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Monday, 28 June 2021

Dear Sir/Madam

CABINET

A meeting of the Cabinet has been arranged to take place on **Tuesday, 6th July, 2021 at 6.00 pm. in the COUNCIL CHAMBER**, District Council House, Lichfield to consider the following business.

In light of the current Covid-19 pandemic and government advice on social distancing it will only be possible for a limited number of pre-agreed participants to attend the meeting in person. Therefore the meeting will be streamed live on the [Council's YouTube channel](#) for members of the public to view.

Yours faithfully



Christie Tims
Head of Governance and Performance

To: Members of Cabinet

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



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AGENDA

1. Apologies for Absence
2. Declarations of Interest
3. Medium Term Financial Strategy (Revenue and Capital) 3 - 24
4. Leyfields and Netherstowe Lessons Learned Report, Action Plan and Disposal Policy 25 - 52
5. The Future of the Dry Recycling Service 53 - 62
6. **Exclusion of Public and Press**

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

7. Confidential Appendix to Item 5 (The Future of the Dry Recycling Service)



Medium Term Financial Strategy (MTFS)

Cabinet Member for Finance, Procurement and Revenues & Benefits

Date: 6 July 2021
 Agenda Item: 3
 Contact Officer: Anthony Thomas
 Tel Number: 01543 308012
 Email: Anthony.thomas@lichfielddc.gov.uk
 Key Decision? YES
 Local Ward Members: All Wards



Cabinet

1. Executive Summary

- 1.1 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.
- 1.2 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.
- 1.3 The MTFS is the overall budget framework and consists of the Revenue Budget, Capital Strategy and Capital Programme and General Reserves.
- 1.4 There have been reports to Cabinet and Council that have updated the MTFS since its initial approval.
- 1.5 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.
- 1.6 The timetable for consideration of the various elements of financial planning is shown in detail at **APPENDIX A** and the elements related to MTFS development are summarised below:

	Date	Meeting	Topics
	06/07/2021	Cabinet	Budget timetable, Budget principles, MTFS update, Budget consultation and budget assumptions for 2022/23
Budget Consultation (Sep to Oct)	16/09/2021	Overview and Scrutiny Committee	To review the Draft Medium Term Financial Strategy
	05/10/2021	Cabinet	An update on the Draft Medium Term Financial Strategy
	18/11/2021	Overview and Scrutiny Committee	To review the Draft Medium Term Financial Strategy
	07/12/2021	Cabinet	Set the Council Taxbase for 2022/23
	20/01/2022	Overview and Scrutiny Committee	To review the Draft Medium Term Financial Strategy
	03/02/2022	Audit and Member Standards Committee	To review the Treasury Management Strategy Statement
	08/02/2022	Cabinet	To recommend the Medium Term Financial Strategy and Council tax increase to Council
	22/02/2022	Council	Approve the Medium Term Financial Strategy and set the Council tax

- 1.7 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.

- 1.8 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.
- 1.9 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.
- 1.10 The Approved Capital Programme together with a projection for 2025/26 from the longer term capital investment model is also included for consideration.

2. Recommendations

- 2.1. Cabinet approve the allocations from the risk and recovery budget shown at para 3.8 totaling **£571,000** and delegate authority to the Leader and relevant Heads of Service to implement proposals based on the allocated budget.
- 2.2. Cabinet approve the approach to setting targets, identified at para 3.40, 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.
- 2.3. Cabinet accept the further grant of **£92,501** from the Welcome Back Fund, approve 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 delegate to the Head of Economic Growth and Development Services authority to complete all related agreements.
- 2.4. That Cabinet delegates to the Cabinet Member for Finance, Procurement and Revenues & Benefits responsibility to agree the form and timetable for the Budget Consultation covering 2022/23.

3. Background

The Medium Term Financial Strategy (MTFS)

- 3.1. Council approved the MTFS (Revenue and Capital) 2020-25 on 16 February 2021 which covers the financial years 2020/21 to 2024/25 (with a further projection for 2025/26 prepared by Finance for forward planning purposes).
- 3.2. The MTFS includes:
 - **The Revenue Budget** related to the day to day delivery of the Council's services such as waste collection
 - **General Reserves** related to the amount of money available to balance the budget in the short term or fund short term initiatives
 - **The Capital Programme** and its financing for longer term expenditure in relation to the Council's assets, such as property.
- 3.3. The Revenue Budget and Capital Programme are connected by:
 - Any financing of the Capital Programme from the Revenue Budget
 - The repayment of borrowing and the receipt of income from investments
 - Expenditure, income and savings resulting from capital investment.
- 3.4. The Council updates its Budget forecasts at 3, 6 and 8 month intervals.
- 3.5. To assist in understanding the level of uncertainty or risk present in relation to the Local Government Funding Regime, we allocate each financial year a risk rating:
 - **Low** – all significant components of the Local Government Funding Regime are known and understood
 - **Medium** – all significant components of the Local Government Funding Regime are known although there is some uncertainty around how specific elements will operate
 - **High** – there is uncertainty around all significant components of the Local Government Funding Regime.

The Risk and Recovery Budget

- 3.6. The MTFS included a risk and recovery budget in 2021/22 of **£1,141,380** and to date **£33,840** has been committed to the feasibility study for the Greenway project and therefore **£1,107,540** remains to be committed.
- 3.7. There have been discussions taking place between Cabinet and Leadership Team on the priority areas that should be supported using this budget.
- 3.8. It is recommended that the following broad allocations are approved by Cabinet:
- **Supporting the Visitor Economy** (lead Head of Service will be the Head of Economic Growth and Development) – an allocation of **£246,000**
 - **Regional Marketing Strategy** (lead Head of Service will be the Head of Economic Growth and Development) – an allocation of **£45,000**
 - **Youth Unemployment Initiatives** (lead Head of Service will be the Head of Economic Growth and Development) – an allocation of **£105,000**
 - **Health and Wellbeing Initiatives** (lead Head of Service will be the Head of Operational Services) – a further allocation of **£66,160** (in addition to the Greenway project making a total allocation of £100,000).
 - **Apprenticeships within the Council** (lead Head of Service will be the Head of Governance and Performance) – an initial allocation of **£75,000**. Additionally the Business Case will be further developed together with the identification of other funding sources to supplement this allocation will be explored.
- 3.9. These allocations commit in total **£571,000** or **50%** of the approved budget and discussions are taking place regarding further allocations for the balance of **£570,380**.

MTFS Budget Principles

- 3.10. To assist in preparing the MTFS, in common with a number of Councils, a set of principles were established to guide the preparation and management of the MTFS.
- 3.11. Council, on 15 October 2019, approved the budget principles identified below:
- Council will consider the medium term outlook when setting the level of Council Tax to ensure that a sustainable budget position is maintained;
 - Council will prioritise funding for statutory and regulatory responsibilities to ensure these are delivered in a way that meets our legal requirements and customer needs;
 - Council will continue to seek continuous improvement to enable further savings, efficiencies and income gains and provide budgets that are appropriate to service needs;
 - Council will ensure that all growth in the staffing establishment will be fully understood through robust business cases in order to ensure our resources match service and customer needs. Growth will usually be allowed where costs are offset by external funding, savings or additional income;
 - Council will not add to other ongoing revenue budgets unless these are unavoidable costs or corresponding savings are identified elsewhere;
 - Council will use robust business cases to prioritise capital funding so that we have a sustainable Capital Programme that meets statutory responsibilities, benefits the Council's overall revenue budget position, and ensures that existing assets are properly maintained;
 - Council will maintain an overall level of revenue reserves that are appropriate for the overall level of risks that the organisation faces, in order to overcome any foreseeable financial impact.

MTFS Budget Assumptions

3.12. There are a number of Cost and Demand Drivers at a corporate level that are likely to influence the level and cost of services provided and therefore the budgets contained in the MTFS.

3.13. These Cost and Demand drivers initially identified for development of the MTFS are shown below:

Cost Drivers						
	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26
Full Time Equivalents	321	321	321	321	321	321
Pay Award (2021/22 > £24k)	2.75%	0.00%	2.00%	2.00%	2.00%	2.00%
Employers National Insurance	9.34%	8.76%	8.87%	8.97%	9.07%	9.16%
Employers Pension (%)	16.20%	16.20%	16.20%	16.20%	16.20%	16.20%
Employers Pension (Past Service)	£1,000,420	£1,102,060	£1,206,520	£1,308,000	£1,453,000	£1,598,000
Employers Pension (Other)	£105,890	£108,810	£109,180	£109,260	£112,540	£115,920
Non Contractual Inflation (CPI)	0.90%	1.50%	1.80%	1.90%	1.90%	2.00%
Non Contractual Inflation (RPI)	1.50%	2.50%	2.00%	2.40%	2.70%	3.00%
Applicable Fees and Charges	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%
Base Rate	0.10%	0.10%	0.10%	0.10%	0.10%	0.10%

Demand Drivers						
	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26
Population Projections	104,858	105,293	105,709	106,073	106,432	106,749
Residential Properties	45,967	46,436	46,905	47,458	48,191	49,007
Business Properties	3,075	3,084	3,103	3,122	3,141	3,160
Number of visitors to the district	27,000	1,400,000	2,800,000	2,800,100	2,800,200	2,800,300

	% Increase
Population Projections	1.80%
Residential Properties	6.61%
Business Properties	2.76%
Number of visitors to the district	100.00%

An update on Local Government Finance Reform

3.14. The Strategic Risk Register includes a risk in relation to the non-achievement of the Council's key priorities contained in the Strategic Plan due to the availability of finance.

3.15. This risk remains outside of the risk appetite and in the red zone principally due to the uncertainty around Local Government Finance Reform that has been delayed for a number of years resulting in one year funding settlements.

3.16. There are a number of key interrelated elements to Local Government Finance Reform:

- **The Spending Review** – this sets the overall government and individual department spending parameters for a defined period of years. This was due to take place during 2020 but was delayed until 2021 due to the pandemic.
- **Social Care Reform** – a significant element of Local Government Spending with demand increasing and funding not keeping pace. The strategy to address these issues has been awaiting Government proposals for a number of years.
- **A Review of New Homes Bonus** – the current scheme ends in 2022/23 and a consultation was published in February 2021. The Council responded in April 2021 and the indications from the consultation document are that the level of reward will be significantly lower than the current scheme. This includes higher growth thresholds before payments are received and payments for single years rather than multiple years. The MTFS currently assumes no receipts from any replacement scheme beyond 2022/23.
- **A Review of Business Rates** – this area has two elements, firstly the review being undertaken by the Government of the Business Rates system and possible alternatives such as a land based tax or an online based tax and secondly how the income from Business Rates is distributed.
- **A Review of Needs and Resources (the Fair Funding Review)** – how more up to date information on needs and resourcing is utilised to update how Local Government Funding is distributed.

- 3.17. The only area of any real progress is related to the review of New Homes Bonus.
- 3.18. In terms of the other reforms, the Secretary of State announced on 4 February 2021:
 “We will revisit the priorities for finance reform in time for the next Spending Review, taking account of wider work on the future of business rates and how best to organise and finance adult social care”.
- 3.19. It is therefore not clear at this stage, to what extent reform will be implemented for 2022/23 given the number of interrelated activities and the continued impact of the pandemic on Government finances.
- 3.20. The approved MTFS central scenario assumes based on expert advice, the Review of Needs and Resources, Business Rates Reform and a new housing incentive scheme will be implemented from 2022/23.
- 3.21. The MTFS also assumes that through Local Government Finance reform, that District Councils generally and specifically Councils such as Lichfield DC who are classed as relatively ‘low need’ i.e. population size, levels of deprivation and other factors and ‘high tax base’ i.e. a £1 Council Tax increase raises higher levels of income compared to others, will be detrimentally impacted by these changes through lower funding.
- 3.22. However the timescales for implementation in 2022/23 are challenging and would involve consultations. Therefore in the absence of visible progress, the likelihood is that a further one year Finance Settlement will be provided or reform will be implemented using a phased approach.
- 3.23. A one year settlement could result in significant additional income for the Council in 2022/23 because business rates growth would be retained rather than being redistributed to the wider Local Government Sector based on the review of needs and resources outcomes.

The Approved Revenue Budget

- 3.24. The approved Revenue Budget (including approved changes and a forward projection for 2025/26 from the 25 year model) is shown in detail at **APPENDIX B** and in summary below:

	2021/22		2022/23	2023/24	2024/25	2025/26
	Original Budget £000	Approved Budget £000				
LEVEL OF UNCERTAINTY / RISK	HIGH	MEDIUM	HIGH	HIGH	HIGH	HIGH
Net Revenue Expenditure	11,951	11,951	11,784	12,087	12,465	12,824
Revenue Funding	(11,951)	(11,951)	(10,503)	(10,196)	(10,507)	(10,703)
Central Scenario Funding Gap	0	0	1,281	1,891	1,958	2,121
More Optimistic Scenario	(396)	(396)	422	692	705	
More Pessimistic Scenario	1,211	1,211	2,073	2,704	2,775	

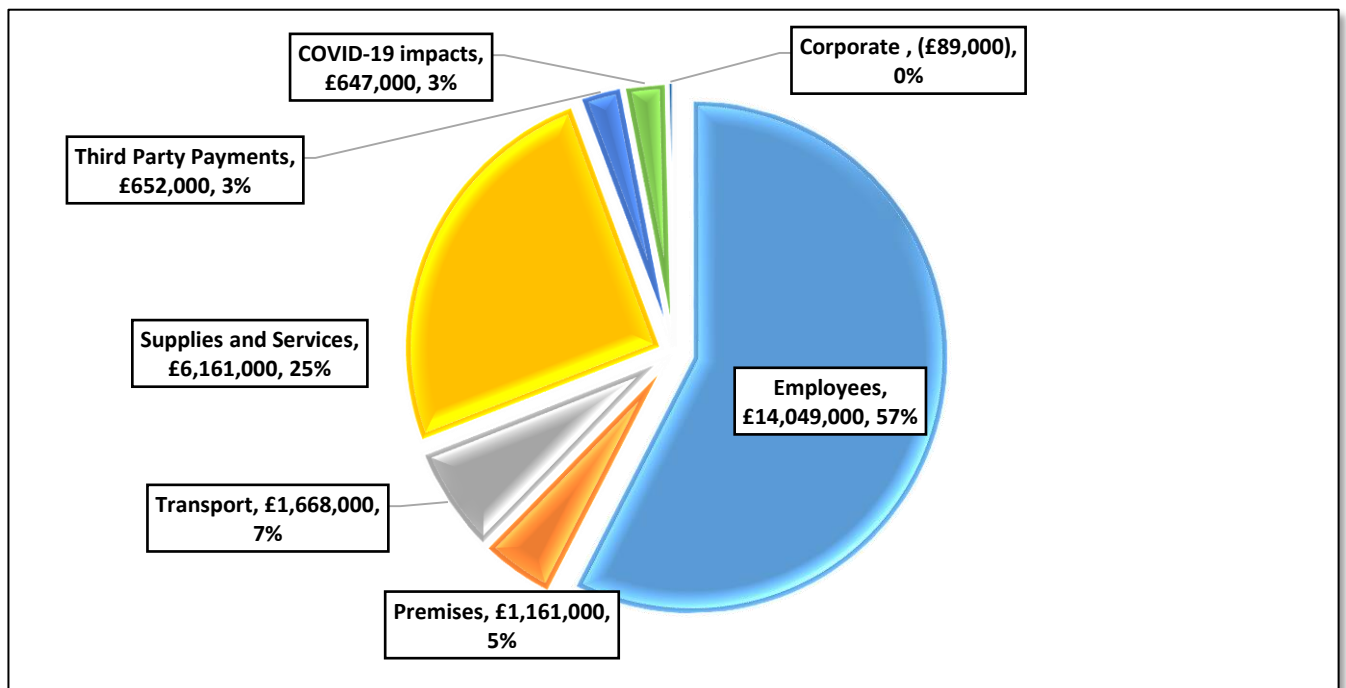
- 3.25. The approved MTFS assumed the public sector pay freeze in 2021/22 would be applicable to all Local Government staff earning more than £24,000 per annum although a material (yellow) risk was identified.
- 3.26. At present, indications are that a pay increase will be offered, the current offer of **1.5%** would cost **£120,000** per annum with a **2%** award costing **£150,000** per annum. The cost of these pay awards will also increase the Funding Gap in each financial year.
- 3.27. It is also increasingly unlikely that the savings envisaged from the transfer of Burntwood Parks to the Town Council will now be delivered. This will therefore further increase the Funding Gap from 2022/23 **£28,000** increasing to **£83,000** in 2024/25
- 3.28. The table in para 3.24 also shows alternative scenarios where the scale of funding gap varies based on different assumptions utilised primarily in relation to the impact of the New Homes Bonus, Review of Needs and Resources and Business Rate reviews from 2022/23 onwards.
- 3.29. In the absence of savings or additional income being identified, funding gaps would be funded by available general reserves.

The Approved Revenue Budget in 2022/23

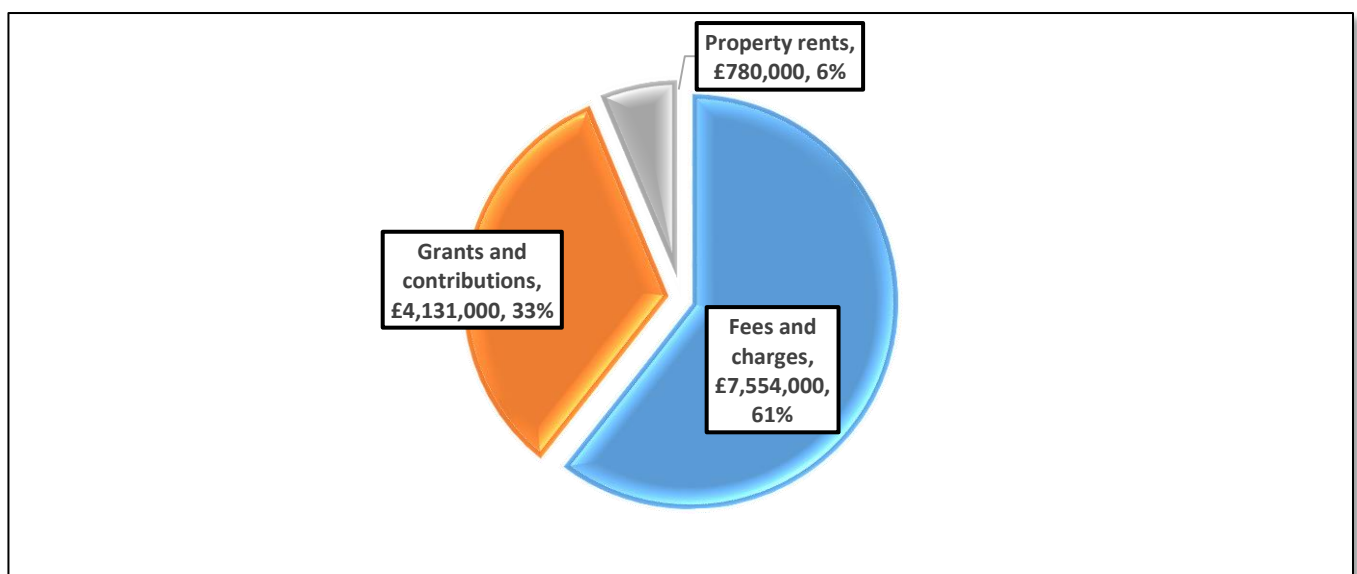
3.30. The central scenario Revenue Expenditure Budget for 2022/23 is further analysed below:

	Approved Budget 2022/23 £000
Gross Expenditure (Exc. Housing Benefits)	24,249
External Income (Exc. Housing Benefits)	(12,465)
Net Revenue Expenditure	11,784
Revenue Funding	(10,503)
Central Scenario Funding Gap	1,281

3.31. The gross revenue expenditure (excluding Housing Benefits) for 2022/23 of **£24,249,000** is analysed by type of expenditure below:

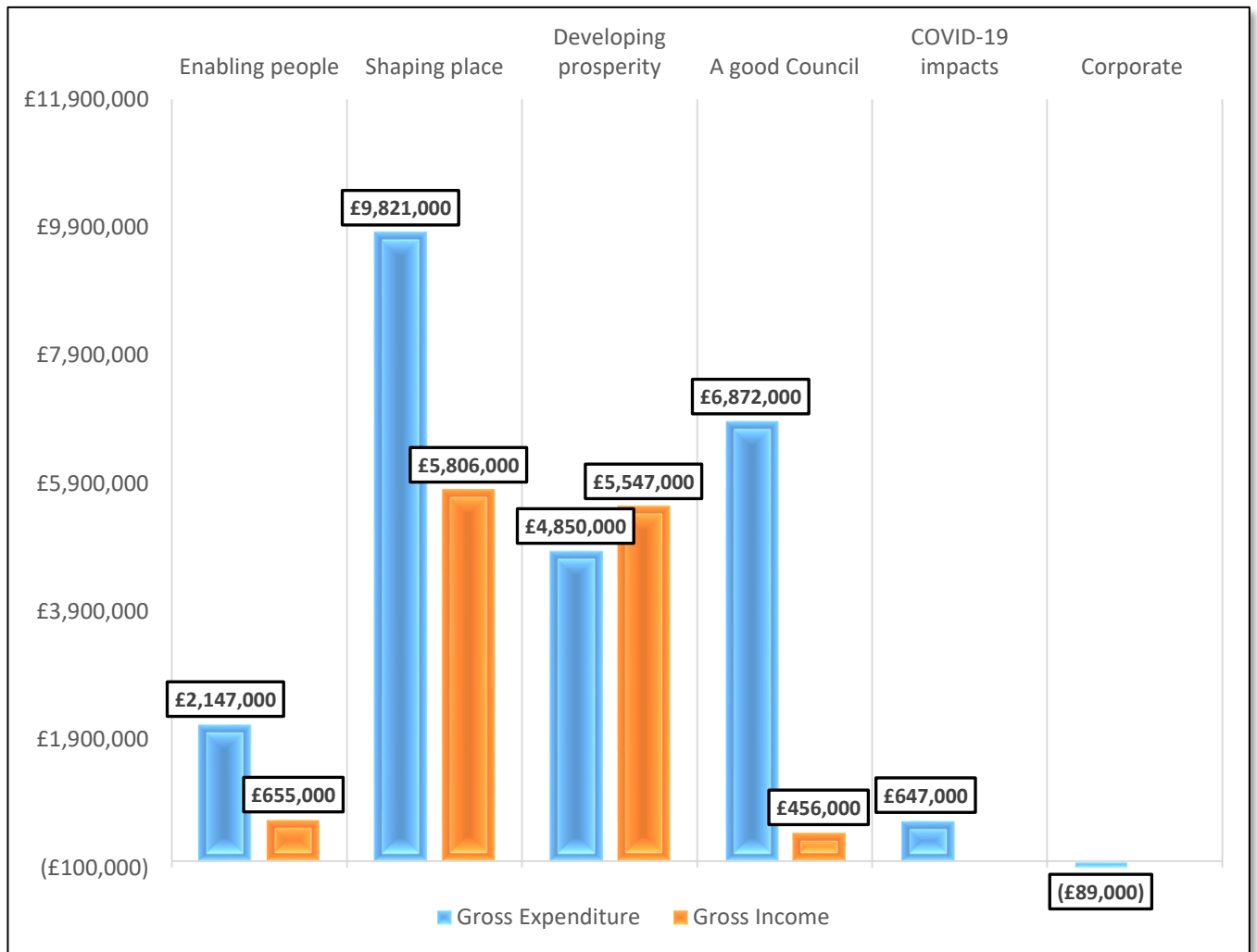


3.32. The External Income Budget from grants (excluding Housing Benefits), contributions, sales, fees and charges for 2022/23 of **(£12,465,000)** is analysed below:

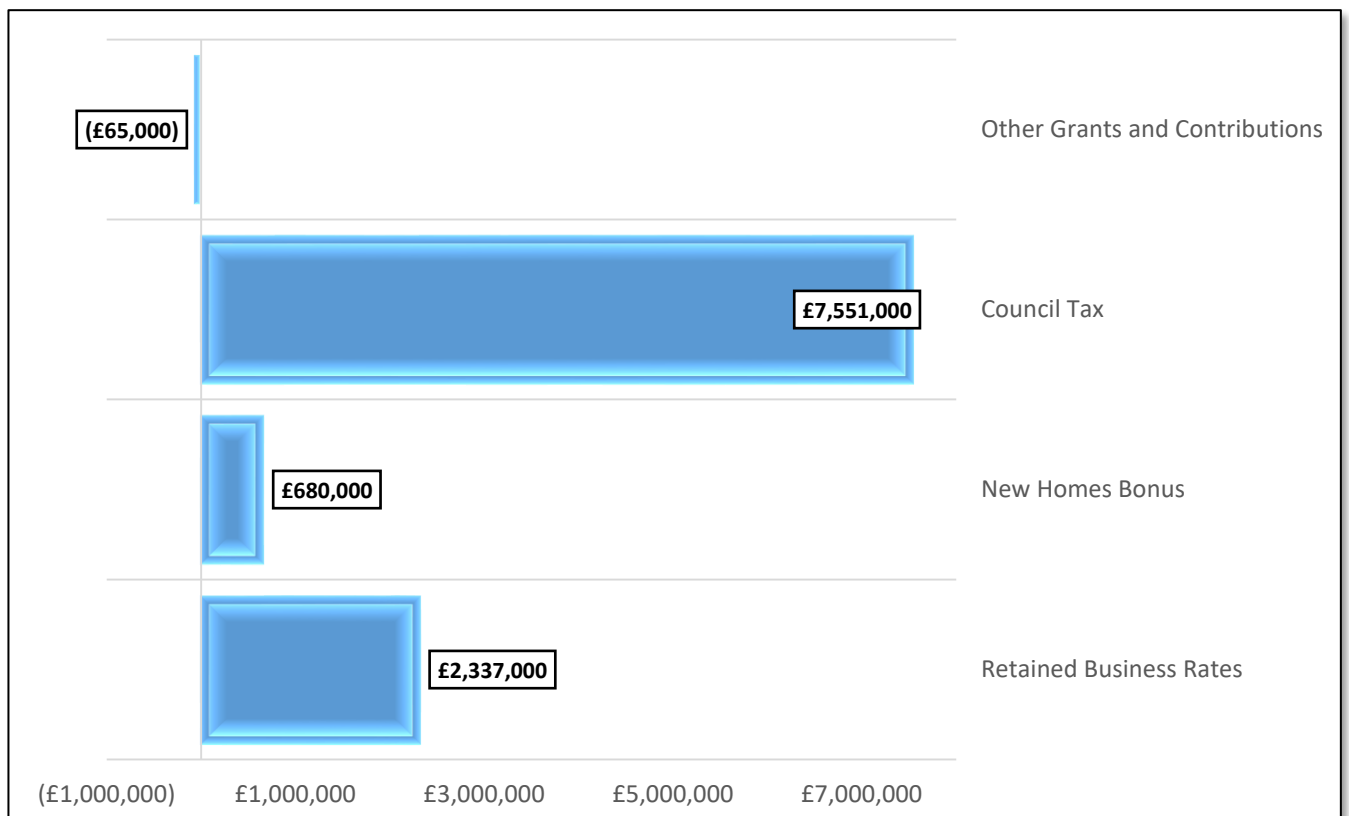


3.33. The detailed schedule of fees and charges Approved Budgets for 2022/23 is shown at **APPENDIX B**.

3.34. An analysis of the gross expenditure and gross income in 2022/23 that constitutes the net expenditure of **£11,784,000** by Strategic Priority is shown below:



3.35. An analysis of revenue funding of **(£10,503,000)** is shown in detail at **APPENDIX B** and in summary below:



The Approved MTFs and General Reserves

- 3.36. The projected funding gaps from 2022/23 onwards include assumptions around the ongoing impact of the pandemic on the Council's finances and these are shown in the table below:

	2022/23 Budget £000	2023/24 Budget £000	2024/25 Budget £000	2025/26 Projection £000
Central Scenario Funding Gap - Approved Budget	£1,281	£1,892	£1,958	£2,121
Less : Corporate Revenue Funding of Capital Programme		213		
Elements related to COVID-19				
Sales, Fees and Charges reduction	377	189	76	76
Treasury Management	170	17	30	81
Rental reductions	100	88	81	81
Net Cost of Services - Sub Total	647	294	187	238
Council Tax - reduced income	171	166	132	80
Council Tax - removal of projected annual surplus	100	100	35	35
Funding - Sub Total	271	266	167	115
Total Projected COVID-19 Impact	£918	£560	£354	£353
Underlying Funding Gap	£363	£1,119	£1,604	£1,768

- 3.37. The Council has total general reserves available based on the central scenario, to manage the impact of Local Government Finance Reform and other risks such as the ongoing impact of the pandemic:

	2021/22 Budget £000	2022/23 Budget £000	2023/24 Budget £000	2024/25 Budget £000	2025/26 Projection £000
LEVEL OF UNCERTAINTY / RISK	MEDIUM	HIGH	HIGH	HIGH	HIGH
Available General Reserves Year Start	5,114	5,525	4,524	2,633	675
(Funding Gap) / transfer to General Reserves	0	(1,281)	(1,892)	(1,958)	(2,121)
New Homes Bonus in excess of the 'Cap'	411	280	0	0	0
Available General Reserves Year End	5,525	4,524	2,633	675	(1,447)
Minimum Level	1,600	1,600	1,600	1,600	1,600
Total Projected General Reserves	7,125	6,124	4,233	2,275	154
Optimistic scenario	7,521	7,379	6,644	5,826	
Pessimistic scenario	5,914	4,121	1,374	(1,653)	

- 3.38. The level of uncertainty together with the level of total general reserves available mean that the Council will be able to implement a sustainable approach to balancing the budget. The approach can be adapted as more information on Local Government Finance Reform and its impact on the Council becomes available including any transitional funding.

- 3.39. The Approved Capital Programme (plus a projection for 2025/26) is shown at **APPENDIX C** and below:

	2021/22		2022/23 Budget £000	2023/24 Budget £000	2024/25 Budget £000	2025/26 Projection £000
	Original Budget £000	Approved Budget £000				
LEVEL OF UNCERTAINTY / RISK	HIGH	MEDIUM	HIGH	HIGH	HIGH	HIGH
Enabling People	3,375	3,411	3,684	3,576	1,315	939
Shaping Place	1,102	1,141	3,674	270	293	300
Developing Prosperity	935	1,252	557	43	0	0
A Good Council	1,118	1,488	515	389	0	315
Capital Expenditure	6,530	7,292	8,430	4,278	1,608	1,554
Capital Funding	6,252	6,964	6,081	2,018	1,608	1,554
Borrowing Need	278	328	2,349	2,260	0	0
Usable Capital Receipts	(888)	(793)	(199)	0	0	(185)

Developing a Strategy to address the Projected Funding Gaps

3.40. The strategy would be based on achieving the following key outcomes:

- A sustainable and balanced budget is achieved over the Medium Term by utilising general reserves to manage the impact of implementation.
- Savings would be focused on the delivery of key outcomes identified in the Strategic Plan.
- Targets would be flexible and adaptable to changes in underlying assumptions such as differing outcomes from Local Government Finance Reform.
- General reserves would not fall below the approved Minimum level of **£1,600,000** and the identification of savings would reduce the reliance on general reserves to balance the budget.

3.41. There would be two elements to the Strategy:

- The development of a sustainable set of medium term savings targets that are cognisant of general reserves and;
- A flexible and adaptable plan for the delivery of the annual savings targets.

A Sustainable Set of Flexible Medium Term Savings Targets

3.42. The strategy would initially be focused on identifying **£500,000** of ongoing savings or additional income each year with the balanced budget being achieved through the use of available general reserves:

	2022/23 Budget £000	2023/24 Budget £000	2024/25 Budget £000	2025/26 Projection £000
Central Scenario Funding Gap – Approved Budget	£1,281	£1,892	£1,958	£2,121
2022/23	500	500	500	500
2023/24		500	500	500
2024/25			500	500
2025/26				500
Use of General Reserves	781	892	458	121
Cumulative use of General Reserves				£2,252

3.43. The projected general reserves based on the implementation of this recommended strategy would be:

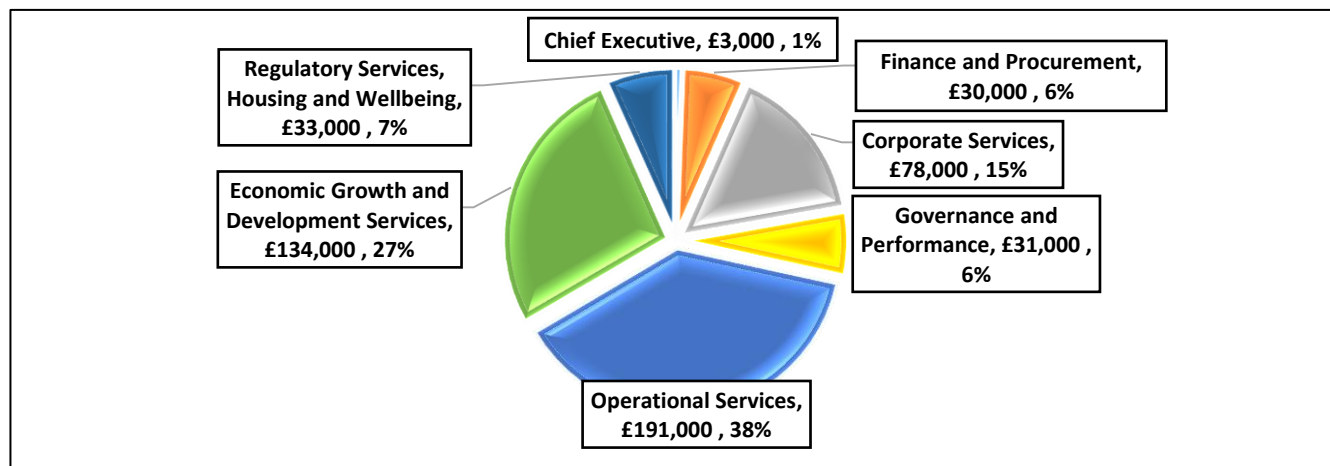
	2022/23 Budget £000	2023/24 Budget £000	2024/25 Budget £000	2025/26 Projection £000
LEVEL OF UNCERTAINTY / RISK	HIGH	HIGH	HIGH	HIGH
Available General Reserves Year Start	5,525	5,024	4,133	3,675
(Funding Gap) / transfer to General Reserves	(781)	(892)	(458)	(121)
New Homes Bonus in excess of the 'Cap'	280	0	0	0
Available General Reserves Year End	5,024	4,133	3,675	3,554
Minimum Level	1,600	1,600	1,600	1,600
Total Projected General Reserves	6,624	5,733	5,275	5,154

A Flexible and Adaptable Plan for the delivery of the Annual Savings Targets

3.44. In terms of identifying options to identify the **£500,000** of ongoing savings or additional income for 2022/23, there are a number of options or approaches available and these discussed further below.

A Service based Target Approach

3.45. Each Service Area would be set a target based on their total managed budget for 2021/22 (direct expenditure and direct income) with indicative targets for 2022/23 shown below:



3.46. The main advantage with this approach is that it utilises a relatively simple basis based on the size of the managed budget (gross expenditure plus gross income) to determine the savings target.

3.47. The main disadvantage is that each pound of budget is treated equally and therefore takes no account of the nature of the service, the level of service provision, the nature of the income and the relative contribution Service Areas make in delivering Strategic Priorities.

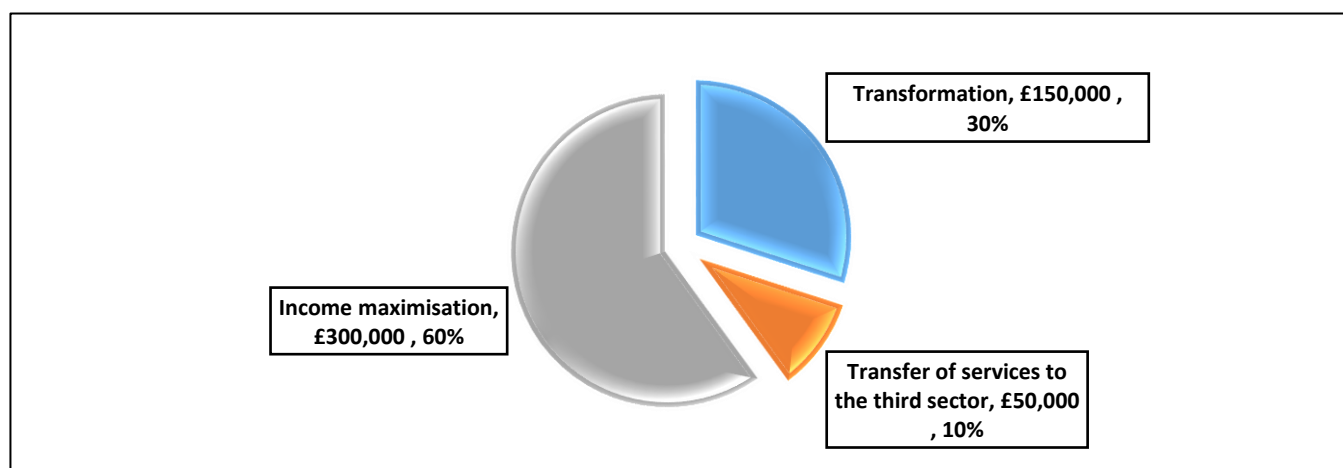
A Theme based Target Approach

3.48. This approach would assign targets based on crosscutting themes or strategic drivers such as:

- Transformation of service delivery based on the design of a thematic transformation programme that will utilise invest to save principles
- Transfer of services to the third sector
- Income maximisation from sales, fees and charges and Treasury Management.

3.49. The targets and scale of savings for each theme would be assessed each year to take account of emerging priorities and changes in the external environment.

3.50. A set of indicative targets for 2022/23 only that would be refined and developed in subsequent years based on corporate priorities would be focused on:



- 3.51. The main advantages of this approach are that it would reflect Strategic Priorities and be based on corporate rather than service based drivers.
- 3.52. The main disadvantages are that responsibility for achievement would need to be clearly assigned to ensure accountability and target setting will have an arbitrary element.

A Hybrid Approach










- 3.53. A hybrid based approach would set both service based and theme based approaches either through setting service based targets for each of the themes or through a combination of corporate theme based targets and service targets.
- 3.54. This is a more complicated approach and risks duplication of effort between competing corporate and service based targets. However it would ensure a balance between savings being driven using corporate drivers and services being assigned ownership through targets for the identification of savings or additional income.

Service Briefings

- 3.55. There are currently service briefings taking place with Cabinet to explore the potential and political appetite for reducing services, cutting costs or increasing income across all service areas, statutory or discretionary, taking into account the current demand levels and strategic objectives.
- 3.56. The aim of this exercise is to identify options for closing the Funding Gap and all will contribute to one of the above approaches.

The Recommended Strategy

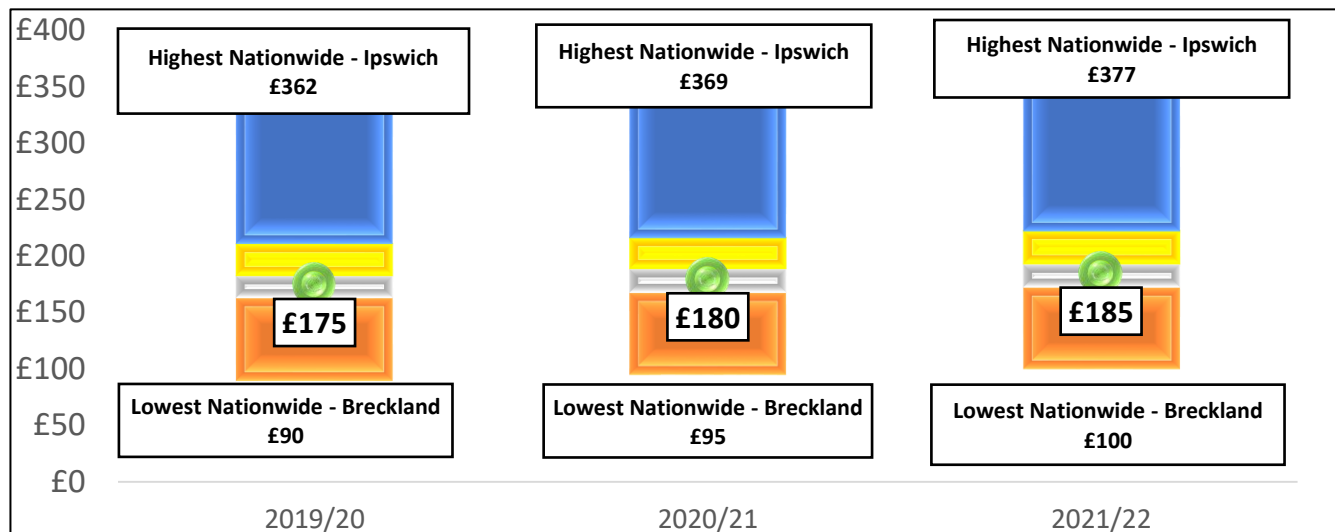
- 3.57. A comparison of the options identified to the desired outcomes is shown below:

	Options		
	Service Based	Theme Based	Hybrid Based
A sustainable and balanced budget is achieved over the Medium Term by utilising general reserves to manage the impact of implementation.			
Savings would be focused on the delivery of key outcomes identified in the Strategic Plan.			
Targets would be flexible and adaptable to changes in underlying assumptions such as differing outcomes from Local Government Finance Reform.			
General reserves would not fall below the approved Minimum level of £1,600,000 and the identification of savings would reduce the reliance on general reserves to balance the budget.			

- 3.58. It is recommended that a theme based strategy is implemented to deliver ongoing savings targets. The targets and contribution of each theme would be evaluated each year in line with strategic priorities, the level of savings required and the level of general reserves.
- 3.59. Each theme would need to have a lead Cabinet Member and Member of Leadership Team assigned to ensure the targeted level of savings are identified and reporting of delivery would form part of the Money Matters Reports.

Council Tax

3.60. The Council's Band D Council Tax compared to all District Councils over the last three years is:



3.61. The Approved MTFs modelled that Council Tax would increase at the 2021/22 maximum allowable level of **£5** in 2022/23 and 2023/24 and then would increase annually by **1.99%** from 2024/25 onwards.

3.62. There are however alternative approaches available and a number of options have been identified for consideration together with the impact each option would have on general reserves:

	2021/22	2022/23	2023/24	2024/25	2025/26	General Reserves 31/03/2026	
	Budget £000	Budget £000	Budget £000	Budget £000	Projection £000	No Strategy £000	Strategy £000
Approved / Modelled Increase	£5.00 (2.78%)	£5.00 (2.70%)	£5.00 (2.63%)	1.99%	1.99%		
Council Tax Band D	£185.07	£190.07	£195.07	£198.95	£202.91		
Council Taxbase	38,891	39,728	40,639	41,335	41,855		
Approved MTFs Council Tax Income	(£7,198)	(£7,551)	(£7,927)	(£8,224)	(£8,493)	£154	£5,154

Options considered and cumulative reduction in Council Tax Income:							
1.0% in 22/23 and 23/24 then 1.99%		£125	£255	£265	£274	(£766)	£4,235
1.5% in 22/23 and 23/24 then 1.99%		£88	£179	£186	£192	(£492)	£4,509
1.99% in all years		£51	£102	£107	£110	(£217)	£4,784

3.63. In determining the level of Council Tax increase for 2022/23 and beyond, Cabinet will need to take into consideration the following key factors:

- The relevant budget principles approved by Council
- The projected funding gap from 2022/23 onwards, the significant level of uncertainty related to Local Government Finance Reform and the legal requirement to set a balanced budget (taking into account the level of general reserves)
- The Council's Band D Council Tax and comparisons to other similar authorities.
- The assumptions the Government utilises to calculate Core Spending Power in the Finance Settlement and Council Tax Referendum Principles for 2022/23.

Welcome Back Fund

3.64. The Council has received a further **£92,501** from the Welcome Back Fund (formerly reopening High Streets Funding) and this will be used to support the recovery of the local economy.

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.
Consultation	<p>There is a duty under S65 Local Government Finance Act 1992 to consult ratepayers (or bodies appearing to represent ratepayers) about proposed expenditure, prior to calculating the Council Tax requirement under S31a (England).</p> <p>It is proposed that a nine week consultation window be launched in early September 2021 running through to the end of October 2021. This could facilitate rapid analysis of the results of the consultation and further consultation on/discussion or emerging themes or issues as appropriate in November/December 2021 before a final feedback report is submitted in January 2022.</p> <p>It is proposed that the consultation be delivered through a combination of online promotion focused on a questionnaires aimed at residents, businesses and the community/voluntary sector, and a series of engagement events/discussions hosted by Cabinet members with stakeholder audience groups to discuss specific themes e.g. business support, health, sustainability and/or stakeholder issues e.g. businesses, young people.</p> <p>The consultation strategy will be to highlight spending themes rather than specific projects or services but will be flexible to allow for this more detailed line of questioning should it be required. There will also be a strong focus on future council tax collection levels to gauge resident sentiment on this issue.</p> <p>Running through the publicity of the consultation will be a narrative to engage stakeholders on the budget setting and funding process for Lichfield district Council to raise awareness of the realities of funding sources, funding levels and the decisions that have to be made to deliver a budget for the district.</p> <p>More information on the proposed consultation approach is at APPENDIX D.</p>
Financial Implications	These are included in the Report.
Contribution to the Delivery of the Strategic Plan	The report directly links to overall performance and especially the delivery of the Strategic Plan.
Equality, Diversity and Human Rights Implications	These areas are addressed as part of the specific areas of activity prior to being included in the Strategic Plan.
Crime & Safety Issues	These areas are addressed as part of the specific areas of activity prior to being included in the Strategic Plan.
Environmental Impact	These areas are addressed as part of the specific areas of activity prior to being included in the Strategic Plan.
GDPR/Privacy Impact Assessment	There are no specific implications related to the Medium Term Financial Strategy.

	Risk Description	How We Manage It	Severity of Risk
Strategic Risk SR1 - Non achievement of the Council's key priorities contained in the Strategic Plan due to the availability of finance.			
A	Council Tax is not set by the Statutory Date of 11 March 2022 .	Full Council set with reference to when major preceptors and Parishes have approved their Council Tax Requirements.	Likelihood : Green Impact : Red Severity of Risk : Yellow
B	Implementation of the Check, Challenge and Appeal Business Rates Appeals and more frequent revaluations	To closely monitor the level of appeals. An allowance for appeals has been included in the Business Rate Estimates.	Likelihood : Yellow Impact : Yellow Severity of Risk : Yellow
C	The review of the New Homes Bonus regime	The Council responded to the recent consultation. Not all of the projected New Homes Bonus is included as core funding in the Base Budget. In 2022/23 £400,000 is included with the balance transferred to general reserves. At this stage, no income is assumed from 2023/24 onwards.	Likelihood : Red Impact : Yellow Severity of Risk : Yellow
D	The increased Localisation of Business Rates and the Review of Needs and Resources	To assess the implications of proposed changes and respond to consultations to attempt to influence the policy direction in the Council's favour.	Likelihood : Red Impact : Red Severity of Risk : Red
E	The affordability and risk associated with the Capital Strategy	An estates management team has been recruited to provide professional expertise and advice in relation to property and to continue to take a prudent approach to budgeting.	Likelihood : Yellow Impact : Yellow Severity of Risk : Yellow
F	The public sector pay freeze in 2021/22 is not applicable to Local Government	The current MTFS assumes that the pay freeze for those earning more than £24,000 per annum is applicable to Local Government. If this does not prove to be the case, an element of general reserves can be utilised to fund the increase in 2021/22 and projections for later years will be updated in the MTFS.	Likelihood : Yellow Impact : Yellow Severity of Risk : Yellow
Strategic Risk SR3: Capacity and capability to deliver / adapt the new strategic plan to emerging landscape.			
G	The financial impact of COVID-19 is not fully reimbursed by Government and exceeds the reserves available resulting in a Section 114 notice	The use of general and earmarked reserves to fund any shortfall	Likelihood : Green Impact : Red Severity of Risk : Yellow
H	The Council cannot achieve its approved Delivery Plan for 2022/23	There will need to be consideration of additional resourcing and/or reprioritisation to reflect the ongoing impact of the pandemic	Likelihood : Yellow Impact : Yellow Severity of Risk : Yellow
I	The resources available in the medium to longer term to deliver the Strategic Plan are diminished	The MTFS will be updated through the normal review and approval process	Likelihood : Yellow Impact : Yellow Severity of Risk : Yellow
J	Government and Regulatory Bodies introduce significant changes to the operating environment	To review all proposed policy changes and respond to all consultations to influence outcomes in the Council's favour	Likelihood : Yellow Impact : Yellow Severity of Risk : Yellow

Background documents

Medium Term Financial Strategy (Revenue and Capital) 2020-2025 (MTFS) – Cabinet 9 February 2021.
Money Matters: 2020/21 Review of Financial Performance against the Financial Strategy – Cabinet 8 June 2021.

Relevant web links

The Financial Planning Timetable

		July	
		August	
Service and Financial Planning	→	September	← Money Matters as at 30 June
Review Medium Term Financial Strategy	→	October	
Review Medium Term Financial Strategy	→	November	
Mid Year Treasury Management Report	→	December	← Money Matters as at 30 September
		January	← Set Council Taxbase and approve Collection Fund Projections
Review Medium Term Financial Strategy	→	February	← Money Matters as at 30 November
Review Treasury Management and Capital Strategies	→	March	
Approve the Medium Term Financial Strategy and set the Council Tax	→	April	
		May	
Draft Statement of Accounts	→	June	← Money Matters as at 31 March
Annual Treasury Management Report	→	July	
Statement of Accounts (was by 31 July but for 2 years extended to 30 September)	→	August	
		September	
Key:			
Pink = Internal timelines			
Blue = Cabinet			
Salmon = Cabinet and Strategic OS Committee			
Amber = Strategic OS Committee			
Green = Audit and Member Standards Committee			
Purple = Council			

Approved Revenue Budget (plus a projection for 2025/26)

	2021/22 Original Budget £000	2021/22 Approved Budget £000	2022/23 Budget £000	2023/24 Budget £000	2024/25 Budget £000	2025/26 Projection £000
LEVEL OF UNCERTAINTY / RISK	HIGH	MEDIUM	HIGH	HIGH	HIGH	HIGH
Enabling people	1,483	1,483	1,492	1,524	1,552	1,445
Shaping place	3,402	3,402	4,015	4,269	4,362	4,545
Developing prosperity	(621)	(621)	(597)	(542)	(521)	(469)
A good council	6,321	6,336	6,416	6,647	6,919	7,236
COVID-19	1,137	1,137	377	189	76	0
Net Cost of Services	11,722	11,737	11,703	12,087	12,388	12,757
Corporate expenditure	(182)	(182)	(199)	0	77	67
Net Operating Cost	11,540	11,555	11,504	12,087	12,465	12,824
Retained Business Rates Baseline Funding	(2,117)	(2,117)	(1,710)	(1,710)	(1,710)	(1,710)
Retained Business Rates Growth Allowance	(1,005)	(1,005)	(627)	(624)	(573)	(500)
Business Rates Cap Grant	(110)	(110)	0	0	0	0
Lower Tier Services Grant	(151)	(151)	0	0	0	0
Local Council Tax Support Grant	(126)	(126)	0	0	0	0
New Homes Bonus - Risk/Recovery Budget	(371)	(371)	0	0	0	0
New Homes Bonus - Base Budget	(500)	(500)	(400)	0	0	0
New Homes Bonus - to General Reserve	(411)	(411)	(280)	0	0	0
Collection Fund (Surplus)/Deficit	38	38	65	65	0	0
Council Tax	(7,198)	(7,198)	(7,551)	(7,927)	(8,224)	(8,493)
Total Funding	(11,951)	(11,951)	(10,503)	(10,196)	(10,507)	(10,703)
Transfer to or (from) general reserves	0	(15)	0	0	0	0
New Homes Bonus (Transfer to general reserves)	411	411	280	0	0	0
Approved Funding Gap	0	0	1,281	1,892	1,958	2,121

Reconciliation of the Original Budget Funding Gap to the Approved Budget Funding Gap

	Cabinet Date	2022/23	2023/24	2024/25	2025/26
Original Funding Gap		£1,324	£2,005	£2,121	£2,309
Payroll Contract	09/02/2021	(3)	(13)	(13)	(13)
Garrick Theatre	13/04/2021	(40)	(100)	(150)	(175)
Approved Funding Gap		£1,281	£1,892	£1,958	£2,121

Sales, Fees and Charges Approved Budgets for 2022/23

Cost Centre	Fees & Charges Income Budget
A good council	
Corporate Debt Recovery	206,000
Electoral Registration	1,760
A good council total	207,760
Developing prosperity	
Lichfield Car Parks (a small element is payable to partners)	1,477,530
Building Regulations (all partners)	936,610
Planning Applications	927,490
Multi Storey car park	359,000
Trade Waste Collection	358,260
Local Land Charges (all partners)	305,030
Trade Waste Collection -Recycling	84,450
Civil Parking Enforcement	84,260
Promotion of District	6,540
Guided Tours	5,070
Plant Lane Depot	1,500
Business Support and Investment	270
Lichfield Tourism Information	240
Developing prosperity total	4,546,250
Enabling people	
Licensing	211,440
Leisure Centre Management (includes contract fee)	171,240
Operational Services - Invest to Save	27,420
Environmental Protection Act Consents	14,310
Housing Enforcement & Licensing	5,000
Sports Development	1,050
Enabling people total	430,460
Shaping place	
Waste Shared Service (Both partners)	1,938,030
Grounds Maintenance	199,570
Street Cleansing	108,720
Beacon Park	66,770
Community Infrastructure Levy Administration (5%)	30,000
Street Naming and Numbering	16,290
Burntwood Parks	4,540
Lichfield Parks	2,990
Public Conveniences	2,190
Stowe & Minster Pools	880
Shaping place total	2,369,980
Total	7,554,450

Approved Capital Programme (plus a projection for 2025/26)

Project	(R=>500k, A=250k to 500k and G=<250k)						Total £000	Corporate
	2021/22 Budget £000	2022/23 Budget £000	2023/24 Budget £000	2024/25 Budget £000	2025/26 Projection £000			
New Build Parish Office/Community Hub	92	0	0	0	0	92	0	
Village Hall storage container	6	0	0	0	0	6	0	
Re-siting/improvement of Armitage War Memorial	120	0	0	0	0	120	0	
Canopy and installation of artificial grass at Armitage	3	0	0	0	0	3	0	
Burntwood LC CHP Unit	64	0	0	0	0	64	0	
Burntwood Leisure Centre - Decarbonisation Scheme	443	0	0	0	0	443	0	
Friary Grange - Short Term Refurbishment	209	0	0	0	0	209	0	
Replacement Leisure Centre	328	2,349	2,260	0	0	4,937	0	
Beacon Park Pathway	30	0	0	0	0	30	30	
Accessible Homes (Disabled Facilities Grants)	1,100	1,272	1,272	1,272	914	5,830	0	
Home Repair Assistance Grants	29	21	22	21	25	118	25	
Decent Homes Standard	147	0	0	0	0	147	0	
Energy Insulation Programme	22	22	22	22	0	88	0	
DCLG Monies	212	0	0	0	0	212	0	
Vehicle Replacement Programme (Env Health)	0	20	0	0	0	20	0	
Unallocated S106 Affordable Housing Monies	606	0	0	0	0	606	0	
Enabling People Total	3,411	3,684	3,576	1,315	939	12,925	55	
Canal Towpath Improvements (Brereton & Ravenhill)	36	0	0	0	0	36	0	
Loan to Council Dev Co.	675	0	0	0	0	675	116	
Lichfield St Johns Community Link (CIL)	35	0	0	0	0	35	0	
Staffordshire Countryside Explorer (CIL)	44	0	0	0	0	44	0	
Vehicle Replacement Programme (Waste)	0	3,243	0	0	0	3,243	32	
Vehicle Replacement Programme (Other)	107	281	120	143	150	801	150	
Bin Purchase	150	150	150	150	150	750	0	
Env. Imps Upper St John St & Birmingham Road	7	0	0	0	0	7	0	
The Leomansley Area Improvement Project	3	0	0	0	0	3	0	
Dam Street Toilets	40	0	0	0	0	40	40	
Cannock Chase SAC	44	0	0	0	0	44	0	
Shaping Place Total	1,141	3,674	270	293	300	5,678	338	
Multi Storey Car Park Refurbishment Project	299	0	0	0	0	299	0	
Birmingham Road Site - Coach Park	880	557	43	0	0	1,480	369	
Birmingham Road Site - Short Term Redevelopment	13	0	0	0	0	13	0	
Car Parks Variable Message Signing (S106) (Jul 2012)	32	0	0	0	0	32	0	
Vehicle Replacement Programme (Car Parks)	10	0	0	0	0	10	0	
Old Mining College - Refurbish access and signs (S106)	13	0	0	0	0	13	0	
St. Chads Sculpture (Lichfield City Art Fund)	5	0	0	0	0	5	5	
Developing Prosperity Total	1,252	557	43	0	0	1,852	374	
Property Planned Maintenance	379	180	215	0	140	914	914	
Depot Sinking Fund	11	0	0	0	0	11	11	
Equipment Storage	100	0	0	0	0	100	100	
New Financial Information System	269	0	0	0	0	269	219	
IT Infrastructure	123	15	0	0	0	138	138	
IT Innovation	203	50	0	0	0	253	193	
ICT Hardware	165	160	174	0	175	674	674	
District Council House Repair Programme	238	110	0	0	0	348	310	
Good Council Total	1,488	515	389	0	315	2,707	2,559	
Approved Budget	7,292	8,430	4,278	1,608	1,554	23,162	3,326	

Funding Source	Approved Capital Programme					
	2021/22 Budget £000	2022/23 Budget £000	2023/24 Budget £000	2024/25 Budget £000	2025/26 Projection £000	Total £000
Capital Receipts	1,795	604	219	0	490	3,108
Capital Receipts - Statue	5	0	0	0	0	5
Revenue - Corporate	0	0	213	0	0	213
Corporate Council Funding	1,800	604	432	0	490	3,326
Grant	1,953	1,815	1,316	1,315	914	7,313
Section 106	962	0	0	0	0	962
CIL	79	0	0	0	0	79
Reserves	1,956	252	120	143	0	2,471
Revenue - Existing Budgets	150	150	150	150	150	750
Sinking Fund	64	0	0	0	0	64
Leases	0	3,260	0	0	0	3,260
Internal Borrowing	0	0	0	0	0	0
Total	6,964	6,081	2,018	1,608	1,554	18,225
External Borrowing	328	2,349	2,260	0	0	4,937
Grand Total	7,292	8,430	4,278	1,608	1,554	23,162
Available Capital Receipts	(793)	(199)	0	0	(185)	(185)

Reconciliation of Original Capital Programme to this Approved Capital Programme

	Cabinet or Decision Date	2021/22 Budget £000	2022/23 Budget £000	2023/24 Budget £000	2024/25 Budget £000	2025/26 Projection £000	Total £000
Original Budget Council 16/02/2021		6,530	8,430	4,278	1,608	0	20,846
Approved Changes							
Slippage from 2020/21	08/06/2021	762					762
Projections for 2025/26							
Long Term Financial Model						1,554	1,554
Approved Capital Programme		7,292	8,430	4,278	1,608	1,554	23,162

Budget Consultation planning proposal for the 2022 – 2023 Financial Year

Project Objective

To seek views from stakeholders on budget, strategic and delivery priorities that will be used to support budget setting and delivery planning for 2022 – 2023.

Engagement Aims

1. Maximise consultation response rates.
2. Ensure that engagement is representative of the Lichfield district area and that a mix of approaches are used to prevent exclusion wherever possible.
3. Maximise awareness through on-going and pro-active communication.
4. Ensure that all stages of the consultation and decision making are transparent and communicated.

Timescale

Consultation to Launch in September and run for nine weeks to the end of October. This timing would potentially allow for analysis of initial findings and more specific follow up engagement activity on specific issues raised as appropriate and before final reporting is required.

Strategy

The approach recommended is to focus the consultation on spending priorities and themes rather than specific projects or services*. Wider engagement and promotion around the budget consultation will be used to help raise awareness on how Lichfield District Council is funded and the decision making processes involved in budget setting.

Specific questions will be included in the consultation around proposed Council Tax levels for 22/23 supported by information on the reasons for each proposal.

**It may be the case that there are projects/services that emerge from the MTFs and annual planning where specific consultation and engagement would benefit future decision making and this could be incorporated into the overall consultation plan.*

Potential Stakeholders/Consultees

- LDC Members
- Residents (householders)*
- LDC staff
- Businesses/Business organisations
- Parish Councils
- Community Groups and Clubs
- Neighbours and partners e.g. Tamworth BC, East Staffs BC, Staffordshire Fire and Rescue, Staffordshire Police, Member or Parliament
- Stakeholder Groups e.g. Lichfield Place Board, Schools

**This group could be further segmented to engage with age specific groups e.g. 26 – 18 year olds, 50+ residents (whatever is decided).*

***This could be direct contact to individual groups or could be contact with sector representative groups.*

Consultation and engagement

The core of the consultation will be online questionnaires available through the LDC website and emailed directly to stakeholder groups as appropriate. This will provide the majority of the quantitative feedback from the consultation. It is recommended that the questionnaire be split into three for engagement with specific stakeholder groups;

- Residents/General Online questionnaire
- Business questionnaire
- Community Group questionnaire

Consideration should also be given to a series of focus/discussion/round-table groups to enhance the level of stakeholder engagement and provide qualitative consultation feedback. These events could be organised in a number of ways. For example – a group session for each cabinet portfolio area or strategic plan theme or events dedicated to the views of specific audience groups e.g. businesses, school pupils, or a combination of both (themed events and stakeholder events). The sessions would be invitation only and could be delivered in person or online involving members of Cabinet to deliver a short overview and then take questions or engage in a facilitated discussion.

Promotional Plan

The objective of the promotional activity will be to raise awareness of the consultation with stakeholder groups and encourage them to provide their feedback via the questionnaire, via social media or through other forms of engagement.

Publicity will be ongoing throughout the consultation period and use targeted content to attract the attention of different stakeholder groups and/or to appeal to the different interests/concerns of stakeholders e.g. environmental issues, community safety, sports, business issues etc.

Channel	Activity
LDC website	Online form and promotion via news pages/dedicated consultation pages
Social Media (LDC corporate and other) – organic and paid	LDC channels Differentiated content focusing on different themes/audiences Potential for live Q and A Potential for direct engagement with community/business sites
LDC e-news	Feature in each edition (Sept and Oct) promoting the questionnaire and events (as appropriate)
Economic Development e-news	Promote consultation and link to questionnaire (general or business specific)
Visit Lichfield news	Stakeholder bulletin
Media relations	Raise awareness and provide links to web pages/consultation activities
Direct contact	Letters to stakeholders/121 interviews
Partner and local community Channels (on and offline)	Potential for partners e.g. Parish Councils etc. to promote consultation through their channels
Information sites e.g. LDC reception, TIC	Use poster space in community venues where available (possibly with a QR code for direct link to the questionnaire)
Non-LDC information sites	Display information distributed to partners e.g. Parish Councils, community venues and groups

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Leyfields and Netherstowe Lessons

Learned

Cllr Doug Pullen , Leader of Council

Date: 6 July 2021

Agenda Item: 4

Contact Officer: Tony McGovern – Interim Chief Executive

Tel Number: 01543 308001

Email: tony.mcgovern@lichfielddc.gov.uk

Key Decision? NO

Local Ward Full Council

Members



CABINET

1. Executive Summary

- 1.1 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.
- 1.2 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.
- 1.3 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.
- 1.4 Following publication of the external investigation at Audit and Member Standards Committee in April (attached in Background papers) this report sets out the lessons learned and any actions the council has and will take to prevent such issues occurring in the future.

2. Recommendations

- 2.1 That Cabinet accept the recommendations arising from the external investigation
- 2.2 That Cabinet approve the proposed Action Plan to resolve those recommendations as set out in Appendix 1 and refer this to Audit and Member Standards Committee to monitor the implementation of these measures.
- 2.3 That Cabinet approve the Disposal Policy at Appendix 2.

3. Background

- 3.1 As has been stated in previous reports to Cabinet no Council would wish to find themselves in this position. Mistakes were made in the consultation process to sell the public open space that led to distress for members of our community and wasted time, energy and abortive costs for a valued partner. This is genuinely regretted and all officers involved in dealing with this issue going forward are committed to exposing any weaknesses in our existing systems and ensuring these are mitigated to prevent any such event occurring in future.
- 3.2 There are a number of lessons for the Council to note and learn from to improve our processes. Chiefly it is clear is that the obligations of s123 of the Local government Act 1972 should have been met in

2018 before the decision was made by Cabinet to dispose of the land for development, subject to planning consent and factored in to the decision making process.

- 3.3 Consultation and engagement with all member and our citizens is now a primary focus for this authority, as demonstrated through our strategy approved in December 2020.
- 3.4 Senior Officers in post at the time of the decision should have been aware of the requirements to undertake consultation for it to be meaningful before the decision was taken. This requirement has been built into a robust policy and procedure document to ensure future disposals are lawful.
- 3.5 At no point in the 18 months following the decision was the agreed sale figure reviewed to ensure it still met best consideration.
- 3.6 At the point of entering into the contract the sealing process was not robust enough to prevent the procedural error being detected.
- 3.7 Following the withdrawal of the agreement to sell the land to Bromford, a linked sale that was necessary to allow access to a local resident to their property, must now also be halted. As a result the abortive legal costs for the transaction must now also be paid to the resident concerned.

4. External Investigation Recommendations

- 4.1 An external investigation in to why the situation has arisen was reported to Audit and Member Standards on 27 April 2021.
- 4.2 It confirmed that the Cabinet decision in 2018 to dispose of the land was unsafe as the obligations of s123 of the Local government Act 1972 should have been met and considered as part of that decision.
- 4.3 The report set out nine recommendations which are detailed in the Action plan attached at Appendix 1. All recommendations have been accepted with the exception of the last in terms of how to safely proceed with disposal which is now not applicable given the recent Cabinet decisions respect of the sale.
- 4.4 The Action Plan will be referred to the Audit and Member Standards Committee for ongoing monitoring of its implementation and effectiveness.

5. Disposal Policy

- 5.1 As set out in the recommendations a clear procedure to dispose of assets safely and legally is a critical part of the improvements needed. The proposed policy and procedure to do this is set out as Appendix 2.
- 5.2 The policy has been developed with advice from legal professionals and other authorities in relation to how they go about disposals. Where applicable best practice has been adopted.

Alternative Options	1. Alternative options have been considered to resolve these issues, however those recommended for approval are deliverable within existing officer resources.
Consultation	1. Advice has been sought from legal professionals and other authorities in relation to how they go about disposals. Where applicable best practice has been adopted.
Financial Implications	1. None specifically arising from the report and the adopted approach, the additional processes can be absorbed within existing budgets but may mean a reduction in response times and de-prioritisation of other tasks and potential delays to sign off procedures as officers adjust to the new process and undertake training.

	2. An additional fee of circa £900 has been identified to pay abortive legal fees for a linked sale to allow access to a property at the Leyfields site. Now that the land is not being sold, these fees must be refunded to the resident where instructions had been made to their legal representative. This can be met from existing budgets.
Contribution to the Delivery of the Strategic Plan	Being transparent and open, acknowledging mistakes, and seeking to improve governance from a full assessment and investigation when things go wrong is part of being a Good Council
Equality, Diversity and Human Rights Implications	None.
Crime & Safety Issues	None .
Environmental Impact	The policy sets out a clear rationale to consider the impact of the loss of public open space remains and that any disposal meets the needs of the local community.
GDPR/Privacy Impact Assessment	There are no GDPR or privacy impact issues associated with this report as it contains no personal data or reference to personal data.

	Risk Description	How We Manage It	Severity of Risk (RYG)
A	Reputational risk	Being open and transparent.	Likelihood : Material Impact : Material Severity of Risk : Material
B	That recommended approach does not prevent future reoccurrence.	The external investigation sets out the issues and recommendations clearly, these have all been addressed.	Likelihood : Tolerable Impact : Tolerable Severity of Risk : Tolerable
C	That adopting the recommendations becomes onerous and time consuming.	Due diligence must take precedence when entering into contracts and disposing of assets.	Likelihood : Tolerable Impact : Tolerable Severity of Risk : Tolerable
D	That adopting the recommendations reduces capacity for other issues to be addressed	Re-prioritise work, reduce capacity for other areas of lesser priority and increase response times.	Likelihood : Material Impact : Material Severity of Risk : Material
E			

<p>Background documents</p> <p>Item 11 Final Investigation Report for AMS 27.4.21.pdf (lichfielddc.gov.uk)</p> <p>https://lichfieldintranet.moderngov.co.uk/documents/s10704/Item%204%20-%20Netherstowe%20Leyfields%20Open%20Space%20-%20cabinet%20report%20-%20final.pdf</p>

Relevant web links

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Appendix 1 - Leyfields and Netherstowe Lesson Learned Action Plan - June 2021

Recommendation	Action	Owner	Target Date	Progress
<p>1. To ensure best consideration in all future contracts that reference should be made where time has elapsed to the need for a fresh valuation report being obtained.</p>	<p>Where agreements more than 6 months to implement provision should be built into the agreements to ensure that best consideration is obtained for any disposal at the point that contracts are exchanged.</p>	<p>Head of Governance & Performance Head of Corporate Service to lead in relation to asset disposals.</p>	<p>Immediate</p>	<p>All contracts /agreements reviewed and considered for signing will be assessed for best consideration. All Heads of Service and SSlegals to be advised and made aware of the requirement for any agreement or contract being drafted.</p>
<p>2. To have in place a check list for the disposal of land. It is noted that there is now a new draft disposal of land and property assets policy in place and paragraph 5 specifically deals with open space land.</p>	<p>A draft Disposal Policy is provided for approval on 6 July 2021 by Cabinet. Paragraph 5 of the policy specifically deals with open space land.</p>	<p>Head of Corporate Services / Cabinet</p>	<p>6 July 2021 if approved</p>	<p>Complete if approved Training action to be picked up in recommendation 7</p>
<p>3. To have a checklist for land disposal that provides an audit trail of decision making and actions that are required to be taken.</p>	<p>A draft Disposal Policy is provided for approval on 6 July 2021 by Cabinet.</p>	<p>Head of Corporate Services / Cabinet</p>	<p>6 July 2021 if approved</p>	<p>Complete if approved Training action to be picked up in recommendation 7</p>

	This policy sets out a checklist to ensure disposals follow the correct procedures and decision points.			
4. To put in place an appropriate document signing process and sealing system that provides evidential proof that contracts have been appropriately signed and sealed where required and that signing of all contract documentation should be supervised by a legal officer/monitoring officer.	<p>The Council's sealing process has been under review since the issue was raised in summer 2020. A number of key improvements and safeguards have been made including:</p> <p><i>Revision of the constitution</i> - to clarify the requirements for establishing contracts and who may authorise these.</p> <p><i>Development of sealing process</i> – to ensuring suitable records are obtained prior to signing and kept for future reference.</p> <p><i>A detailed record of legal and other professional advice given in respect of the contract is now gathered and reviewed before any seal is</i></p>	<p>Head of Governance & Performance</p> <p>Governance Team</p>	<p>31 May 2021</p> <p>31 October 2021</p> <p>31 May 2021</p>	<p>Training action to be picked up in recommendation 7</p> <p>This was included in the constitution update approved by Full Council in May 2021.</p> <p>Further review is being undertaken for sign off at Full Council later this year in respect of Section 3 – Scheme of Delegation.</p> <p>DocuSign process has been developed and roll out is underway for all procurement contracts.</p> <p>The new sealing process confirms and records all legal advice received in relation to a decision / contract or agreement is in place before</p>

	<i>applied</i> – this ensures that correct legal advice has been obtained to support the contract and any authority granted is still timely.			applying seals. The process also confirms authority is appropriate under the scheme of delegation.
5. To review whether there is a need for a decision review trigger to be written into the Constitution when there is both a period of time between Cabinet sign off and the implementation of that decision or a change in Cabinet membership. This would deal with the issue where, for example, there has been a change in land value or central government policy on a particular matter. These are only examples and further examples exist.	<p>The Governance team to do a check at 6 months post any member/cabinet decisions. Any not actioned will be escalated to leadership team for review to determine any further action or reporting and ongoing monitoring required in consultation with the relevant Cabinet member.</p> <p>Governance team to track and reconsider this list as and when Cabinet portfolios are adjusted/ new members appointed.</p>	Governance Team	<p>31 July 2021</p> <p>Ongoing</p>	<p>This will require development of functionality with Modgov to alert following the elapsed time for any published decision notice.</p> <p>This can be done manually in the meantime.</p>
6. Relevant professional input into the signing off of all reports and all decisions; that all Cabinet reports are signed off by the section	Confirmation boxes are to be added into report templates for financial and legal implications to confirm sign off by Section 151 and Monitoring Officer (or their deputies).	Governance Team	31 July 2021	Report templates to be amended to include sign off boxes and legal implication sections.

151 officer and monitoring officer.	<p>Leadership team minutes include any amendments requested by the S151 or Monitoring Officer to ensure these are included in the final version of the report.</p> <p>All reports should be reviewed by a suitably qualified officer or solicitor to confirm all relevant legislation is being considered.</p>	<p>Leadership Team</p> <p>All Heads of Service</p>	<p>Ongoing</p> <p>Ongoing</p>	<p>Complete</p> <p>Complete – all HOS to ensure all report authors to consult with SSLegals if suitable legal advisors are not directly employed or contracted.</p>
7. Training is provided to members and officers setting out the importance of public consultation in such disposals and the statutory obligations to consult as detailed in the Local Government Act.	Now that these processes have been developed, subject to the policy being approved, training will be provided to all key officers and members via a suitable training date later this year.	Head of Governance & Performance	<p>30 September 2021</p> <p>30 November 2021</p>	<p>Staff Training to be delivered over the summer.</p> <p>Member training scheduled for Autumn 2021 as part of member training plan.</p>
8. The decision of the 4 September 2018 should not be relied upon to authorise the sale of the two areas of open space land to Bromford Housing Association.	This was dealt with in the decision to cancel the contract for sale of land, refund the planning application fees and costs to Bromford at Cabinet on 11 May 2021.	<p>Cabinet/ Chief Executive</p> <p>Head of Governance & Performance</p>	<p>11 May 2021</p> <p>31 July 2021</p>	<p>Decision taken and negotiation and finalisation of the agreement underway with Bromford.</p> <p>Agreement is targeted for completion and payment of costs by 31 July 2021.</p>

<p>9. If the sale is now to take place it is recommended that a fresh process is commenced with district valuation reports and appropriate notices in the press and proper consultation prior to a decision being made by Cabinet to sell the open space land if it is considered this is the appropriate way forward.</p>	<p>Not applicable</p>			
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Draft

Disposal of Land and Property Assets

Approved by:	
Approval date:	
Author/Owner:	Karen Cannon
Review Frequency:	3 Years
Next Review Date:	01/12/2024
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- C. Former owners – Crichton down rules**
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1. INTRODUCTION

An owner of property is usually free to dispose of it as and when – and in whatever manner – they choose. But local authorities are subject to constraints when they come to dispose of land or building assets in their ownership. Some of these constraints are enshrined in law; others arise because of a general expectation that local authorities should be seen to act fairly and to obtain best value when disposing of these assets, as in other aspects of their work.

Changing requirements and the regular review of properties and land will, at times, lead to some assets becoming surplus. In addition, there may be circumstances in which a disposal is considered the best way to achieve one or more of the objectives of the Council. The purpose of this document is to provide a framework for the disposal of such assets.

2. SUMMARY

Local Authorities are subject to constraints when they come to dispose of land or property in their ownership. There is a need for clear, transparent and approved procedures to be adopted. The aim of this document is therefore to provide a framework for best practice in dealing with disposals. It sets out:

- the reasons why the Council holds land and property;
- the case for open space;
- the circumstances in which the disposal of an asset/interest might be desirable;
- who in the Council is responsible for dealing with disposals;
- the procedures to be adopted prior to a disposal;
- the delegated powers related to disposals;
- the different methods of disposal;
- how to deal with late and revised bids and;
- how to deal with “minor disposals”.

Legal Powers

Under the Local Government Act 1972 local authorities have powers to dispose of property in any manner they wish, provided that the consideration is not less than the best that can be reasonably obtained, unless it first obtains the consent of the Secretary of State (disposals by way of a short tenancy are excepted from this rule).

In determining 'best consideration reasonably obtainable', the only consideration that can be taken into account is consideration that has commercial or monetary value to the local authority. An undertaking by the buyer to create a number of jobs or use land for a particular desirable purpose will not normally count as such consideration. There is no particular process to be followed but there does need to be evidence to show that best consideration has been assessed and is being achieved, for example, through independent valuations or market sale.

In relation to the consent of the Secretary of State, the Local Government Act 1972: General Disposal Consent (England) 2003 (Appendix A), gives a general

consent provided that any undervalue of the interest does not exceed £2 million and the transaction is considered by the local authority to help secure the promotion or improvement of the economic, social or environmental well-being of its area.

Further guidance on how a Local Authority may arrive at its decision to rely on the General Disposal Consent is available on the government's website here: https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/7690/462483.pdf

Appendix F covers the current delegation limits and delegation authority.

These powers provide the backdrop against which decisions to dispose of property or land in the Council's ownership must be made.

3. WHAT IS A DISPOSAL?

A disposal of land or property governed by S.123 of the Local Government Act 1972 is considered to be:

- a) a freehold transfer;
- b) a grant of a leasehold term exceeding seven years;
- c) the assignment of a leasehold term which, at the date of the assignment, has more than seven years to run; or
- d) The grant of an easement over Council owned land

4. AIMS AND REASONS FOR THE COUNCIL HOLDING ASSETS

The reasons for the Council holding land or property are:

- To support the achievement of the goals and objectives set out in the Strategic Plan;
- To provide property or land from which to deliver a direct service to the public e.g. Parks;
- To provide property which supports service delivery, the Council's Offices and Burntwood Depot;
- Land held for the benefit of the community and to promote health, social and economic wellbeing of residents and place. E.g. green open spaces and public realm.

The aims for the land and property portfolio are:

- To use the Council's land and property holdings to meet current and future corporate/service requirements and allow flexibility of use;
- To support the economic, social and environmental wellbeing of the District;
- To use land and property economically, efficiently and effectively;
- To provide clean, safe accommodation/premises for staff and the public;

Whilst the purpose of holding property should not be solely for the income it can generate, land held for purposes above can generate income on behalf of the council.

Projected proceeds from disposals are taken into account in the preparation of the Medium Term Financial Strategy.

5. OPEN SPACE

The Council will not normally dispose of any recreational open spaces identified in the Open Space and Playing Pitch Assessment Reports and the Open Space and Playing Pitch Strategy. *

However consideration may be given to transferring recreational and amenity open space to other organisations that may be better positioned to more effectively manage the asset as a public open space. Such organisations may include other councils and community organisations such as voluntary sports clubs.

The Council will contemplate disposal of 'incidental open space' and areas of landscaping or parts of these. This will only be where it will improve the management of the land benefiting the wider public, will reduce an unacceptable and significant impact on a neighbouring property resulting from misuse of open space and/or clears up anomalies of past land sales, acquisitions or transfers.

In contemplating these disposals, the legal requirements of the Council, to advertise proposed disposal of public open space for two weeks in a local newspaper and consider objections, must all be complied with (see Appendix A). Where consideration of a disposal is at third party request they will be required to meet the costs of advertising the proposed disposal.

Consideration of any detrimental impact of such disposals on neighbouring properties not financially involved in nor benefiting from the disposal will also need to be given and this may also be grounds for the Council not to contemplate a disposal.

The council will not dispose of public open space for development unless there are considered to be exceptional circumstances. Such exceptional circumstances may include:

- Where an excess of provision can be clearly evidenced showing that the open space in question is surplus to requirement.
- Where the disposal leads to a demonstrable net gain to the open space / recreational infrastructure of the district
- Where the proposed development is for an indoor or outdoor sports or community facility, the provision of which would be of sufficient benefit to outweigh the detriment caused

Any exceptions must be approved by Cabinet on a case by case basis.

* Local Plan which includes Core Policy 10 (final two paragraphs is available via the link below.

Playing pitch strategy is available via the following link:

<https://www.lichfielddc.gov.uk/downloads/download/137/playing-pitch-tennis-and-bowls-strategy>

Open Space Assessment, will be available via the following link next to the 2016 assessment.

<https://www.lichfielddc.gov.uk/downloads/download/136/open-space-assessment>

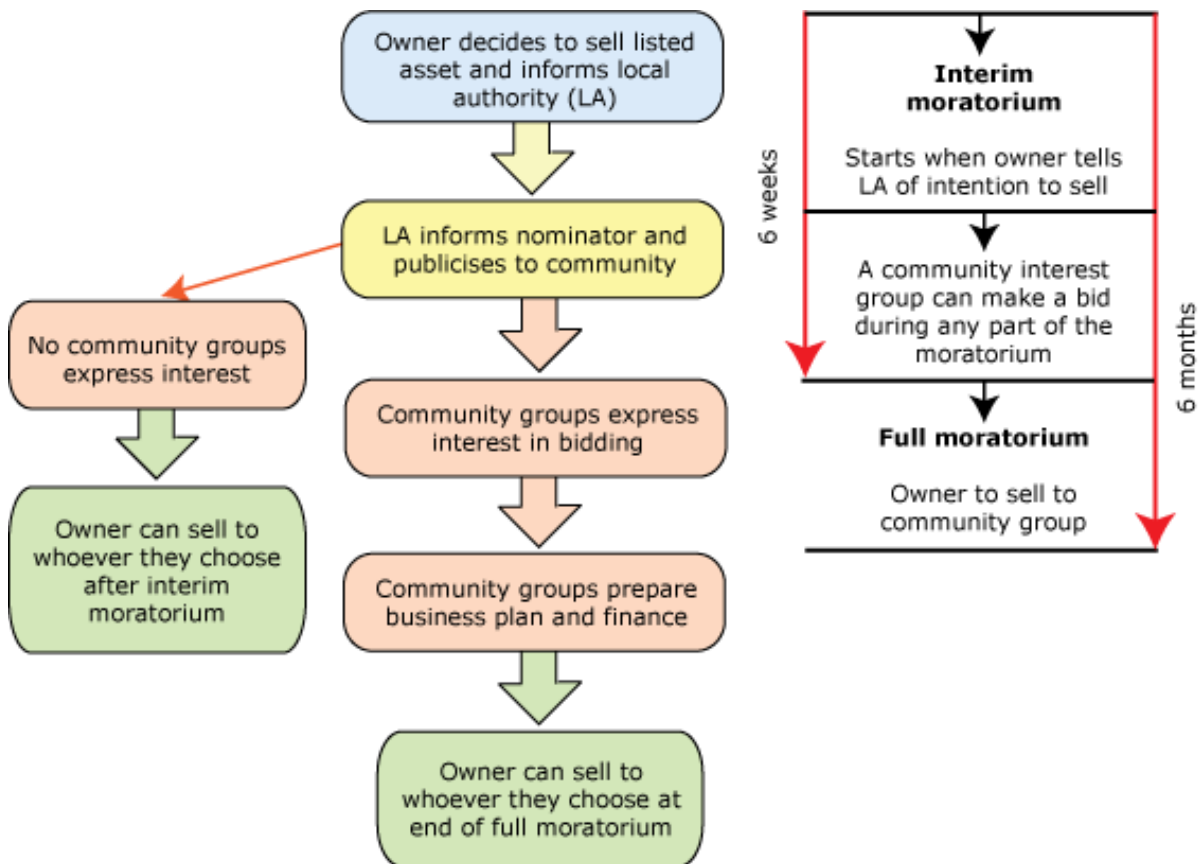
6. ASSETS OF COMMUNITY VALUE

If an asset is listed as an asset of community value the Head of Governance and Performance must be informed of any intended disposal. This triggers a six week initial moratorium on the sale. The nominating community group will be informed and the intention to dispose will be publicised in the local neighbourhood.

The list can be found by following this link:

<https://www.lichfielddc.gov.uk/community-rights-bids-assets/assets-community-value/1>

Note: after the moratorium period – either the 6 weeks if there has been no community interest, or the full 6 months – the owner of a community asset is free to sell to whomever they choose.



If there is a community building which a community group would like to acquire, this could be done through a community asset transfer which is a mechanism used to enable

community ownership and management either through the transfer of land or a long lease from the Local Authority. This is a voluntary process undertaken by a local authority separate from the process above for assets of community value and expressions could be made at any time, not just when the local authority is considering disposing of that land.

The Localism Act 2011 Chapter 3, part 5 and the Assets Community Regulations 2012 are used when determining assets of community value.

7. IDENTIFICATION OF SURPLUS AND UNDER USED ASSETS

Property and land will be identified as surplus if it does not meet any of the reasons or objectives for the Council holding property assets as set out above.

It is the responsibility of departments through their annual Service Delivery Plan, to identify any property or part thereof or areas of land which is under used or surplus to requirements. As part of the process to identify surplus property or land Property Services will consider alternative uses before recommending disposal.

8. PROCESS PRIOR TO DISPOSAL

Prior to seeking Cabinet approval an up to date valuation must be obtained by a Red Book registered valuation expert. The valuation will be used to support the proposal and must be no older than 6 months prior to the request for a decision to sell.

The potential to sell an asset must be added to the Council's web pages and advertised in two newspapers which cover the area. Local ward members should also be consultant sequentially with the public consultation. Following closure of the consultation an addendum to the Cabinet report should be written giving a synopsis of any responses to the consultation.

The Section 151 officer and Monitoring officer must sign-off the Cabinet report before it is submitted for a decision.

9. ASSET DISPOSAL RESPONSIBILITIES

Minor Disposals

A minor disposal generally arises when an application is received from adjacent or neighbouring owner(s) to purchase the freehold or leasehold interest (in excess of seven years) of a small or inconsequential area of land in the Council's ownership where the land is surplus to requirements, has no development value or open market opportunity and has a market value of less than £10,000, following valuation by the property owner with advice from the Property team. It is permissible in these cases to open 'confined' negotiations with the adjacent or neighbouring owner in order to achieve the most advantageous financial result or for reasons of good estate management; e.g. if the land is 'landlocked' or is difficult or expensive to maintain.

There may also be circumstances where it is in the Council's interest to initiate

a minor disposal e.g. land surplus to requirements or for reasons of good estate management.

However, departure from open marketing should only be considered in the circumstances as outlined in this section and on professional advice. In cases where there is more than one other contiguous land holding, consideration should be given to alternative disposal strategies (e.g. sealed informal tenders) to obtain the best price.

In the first instance, any formal application to purchase received should be forwarded to Property Services who will obtain authority to dispose and carry out the legal actions for disposal.

Major Disposals

A major disposal is any disposal not covered by the minor disposal definition above.

Property Services will adopt the most appropriate method of disposal taking this policy into consideration and in accordance with relevant legislation.

10. ASSET DISPOSAL THRESHOLDS

When disposing of an asset, the correct authorization channel must be adhered to, as outlined in this policy and in the Council's constitution*. Advice should be sought from Finance to understand the VAT implications of the disposal at an early stage.

The following table outlines the financial thresholds:

Capital Receipt Value or cumulative rent	Decision Authority
0 –10,000	<i>Head of Corporate Services in consultation with the Leadership Team</i>
10,001 – 74,999	<i>Relevant cabinet members and with officer advice</i>
75,000 and above	<i>Cabinet, and Full Council (for MTFs)</i>

Where an asset is to be sold or lease granted at less than market value (e.g. peppercorn or other), the above thresholds apply to the income to be foregone.

Where an urgent decision is required to safeguard the interests of the Council, part 3 of the constitution of the Council must be adhered to i.e. the Chief Executive has powers, to authorise any urgent action subject to reporting to the next appropriate meeting, in consultation with the Cabinet member for property matters and Leader of the Council.

11. PREPARATION FOR DISPOSAL

The stages of preparation for disposal should include the following:

- (i) **Internal Circulation** - To give Services an opportunity to comment or express an interest within a time limit of 21 days. To include circulation to relevant ward members.
- (ii) **Legal Consultation** - To report fully on the Council's title and any rights or obligations which might affect it. Where it is intended to include covenants or conditions legal advice should be obtained prior to negotiations.
- (iii) **Former Owner** – Consider if there is an obligation under the **Crichel Down Rules** to offer the land back to a former owner. A summary of these rules and procedures is at **Appendix C**.
- (iv) **Inspection** - The purpose will be to identify development potential or any matter which is likely to hinder the disposal.
- (v) **Physical Constraints**– Check the Council's own records, and also those of statutory undertakers, if appropriate.
- (vi) **Obligations/Commitments** - Identify any obligations or commitments related to the asset that would be triggered on disposal, such as an external grant that became repayable (“clawback”) if the asset was to be disposed of.
- (vii) **Define Development Potential**- Appraisal of potential disposal property/land should always consider the means by which maximum sale proceeds can be generated. In straightforward cases, the equivalent of an “outline planning consent” for the most valuable use available should be secured. Where the Council wishes to consider ensuring a desired use of an asset to achieve its policy objectives, it will be necessary to introduce absolute user clauses in leases and restrictive covenants, where appropriate. A claw back provision can be negotiated, so that the Council can participate in the benefits of any future increase in value due to a more valuable planning consent.
- (viii) **Overage Clause** – where appropriate consideration will be given if a covenant should be added requiring further recompense and the conditions when this will be payable.
- (ix) **Consideration of Method of Disposal**– See **Appendix D** which considers the options available. **Appendix E** provides guidance aimed at minimising or addressing the difficulties presented by late or revised bids.

N.B. Special Purchaser - It may be prudent to deal with a special purchaser if it would result in capital receipts above that which would be paid in the general open market, or in the furtherance of achieving one or more of the Council's corporate objectives, subject to compliance with the Council's legal requirements.

Appendix A

s.123 Local Government Act 1972 (as amended)

Disposal of land by principal councils

(1) Subject to the following provisions of this section, [and to those of the Playing Fields (Community Involvement in Disposal Decisions) (Wales) Measure 2010,] a principal council may dispose of land held by them in any manner they wish.

(2) Except with the consent of the Secretary of State, a council shall not dispose of land under this section, otherwise than by way of a short tenancy, for a consideration less than the best that can reasonably be obtained.

(2A) A principal council may not dispose under subsection (1) above of any land consisting or forming part of an open space unless before disposing of the land they cause notice of their intention to do so, specifying the land in question, to be advertised in two consecutive weeks in a newspaper circulating in the area in which the land is situated, and consider any objections to the proposed disposal which may be made to them.

[(2AA) Subsection (2A) does not apply to a disposal to which the provisions of regulations made under section 1 of the Playing Fields (Community Involvement in Disposal Decisions) (Wales) Measure 2010 apply.]

(2B) Where by virtue of subsection (2A) above [or in accordance with the provisions of regulations made under section 1 of the Playing Fields (Community Involvement in Disposal Decisions) (Wales) Measure 2010] a council dispose of land which is held-

(a) for the purposes of section 164 of the Public Health Act 1875 (pleasure grounds); or

(b) in accordance with section 10 of the Open Spaces Act 1906 (duty of local authority to maintain open spaces and burial grounds),

the land shall by virtue of the disposal be freed from any trust arising solely by virtue of its being land held in trust for enjoyment by the public in accordance with the said section 164 or, as the case may be, the said section 10.

(3)-(6) *[repealed]*

(7) For the purposes of this section a disposal of land is a disposal by way of a short tenancy if it consists-

(a) of the grant of a term not exceeding seven years, or

(b) of the assignment of a term which at the date of the assignment has not more than seven years to run,

and in this section "public trust land" has the meaning assigned to it by section 122(6) above.

Appendix B

The Local Government Act 1972: General Disposal Consent (England) 2003

1. The First Secretary of State ("the Secretary of State"), in exercise of the powers conferred by sections 123(2), 127(2) and 128(1) of the Local Government Act 1972, hereby gives consent to a disposal of land² otherwise than by way of a short tenancy³ by a local authority in England in the circumstances specified in paragraph 2 below.

2. The specified circumstances are:

- a) the local authority considers that the purpose for which the land is to be disposed is likely to contribute to the achievement of any one or more of the following objects in respect of the whole or any part of its area, or of all or any persons resident or present in its area;
 - i) the promotion or improvement of economic well-being;
 - ii) the promotion or improvement of social well-being;
 - iii) the promotion or improvement of environmental well-being; and
- b) the difference between the unrestricted value of the land to be disposed of and the consideration for the disposal does not exceed £2,000,000 (two million pounds).

Interpretation and savings

3. (1) In this instrument - "local authority" means:

- i) London borough council;
- ii) a county council;
- iii) a district council;
- iv) a parish council and parish trustees acting with the consent of a parish meeting;
- v) a National Park authority;
- vi) a Metropolitan Borough Council
- vii) a joint authority established under Part IV of the Local Government Act 1985;
- viii) a police authority established under section 3 of the Police Act 1996;

² By section 270, land includes any interest in land, and any easement or right in, to or over land.

³ By sections 123(7) and 127(5), a short tenancy is a tenancy, which is granted for seven years or less, or the assignment of a term, which has not more than seven years to run. Disposals by way of a short tenancy do not need consent, see sections 123(2) and 127(2) of the 1972 Act.

Disposal of Land for Less than Best Consideration

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- ix) the Metropolitan Policy Authority;
- x) the London Fire and Emergency Planning Authority;
- xi) the Broads Authority;
- xii) the Council of the Isles of Scilly;

and any other person to whom, by virtue of statute, section 123(2) or section 127(2) of the Local Government Act 1972 applies;

"unrestricted value" means the best price reasonably obtainable for the property on terms that are intended to maximise the consideration, assessed in accordance with the procedures set out in the Technical Appendix.

(2) Nothing in this instrument shall be construed as giving consent to a disposal for any purpose for which the consent of the Secretary of State is required by virtue of section 25(1) of the Local Government Act 1988, section 133(1) of the Housing Act 1988, section 32(2) or section 43(1) of the Housing Act 1985, or otherwise as having effect as a consent for any purposes other than those of Part 7 of the Local Government Act 1972.

Citation and revocation

4.(1) This instrument may be cited as the Local Government Act 1972 General Disposal Consent (England) 2003 and shall come into effect on 4 August 2003.

(2) The Local Government Act 1972 General Disposal Consents 1998 are hereby revoked insofar as they apply to England.

Signed by authority of the First Secretary of State

Appendix C

FORMER OWNERS – CRICHEL DOWN RULES

Successive Governments have accepted the basic principle that land, whether in agricultural or other use originally, should be offered back to former owners or their successors if it was acquired by or under threat of, compulsion or under statutory blight provisions, and if it had not been materially changed in the interim, and was found to be surplus to requirements or otherwise appropriate for disposal. Disposals to former owners under these arrangements will be at current market value.

This principle was established in the 1954 Crichel Down case and has been used as a guideline for policy ever since.

ODPM Circular 06/2004 sets out the revised arrangements under which the rules should apply. The Rules are non-statutory but it is recommended, by central government, that they be followed. The Courts have repeatedly emphasized that the importance of adhering to the rules cannot be underestimated. There will be a legitimate expectation for them to be followed and if there is a failure to do so the disposal may be challenged on judicial review or on human rights grounds.

The general obligation to offer back will not apply to the following types of land:

- 1) agricultural land acquired before 1 January 1935;
- 2) agricultural land acquired on and after 30 October 1992 which becomes surplus, and available for disposal more than 25 years after the date of acquisition;
- 3) non-agricultural land which becomes surplus, and available for disposal more than 25 years after the date of acquisition.

The date of acquisition is the date of the conveyance, transfer or vesting declaration.

Full details and other exceptions from the obligation to offer back, including the type of disposal, and where there has been a material change in the character of the land are explained in the Circular:

https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/817392/CPO_guidance_-_with_2019_update.pdf

Appendix D

DISPOSAL METHODS

There are four principal methods of disposal available:-

(i) **Private Treaty** – After a reasonable period of exposure to the market, negotiations are carried out between the seller and prospective buyers (or their respective agents) privately and in comparative secrecy, normally without any limit on the time within which they must be completed before contracts are exchanged.

In the event that two or more interested buyers are identified the Council may consider moving on to the Informal Tender method at (iv) below

Advantages:

- allows a flexible approach;
- time pressures are seldom imposed on either the seller or buyer; and
- it is widely understood and accepted by the general public.

Disadvantage:

- the proceedings cannot always overcome suspicions of unfair dealings, and it is therefore a method to be used with caution.

(ii) **Formal Tender** – Requires a great deal of preparation, as the tender document forms the contract for sale. A full appraisal of the transaction needs to be carried out, including a valuation which may be used to provide a guide price, in order to have a baseline against which to assess the tenders when they are returned.

Advantages:

- it can be concluded quickly where it is unconditional;
- it avoids tentative time-wasting enquiries;
- the Council does not need to accept any tender if the offer is not satisfactory;
- the tender procedure should guarantee complete fairness; and
- as bids are not public, tenderers should put forward their best offer.

Disadvantages:

- potential purchasers are often put off by the procedure whereby they commit themselves contractually upon making any financial offer;
- there is little room for discussion about the scheme itself, and this method is too robust and inflexible to take account of any conditional offers, e.g. subject to planning etc.

In view of the inflexibility and disadvantages of the formal tender procedure there should, in normal circumstances, be a presumption against this method for the disposal of property.

Current **Contract Procedure Rules** do not state that they apply to the sale of property. They do however regulate formal tender procedures, therefore, in the

event of a disposal by formal tender Contract Procedure Rules should be followed.

(iii) **Auction** - To achieve success with this method of disposal, external auctioneers will inevitably be used. The auctioneer should be briefed at an early stage, and fully involved in preparing conditions of sale and fixing the reserve price. The reserve should be approved by the Council and conveyed to the auctioneer immediately before the auction. It should also be recorded in a sealed letter which the auctioneer will have available at the time of sale. Sale by auction requires preparation of all contractual details beforehand in order that a binding contract may be effected immediately a bid is accepted. Development land should only be considered for auction with planning permission and after pre-marketing.

Advantages:

- Certainty: contracts are exchanged on the fall of the hammer;
- open process of competitive bidding may lead to a price in excess of that by private treaty;
- Regional/national marketing by the auction house.

Disadvantages:

- the seller has no control over who buys;
- funds to meet the sale price must be available within a specified period, and this may put off purchasers who need to raise finance;
- potential purchasers have to consider the transaction during the marketing period, with no opportunity to discuss alternative ways to structure the deal;
- the winning bid need only be marginally more than the second highest bid, and need not represent the maximum the purchaser would have been willing to pay;

Houses that can be mortgaged should not be sold by auction.

(iv) **Informal Tender (sealed bids)**– *The Local Government Ombudsman has issued the following guidance on informal tendering:*

“Informal tendering is a process by which offers are invited but perhaps without a firm closing date. Unlike a formal tendering process (when tenders are submitted in sealed envelopes all of which are opened together) offers in the informal process are opened as they are received. Offers may be invited to increase their bids, possibly having been told that that a higher bid has been received. Whilst the practice of informal tendering (which might also be described as extended auction) does frequently give rise to complaints, the Ombudsman accepts that such a procedure may sometimes be appropriate and may result in the Council obtaining a higher price for the land than if bidding was restricted to a single sealed tender. At the end of such an extended auction process all parties still expressing interest should be asked to submit a final bid by a specified date”.

Advantages:

- the most advantageous terms for the Council can be formulated even in very complex cases;

- the Council does not need to accept any tender if the offer is not satisfactory;
- as bids are not public, tenderers should put forward their best offer. (Though not necessarily going to achieve best price because in an auction situation people are sometimes prepared to bid more than they had envisaged, particularly when they see others prepared to bid at that level)
- most useful as a tool for resolving competing interests following private treaty marketing.

Disadvantages:

- lacks the certainty of the Formal Tender procedure,
- can be frustrating since post-tender negotiations can be protracted and may not be successful; and
- the requirement to negotiate raises some of the disadvantages of a sale by private treaty.

Conclusion

Each method engenders varying degrees of fairness and transparency. For each disposal case appropriate prior approval for the method of disposal should be obtained. The principles and rules set out in this policy should be followed in all disposal cases. In a disposal by formal tender, the procedures set out in Contract Procedure Rules should be followed, even though it is not specifically stated in those Rules that they refer to the sale of property.

Appendix E

Dealing with Late Bids

A difficult situation arises when the Council receives a higher offer after another offer has been accepted “subject to contract”. Such difficulties are less likely to occur if exchange of contract takes place quickly after the decision has been made to whom to sell the property. When accepting an offer the Council’s position should be made clear, in writing, that in the event of any higher offer being received before a contract is exchanged it may be obliged to consider it.

There are very good reasons for laying down strict rules of compliance with the procedures, particularly time-scales. This is to ensure that all interested parties are treated equally and that the Council operates in an efficient and cost effective manner by reducing uncertainty and delay. Above all, the principle that parties should not benefit from the tactic of an intentional late bid is paramount. Nevertheless, there may be, at times, genuine late bids and where the proposed disposal involves a substantial capital receipt the Council must be able to make decisions that avoid foregoing significant increases in sums achievable.

Whilst it may be appropriate to maintain a policy of disregarding any late bids in a tender exercise, the Council may find itself missing the opportunity to secure best consideration where a late bid substantially exceeds bids received on time. Indeed, case law suggests that Councils can be found to fall short of achieving best consideration if rival bids are not fully investigated.

Where a higher offer is received after one has been accepted, the applicant should be advised that an earlier offer has been accepted, subject to contract. Unless there is a particular reason why the higher offer should be accepted, e.g., an ability to proceed immediately when the original bidder was not able to do so, then the first applicant (whose offer has been accepted) should, at least, be given the opportunity of matching the higher offer.

Dealing with Revised Bids

The Council may be faced with the successful bidder from an informal auction seeking to substitute a lower bid. This process might also be repeated as the successful bidder in effect explores to find the level of the next bid below his or her own believing that the Council will be prepared to accept any offer above that next bid. The general obligation to obtain the best price which can reasonably be obtained for the land may mean that these bids have to be considered.

Appendix F

Asset Value	Delegation	Decision Type
Disposals up to £10,000 in value	Head of Corporate Services	Officer Decision
Disposals from £10,001 - £74,999 in value	Cabinet Member for Innovation, Commercialisation and Corporate Services in consultation with the Head of Corporate Services and appropriate officers. (The Cabinet Member may decide to refer the decision to Cabinet)	Cabinet Member Decision A copy of the Decisions Notice shall be sent to the Governance Section for publication on the Council's website, together with a copy of any report considered and any background papers.
Disposals £75,000 and above in value	Cabinet	Cabinet - Key Decision* At least 28 days' notice of the decision must be published on the Forward Plan. <i>*If there is any impact on the Medium Term Financial Strategy the decision must also be referred to Full Council.</i>

THE FUTURE OF THE DRY RECYCLING SERVICE

Councillor Ashley Yeates Cabinet Member for Climate Change & Recycling

Date: 6th July 2021

Agenda Item: 5

Contact Officer: Ben Percival & Nigel Harris

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Key Decision? YES



CABINET REPORT

1. Executive Summary

- 1.1 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).
- 1.2 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.
- 1.3 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.
- 1.4 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.
- 1.5 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.
- 1.6 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.
- 1.7 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.

2. Recommendations

- 2.1 The following is recommended for approval by Cabinet (final approval is subject to parallel agreement by our 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 2.2.
 - 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 2.2.
 - If Staffordshire County Council do not agree to fund an equitable share of the additional costs of dual-stream collection; the existing commingled 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 2.2).
- 2.2 That Cabinet recommends to Council to 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.

3. Background

- 3.1 The Environmental Protection Act 1990 (EPA) makes District Councils responsible for the collection of household waste as the Waste Collection Authority (WCA). Upper tier County Councils are responsible for its disposal as the Waste Disposal Authority (WDA). A District can make its own arrangements for the disposal of recycling; where it decides to do so it has to pay the gate fees to the re-processor but in return it receives a payment from the WDA which is known as a Recycling Credit. The District also receives any income generated from the sale of the DMR post-sorting, depending on the nature of the contract it has with the re-processor. The Recycling Credit was introduced by the Government in order to incentivise Districts to invest in recycling services. A District can at any time hand back disposal responsibility to a WDA, but it is worth noting that the WDA has powers to direct a District to deliver waste to a designated place. In effect this gives the WDA power of direction to take back disposal responsibility without agreement even if there are financial consequences for the District.
- 3.2 Ever since recycling services were introduced in Tamworth and Lichfield nearly 20 years ago both Districts have procured contracts for the disposal of dry recyclable materials (DMR) and garden waste. Throughout this period the gate fees have been lower than the aggregate of the Recycling Credit and any income received from the sale of the material, with the surplus generated being used to offset the cost of providing these services.
- 3.3 The current recycling service requires residents to present all their DMR in a single blue bin which is emptied fortnightly. This collection methodology is known as commingling and the material once

collected is taken to Biffa Waste Services' transfer facility in Aldridge before it is bulked up and transported to a Material Recycling Facility (MRF) in the North East for processing.

- 3.4 Six Staffordshire Waste Collection Authorities (WCAs) – Lichfield and Tamworth along with Newcastle, East Staffs, South Staffs and Cannock have contracts for the processing of the DMR with Biffa Waste Services Ltd; all expire in March 2022. These authorities have worked together with support from the County Council's procurement and legal teams since last autumn to procure a replacement contract. Invitations to tender were sent out in early January and the evaluation of the results was completed in April.
- 3.5 The evaluation has shown that the market for the processing of DMR has shifted dramatically, primarily because of material quality issues, such that the current arrangements for delivering the service (collection methodology and disposal) may have to change. Contamination levels can regularly exceed 15% for materials when collected commingled which is unattractive to the re-processors and as a consequence gate fees for new contracts based on this methodology have nearly trebled compared to the existing rate plus the amount of income payable for the sale of materials has fallen. In contrast the gate fees are much lower and income levels higher for materials collected by dual-streaming where the fibre is collected separately from the other materials. This is due to the higher quality of material collected by these methodologies compared to commingling.
- 3.6 In addition to the volatility of commodity markets the pending National Resource and Waste Strategy, makes this a particularly challenging time to be re-procuring a DMR processing contract. For instance there is a proposal within the consultation draft of the Strategy to introduce a deposit return scheme for all drinks containers which would almost certainly divert both tonnage and some of the more valuable materials away from local authority kerbside schemes.
- 3.7 Comingling is disadvantageous in terms of gate fees, income levels and the quality of material – all very important issues to consider when determining the best way to provide a recycling service. However the operational costs are substantially lower for a comingled service and the service is simple for residents to use.
- 3.8 Dual-streaming requires residents to separate their recycling into an additional receptacle. The operational costs are substantially higher; collecting a bin and a bag takes longer and multi compartment vehicles fill more quickly requiring more frequent emptying.
- 3.9 The cost of dual-streaming can be reduced if an additional bin is provided instead of a bag; one bin for glass, cans and plastic and another bin for paper and card. This would allow collection rounds to remain as they are, with the two recycling bins collected alternately on a 4-weekly basis. This option has however been discounted as many households in Lichfield and Tamworth will be unable to accommodate an additional bin.
- 3.10 Six different service delivery options were evaluated by the Options Appraisal and the Financial Assessment and they are as follows:
 - 1) Retain comingled collections and WCAs retain responsibility for disposal.
 - 2) Retain comingled collections and transfer responsibility for disposal to the WDA.
 - 3) Introduce dual stream collections using an additional bin for paper/card and WCAs retain responsibility for disposal.
 - 4) Introduce dual stream collections using an additional bin for paper/card and transfer responsibility for disposal to the WDA.
 - 5) Introduce dual stream collections using a bag for paper/card and WCAs retain responsibility for disposal.
 - 6) Introduce dual stream collections using a bag and transfer responsibility for disposal to the WDA.

- 3.11 The Options Appraisal is presented as a SWOT analysis and the Financial Impact Assessment models all the various cost elements associated with the recycling service including the gate fees submitted during the procurement exercise. Bidders were invited to tender for material collected by both the commingled and dual stream collection methodologies.
- 3.12 Compliant bids were received for both disposal methodologies and a preferred bidder identified for each scenario. Districts are not obliged to accept the winning bid for either of the methodologies nor are they in competition with each other.
- 3.13 The procurement exercise overwhelmingly identified that it is financially disadvantageous for the Districts to retain responsibility for the disposal of DMR collected by the current commingled methodology - **Option 1**. This is because of the substantial increase in gate fees for any new contract and there are now greater risks associated with income levels.
- 3.14 **Option 2** which involves passing back disposal responsibility to the WDA but keeping commingled collections has a much lower financial impact for the Districts as the WDA would pay the gate fees. The Districts would no longer receive a Recycling Credit from the WDA nor income from the sale of material but the aggregate of these items is much lower than the gate fee.
- 3.15 Retaining commingled collections is nevertheless the most expensive solution for the Staffordshire taxpayer due to the high gate fees. **Option 2** simply allows the Districts to divert cost to the WDA.
- 3.16 The assessment predicts that **Option 3** would have a positive impact on the revenue budget because the gate fees for dual stream collections are much lower than for commingled collections. In addition there is no increase in operational costs as residents would be provided with an additional bin with each stream collected alternately every four weeks. However the capital expenditure for the bins would be approximately £1.9 million and an additional bin could be unpopular and impractical for many residents. Also the income levels shown in the financial assessment are not guaranteed and there is always a risk that the WDA could use its powers of direction and take back responsibility for the disposal of the material. This opportunity may be attractive to the WDA as the gate fee for dual stream collections are lower than then value of the Recycling Credit and therefore they would make a significant saving.
- 3.17 The impact of the WDA taking back responsibility for the disposal either by a unilateral decision made by the Districts or under a power of direction is shown in **Option 4**. In such circumstances the Districts would be worse off as the loss of both the Recycling Credit and the income from material would be more than losing liability for paying the gate fee plus they would have had to invest in the additional bin.
- 3.18 **Option 5** does substantially reduce the capital cost of the additional container as residents are provided with a bag instead of a bin, this is the system currently in place in both Stafford and Newcastle. The downside to this option is that there would be a significant increase in operational costs as it is much slower to collect a bin and a bag from each property thus extra crews would be required. The vehicles are more expensive as they are multi compartmental. The Districts would benefit from a lower gate fee and income from both the Recycling Credit and the sale of the materials but this option would have a significant impact on the revenue budget.
- 3.19 **Option 6** has a similar scenario to **Option 4** whereby the WDA takes on responsibility for the disposal of dual stream material either by the Districts making the decision themselves or under a power of direction. The additional cost of operations together with the loss of income from the Recycling Credit and sale of material are substantial compared to any saving made on the gate fee. As a consequence this option is deemed to be financially unviable.

- 3.20 The cost of providing recycling services is set to rise primarily as the commodity markets are demanding materials of a higher quality. The appraisal clearly shows that introducing dual stream collections would be the best financial and environmental option for the Staffordshire taxpayer. This is because the gate fees are much lower and the quality is higher compared to commingled collections – allowing more of the material to be recycled. However the Districts can ill-afford to fund all the additional cost of dual stream collections on their own as well as taking on the risks associated with being responsible for DMR disposal.
- 3.21 An optimal option would seem to be one delivered in partnership between WCAs and the WDA, which supports recycling performance, shares the additional cost burden equitably between both tiers of local government and delivers good value to residents. The findings of the procurement exercise have been shared with the WDA, together with attempts to agree a shared solution.
- 3.22 The solution involved the Districts retaining disposal responsibility and introducing dual stream collections using a bag as the additional container for the fibre – **Option 5**. In return the WDA would increase the Recycling Credit and contribute £3 per household towards the cost of the bag and communicating the change to residents. The WDA declined this suggestion, offering only the £3 per household contribution towards capital costs.
- 3.23 Initially the Districts approached the WDA with a pan-Staffordshire offer to increase the recycling credit, which would have ensured equity of recycling credit across all WCAs. However it did confuse the calculation of the requested uplift to the credit and diluted the rationale – the WCAs come from different starting points and so have different actual costs to implement a dual-stream service (a number are already dual stream). The Districts also asked for retrospective payments (Recycling Credit and capital cost) to be paid to Newcastle B.C and Stafford B.C. who both introduced dual stream collections last year.
- 3.24 More recently the JWS have started bilateral discussions with the WDA, providing substantial detail of the JWS's actual increased costs, requesting an equitable sharing of the increased costs and offering an "open book" reconciliation whereby the WDA can have sight of all actual costs incurred in detail. Discussions with the WDA continue at both member and officer level, however at the time of drafting this report a revised offer from the WDA has not been forthcoming.
- 3.25 There is a pressing need to resolve this situation. The procurement exercise for the disposal of DMR was concluded in April and the contractors have so far only committed to hold their prices until mid-July. Furthermore, if no decision is made, the status quo of Lichfield and Tamworth collecting and disposing of comingled waste would continue beyond the existing disposal contract – which is the most expensive option (option 1).
- 3.26 Based on a decision in July 2021 it is estimated that an orderly transition to a dual-stream service would take until June 2022; and as a result comingled collection and disposal would be extended for a further two months. This represents significant financial risk to the JWS. Officers would seek to work with the disposal contractor and with the WDA to mitigate and share costs, however this could see comingled disposal at a three-fold increased gate fee. Based on current tonnage this could be an additional costs to the JWS of £106k per month; Lichfield District Council's share of this would be £62k.
- 3.27 To allow for rapid decision making, this report is offering alternate recommendations:
- Recommending the principle of switching to a dual-stream "bin and bag" collection service with the Districts retaining disposal responsibility – subject to the County Council agreeing to fund an equitable share of the additional costs of this option.

- Recommending the retention of comingled collection and handing back disposal responsibility to the WDA if the County Council do not agree an equitable split of the additional costs of a switch to dual-stream.

Alternative Options	1. All viable options for the future of the dry recycling service were considered by the Appraisal and the Financial Impact Assessment.
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Consultation	1. Tamworth Borough Council as our partners in the Joint Waste Service. 2. Staffordshire Council as the WDA.
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Financial Implications	<p>The Financial Impact Assessment shown at APPENDIX B details the financial implications of the various options on the Joint Waste Service compared to the Approved Budget in 2022/23.</p> <p>The impact on Lichfield District Council of each of the options with a worst case scenario (5% increase in tonnage and a 50% reduction in income) and best case scenario (5% reduction in tonnage and a 50% increase in income) using the 2020/21 cost sharing ratio is summarised below:</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr style="background-color: #00b0f0; color: white;"> <th colspan="7">Impact on Lichfield District Council @ 58.3% compared to Approved Budget in 2022/23</th> </tr> <tr style="background-color: #e6e6fa;"> <th></th> <th>Option 1</th> <th>Option 2</th> <th>Option 3</th> <th>Option 4</th> <th>Option 5</th> <th>Option 6</th> </tr> </thead> <tbody> <tr> <td></td> <td>Comingled Single Bin</td> <td>Comingled Single Bin</td> <td>Dual Stream - Two Bins</td> <td>Dual Stream - Two Bins</td> <td>Dual Stream Bag and Bin</td> <td>Dual Stream Bag and Bin</td> </tr> <tr> <td></td> <td>Disposal - District</td> <td>Disposal - County</td> <td>Disposal - District</td> <td>Disposal - County</td> <td>Disposal - District</td> <td>Disposal - County</td> </tr> <tr style="background-color: #e6e6fa;"> <td>Revenue - Central</td> <td>£546,736</td> <td>£50,491</td> <td>(£135,833)</td> <td>£95,265</td> <td>£146,909</td> <td>£399,986</td> </tr> <tr style="background-color: #f08080;"> <td>Revenue - Worse</td> <td>£630,633</td> <td>£50,491</td> <td>(£62,262)</td> <td>£95,265</td> <td>£221,841</td> <td>£399,986</td> </tr> <tr style="background-color: #90ee90;"> <td>Revenue - Best</td> <td>£468,911</td> <td>£50,491</td> <td>(£215,971)</td> <td>£95,265</td> <td>£65,398</td> <td>£399,986</td> </tr> <tr style="background-color: #e6e6fa;"> <td>Capital - Central</td> <td>£0</td> <td>£0</td> <td>£1,072,720</td> <td>£1,072,720</td> <td>£133,614</td> <td>£133,614</td> </tr> </tbody> </table> <p>Please note:</p> <ul style="list-style-type: none"> • The revenue cost of option 5 may reduce based on the outcome of the bilateral discussions with the Waste Disposal Authority detailed at 3.24. • In terms of the capital cost of option 5, it is assumed Lichfield DC as the Joint Waste host will buy all of the bins and bags and funding will be provided by Staffordshire County Council detailed at 3.22, Tamworth BC and Lichfield DC (reserves). 	Impact on Lichfield District Council @ 58.3% compared to Approved Budget in 2022/23								Option 1	Option 2	Option 3	Option 4	Option 5	Option 6		Comingled Single Bin	Comingled Single Bin	Dual Stream - Two Bins	Dual Stream - Two Bins	Dual Stream Bag and Bin	Dual Stream Bag and Bin		Disposal - District	Disposal - County	Disposal - District	Disposal - County	Disposal - District	Disposal - County	Revenue - Central	£546,736	£50,491	(£135,833)	£95,265	£146,909	£399,986	Revenue - Worse	£630,633	£50,491	(£62,262)	£95,265	£221,841	£399,986	Revenue - Best	£468,911	£50,491	(£215,971)	£95,265	£65,398	£399,986	Capital - Central	£0	£0	£1,072,720	£1,072,720	£133,614	£133,614
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Capital - Central	£0	£0	£1,072,720	£1,072,720	£133,614	£133,614																																																			

Contribution to the Delivery of the Strategic Plan	1. The provision of the Joint Waste Service a plays a key role in assuring we have a clean, green and welcoming place.
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Equality, Diversity and Human Rights Implications	1. There are no equality, diversity and human right implications associated with implementing the recommendations on the Future of the Dry Recycling Service.
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Crime & Safety Issues	1. There are no crime and safety issues associated with implementing the recommendations on the Future of the Dry Recycling Service.
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Environmental Impact	1. Of the available options, dual-stream collection and disposal is considered likely to deliver the best recycling rates.
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**GDPR/Privacy
Impact Assessment**

1. A Privacy Impact Assessment has not been undertaken as implementing the recommendations on the Future of the Dry Recycling Service does not involve the handling of any personal data.

	Risk Description	How We Manage It	Severity of Risk (RYG)
A	The JWS does not enter into an agreement for the continued disposal of waste.	Obtaining regular updates from the WDA	Likelihood: Green Impact: Red Severity of Risk: Yellow
B	The JWS are required to extend the current comingled disposal at increased costs, while new disposal arrangements are put in place.	Liaise with contractor to manage cost increases. Negotiate support from WDA	Likelihood: Yellow Impact: Yellow Severity of Risk: Yellow
C	A shared agreement on collection and disposal cannot be agreed between WCAs and WDA.	Ongoing liaison. Clarity about what no agreement would look like – handed back comingled disposal.	Likelihood: Yellow Impact: Yellow Severity of Risk: Yellow
D	Increase in the number of loads being rejected which lowers the Recycling Rate.	Communication campaign Regular bin checks	Likelihood: Yellow Impact: Green Severity of Risk: Green
E	The service is not compatible with the proposals adopted in the National Waste Strategy.	Further review of the service	Likelihood: Green Impact: Red Severity of Risk: Yellow
F	The WDA prescribes the tipping locations for option 2 and the locations are further to travel and therefore increase the cost to the Council	To work with the WDA to identify the most favourable tipping locations	Likelihood: Yellow Impact: Yellow Severity of Risk: Yellow

Background documents

Appendix A – Options Appraisal Summary

Appendix B – Financial Impact Assessment CONFIDENTIAL

Relevant web links

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Options Appraisal – Summary of SWOT Analysis

	Option 1	Option 2	Option 3	Option 4	Option 5	Option 6
Methodology	Commingled	Commingled	Dual Stream	Dual Stream	Dual Stream	Dual Stream
Container	Single Bin	Single Bin	Two Bins	Two Bins	Bin and Bag	Bin and Bag
Vehicle	Single body	Single body	Single body	Single body	Split body	Split body
Frequency	Fortnightly	Fortnightly	Alternate Four Weekly	Alternate Four Weekly	Fortnightly	Fortnightly
Disposal Responsibility	District	County Council	District	County Council	District	County Council
Strengths	<ul style="list-style-type: none"> Simple methodology Popular with residents High collection productivity No extra crews required Lower vehicle costs Recycling credit and income from materials No additional containers Communication campaign not required Less manual handling implications Bin only- less litter and keeps materials dry 	<ul style="list-style-type: none"> Simple methodology Popular with residents High collection productivity No extra crew required Lower vehicle costs No gate fees No additional containers Less manual handling implications Bin only- less litter and keeps materials dry Monitoring and contact issues dealt by County 	<ul style="list-style-type: none"> Higher material quality as card/paper separate More income High collection productivity No extra crews required Lower gate fees Recycling credit and income from materials Lower vehicle costs Service refresh to boost recycling Less rejections Less manual handling implications Bin only- less litter and keeps materials dry 	<ul style="list-style-type: none"> Higher material quality as paper/card separate More income High collection productivity No extra crews required No gate fees Lower vehicle costs Service refresh to boost recycling Less rejections Less manual handling implications Bin only- less litter and keeps materials dry Monitoring and contact issues dealt by County 	<ul style="list-style-type: none"> Higher material quality as card/paper separate More income Lower gate fees Recycling credit and income from materials Bags cheaper and extra recycling capacity Less storage issues Service refresh to boost recycling Less rejections 	<ul style="list-style-type: none"> Higher material quality as card/paper separate More income No gate fees Bags cheaper and extra recycling capacity Less storage issues Service refresh to boost recycling Less rejections Monitoring and contact issues dealt by County
Weakness	<ul style="list-style-type: none"> Very high gate fees Lower material quality and less income Cost of rejected loads Time and expense of monitoring contract No additional capacity No service refresh 	<ul style="list-style-type: none"> No income from Recycling Credit and materials. Lower material quality No additional capacity No service refresh 	<ul style="list-style-type: none"> Cost of second bin Storage of second bin Public dissatisfaction with change. No additional capacity as four week gap. Time and expense of monitoring contract. Communication campaign required. 	<ul style="list-style-type: none"> No income from Recycling Credit and materials Cost of second bin Storage of second bin Public dissatisfaction with change. No additional capacity as four week gap Communication campaign required. 	<ul style="list-style-type: none"> Lower collection productivity Extra crews required Higher vehicle costs Public dissatisfaction with change. Cost of bag/short life Litter issues with bag Manual handling issues Time and expense of monitoring contract. Communication campaign required. 	<ul style="list-style-type: none"> No income from Recycling Credit and materials Extra crews required Lower collection productivity Higher vehicle costs Public dissatisfaction with change. Cost of bag/short life Litter issues with bag Manual handling issues Communication campaign required.
Opportunities	<ul style="list-style-type: none"> EPR may incentivise retaining disposal. 	<ul style="list-style-type: none"> County should take on responsibility for rejected loads 	<ul style="list-style-type: none"> EPR incentive for better quality as no commingling EPR may incentivise retaining disposal. 	<ul style="list-style-type: none"> EPR incentive for better quality as no commingling County should take on responsibility for rejected loads. 	<ul style="list-style-type: none"> EPR incentive for better quality as no commingling EPR may incentivise retaining disposal. 	<ul style="list-style-type: none"> EPR incentive for better quality as no commingling County should take on responsibility for rejected loads.
Threats	<ul style="list-style-type: none"> Increased distance to tipping locations. Market volatility affecting income Increase in rejections Deposit return scheme Contractual disputes EPR payments may be lower for commingling 	<ul style="list-style-type: none"> Increased distance to tipping locations. Increase in rejections Deposit return scheme EPR payments may be lower for commingling and transferring disposal responsibility. 	<ul style="list-style-type: none"> Increased distance to tipping locations. Market volatility affecting income Deposit return scheme Contractual disputes National Policy may limit gap between collections to two weeks. 	<ul style="list-style-type: none"> Increased distance to tipping locations. Deposit return scheme EPR payments may be lower for transferring disposal responsibility National Policy may limit gap between collections to two weeks. 	<ul style="list-style-type: none"> Increased distance to tipping locations. Market volatility affecting income Deposit return scheme Contractual disputes Risk of rejection if paper/card gets wet in bag 	<ul style="list-style-type: none"> Increased distance to tipping locations. Deposit return scheme EPR payments may be lower for transferring disposal responsibility Risk of rejection if paper/card gets wet in bag

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