

CABINET

6 JULY 2021

Index

Medium Term Financial Strategy (Revenue and Capital).....2
Leyfields and Netherstowe Lessons Learned Report, Action Plan and Disposal Policy..... 4
The Future of the Dry Recycling Service 5

MEDIUM TERM FINANCIAL STRATEGY (REVENUE AND CAPITAL)

1. Decision:

The Cabinet

- 1.1 Approved the allocations from the risk and recovery budget shown at paragraph 3.8 of the report totalling £571,000.
- 1.2 Delegated authority to the Leader and relevant Heads of Service to implement proposals based on the allocated budget.
- 1.3 Approved the approach to setting targets, identified at paragraph 3.40 of the report and a theme based approach to delivering sustainable MTFS savings, identified at paras 3.45 to 3.49 is implemented with a savings target of £500,000 for 2022/23.
- 1.4 Accepted the further grant of £92,501 from the Welcome Back Fund, approved an update to the Medium Term Financial Strategy on the basis that spend proposals are cost neutral or can be accommodated within existing budgets and delegated to the Head of Economic Growth and Development Services authority to complete all related agreements.
- 1.5. Delegated to the Cabinet Member for Finance, Procurement and Revenues & Benefits responsibility to agree the form and timetable for the Budget Consultation covering 2022/23.

2. Statement of Reasons:

The ability to deliver the outcomes set out in the Lichfield District Council Strategic Plan, and beyond is dependent on the resources available in the MTFS.

The MTFS was approved by Council on 16 February 2021 and this is refreshed each year to:

- Remove the previous financial year and in this MTFS this is 2020/21
- Formally add the new financial year and in this MTFS this is 2025/26 and;
- Refresh and update assumptions to reflect the latest information available.

The MTFS is the overall budget framework and consists of the Revenue Budget, Capital Strategy and Capital Programme and General Reserves.

There have been reports to Cabinet and Council that have updated the MTFS since its initial approval.

The Treasury Management Strategy Statement and Annual Investment Strategy are also important components of the MTFS. These components under the Constitution are the responsibility of the Audit and Member Standards Committee and therefore will be considered by that Committee as part of the development of the Draft MTFS.

The timetable for consideration of the various elements of financial planning is shown in detail at appendix A of the Cabinet report.

There is an inherently high level of uncertainty surrounding the Local Government Finance regime that has been compounded by the COVID-19 pandemic and other potential Government Policy

changes.

The Council has a statutory duty to undertake budget consultation, set a balanced budget and to calculate the level of Council tax for its area.

This report focuses on the Approved Revenue Budget and identifies options for developing a strategy to address the projected Funding Gaps from 2022/23 onwards using a sustainable and adaptable approach.

The Approved Capital Programme together with a projection for 2025/26 from the longer term capital investment model is also included for consideration.

3. Any Alternative Options:

In the main, the options are focused on the level of resource allocated to strategic priorities, the strategy to be utilised to achieve a balanced budget and the level of Council Tax increase. These options are considered in the Report.

LEYFIELDS AND NETHERSTOWE LESSONS LEARNED REPORT, ACTION PLAN AND DISPOSAL POLICY

1. Decision:

The Cabinet:

- 1.1 Accepted the recommendations arising from the external investigation.
- 1.2 Approved the proposed Action Plan to resolve those recommendations as set out in Appendix 1 of the Cabinet report and referred this to Audit and Member Standards Committee to monitor the implementation of these measures.
- 1.3 Approved the Disposal Policy at Appendix 2 of the Cabinet report.

2. Statement of Reasons:

In September 2018 a Cabinet decision was made to enter into a contract for the sale of two pieces of District Council owned open space known respectively as Leyfields and Netherstowe subject to relevant planning permission being obtained.

An independent external investigation was commissioned to uncover what, if any, errors were made in the process of this proposed disposal legal advice was sought as to the status of the consultation undertaken which revealed that the consultation process was challengeable in law as the contract had already been signed prior to consultation being undertaken.

This coupled with the Cabinet desire to see the subject land remain as open space gave rise to a negotiation with Bromford to cancel the contract by mutual agreement with Lichfield District Council paying compensation for costs reasonably expended. This agreement is currently being finalised following withdrawal of the planning applications for the two sites.

Following publication of the external investigation at Audit and Member Standards Committee in April the Cabinet report sets out the lessons learned and any actions the council has and will take to prevent such issues occurring in the future.

3. Any Alternative Options:

Alternative options have been considered to resolve these issues, however those recommended for approval are deliverable within existing officer resources.

THE FUTURE OF THE DRY RECYCLING SERVICE

1. Decision:

1.1 The following recommendations were approved by Cabinet (final approval being subject to parallel agreement by the Council's JWC partners Tamworth Borough Council):

- Subject to Staffordshire County Council's agreement to fund an equitable share of the additional costs, the Joint Waste Service move to a dual-stream collection methodology (Option 5); subject to recommendation 1.2. The key principles the Council would seek in an equitable cost share between itself and the County Council would be as follows:
 - There should be no capping of the level of support, the sharing should be on an open book reconciliation of actual costs,
 - The cost sharing to including all additional costs of a dual-stream service, including costs of transition and implementation,
 - That there should be no modification of the current mechanism of uplifting recycling credit in line with RPI.

If unable to agree this equitable split the Council would hand back comingled disposal as detailed in the final bullet point of recommendation 1.1.

- The dual-stream collections be based on a default of a bin for glass cans and plastics and a bag for paper and card (a second bin may be provided where this proves more suitable to residents and collection rounds).
- Delegation of the authority to enter into contracts for the disposal of dual-stream waste to the Cabinet Member for Climate Change and Recycling and the Head of Operational Services and subject to recommendation 1.2.
- If Staffordshire County Council do not agree to fund an equitable share of the additional costs of dual-stream collection; the existing comingled collection methodology (option 2) to be retained and the transfer of responsibility for the disposal of Dry Mixed Recycling be returned to Staffordshire County Council from 1st April 2022 (subject to recommendation 1.2).

1.2 The Cabinet recommended that Council update the Medium Term Financial Strategy based on the additional financial implications of the selected option:

- Option 5: to increase the revenue budget by a maximum of £146,909 (Full Cost £251,988 and Tamworth BC cost £105,079) per annum from 2022/2023. This budget pressure may reduce as a result of cost sharing negotiations with Staffordshire County Council. In addition, to include a new project in the Capital Programme in 2021/22 for £229,183 (Lichfield DC £133,614 and Tamworth BC £95,569) funded by contributions from Staffordshire CC, Tamworth BC and Lichfield DC (reserves) or;
- Option 2: to increase the revenue budget by £50,491 (Full Cost £86,605 and Tamworth BC cost £36,114) per annum from 2022/23.

2. Statement of Reasons:

Lichfield District Council has delivered all its waste services in partnership with Tamworth Borough Council since 2010 under a joint administrative arrangement - Joint Waste Service (JWS).

The JWS's contract with Biffa Waste Ltd for the disposal of Dry Mixed Recycling (DMR) ends 31 March 2022. The procurement exercise for a new contract has indicated that the cost of the disposal of comingled waste (where residents to put all their DMR into a single bin) has trebled.

A more cost effective disposal option is dual-stream collection where residents separate their DMR: glass cans and plastic into a bin (residents' existing blue recycling bin) and paper and card into a new receptacle – a bag in the methodology recommended in this report. Dual-stream collection produces better quality (less contaminated) DMR which can be more easily sorted, sold and reprocessed and is thus much cheaper to dispose of.

Dual-stream waste is however more expensive to collect. Operatives need to collect a bin and a bag from each household rather than just a bin so collections take longer with the requirement for more crews. The refuse collection vehicles (RCVs) with separate compartments for the two recycling streams are also more expensive and require more frequent emptying.

Lichfield District Council and Tamworth Borough Council are waste collection authorities (WCA), with responsibility for waste collection. Staffordshire County Council is the waste disposal authority (WDA) with responsibility for waste disposal. A move to dual-stream would reduce the costs of disposal – borne by the WDA, at the expense of increasing the costs of collection – borne by the WCAs.

Therefore the WCAs are negotiating with the WDA for an uplift in the Recycling Credit paid by the WDA to the WCA to support recycling – requesting the additional costs of dual-stream collection be split equally between each WCA and the WDA.

The JWS can decide to retain comingled collection and return the responsibility for the disposal of the comingled waste to the WDA. The options appraisal indicates this to be a credible alternative if a satisfactory settlement of the additional costs of dual-stream collection cannot be secured.

3. Any Alternative Options:

All viable options for the future of the dry recycling service were considered by the Appraisal and the Financial Impact Assessment.

(Councillor Cox declared a Pecuniary Interest in this item as a Member of Staffordshire County Council and was not present during the discussion).

(Councillor E Little declared a personal interest in this item as an employee of a company in the waste and recycling sector).