

CABINET

3 DECEMBER 2019

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MONEY MATTERS 2019/20: REVIEW OF THE FINANCIAL PERFORMANCE AGAINST THE FINANCIAL STRATEGY

1. Decision:

The Cabinet noted the report and issues raised within and agreed that Leadership Team with Cabinet Members will continue to closely monitor and manage the Medium Term Financial Strategy.

2. Statement of Reasons:

The Cabinet report covers the financial performance from April to September (Quarter Two) for 2019/20.

The Original Budget estimated a transfer to general reserves of £148,860. At the six month stage it is projected that a contribution of £753,710 will be made to general reserves, an increase of £66,000 compared to the Approved Budget of £687,710.

The Capital Programme is projected to be (£1,664,000) lower than the Approved budget.

Capital Receipts are projected to be lower than the Approved Budget by £5,000.

In terms of Council Tax, Business Rates, Sundry Debtors and Supplier Performance:

- Council Tax collection performance was 56.83% and total arrears were £2,447,889.
- The Council Tax Collection Fund is projected to be in surplus, with the Council's 13% share being (£193,140) compared to the Approved Budget of (£34,600) in 2020/21.
- Sundry Debt for income to be collected in 2019/20 has reduced by (£369,116) compared to 2018/19 and the value outstanding at 30 September 2019 has increased by £742,542.
- Retained Business Rate Income is currently projected to be in line with the Approved Budget.
- The Business Rates Collection Fund is projected to be in surplus with the Council's 40% share being (£121,300) compared to the Approved Budget of £0 in 2020/21.
- Business Rates collection performance was 55.91% and total arrears were £628,737.
- The payment of suppliers within 30 days was 87.40% and remains below our 90% target.

The Council's treasury investments (excluding the two long dated pooled funds) achieved a risk status of AA- that was more secure than the aim of A- and yield exceeded all four of the industry standard London Interbank (LIBID) yield benchmarks.

3. Any Alternative Options:

The approach to Treasury Management has been reviewed and will be incorporated into the Draft Medium Term Financial Strategy 2019-2024 process.

CALCULATION OF BUSINESS RATES 2020/21, COUNCIL TAX BASE FOR 2020/21 AND THE PROJECTED COLLECTION FUNDED SURPLUS/DEFICIT FOR 2019/20

1. Decision:

The Cabinet:

- 1.1 Approved in accordance with the relevant legislation and regulations, the Council Taxbase (Band D residential properties) for Lichfield District for the financial year 2020/21 of 39,032.3.
- 1.2 Noted the estimated Council Tax Collection fund Surplus of (£1,519,520) and the estimated Business Rates Collection Fund surplus of (£303,200) for 2019/20.
- 1.3 Delegated authority to the Cabinet Member for Finance and Procurement and the Chief Financial Officer (Section 151) to complete and certify the NNDR1 for 2020/21 on behalf of the Council.

2. Statement of Reasons:

To approve the calculation of the Council Taxbase (Band D residential properties) for Lichfield District, as required under Section 67 of the Local Government Finance Act (LGFA) 1992.

In accordance with the LGFA 1992, the Council is required to estimate the surplus/deficit on the Collection Fund for both Council Tax and Business Rates. The dates these estimates must be made are:

- Council Tax – 15 January (or in the event this a Saturday, Sunday or Bank Holiday, the next working day). In 2019/20 the relevant date will be 15 January 2020.
- Business Rates (NNDR) – 31 January using the NNDR1 Form.

The Council as the Billing Authority must then notify each relevant major Precepting Authority of their share of any estimated surplus or deficit within seven days of making the estimate.

The Council must submit its estimates for Business Rates to the Ministry of Housing, Communities and Local Government (MHCLG) using the NNDR1 form. This form includes:

- An estimate of the Business Rates Collection Fund surplus/deficit for the current year.
- Estimates of the level of Business Rates to be collected for the forthcoming financial year.

The timing of the NNDR1 form is uncertain. To enable completion by the statutory deadline, a delegation to the Cabinet Member for Finance and Procurement and the Chief Financial Officer is recommended.

3. Any Alternative Options:

The calculation of the Council Taxbase and Collection Fund surpluses and deficits must be undertaken in line with statutory requirements and therefore there are no alternative options.

REPORT ON PERFORMANCE AGAINST OUR DELIVERY PLAN – HALF YEAR 2019/2020
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1. Decision:

The Cabinet:

- 1.1 Noted the Council's performance against its Delivery Plan targets as of September 2019.
- 1.2 Noted that of the 82 actions, 76 actions are either complete or on target.
- 1.3 Noted that five actions are to have a revised due date, due in the main to external factors, and will need to go through the agreed process to revise their due date.
- 1.4 Noted that five projects are currently behind target, and one has not yet been started.

	Completed	On target	Behind target	Not started
Delivery Plan actions – total 82	32	44	5	1

2. Statement of Reasons:

The Cabinet report describes the council's progress towards its performance targets, as set out in its Delivery Plan, which reflects the commitments and priorities set out in the council's Strategic Plan 2016 – 2020.

The report provides a snapshot of the council's performance as of the end of September 2019, which represents the 2019/2020 half year position.

The Delivery Plan is monitored throughout the year and updates are entered into the council's performance management system (Pentana). The half year delivery plan performance update 2019 – 2020 (Appendix A of the Cabinet report) was drawn from the system in October 2019.

3. Any Alternative Options:

The Cabinet report details performance against the council's Delivery Plan 2016 – 2020, which has previously been approved by Cabinet as the most appropriate method for managing and monitoring council performance.

HOMELESSNESS AND ROUGH SLEEPING

1. Decision:

The Cabinet

- 1.1 Approved the Homelessness Review and the homelessness and rough sleeping section of the draft Housing, Homelessness and Rough Sleeping Strategy 2019-2024 for publication as a draft document on the website.
- 1.2 Agreed that delegated authority be given to the Cabinet Member for Community and Housing in consultation with the Head of Regulatory Services, Housing and Wellbeing to make any minor changes to the appearance, format and text of the homelessness and rough sleeping section of the draft Housing, Homelessness and Rough Sleeping Strategy 2019-2024 or the supporting documents prior to publication on the website in the interests of clarity and accuracy.

2. Statement of Reasons:

The council is required to publish a homelessness strategy that outlines the main causes of homelessness and our strategic plans and actions in place to tackle them every five years. In 2018 the government published its Rough Sleeping Strategy along with guidance that requires local authorities to update their homelessness strategies to incorporate rough sleeping by the end of 2019. Our current Homelessness Strategy covers the period 2013 to 2018 and rather than directly replace it, to ensure that we take a comprehensive and joined up approach to all matters relating to housing, we are combining it with the Housing Strategy to create a Housing, Homelessness and Rough Sleeping Strategy 2019-2024. To meet the government's deadline, we are seeking Cabinet approval of the section of the draft Strategy that covers homelessness and rough sleeping prior to its publication on the website. We will then complete the rest of the Strategy, carry out consultation and seek approval of it early next year.

To inform our Strategy we have completed a Homelessness Review which provides a comprehensive review of available data and evidence relating to homelessness. This has been used to establish our priority to '**Prevent and relieve all forms of homelessness including rough sleeping**' and we have established three objectives to work with partners to achieve this:

- Improve the range of suitable housing options for those who are homeless or at risk of homelessness
- Identify and provide support to those who face barriers to accessing and maintaining suitable accommodation, and
- Tackle rough sleeping so that no one needs to sleep rough

3. Any Alternative Options:

(1) To not publish a new Housing, Homelessness and Rough Sleeping Strategy 2019-2024: this is not recommended as we have a statutory duty to publish a homelessness strategy every five years after we have carried out a review of homelessness.

(2) To do nothing: this is not an option as the governments Rough Sleeping Strategy 2018 requires us to have a plan in place to halve rough sleeping by 2020 and end it by 2027.

(3) To have a separate homelessness strategy; the synergy between this and the housing strategy mean that it will be beneficial and more cost effective and efficient use of staff time to have both in one combined document.

JOINT WASTE SERVICE FIT FOR THE FUTURE REVIEW

1. Decision:

The Cabinet:

- 1.1 Approved the approach taken during the fundamental review of the Joint Waste Service and its key findings.
- 1.2 Approved the proposal to continue providing the Joint Waste Service using the current in house arrangements and delay any decision on the future provision of the service until the implications of the Government's Resources and Waste Strategy are fully known.
- 1.3 Approved the proposals to undertake an appraisal of options for the future disposal of dry recycle and identify measures to address the issue of over reliance on agency staff.

2. Statement of Reasons:

On 25th September 2019 the Overview and Scrutiny Committee received a report from the Cabinet Member for Recycling and Leisure outlining the approach that had been taken for the fundamental review of the Joint Waste Service which is delivered in partnership with Tamworth Borough Council.

The purpose of the review was to help inform the future approach of the Councils towards delivering better and more cost efficient services. Specifically the Councils wanted to understand the current performance in terms of operational and financial performance compared with councils that operate using a similar or alternative model. In consequence the expectation was that the review would produce a clear and reasoned recommendation as to the most advantageous model for the service in the future.

The review was undertaken against the back drop of the Government's Resources and Waste Strategy which was out for consultation earlier in the year. The Strategy sets out a plan for improving resource productivity and eliminating avoidable waste of all kinds. One particular theme of the consultation was concerned with having consistent collections and recycling in order to improve the quantity and quality of municipal waste recycled in England. There were a number of proposals in the consultation which if adopted will change how Councils deliver waste services to their residents and businesses. The consultations were issued after the review commenced and it is unlikely that DEFRA will make further announcements on any changes until at least the middle of 2020. Therefore a lot of uncertainty exists not only for local authorities but for the whole of the waste industry and this has had an impact on the review and the recommendations that could be made at the current time.

The key elements of the review included Service Delivery Benchmarking, SWOT Analysis, Service Delivery Options Assessment and Service Change Options. An assessment/observation of bin collection operations was also undertaken to assess productivity and compliance with health and safety standards.

The Councils identified four Service Delivery Options to be considered by the review: In-house, Local Authority Trading Company (LATC), Local Authority Trading Company Joint Venture (LATC JV) and Outsourcing. The criteria used to assess the options were flexibility, control and cost.

The Service Change Options that were chosen for assessment reflected the proposals contained in the Government's Strategy to improve the consistency of collections and recycling and included

the introduction of food waste collections, reductions in residual bin capacity and twin stream recycling (mixed dry and paper/cardboard).

The consultants appointed to undertake the review have recently finished the work and published their report which is attached as Appendix A of the Cabinet report.

The benchmarking exercise ascertained that the performance of the existing service is rated as good when compared against similar authorities using both similar and alternative delivery models. The cost of the service was also one of the lowest amongst the benchmarked authorities. However the exercise highlighted that the service was over reliant on agency staff particularly because of difficulties in retaining and recruiting HGV drivers.

Analysis of the Service Delivery Options against the criteria ascertained that the LATC option was ranked in first place. The gap in scoring to the second and third ranked options which were the existing In house service and the LATC (JV) respectively was marginal and therefore the exercise didn't produce a clear cut result. In contrast there was a significant gap in the scores to the fourth ranked option which was Outsourcing.

The assessment of the Service Change Options concluded that there will be a considerable cost pressure for the Councils if they have to change the service in response to the proposals contained in the Government's Strategy. Whilst the Government have given a commitment that Councils will not have to fund any new burdens, no detail has been published to date regarding the level of financial support that may be provided.

As the existing service was deemed to be efficient, the review didn't identify any significant savings that could be made in its delivery. In fact the service will face a number of cost pressures over the next few years irrespective of whether the proposals in the Government's Waste Strategy have to be adopted. The pressures will result from new housing developments, higher gate fees for the cost of disposing of dry recyclate when the current contract expires in 2022 and resolving the difficulties in attracting and retaining HGV drivers.

With the uncertainty surrounding the Government's Waste Strategy proposals, plus there being no clear winner from the Service Delivery Options assessment, it is considered prudent to continue delivering the service using the current in house arrangements for the short to medium term. The long term direction of the service can then be determined once the full implications of the Strategy are known. In the meantime the main priorities for the service are to undertake an options appraisal for the future disposal of dry recyclate and to address the over reliance on agency staff.

3. Any Alternative Options:

The service review identified that using a Local Authority Trading Company (LATC) is probably the most viable alternative option to retaining the service in house.

A number of Councils have gone down this route not just for waste on its own but have included other operational services such as grounds maintenance, street scene and housing maintenance. There is guidance available on the setting up of an LATC which recommends the following key steps:

- I. Consultation with employees/Unions as the employees need to be on board. Unison also has a guide on LATCs.
- II. Councils decision in principle to set up a LATC – this will need to consider the structure of the LATC and how it fits in with the Council's vision (i.e. income, social value, improved services, control etc.)
- III. Set up a LATC delivery team
 - Seek advice for legal, finance and tax aspects.

- To ensure compliance against Companies Act and prevent local government conflicts.
 - Support for HR (TUPE, Pensions, Incentives etc.).
- IV. Prepare a Business Case – The appraisal and evaluation of the LATC should follow Government Green Book guidance in order to:
- Identify key areas for the business; set objectives but also recognise risks within each area (i.e. commercial activity, strategic direction, assets, markets etc.).
 - Set reasonable goals over the short, medium and long term i.e. allowing growth / transfer in short term, and expansion thereafter.
 - Establish what skills are needed to deliver (e.g. commercial, marketing).
 - Build a customer focus – shift the focus from Council as the controller, to Council as a client.
 - Set out leadership and governance arrangements, agree the powers of directors and shareholders, roles for officers and members.
 - Develop a risk register between Council and LATC.
- V. Councils approval of the Business Case.
- VI. Legally set up the LATC.
- Shareholder Agreement.
 - Articles of Association.
 - Working Capital Loan Agreement.
 - Service Level Agreement.
 - Operation and Management Services Company.
- VII. Mobilisation
- Staff transfer.
 - Asset transfer.
 - Service mobilisation.

The expectation is that this process would take 9-10 months with Council approvals.

CASH PAYMENT FACILITIES

1. Decision:

The Cabinet approved the removal of the cash payment boxes from Frog Lane and Burntwood Library from 1 May 2020.

2. Statement of Reasons:

The Council currently provides payment boxes at its offices in Lichfield and at Burntwood Library, to allow residents and others to deposit cash and cheques to pay for items like council tax, business rates or licensing fees.

This is a costly and outdated way of receiving payments and there are easier and more convenient ways for customers to pay their bills.

Many outlets, such as shops and post offices, offer the facility to pay council bills by cash, cheque and card. As a consequence customers can pay their bills without having to go to Burntwood library or the council offices at Frog Lane.

With the choices available it is proposed to remove the payment boxes and promote the alternative ways to pay. Customers will still be able to pay their council tax, rates and BID levy bills in cash but not at the Council House or Burntwood Library.

In the year to January 2019, the Council received approximately 6,222 cash payments through its cash boxes, predominantly for council tax and business rates.

Residents/businesses who choose to pay their council tax/business rates by cash will do so for each instalment that they pay, so the number of people using the cash box facilities is lower than the number of cash payments.

3. Any Alternative Options:

To keep the cash boxes but this is an inefficient way for both the customers and the council to deal with payments.

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

1. Decision:

The Cabinet noted the results of the consultation, supported the amendments to the Council's List of Buildings of Local Architectural and Historic Interest as included in Appendix A of the Cabinet report and recommended them to be submitted to Council for final ratification.

2. Statement of Reasons:

The Cabinet report detailed the results of the public consultation on the amendments to the Council's List of Buildings of Local Architectural and Historic Interest (commonly referred to as the "Local List"), and sought approval for the proposals.

3. Any Alternative Options:

The alternative option is not to approve the amendments to the 'Local List'. This would weaken the local planning authority's ability to seek to preserve or enhance the special character and appearance of the area when considering planning applications.

REVENUES AND BENEFITS FIT FOR THE FUTURE FUNDAMENTAL REVIEW

1. Decision:

The Cabinet:

- 1.1 Approved the procurement of a new contract for software – and associated support services – for revenues and benefits for a period of five years with an option to extend by a further two;
- 1.2 Granted delegated authority to the Cabinet Member for Customer Services and Innovation and the Head of Customer Services, Revenues and Benefits to approve such a contract provided it is within approved budgets.
- 1.3 Noted the high level action plan to innovate and improve the service, and in particular supported a review of the central support charges incurred by the service.

2. Statement of Reasons:

The Revenues and Benefits Service has been undergoing a Fit for the Future fundamental review.

The Revenues and Benefits service was selected for a review because the council has used the same revenues and benefits software for many years and it is the appropriate time to check if we are delivering the service in the most efficient way, considering all possible alternatives.

The council commissioned consultants, Caja, to support this review. Caja's report was considered by Strategic (O&S) Committee on 21 November 2019.

A copy of the final report from Caja is attached at Appendix A of the Cabinet report. This appendix is confidential by virtue of Paragraph 3 of Schedule 12a of the Local Government Act 1972 because it contains information relating to the business interests of the council and potential suppliers.

Caja were asked to answer a series of questions about the performance and cost of the service, and the options that were available to the council for delivery of the service. The report examines closely the strengths and weaknesses and costs of different operating models.

The main focus of the review was to assess delivery models and to identify the optimum delivery model for the council that is based on factors including overall cost, customer experience and control.

The report makes a number of recommendations as to the future delivery of the service. These recommendations and a high level action plan were examined by the O&S Committee and were broadly supported. The high level draft action plan is attached at Appendix B of the Cabinet report. This appendix is confidential by virtue of Paragraph 3 of Schedule 12a of the Local Government Act 1972 because it contains information relating to the business interests of the council and potential suppliers.

The recommendation is that the service remains in-house but to implement actions to improve and innovate with a view to reducing costs and improving the customer experience.

3. Any Alternative Options:

The review is about assessing the alternative delivery models and it is recommended that the service improves and innovates around a newly procured software contract.

There are a number of ways in which such a procurement could be conducted but advice has been taken from Wolverhampton CC's procurement team and it is anticipated that the council will use the Crown Commercial Services Data and Application Solutions framework in order to minimise the costs of procurement.