)	0	
Friary Grange Leisure Centre - Reception, Catering/Viewing area & Gym	2013/14	(807)	(807)	
FGLC - Evolve Cardio Equipment	2013/14	(2,970)	(2,970)	
Burntwood Leisure Centre Synthetic Pitch Renewal	2013/14	(40,000)	(40,000)	
King Edward VI Leisure Centre Synthetic Pitch Renewal	2013/14	(115,000)	(115,000)	
National Memorial Arboretum	2014/15	(20,000)	(14,745)	
Vehicle for Parks Team	2014/15	(32,170)	(6,604)	

Reserve Name	Initial Set Up	1 April 2015	31 March 2016
	Year	£	£
Transfer of Property	2014/15	(25,000)	(24,250)
Squash Courts and Sports Hall Floors Friary Grange Leisure Centre	2014/15	(50,000)	(50,000)
Leisure Services Review	2014/15	(20,000)	(2,000)
Grounds Maintenance Vehicles and Equipment Sinking Fund	2014/15	(24,300)	(69,600)
Trunk Road Sweeping	2014/15	(50,540)	(40,550)
Friarsgate Shop mobility Equipment	2015/16		(5,000)
Pockets Parks Programme	2015/16		(11,000)
Positive Futures POC Funding	2015/16		(2,971)
Garrick - Repairs to ventilation system	2015/16		(15,000)
Leisure & Parks Total		(442,120)	(437,090)
Old Mining College Repairs	2005/06	(7,750)	0
Building Safer Communities	2010/11	(12,723)	(10,203)
Domestic Homicide	2011/12	(2,500)	0
Assistant CDW - delayed redundancy	2013/14	(11,448)	0
Customer Services Channel Shift	2011/12	(17,000)	(17,000)
Environmental Health Legal Costs	2011/12	(10,000)	0
EH - Vehicle Maintenance/Replacement	2011/12	(23,941)	(23,941)
Homelessness Strategy	2010/11	(57,610)	0
DCLG Grant Homelessness	2010/11	(39,802)	0
Warmer Homes Healthier Homes	2012/13	(27,727)	0
Homeless & Repossession Prevention Fund	2010/11	(34,549)	(16,022)
Stock Condition Survey	2015/16		(65,000)
Housing Strategy - Evidence Base Update	2015/16		0
Housing Void Loss	2011/12	(8,089)	0
Choose Housing Register	2011/12	(9,592)	0
CCTV Review & Infrastructure	2010/11	(180)	0
Home Repair Assistant Grants - Capital Bid	2013/14	(13,000)	0
Public Health Funding	2013/14	(11,666)	(11,666)
Customer Services – Counter call System	2014/15	(24,000)	(3,648)
Transfer of Old Mining College	2014/15	(3,000)	0
Evidence Base Strategic Plan	2014/15	(12,000)	0
Web Site Development Rate My Place	2014/15	(11,400)	(11,400)
CCTV Sinking Fund	2015/16		(20,358)
Shropshire & Staffordshire Homelessness Prevention Partnership residual grant	2015/16		(8,487)
Letting Agent Regulations	2015/16		(761)
Smoke & Carbon Monoxide Regulations	2015/16		(835)
Community, Housing & Health Total		(337,977)	(189,321)
Dry Recycling Contract - LDC Share (Note 1)	2014/15	(115,000)	(100,570)
IAS 19 Employee Benefits - LDC Share	2014/15	(20,200)	(20,200)
Joint Waste Total		(135,200)	(120,770)
Total Earmarked reserves		(£2,593,007)	(£2,674,815)

Restricted Earmarked reserves Summary 2015/16

Reserve Name	Initial Set Up Year	1 April 2015 £	31 March 2016 £
Democratic, Development & Legal			
South Staffordshire Building Control Partnership - Building Regulations		(
Reserve	2014/15	(85,241)	(146,055)
Friary Multi Storey Sinking Fund	2015/16	0	(1,140
Land Charges Partnership	2015/16	0	(19,499
POS-Worthington Road, Fradley	2010/11	(1,834)	(1,834
Darwin Park Estate Lights	2010/11	(10,684)	(10,684
Birmingham Road Car Park Repairs and Renewals	1995/96	(1,551,888)	(1,715,560
Democratic, Development & Legal Total		(1,649,646)	(1,894,772
Leisure & Parks			
POS-Cannock Road (97/00877) Area K Larks Rise Burntwood	2010/11	(7 <i>,</i> 853)	(7,853
POS-St Matthews Site, Burntwood(97/00295)	2010/11	(72,110)	(72,065
POS-Beacon School, Lichfield (99/00638) Beacon Park	2010/11	(3,212)	(3,212
Section 106-Forest of Mercia 10/01563	2011/12	(700)	(700
POS-Fradley South (96/00203) Alexander Close	2010/11	(1,517)	(1,517
Public Open Spaces	1991/92	(5,534)	(5,534
Commuted Sums – Hawksyard	2015/16	0	(218,218
Commuted Sum – Darwin Park	2015/16	0	(14,437
POS – Darwin Park	2015/16	0	(123,676
HLF LDC Contribution	2011/12	(34,401)	(34,401
Heritage Lottery Fund - Management	2013/14	(8,250)	(8,250
* Friary Grange Synthetic Pitch Sinking Fund	2011/12	(10,020)	(13,360
Leisure & Parks Total		(143,597)	(503,223
Joint Waste			
Waste Shared Service Property growth - LDC Share	2010/11	(237,190)	(284,628
Waste Shared Service Property growth - TBC Share	2010/11	(175,310)	(210,373
Dry Recycling Contract - TBC Share	2010/11	(175,510) (85,000)	(210,373
IAS 19 Employee Benefits TBC Share	2014/15	(14,930)	(14,930
Joint Waste Total		(512,430)	(584,270
Total Earmarked reserves		(£2,305,673)	(£2,982,265

• Friary Grange Synthetic Pitch Sinking Fund was reclassified as restricted during 2015/16

Capital Programme Performance in 2015/16

	Original Budget	Final Budget	Actual Outturn	Variance]
Priority	£	£	£	£	
We'll support local people	1,544,000	685,000	705,096	20,096	\square
We'll support local places	2,387,000	3,211,500	2,292,300	(919,200)	
We'll boost local businesses	585,000	601,500	476,778	(124,722)	
How our core principles help us deliver	535,000	373,000	466,168	93,168	
Total Capital Expenditure	£5,051,000	£4,871,000	£3,940,342	(930,658)	

KEY: 🗹

- Actual within **£0.1m** of our final budget
- Actual not within **£0.1m** of our final budget

Vehicle, Equipment and Systems Renewal Schedule 2015/16

The vehicle, equipment and systems renewal schedule in 2015/16 included in the Capital Programme is shown in the table below:

Detail	Final Budget £	Actual Spend £	Budgeted Funding	Comments
Kubota Mower	0	14,750	Revenue	
Parks Team Vehicle	32,000	25,566	Earmarked Reserve	
Environmental Health Vehicle	24,000	0	Earmarked Reserve	Slipped to 16/17
Refuse Vehicles	3,112,000	2,240,000	Finance Lease	16 delivered in 15/16, remainder to arrive in 16/17
Vehicles	£3,168,000	£2,280,316		
IT Upgrades	337,000	340,953	Capital Receipts, Revenue and Grant	
Other	£337,000	£340,953		

Capital Investment at Burntwood Leisure Centre - The Sinking Fund

Under the terms of the funding agreement with the National Lottery in relation to Burntwood Leisure Centre (BLC), LDC is required to set aside resources to be used for the future repair and renewal of BLC in a 'Sinking Fund'. Monitoring information for all approved projects is shown in the table below:

	Annual Spend in 2015/16					
Project Name	Final Budget	Actual Outturn	Variance			
	E	E	L			
Planned maintenance	30,000	34,394	4,394			
TOTAL	£30,000	£34,394	£4,394			

Projected Capital Programme Budget for 2016/17

	Original	Approved		Projected
• • • •	Budget	Updates	Slippage	Budget
Project	£	£	£	£
CE - City Centre Strategy and Interpretation	0		1,500	1,500
CHH - Accessible Homes (Disabled Facilities Grants)	850,000		16,000	866,000
CHH - Customer Services - Counter Call System	0		4,000	4,000
CHH - DCLG Monies	212,000		0	212,000
CHH - Decent Homes Standard	542,000		0	542,000
CHH - EH Vehicle	0		24,000	24,000
CHH - Energy Insulation Programme	30,000		21,000	51,000
CHH - Home Repair Assistance Grants	15,000		0	15,000
CHH - Replacement Community Transport Minibuses	90,000		0	90,000
CHH - Unallocated S106 Affordable Housing Monies	400,000		0	400,000
CHH - Website Development : `Rate my Place'	0		11,000	11,000
DDL - Ancient Monument (Friary)	0		1,500	1,500
DDL - Asset Management - Works resulting from Condition Survey	344,000		0	344,000
DDL - Asset Management: District Council House	30,000		1,000	31,000
DDL - Canal Culvert at Huddlesford	100,000		0	100,000
DDL - Car Parks Variable Message Signing	32,000		0	32,000
DDL - Community Building at Hawksyard	166,000		0	166,000
DDL - Env. Improvements - Upper St John St & Birmingham Road	7,000		0	7,000
DDL - Fazeley Crossroads Environmental Improvements	4,000		0	4,000
DDL - Oakenfield Play Area (Sinking Fund)	9,000		0	9,000
DDL - Old Mining College - Refurbish access and signs	0		14,000	14,000
DDL - Planning Software (Implementation Costs)	0	19,500	14,000	19,500
DDL - Sankey's Corner Environmental Improvements - Phase 4	4,000	19,500	1,000	5,000
DDL - The Leomansley Area Improvement Project	4,000		3,000	3,000
FRB - Proactive Information Solutions Upgrade Programme	381,000		-4,000	3,000
LDV - Friarsgate Support	2,655,000	25,000	89,000	2,769,000
LDV - Garrick Square	58,000	25,000	0	58,000
LP - BLC Enhancement Work	99,000		-4,000	95,000
LP - Darnford Park	99,000		-4,000 13,000	13,000
LP - Depot Sinking Fund	11,000		13,000	11,000
	24,000		0	24,000
LP - Grounds Maintenance Vehicles and Equipment LP - King Edwards Synthetic Pitch Renewal + Floodlights	165,000		0	165,000
LP - Other Burntwood Leisure Centre Sinking Fund Projects	143,000			
			20,000	163,000
LP - Play Area at Hawksyard (S106) LP - Shortbutts Park, Lichfield	0		1,000	1,000 38,000
	50,000		38,000	-
LP - Squash Court and Sports Hall Floors (FGLC)	50,000		0	50,000
LP - Stowe Pool Improvements	595,000		0	595,000
WC - Vehicle Replacement Programme	489,000		872,000	1,361,000
Total Capital Programme	£7,505,000	£44,500	£1,123,000	£8,672,500

Council Tax

Collection Performance

	Council Tax				
	31 March 2015	31 March 2016	Change		
Amount Collected as a %	98.83%	98.79%	(0.04%)	•	
In year arrears outstanding at 31 March	£908,963	£798,209			
Previous years arrears at 31 March	£704,610	£828,107			
Total arrears outstanding at 31 March	£1,613,573	£1,626,316	0.80%	•	
Write offs as at 31 March	£43,307	£59,999			

Collection Fund

	Budget	Actual	Variance
	£m	£m	£m
(Surplus) Brought Forward	(£1.14)	(£1.14)	(£0.00)
Amount Due	(£54.28)	(£54.42)	(£0.14)
Bad Debt Provision	£0.02	£0.28	£0.27
Precept Payments	£53.95	£53.95	£0.00
Transfer Estimated Surplus to Preceptors	£1.01	£1.01	£0.00
(Surplus) Carried Forward	(£0.45)	(£0.32)	£0.13

Allocation of (Surplus)			
Lichfield District Council	(£0.06)	(£0.04)	£0.02
Staffordshire County Council	(£0.32)	(£0.22)	£0.09
Staffordshire Fire and Rescue Authority	(£0.02)	(£0.01)	£0.01
OPCC	(£0.05)	(£0.04)	£0.02

Business Rates

The Council's Retained Business Rates Income

	Approved	Actual	Variance
	Budget £	£	£
NNDR 1 Based Retained Business Rates			
Retained Business Rates	(£13,023,000)	(£13,022,938)	£62
Section 31 Grants	(£626,000)	(£608,006)	£17,994
Tariff	£11,176,000	£11,176,270	£270
Pre Levy or Safety Net Income	(£2,473,000)	(£2,454,674)	£18,326
NNDR 3 Based Levy Payments			
Levy Payable	£329,000	£578,305	£249,305
Volatility Allowance	£146,000	£0	(£146,000)
Returned Levy from GBS Pool	(£107,000)	(£187,949)	(£80,949)
Post Levy or Safety Net Income	(£2,105,000)	(£2,064,318)	£40,682

Collection Performance

	Non Domestic Rates			
	31 March 2015	31 March 2016	Change	
Amount Collected as a %	98.40%	97.31%	(1.09%)	•
In year arrears outstanding at 31 March	£827,450	£905,635		
Previous years arrears at 31 March	£507,606	£363,120		
Total arrears outstanding at 31 March	£1,335,056	£1,268,755	(5.00%)	Ø
Write offs as at 31 March	£82,102	£137,080		

Collection Fund

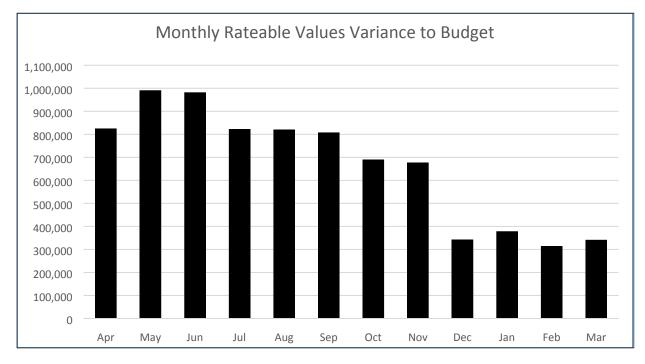
	Budget	Actual	Variance
	£m	£m	£m
Deficit Brought Forward	£1.42	£1.42	(£0.00)
Amount Due	(£33.63)	(£34.46)	(£0.83)
Bad Debt Provision	£0.32	£0.07	(£0.25)
Appeals	£0.32	(£0.05)	(£0.38)
Payments to Partners including LDC	£32.56	£32.56	£0.00
Collection Allowance	£0.12	£0.12	£0.00
Transitional Protection	£0.01	£0.22	£0.21
Transfer estimated surplus to Partners	£0.34	£0.34	£0.00
Deficit Carried Forward	£1.46	£0.22	(£1.25)
Allocation of Deficit			
Lichfield District Council	£0.59	£0.09	(£0.50)
Staffordshire County Council	£0.13	£0.02	(£0.11)
Staffordshire Fire and Rescue Authority	£0.01	£0.00	(£0.01)
Central Share	£0.73	£0.11	(£0.62)

☑ Favourable

Adverse

Rateable Value Analysis in 2015/16

The change in Rateable Value by month (compared to the Budgeted level included in the Medium Term Financial Strategy of **£82,290,000**) is shown in the graph below:



The individual Rateable Values that were greater than **£1m** in Lichfield District in 2015/16 were:

- Tesco, Fradley **£2,730,000**
- Tesco, Lichfield **£2,130,000**
- Swish, Fradley **£1,660,000**
- Morrisons, Burntwood £1,330,000
- Drayton Manor, Fazeley **£1,315,000**

APPENDIX D

Sundry Debtor Performance

Details	31 March 2015		31 March 2016		All Debts Change	Variance
	All Debts	Property Debts	All Debts	Property Debts		
Value of sundry income raised	6,848,530	836,274	7,959,162	763,860	16.22%	V
value of debts written off	63,039	834	44,946	14	-28.70%	Ø
value of invoices outstanding	1,737,782	60,434	1,839,791	80,330	5.87%	●
% of income raised	25%	7%	23%	11%		

Aged Debtor Analysis

1,244,266	52,670	1,249,936	48,416	0.46%	●
493,516	7,764	589,855	31,914	19.52%	•
-					

☑ Favourable

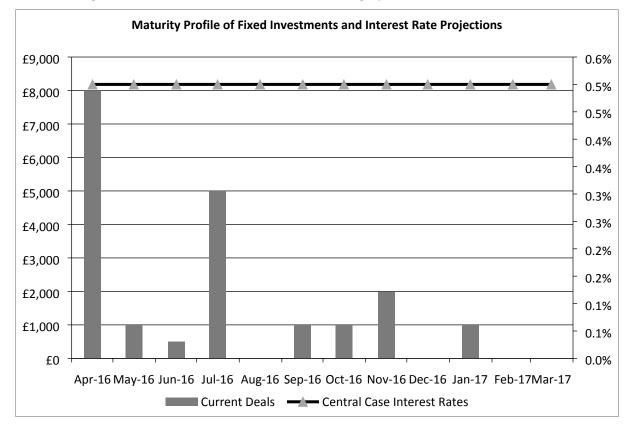
Adverse

Investments in the 2015/16 Financial Year

The table below shows a breakdown of our investments at the end of the financial year:

Counterparty	Principal	Matures	Days to Maturity	Rate	Credit	Foreign
					Rating	Parent
Money Market Funds						
Invesco	£1,000,000	01-Apr-16	Instant Access		AAA	N/A
Legal & General	£1,000,000	01-Apr-16	Instant Access		AAA	N/A
Federated	£1,000,000	01-Apr-16	Instant Access		AAA	N/A
BNP Paribas	£1,000,000	01-Apr-16	Instant Access		AAA	N/A
Fixed Term Investments						
Nationwide	£1,000,000	18-Apr-16	18	0.66%	A	No
Lloyds	£1,000,000	16-Nov-16	230	1.07%	A	No
Close Bros.	£1,000,000	29-Apr-16	29	0.65%	A	No
National Counties Building Society	£500,000	10-Jun-16	71	0.72%	Unrated	No
DBS	£1,000,000	14-Jul-16	105	0.70%	AA-	Yes
HSBC	£1,000,000	14-Jul-16	105	0.45%	AA-	No
Salford City Council	£1,000,000	28-Oct-16	211	0.55%	Unrated	No
United Overseas Bank	£1,000,000	18-Nov-16	232	0.72%	AA-	Yes
Call Accounts with Notice Period						
Santander	£1,000,000	27-Sep-16	180	1.15%	A	Yes
Handelsbanken	£1,000,000	05-May-16	35	0.45%	AA-	Yes
Treasury Bills	£3,000,000	11-Jul-16	82	0.47%	AA+	No
Certificates of Deposit						
Rabobank	£1,000,000	05-Apr-16	5	0.64%	A+	Yes
Nordea Bank AB	£1,000,000	15-Apr-16	15	0.65%	AA-	Yes
Toronto-Dominion	£1,000,000	27-Jan-17	302	0.92%	AA-	Yes
Total Investments	£19,500,000					
Accounting Adjustments and Other Balances	£440,000					
Balance Sheet Total	£19,940,000					

The maturity profile of these investments at 31 March 2016 compared to our Treasury Management advisor Arlingclose interest rate forecasts is shown in the graph below:



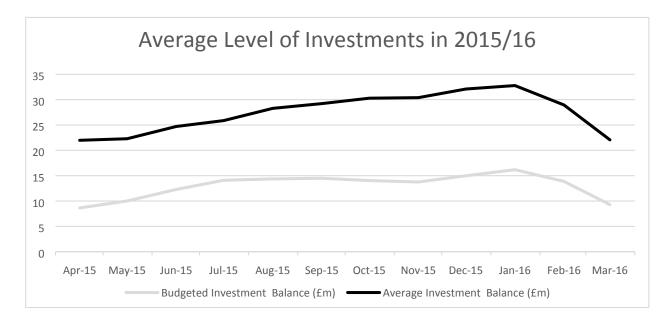
Counterparty	Number of Deals	Total Principal Invested	Is the Counterparty on our list of eligible institutions at 31 March 2016?
Debt Management Office	13	31,500,000	Yes
UK Government - Treasury Bills	6	16,000,000	Yes
Federated	24	13,940,000	Yes
Insight	17	13,300,000	Yes
Deutsche Bank	14	9,690,000	Yes
Invesco Aim	15	9,220,000	Yes
Ignis	13	7,760,000	Yes
SWIP	10	6,465,000	Yes
Blackrock	9	4,470,000	Yes
Goldman Sachs	7	3,800,000	Yes
Barclays Bank	3	3,000,000	Yes
Lloyds	3	3,000,000	Yes
Nationwide	3	3,000,000	Yes
DBS Bank	2	2,000,000	Yes
HSBC	2	2,000,000	Yes
Nordea Bank AB	2	2,000,000	Yes
Telford & Wrekin Council	1	2,000,000	Yes
United Overseas Bank	2	2,000,000	Yes
Cumberland Building Society	3	1,500,000	Yes
National Counties Building Society	3	1,500,000	Yes
Close Bros	1	1,000,000	Yes
Credit Suisse AG	1	1,000,000	Yes
Handelsbanken	1	1,000,000	Yes
Landesbank Hessen-Thüringen	1	1,000,000	Yes
Pohjola Bank	1	1,000,000	Yes
Rabobank	1	1,000,000	Yes
Salford City Council	1	1,000,000	Yes
Santander	1	1,000,000	Yes
Standard Chartered	1	1,000,000	Yes
Toronto-Dominion Bank	1	1,000,000	Yes
BNY Mellon	2	890,000	Yes
Legal & General	1	740,000	Yes
Total	165	£149,775,000	

However, the previous table only shows the investment position on one particular day of the financial year; the table below shows a summary for the whole of the financial year:

This list is reviewed on an ongoing basis and takes account of the following sources of information:

- Advice from our Treasury Management advisors.
- Credit Ratings.
- Credit Default Swaps prices.
- Share Prices.
- Information in the general and financial media.

Cash Flow for 2015/16



The graph below compares the budget for average investment levels in 2015/16 with the actual levels.

Performance of the Treasury Management Function

The performance of the Treasury Management function should be measured against the investment objectives of Security (the safe return of our monies), Liquidity (making sure we have sufficient money to pay for our services) and Yield (the return on our investments).

Security:

Our aim for the risk status of our portfolio was A- utilising the lowest rating from the three credit rating agencies.

The investments outstanding at the 31 March 2016 had a risk status of **AA**- based on the length of the investment and **AA**- based on the value of the investment, which is a more secure risk status. These risk statuses are both compliant with our aim and the recommendations from our Treasury Management advisors. The recent history of the security of our investments is shown in the table below³:

Date	The Value of the Investment	The Maturity Date of the Investment
31 March 2015	A+	A+
30 June 2015	AA-	AA
30 September 2015	AA-	AA-
31 December 2015	AA-	A+
31 March 2016	AA-	AA-

In addition, we are currently keeping the length of our investments relatively short term to ensure that we can react to changes in counterparty credit risk very easily.

The time limits were relatively short to manage counterparty credit risk (a bank or building society being unable to repay our investment). We also maintained balances in Money Market Funds to provide for unforeseen cash flow requirements. The average length of investments we made in 2015/16 was **100 days**.

³ This data is now supplied by our Treasury Management Advisors and may differ slightly to what has been reported previously.

Liquidity:

Measuring the performance in relation to liquidity is a much more difficult task and the easiest way to assess performance is to see how frequently we needed to borrow on a temporary basis during the financial year. We are actively managing liquidity risk in 2015/16 by purchasing Certificates of Deposit and Treasury Bills because they can be sold on the secondary market in the event the money is required for unforeseen circumstances. We also have significant sums invested in call accounts and Money Market Funds which provide instant access to cash. Therefore, due to the level of our liquid investments in 2015/16 we did not need to temporarily borrow.

Yield:

In 2015/16 we achieved an average interest rate of **0.53%** and this compares to our performance indicator of the average 7-day London Inter-bank Bid (LIBID) rate, which was **0.36%**, the 1 month rate was **0.38%**, the 3 month rate was **0.46%** and the 6 month rate was **0.61%**.

In terms of interest receipts, there are two key risks/sensitivities:

- a) The interest rate receivable.
- b) The amount of money we have available to invest.

The interest rates, amounts of money we had available to invest, interest receipts, interest paid and net investment income is shown in the table below:

Details	2015/16 Final Budget	2015/16 Actual Outturn
Average amount we had available to invest (£m)	£27.34m	£27.48m
Average Interest Rate (%)	0.51%	0.53%

Interest Receipts	(149,000)	(145,322)
Interest Paid and Other Costs	8,500	4,330

Net Investment Income (£)	(£140,500)	(£140,992)
---------------------------	------------	------------

Net Treasury Position	(£39,500)	(£41,874)
Minimum Revenue Provision	64,000	63,887
External Borrowing Interest	38,000	38,221
Car Loan and Other Interest	(1,000)	(2,990)

Balance	Sheet
---------	-------

	Туре	2014/15 Actual £	2015/16 Actual <u>£</u>	2015/16 Budget £	Variance to Budget £
Property, Plant and Equipment + Heritage Assets + Assets Held for Sale	CFR	37,347	42,230	40,046	2,184
Investment Property	CFR	6,578	5,572	5,408	164
Intangible Assets	CFR	153	119	110	9
Investments	INV	15,830	19,940	18,963	977
Borrowing	BOR	(47)	(1,492)	(1,492)	C
Finance Leases	LEA	(248)	(2,323)	(3,052)	729
Working Capital	CRED	(7,835)	(7,175)	(8,210)	1,035
Pensions	PEN	(44,069)	(35,820)	(44,069)	8,249
Total Assets Less Liabilities		£7,709	£21,051	£7,703	£13,348
					-
Unusable Reserves				/= -=	
Revaluation Reserve	CFR	(3,450)	(6,571)	(3,450)	(3,121)
Capital Adjustment Account	CFR	(37,938)	(36,687)	(36,666)	(21)
Deferred Credits	CRED	(54)	(47)	(48)	(0.240)
Pension Scheme	PEN	44,069	35,820	44,069	(8,249)
Benefits Payable During Employment Adjustment Account	CRED	226	213	226	(13)
Collection Fund	BAL	421	46	527	(481)
<u>Usable Reserves</u>		(=	(===)	(700)	
Unapplied Grants and Contributions - General	BAL	(760)	(759)	(760)	1
Unapplied Grants and Contributions - SAC	BAL	(13)	(20)	(13)	(7)
Unapplied Grants and Contributions - Section 106	BAL	(960)	(465)	(597)	132
Usable Capital Receipts	BAL	(769)	(2,094)	(1,736)	(358)
Usable Capital Receipts - Arts Statue	BAL	(134)	(134)	(134)	
Burntwood Leisure Centre Sinking Fund	BAL	(379)	(345)	(329)	(16)
Burntwood Leisure Centre Synthetic Pitch Sinking Fund	BAL	(29)	(29)	(29)	0
City Centre Redevelopment Sinking Fund	BAL	(25)	(25)	(25)	0
King Edwards Leisure Centre Sinking Fund	BAL	(17)	(17)	(17)	(32)
Elections	BAL	(97)	(129)	(97) (91)	(32)
Public Open Spaces	BAL BAL	(91)	(447)	(1,673)	(330)
Three Spires Multi Storey Building Regulations	BAL	(1,552)	(1,716) (146)	(1,075)	(43)
Other Earmarked reserves	BAL	(85) (3,015)	(146)	(2,598)	(601)
Grant Aid - Development	BAL	(3,013)	(3,199)	(2,398)	35
General Fund Balance	BAL	(2,998)	(4,279)	(4,122)	(157)
Total Equity	DAL	(£7,709)	(£21,051)	(£7,703)	· · · · · · · · · · · · · · · · · · ·
		2014/15	2015/16	2015/16	Variance to
		Actual £	Actual £	Budget £	Budget £
Working Capital	CRED	£ (7,663)	(7,009)	(8,032)	<u> </u>
Pensions	PEN	0	0	(8,052)	1,02.
Usable Reserves	BAL	(10,562)	(13,778)	(11,834)	(1,944
Total Cash Available		(£18,225)	(£20,787)	(£19,866)	(921)

This cash available is planned to be used for :

Capital Financing Requirement	CFR	2,690
Less : Other Debt Liabilities (Finance Leases)	LEA	(248)
Less : External Borrowing	BOR	(47)
Equals : Internal Borrowing		2,395
Investments	INV	15,830
Total		£18,225

£20,787	£19,866	£921
19,940	18,963	977
848	904	(56)
(1,492)	(1,492)	0
(2,323)	(3,052)	729
4,663	5,448	(785)

APPENDIX G

1516 Treasury Management

Report Type: Audit File Report Report Author: Alison Swift Generated on: 30 September 2015

district Vcouncil www.lichfielddc.gov.uk

	Executive Summary	In accordance with the 2015/16 Internal Audit Plan an audit of the Treasury Management system has been undertaken. This report highlights the areas assessed and the findings of the audit work, making recommendations for improvements where control weaknesses, including the potential for fraud to occur, have been identified.			
	Overall Opinion of Audit Area	Audit are pleased to be able to report substantial assurance can be given that the system, process or activity should achieve its objectives safely and effectively and that controls are in place and operating satisfactorily.	Substantial		
Page	Expected Control Title	01 The Council has a clearly defined and approved strategy for Treasury Management in line with the CIPFA TM Code and the prudential code	Substantial		
35		02 Transfer of funds should be appropriately authorised and documented	Adequate	\bigtriangleup	
		03 Investments and loans are only made in accordance with the Council's approved strategy	Substantial		
		04 There is regular monitoring and reporting of investment performance	Substantial		
		05 There should be effective cash flow forecasting records to support decisions	Substantial		
		06 Adequate separation of duties exists in the processing of investments	Substantial	\bigcirc	
		07 There are clearly defined procedures for the use of investment brokers and specialist advisors	Substantial		
	Observations	Overall the review highlighted 4 recommendations including 1 medium and 3 low recommendations. Management has accepted 3 of the recommendations.			
	Areas of Notable Practice				

COMPLIANCE WITH PRUDENTIAL INDICATORS 2015/16

1. Background:

There is a requirement under the Local Government Act 2003 for Local Authorities to have regard to CIPFA's Prudential Code for Capital Finance in Local Authorities (the "CIPFA Prudential Code") when setting and reviewing their Prudential Indicators. It should be noted that CIPFA undertook a review of the Code in early 2008 and issued revised Code in November 2009.

The Council implemented its strategy within the limits and parameters set in its treasury policy, strategy statement and Prudential Indicators against the prevailing market conditions and opportunities as follows:

- (a) Financing its capital spending from government grants/usable capital resources/ revenue contributions etc rather than from external borrowing.
- (b) Adhering to the paramount requirement of safeguarding the council's invested balances during a period of unprecedented money market dislocation; maintaining adequate diversification between institutions; optimising investment returns subject to the overriding requirement of security and liquidity.
- (d) Forecasting and managing cash flow and undertaking short-term borrowing and lending to preserve the necessary degree of liquidity.

2. Net Borrowing and the Capital Financing Requirement:

This is a key indicator of prudence. In order to ensure that over the medium term net borrowing will only be for a capital purpose, the Local Authority should ensure that the net external borrowing does not, except in the short term, exceed the total of Capital Financing Requirement in the preceding year plus the estimates of any additional Capital Financing Requirement for the current and next two financial years.

The Deputy Section 151 reports that the Authority had no difficulty meeting this requirement in 2015/16. There are there no difficulties envisaged for future years.

3. Estimates of Capital Expenditure (Prudential Indicator 1):

3.1 This indicator is set to ensure that the level of proposed Capital expenditure remains within sustainable limits and, in particular, to consider the impact on Council Tax :

No. 1 Capital Financing	2015/16 Original £m	2015/16 Approved £m	2015/16 Revised £m	2015/16 Actual £m
Non-Current Assets	3.453	4.356	4.099	3.226
evenue Expenditure funded from Capital under tatute	1.598	0.980	0.772	0.714
Total	£5.051	£5.336	£4.871	£3.940

3.2 This capital expenditure has been financed as follows:

No. 1 Capital Financing	2015/16 Original	2015/16 Approved	2015/16 Revised	2015/16 Actual
	£m	£m	£m	£m
Capital Receipts	0.985	0.875	0.689	0.512
Burntwood Sinking Fund	0.128	0.050	0.050	0.034
Other Sinking Funds	0.000	0.000	0.000	0.000
Capital Grants and Contributions	1.359	0.674	0.645	0.591
Earmarked reserves etc.	0.032	0.221	0.221	0.324
Revenue Contributions	0.154	0.154	0.154	0.154
Finance Leases, Invest to Save and Borrowing	2.393	3.362	3.112	2.325
Total	£5.051	£5.336	£4.871	£3.940

4. Ratio of Financing Costs to Net Revenue Stream (Prudential Indicator 2):

- 4.1 This is an indicator of affordability and demonstrates the revenue implications of capital investment decisions by highlighting the proportion of the revenue budget required to meet the borrowing costs associated with capital spending. The financing costs include existing and proposed capital commitments.
- 4.2 The ratio is based on costs net of investment income:

No. 2 Ratio of Financing Costs	2015/16 Original	2015/16 Approved	2015/16 Revised	2015/16 Actual
to Net Revenue Stream	£m	£m	£m	£m
Investment Income	(0.091)	(0.140)	(0.149)	(0.148)
Internal Interest	0.013	0.008	0.008	0.015
External Borrowing Interest	0.049	0.039	0.039	0.039
Finance Lease Interest Charges	0.048	0.020	0.020	0.015
Minimum Revenue Provision	0.613	0.370	0.354	0.351
Total Financing Costs	0.632	0.297	0.272	0.272
Total Funding Available	£10.914	£10.914	£10.914	£10.874
%	6%	3%	2%	3%

5. Capital Financing Requirement (Prudential Indicator 3):

5.1 The Capital Financing Requirement (CFR) measures the Council's underlying need to borrow for a capital purpose. In order to ensure that over the medium term net borrowing will only be for a capital purpose, the Council ensures that net external borrowing does not, except in the short term, exceed the CFR in the preceding year plus the estimates of any additional CFR for the current and next two financial years.

No. 3 Capital Financing Requirement	2015/16 Original £m	2015/16 Approved £m	2015/16 Revised £m	2015/16 Actual £m
Balance Brought Forward	3.335	2.690	2.690	2.690
Capital Expenditure financed from borrowing and				
Invest to Save	2.393	3.362	3.112	2.325
Minimum Revenue Provision	(0.613)	(0.370)	(0.354)	(0.351)
Balance Carried Forward	£5.116	£5.682	£5.448	£4.664

6. Actual External Debt (Prudential Indicator 4):

6.1 This indicator is obtained directly from the Council's Balance Sheet. It is the closing balance for actual gross borrowing plus other long-term liabilities. This Indicator is measured in a manner consistent for comparison with the Operational Boundary and Authorised Limit.

No. 4	£m 31/03/16 £m	2015/16 Revised £m
LT Borrowing	1.415	1.415
Short Term Element of LT Borrowing	0.077	0.077
Short Term Element of LT Liabilities	0.414	0.261
Other Long Term Liabilities	1.908	2.791
Total	£3.814	£4.544

7. Incremental Impact of Capital Investment Decisions (Prudential Indicator 5) :

7.1 This is an indicator of affordability that shows the impact of Capital investment decisions on Council Tax levels when the budget for the year was set.

No.5	2015/16	2015/16	2015/16	2015/16
Incremental Impact of Capital investment Decisions	Original	Approved	Revised	Actual
	£	£	£	£
Band D Equivalent	£5.27	(£0.72)	(£0.28)	(£0.18)

8. Affordable Borrowing Limit, Authorised Limit and Operational Boundary for External Debt :

8.1 The Council has an integrated treasury management strategy and manages its treasury position in accordance with its approved strategy and practice. Overall borrowing will therefore arise as a consequence of all the financial transactions of the Council and not just those arising from capital spending reflected in the CFR.

8.2 The Authorised Limit (Prudential Indicator 6):

This is the maximum amount of external debt that can be outstanding at one time during the financial year. The limit, which is expressed gross of investments, is consistent with the Council's existing commitments, proposals for capital expenditure and financing and with its approved treasury policy and strategy and also provides headroom over and above for unusual cash movements. This limit was originally set at **£13,557,000** for 2015/16 and revised to **£13,732,000**.

8.3 **Operational Boundary (Prudential Indicator 7):**

This is limit is set to reflect the Council's best view of the most likely prudent (i.e. not worst case) levels of borrowing activity and was originally set at **£4,550,000** and revised to **£5,405,000**.

8.4 Levels of debt are measured on an ongoing basis during the year for compliance with the Authorised Limit and the Operational Boundary. The Council maintained its total external borrowing and other long-term liabilities within both limits; at its peak this figure was :

No. 6 and 7 Authorised Limit and Operational Boundary	2015/16 Maximum	2015/16 Year Start	2015/16 Year End
	£m	£m	£m
External Borrowing - Long Term	1.415	0.031	1.415
External Borrowing - Short Term	0.077	0.016	0.077
Bank Overdraft	0.773	0.000	0.000
Other Long Term Liabilities - Short Term	0.414	0.188	0.414
Other Long Term Liabilities - Long Term	1.908	0.060	1.908
Total	£4.587	£0.295	£3.814

<u>Details</u>	2015/16 Original £m	2015/16 Approved £m	2015/16 Final £m	2015/16 Maximum £m
Authorised Limit	13.557	14.522	13.732	4.587
Operational Boundary	4.550	5.515	5.405	4.587

9. Adoption of the CIPFA Treasury Management Code (Prudential Indicator 8) :

9.1 This indicator demonstrates that the Council has adopted the principles of best practice:

Adoption of the CIPFA Code of Practice in Treasury Management

- Council approved the adoption of the CIPFA Treasury Management Code at its Full Council meeting on 25 February 2003.
- Council has incorporated any changes resulting from the CIPFA Treasury Management Code within its treasury policies, practices and procedures.
- At its meeting on 17 February 2015, Council originally approved its Prudential Indicators for 2015/16.
- The Prudential Indicators were fully revised and approved by Council on 23 February 2016.

10. Gross Debt (Prudential Indicator 9) :

10.1 The purpose of this treasury indicator is to highlight a situation where the Council is planning to borrow in advance of need:

	£m	£m	£m
(1.602)	(1.492)	(1.492)	(1.492)
(1.857)	(3.052)	(3.052)	(2.322)
(£3.459)	(£4.544)	(£4.544)	(£3.814)
£5.116	£5.682	£5.448	£4.664 No
(£	(1.857) E 3.459)	(1.857) (3.052) £3.459) (£4.544) £5.116 £5.682	(1.857) (3.052) (3.052) £3.459) (£4.544) (£4.544) £5.116 £5.682 £5.448

11. Upper Limits for Fixed Interest Rate Exposure and Variable Interest Rate Exposure (Prudential Indicators 10 and 11):

11.1 These indicators allow the Council to manage the extent to which it is exposed to changes in interest rates. The exposures are calculated on a gross basis. The upper limit for variable rate exposure allows for the use of variable rate debt to offset exposure to changes in short-term rates on our portfolio of investments.

No. 10 and 11	2015/16	2015/16	2015/16	2015/16	2015/16	2015/16
	Original	Approved	Revised	Highest	Lowest	Average
	%	%	%	%	%	%
Fixed Interest Rates						
Upper Limit on Fixed Interest Rate Exposure on Investments	(100%)	(100%)	(100%)	(87%)	(57%)	(68%)
Upper Limit on Fixed Interest Rate Exposure on Debt	100%	100%	100%	100%	100%	100%
Net Fixed Exposure (No. 10)	0%	0%	0%	13%	43%	32%
Variable Interest Rates						
Upper Limit for Variable Rate Exposure on Investments	(100%)	(100%)	(100%)	(43%)	(13%)	(31%)
Upper Limit for Variable Rate Exposure on Debt	30%	30%	30%	0%	0%	0%
Net Variable Exposure (No. 11)	(70%)	(70%)	(70%)	(43%)	(13%)	(31%)

12. Maturity Structure of Fixed Rate borrowing (Prudential indicator 12):

12.1 This indicator highlights the existence of any large concentrations of fixed rate debt needing to be replaced at times of uncertainty over interest rates and is designed to protect against excessive exposures to interest rate changes in any one period, in particular in the course of the next ten years.

12.2 It is calculated as the amount of projected borrowing that is fixed rate maturing in each period as a percentage of total projected borrowing that is fixed rate. The maturity of borrowing is determined by reference to the earliest date on which the lender can require payment.

No. 12	£	%	Lower	Upper
Maturity Structure of Fixed Rate Borrowing			Limit	Limit
Under 12 months	77,083	5.17%	0%	100%
12 months and within 24 months	75,733	5.08%	0%	100%
24 months and within 5 years	182,640	12.24%	0%	100%
5 years and within 10 years	304,400	20.40%	0%	100%
10 years and within 20 years	608,800	40.80%	0%	100%
20 years and within 30 years	243,520	16.32%	0%	100%
30 years and within 40 years		0.00%	0%	100%
40 years and within 50 years		0.00%	0%	100%
50 years and above		0.00%	0%	100%
Total	1,492,176			
	,,			

13. Upper Limit for total principal sums invested over 364 days (Prudential Indicator 13) :

13.1 This indicator is set in order to allow the Council to manage the risk inherent in investments longer than 364 days:

No 13 Upper Limit for total principal sums invested over	2015/16	2015/16	2015/16	2015/16
364 days	Original £m	Approved £m	Revised £m	Actual £m
Upper Limit	2.300	2.300	2.300	1.000

14. Credit Risk (Prudential Indicator 14):

- 14.1 We consider security, liquidity and yield, in that order, when making investment decisions.
- 14.2 Credit ratings remain an important element of assessing credit risk, but they are not a sole feature in our assessment of counterparty credit risk.
- 14.3 We also consider alternative assessments of credit strength, and information on corporate developments of and market sentiment towards counterparties. The following key tools are used to assess credit risk :
 - Published credit ratings of the financial institution (minimum A- or equivalent);
 - Sovereign support mechanisms;
 - Credit default swaps (where quoted);
 - Share prices (where available);
 - Economic fundamentals, such as a country's net debt as a percentage of its GDP);
 - Corporate developments, news, articles, markets sentiment and momentum;
 - Subjective overlay.
- 14.4 The only indicators with prescriptive values remain to be credit ratings. Other indicators of creditworthiness are considered in relative rather than absolute terms.

Money Matter	Ager s : 2016/17 Review of Financial	
	gainst the Financial Strategy	district Scouncil
Cabinet Member for Fin	ance and Democracy	www.lichfielddc.gov.uk
Date:	6 September 2016	-
Agenda Item:	4	
Contact Officer:	Anthony Thomas	
Tel Number:	01543 308012	Cabinet
Email:	Anthony.thomas@lichfielddc.gov.uk	Capiter
Key Decision?	YES	
Local Ward Members :	Full Council	

1. Executive Summary

- 1.1 The report covers the financial performance from April to June (Quarter one) for the financial year 2016/17.
- 1.2 The Revenue Budget (Net Operating Cost) is projected to be above budget by **£2,940** compared to the Approved Budget and this sum will be transferred from general reserves.
- 1.3 A significant element of (£233,220) of the Efficiency Plan target of (£350,000) has been identified and therefore there remains (£116,780) to be identified during 2016/17.
- 1.4 The budgeted transfer to general reserves was £8,560 as approved by Council on 23 February 2016. The Council's performance in the year to date projects that (£113,880) will be transferred from general reserves. This means the Council's general reserves are projected to reduce by £122,440 for the financial year 2016/17 in comparison with the Original Budget.
- 1.5 The Capital Programme is projected to be below budget by **(£1,342,000)**; this will result in updates being made to the profiling of project spend to later financial years.
- 1.6 The Council is projected to receive lower capital receipts of **£50,000** compared to the Approved Budget.
- 1.7 In terms of Council Tax and Business Rates:
 - The Council's collection performance on Council Tax based on debt covering all years is **29.21%** and this is consistent with previous years.
 - There is a projected surplus for Council Tax and the Council's share of (£23,481) will be included in the 2017/18 budget.
 - The Council is projected to be paying Business Rate levy of **£398,700** to the GBS pool and will receive **(£130,000)** of returned levy. This is **£4,400** more net levy than the Approved Budget after taking account of the budgeted volatility allowance.
 - Overall Retained Business Rate Income is projected to be in line with the Approved Budget.
 - The Council's collection performance on Business Rates based on debt covering all years is **28.56%** and this is consistent with previous years.
 - There is a projected surplus for Business Rates and the Council's share of **(£612,860)** will be included in the 2017/18 budget.
- 1.8 The Council's investments achieved a risk status that was more secure than the aim of **A** and yield exceeded all four of the industry standard LIBID yield benchmarks.

2. Recommendations

- 2.1 To note the report and issues raised within.
- 2.2 To note that Leadership Team with Cabinet Members will continue to closely monitor and manage the Medium Term Financial Strategy (Revenue and Capital) 2016-20 (MTFS (R&C) 2016-20).
- 2.3 To approve an increase of **£154,000** in the Capital Programme Approved Budget for the Hawksyard Community Building from **£166,000** to **£320,000** with funding provided by Section 106 contributions.
- 2.4 To approve an increase of **£205,000** in the Capital Programme Approved Budget for Synthetic Pitch replacement from **£165,000** to **£370,000** with funding provided by capital receipts of **£165,000** and an earmarked reserve of **£40,000**.
- 2.5 To approve the establishment of an Earmarked Reserve to manage the potential underlying asset price risk related to the Property Fund investment. All income in excess of the approved income budget will be transferred to the Earmarked Reserve for the duration of the investment to mitigate the risk of a reduction in asset prices.

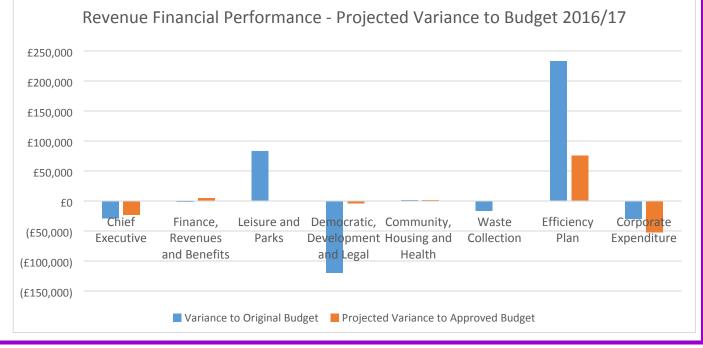
3. Background

Budget Management

- 1.1. The MTFS (R&C) 2016-20 approved by Council on 23 February 2016 included the Original Budget for 2016/17 and set out the allocation of resources and the policies and parameters within which managers are required to operate.
- 1.2. Throughout the financial year, Money Matters reports will be provided to both Cabinet and Strategic (Overview and Scrutiny) Committee at 3, 6 and 8 months intervals to monitor financial performance.
- 1.3. The Money Matters reports update the Approved Budget to reflect latest projections and the 8 month Money Matters report will form the basis of the Revised Approved Budget for 2016/17 and will be approved by Council on 21 February 2017.

The Revenue Budget

1.4. A summary of the financial performance compared to both the Original Budget and the Approved Budget is shown in the graph below. The budget audit trail and the detail related to these figures is shown at **APPENDIX A** together with the gross expenditure and gross income for each Service area.



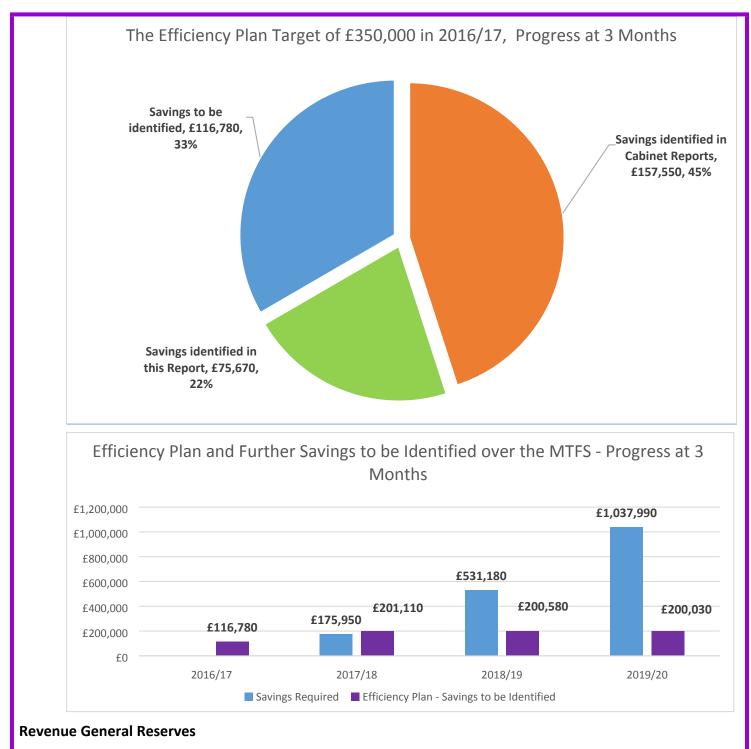
Performance compared to the Original Budget

3.5 There are four areas where there is projected to be a significant variance to the Original Budget:

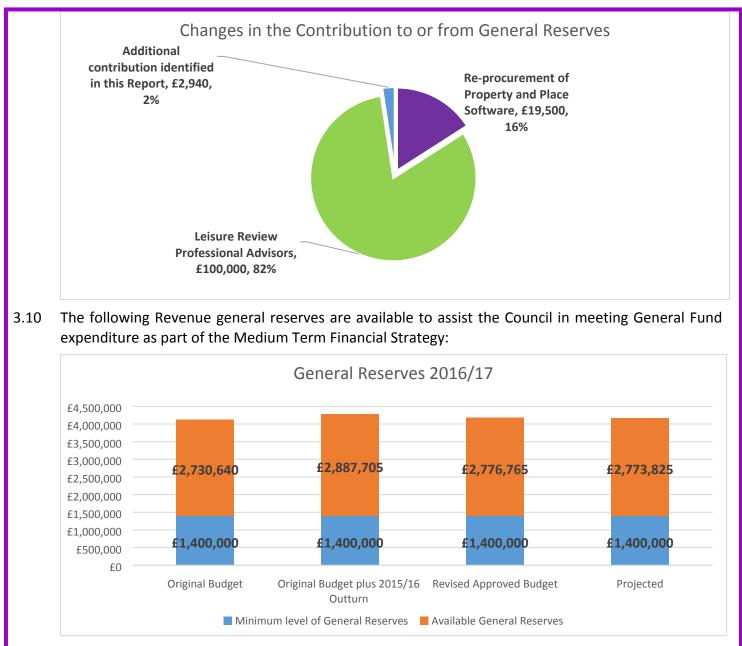
- The approval by Cabinet of **£100,000** for professional advisors for the Leisure Review have increased the Approved Budget in this area.
- The approval by Cabinet of a car parking strategy has increased income in this area by (£114,870).
- The details of the savings made in relation to the efficiency plan are explained below.
- A property fund investment has been undertaken and this has generated additional income and is explained further below.

Performance compared to the Approved Budget

- 3.6 In terms of financial performance, compared to the Approved Budget, the key points to note are:
 - Net Operating Cost is projected to be above budget by £2,940.
 - The level of General reserves will reduce by **£2,940** compared to the Original Budget.
- 3.7 In order to understand the reasons for this above budget performance of **£2,940**, analysis work has been undertaken and the details are shown in **APPENDIX B**. In summary, the budget variance falls into two categories :
 - One-off net savings (additional expenditure offset by additional income) of **£2,940.** The most significant items are the costs of a temporary support for Information Technology of **£21,340** less savings in Civic Expenses of **(£5,860)** and additional Housing Benefit Grant of **(£10,080)**.
 - Ongoing savings/additional income of (£75,670). The most significant items are savings in Civic Expenses (£8,880), savings in communications (£8,000), additional income from the Business Improvement District of (£6,700), savings in Tourism of (£22,000) and Members Allowances increases of £18,500.
- 3.8 The ongoing savings/additional income have reduced the Efficiency Plan Approved Budget of **(£192,450)** and means there is **(£116,780)** of the Efficiency Plan target to identify during the remainder of 2016/17. The progress to date on the Efficiency Plan and the further savings to be identified over the period of the current Medium Term Financial Strategy is shown in the graphs below:



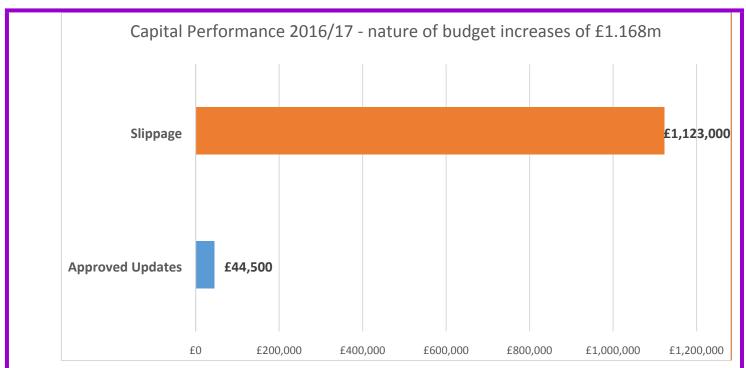
3.9 The reasons for the change of **(£122,440)** from a contribution <u>to</u> general reserves of **£8,560** to a contribution <u>from</u> general reserves of **(£113,880)** is shown in the graph below:



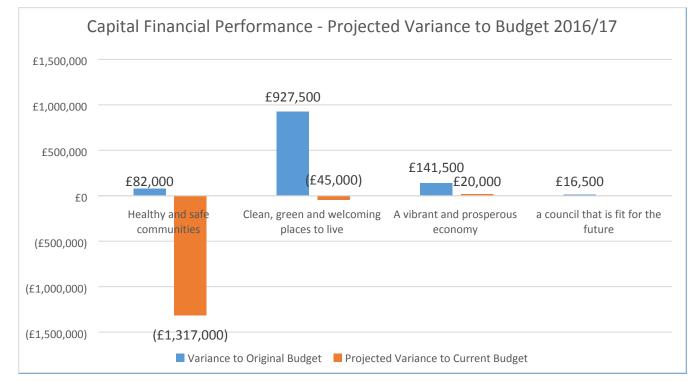
3.11 Earmarked reserves are classified into unrestricted reserves where there are no restrictions over their use and restricted reserves where their establishment or use is determined by a legal or partnership agreement such as the car park reserve. We are currently reviewing our earmarked reserves approach to ensure reserves are managed in the most effective way.

The Capital Programme

3.12 A summary of the budgetary changes from the Original Budget of £7,505,000 to the Approved Budget of £8,672,500 undertaken throughout the financial year totalling £1,167,500 is shown in the graph below:



3.13 We are projecting that the Capital Programme performance will be below budget by **(£1,342,000)** or **15%** compared to the Approved Budget. This below budget performance compared to both the Original and the Approved Budgets is shown by the new Strategic Plan's priorities in the graph below and in detail at **APPENDIX C**:



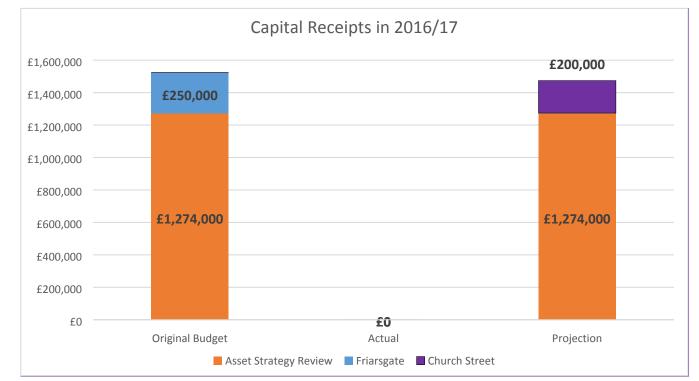
Performance compared to the Original Budget

1.1. The increases in three strategic priorities reflect the inclusion of slippage in capital expenditure from 2015/16.

Performance compared to the Approved Budget

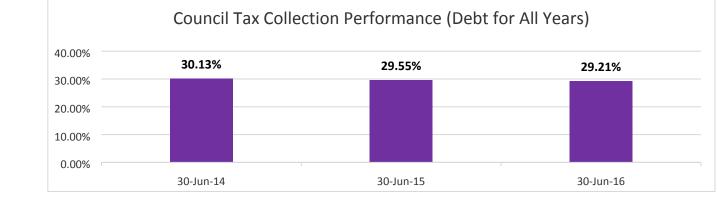
1.2. The reason for the significant projected below budget variance to the Approved Budget on Healthy and Safe Communities is related to rephasing of Affordable Housing projects of **(£1,154,000)** to 2017/18 to reflect latest project plans such as Friarsgate.

- 1.3. There are two projects in the Approved Capital Programme that require updates in excess of the key decision limit of £50,000, these projects are:
 - The Community Building at Hawksyard has an Approved Budget of **£166,000** funded by Section 106 contributions from the housing development on the site. A further **£154,000** has been received in Section 106 contributions and therefore it is recommended that this budget is increased to **£320,000**.
 - The Replacement of two synthetic pitches has an Approved Budget of £165,000 funded by capital receipts and an earmarked reserve. The replacement of these two pitches is estimated to cost £370,000 and will enable revenue savings to be generated from King Edwards Leisure Centre being transferred to the school and the Leisure Services review being undertaken. An additional earmarked reserve has been established for £40,000 and therefore the shortfall in funding is £165,000. It is recommended that this shortfall is funded from the additional capital receipts received in 2015/16.
- 1.4. There have been no actual capital receipts received during the first three months of 2016/17 compared to the Original and Approved Budgets of **(£1,524,000)**.
- 1.5. We are projecting capital receipts of (£1,474,000) because there is an interested party in the Bore Street Shops (Asset Strategy Review) who is currently undertaking due diligence and although the land receipt of (£250,000) from Friarsgate (this sum has not been assumed available to fund capital investment) is unlikely to be received in 2016/17 a land sale at Church Street for (£200,000) has taken place.
- 1.6. The Approved Budget, actual capital receipts received in the first three months and the projected capital receipts are shown in the graph below:

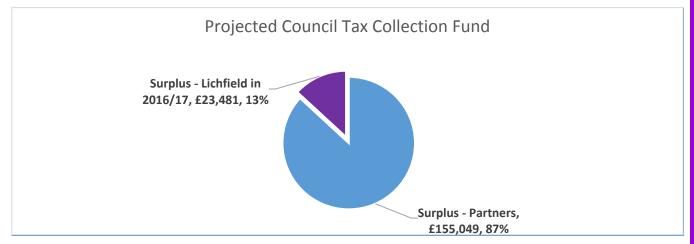


Council Tax

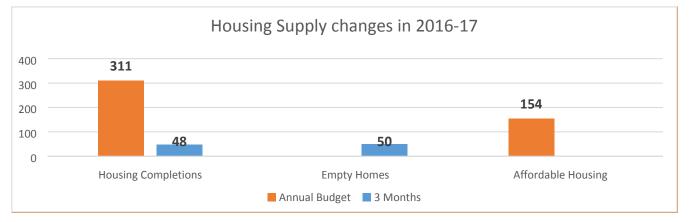
- 1.7. The Council is responsible for the collection of Council Tax for all precepting authorities in 2016/17 totalling **£56m**.
- **1.8.** The collection performance for Council Tax for the first three months of the last three financial years is shown in the graph below:



- 1.9. The collection performance has remained consistent with the same period in previous financial years.
- 1.10. A summary of the Projected Council Tax Collection Fund performance (The Budget assumed a breakeven position) is shown in the graph below with detail shown at **APPENDIX D** and is based on Lichfield's (including Parishes) current share of Council Tax of **13%**:



- 1.11. The projected surplus in 2016/17 includes the actual surplus in 2015/16 together with performance related to 2016/17. The Council's share of the projected surplus of **(£23,481)** will be included in the 2017/18 Budget.
- 1.12. Housing supply is one of the key assumptions in the Medium Term Financial Strategy because it impacts on the income we receive from Council Tax and New Homes Bonus. The progress to date using information on housing completions and empty homes from Council Tax is shown in the graph below:

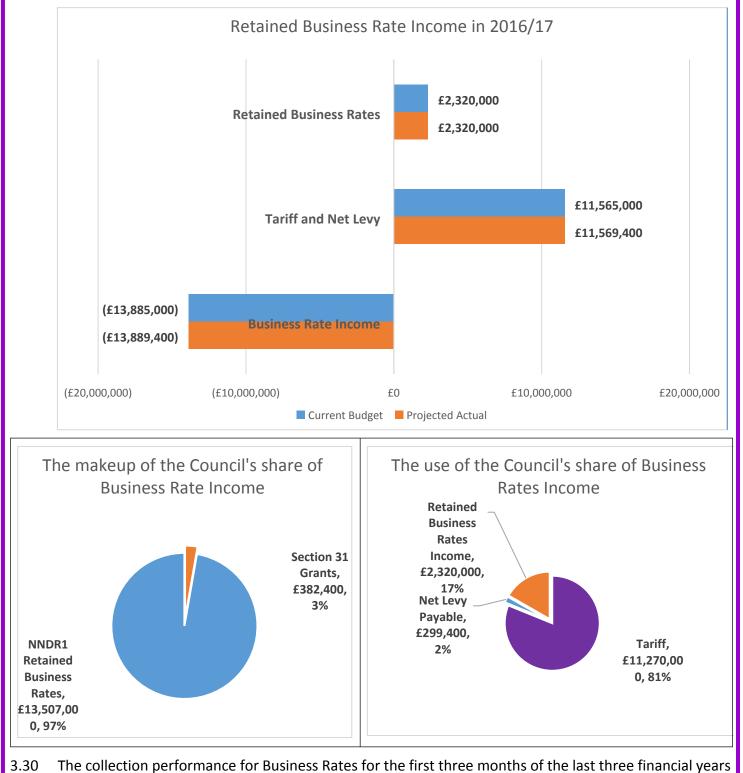


Business Rates

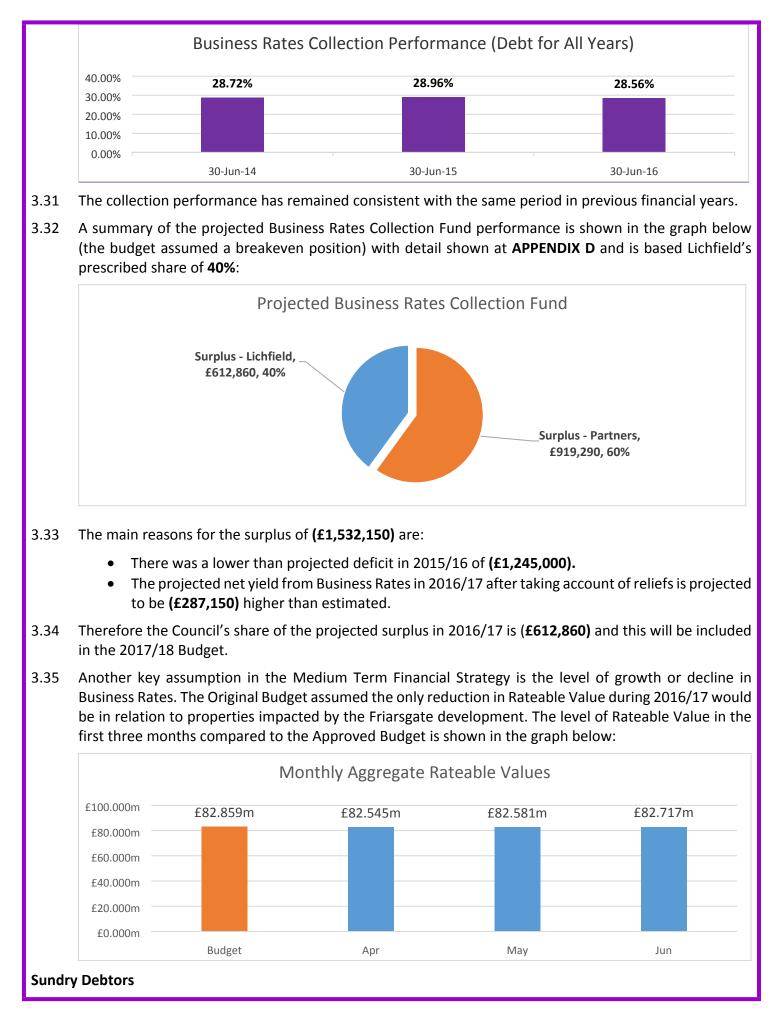
- 1.13. The Council will collect Business Rates for all partners in 2016/17 totalling **£35m**.
- 1.14. The Council receives a **40%** share of Business Rates income. The Council's share included in its budget is based on the NNDR 1 estimated level together with Section 31 grants for certain reliefs granted. The Council must then pay the Government set tariff and any net levy based on growth above the

Government set baseline (or receive safety net in the event of business rates have reduced more than a set percentage below the baseline).

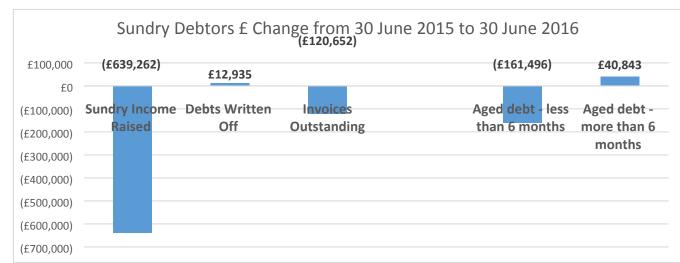
1.15. The Retained Business Rate income for 2016/17 is projected to be **(£2,320,000)** compared to the Approved Budget of **(£2,320,000)**. The detail of the Council's actual and budgeted share of Business Rates income, the tariff and net levy and retained Business Rates in 2016/17 is shown in detail at **APPENDIX D** and in the graphs below:



is shown in the graph below:



3.36 A summary of key transactions levels and collection performance for Sundry Debtors in 2016/17 compared to 2015/16 is shown in the graph below:



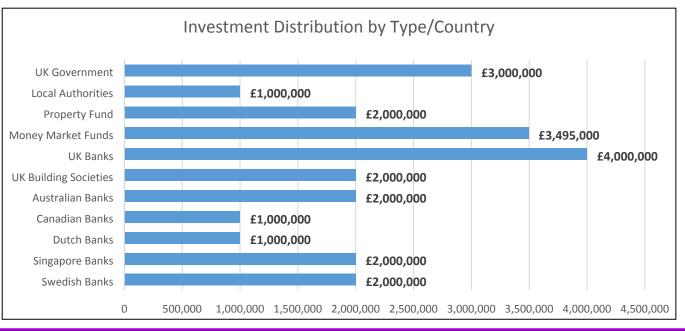
- 3.37 The collection performance is shown in detail at **APPENDIX D** and is summarised below:
 - The value of income raised has reduced by (£639,262) or 32% due in part to the sale of the industrial units.
 - The value of write offs has increased by **£12,935** or 935% due to several write offs of Housing debts and Housing Benefit Overpayments.
 - Overall invoices outstanding have reduced by (£120,652) or (6.78%) with a reduction in those outstanding for less than 6 months by (£161,496) or (12.67%) and an increase in those outstanding for more than six months by £40,843 or 8.10%.

Treasury Management

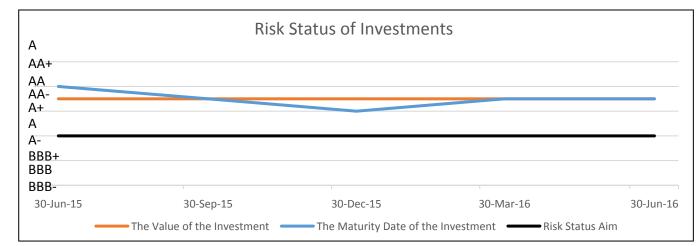
3.38. The performance of the Treasury Management function should be measured against the investment objectives of Security (the safe return of our monies), Liquidity (making sure we have sufficient money to pay for our services) and Yield (the return on our investments).

The Security of Our Investments

3.39. The investments the Council had at the 30 June 2016 of **£23,495,000** by type and Country are summarised in the graph below and in more detail at **APPENDIX E**:

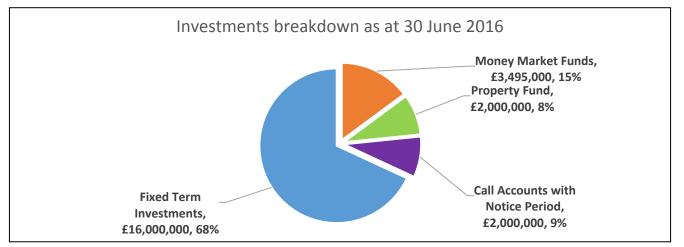


3.40. Our aim for the risk status of our investments was **A**-. The risk status based on the length of the investment and the value for a twelve month period is summarised in the graph below:



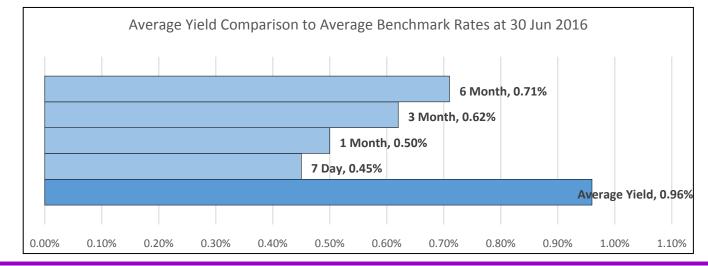
The Liquidity of our Investments

3.41. The Council has not had to temporarily borrow during 2016/17 and retains a proportion of its investments in instant access Money Market Fund investments to ensure there is sufficient cash available to pay for goods and services. The proportion of investments of this type is shown in the graph below:



The Return or Yield of our Investments

3.42. The yield the Council achieved for the first three months (the recent 0.25% reduction in interest rates will reduce the annual projected return) compared to a number of industry standard benchmarks (including our preferred benchmark of the 7 day LIBID rate) is shown in the graph below:



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- 3.43. The investment activity during the financial year is projected to generate (£176,855) of net investment income compared to a budget of (£124,400) and overall the Net Treasury position is projected to be below budget by (£52,455).
- 3.44. The main reason for the projected additional net investment income is the approved investment of £2m in a property fund that is projected to generate **(£80,860)** in 2016/17.
- 3.45. This investment whilst generating additional yield has the risk that the investment value could fall in line with the underlying property assets in the fund. It is therefore recommended that a volatility reserve is established for the duration of the investment and that any investment income in excess of a threshold currently set at **(£50,000)** per annum is contributed to this reserve to mitigate this risk.
- 3.46. In 2016/17 the contribution to this volatility reserve is projected to be (£30,860).

Alternative Options	There are no alternative options.
Consultation	Consultation is undertaken as part of the Strategic Plan 2016-20 and with Leadership Team.
Financial Implications	At this three months stage in the year, for the period up to June 2016, we forecast a contribution <u>from</u> general reserves of (£113,880) will be made, against a budgeted contribution of £8,560 to general reserves. Further detailed analysis on the Financial Performance up to June 2016 is shown in the attached Appendices.
Contribution to the	
Delivery of the Strategic Plan	The MTFS underpins the delivery of the Strategic Plan 2016-20.

Equality, Diversity and	
Human Rights	There are no additional Equality, Diversity or Human Rights implications.
Implications	

Crime & Safety Issues

There are no additional Crime and Safety Issues.

	Risk Description	How We Manage It	Severity of Risk (RYG)
A	Management of the Council's Revenue and Capital budget is critical to the successful delivery of key Council's priorities, and control measures need to be in place to manage the re-scheduling or re-profiling of projects and to respond to the changing financial climate including the impact of the EU Referendum	 Close monitoring of expenditure. Maximising the potential of efficiency gains. Early identification of any unexpected impact on costs, for example, central Government policy, movement in the markets, and changes in the economic climate. Prioritisation of capital expenditure. Project management of projects. 	Red - Severe
В	Counterparty default	A new Annual Investment Strategy was approved by Cabinet on 7 April 2015. This new Strategy utilises more counterparties and financial instruments to diversify the portfolio and reduce this risk.	Yellow - Material

С	Actual cash flows are different to th are planned	ose that	The Council maintains a comprehensive cash flow model that is updated on a daily basis to reflect actual and planned cash flows. An element of the Council's investment portfolio will be invested in instant access accounts.	Yellow - Material
D	Planned capital receipts are not received		The Council plans to dispose of a number of assets to fund capital investment including Industrial Units and Shops. Two of these sales have been completed and the remaining one is being monitored closely to ensure any subsequent financial implications are included in the MTFS.	Red - Severe
E	New Government policies including t cuts to Communities and Local Gover		To ensure any new policies such as those related to Business Rates and New Homes Bonus are evaluated and the impact is incorporated into the MTFS.	Red - Severe
2016/ / (Def • Mone 20 Ca • Procu • Revie • Re-pris 5 Apri 2016 • Appro			ey Matters: Calculation Of Business Rates – National /17 and Council Tax Base 2016/17, together with Co Ficit) For 2015/16 – 12 January 2016. ey Matters: Medium Term Financial Strategy (Reven binet - 9 February 2016. Irrement of Contract Hire Vehicles – Cabinet 9 Febru w of the Civic Function – Cabinet 5 April 2016 ocurement of property and place related software a il 2016 ocurement of Desktop Operating Software Contra oval of Formal Car Parking Strategy – Cabinet 10 Ma osed Revised Charges for Street Naming and Numbe	llection Fund Surplus ue and Capital) 2016- ary 2016 pplications – Cabinet act – Cabinet 5 April y 2016
		• Mone	lband Connections – Cabinet 5 July 2016 ey Matters : 2015/16 Review of Financial Perfo cial Strategy – Cabinet 6 September 2016	rmance against the

Relevant web link	Cabinet - Lichfield District Council

Transfers from General Reserves

Cabinet Date	Report Title	2016/17
05/04/2016	Re-procurement of property and place related software applications	19,500
05/07/2016	Fit for the Future Leisure Review Appointment of Professional Advisors	100,000
	General Reserve	£119,500

Cabinet Reports

Cabinet Date	Report Title	2016/17	2017/18	2018/19	2019/20
09/02/2016	Procurement of Contract Hire Vehicles	(17,870)	(17,870)	(17,870)	(17,870)
05/04/2016	Review of the Civic Function Re-procurement of property and place related software	(5,810)	(7,380)	(7,380)	(7,380)
05/04/2016	applications	4,930	3,930	3,400	2,850
05/04/2016	Re-procurement of Desktop Operating Software Contract	2,800	2,800	2,800	2,800
10/05/2016	Approval of Formal Car Parking Strategy	(114,870)	(172,300)	(172,300)	(172,300)
05/07/2016	Proposed Revised Charges for Street Naming and Numbering	(4,530)	(10,200)	(10,200)	(10,200)
05/07/2016	Broadband connections Money Matters : 2015/16 Review of Financial Performance	7,490	7,490	7,490	7,490
06/09/2016	against the Financial Strategy	(29,690)	(29,690)	(29,690)	(29,690)
	Efficiency Plan	(£157,550)	(£223,220)	(£223,750)	(£224,300)

Audit Trail - The Approved Revenue Budget

	Original Budget	15/16 Recurring Outturn Adjustments	Revised Insurance Allocations	Cabinet Reports	Cabinet Leisure Fit for the Future	Approved Budget
Chief Executive	824,080		(6,740)	(5,810)		811,530
Finance, Revenues and Benefits	2,358,020	(5,450)	(18,790)	(320)		2,333,460
Leisure and Parks	2,889,240	(17,560)	176,210	630	100,000	3,148,520
Democratic, Development and Legal	998,640	(6,680)	(69,200)	(109,430)		813,330
Community, Health and Housing	2,221,330		(16,860)	0		2,204,470
Waste	1,338,750		(64,620)	(15,930)		1,258,200
Efficiency Plan	(350,000)	29,690	0	127,860		(192,450)
Net Cost of Services	10,280,060	0	0	(3,000)	100,000	10,377,060
Net Treasury Position	(25,000)			0		(25,000)
Revenue Contributions to the Capital Programme	154,000			22,500		176,500
Net Operating Cost	10,409,060	0	0	19,500	100,000	10,528,560
Less : Transfer (from) / to General Reserve	8,560			(19,500)	(100,000)	(110,940)
Less : Transfer to Earmarked Reserves	108,020			0		108,020
Amount to be met from Government Grants and Local Taxpayers:	£10,525,640	£0	£0	£0	£0	£10,525,640
Revenue Support Grant	(773,000)					(773,000)
Business Rates	(2,320,000)					(2,320,000)
Transition Grant	(51,940)					(51,940)
Local Council Tax Support	107,000					107,000
New Homes Bonus	(1,882,700)					(1,882,700)
Council Tax Collection Fund	(58,000)					(58,000)
Business Rates Collection Fund	310,000					310,000
Council Tax	(5,857,000)					(5,857,000)

Revenue Financial Performance – Projected Variance to Budget 2016/17

				2016/17			
Area	Original Budget £	Approved Budget £	Year to Date Actual £	Projected Outturn £	Projected Variance £	● = adverse ☑ = favourable	2016/17 Target Variance (+/-) £
Chief Executive	824,080	811,530	145,395	788,790	(22,740)	\checkmark	7,000
Finance, Revenues and Benefits	2,358,020	2,333,460	1,267,652	2,338,020	4,560	•	33,000
Leisure and Parks	2,889,240	3,148,520	867,223	3,148,520	-		59,000
Democratic, Development and Legal	998,640	813,330	(447,454)	809,830	(3,500)	\checkmark	63,000
Community, Housing and Health	2,221,330	2,204,470	350,340	2,205,880	1,410	•	20,000
Waste Collection	1,338,750	1,258,200	1,251,303	1,258,200	-		68,000
Efficiency Plan	(350,000)	(192,450)	-	(116,780)	75,670	\checkmark	-
Net Cost of Services	10,280,060	10,377,060	3,434,459	10,432,460	55,400		250,000
Net Treasury Position Revenue Contributions to the Capital Programme	(25,000)	(25,000) 176,500	(3,031)	(77,460) 176,500	(52,460)		
Net Operating Cost	10,409,060	10,528,560	3,431,428	10,531,500	2,940		
Less: Transfer (from) / to General							
Reserve	8,560	(110,940)	-	(113,880)	(2,940)	•	
Add: Transfer to Earmarked Reserves	108,020	108,020	-	108,020	-		
Net Revenue Expenditure	£10,525,640	£10,525,640	£3,431,428	£10,525,640	0		
Financed by:							
Retained Business Rates	(2,320,000)	(2,320,000)	(1,247,094)	(2,320,000)	-		
Business Rates Cap	-	-	(2,697)	-	-		
Revenue Support Grant	(773,000)	(773,000)	(139,220)	(773,000)	-		
Transition Grant	(51,940)	(51,940)	(12,984)	(51,940)			
Parish Local Council Tax Support	107,000	107,000	26,701	107,000	-		
New Homes Bonus	(1,882,700)	(1,882,700)	(474,915)	(1,882,700)	-		
Returned New Homes Bonus	-	-	(4,411)	-	-		
Business Rates Collection Fund Deficit	310,000	310,000	0	310,000			
Council Tax Collection Fund (Surplus)	(58,000)	(58,000)	(14,500)	(58,000)	-		
Council Tax	(5,857,000)	(5,857,000)	(219,389)	(5,857,000)	-		

Analysis of gross expenditure, income and net expenditure for 2016/2017

	4	Projected		
Area	Gross		Net	Outturn
Alea	Expenditure	Gross Income	Expenditure	
	£	£	£	£
Chief Executive	815,210	(3,680)	811,530	788,790
Finance, Revenues and Benefits	23,242,050	(20,908,590)	2,333,460	2,338,020
Leisure and Parks	5,729,940	(2,581,420)	3,148,520	3,148,520
Democratic, Development and Legal	4,843,050	(4,029,720)	813,330	809,830
Community, Health and Housing	2,404,180	(199,710)	2,204,470	2,205,880
Waste	5,192,020	(3,933,820)	1,258,200	1,258,200
Efficiency Plan	(192,450)	-	(192,450)	(116,780)
Net cost of services	42,034,000	(31,656,940)	10,377,060	10,432,460
Net Treasury Position	104,900	(129,900)	(25,000)	(77,460)
Revenue Contributions to the Capital Programme	176,500	-	176,500	176,500
Net Revenue Expenditure	£42,315,400	(£31,786,840)	£10,528,560	£10,531,500

Reasons for the 3 Months Budget Performance

Projected		Expenditure		Income	
Variance		One Off	Recurring	One Off	Recurring
£		£	£	£	£
(22,740)	Chief Executive	(5,860)	(15,560)	-	(1,320)
4,560	Finance, Revenues and Benefits	21,340	-	(10,080)	(6,700)
-	Leisure and Parks	-	-	-	-
(3,500)	Democratic, Development and Legal Services	-	(3,500)	-	-
1,410	Community, Housing and Health	-	(630)	-	2,040
-	Waste Collection Service	-	-	-	-
(52,460)	Net Treasury Position	-	-	(2,460)	(50,000)
(£72,730)	Net Operating Cost	£15,480	(£19,690)	(£12,540)	(£55,980)

Chief Executive

Projected	jected Directorate		nditure	Inco	ome
Variance		One Off	Recurring	One Off	Recurring
£		£	£	£	£
(8,000)	Communications - savings and additional income	-	(5,000)	-	(3,000)
	Civic Expenses - savings from reduced activity and balance				
(14,740)	of previous Chair and Vice Chair Allowances	(5,860)	(10,560)	-	1,680
(£22,740)	Total	(£5,860)	(£15,560)	-	(£1,320)

Finance, Revenues and Benefits

Projected	Directorate	Expenditure		Income	
Variance		One Off	Recurring	One Off	Recurring
£		£	£	£	£
(10,080)	Benefits - additional Housing Benefit Grant	-	-	(10,080)	-
(6,700)	Revenue Collection - BID administration income	-	-	-	(6,700)
21,340	ICT - temporary Administration Assistant	21,340	-	-	-
£4,560	Total	£21,340	-	(£10,080)	(£6,700)

Democratic, Development and Legal

Projected	Directorate	Expenditure		Income	
Variance		One Off	Recurring	One Off	Recurring
£		£	£	£	£
(22,000)	Tourism - identified underspends	-	(22,000)	-	-
18,500	Members Allowances increases	-	18,500	-	-
(£3,500)	Total	-	(£3,500)	-	-

Community, Housing and Health

Projected	Directorate	Expenditure		Income	
Variance		One Off	Recurring	One Off	Recurring
£		£	£	£	£
	Pressure on Environmental Protection Acts income				
2,040	following changes in regulations made by DEFRA	-	-	-	2,040
(630)	Community Safety budget no longer required	-	(630)	-	-
£1,410	Total	-	(£630)	-	£2,040

Net Treasury Position

Projected	Directorate	Expenditure		Income	
Variance		One Off	Recurring	One Off	Recurring
£		£	£	£	£
(80,860)	CCLA Property Fund investment	-	-	-	(80,860)
30,860	Transfer CCLA Income to a Volatility Reserve	-	-	-	30,860
(2,460)	Other Investment Income	-	-	(2,460)	-
(£52,460)	Total	-	-	(£2,460)	(£50,000)

	Original Budget	Current Budget	Year to Date	Projected Outturn	Projected Variance	
Priority	£	f	Actual £	£	£	
Healthy and safe communities	2,771,000	2,853,000	136,804	1,536,000	(1,317,000)	•
Clean, green and welcoming places to live	1,219,000	2,146,500	0	2,101,500	(45,000)	\checkmark
A vibrant and prosperous economy	2,749,000	2,890,500	23,225	2,910,500	20,000	V
A council that is fit for the future	766,000	782,500	9,640	782,500	0	\checkmark
Total Capital Expenditure	£7,505,000	£8,672,500	£169,669	£7,330,500	(£1,342,000)	

Capital Programme Performance in 2016/17

KEY: ☑ P

Projected actual within **£0.1m** of our current budget

Projected actual not within **£0.1m** of our current budget

Vehicle, Equipment and Systems Renewal Schedule 2016/17

The vehicle, equipment and systems renewal schedule in 2016/17 included in the Capital Programme is shown in the table below:

Area	Vehicle Type	Estimated Replacement Cost	Capital Programme	Progress on procurement during 2016/17
Joint Waste	New Arrangement	£1,314,000	£1,314,000	In progress.
Grounds	Invest to Save		£47,000	This budget is utilised to fund Invest
Maintenance				to Save Business Cases.
Grounds	Sinking Fund		£24,000	
Maintenance				
Environmental	1/22		624.000	To be Durchased in Overter 2
Health Vehicle	Van		£24,000	To be Purchased in Quarter 2

Capital Investment at Burntwood Leisure Centre - The Sinking Fund

Under the terms of the funding agreement with the National Lottery in relation to Burntwood Leisure Centre (BLC), LDC is required to set aside resources to be used for the future repair and renewal of BLC in a 'Sinking Fund'. Monitoring information for all approved projects is shown in the table below:

	Annual Spend in 2016/17				
Project Name	Current Budget £	Projected Outturn £	Variance £		
Planned maintenance	£258,000	£95,000	(£163,000)		
TOTAL	£258,000	£95,000	(£163,000)		

Council Tax

Collection Performance

	Council Tax						
	30th June 2015	30th June 2016	Change				
Amount Collected as a %	29.55%	29.21%	(0.34%)	•			
In year arrears outstanding at 30 June	£789,366	£733,998					
Previous years arrears at 30 June	£1,132,931	£1,204,224					
Total arrears outstanding at 30 June	£1,922,297	£1,938,221	0.83%	•			
Write offs as at 30 June	£8,932	£7,676	(14.00%)	\square			

Collection Fund

	Budget	30-Jun-16	Projected Outturn	Projected Variance
	£m	£m	£m	£m
(Surplus) / Deficit Brought Forward	(£0.45)	(£0.32)	(£0.32)	£0.13
Amount Due	(£56.34)	(£56.69)	(£56.73)	(£0.39)
Bad Debt Provision	£0.00	£0.01	£0.08	£0.08
Payments to Partners including LDC	£56.34	£56.34	£56.34	£0.00
Transfers estimated surplus to Partners	£0.45	£0.45	£0.45	£0.00
(Surplus) / Deficit Carried Forward	(£0.00)	(£0.21)	(£0.18)	(£0.18)
Share of the (Surplus) or Deficit				
Lichfield District Council	(0.00)	(0.03)	(0.02)	(0.02)
Office of the Police and Crime Commissioner Staffordshire	(0.00)	(0.02)	(0.02)	(0.02)
Staffordshire County Council	(0.00)	(0.15)	(0.13)	(0.13)
Staffordshire Fire and Rescue	(0.00)	(0.01)	(0.01)	(0.01)
	(£0.00)	(£0.21)	(£0.18)	(£0.18)

Lichfield District Council Projected (Surplus) / Deficit in 2016/17 to be included in 2017/18 Budget

(£0.02)

Business Rates

The Council's Retained Business Rates Income

The Council's Budget in 2016/17							
	Budget £	30-Jun-16 £	Projected Outturn £	Projected Variance £			
NNDR 1 Based Retained Business Rates							
Retained Business Rates	(£13,507,000)	(£13,507,000)	(£13,507,000)	£0			
Section 31 Grants (Lichfield's 40% Share)							
Small Business Rates Relief	(£373,000)	(£376,000)	(£376,000)	(£3,000)			
New Empty Properties	£0	£0	£0	£0			
Long Term Empty Properties	£0	(£800)	(£800)	(£800)			
Retail Relief	(£5,000)	£3,200	(£5,600)	(£600)			
Less : Tariff Payable	£11,270,000	£11,270,000	£11,270,000	£0			
Pre Levy or Safety Net Income	(£2,615,000)	(£2,610,600)	(£2,619,400)	(£4,400)			
NNDR 3 Based Levy Payments							
Less : Levy Payable @ 50%	£338,000	£776,300	£398,700	£60,700			
Volatility Allowance	£67,000	£67,000	£30,700	(£36,300)			
Levy from the Business Rates Pool (32.5%)	(£110,000)	(£252,000)	(£130,000)	(£20,000)			
Post Levy or Safety Net Income	(£2,320,000)	(£2,019,300)	(£2,320,000)	£0			

Collection Performance

	Non Domestic Rates					
	30th June 2015	30th June 2016	Change			
Amount Collected as a %	28.96%	28.56%	(0.40%)	•		
In year arrears outstanding at 30 June	£329,673	£1,209,058				
Previous years arrears at 30 June	£423,578	£538,541				
Total arrears outstanding at 30 June	£753,251	£1,747,599	132.00%	•		
Write offs as at 30 June	£23,856	£52,774	121.00%	•		

Collection Fund

	Budget	30-Jun-16	Projected Outturn	Projected Variance
	£m	£m	£m	£m
(Surplus) / Deficit Brought Forward	£1.46	£0.22	£0.22	(£1.25)
Amount Due	(£34.53)	(£36.28)	(£34.82)	(£0.29)
Bad Debt Provision	£0.32	£0.12	£0.32	£0.00
Appeals	£0.32	£0.08	£0.32	£0.00
Payments to Partners including LDC	£33.77	£33.77	£33.77	£0.00
Collection Allowance	£0.12	£0.12	£0.12	£0.00
Transitional Protection	£0.00	£0.00	£0.00	£0.00
Transfers estimated deficit from Partners	(£1.46)	(£1.46)	(£1.46)	£0.00
(Surplus) / Deficit Carried Forward	£0.00	(£3.44)	(£1.53)	(£1.53)
Share of the (Surplus) or Deficit				
Lichfield District Council (40%)	£0.00	(£1.38)	(£0.61)	(£0.61)
Central Government (50%)	£0.00	(£1.72)	(£0.77)	(£0.77)
Staffordshire County Council (9%)	£0.00	(£0.31)	(£0.14)	(£0.14)
Staffordshire Fire and Rescue (1%)	£0.00	(£0.03)	(£0.02)	(£0.02)
	£0.00	(£3.44)	(£1.53)	(£1.53)

Lichfield District Council Projected (Surplus) / Deficit in 2016/17 to be included in 2017/18 Budget

(£0.61m)

Sundry Debtor Performance

Details	30th June 2015 All Debts £	30th June 2016 All Debts £	All Debts Change (%)	Variance
Value of sundry income raised in quarter	1,978,545	1,339,283	(32.30%)	•
Value of debts written off	1,383	14,317	935.00%	•
Value of all invoices outstanding	1,778,000	1,657,348	(6.78%)	V
% of income raised	89.86%	123.75%	33.89%	

Aged Debtor Analysis				
Less than 6 months	1,274,257	1,112,762	(12.67%)	V
More than 6 months	503,743	544,586	8.10%	•

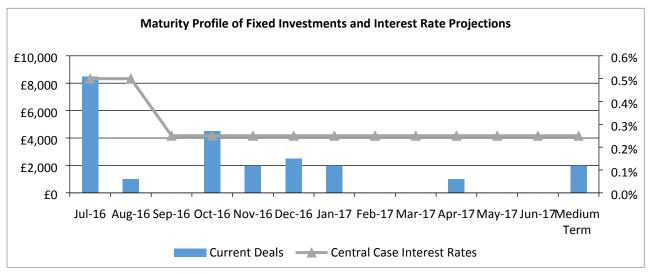
☑ Favourable ● Adverse

Investments in the 2016/17 Financial Year

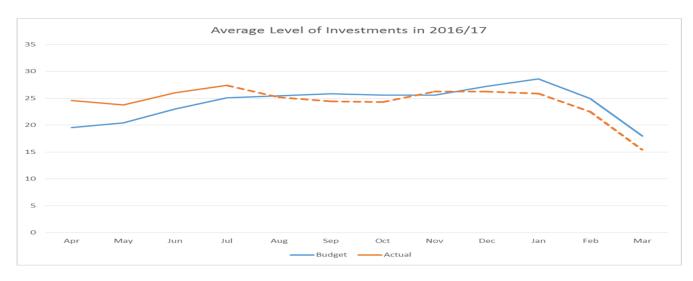
The table below shows a breakdown of our investments at the end of June 2016:

Counterparty	Principal	Matures	Days to Maturity	Rate	Credit Rating	Foreign Parent
Money Market Funds						
Invesco	£630,000	01-Jul-16	Instant Access		AA-	N/A
Legal & General	£1,000,000	01-Jul-16	Instant Access		AA-	N/A
Standard Life	£1,000,000	01-Jul-16	Instant Access		A+	N/A
Insight	£165,000	01-Jul-16	Instant Access		AA-	N/A
BNP Paribas	£700,000	01-Jul-16	Instant Access		A+	N/A
Property Fund	,					
LAMIT Property Fund	£2,000,000	30-Apr-21				
Fixed Term Investments						
Nationwide	£1,000,000	18-Oct-16	110	0.71%	А	No
Lloyds	£1,000,000	16-Nov-16	139	1.07%	А	No
Close Bros.	£1,000,000	31-Oct-16	123	0.65%	А	No
National Counties Building Society	£500,000	09-Dec-16	162	0.72%	Not Rated	No
Australia and New Zealand Banking Group	£1,000,000	12-Dec-16	165	0.53%	AA-	Yes
Commonwealth Bank of Australia	£1,000,000	03-Oct-16	95	0.63%	AA-	Yes
Coventry Building Society	£500,000	05-Oct-16	97	0.59%	А	No
DBS	£1,000,000	14-Jul-16	14	0.70%	AA-	Yes
HSBC	£1,000,000	14-Jul-16	14	0.45%	AA-	No
Salford City Council	£1,000,000	28-Oct-16	120	0.55%	AA	No
United Overseas Bank	£1,000,000	18-Nov-16	141	0.72%	AA-	Yes
Call Accounts with Notice Period						
Santander	£1,000,000	27-Dec-16	180	1.15%	A	Yes
Handelsbanken	£1,000,000	04-Aug-16	35	0.45%	AA-	Yes
Treasury Bills	£3,000,000	11-Jul-16	11	0.47%	AA	No
Certificates of Deposit						
Rabobank	£1,000,000	05-Jan-17	189	0.72%	A+	Yes
Nordea Bank AB	£1,000,000	13-Apr-17	287	0.75%	AA-	Yes
Toronto-Dominion	£1,000,000	27-Jan-17	211	0.92%	AA-	Yes
Total Investments	£23,495,000					

The maturity profile of these investments at 30 June 2016 compared to our Treasury Management advisor Arlingclose interest rate forecasts is shown in the graph below:



Cash Flow for 2016/17



The graph below compares the budget for average investment levels in 2016/17 with the actual levels.

Performance of the Treasury Management Function

The performance of the Treasury Management function should be measured against the investment objectives of Security (the safe return of our monies), Liquidity (making sure we have sufficient money to pay for our services) and Yield (the return on our investments).

Security:

Our aim for the risk status of our portfolio was A- utilising the lowest rating from the three credit rating agencies.

The investments outstanding at the 30 June 2016 had a risk status of **AA**- based on the length of the investment and **AA**- based on the value of the investment, which is a more secure risk status. These risk statuses are both compliant with our aim and the recommendations from our Treasury Management advisors.

In addition, we are currently keeping the length of our investments relatively short term to ensure that we can react to changes in counterparty credit risk very easily.

The time limits were relatively short to manage counterparty credit risk (a bank or building society being unable to repay our investment). We also maintained balances in Money Market Funds to provide for unforeseen cash flow requirements. The average length of investments we made in 2016/17 was **223 days**.

Liquidity:

Measuring the performance in relation to liquidity is a much more difficult task and the easiest way to assess performance is to see how frequently we needed to borrow on a temporary basis during the financial year. We are actively managing liquidity risk in 2016/17 by purchasing Certificates of Deposit and Treasury Bills because they can be sold on the secondary market in the event the money is required for unforeseen circumstances. We also have significant sums invested in call accounts and Money Market Funds which provide instant access to cash. Therefore, due to the level of our liquid investments in 2016/17 we did not need to temporarily borrow.

Yield:

In the three months of 2016/17 we have achieved an average interest rate of **0.96%** (we project this to reduce following the recent 0.25% reduction in interest rates) and this compares to our performance indicator of the average 7-day London Inter-bank Bid (LIBID) rate, which was **0.45%**, the 1 month rate was **0.50%**, the 3 month rate was **0.62%** and the 6 month rate was **0.71%**.

In terms of interest receipts, there are two key risks/sensitivities:

- a) The interest rate receivable.
- b) The amount of money we have available to invest.

The interest rates, amounts of money we had available to invest, interest receipts, interest paid and net investment income is shown in the table below:

Details	2016/17	2016/17
	Approved Budget	Projected Outturn
Average amount we had available to invest (£m)	£24.10m	£27.44m
Average Interest Rate (%)	0.51%	0.78%

Interest Receipts	(128,900)	(181,355)
Interest Paid and Other Costs	4,500	4,500

Net Investment Income (£) (£124,400) (£176,855)

Minimum Revenue Provision Net Treasury Position (£)	63,000 (£25,000)	63,000 (£77,455)
External Borrowing Interest	37,400	37,400
Car Loan and Other Interest	(1,000)	(1,000)

FIT FOR TH	1.15.11	
TRANSPOR	district vouncil	
Report of the Cabinet Member for CommunityDate:6th September 2016		www.lichfielddc.gov.uk
Agenda Item:	5	
Contact Officer: Clive Gibbins \ Susan Bamford		
Tel Number: 01543 308702 \ 01543 308170		CABINET
Email: clive.gibbins@lichfielddc.gov.uk susan.bamford@lichfielddc.gov.uk		CADINET
Key Decision?	YES	
Local Ward Members	Applicable to all Wards.	

1. Executive Summary

- 1.1 A Service Review of Community Transport has been undertaken under the Fit 4 the Future Programme and the final conclusions and recommendations were considered by a Community, Housing and Health Overview & Scrutiny Member Task Group on 11th August 2016. The project initiation document and a report setting out early findings having been considered at Community, Housing and Health Overview & Scrutiny Committee meetings in January and June 2016.
- 1.2 The Final Report attached at **Appendix A** sets out the process and findings of this Review. The Review has considered in detail the current service provision including usage by registered member groups and individual users, expenditure and income, gaps in service, processes and procedures and risks and resilience. It has also assessed the customer benefits, the opportunities for service improvement, alternative service delivery options and the impact of stopping the Service. Details of individual member groups and potential providers have been anonymised in the Final Report and are listed in a confidential appendix to this report within the private section of the Cabinet agenda.
- 1.3 The key findings are that:
 - The majority of the Service is providing community transport to a relatively small number of member groups and users.
 - The member groups and individual users value the Service which provides opportunities for social interaction and helps reduce isolation for vulnerable people.
 - The current service is unsustainable without substantial further investment of capital funding and other resources to improve the Service.
 - The two other community transport providers based in the District limits opportunities to expand the District Council's Service.
 - Existing providers both based in and outside of the District have indicated that they have capacity and are interested in offering services to our member groups and other residents.

2. Recommendations

- 2.1 That Cabinet approve the following recommendations of the Review as set out on page 16 of the Report:
 - the council stopping providing a Community Transport Service from 31st December 2016, giving Group Members time to make alternative arrangements
 - taking a range of steps to mitigate impacts on users and volunteer drivers
- 2.2 That authority is delegated to the Cabinet Member for Community in consultation with the Director of Place and Community to determine actions to mitigate impacts on users.

3. Background

- 3.1 The Fit for the Future Phase 1 budget reduction programme in 2013 included proposals for the cessation of Community Transport but following representations received, Cabinet acknowledged the concerns raised by the service users and partners and removed Community Transport from the proposals. Since then officers have looked at options to reduce the cost to the council of running the Service, with a view to becoming cost neutral. This hasn't proved possible and is very unlikely to be achieved under the current operating model.
- 3.2 Within the context of renewed financial pressures on the council (Local Government Finance Settlement announcement of December 2015) the council needs to be satisfied that the Community Transport Scheme is delivering value for money to local tax payers and is using its resources in the best way possible.
- 3.3 It was therefore decided to carry out a Fit for the Future Review of the Service. The main objectives of the Review are to better understand the needs of current member groups and the wider need for the Service and assess whether the council is achieving value for money from the Service and alternative options for delivery. The Project Initiation Document for the Community Transport Review was endorsed by the Community, Housing and Health Overview and Scrutiny Committee in January 2016.
- 3.4 The Project Steering Group has met five times and considered the following work streams:
 - •Current service provision
 - •Opportunities to improve existing service provision
 - •Other service delivery options

The key findings of this work is detailed in the attached report and summarised below.

Current Service Provision

3.5 User Needs

A review of the member groups and users of the Service was undertaken for 2014/15 and 2015/16 which identified that 13 groups (which were using the Service more than 10 times a year) accounted for 86% of all trips. The use by the top 13 user groups was analysed in detail and consultation carried out with these Member Groups and Individual Users. The detailed findings can be found Appendix 2 of the Review Report.

3.6 Value for money

To assess whether the Service is delivering value for money, processes and procedures were documented and reviewed and how it is resourced evaluated. The income and expenditure budgets and outturn for Community Transport in 2015/16 compared with the outturn in 2014/15 was also

considered, together with an analysis of mileage, costs and income by top user groups and for those groups using the Service less than 10 times a year. Finally, service risks and resilience were assessed.

3.7 This showed that the Service has operated with minimal resources and some of the key processes – e.g. taking bookings and invoicing are inefficient. It also highlighted the heavy reliance on the Community Transport Manager and the volunteer community transport drivers and the age of the three minibuses. The value for money assessment also demonstrated the extent of the council subsidy by users and the fact that 76% of income from charges is from the top 13 user groups. Further details can be found at Appendix 3 of the Review Report.

3.8 Improving and growing the current Service

The potential for service improvements was identified and associated costs estimated, along with an assessment of the scope to recover the cost of any investment. This concluded that whilst there are a range of options to improve the operation and efficiency of the Service, there is no evidence that income would increase to a level to justify the level of investment required particularly as there are other providers operating within and adjacent to the District. The service improvements and estimated additional costs are set out in Appendix 4 of the Review Report.

Other Service Delivery Options

3.9 Most community transport services are delivered by community interest companies or social enterprises. Options were explored and it was identified that working with existing providers was the most viable option. Of the other providers operating within and adjacent to the District, four out of five have indicated that they have spare capacity and would be interested in providing community transport services to residents of Lichfield District. This could help mitigate the impact on users if the Service no longer continues to operate. The options considered are set out in Appendix 5 of the Review Report.

Alternative Options	The Review of Community Transport includes the assessment of alternative options for the future of the Service. In summary, the options are either to increase the investment in the Service to bring it up to an appropriate standard or exit from in house delivery of a community transport service. 'Do nothing' is not a viable option.
Consultation	As part of the Review, Community Transport Scheme member groups, users and volunteers have been surveyed to identify how and when they use the Service and the benefits of the Service to them. The Community, Housing & Health Overview & Scrutiny Committee considered key findings and early conclusions of the Review at its meeting in June and agreed to consider the final report at a Member Task Group in August The Task Group (Councillors Mrs Tranter, Mrs Evans and Leytham who Chaired the meeting) met on 11th August and commented as follows:
	 That community transport is not an essential public service but rather a discretionary service provided by the council; nonetheless it is greatly valued by those who use it. Very few other Councils provide a similar service The current minibuses are old and poor quality; they would not meet standards to be registered if they were used to provide a private hire service

 The cost of replacing the minibuses is prohibitive, especially given other demands on the capital programme; however, were the minibuses to be replaced, charges would need to be increased and there is no guarantee that the current member groups would continue to use the service (especially as other local providers do not charge in the same way) Other local providers can cross subsidise their costs through the regular contracts they have eg. transporting children to school; this option (of pursuing external contracts) is not open to the community transport service Prices charged by other providers look high in comparison with LDC charges; however, if taking account of the level of LDC subsidy in all the trips provided, the charges are more comparable. There may also be scope for negotiation with other providers regarding their charging regime Despite only charging £2 per trip, Burntwood Town Council's Ring and Ride Service attracted very few passengers; a clear need for the service was not demonstrated Having one member of paid staff is not sufficiently resilient; absences of this employee can be difficult to cover. The employee is obliged to spend time driving the minibuses which detracts from his ability to manage and develop the service If Cabinet decide to cease the service, steps should be taken to support and assist the employee in accordance with the council's redundancy policy Mitigation for the member groups would need to be considered on a case by case basis; short term grant funding would be one option to ease the
transition The Task Group were satisfied that the Terms of reference of the Group had been fully met.
Although not a palatable decision to make, the Task Group concluded that the service cannot continue in its present form, would need significant investment to be sustainable and therefore should cease, subject to steps being taken to support the top users of the service and the employee who manages the service through the period of transition.
It was noted that this matter would be considered by Cabinet on 6th September and the final report of the F4F Review will be provided to the full Community, Housing and Health O&S Committee at their 12th September meeting.
The Task Group agreed to have a follow up meeting in November to consider the impact of the cessation of the service and the necessary mitigation which was being explored with member groups (assuming that Cabinet makes the decision to cease the service).
Volunteer drivers were informed at a meeting on 26 August 2015 to let them know the outcome of the Review and its recommendations. Letters have also been sent to all member groups registered with the Community Transport scheme advising them that this report was to be considered by Cabinet.

Financial Implications	The 2016/17 approved budget for the Community Transport Service is a net expenditure of £25,000 (excluding on costs). Stopping the service will realise savings.		
		sts of stopping the service are redu pacts on users. Details of redundan appendix.	, .
	•	capital programme includes a sum uses. If the service stops, this capita	•
	The existing Minibuses have an estimated value of £9,600.		
Contribution to the Delivery of the Strategic Plan	The Community Transport Scheme supports the strategic priority of Healthy and Safe Communities by helping people to be active and continue to live independently and be involved in volunteering.		
Equality, Diversity and Human Rights Implications	An equality impact assessment has been carried out on the recommendations of the Review. This identified that there could be a negative impact on some groups with protected characteristics, namely older people, young people and people with disabilities. However if other community transport providers are able to meet the needs of these groups then the negative impact will be mitigated.		
Crime & Safety Issues	The Community Transport Scheme provides a service to a range of non-profit making groups, some of whom provide positive activities for those who have experienced domestic abuse.		
Risk Description How We Manage It Severity of Risk (RYG)			

A Reputational risk to the council through adverse publicity Through the development of actions to mitigate impacts on users Green B Short term risk of service delivery failure pending closure of the service up to December 31 st (eg. through loss of drivers) Communications and engagement with key stakeholders and close monitoring of actions to mitigate impacts on users Green C Impact on Member Group activities Develop and implement an action plan to mitigate impacts on users Yellow D E E E E E	Risk Description	How We Manage It	Severity of Risk (RYG)
failure pending closure of the service up to December 31st (eg. through loss of drivers)with key stakeholders and close monitoring of actions to mitigate impacts on usersCImpact on Member Group activitiesDevelop and implement an action plan to mitigate impacts on usersYellowD			Green
b to mitigate impacts on users D	failure pending closure of the service up to December 31 st (eg. through loss	with key stakeholders and close monitoring of actions to mitigate	Green
	Impact on Member Group activities		Yellow
E I I I I I I I I I I I I I I I I I I I			
Bad		Reputational risk to the council through adverse publicity Short term risk of service delivery failure pending closure of the service up to December 31 st (eg. through loss of drivers)	Reputational risk to the council through adverse publicityThrough the development of actions to mitigate impacts on usersShort term risk of service delivery failure pending closure of the service up to December 31st (eg. through loss of drivers)Communications and engagement with key stakeholders and close monitoring of actions to mitigate impacts on usersImpact on Member Group activitiesDevelop and implement an action plan to mitigate impacts on users

Relevant web links

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Local Development Scheme Cllr Ian Pritchard – Cabinet Member for Economic Growth, Development and Environment Date: 6th September 2016 Agenda Item: 6 www.lichfielddc.gov.uk **Contact Officer: Alison Richards** Tel Number: 01543 308152 Cabinet alison.richards@lichfielddc.gov.uk Email: **Key Decision?** NO All Local Ward Members

1. Executive Summary

- 1.1 The Planning and Compulsory Purchase Act 2004 introduced the requirement for local planning authorities to prepare and maintain a Local Development Scheme (LDS). The LDS is a project plan that sets out a timetable for the production of new or revised Development Plan Documents (such as a Local Plan) by the publishing council.
- 1.2 This report seeks to agree and publish an updated Local Development Scheme (LDS) for the progression of the Local Development Plan in light of the issues which have emerged since the adoption of the Local Plan Strategy in February 2015 and the previous LDS also produced in February 2015.

2. Recommendations

2.1 That the Cabinet approves the revised Local Development Scheme as set out in **APPENDIX A** to this report and agrees to its publication.

3. Background

- 3.1 Councils are required to produce a Local Development Scheme (LDS) under section 15 of the Planning and Compulsory Purchase Act 2004 (as amended by the Localism Act 2011). The LDS must specify the documents which when prepared will comprise the Local Plan for the area. The Local Plan will be accompanied by other planning documents which are not Local Plan Documents and for which inclusion within the LDS is not required. However these documents such as Supplementary Planning Documents (SPD) Statement of Community Involvement (SCI), Authority Monitoring Report (AMR) are referenced to give context to their relationship to the Local Plan.
- 3.2 The LDS includes the following information as required by legislation:
 - those documents that form the statutory Local Development Plan,
 - each documents subject matter(s) and geographical coverage,
 - if any documents are to be prepared jointly with another authority,
 - where the authority agrees to the constitution of a joint committee and a timetable for the preparation and revision of the Local Plan Documents.

The LDS sets out the timetable for the production of documents that will form the Lichfield District Local Plan over the next three year period.

3.3 This LDS when approved will supersede the previous LDS published in February 2015 which was based on the date of adoption of the Local Plan Strategy in February 2015.

- 3.4 At the Economic Growth, Environment and Development Overview and Scrutiny Committee on 15th June 2016, as a result of the extended legal challenge to the Local Plan Strategy and issues concerning the Birmingham housing shortfall, three options for progressing Part 2 of the Local Plan, a Site Allocations Plan were presented. Due to the complexity of the situation, professional planning advice was sought whilst developing these options. The 3 options can be summarised as follows:
 - Option 1 progress with the Lichfield District Local Plan Allocations Development Plan Document (DPD) to deal with the remaining Local Plan Strategy requirements and commit to an early review of the Local Plan once the situation with regards to Birmingham is clearer. It is likely that a review would commence immediately upon adoption of the Local Plan Allocation.
 - Option 2 undertake a partial review of the Local Plan Strategy to take account of the Birmingham requirement along with producing Site Allocations to deal with remaining Local Plan Strategy requirements.
 - Option 3 commence a full Local Plan review to replace the adopted Local Plan Strategy and forthcoming Allocations DPD with a single comprehensive Local Plan which also accounts for Birmingham's housing need.

Option 1 was agreed as the recommended course of action as this presented the most expedient approach to plan production and provided the greatest certainty for communities and the development industry that the remaining requirements of the Local Plan Strategy will be met quickly. This action now needs to be set out in an updated LDS. Attached at **APPENDIX A** is a proposed revised LDS.

- 3.5 In summary the LDS has been amended in the following ways:
 - Updated narrative to reflect the current situation
 - Reflects the changes to the requirements of the information provided by an LDS to conform to the Planning and Compulsory Purchase Act 2004 (as amended) and the Localism Act 2011 requirements.
 - Chapters 1 and 2 of the LDS 2015 have been amalgamated.
 - Chapter 5 of the LDS 2015 has been amalgamated into Chapter 4 of the LDS 2016.
 - Development Plan and Implementation team replaced by Spatial Planning and Delivery Team throughout the document.
 - Added sections on Habitats Regulations Assessment, Neighbourhood Plans, Authority Monitoring Report and Community Infrastructure Levy to Chapter 3. Also identified more clearly which documents form the Local Development Plan.
 - Appendix 2: Local Plan document profiles amended to only contain Development Plan Documents and these are now in a table format.
 - Appendix 3: the LDS now contains a gantt chart timetable of the programme for the development of the Development Plan documents.
 - Appendix 4 status of Supplementary Planning Documents (SPD) updated to reflect those withdrawn and those adopted.
 - Appendix 5 amendments to LDS 2015 listed.

Alternative Options	 The current timetable set out in the 'Local Development Scheme (2015)' could be retained however this is not considered appropriate as the 2015 LDS is out of date and not in accordance with the statutory requirement to prepare and maintain an LDS under the Planning and Compulsory Purchase Act 2004. To develop the LDS based on the alternative Options 2 and 3 as contained in
	the report to Economic Growth, Environment and Development Overview and Scrutiny Committee on 15 th June 2016. However, these options were

	considered and rejected by that Committee.
Consultation	 Consultation has taken place with the Economic Growth, Environment and Development Overview and Scrutiny Committee (June 2016) regarding the approach taken towards the development of the Development Plan documents. Its recommendation is reflected and timetabled in the revised LDS.
Financial Implications	 There will be no cost implications with regard to the production of the LDS as this is solely a document detailing how the development plan for the District will be progressed. There will be cost implications associated with taking forward the Site Allocations document. Costs will be minimised by using expertise in house, however there will be a need to commission specialist expertise on certain matters. Any financial or resourcing issues requiring a formal decision will be brought before members.
Contribution to the Delivery of the Strategic Plan	 The LDS will contribute to the priorities set out in the Strategic Plan by putting in place an effective timetable for the preparation and revision of the Development Plan documents which supports the sustainable development of the District and helps to deliver a number of strategic objectives.
Equality, Diversity and Human Rights Implications	 It is important that local communities and interested parties can keep track of progress of Development Plan documents. This opportunity is provided through the LDS which when approved will be published on the District Council's website. The development of the Development Plan documents, through a process of engagement and consultation, ensures that all sectors of the local and wider community have an opportunity to input into the planning process.

Crime & Safety	1. There are no crime and safety issues.
lssues	

	Risk Description	How We Manage It	Severity of Risk (RYG)
A	If we do not have an up-to-date LDS our plan making procedures could be challenged.	Ensure that an up to date LDS exists to support the development of Development Plan documents.	Yellow
В	The risk of changing legislation during the preparation of the Local Plan is a potential issue. Publication of national policy statements can generate new issues that the Local Plan or its preparation must address.	Ensure that a review of the LDS is undertaken to ensure it remains up to date to support the development of Development Plan documents.	Green
С	Not meeting the timetable proposed within the LDS	Timetable should be set on realistic basis taking into account the staff and financial resources available and the demands being made upon these.	Yellow

Background documents Local Development Scheme February 2015 Local Plan Update report to EGED O&S June 2016

Relevant web links





Local Development Scheme 2016

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1 The Purpose of the Local Development Scheme



1 The Purpose of the Local Development Scheme

What is the Local Development Scheme

1.1 Councils are required to produce an LDS under section 15 of the Planning and Compulsory Purchase Act 2004 (as amended by the Localism Act 2011). The LDS must specify the documents which when prepared will comprise the Local Plan for the area. It must be made publicly available on the Council's website and be kept up to date to enable local communities and interested parties to keep track of progress.

1.2 This Local Development Scheme (LDS), sets out the timetable for the production of documents that will form the Lichfield District Local Plan over the next three year period (September 2016 to August 2019) and supersedes the Council's previous LDS published in February 2015. It will be subject to annual review linked to the District Council's Authority Monitoring Report which is published on the District Council's website. The amendments made to the LDS are listed at **Appendix 5**.

1.3 The National Planning Policy Framework (NPPF) and the associated <u>Planning Practice</u> <u>Guidance (PPG)</u> sets the national context. The District Council must take account of this national policy in preparing plans. This national policy may also be relevant to decisions on individual planning applications and appeals.

1.4 Community involvement in plan making and determination of planning applications is at the heart of modern day planning. The detailed arrangements we have set in place for planning in Lichfield District are set out in the Statement of Community Involvement adopted in June 2016. Further details can be found at <u>www.lichfielddc.gov.uk/sci</u>

1.5 The Lichfield District Local Plan will be made up of a number of documents which together will guide development in the District. The Local Plan Strategy (2015) provides the strategic context, allocates strategic sites for residential development, and sets local planning policies for the area. This was adopted by Lichfield District Council in February 2015 and will be followed by a 'Stage 2' Local Plan, namely the Local Plan Allocations document, which will provide more localised detail. Additional localised detail is also provided by Neighbourhood Plans. Under the provisions of the Localism Act 2011, communities can also prepare their own Neighbourhood Plans. The timescales for these are at the discretion of the communities themselves, but if 'made' become part of the Development Plan for the local area. The Local Plan will be supported by a range of other documents, including Supplementary Planning Documents (SPDs).

1.6 The Local Plan will be accompanied by other planning documents which are not Local Plan Documents and for which inclusion within this LDS is not required. However these documents, including Supplementary Planning Documents (SPD) Statement of Community Involvement (SCI) and the Authority Monitoring Report (AMR) are referenced in Chapter 4 to give context to their relationship with the Local Plan.

Why do we need a Local Development Scheme

1.7 This LDS provides a public statement of documents that will be prepared by the District Council to guide development at the local level and enables the District Council to prioritise and plan resources for the preparation of Local Development Documents. It gives local residents and interested parties information about those documents which have been adopted and those to be produced over the three year period from the point of this Scheme's approval by Full Council; how the documents interrelate and how monitoring and review of the LDS will take place.

- **1.8** The scheme must include the following information:
- Which of the Local Development Documents (LDD) are to be Local Plan Documents;
- The subject matter and geographical area to which each Local Plan Document relates;
- Which Local Plan Documents (if any) are to be prepared jointly with one or more other local planning authorities;
- Any matter or area in respect of which the authority have agreed (or propose to agree) to the constitution of a joint committee;
- The timetable for the preparation and revision of the Local Plan Documents.

1.9 The LDS is available in hard copy from the District Council and can also be viewed electronically at <u>www.lichfielddc.gov.uk/localplan</u>.



2 Local Plan Resources & Management

2.1 The broad resources and management arrangements for each Local Development Document are set out within the table at **Appendix 2**. Staff resources will come primarily from the Spatial Policy and Delivery team, but there will be significant involvement of other officers across the District Council and assistance from the County Council, for example in relation to transportation and education issues. The use of external resources may also be necessary, such as specialist consultants to prepare evidence.

2.2 The Spatial Policy and Delivery team, led by a Spatial Policy and Delivery Manager, includes policy planners and technical and administrative support whose principal task is to prepare documents contributing to the Local Plan. The officer input will be provided by:

- Lichfield District Council Spatial Policy and Delivery team (technical and policy development);
- Lichfield District Council Leadership Team.

2.3 The arrangements for managing each document, preparing technical work and decision making are set out below:

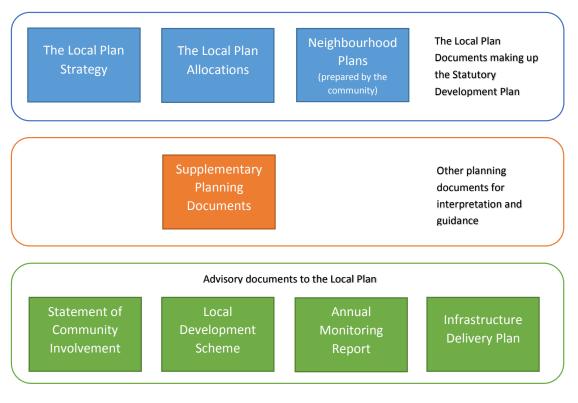
- 2.4 Officer Input:
- Liaison with Stakeholders (production and commissioning of evidence and consultation);
- Regular production and monitoring of team project plan;
- Joint working and consultation with Duty to Cooperate Partners;
- Supporting the examination.
- 2.5 Member Involvement:
- Member Sub Committee;
- Economic Growth, Environment and Development (Overview and Scrutiny) Committee;
- Joint Member / Officer Infrastructure Working Group;
- Cabinet;
- Full Council.



3 Content of the Local Development Scheme

Local Plan Documents

3.1 The Lichfield District Local Plan comprises a Strategy and an Allocations document with a number of supporting documents. Together these will provide the framework for managing development, addressing key planning issues and guiding investment across the District. An overview of the different documents which make up the Lichfield District Local Plan is shown in Diagram 1 below along with those that provide support:





3.2 It is not proposed to prepare any joint Local Plan Documents with other authorities requiring adoption by all parties. The Council will however work with neighbouring authorities under the Duty to Cooperate. This may include joint work on evidence base studies or memoranda of understanding between authorities on strategic planning issues.

Local Plan Strategy

3.3 Following the adoption of the Local Plan Strategy in February 2015, the District Council proposes to adopt one key Development Plan Document within the period covered by this LDS. This will be the Lichfield District Local Plan Allocations document.

Local Plan Allocations

3.4 The Allocations document will be submitted to the Secretary of State in 2017 and will be subject to an independent Public Examination by a Planning Inspector. The Local Plan Strategy incorporates a number of 'saved' policies from the previous adopted 1998 Local Plan which will be reviewed as part of the Local Plan Allocations document development process. These 'saved policies are listed at **Appendix 1**.

Neighbourhood Plans

3.5 The Localism Act 2011 enables local communities to produce a neighbourhood plan to support the development of their area. A neighbourhood plan becomes part of the statutory development plan once it has been agreed at a referendum and is made (brought into legal force) by the local planning authority. Applications for planning permission must be determined in accordance with the development plan, unless material considerations indicate otherwise.

3.6 The District Council supports the development of Neighbourhood Plans that will form part of the Local Plan for Lichfield District. At present there are 16 designated Neighbourhood Areas where Neighbourhood Plans are being progressed. Currently 2 Neighbourhood Plans have been 'made' namely Stonnall and Little Aston, with a further 2 (Shenstone and Wigginton, Hopwas & Comberford) due to go to referendum later in 2016. The remaining designated neighbourhood areas are: Alrewas, Longdon, Armitage with Handsacre, Colton, Lichfield City, Burntwood, Wall, Whittington & Fisherwick, Hammwerwich, Fradley, Streethay.

3.7 Details of the neighbourhood areas being designated by the District Council is published on the District Council's website at www.lichfielddc.gov.uk/neighbourhoodplans. This also provides details of the status and progress of these plans. The LDS will be updated as applicable.

Other Supporting Documents:

Supplementary Planning Documents

3.8 Supplementary Planning Documents (SPDs) expand on policies and proposals contained in the Local Plan. They do not form part of the statutory development plan and are not subject to formal independent examination.

3.9 A number of new SPDs were identified as a priority in the adopted Local Plan Strategy. These have been completed and adopted during 2015 and early 2016. As such these SPD's are a material consideration in the determination of planning applications, although they are not be part of the statutory development plan. The status of the SPDs is shown in the table at **Appendix 4**.

Statement of Community Involvement

3.10 The District Council adopted its Statement of Community Involvement (SCI) in May 2016. It sets out the standards that the District Council intends to achieve in relation to involving the community in the preparation, alteration and continuing review of all local development documents and in development control decisions. The SCI goes beyond the

statutory minimum requirements for consultation. All documents are required to be prepared in accordance with the SCI, although it identifies the potentially different approaches between statutory documents and Supplementary Planning Documents.

Sustainability Appraisal

3.11 Where required Development Plan documents will be subject to a Sustainability Appraisal (SA) that fully meets the requirements of the Strategic Environmental Assessment (SEA) Directive. The main purpose of an SA is to appraise the social, environmental and economic effects of strategies and policies from the outset of the preparation process, so that decisions can be made that accord with the objectives of sustainable development. SA reports will be produced to support the various plan making stages as required by the legislation.

Habitats Regulations Assessment

3.12 A Habitats Regulations Assessment identifies whether a plan is likely to have a significant effect on a European site, either alone or in combination with other plans or projects. This assessment must determine whether significant effects on a European site can be ruled out on the basis of objective information. It has already been established that the Cannock Chase Special Area of Conservation (SAC) could potentially be affected by land-use proposals within the Lichfield Local Plan in combination with residential development contained within the Local Plans of other neighbouring authorities. Studies to consider the potential impact were undertaken and a mitigation strategy has been developed by the Cannock Chase SAC Partnership.

Authority Monitoring Report

3.13 Local planning authorities are required to publish an annual report that monitors the progress and implementation of each Local Plan Document. It must specify whether adopted policies are meeting their stated objectives. Whilst in the past Annual Monitoring Reports(AMR) have been produced as part of the Government's changes to the planning system, the Council is now required to produce an Authority Monitoring Report. The District Council's <u>AMRs</u> are available on the website.

Community Infrastructure Levy

3.14 The Community Infrastructure Levy (CIL) is a planning charge, introduced by the Planning Act 2008 as a tool for local authorities in England and Wales to help deliver infrastructure to support the development of their area. It came into force on 6 April 2010 through the Community Infrastructure Levy Regulations 2010 (as amended) and based on a £ per sqm charge.

3.15 Lichfield District Council adopted its CIL on 19th April 2016 and commenced charging on 13th June 2016. A CIL charge will apply to all relevant applications determined on or after this date. A number of policies to support the CIL were also adopted including an Instalment Policy, In Kind Policy and Exeptions and Relief Policy. The Regulation 123 list of the Community Infrastructure Levy Regulations provides for charging authorities to set out a list of those projects or types of infrastructure that it intends to fund in whole or in part through the levy.



4 Background Evidence

4.1 A range of background work needs to be undertaken or taken into account when preparing the Local Plan Allocations document. This background work, including the Sustainability Appraisal, will be the evidence base that supports the strategy and policies of the Local Plan. Some of the evidence base studies will be undertaken in house, however specialist knowledge will be required for other studies and as such are likely to be undertaken by consultants. Depending on the subject matter each evidence base study will be published at draft stage to allow for public involvement and duty to cooperate discussions. This has been factored into the timetable for plan preparation.

4.2 It is recognised that further evidence, including some updates of the documents below are required to underpin the policies and proposals to be contained within the Local Plan Allocations document. The supporting documents will be prepared using information from a wide range of sources and documents prepared both by the District Council and by external partners including national guidance, community engagement and external technical documents. Some of these studies have involved engagement with other local authority partners to provide cross-boundary studies where this is necessary.

4.3 There is a range of existing strategies, policies and background technical studies that have been important in developing the Local Plan Strategy and many of these will also be important in the preparation of the Local Plan Allocations document. The evidence base can be viewed at <u>www.lichfielddc.gov.uk/evidence</u>. Some examples include:

- National Planning Policy Framework and Planning Practice Guidance
- A Plan for Lichfield District 2016-2020
- Sustainable Community Strategy for Staffordshire (Our County, Our Vision)
- Transport evidence
- Strategic Housing Land Availability Assessment
- Strategic Housing Market Assessment
- Gypsy & Traveller Accommodation Assessment
- Rural Settlement Sustainability Study
- Rural Masterplanning Project
- Employment Land Review
- Historic Environment Landscape Character Assessment
- Conservation Area Appraisals
- Ecological Assessment
- Strategic Flood Risk Assessment
- Water Cycle Study
- Surface Water Management Plan
- Biodiversity Strategy
- Playing Pitch Strategy
- Open Space Assessment
- Indoor Sports & Facilities Assessment
- Play Strategy
- Retail Evidence
- Climate Change & Renewables evidence

Local Development Scheme 2016

- Rural Housing Needs Survey
- Affordable Housing Viability Assessment
- Green Belt Review
- Tamworth Future Development & Infrastructure Study
- Local community/neighbourhood studies and plans



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5 Schedule of Local Plan Documents

5.1 A table detailing the Local Plan Documents to be prepared is contained within Appendix2. This table summarises each document by providing:

- A document reference and title
- A brief synopsis of its content
- Details of the area to which it relates
- The status of the document
- The chain of conformity
- Management arrangements
- Resources

3.

5.2 The programme for the preparation of the Local Plan Documents is set out in Appendix



Local Development Scheme 2016

- **6.1** The following factors will be assessed in each Authority Monitoring Review:
- Progress against specified milestones for each Local Plan and supporting document
- Reasons for any progress issues and necessary actions
- Any new technical information that warrants changes or review
- The impact of any other reviews e.g. the Strategic Plan or Staffordshire Sustainable Community Strategy 2008-2023
- Any other unforeseen circumstances that may have occurred



7 Risks to Production

7.1 There will always be a degree of uncertainty associated with preparing a Local Development Scheme. The Council has carried out a Risk Assessment of the projects contained in this document as set out in the table below.

Risk	Impact	Mitigating Actions
New National Policies published	Additional work to comply with new requirements	• Respond to changes as early as possible
Level of public engagement proves greater than the assumption made	Increased time required for public and stakeholder involvement. Possible programme slippage	 Build in some flexibility in programme Monitor progress Consider drawing in additional resources
Staff turnover and difficulties in recruitment	Reduced capacity may cause slippage in Local Plan preparation	 Fill vacancies promptly where possible Consider re-deployment to meet key targets and milestones Consider recruitment incentives Consider using consultants where specific expertise is required.
Unforeseen pressures on staff time for other work	Staff diverted to other work may cause slippage in Local Plan preparation	 Local Plan to be Strategic Plan priority Closely manage staff tasks and consider re-deployment
Insufficient financial resources, including lower levels of grant than anticipated	Danger that quality of evidence base is compromised and/ or key milestones unable to be met	Closely monitor costs
IT systems unreliable or inadequate for consultation and Examination processes	Possible delays in consultation administrative processes causing slippage	 Ensure corporate liaison on IT and communications issues Invest early in IT systems and GIS
LDS programme too ambitious	Key milestones may not be met	• Use experience already gained to ensure programme is realistic

Risk	Impact	Mitigating Actions
		 Monitor progress of the LDS through the AMR Prioritise documents
Planning Inspectorate unable to meet post submission process timescales	Examination and/ or report is delayed and key milestones not met	Close liaison with PINS to ensure problems identified
Local Plan Allocations document found unsound	Document requires additional work and repetition of specific stages of the process	 As far as possible ensure evidence base is robust and up-to-date on submission Engage with the community and stakeholders Critical friend analysis prior to submission
Legal Challenge	Possible quashing of document or requirement to repeat work	 Ensure Regulations complied with and processes audited Carefully consider Inspector's recommendations

Table 7.1 Risks to Production

Appendix 1 Saved Development Plan Documents & Local Plan Policies

Document Title	Status	Brief Description
Lichfield District Local Plan 1998	Adopted June 1998. Replaced by Local Plan Strategy February 2015 however a number of policies have been saved and are set out in Table 1.2 below. These are under review and will be replaced by the Local Plan Allocations document.	Detailed planning policies for the District.
Supplementary Planning Guidance/ Supplementary Planning Documents	(See Appendix 3)	Detailed planning guidance and planning documents.

Table 1.1 'Saved' Development Plan Documents & Policies

Local Plan Policy Number	'Saved' Policy Name
E2	Forest of Mercia
C2	Conservation Areas: Development Proposals
C7	Conservation Areas: Buildings out of scale or character
C9	Protected Open Space
EMP2	Existing Industrial Areas
EMP5	Major Developed Sites in Green Belt
EMP11	Wyrley & Essington Canal
Т6	Rail Transport
S2	Neighbourhood Shopping Centres
L7A	Housing - Buffer Depot, Streethay
L9	Employment - Extension to Boley Park Industrial Estate
L10	Employment - Britannia Way
L12	Office Development - Sandford Street
L13	City Centre Redevelopment

Appendix 1 Saved Development Plan

Documents & Local Plan Policies

Local Development Scheme 2016

Local Plan Policy Number	'Saved' Policy Name
L15	Primary Retail Area
L16	Secondary Retail Area
L17	Bird Street
L18	Dam Street
L19	Business Areas
L21	New Roads
L22	Road Line Safeguarding
L23	Road & Junction Improvements
L24	Traffic Management
L26	Rear Servicing
L27	Pedestrian Access to the City Centre
L31	Lichfield Railway Stations
L35	Recreation Zones
L36	Recreation Zones
L37	Lichfield Linear Park
L42	Environmental & Housing Improvements
L46	Shopfronts
L47	Cathedral Close
L49	Framework Open Space
L50	Landscape Improvements in Framework Open Space
B1	Burntwood - Existing Residential Areas
B5	Sankey's Corner - New Shopping Development
B6	Indoor Leisure
B9	Redevelopment & Town Square
B13	Redevelopment & Expansion of Neighbouring Centres

Appendix 1 Saved Development Plan Documents & Local Plan Policies

Local Development Scheme 2016

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Local Plan Policy Number	'Saved' Policy Name
B15	Road & Junction Improvements
B21	Chasetown Industrial Estate
B22	Recreation Zones
B24	Chasewater Area & Country Park
NA1	Cannock Chase - Area of Outstanding Natural Beauty
NA12	Employment - Lea Hall Colliery
NA13	Employment - Rugeley Power Station
NA20	Public Open Space - Longdon
EA1	Fradley Airfield Industrial Proposals
EA13	Hotel at Fradley
EA14	The Tame & Trent Valley
EA16	The National Forest
SA3	Laurel House, Fazeley
SA6	Little Aston Park
SA7	Canal Facilities at Fazeley

Table 1.2 List of 'Saved' Local Plan Policies from Lichfield District Local Plan (1998)

Appendix 2 Local Plan Document Profiles

Local Plan Documents

Appendix 2 Local Plan Document Profiles

Document title	Saus	Role and Content	Geographical Chain of Coverage Conform	Chain of Conformity	Management Arrangements	Resources
Local Plan Allocations	QAQ	To produce a document that: • Identifies development sites and proposals Identifies specific designations and policies relevant to those designations; Sets the framework for realising, managing and implementing sites • Promotes	District Wide	 General General conformity with national planning policy Consistent with the Local Plan: Strategy Influenced by local strategies 	Strategic Director of Democratic, Development and Legal Services ♥ Leadership Team ♥ Cabinet Member for Economic Growth and Development Services ■ Economic Growth, Environment & Development (Overview & Scrutiny) Committee ♥ Cabinet P Full Council Evidence agreed by Local Plan Sub-Committee	 Local Plan Project Team and Administrative Support; Cost of production: e.g. printing, delivery, postage costs; Cost of mapping: production, printing and copyright; Consultants fees: e.g. retail consultants fees: e.g. retail consultants Technology and Research costs: e.g. consultation software; Examination costs: Planning Inspectorate, administrative and legal fees.

Table 2.1 Local Plan Allocations Profile

Local Development Scheme 2016 27

2.1 Please note Neighbourhood Plans are not included in the above as their production is outwith the control of the District Council.

Appendix 3 Local Plan Document Programme

Task	2016	2017		2018
	J A S O N D J	JFMAMJJASONDJ	A S O N D	JFMAM
Local Plan Allocations preparation process				
Publication consultation				
Submission to Secretary of State				
Hearing Sessions				
Adoption and publication				
Table 3.1 Local Plan Document Programme	ocument Programme			

Local Development Scheme 2016

Appendix 4 Status of SPDs

Supplementary Planning Document	Adopted	Withdrawn
Staffordshire Residential Design Guide	2000	
Re-use of Rural Buildings SPD	July 2005	December 2015
Planning Obligations SPD	May 2006	May 2016
Trees & Development SPD	July 2005	May 2016
A Planning Guide to Residential Extensions SPD	July 2005	December 2015
Residential Design Guide SPD	Dec 2007	December 2015
Open Space, Sport and Recreation Assessment Paper and Annex	2005	May 2016
Developer Contributions	2006	May 2016
Trees and Landscape SPD	May 2015	
Rural Development SPD	December 2015	
Historic Environment SPD	December 2015	
Sustainable Design SPD	December 2015	
Biodiversity SPD	May 2015	
Developer Contributions SPD	May 2015	

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Table 4.1 SPD status

Local Development Scheme 2016

Appendix 5 Amendments to LDS

In summary this LDS has been amended in the following ways:

- Updated narrative to reflect the current situation
- Reflects the changes to the requirements of the information provided by an LDS to conform to the Planning and Compulsory Purchase Act 2004 (as amended) and the Localism Act 2011 requirements.
- Chapters 1 and 2 of the LDS 2015 have been amalgamated.
- Chapter 5 of the LDS 2015 has been amalgamated into Chapter 4 of the LDS 2016.
- Development Plan and Implementation team replaced by Spatial Planning and Delivery Team throughout the document.
- Added sections on Habitats Regulations Assessment, Neighbourhood Plans, Authority Monitoring Report and Community Infrastructure Levy to Chapter 3. Also identified more clearly which documents form the Local Development Plan.
- Appendix 2: Local Plan document profiles amended to only contain Development Plan Documents and these are now in a table format.
- New Appendix 3: the LDS now contains a Gantt chart timetable of the programme for the development of the Development Plan documents.
- Appendix 3 of 2015 LDS is now Appendix 4 and the status of SPD's has been updated to reflect those withdrawn and those adopted.
- New Appendix 5 showing amendments made to LDS 2015.

Shenstone	Shenstone Neighbourhood Plan – Referral to		
Referendum		Lichfield district Scouncil	
Councillor Ian Pritchard, Cabinet Member for Economy		www.lichfielddc.gov.uk	
Date:	6 th September 2016		
Agenda Item: 7			
Contact Officer: Craig Jordan			
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Key Decision?	YES		
Local Ward Shenstone Ward – Councillor Salter			
Members			

1. Executive Summary

1.1 This report relates to the preparation of a Neighbourhood Plan covering Shenstone, which has recently been the subject of formal examination by an Independent examiner. The examiner is recommending that subject to a number of modifications being made to the plan that it can proceed to referendum. The District Council now has to consider the examiner's report and recommendations and if it so wishes resolve to progress the Shenstone Neighbourhood Plan to referendum by way of issuing a Decision Statement.

2. Recommendations

2.1 That the Cabinet accepts and agrees to the making of modifications as set out in the 'Decision Statement regarding Shenstone Neighbourhood Plan proceeding to referendum' to the Shenstone Neighbourhood Plan and allows the Plan to be proceed to the referendum stage.

3. Background

- 3.1 Neighbourhood planning is one of the provisions of the 2011 Localism Act allowing local communities to bring forward detailed policies and plans which can form part of the statutory planning process for an area and its residents; <u>Appendix A (https://www.lichfielddc.gov.uk/Council/Meetings-committees-and-papers/Cabinet/2016/09/06/Reports/Appendix-A-background-to-neighbourhood-planning.pdf)</u> of this report provides a background to neighbourhood planning and the formal process each plan must follow in their preparation.
- 3.2 The Neighbourhood Planning (General) Regulations 2012 require that Neighbourhood Plans are subject to independent examination. The appointed independent examiner must consider whether a Neighbourhood Plan meets the 'Basic Conditions' as set out in **Appendix A**. Following the completion of an examination, the examiner must produce a report which can make three recommendations; 1) That the neighbourhood plan can proceed to referendum; 2) That subject to identified modifications the neighbourhood plan can proceed to referendum; 3) That the neighbourhood plan should not proceed to referendum.
- 3.3 The Shenstone Neighbourhood Plan has been independently examined and it is recommended in the <u>examiners final report</u> that subject to the modifications outlined within the report the neighbourhood plan meets the 'basic conditions' and as such should proceed to referendum.
- 3.4 The Regulations 2012 require that upon receipt of the final report from an independent examination of a Neighbourhood Plan, the Local Planning Authority (Lichfield District Council) is required to consider the recommendations set out in the examiners reports and publish on their website a 'decision statement' which considers the recommendations of the independent examination.

- 3.5 The report and proposed modifications have been considered by your officers. On the basis of the assessment of the report and the proposed changes it is recommended that the District Council accepts the recommendations of the examiner and agrees all the respective modifications.
- 3.6 In line with the conclusions and recommendations of the examiner a proposed Decision Statement in respect of Shenstone Neighbourhood Plan is attached at <u>Appendix B</u> <u>https://www.lichfielddc.gov.uk/Council/Meetings-committees-and-papers/Cabinet/2016/09/06/Reports/Appendix-B-Decision-Statement.pdf</u>. A modified version of the Shenstone Neighbourhood Plan has been provided to clearly illustrate the proposed modifications - see <u>Appendix C (https://www.lichfielddc.gov.uk/Council/Meetings-committees-and-papers/Cabinet/2016/09/06/Reports/Appendix-C-Shenstone-NP-with-modifications.pdf</u>).
- 3.7 The Cabinet is asked to note the examiner's report for the aforementioned plan, including the specific recommendations, and agree the Decision Statement allowing for referendum to follow.
- 3.8 Next Steps following a decision to allow a neighbourhood plan to proceed to referendum, the District Council will need to publish the Decision Statement online and provide the decision statement to the Qualifying Body and any other stakeholder who has requested to be notified of the decision. Following this the referendum will need to be organised.

Alternative Options	 Lichfield District Council declines to send the Shenstone Neighbourhood Plan to referendum. This would mean the Neighbourhood Plan would retreat to an earlier stage of development. The Qualifying Body withdraws the Neighbourhood Plan prior to Lichfield District Council making a formal decision as outlined within the Decision Statement. Again this would mean the Neighbourhood Plan would retreat to an earlier stage of development.
Consultation	1. In line with the Regulations the draft Shenstone Neighbourhood Plan has been consulted upon for at least the minimum required 6 week period at both the pre-submission and local authority publicity stages prior to their submission for Independent Examination. Alongside the submission of the Plan the Qualifying Body (Shenstone Parish Council) are required to submit a Consultation Statement detailing the consultation undertaken throughout the Neighbourhood Plan process. This statement was considered by the Independent Examiner along with all representations made at the Local Authority publicity period.
Financial Implications	 The Government has made substantial grant aid available to District Councils in recognition of the level of resourcing required in the administration of Neighbourhood Plans. Government guidance states that 'this money is to ensure LPAs receive sufficient funding to enable them to meet new legislative duties on neighbourhood planning. Specifically, it covers the neighbourhood planning duties in the Localism Act which are to provide advice and assistance; to hold an examination; and to make arrangements for a referendum' Upon designation of the Neighbourhood Area the first £5,000 of grant aid was claimed. A further £5,000 was claimed when the plan was publicised for examination. The final £20,000 can be claimed once the date for the Neighbourhood Plan referendum is set. Communities with Neighbourhood Plans in place will also be entitled to 25% of the Community Infrastructure Levy (CIL) receipts generated by eligible development in their area. Communities with no Neighbourhood Plan will be

	entitled to 15%.
Contribution to the Delivery of the Strategic Plan	 The Neighbourhood Plan demonstrates that it is in broad conformity with the Local Plan Strategy which conforms with the Strategic Plan.
Equality, Diversity	 The extensive consultation procedures provided for by the Planning and
and Human Rights	Compulsory Purchase Act 2004 ensure that consultation is undertaken with
Implications	the wider community.
Crime & Safety	 Crime and Community safety issues may be considered as part of an
Issues	emerging Neighbourhood Plan.

	Risk Description	How We Manage It	Severity of Risk (RYG)
A	Plan received a 'no' vote in a referendum	Have regular dialogue with the Parish Council to ensure consultation and engagement gains 'buy in' from the community at the earliest opportunity.	Yellow
В	Parish decides to withdraw Neighbourhood Plan	Have regular dialogue with the parish Council to ensure understanding of process moving forward and the implications of withdrawing the plan.	Green

Background documents

- 1. Neighbourhood Planning (General) Regulations 2012
- DCLG letter to Chief Planners 'Update on financial support for Neighbourhood Planning in 2016/17' 9th March 2016
- 3. Local Plan Strategy (Adopted February 17 2015)
- 4. Shenstone Neighbourhood Plan Independent Examination Final Report

Relevant web links

Local Plan Neighbourhood Plans My Community Funding & Support This page is intentionally left blank

Agenda Item 8

Agenda Item 8

ASSET STRATEGY GROUP

9 August 2016

4.00 p.m.

Not for Publication by virtue of Paragraph 3 of Schedule 12A of the Local Government Act 1972

PRESENT

Members: Councillors C J Spruce (Chairman), I M P Pritchard and A F Smith.

Officers: M Hooper, R King, J Smith and A Thomas.

(Apologies for Absence were received from S Langston and C N Turner).

122. MINUTES

The Minutes of the meeting held on 10 March 2016 were noted.

123. MATTERS ARISING:

Minute No.119 - Update on Asset Transfers

(i) Hospital Road Playing Fields to Burntwood Dragons and Burntwood Phoenix FC – *Draft lease received for signing.*

(ii) Land at Langdon Crescent to Whittington Parish Council - Transferred.

(iii) Transfer of various parcels of land along the Lichfield Canal route to the Lichfield Canal Restoration Trust – *Awaiting technical information in connection with the sites.*

(iv) Land at Albutts Road to Walsall Metropolitan Borough Council – No progress to date.

(v) Gentleshaw Common SSSI to Staffordshire Wildlife Trust - Transferred.

(vi) Adoption of Public Open Space at Darwin Park Estate – Solicitors acting for Bryant Homes to provide documentation (including Land Registry Compliant Plans) to enable the transfer to proceed.

124. RESTRICTIVE COVENANT – BROWNSFIELD ROAD LICHFIELD

Consideration was given to a request for the removal of a restrictive covenant contained in the freehold title of a residential property in Brownsfield Road, Lichfield.

Reference was made to a letter received from Online Solicitors on behalf of the owner of the property and the timeline of events was shared with the Group.

RESOLVED: That legal advice be sought on the options open to the Council and that the matter be determined at the meeting of the Group on 8 September 2016.

(COUNCILLOR PRITCHARD DECLARED A PERSONAL INTEREST IN THIS ITEM AS HE KNEW THE SOLICITOR ACTING ON BEHALF OF THE OWNER OF THE PROPERTY)

125. POTENTIAL DEVELOPMENT SITES IN BURNTWOOD

Further to the Asset Strategy Group meeting on 10 May 2016 (Minute 117) instructions were sought in relation to four areas of open space in Burntwood that had been identified as potentially suitable for development.

It was noted that that local ward Members had been consulted and their responses were appended to the report.

Members considered the consultation responses and agreed that, of the areas identified, the sites at Hawthorne Crescent and Oakdene Road should be progressed.

The Group agreed that, to maximise the return to the Council, planning permission should be sought prior to disposal. It was also suggested that discussions be held with Bromford Housing to explore the potential for social housing at Hawthorne Crescent.

Members asked about the progress made in assessing potential development sites in Lichfield and rural areas and it was agreed that a report be submitted to the next meeting.

RECOMMENDED: (1) That planning permission be sought for Council owned land at Hawthorne Crescent and Oakdene Road, Burntwood and the land be disposed of on terms to be agreed by the District Valuer.

(2) That discussions be held with Bromford Housing on the potential for providing social housing at Hawthorne Crescent, Burntwood.

(3) That a report be submitted to the next meeting on the progress made in assessing potential development sites in Lichfield and other areas.

126. ASSET MANAGEMENT – PROPOSAL FOR ESTABLISHING A LIMITED LIABILITY COMPANY

The Group was updated on the progress made in establishing a Limited Liability Partnership (LLP) with Public Sector Plc (PSP).

It was advised that inaugural meetings had taken place between officers and PSP and that PSP had undertaken an initial review of the Council's Asset Portfolio.

Contracts had been cross referenced with Warwick District Council and these would be signed in the near future.

Details were given of the next stage which involved the establishment of an Operations Board and a Members Board.

RECOMMENDED: (1) That the content of the report be noted

(2) That the Council be represented on the Members Board by the Leader of the Council, Deputy Leader of the Council and Cabinet Member for Finance and Democracy.

127. LEASE OF BOWLING GREENS IN BEACON PARK TO MUSEUM BOWLS CLUB

Consideration was given to a proposal to lease the bowling greens in Beacon Park to the Museum Bowls Club.

The Group was advised that the bowling greens had received significant investment in recent years from the Heritage Lottery Fund and S106 funding which had enabled the relocation of one of the greens and the construction of a community building (the Discovery Hub).

The Council managed and maintained the bowling greens at an annual cost of approximately £25,965 while the site generated £7,255 of income.

It was noted that transferring open space assets to community groups featured highly in the Council's objectives and discussions had taken place with the Museum Bowls Club and Lichfield Crown Green Club which used the green in Beacon Park and the Uxbridge Arms Crown Green Bowling Club which used the green in Chasetown Memorial Park.

While the Uxbridge Arms Bowling Club and the Lichfield Crown Green Club had declined to take up a lease the Museum Bowls Club had indicated an interest in working with the Council to prepare draft Heads of Terms as the first step to agreeing a lease for the greens in Beacon Park.

It was anticipated that the Museum Bowls Club would be responsible for maintaining the bowling greens and where possible offer a public play facility. Meanwhile Council would continue to manage the Discovery Hub and the hedgerow boundary and assist with green waste recycling.

RESOLVED: (1) That preparatory work be undertaken to establish whether any covenants exist that may affect the proposal to lease the bowling greens at Beacon Park.

(2) That negotiations with the Museum Bowls Club to agree a 25 year lease (with a 5 year break clause) for the sole tenancy of both bowling greens in Beacon Park be endorsed.

128. DATES OF FUTURE MEETINGS:

It was noted that quarterly meetings had been programmed into the Calendar of Meetings and the next meeting would be held on Thursday 8 September at 4.00 p.m.

(The Meeting closed at 4.58 p.m.)

CHAIRMAN

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MINUTES OF LICHFIELD DISTRICT PARISH FORUM

14 July at 7.00 pm held in the Council Chamber District Council House, Frog Lane, Lichfield

CHAIRMAN: Councillor R. A. Bamborough (Chairman)

PRESENT:

Lichfield District Council Parish Forum Members – Councillor Mrs J. Allsopp, Awty, Mrs S. Banevicius, Mrs. Constable, Councillor E. Hassall (Also representing Shenstone Parish Council), Councillor Cox (Also representing Armitage with Handsacre Parish Council), Councillor Miss B. Fisher, Marshall (Also representing Armitage with Handsacre Parish Council).

Also Present:

Councillor Mrs J Altham (Alrewas Parish Council), Mrs. B. Brettell (Burntwood Town Council) Mrs. M. Conolly (Burntwood Town Council), Mrs. A. Fullwood (Longdon Parish Council), Councillor Hoult (Fazeley Town Council) Mrs. G. Duckett (Longdon Parish Council), S. Roberts (Fradley and Streethay Parish Council), Councillor Mrs J. Marks (Lichfield City Council) Councillor K Morgan, Councillor Mrs. J. Smith (Farewell and Chorley Parish Council) Councillor D. Thompson (Shenstone Parish Council), Councillor Ms J. Marks (Lichfield City Council), Councillor J. Pegg (Alrewas Parish Council), Councillor H. Warburton (Fradley and Streethay Parish Council) and Councillor K. V. Wasdell (Hammerwich Parish Council).

1. INTRODUCTION AND WELCOME

Councillor Bamborough (Vice-Chairman in the Chair) welcomed everyone to the meeting.

2. APOLOGIES FOR ABSENCE:

Apologies for absence were received from Councillor Mrs S Barnett (Chairman), J. Mills, P. Ray and Councillors G. and Mrs P. Kynaston (representing Hints Parish Council) Mrs G. Stockdale (Mavesyn Ridware Parish Council).

3. MINUTES OF MEETING HELD ON 19 JANUARY 2016

The Minutes of the Meeting held on 19 January 2016 as circulated were received.

4. PLANNING ISSUES

Presentations in relation to the following were provided Ashley Baldwin and Claire Billings:-

- Spatial Policy
- Development Management
- Community Infrastructure levy (CIL), and
- Neighbourhood Planning

Spatial Policy

Clarification was sought in connection with needs arising in the Greater Birmingham Housing Market Area and it was explained that at this stage no agreement has been made associated with meeting additional needs.

Following the presentation on this section, there was a general consensus that the Localism agenda conflicted with the National Planning Policy Framework and that there was often a lack of importance attached to the role of Parish Councils. A member expressed the view that currently the NPPF overrode the Localism agenda whereas in his view they needed to be dove tailed. This was frustrating for the Parish Councils.

Development Management

Following the presentation, the types of material planning considerations that had to be taken into account were highlighted and it was noted that frequently objectors were minded to object to planning applications on grounds that were not planning matters. It was stressed that the Development team would always provide 21 days for Parish Councils to comment on applications. Particular concern was raised by attendees who expressed the view that many grounds for objection were highly subjective and without legitimate support. The subject of highway grounds was a particularly controversial area. However, the officer stressed that the Staffordshire County Council, as highway authority, were always consulted on highway matters.

In response to a question relating as to what Parish Councils could do, it was explained that where they had planning considerations that could be materially substantiated then these would carry weight. Concerns were expressed by attendees that issues such as matters relating to economic factors were more subjective. It was noted that where there are cases of plans not being accurate officers always undertook a site visit to clarify the matter.

In relation to Major applications, Officers would always examine the major infrastructure needs such as the impact of the proposed development on schools and roads.

It was stressed that the application of conditions to a planning permission had to be relevant to planning and meet certain tests. Time limit conditions are attached to most permissions to ensure that any development is undertaken within a given period.

Community Infrastructure Levy (CIL)

Following the presentation on this, it was explained that the aim was for Parish Councils to determine their infrastructure needs and where a Neighbourhood Plan had been made the Parish Council would receive 25% of CIL receipts from developments in the their area.

A Shenstone Parish Councillor indicated that where an application for 200 high value residential properties was submitted would there be a risk that the level of affordable housing could be reduced. It was explained that, generally, in major schemes such as these there was a requirement to provide between 31% to 34% affordable housing. The Member's concern was that the level of affordable housing could be reduced with an increase in the high value property. It was explained that the developer would have to submit a Viability Assessment and a Liability Form would have to justify why there was a need to the change in the tenure of the properties. It was stressed that CIL did not take precedence over affordable housing need.

Neighbourhood Planning

A Councillor made reference to the fact that the District Council had been able to ensure that policy H2 from a previous Plan was included in the Plan relating to the provision of affordable housing in rural areas. However, despite this Bromford Housing Association were now selling off their stock. He was also concerned that it was always rural communities that were facing pressures.

A parish councillor indicated that there was an increase in traffic in a specific area within his parish as a consequence of a major development in an adjoining parish. The latter Parish had secured C.I.L. and he sought clarification as to whether there was anything that could be done to help his parish. The officer indicated that this would be an excellent opportunity to work with neighbouring parishes.

5. ANY OTHER BUSINESS

There was no further business.

6. DATES OF FUTURE MEETINGS

It was duly noted that the next meeting was scheduled to take place on 10 January 2017.

(The Meeting closed at 8:52 pm)

CHAIRMAN

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